

SAANICH PENINSULA MEMORIAL PARK SOCIETY
Financial Statements
Year Ended December 31, 2019

SAANICH PENINSULA MEMORIAL PARK SOCIETY
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Year Ended December 31, 2019

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CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of Saanich Peninsula Memorial Park Society

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of Saanich Peninsula Memorial Park Society (the Society), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

The Saanich Peninsula Memorial Park Society receives a portion of its receipts via cash payments. These payments are not susceptible to satisfactory audit verification. Accordingly, our verification of cash receipts was limited to amounts recorded in the records of the Saanich Peninsula Memorial Park Society. The predecessor auditor provided a qualified opinion for the year ended December 31, 2018 for the reason as noted above.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Matter

The financial statements for the year ended December 31, 2018 were audited by another auditor who expressed a qualified opinion on those financial statements on May 14, 2019 for the reasons described in the *Basis for Qualified Opinion* section. Some of the prior year figures have been reclassified to conform to the current year presentation and are included for comparison purposes only.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

(continues)

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report To the Members of Saanich Peninsula Memorial Park Society (*continued*)

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies have been applied on a basis consistent with that of the preceding year.

Sidney, British Columbia
November 28, 2022

Paterson Henn CPA

Chartered Professional Accountants

SAANICH PENINSULA MEMORIAL PARK SOCIETY

Statement of Financial Position

December 31, 2019

	Memorial Park Society Operating Fund	Mary Winspear Centre Operating Fund	Building Fund	Blue Heron Park Improvement Fund	Capital Improvement Fund	2019 Total	2018 Total
ASSETS							
CURRENT							
Cash	\$ 45,549	\$ 66,337	\$ -	\$ 15,801	\$ -	\$ 127,687	\$ 132,926
Restricted cash	-	131,956	-	-	7,659	139,615	118,166
Accounts receivable	-	59,939	-	-	-	59,939	71,864
Inventory (Note 4)	-	27,579	-	-	-	27,579	25,284
Prepaid expenses	3,073	30,238	-	-	-	33,311	65,953
Interfund receivables/(payables)	140,348	9,253	-	(67,442)	(82,159)	-	-
	188,970	325,302	-	(51,641)	(74,500)	388,131	414,193
RESTRICTED INVESTMENTS (Note 5)	-	-	-	-	329,478	329,478	301,754
CAPITAL ASSETS (Notes 6, 7)	277	51,185	3,687,679	622,535	-	4,361,676	4,379,304
INTANGIBLE ASSETS (Note 8)	-	-	-	-	-	-	1,405
COLLECTIONS OF ART (Note 9)	-	1	-	-	-	1	1
	\$ 189,247	\$ 376,488	\$ 3,687,679	\$ 570,894	\$ 254,978	\$ 5,079,286	\$ 5,096,657
LIABILITIES AND NET ASSETS							
CURRENT							
Accounts payable	\$ 4,000	\$ 227,025	\$ -	\$ 500	\$ -	\$ 231,525	\$ 133,378
Due to government agencies	-	21,017	-	-	-	21,017	34,427
Deferred income	-	140,244	-	-	-	140,244	191,218
	4,000	388,286	-	500	-	392,786	359,023
NET ASSETS							
Net assets (Notes 10, 11)	185,247	(11,798)	3,687,679	570,394	254,978	4,686,500	4,737,634
	\$ 189,247	\$ 376,488	\$ 3,687,679	\$ 570,894	\$ 254,978	\$ 5,079,286	\$ 5,096,657

