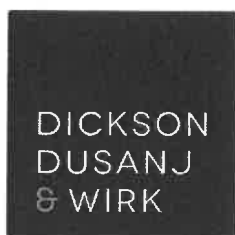


Financial Statements of

Sooke Region Historical Society

Year Ended October 31, 2016

(Unaudited)



CHARTERED
PROFESSIONAL
ACCOUNTANTS

DICKSON
DUSANJ
& WIRK

CHARTERED
PROFESSIONAL
ACCOUNTANTS


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, 2016 and the statements of operations, changes in net assets and cash flows 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 accounting standards for not-for-profit organizations.



Chartered Professional Accountants

Victoria, BC
January 9, 2017

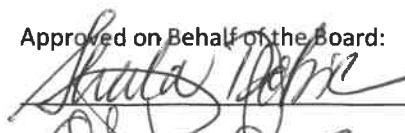
Sooke Region Historical Society

Statement of Financial Position

(Unaudited)

As at October 31, 2016 with comparative figures for 2015	2016 \$	2015 \$
Assets		
Current:		
Cash and term deposits	185,334	161,033
Internally restricted cash	208,899	202,602
Accounts receivable	3,527	2,857
Accrued interest receivable	1,313	1,795
Inventory	36,870	36,870
	<u>435,943</u>	<u>405,157</u>
Property and equipment (Note 3)	1,061,541	1,086,974
Historical collection (Note 4)	<u>2,810,325</u>	<u>2,800,640</u>
Total assets	<u>4,307,809</u>	<u>4,292,771</u>
Liabilities		
Current:		
Accounts payable and accrued liabilities	13,268	12,740
Government remittances payable	5,256	5,485
Deferred revenue	-	6,237
	<u>18,524</u>	<u>24,462</u>
Deferred capital contributions (Note 5)	<u>70,622</u>	<u>80,669</u>
Total liabilities	<u>89,146</u>	<u>105,131</u>
Net Assets		
Unrestricted	208,520	178,093
Invested in property and equipment (Note 6)	3,801,244	3,806,945
Internally restricted funds (Note 7)	<u>208,899</u>	<u>202,602</u>
Total net assets	<u>4,218,663</u>	<u>4,187,640</u>
Total liabilities and net assets	<u>4,307,809</u>	<u>4,292,771</u>

Approved on Behalf of the Board:


Director


Director

The accompanying notes are an integral part of these financial statements.

Sooke Region Historical Society

Statement of Operations

(Unaudited)

Year ended October 31, 2016 with comparative figures for 2015

	2016	2015
	\$	\$
Revenue		
Amortization of deferred capital contributions (Note 5)	10,047	10,047
Donations and corporate contributions	20,238	147,962
Fundraising	14,823	18,468
Gift shop	107,198	103,644
Government grants and funded programs (Note 8)	99,211	93,156
Interest income	2,879	3,473
Memberships	790	540
Public programs and exhibitions	13,790	9,896
Tax levies	168,200	164,210
	<u>437,176</u>	<u>551,396</u>
Expenses		
Administration	6,166	6,877
Amortization	28,544	28,466
Exhibits and curatorial	4,563	3,877
Fundraising	7,673	8,377
Giftshop	55,750	56,300
Insurance	14,845	15,752
Interest and bank charges	3,764	3,026
Management salaries	62,118	60,900
Office	5,865	6,087
Professional fees	5,638	11,172
Programs	11,298	5,566
Repairs and maintenance	10,897	10,342
Telephone and fax	1,299	1,269
Utilities	18,216	18,515
Salaries and wages	169,517	168,935
	<u>406,153</u>	<u>405,461</u>
Excess of revenues over expenses	<u>31,023</u>	<u>145,935</u>

The accompanying notes are an integral part of these financial statements.

Sooke Region Historical Society

Statement of Changes in Net Assets
(Unaudited)

Year ended October 31, 2016 with comparative figures for 2015

	Unrestricted	Invested in Property and Equipment (Note 6)	Internally Restricted Funds (Note 7)	2016	2015
	\$	\$	\$	\$	\$
Net assets, beginning of year	178,093	3,806,945	202,602	4,187,640	4,041,705
Excess of revenues over expenses	28,560	-	2,463	31,023	145,935
Contribution of artifacts (Note 4)	(9,685)	9,685	-	-	-
Property and equipment additions	(3,111)	3,111	-	-	-
Amortization of property and equipment	28,544	(28,544)	-	-	-
Amortization of deferred capital contributions (Note 5)	(10,047)	10,047	-	-	-
Internally restricted funds	(3,834)	-	3,834	-	-
Net assets, end of year	208,520	3,801,244	208,899	4,218,663	4,187,640

The accompanying notes are an integral part of these financial statements.

