

Sooke Region Historical Society
Financial Statements
Year Ended October 31, 2020

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 (the society) that comprise the statement of financial position as at October 31, 2020, 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 (ASNPO), 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

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 the financial statements do not present fairly, in all material respects, the financial position of Sooke Region Historical Society as at October 31, 2020, 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.

Victoria, British Columbia
February 3, 2021

Chartered Professional Accountants



Sooke Region Historical Society
Statement of Financial Position
October 31, 2020

	2020 \$	2019 \$
Assets		
Current		
Cash and term deposits	410,448	221,224
Internally restricted cash (Note 8)	203,262	200,693
Accounts receivable	24,241	15,201
Prepaid expenses	200	-
Accrued interest receivable	586	1,551
Inventory	48,928	51,002
	<u>687,665</u>	<u>489,671</u>
Property and equipment (Note 3)	1,061,907	1,075,165
Historical collection (Note 4)	<u>2,810,325</u>	<u>2,810,325</u>
Total assets	<u><u>4,559,897</u></u>	<u><u>4,375,161</u></u>
Liabilities		
Current		
Accounts payable and accrued liabilities	17,963	13,360
Government remittances payable	5,757	5,783
Deferred revenue	<u>22,676</u>	<u>876</u>
	46,396	20,019
Long term debt (Note 5)	30,000	-
Deferred capital contributions (Note 6)	<u>117,080</u>	<u>110,607</u>
Total liabilities	<u>193,476</u>	<u>130,626</u>
Net Assets		
Unrestricted	395,107	268,959
Invested in property and equipment (Note 7)	3,768,052	3,774,883
Internally restricted funds (Note 8)	<u>203,262</u>	<u>200,693</u>
	<u>4,366,421</u>	<u>4,244,535</u>
Total liabilities and net assets	<u><u>4,559,897</u></u>	<u><u>4,375,161</u></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, 2020

	2020	2019
	\$	\$
Revenues		
Amortization of deferred capital contributions <i>(Note 6)</i>	6,427	6,427
Donations and corporate contributions	7,907	10,659
Fundraising	5,948	18,918
Gift shop	69,535	124,491
Government grants and funded programs <i>(Note 9)</i>	161,530	100,309
Interest income	3,358	4,381
Memberships	230	400
Public programs and exhibitions	8,433	16,823
Tax levies	189,410	185,700
	<u>452,778</u>	<u>468,108</u>
Expenses		
Administration	8,148	6,088
Amortization	23,782	23,782
Exhibits and curatorial	4,434	6,358
Fundraising	8,552	11,327
Gift shop	48,715	64,307
Insurance	20,477	18,683
Interest and bank charges	2,947	4,419
Management salaries	64,628	64,579
Office	5,299	9,189
Professional fees	6,253	6,092
Programs	4,865	6,658
Repairs and maintenance	12,954	16,641
Salaries and wages <i>(Note 10)</i>	98,920	194,093
Telephone and fax	1,643	1,821
Utilities	19,275	21,164
	<u>330,892</u>	<u>455,201</u>
Excess of revenues over expenses	<u>121,886</u>	<u>12,907</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, 2020

	Unrestricted \$	Invested in Property and Equipment (Note 7) \$	Internally Restricted Funds (Note 8) \$	2020 \$	2019 \$
Net assets - beginning of year	268,959	3,774,883	200,693	4,244,535	4,231,628
Excess of revenues over expenses	119,467	-	2,419	121,886	12,907
Invested in property and equipment	(10,524)	10,524	-	-	-
Amortization of property and equipment	23,782	(23,782)	-	-	-
Amortization of deferred capital contributions (Note 6)	(6,427)	6,427	-	-	-
Interfund transfers	-	-	-	-	-
Memorial donations	(150)	-	150	-	-
Net assets - end of year	395,107	3,768,052	203,262	4,366,421	4,244,535

The accompanying notes are an integral part of these financial statements

Sooke Region Historical Society
Statement of Cash Flows
Year Ended October 31, 2020

	2020 \$	2019 \$
Operating activities		
Excess of revenues over expenses	121,886	12,907
Items not affecting cash:		
Amortization of property and equipment	23,782	23,782
Amortization of deferred capital contributions	(6,427)	(6,427)
	<u>139,241</u>	<u>30,262</u>
Changes in non-cash working capital:		
Accounts receivable	(9,040)	(11,785)
Accrued interest receivable	965	(269)
Inventory	2,074	(1,225)
Prepaid expenses	(200)	-
Accounts payable and accrued liabilities	4,603	(1,831)
Government remittances payable	(26)	160
Deferred revenue	21,800	876
	<u>20,176</u>	<u>(14,074)</u>
Cash flow from operating activities	<u>159,417</u>	<u>16,188</u>
Investing activity		
Purchase of property and equipment	(10,524)	(13,787)
Financing activities		
Long term debt	30,000	-
Deferred capital contributions	12,900	-
Cash flow from financing activities	<u>42,900</u>	<u>-</u>
Increase in cash flow	<u>191,793</u>	<u>2,401</u>
Cash - beginning of year	<u>421,917</u>	<u>419,516</u>
Cash - end of year	<u>613,710</u>	<u>421,917</u>
Cash consists of:		
Cash and term deposits	410,448	221,224
Internally restricted cash	203,262	200,693
	<u>613,710</u>	<u>421,917</u>

The accompanying notes are an integral part of these financial statements

Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2020

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

(a) Basis of presentation

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

(b) 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.

