

SOOKE REGION HISTORICAL SOCIETY

Financial Statements

Year Ended October 31, 2014

(Unaudited)

SOOKE REGION HISTORICAL SOCIETY
Index to Financial Statements
Year Ended October 31, 2014
(Unaudited)

	Page
REVIEW ENGAGEMENT REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flow	5
Notes to Financial Statements	6 - 10

SOOKE OFFICE

102-6661 Sooke Rd

Sooke, BC V9Z 0A1

tel: 250.642.5277

fax: 250.642.4047

jamiesonco.com

VICTORIA OFFICE

550-2950 Douglas St

Victoria, BC V8T 4N4

tel: 250.370.1067

fax: 250.370.1073

info@jamiesonco.com

REVIEW ENGAGEMENT REPORT

To the Members of Sooke Region Historical Society

We have reviewed the statement of financial position of Sooke Region Historical Society as at October 31, 2014 and the statements of operations, changes in net assets and cash flow for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the society.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

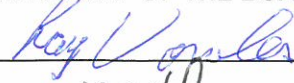
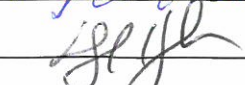
Jamieson Irwin & Associates

Victoria, B.C.
January 28, 2015

CHARTERED ACCOUNTANTS

SOOKE REGION HISTORICAL SOCIETY**Statement of Financial Position****October 31, 2014***(Unaudited)*

	2014	2013
ASSETS		
CURRENT		
Cash	\$ 119,608	\$ 104,506
Inventory	37,060	35,125
Accounts receivable	148	5,435
	156,816	145,066
CAPITAL ASSETS (Note 4)	3,899,777	4,000,507
INTERNALLY RESTRICTED CASH (Note 3)	93,430	101,502
	\$ 4,150,023	\$ 4,247,075
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 11,965	\$ 12,972
Goods and services tax payable	5,636	6,287
	17,601	19,259
DEFERRED CONTRIBUTIONS (Note 5)	90,716	101,865
	108,317	121,124
NET ASSETS		
Unrestricted (Note 3)	48,500	23,942
Invested in capital assets	3,899,776	4,000,507
Internally restricted funds (Note 3)	93,430	101,502
	4,041,706	4,125,951
	\$ 4,150,023	\$ 4,247,075

ON BEHALF OF THE BOARD Director Director

See accompanying notes to financial statements.

JAMIESON IRWIN & ASSOC.

Chartered Accountants

jamiesonco.com

SOOKE REGION HISTORICAL SOCIETY**Statement of Operations****Year Ended October 31, 2014***(Unaudited)*

	2014	2013
REVENUES		
Amortization of Deferred Contributions <i>(Note 5)</i>	\$ 11,149	\$ 16,945
Donations and corporate contributions	14,985	73,637
Fundraising	16,407	14,215
Giftshop	84,885	82,978
Government grants and funded programmes <i>(Note 6)</i>	89,754	74,879
Membership	790	810
Public programmes and exhibitions	11,332	3,107
Tax levies	155,000	157,840
	384,302	424,411
EXPENSES		
Administration	6,377	5,577
Amortization	27,563	25,872
Exhibits, curatorial and conservation	5,687	14,493
Fundraising	9,491	4,681
Gift Shop	47,321	46,513
Insurance	14,418	12,760
Interest and bank charges	2,860	4,097
Management remuneration	60,000	60,000
Office	6,670	8,372
Professional fees	5,638	5,698
Program	7,682	2,449
Repairs and maintenance	10,669	14,847
Salaries and wages	164,253	166,697
Supplies	24	13
Telephone	1,423	1,015
Utilities	18,107	13,121
	388,183	386,205
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	(3,881)	38,206
Investment Income	1,501	950
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (2,380)	\$ 39,156

SOOKE REGION HISTORICAL SOCIETY**Statement of Changes in Net Assets****Year Ended October 31, 2014***(Unaudited)*

	Unrestricted	Invested in Capital Assets	Internally Restricted Funds	2014	2013
NET ASSETS - BEGINNING OF YEAR (Note 3)	\$ 23,942	\$ 4,000,507	\$ 101,502	\$ 4,125,951	\$ 4,083,295
Deficiency of revenues over expenses	(2,380)	-	-	(2,380)	39,156
Contribution of artifacts	-	18,235	-	18,235	3,500
Capital Assets additions	-	8,697	(8,697)	-	-
Amortization	27,563	(27,563)	-	-	-
Transfer of Memorial Park Land to municipality (Note 4)	-	(100,100)	-	(100,100)	-
Internal Board fund restrictions (Note 3)	(625)	-	625	-	-
NET ASSETS - END OF YEAR	\$ 48,500	\$ 3,899,776	\$ 93,430	\$ 4,041,706	\$ 4,125,951