ON BEHALF OF THE BOARD

Director

Director

SAANICH PENINSULA MEMORIAL PARK SOCIETY

Statement of Operations

Year Ended December 31, 2019

	Memorial Park Society Operating Fund	Mary Winspear Centre Operating Fund	Building Fund	Blue Heron Park Improvement Fund	Capital Improvement Fund	2019 Total	2018 Total
REVENUES							
Theatre and events <i>(Note 13)</i>	\$ -	\$ 1,182,600	\$ -	\$ -	\$ -	\$ 1,182,600	\$ 913,194
Rentals <i>(Note 13)</i>	-	330,836	-	-	-	330,836	343,307
Labour and internal services	-	34,139	-	-	-	34,139	31,624
Clubhouse and field rental	-	-	-	1,680	-	1,680	3,709
Municipal grants <i>(Note 13)</i>	80,000	525,608	-	-	-	605,608	591,300
Donations and grants	-	52,591	-	-	-	52,591	10,650
Investment revenue	9,347	-	-	-	-	9,347	12,349
Other revenue	-	33,710	-	3	-	33,713	33,647
	89,347	2,159,484	-	1,683	-	2,250,514	1,939,780
EXPENSES							
Amortization	69	15,882	101,811	33,121	-	150,883	143,781
Amortization of intangible assets	-	1,405	-	-	-	1,405	2,810
Bad debts	-	356	-	-	-	356	17,153
Contract service	-	17,062	-	-	-	17,062	12,844
Insurance	2,650	30,346	-	-	-	32,996	25,162
Interest and bank charges	70	6,675	-	-	-	6,745	6,618
Office and sundry	5,040	33,157	-	-	-	38,197	34,851
Professional fees	1,925	19,835	-	-	-	21,760	14,434
Promotion and advertising	-	14,125	-	-	-	14,125	5,745
Repairs and maintenance	20,709	71,651	-	3,900	-	96,260	81,190
Salaries and wages	1,200	994,246	-	-	-	995,446	945,459
Theatre and event costs	-	854,027	-	-	-	854,027	609,013
Utilities	-	90,550	-	-	-	90,550	86,967
	31,663	2,149,317	101,811	37,021	-	2,319,812	1,986,027
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	57,684	10,167	(101,811)	(35,338)	-	(69,298)	(46,247)

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SAANICH PENINSULA MEMORIAL PARK SOCIETY

Statement of Operations (continued)

Year Ended December 31, 2019

	Memorial Park Society Operating Fund	Mary Winspear Centre Operating Fund	Building Fund	Blue Heron Park Improvement Fund	Capital Improvement Fund	2019 Total	2018 Total
OTHER INCOME							
Gain (loss) on disposal of assets	-	-	-	-	-	-	(46)
Gain (loss) on sale of investments	18,164	-	-	-	-	18,164	(31,083)
	18,164	-	-	-	-	18,164	(31,129)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 75,848	\$ 10,167	\$ (101,811)	\$ (35,338)	\$ -	\$ (51,134)	\$ (77,376)

SAANICH PENINSULA MEMORIAL PARK SOCIETY
Statement of Changes in Fund Balances
Year Ended December 31, 2019

	Memorial Park Society Operating Fund	Mary Winspear Centre Operating Fund	Building Fund	Blue Heron Park Improvement Fund	Capital Improvement Fund	2019 Total	2018 Total
NET ASSETS - BEGINNING OF YEAR	\$ 109,399	\$ 9,596	\$ 3,727,708	\$ 605,732	\$ 285,199	\$ 4,737,634	\$ 4,815,010
Excess (Deficiency) of revenues over expenses	75,848	10,167	(101,811)	(35,338)	-	(51,134)	(77,376)
Capital improvement fund contributions	-	(31,561)	-	-	31,561	-	-
Capital Improvement fund transfers	-	-	61,782	-	(61,782)	-	-
NET ASSETS - END OF YEAR (Notes 10, 11)	\$ 185,247	\$ (11,798)	\$ 3,687,679	\$ 570,394	\$ 254,978	\$ 4,686,500	\$ 4,737,634