Sooke Region Historical Society

Cash Flow Statement

(Unaudited)

Year ended October 31, 2016 with comparative figures for 2015	2016 \$	2015 \$
Cash flows from operating activities		
Excess of revenues over expenses	31,023	145,935
Amortization of property and equipment	28,544	28,466
Amortization of deferred capital contributions	(10,047)	(10,047)
(Increase) in accounts receivable	(670)	(2,709)
(Increase) decrease in accrued interest receivable	482	(1,067)
Decrease in inventories	-	190
Increase in accounts payable and accrued liabilities	527	774
Increase (decrease) in deferred revenue	(6,237)	6,237
(Decrease) in government remittances payable	(228)	(151)
Total cash flows from operating activities	43,394	167,628
Cash flows from investing activities		
Purchase of property and equipment	(3,111)	(13,727)
Artifacts acquired	(9,685)	(2,576)
Net cash (used by) investing activities	(12,796)	(16,303)
Net increase in cash and term deposits	30,598	151,325
Cash and term deposits, beginning of year	363,635	212,310
Cash and term deposits, end of year	394,233	363,635
Cash and term deposits consist of the following:		
Cash and term deposits	185,334	161,033
Internally restricted cash (Note 7)	208,899	202,602
	394,233	363,635

The accompanying notes are an integral part of these financial statements.

Sooke Region Historical Society

Notes to the Financial Statements

(Unaudited)

Year ended October 31, 2016 with comparative figures for 2015

1. Statement of Purpose

Sooke Region Historical Society (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 under the Income Tax Act and, as such is not subject to taxation.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and include the following significant accounting policies:

Revenue recognition

The Society uses the deferral method of accounting for grants and contributions received, whereby revenues are matched with expenses. Externally restricted contributions, if any, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collections is reasonably assured.

Gift shop revenues are recognized when the title passes to the customer, which generally coincides with the delivery and acceptance of goods.

Inventory

Inventory consists of gift shop items held for sale and is stated at the lower of cost and net realizable value, with cost being determined using the first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

Property and equipment

The building is carried at an appraised market value as was established by the board for insurance purposes in 1997, the time the Society adopted accounting standards for not-for-profit organizations. Amortization is not recorded on this value. Building additions since 1997 are subject to amortization.

All other property and equipment are stated at cost. Amortization is based on the estimated useful life of each asset using the following methods and annual rates:

Buildings and lighthouse	20 years	Straight-line
Equipment	5 years	Straight-line
Computer software	1 year	Straight-line
Web design	5 years	Straight-line
Signs and murals	10 years	Straight-line

In the year of acquisition only one-half the normal rate is applied.

Historical collection

Certain assets are held for public exhibition and education. These assets are protected, cared for and preserved. Additions to artifacts and the historical collection 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.

These items are not amortized.

Sooke Region Historical Society

Notes to the Financial Statements

(Unaudited)

Year ended October 31, 2016 with comparative figures for 2015

2. Significant Accounting Policies

Contributed materials and services

The Society received contributions of both materials and services. However, due to the difficulty in determining their fair value, contributed materials and services, except for additions to the historical collection, are not recognized in the financial statements.

Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Transaction costs are recognized in income in the period incurred, except for financial instruments that will subsequently be measured at amortized cost.