SOOKE REGION HISTORICAL SOCIETY**Statement of Cash Flow****Year Ended October 31, 2014***(Unaudited)*

	2014	2013
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (2,380)	\$ 39,156
Items not affecting cash:		
Amortization of property, plant & equipment	27,562	25,872
Amortization of deferred revenue	(11,149)	(16,945)
	14,033	48,083
Changes in non-cash working capital:		
Inventory	(1,935)	1,685
Accounts payable	(1,007)	326
Deferred contributions	-	29,194
Account receivable	5,287	(5,435)
GST payable (receivable)	(651)	855
	1,694	26,625
Cash flow from operating activities	15,727	74,708
INVESTING ACTIVITY		
Purchase of capital assets	(8,697)	(49,806)
Cash flow used by investing activity	(8,697)	(49,806)
INCREASE IN CASH FLOW	7,030	24,902
Cash - beginning of year	206,008	181,106
CASH - END OF YEAR	\$ 213,038	\$ 206,008
CASH CONSISTS OF:		
Cash	\$ 119,608	\$ 104,506
Internally restricted cash (Note 3)	93,430	101,502
	\$ 213,038	\$ 206,008

SOOKE REGION HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended October 31, 2014

(Unaudited)

1. DESCRIPTION OF OPERATIONS

The Society is incorporated under the Society Act of British Columbia. The purpose of the Society is to establish and maintain a Museum which gathers, preserves, and communicates information, records, and objects of educational, historical and cultural value associated with the area for public enjoyment. The Society is a registered charity, and is exempt from tax under the provisions for non-profit entities in the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Society follows the accounting standards for not-for-profit organizations as laid out by the Canadian Institute of Chartered Accountants.

Revenue recognition

The Society uses the deferral method of accounting for contributions whereby externally restricted contributions are recognized as revenue in the same period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when the Society has a claim on receipt. Gift shop revenues are recognized when title passes to the customer, which generally coincides with the delivery and acceptance of goods.

Inventory

Inventory, which consists of gift shop items held for sale, are carried at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Capital assets

The building is carried at a cost that was established by the Board, based on appraised value for insurance purposes in 1997, the time the society adopted generally accepted accounting principals for not-for-profit organizations. Amortization is not being provided on this value. Building additions since 1997 are subject to amortization.

Additions to artifacts are capitalized based on appraised fair market value. Items greater than \$ 1,000 in value, for which an income tax receipt is issued, are subject to independent appraisal.

All other assets are capitalized at acquisition cost. Certain buildings and fixtures and the capitalized artifacts are not amortized as they are considered to be part of the historical presentation with no loss of value over time. Amortization is provided on depreciable assets as follows

Buildings and Lighthouse	20 years	straight-line method
Equipment	5 years	straight-line method
Computer software	1 year	straight-line method
Web Design	5 years	straight-line method

During the year of acquisition one-half of the usual rate of amortization is used

Donated materials and services

The value of donated materials, except for additions to the collection, and the value of donated services are not recorded in these financial statements.

(continues)

SOOKE REGION HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended October 31, 2014

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

The Society follows the recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement and CICA Section 3861, Financial Instruments - Disclosure and Presentation. Under these standards, all financial assets and liabilities are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. Held for trading financial investments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in fund balance. Loans and receivables, held-to-maturity financial investment and other financial liabilities are measured at amortized cost using the effective interest rate method. The Society has designated its financial assets and liabilities as follows:

Financial Assets

(i) Held for trading:

Cash – The Society has designated cash as held for trading and recorded at fair value.

(ii) Available-for-sale and held to maturity:

The Society does not currently hold any financial assets classified as available for sale or held to maturity.

(iii) Loans and receivables:

Accounts receivable – Accounts receivable are recorded at amortized cost less any impairment losses recognized and approximate their fair values due to the relatively short periods to maturity.

Financial Liabilities

(iv) Held for trading:

The Society does not currently hold any financial liabilities classified as held for trading.

