

**Sooke Region Historical Society
Financial Statements
Year Ended October 31, 2019**

Independent Practitioner's Review Engagement Report

To the Members of Sooke Region Historical Society

We have reviewed the accompanying financial statements of Sooke Region Historical Society which comprise the statement of financial position as at October 31, 2019 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility for the Financial Statements

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Sooke Region Historical Society as at October 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Dusanj & Wirk

Victoria, British Columbia
January 29, 2020


Chartered Professional Accountants




Sooke Region Historical Society
Statement of Financial Position
October 31, 2019

	2019 \$	2018 \$
Assets		
Current		
Cash and term deposits	221,224	205,819
Internally restricted cash (Note 7)	200,693	213,697
Accounts receivable	15,201	3,416
Accrued interest receivable	1,551	1,282
Inventory	51,002	49,777
	<u>489,671</u>	<u>473,991</u>
Property and equipment (Note 3)	1,075,165	1,085,161
Historical collection (Note 4)	<u>2,810,325</u>	<u>2,810,325</u>
Total assets	<u>4,375,161</u>	<u>4,369,477</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	13,360	15,192
Government remittances payable	5,783	5,623
Deferred revenue	876	-
	<u>20,019</u>	<u>20,815</u>
Deferred capital contributions (Note 5)	<u>110,607</u>	<u>117,034</u>
Total liabilities	<u>130,626</u>	<u>137,849</u>
Net Assets		
Unrestricted	268,959	175,479
Invested in property and equipment (Note 6)	3,774,883	3,842,452
Internally restricted funds (Note 7)	<u>200,693</u>	<u>213,697</u>
	<u>4,244,535</u>	<u>4,231,628</u>
Total liabilities and net assets	<u>4,375,161</u>	<u>4,369,477</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
Year Ended October 31, 2019

	2019	2018
	\$	\$
Revenues		
Amortization of deferred capital contributions <i>(Note 5)</i>	6,427	7,540
Donations and corporate contributions	10,659	10,133
Fundraising	18,918	20,460
Gift shop	124,491	124,903
Government grants and funded programs <i>(Note 8)</i>	100,309	91,698
Interest income	4,381	4,079
Memberships	400	660
Public programs and exhibitions	16,823	15,373
Tax levies	185,700	178,130
	<u>468,108</u>	<u>452,976</u>
Expenses		
Administration	6,088	8,178
Amortization	23,782	24,892
Exhibits and curatorial	6,358	5,789
Fundraising	11,327	14,322
Gift shop	64,307	67,443
Insurance	18,683	16,760
Interest and bank charges	4,419	3,922
Management salaries	64,579	63,360
Office	9,189	10,002
Professional fees	6,092	6,048
Programs	6,658	6,706
Repairs and maintenance	16,641	14,960
Salaries and wages	194,093	193,168
Telephone and fax	1,821	1,699
Utilities	21,164	17,922
	<u>455,201</u>	<u>455,171</u>
Excess (deficiency) of revenues over expenses	<u>12,907</u>	<u>(2,195)</u>

The accompanying notes are an integral part of these financial statements

Sooke Region Historical Society
Statement of Changes in Net Assets
Year Ended October 31, 2019

	Unrestricted \$	Invested in Property and Equipment (Note 6) \$	Internally Restricted Funds (Note 7) \$	2019 \$	2018 \$
Net assets - beginning of year	175,479	3,842,452	213,697	4,231,628	4,233,823
Excess (deficiency) of revenues over expenses	11,111	-	1,796	12,907	(2,195)
Invested in property and equipment	50,214	(50,214)	-	-	-
Amortization of property and equipment	23,782	(23,782)	-	-	-
Amortization of deferred capital contributions (Note 5)	(6,427)	6,427	-	-	-
Interfund transfers	15,000	-	(15,000)	-	-
Memorial donations	(200)	-	200	-	-
Net assets - end of year	268,959	3,774,883	200,693	4,244,535	4,231,628

The accompanying notes are an integral part of these financial statements

Sooke Region Historical Society
Statement of Cash Flows
Year Ended October 31, 2019

	2019 \$	2018 \$
Operating activities		
Excess (deficiency) of revenues over expenses	12,907	(2,195)
Items not affecting cash:		
Amortization of property and equipment	23,782	24,892
Amortization of deferred capital contributions	(6,427)	(7,540)
	<u>30,262</u>	<u>15,157</u>
Changes in non-cash working capital:		
Accounts receivable	(11,785)	30,846
Accrued interest receivable	(269)	(1)
Inventory	(1,225)	(6,741)
Accounts payable and accrued liabilities	(1,831)	3,188
Government remittances payable	160	150
Deferred revenue	876	-
	<u>(14,074)</u>	<u>27,442</u>
Cash flow from operating activities	<u>16,188</u>	<u>42,599</u>
Investing activity		
Purchase of property and equipment	(13,787)	(63,237)
Increase (decrease) in cash flow	2,401	(20,638)
Cash - beginning of year	<u>419,516</u>	<u>440,154</u>
Cash - end of year	<u>421,917</u>	<u>419,516</u>
Cash and term deposits consist of:		
Cash and term deposits	221,224	205,819
Internally restricted cash	200,693	213,697
	<u>421,917</u>	<u>419,516</u>

The accompanying notes are an integral part of these financial statements

Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2019

1. Purpose of the society

Sooke Region Historical Society (the "Society") is incorporated provincially under the Societies Act of British Columbia. The Society is a registered charity under the Income Tax Act and as such is not subject to taxation. 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.

2. Significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

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 collection 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 the 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 or deemed cost less accumulated amortization and are amortized over its estimated useful life on a straight-line basis at the following rates:

Buildings and lighthouse	20 years
Equipment	5 years
Computer software	1 year
Web design	5 years
Signage and murals	10 years

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

(continues)

Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2019

2. Significant accounting policies (continued)

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

These items are not amortized.

Contributed services and materials

The operations of the Society depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Financial instruments

The Society initially measures all 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 transactions 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, 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 an 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 Financial Statements
Year Ended October 31, 2019

3. Property and equipment

	2019		2018	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	267,549	-	267,549	-
Buildings not subject to amortization	626,400	-	626,400	-
Buildings and lighthouse	565,653	384,437	551,867	360,655
Equipment	58,928	58,928	58,928	58,928
Signage and murals	36,200	36,200	36,200	36,200
Computer software	4,930	4,930	4,930	4,930
Web design	3,200	3,200	3,200	3,200
	<u>1,562,860</u>	<u>487,695</u>	<u>1,549,074</u>	<u>463,913</u>
Net book value	<u>1,075,165</u>		<u>1,085,161</u>	

Included in buildings and lighthouse are improvements in progress totalling \$90,007 that were not amortized in 2019.

4. Historical collection

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

	2019 \$	2018 \$
Artifacts collection	1,292,623	1,292,623
Lighthouse project	1,517,702	1,517,702
	<u>2,810,325</u>	<u>2,810,325</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.

Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2019

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.

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 Outdoor Artifact Display Grant of \$64,000 was received in 2017 and is used for creating an outdoor presentation.

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

	Opening \$	Amortization \$	2019 \$	2018 \$
Lighthouse Project: cash contributions	2,796	(670)	2,126	2,796
Lighthouse Project: HRDC Grant	17,466	(2,329)	15,137	17,466
Lighthouse Project: BC Gaming	5,469	(830)	4,639	5,469
Pavilion and Storage: HRDC Grant	8,053	(1,223)	6,830	8,053
Western Diversification Grant	19,250	(1,375)	17,875	19,250
Outdoor Artifact Display	64,000	-	64,000	64,000
	<u>117,034</u>	<u>(6,427)</u>	<u>110,607</u>	<u>117,034</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:

	2019 \$	2018 \$
Property and equipment (Note 3)	1,075,165	1,085,161
Historical collection (Note 4)	2,810,325	2,810,325
Less amounts financed by:		
Deferred capital contributions	(110,607)	(117,034)
Project in progress	-	64,000
	<u>3,774,883</u>	<u>3,842,452</u>

Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2019

7. Internally restricted cash

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

	2019 \$	2018 \$
Memorial donations	22,808	22,187
Capital contingencies	177,885	191,510
	<u>200,693</u>	<u>213,697</u>

8. Government grants and funded programs

	2019 \$	2018 \$
Canada Summer Jobs	4,990	6,774
Young Canada Works	11,659	13,064
BC Arts Council	34,800	30,000
Provincial - BC Tourism	18,210	18,210
Canadian Museum of History	4,000	-
Municipal	26,650	23,650
	<u>100,309</u>	<u>91,698</u>

9. Financial risks and concentration 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.

Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2019

10. Endowment fund

In 2017, the Society established an endowment fund, the Sooke Region Museum Fund (the "Fund") with The Victoria Foundation. The Fund is managed for the benefit of the Society and is held permanently. Gifts are made from time to time as determined by the Society or in accordance with the wishes of the contributors. The Fund earns investment income in accordance with the Investment Policy of The Victoria Foundation. Distributions from the Fund are determined by the Distribution Policy of The Victoria Foundation.

The endowments are reported in the Sooke Region Museum Fund by The Victoria Foundation and are not reflected in the Society's net assets.

At October 31, 2019, the balance in the Sooke Region Museum Fund is \$15,658 (2018: \$15,630).

11. Remuneration of employees, directors and contractors

Under the British Columbia Societies Act, societies must disclose remuneration paid to directors and to employees and contractors whose remuneration was at least \$75,000 for the fiscal year.

During the year, there were no employees or contractors who met this criterion. The Board of Directors receive no remuneration for their services other than reimbursement of expenses.