SAANICH PENINSULA MEMORIAL PARK SOCIETY

Statement of Cash Flows

Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (51,134)	\$ (77,376)
Items not affecting cash:		
Amortization of capital assets	150,883	143,781
Amortization of intangible assets	1,405	2,810
Unrealized gain (loss) on investments	<u>(18,164)</u>	<u>31,083</u>
	82,990	100,298
Changes in non-cash working capital:		
Accounts receivable	11,925	(9,208)
Inventory	(2,295)	2,913
Prepaid expenses	32,643	(17,194)
Accounts payable	98,147	11,575
Due to government agencies	(13,410)	(15,627)
Deferred income	<u>(50,974)</u>	<u>(36,926)</u>
	76,036	(64,467)
Cash flow from operating activities	<u>159,026</u>	<u>35,831</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(133,255)	(133,614)
Purchase of investments	(471,082)	(81,582)
Disposal of investments	<u>461,521</u>	<u>74,041</u>
Cash flow used by investing activities	<u>(142,816)</u>	<u>(141,155)</u>
INCREASE (DECREASE) IN CASH FLOW	16,210	(105,324)
Cash - beginning of year	<u>251,092</u>	<u>356,416</u>
CASH - END OF YEAR	<u>\$ 267,302</u>	<u>\$ 251,092</u>
CASH CONSISTS OF:		
Cash	\$ 127,687	\$ 132,926
Restricted cash	<u>139,615</u>	<u>118,166</u>
	<u>\$ 267,302</u>	<u>\$ 251,092</u>

SAANICH PENINSULA MEMORIAL PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

1. PURPOSE OF THE SOCIETY

The Saanich Peninsula Memorial Park Society (formerly Sidney & North Saanich Memorial Park Society) (the "Society") is a not-for-profit organization incorporated under the Societies Act of British Columbia as a not-for-profit organization and is a registered charity under the Income Tax Act.

The purpose of the Society is:

"To commemorate those who gave their lives in service to Canada in time of war and peacekeeping by managing lands and facilities and delivering services, programs, and productions for the community, cultural, athletic and recreational benefit of the residents of the Saanich Peninsula."

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO). The prior year financial statements were audited by another Chartered Professional Accountant firm. The prior year figures have been reclassified for the current year presentation and are included for information purposes. There are no changes to Net Assets as a result of these changes.

The Society's charity status was revoked as of November 6, 2021 and these financial's are based on the Society being a going concern with the status being reinstated. See Note 20.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Fund accounting

Saanich Peninsula Memorial Park Society follows the restricted fund method of accounting for contributions.

The Memorial Park Society (MPS) Operating Fund reports the assets, liabilities, revenues and expenses of the general operations including Blue Heron Park.

The Mary Winspear Community Cultural Centre (MWCCC) Fund reports the assets, liabilities, revenues and expenses related to the operation of the Mary Winspear Community Cultural Centre at Mary Winspear Centre building. The Board of Directors have internally restricted a portion of this fund. See Note 11.

The Building Fund reports the assets, liabilities, revenues and expenses related to the cost and equipping of the Mary Winspear Community Cultural Centre at Mary Winspear Centre building.

The Blue Heron Park Improvement Fund reports the assets, liabilities, revenues and expenses related to improvements to Blue Heron Park soccer facilities. The Society operates within a joint undertaking agreement, signed in 2005. See Note 15.

The Capital Improvement Fund is an externally restricted fund that reports the assets, liabilities, contributions and expenditures related to the renewal and replacement of the Mary Winspear Centre assets. This fund includes the 10% of each public parking and annual grant payments made by the Town of Sidney as per the agreement starting June 1, 2017. See Note 14. All other contributions restricted for capital improvements will be added to this fund. Funds are transferred on an as needed basis to the appropriate fund when capital improvements are incurred.

(b) Inventory

Inventory is measured at the lower of cost and net realizable value. Donated inventory is recorded at fair market value at the time the donation is made.