Financial instruments measured at amortized cost include accounts receivable and accounts payable and accrued liabilities.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

Allocated expenses

The Society allocates expenses between 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

Sooke Region Historical Society

Notes to the Financial Statements

(Unaudited)

Year ended October 31, 2016 with comparative figures for 2015

3. Property and Equipment

	2016		2015	
	Cost \$	Accumulated Amortization \$	Cost \$	Accumulated Amortization \$
Land	267,549	-	267,549	-
Buildings not subject to amortization	626,400	-	626,400	-
Buildings and lighthouse	475,646	313,090	472,535	289,386
Equipment	58,928	58,622	58,928	57,402
Signage and murals	36,200	31,470	36,200	27,850
Computer software	4,930	4,930	4,930	4,930
Web design	3,200	3,200	3,200	3,200
	<u>1,472,853</u>	<u>411,312</u>	<u>1,469,742</u>	<u>382,768</u>
Less: Accumulated amortization	<u>411,312</u>		<u>382,768</u>	
Net Book Value	<u>1,061,541</u>		<u>1,086,974</u>	

4. Historical Collection

The value of the Society's historical collection comprises the following:

	2016 \$	2015 \$
Artifacts collection	1,292,623	1,282,938
Lighthouse project	1,517,702	1,517,702
	<u>2,810,325</u>	<u>2,800,640</u>

The artifacts collection includes artifacts, photographs, archives and books as part of the Society's library collection. The lighthouse project includes the Triangle Island Lighthouse and its foundation. During the year, the Society received donations of artifacts valued at \$9,685.

Sooke Region Historical Society

Notes to the Financial Statements

(Unaudited)

Year ended October 31, 2016 with comparative figures for 2015

5. Deferred Capital Contributions

Deferred capital contributions represent contributions externally restricted to acquire property and equipment. Deferred capital contributions are amortized on the same basis as the related property and equipment. The balance of each account represents the unamortized balance of the contributions, to be amortized over the useful life of the related assets.

The Lighthouse Project capital contributions are made up of cash donations, a grant from Human Resources Development Canada (HRDC), and a grant from the Gaming Policy and Enforcement Branch of the Provincial Government.

Signage and Interpretation is a grant from BC Gaming Policy and Enforcement Branch for the interpretive heritage and signage exhibit.

Pavilion and Storage is a grant from Human Resources Development Canada (HRDC) and was approved for a total of \$54,020 for the purpose of enhancing 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 Western Diversification Grant of \$27,500 was received in 2013 and is used for building improvements.

The changes in deferred capital contributions balance for the year are as follows:

	Opening \$	Amortization \$	2016 \$	2015 \$
Lighthouse Project: cash donations	4,807	670	4,137	4,807
Lighthouse Project: HRDC Grant	24,453	2,329	22,124	24,453
Lighthouse Project: BC Gaming	7,959	830	7,129	7,959
Signage and Interpretation: BC Gaming	8,353	3,620	4,733	8,353
Pavilion and Storage: HRDC Grant	11,722	1,223	10,499	11,722
Western Diversification Grant: improvements	23,375	1,375	22,000	23,375
	<u>80,669</u>	<u>10,047</u>	<u>70,622</u>	<u>80,669</u>

6. Net Assets Invested in Property and Equipment

Net assets invested in property and equipment represent the original cost of property and equipment and the historical collection less related debt and amortization to date. The Society's investment in property and equipment is calculated as follows:

	2016 \$	2015 \$
Property and equipment (Note 4)	1,061,541	1,086,974
Historical Collection (Note 5)	2,810,325	2,800,640
Less amounts financed by:		
Deferred capital contributions (Note 6)	<u>(70,622)</u>	<u>(80,669)</u>
	<u>3,801,244</u>	<u>3,806,945</u>

Sooke Region Historical Society

Notes to the Financial Statements

(Unaudited)

Year ended October 31, 2016 with comparative figures for 2015

7. Internally Restricted Cash

Cash is internally restricted at the discretion of the Board of Directors and is comprised of the following funds:

	2016 \$	2015 \$
Memorial donations	21,639	18,441
Capital contingencies	187,260	184,161
	<u>208,899</u>	<u>202,602</u>

8. Government Grants and Funded Programs

	2016 \$	2015 \$
Canada Summer Jobs	14,108	14,965
Young Canada Works	9,848	9,173
BC Arts Council	30,000	30,000
Provincial - BC Tourism	24,447	18,210
Municipal	20,808	20,808
	<u>99,211</u>	<u>93,156</u>

9. Financial Risks and Concentration of Risks

The Society has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, currency risk, interest rate risk and liquidity risk. There have been no significant changes in the Society's risk exposure from the prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society does not face significant credit risk exposure.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society does not face significant currency risk exposure.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society does not face significant interest rate risk exposure.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society does not face significant liquidity risk exposure.