(v) Other financial liabilities:

Accounts payable and accrued liabilities – Accounts payable and accrued liabilities are recorded at amortized cost and approximate their fair value due to relatively short periods to maturity.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(continues)

SOOKE REGION HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended October 31, 2014

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocated expenses

The society allocates expenses between the different programs as follows:

Wages and benefits are allocated based on hours worked by employees

Supplies and services consumed are allocated based on specific cost where determinable

Insurance and utilities are allocated to the Visitor Information Centre based on the relative floor space used

Facility costs are not allocated to the Gift Shop

3. INTERNALLY RESTRICTED CASH

Cash at October 31, 2014 which is internally restricted at the discretion of the Board of Directors:

Memorial Donations	\$19,546
Capital Contingencies	<u>\$73,884</u>
Total:	\$93,430

Memorial Donations are reflected in deferred contributions, and Capital Contingencies are reflected in internally restricted net assets.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Land	\$ 267,549	\$ -	\$ 267,549	\$ 367,649
Artifacts Collection	2,798,064	-	2,798,064	2,779,829
Buildings not subject to amortization	626,400	-	626,400	626,400
Building improvements subject to amortization	458,808	265,759	193,049	207,075
Equipment	58,928	56,183	2,745	3,964
Signage and Murals	36,200	24,230	11,970	15,590
Computer software	8,130	8,130	-	-
	\$ 4,254,079	\$ 354,302	\$ 3,899,777	\$ 4,000,507

During the year, the Society transferred real property, known as the Memorial Park Land to the District of Sooke for \$NIL consideration. The carrying value of the property was \$100,100.

SOOKE REGION HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended October 31, 2014

(Unaudited)

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent externally restricted contributions less accumulated amortization.

The Provincial Tourism Grant is a grant received in 2006 from BC Tourism towards the development of website and calendar of event for the Visitor Information Centre. The balance in the account represents the unamortized balance of the contributions, to be amortized over the useful life of the related capital assets

The lighthouse project capital contributions are made up of cash donations, a grant from Human Resources Development Canada, and a grant from the Gaming Policy and Enforcement Branch of the provincial government. The balance in the account represents the unamortized balance of the contributions, to be amortized over the useful life of related capital assets.

The Signage and Interpretation is a grant from BC Gaming Policy and Enforcement Branch for interpretive heritage signage and exhibit. The balance in the account represents the unamortized balance of the contributions, to be amortized over the useful life of the related capital assets.

The HRDC grant: Pavilion and storage is a grant from Human Resources Development Canada and was approved for a total of \$ 54,020 for the purpose to enhance resources and facilities available to the community through the provision of upgrades to the Sooke Region Museum and the creation of a fine art program. The balance in the account represents the unamortized balance of the contributions, to be amortized over the useful life of the related capital assets.

The HRDC grant re collections is for the purchase of certain items, materials and supplies related to the cataloguing of the museum' s artifact and archival collections. The balance in the account represents the unamortized balance of the contributions, to be amortized over the useful life of the related capital assets.

A Federal Grant (Western Diversification) of \$27,500 was received in 2013 and used for building improvements.

		Opening	Contributions	Revenue	Closing
Federal Grant - WD project	\$ 26,125	\$ -	\$ 1,375	\$	24,750
Lighthouse project - capital	29,934	-	2,724		27,210
Signage and interpretations	16,693	-	4,720		11,973
HRDC grant: Pavilion and storage	29,113	-	2,330		26,783
	\$ 101,865	\$ -	\$ 11,149	\$	90,716

In a prior years, Memorial Donations were incorrectly included in both deferred contributions and internally restricted net assets. The funds are not subject to external restrictions, and therefore should be considered internally restricted. This error has been corrected in the current year by retroactively reducing deferred contributions, resulting in the retroactive restatement of deferred contributions and the opening balance of unrestricted net assets by the amount of \$18,921 in the comparative year and \$19,546 in the current year.

SOOKE REGION HISTORICAL SOCIETY**Notes to Financial Statements****Year Ended October 31, 2014***(Unaudited)***6. GOVERNMENT GRANTS AND FUNDED PROGRAMS**

	2014	2013
Federal Summer Career	\$ 12,079	\$ 11,825
Federal CMA/YCanadaWorks	8,657	3,744
Provincial CSB (Arts Council)	30,000	20,700
Provincial - Tourism	18,210	18,210
Municipal	20,808	20,400
	89,754	74,879

7. SUBSEQUENT EVENTS

Subsequent to the yearend, the Society received bequests of approximately \$130,000. The bequests are not subject to external restrictions with respect to how they are to be spent, although one of the bequests is subject to the condition that the Society must maintain a recently constructed memorial for a period of 100 years.