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SAANICH PENINSULA MEMORIAL PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Capital assets

Capital assets are recorded at cost. The Society provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. A full year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates and methods are as follows:

Blue Heron Park fixtures	20%	declining balance method
Computer equipment and software	20% - 50%	declining balance method
Furniture, fixtures and equipment	20%	declining balance method
Buildings	2%	declining balance method
Maintenance equipment	6 to 20%	declining balance method
Parking Lot	8%	declining balance method
Reader board electronics	20%	declining balance method
Reader board structure	2%	declining balance method
Clubhouse	2%	declining balance method
Equipment	20%	declining balance method
Grounds	10%	declining balance method
Lights	20%	declining balance method
Paving	8%	declining balance method

(d) Intangible assets

Intangible assets are recorded at cost and are amortized on the basis of their useful life using the straight-line method at the following rates. Assets purchased in the current year are amortized for part of the year based on the number of months they were in use. These assets are tested for impairment if events or changes in circumstances indicate that the carrying amount exceeds the fair value.

Website	5 years
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(e) Collections of art

The Society holds a collection of works of art for the perpetual benefit of the community at large. The collection is shown as an asset at a nominal value of \$1 due to the practical difficulty of determining a meaningful value for these assets. Any expenditures related to the collection are expensed in the year incurred.

(continues)

SAANICH PENINSULA MEMORIAL PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

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

(f) Revenue recognition

Saanich Peninsula Memorial Park Society follows the restricted fund method of accounting for contributions.

Restricted contributions are recognized as revenue in the appropriate restricted fund. If there is no restricted fund, restricted contributions are recognized in the appropriate operating fund with unspent amounts shown as deferred contributions on the statement of financial position.

Unrestricted contributions are recognized as revenue of the appropriate operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Municipal grants and easement revenue are unrestricted contributions are recognized in the appropriate operating fund on an annual basis with any amount received in advance included as deferred revenue.

Building and portable rental and meeting room rental revenue are recognized over the period of the rental term. The liability for the portion of rental revenue invoiced but not yet earned, as well as deposits received in advance for future rentals, is recorded as deferred revenue.

Theatre revenue is recognized at the date of the performance, show or event. The liability for tickets sold in advance for future performances or shows is recorded as deferred revenue.

Investment income is recognized when earned. The investments have internally been included as restricted funds within the Capital Improvement Fund. As these funds are not externally restricted, the income is recognized in the MPS Operating Fund.

Other revenue sources are recognized when the service is provided and collection is reasonably assured.

(g) Contributed goods and services

Contributed goods are recorded at fair market value at the time of the contribution is made. Professional appraisals are obtained for all contributions valued over \$1,000.

A number of volunteers contribute a significant amount of their time each year to the Society. Due to the difficulty of determining the fair market value of these services, no amount has been recognized in the financial statements.

(h) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

Management estimates are used in accounting for the valuation of donated tangible and intangible assets and inventory, accounts receivable exposure, and useful lives of capital assets for depreciation and amortization. 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.

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SAANICH PENINSULA MEMORIAL PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash and restricted cash, accounts receivable and accrued interest. Financial assets measured at fair value include marketable securities. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

4. INVENTORY

Inventory is as follows:

	<u>2019</u>	<u>2018</u>
Artwork for resale	\$ 22,730	\$ 22,730
Food and beverage	4,849	2,554
	<u>\$ 27,579</u>	<u>\$ 25,284</u>

5. RESTRICTED INVESTMENTS

The Society has investments held with ScotiaMcLeod which have been internally restricted and included in their Capital Improvement Fund with the investment activity being reported in the MPS operating fund. The funds held at the year end include the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 7,659	\$ 7,999
Equities and fixed income	345,959	318,028
Unrealized gains (losses)	<u>(16,480)</u>	<u>(16,274)</u>
	<u>\$ 337,138</u>	<u>\$ 309,753</u>

The investments are reported at fair market value, with the change to unrealized gains (losses) being reported in the current period. The Board of Directors approved an investment policy with an objective to have a balanced portfolio while minimizing currency risk, maximizing the return and protecting the capital.