(c) Government assistance

Government assistance for acquiring fixed assets and related to expenses is recorded as deferred government assistance and is amortized on the same basis and according to the same rates as the related fixed assets or to income as eligible expenditures are incurred. Government assistance for current expenses is recorded as a reduction of the related expenditures. Government assistance for acquiring fixed assets is recorded as a reduction of the cost of related assets.

(d) 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.

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Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2020

2. Significant accounting policies (continued)

(e) 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.

(f) 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.

(g) 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.

(h) 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.

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Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2020

2. Significant accounting policies (continued)

(i) 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.

(j) 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

3. Property and equipment

	2020		2019	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	267,549	-	267,549	-
Buildings not subject to amortization	626,400	-	626,400	-
Buildings and lighthouse	576,178	408,220	565,653	384,437
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>1,573,385</u>	<u>511,478</u>	<u>1,562,860</u>	<u>487,695</u>
Net book value		<u>1,061,907</u>		<u>1,075,165</u>

Included in buildings and lighthouse are improvements in progress totalling \$100,532 that were not amortized in 2020.

Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2020

4. Historical collection

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

	2020 \$	2019 \$
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.

5. Long term debt

CANADA EMERGENCY BUSINESS ACCOUNT, \$40,000 interest-free loan with no required principal repayments and \$10,000 available loan forgiveness if \$30,000 is repaid on or before December 31, 2022. Forgivable portion of loan recognized as income in the current fiscal year. In the event that the balance remains unpaid subsequent to December 31, 2022, the balance at that time will be converted to a 3-year term loan with a 5% annual interest rate.

Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2020

6. 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 New Horizons for Seniors Grant of \$12,900 was received in 2020 and is to be used for building a shed inside the museum for seniors.

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

	Opening \$	Contributions (expenses) \$	Amortization \$	2020 \$	2019 \$
Lighthouse Project: cash contributions	2,126	-	(670)	1,456	2,126
Lighthouse Project: HRDC Grant	15,137	-	(2,329)	12,808	15,137
Lighthouse Project: BC Gaming	4,639	-	(830)	3,809	4,639
Pavilion and Storage: HRDC Grant	6,830	-	(1,223)	5,607	6,830
Western Diversification Grant	17,875	-	(1,375)	16,500	17,875
Outdoor Artifact Display	64,000	-	-	64,000	64,000
New Horizons for Seniors	-	12,900	-	12,900	-
	110,607	12,900	(6,427)	117,080	110,607

Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2020

7. 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:

	2020 \$	2019 \$
Property and equipment (Note 3)	1,061,907	1,075,165
Historical collection (Note 4)	2,810,325	2,810,325
Less amounts financed by:		
Deferred capital contributions	(117,080)	(110,607)
Deferred capital contributions - unspent	12,900	-
	<u>3,768,052</u>	<u>3,774,883</u>

8. Internally restricted cash

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

	2020 \$	2019 \$
Memorial donations	23,589	22,808
Capital contingencies	179,673	177,885
	<u>203,262</u>	<u>200,693</u>

9. Government grants and funded programs

	2020 \$	2019 \$
BC Arts Council	35,600	34,800
BC Arts and Culture Resilience Supplement Award	5,000	-
Canada Emergency Business Account (Note 5)	10,000	-
Canada Summer Jobs	4,594	4,990
Canadian Heritage COVID-19 Emergency Support Fund	45,520	-
Canadian Museum of History	3,876	4,000
Municipal	27,183	26,650
Provincial - BC Tourism	19,210	18,210
Young Canada Works	10,547	11,659
	<u>161,530</u>	<u>100,309</u>

Sooke Region Historical Society

Notes to Financial Statements

Year Ended October 31, 2020

10. Government assistance

As a result of the COVID-19 pandemic, the Society received federal government assistance in the form of the Canada Emergency Wage Subsidy (CEWS) in the amount of \$92,103 and the Temporary Wage Subsidy (TWS) in the amount of \$5,769, which have been netted against salaries and wages expense. \$1,041 of the Canada Emergency Wage Subsidy (CEWS) is receivable at year-end.

11. 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.

12. 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, 2020, the balance in the Sooke Region Museum Fund is \$15,536 (2019: \$15,658).

Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2020

13. 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.

14. Subsequent events

The global economic impact arising from the Covid-19 pandemic may expose the organization to economic and operational risks in the 2021 fiscal period. The impact on the organization's operations is not readily determinable but management expects the impact to be moderate.