

Financial Statements of

**Sooke Region Historical Society**

**Year Ended October 31, 2017**

*(Unaudited)*

DICKSON  
DUSANJ  
& WIRK

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS

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& 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, 2017 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 17, 2018

# Sooke Region Historical Society

## Statement of Financial Position

(Unaudited)

As at October 31, 2017 with comparative figures for 2016

	2017	2016
	\$	\$
<b>Assets</b>		
Current:		
Cash and term deposits	204,035	185,334
Internally restricted cash (Note 7)	236,119	208,899
Accounts receivable	34,262	3,527
Accrued interest receivable	1,281	1,313
Inventory	43,036	36,870
	<u>518,733</u>	<u>435,943</u>
Property and equipment (Note 3)	1,046,816	1,061,541
Historical collection (Note 4)	2,810,325	2,810,325
<b>Total assets</b>	<b><u>4,375,874</u></b>	<b><u>4,307,809</u></b>
<b>Liabilities</b>		
Current:		
Accounts payable and accrued liabilities	12,005	13,268
Government remittances payable	5,473	5,256
	<u>17,478</u>	<u>18,524</u>
Deferred capital contributions (Note 5)	124,574	70,622
<b>Total liabilities</b>	<b><u>142,052</u></b>	<b><u>89,146</u></b>
<b>Net Assets</b>		
Unrestricted	201,137	208,520
Invested in property and equipment (Note 6)	3,796,566	3,801,244
Internally restricted funds (Note 7)	236,119	208,899
<b>Total net assets</b>	<b><u>4,233,822</u></b>	<b><u>4,218,663</u></b>
<b>Total liabilities and net assets</b>	<b><u>4,375,874</u></b>	<b><u>4,307,809</u></b>

Approved on Behalf of the Board:

 Director

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

## Sooke Region Historical Society

### Statement of Operations

(Unaudited)

Year ended October 31, 2017 with comparative figures for 2016

	2017	2016
	\$	\$
<b>Revenue</b>		
Amortization of deferred capital contributions (Note 5)	10,047	10,047
Donations and corporate contributions	12,438	20,238
Fundraising	21,871	14,823
Gift shop	124,821	107,198
Government grants and funded programs (Note 8)	86,873	99,211
Interest income	3,889	2,879
Memberships	480	790
Public programs and exhibitions	14,455	13,790
Tax levies	170,720	168,200
	<u>445,594</u>	<u>437,176</u>
<b>Expenses</b>		
Administration	6,422	6,166
Amortization	27,709	28,544
Exhibits and curatorial	3,693	4,563
Fundraising	12,228	7,673
Giftshop	66,646	55,750
Insurance	15,796	14,845
Interest and bank charges	3,514	3,764
Management salaries	63,360	62,118
Office	7,714	5,865
Professional fees	5,638	5,638
Programs	6,286	11,298
Repairs and maintenance	14,542	10,897
Telephone and fax	1,297	1,299
Utilities	20,282	18,216
Salaries and wages	167,808	169,517
	<u>422,935</u>	<u>406,153</u>
<b>Excess of revenues over expenses</b>	<u><u>22,659</u></u>	<u><u>31,023</u></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, 2017 with comparative figures for 2016

	Unrestricted \$	Invested in Property and Equipment (Note 6) \$	Internally Restricted Funds (Note 7) \$	2017 \$	2016 \$
Net assets, beginning of year	208,520	3,801,244	208,899	4,218,663	4,187,640
Excess of revenues over expenses	20,689	-	1,970	22,659	31,023
Property and equipment additions	(12,984)	12,984	-	-	-
Amortization of property and equipment	27,709	(27,709)	-	-	-
Amortization of deferred capital contributions (Note 5)	(10,047)	10,047	-	-	-
Interfund transfer	(25,000)	-	25,000	-	-
Memorial donations	(250)	-	250	-	-
Contributions to Victoria Foundation endowment fund	(7,500)	-	-	(7,500)	-
Net assets, end of year	<b>201,137</b>	<b>3,796,566</b>	<b>236,119</b>	<b>4,233,822</b>	<b>4,218,663</b>

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

## Sooke Region Historical Society

### Cash Flow Statement

(Unaudited)