SAANICH PENINSULA MEMORIAL PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
MPS Operating Fund				
Land (Note 7)	\$ 1	\$ -	\$ 1	\$ 1
Blue Heron Park fixtures	9,019	8,743	276	345
	<u>9,020</u>	<u>8,743</u>	<u>277</u>	<u>346</u>
MWCCC Fund				
Computer equipment and software	117,305	113,191	4,114	5,017
Furniture, fixtures and equipment	186,600	139,529	47,071	58,838
	<u>303,905</u>	<u>252,720</u>	<u>51,185</u>	<u>63,855</u>
Building Fund				
Buildings	4,775,178	1,446,353	3,328,825	3,396,760
Computer equipment	9,230	6,776	2,454	814
Furniture and fixtures	693,410	588,347	105,063	71,341
Maintenance equipment	23,073	14,626	8,447	9,176
Parking lot	46,085	33,636	12,449	13,532
Reader board electronics	88,007	83,907	4,100	5,125
Reader board structure	300,331	73,989	226,342	230,961
	<u>5,935,314</u>	<u>2,247,634</u>	<u>3,687,680</u>	<u>3,727,709</u>
Blue Heron Park Improvements Fund				
Clubhouse	459,744	60,628	399,116	407,261
Equipment	19,954	17,335	2,619	3,274
Grounds	584,628	436,023	148,605	165,116
Lights	170,881	161,487	9,394	11,743
Paving	68,263	5,461	62,802	-
	<u>1,303,470</u>	<u>680,934</u>	<u>622,536</u>	<u>587,394</u>
	<u>\$ 7,551,709</u>	<u>\$ 3,190,031</u>	<u>\$ 4,361,678</u>	<u>\$ 4,379,304</u>

CURRENT ADDITIONS:

	2019
MWCCC Fund	
Computer equipment	\$ 3,211
Building Fund	
Computer equipment - theatre	5,145
Theatre furniture and equipment	56,637
	<u>64,993</u>
Blue Heron Park Improvement Fund	
Paving	68,263
	<u>\$ 133,256</u>

SAANICH PENINSULA MEMORIAL PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

7. LAND AND IMPROVEMENTS

A nominal value of \$1 is reflected in these financial statements to record the following properties:

a) Mary Winspear Centre at Sanscha

Property at or near 2243 Beacon Avenue, Sidney, British Columbia referred to as Mary Winspear Centre (formerly "Sanscha" hall) property and described as Lot 1, Range 3 East, North Saanich District, Section 10 and 11, Lot 2, Range 3 East, North Saanich District, Section 10 and 11. The 2019 assessed value of these properties is \$14,510,600 (2018 - \$12,823,800).

b) Blue Heron Park

41 Acres adjacent to Parkland Secondary School described as Lot A. Section 17, Range 2 east, North Saanich District, Plan 43067 and Lot 1, Section 16, Range 2 East, North Saanich District, Plan 20832. The 2019 assessed value of these properties is \$9,083,000 (2018 - \$8,658,000).

8. INTANGIBLE ASSETS

	<u>2019</u>	<u>2018</u>
Website	\$ 14,050	\$ 14,050
Accumulated amortization	<u>(14,050)</u>	<u>(12,645)</u>
	<u>\$ -</u>	<u>\$ 1,405</u>

9. COLLECTIONS OF ART

THE MWCCC Fund holds a collection of works of art that is comprised of original art pieces. The collection includes 34 paintings and 1 stone sculpture. No works or art were donated this year or the prior year. The estimated value at 2019 and 2018 was \$212,925. Based on a valuation completed in 2022, management does not believe there is an impairment to the collection as at December 31, 2019.

10. MWCCC OPERATING FUND

The Mary Winspear Centre (MWCCC) operating fund consists of the following:

	<u>2019</u>	<u>2018</u>
<u>Net Assets (Deficit)</u>		
Operating Net Assets (Deficit)	\$ (143,754)	\$ (100,572)
Internally Restricted Funds (Note 11)	<u>131,956</u>	<u>110,168</u>
	<u>\$ (11,798)</u>	<u>\$ 9,596</u>

SAANICH PENINSULA MEMORIAL PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

11. INTERNALLY RESTRICTED FUNDS

Certain funds in the MWCCC Fund have been internally restricted for capital improvements of the Centre and the purchase of capital assets. The following transactions occurred during the year within this internally restricted fund:

	<u>2019</u>		<u>2018</u>
Restricted capital reserve funds, beginning of year	\$ 110,168	\$	92,133
Contributions during the year	25,000		25,000
Capital improvements during the year	(3,212)		(6,965)
	-		-
Internally restricted capital reserve funds, end of year	\$ 131,956	\$	110,168

Funds are received from the Town of Sidney in the amount of \$25,000 and the District of North Saanich in the amount of \$25,000 with the Society internally restricting an equal amount during the year for capital improvements.

12. RELATED PARTY TRANSACTIONS

During the year the MWCCC Fund received grants from the Mary Winspear Centre Foundation (MWCF), a related charity by way of common purpose, for the following:

	<u>2019</u>		<u>2018</u>
MWCCC arts (Professional theatre productions)	\$ 23,687	\$	23,082
MWCCC arts and special events	3,500		3,500
	\$ 27,187	\$	26,582

These funds were used for professional performers.

Accounts receivable includes an amount due from Mary Winspear Centre Foundation as at December 31, 2019 of \$27,610 (December 31, 2018 - \$27,963).

13. REVENUE DETAILS

The Society's breakdown of various revenue sources are as follows:

	<u>2019</u>		<u>2018</u>
<u>Theatre and Event Revenue</u>			
Theatre events	\$ 821,703	\$	568,200
Technical services recovery	103,592		106,655
Theatre rental	66,804		73,649
Box office	75,994		63,548
Internet box office charges	38,503		-
Food service	38,944		34,231
Grant - Mary Winspear Centre Foundation	23,687		23,082
Other	12,408		9,650
Donations	-		2,038
Sponsorships	965		375
	\$ 1,182,600	\$	881,428

(continues)

SAANICH PENINSULA MEMORIAL PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

13. REVENUE DETAILS (continued)

Rental Revenue

Bodine family hall	\$ 154,957	\$ 161,422
Activity rooms	129,616	146,838
Food service	17,203	16,514
Courtyard and grounds	16,905	10,170
Theatre seminar rentals	5,654	-
Gallery	5,182	5,889
Storage	1,319	2,474
	<u>330,836</u>	<u>343,307</u>

Municipal grants

Town of Sidney - Grants	\$ 258,840	\$ 255,905
Town of Sidney - Public parking	56,768	49,395
Town of Sidney - Capital	25,000	25,000
	<u>340,608</u>	<u>330,300</u>
District of North Saanich	240,000	236,000
District of North Saanich - Capital	25,000	25,000
	<u>265,000</u>	<u>261,000</u>
	<u>\$ 605,608</u>	<u>\$ 591,300</u>

Both the Town of Sidney and the District of North Saanich have exempted the Society from paying annual property taxes.

The prior period has been reclassified to conform to the current year's presentation. Previously the 10% transfer to the Capital Improvement Fund was not included in the totals.

14. TOWN OF SIDNEY LEASE AND AGREEMENTS

The Society receives grant funds from the Town of Sidney. The Society entered into an agreement with the Town of Sidney starting July 1, 2017. The agreements known as an Easement Agreement and Parking Agreement provide payments from the Town of Sidney. The Society has agreed to place 10% of the funds received from the Town of Sidney into the Capital Improvement Fund.

During the year an amount of \$31,561 has been transferred to the Capital Improvement Fund and \$25,000 has been internally restricted.

The Easement Agreement provides a total of \$400,000 over a five-year term beginning May 23, 2017 with the last payment in 2022 with an amount of \$80,000 per year. The first year's payment was \$46,667 and the final payment in 2022 will be \$33,333.