Year ended October 31, 2017 with comparative figures for 2016

	2017	2016
	\$	\$
Cash flows from operating activities		
Excess of revenues over expenses	22,659	31,023
Amortization of property and equipment	27,709	28,544
Amortization of deferred capital contributions	(10,047)	(10,047)
(Increase) in accounts receivable	(30,735)	(670)
Decrease in accrued interest receivable	32	482
(Increase) in inventories	(6,166)	-
Increase (decrease) in accounts payable and accrued liabilities	(1,263)	527
Increase (decrease) in deferred revenue	-	(6,237)
Increase (decrease) in government remittances payable	216	(228)
Total cash flows from operating activities	<u>2,405</u>	<u>43,394</u>
Cash flows from investing activities		
Purchase of property and equipment	(12,984)	(3,111)
Artifacts acquired	-	(9,685)
Endowment fund contribution	(7,500)	-
Net cash (used by) investing activities	<u>(20,484)</u>	<u>(12,796)</u>
Cash flows from financing activities:		
Deferred capital contributions	<u>64,000</u>	<u>-</u>
<b>Net increase in cash and term deposits</b>	<b>45,921</b>	<b>30,598</b>
Cash and term deposits, beginning of year	<u>394,233</u>	<u>363,635</u>
<b>Cash and term deposits, end of year</b>	<b><u>440,154</u></b>	<b><u>394,233</u></b>
Cash and term deposits consist of the following:		
Cash and term deposits	204,035	185,334
Internally restricted cash (Note 7)	<u>236,119</u>	<u>208,899</u>
	<b><u>440,154</u></b>	<b><u>394,233</u></b>

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, 2017 with comparative figures for 2016

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### 1. Statement of Purpose

Sooke Region Historical Society (the "Society") is incorporated under the Society Act of British Columbia. The Society transitioned to the new Societies Act on February 1, 2017. 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, 2017 with comparative figures for 2016**

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### **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, 2017 with comparative figures for 2016

#### 3. Property and Equipment

	2017		2016	
	Cost \$	Accumulated Amortization \$	Cost \$	Accumulated Amortization \$
Land	267,549	-	267,549	-
Buildings not subject to amortization	626,400	-	626,400	-
Buildings and lighthouse	488,630	336,873	475,646	313,090
Equipment	58,928	58,928	58,928	58,622
Signage and murals	36,200	35,090	36,200	31,470
Computer software	4,930	4,930	4,930	4,930
Web design	3,200	3,200	3,200	3,200
	<u>1,485,837</u>	<u>439,021</u>	<u>1,472,853</u>	<u>411,312</u>
Less: Accumulated amortization	<u>439,021</u>		<u>411,312</u>	
Net Book Value	<u>1,046,816</u>		<u>1,061,541</u>	

#### 4. Historical Collection

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

	2017 \$	2016 \$
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 the Financial Statements

(Unaudited)

Year ended October 31, 2017 with comparative figures for 2016

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#### 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 Outdoor Artifact Display Grant of \$64,000 was received in 2017 and is used for creating an outdoor presentation. The project is scheduled to be completed in March 2018.

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

	Contributions				
	Opening	(expenses)	Amortization	2017	2016
	\$	\$	\$	\$	\$
Lighthouse Project: cash donations	4,137	-	(671)	3,466	4,137
Lighthouse Project: HRDC Grant	22,124	-	(2,328)	19,796	22,124
Lighthouse Project: BC Gaming	7,129	-	(830)	6,299	7,129
Signage and Interpretation: BC Gaming	4,733	-	(3,620)	1,113	4,733
Pavillion and Storage: HRDC Grant	10,499	-	(1,223)	9,276	10,499
Western Diversification Grant	22,000	-	(1,375)	20,625	22,000
Outdoor Artifact Display	-	64,000	-	64,000	-
	<u>70,622</u>	<u>64,000</u>	<u>(10,047)</u>	<u>124,575</u>	<u>70,622</u>

## Sooke Region Historical Society

### Notes to the Financial Statements

(Unaudited)

Year ended October 31, 2017 with comparative figures for 2016

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#### 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:

	2017 \$	2016 \$
Property and equipment (Note 3)	1,046,816	1,061,541
Historical Collection (Note 4)	2,810,325	2,810,325
Less amounts financed by:		
Deferred capital contributions (Note 5)	(124,575)	(70,622)
Project in progress	64,000	-
	<u>3,796,566</u>	<u>3,801,244</u>

#### 7. Internally Restricted Cash

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

	2017 \$	2016 \$
Memorial donations	22,065	21,639
Capital contingencies	214,054	187,260
	<u>236,119</u>	<u>208,899</u>

#### 8. Government Grants and Funded Programs

	2017 \$	2016 \$
Canada Summer Jobs	9,515	14,108
Young Canada Works	7,923	9,848
BC Arts Council	30,000	30,000
Provincial - BC Tourism	18,210	24,447
Municipal	21,225	20,808
	<u>86,873</u>	<u>99,211</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.

## **Sooke Region Historical Society**

### **Notes to the Financial Statements**

*(Unaudited)*

**Year ended October 31, 2017 with comparative figures for 2016**

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#### **9. Financial Risks and Concentration of Risks**

##### 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.

#### **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, 2017, the balance in the Sooke Region Museum Fund is \$15,322.