The Parking Agreement provides the Town of Sidney pay the equivalent of 0.5% of the previous year's municipal property tax revenues, for as long as the parking agreement is in place. The current year's payment was \$56,768 and the 2020 payment was \$59,812. Future payments are expected to increase 2.5% annually.

In addition, an amount of \$25,000 per year is received, with annual inflation factor being applied in the sixth year. This amount is to be used for grounds maintenance at the Mary Winspear Centre.

SAANICH PENINSULA MEMORIAL PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

15. PENINSULA SOCCER ASSOCIATION LEASE AND AGREEMENT

A lease for 1.45 hectares (3.58 acres) of land adjacent to Blue Heron Park to Peninsula Soccer Association was granted for a five years for the nominal sum of \$2 per year commencing July 1, 2005. The current lease was dated September 29, 2020 with a 50 year sublease to September 28, 2069. Four successive five year options have been granted, subject each time to the Society approving the lease.

In 2005 a joint undertaking between the Society (The Trustee) and the Peninsula Soccer Association (The Association) was signed to build two lit sand-based full-size soccer fields, a clubhouse and improve the parking at Blue Heron Park. The agreement sets out the Association's obligations and the Society's involvement during the building of these facilities. The agreement also states that the Trustee will own all improvements and the Trustee will pay for the maintenance of the Park area outside of the Blue Heron Improvements from their own accounts.

Improvements are held in the Blue Heron Park Improvement Fund. During the year, beyond the usual maintenance, the Society paved the parking area and other areas.

16. SCHOOL BOARD LEASE

A lease for 5.469 hectares (13.51 acres) of land adjacent to Blue Heron Park to The Board of School Trustees of School District 63 was granted for a term of five years for the nominal sum of \$1 per year commencing February 1, 1992. Fourteen successive five year options have been granted and each will be executed automatically, unless the lessee cancels prior to expiry of then current lease period.

SAANICH PENINSULA MEMORIAL PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

17. LEASE COMMITMENTS

Equipment lease

The Society has a commitment under an operating lease as follows:

2020	\$	2,287
2021		2,287
2022		572
		<hr/>
	\$	<u>5,146</u>

18. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest rate or price risks. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2019.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society's main credit risk relates to its accounts receivable. The Society reduces this risk by regularly assessing the collectibility of accounts. They also receive advance deposits for certain events.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Society is exposed to these risks with their investments held. The Board of Directors and management mitigates this risk through its investment policy. Their investment policy is in place to protect capital and it limits currency risk by not investing in more than 25% in US investments. They mitigate other risks by maintaining a balanced portfolio and limiting investments with lower credit ratings. They also limit the investment in margin and derivative investments and accounts. Finally, the Board of Directors and management regularly meet with the investment advisor to review the portfolio.

19. REMUNERATION

As required by the Societies Act of British Columbia, the Society paid total remuneration of \$312,136 to three employees, each of whom exceeded \$75,000 of annual remuneration or greater. No remuneration was paid to any Director and there were no payments to any contractor totalling \$75,000 or greater.

SAANICH PENINSULA MEMORIAL PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

20. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The impacts will be accounted for when they occur in the subsequent years.

The Society continues to operate subsequent to the year end and has also entered into various commitments and obligations, within the normal type of operations. Covid and health restrictions have affected the levels of operations at varying times. These subsequent commitments and changes are not unusual to this organization or other similar organizations so have not all been detailed within these financial statements.

The Society's charitable status was revoked effective November 6, 2021 for failure to file charity returns. This results in the Society not having the ability to issue official donation receipts, be no longer tax exempt and it must pay a revocation tax if it does not reapply for re-registration. The revocation tax is equivalent to the fair market value of the assets less any liabilities. Should the Society not be able to pay or re-apply they can transfer to a qualified organization. The Board of Directors and management have implemented the plan to re-register and these financial statements are prepared on a going concern basis and that the Society's charitable status will be reinstated.