

FINANCIAL STATEMENTS

**DOGWOOD HERITAGE SOCIETY
OF BRITISH COLUMBIA**

December 31, 2019



INDEPENDENT AUDITOR'S REPORT

To the Members of
Dogwood Heritage Society of British Columbia

Opinion

We have audited the financial statements of Dogwood Heritage Society of British Columbia (the Society), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, 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 its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 the 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 audit opinion.

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 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.

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.

INDEPENDENT AUDITOR'S REPORT

- 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting principles used in these financial statements, Canadian accounting standards for not-for-profit organizations, have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
April 28, 2020

Chartered Professional Accountants



STATEMENT OF FINANCIAL POSITION

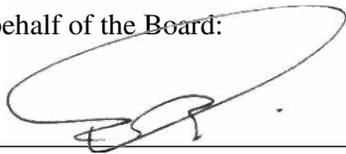
As at December 31

	2019	2018
	\$	\$
ASSETS		
Current		
Cash [note 3]	2,823,551	1,876,982
Term deposit	100,096	—
Accounts receivable [note 4]	81,622	64,720
Prepaid expenses	1,011	996
Total current assets	3,006,280	1,942,698
Capital assets [note 5]	—	20,500
	3,006,280	1,963,198
LIABILITIES		
Current		
Accounts payable and accrued liabilities [note 6]	2,321,439	1,296,858
Deferred revenue [note 7]	424,822	443,856
Unearned memberships	5,816	7,471
	2,752,077	1,748,185
NET ASSETS	254,203	215,013
	3,006,280	1,963,198

Endowment Fund [note 9]
Heritage BC Stability Transferable Fund [note 10]

See accompanying notes to the financial statements

On behalf of the Board:



Director



Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	Unrestricted Net Assets \$
<hr/>	
2019	
Balance, beginning of year	215,013
Excess of revenue for the year	39,190
Balance, end of year	254,203
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2018	
Balance, beginning of year	148,534
Excess of revenue for the year	66,479
Balance, end of year	215,013
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See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended December 31

	2019	2018
	\$	\$
REVENUE		
British Columbia Heritage Legacy Fund income <i>[note 9]</i>	291,898	132,901
Fee for service - Columbia Basin Trust <i>[note 7]</i>	218,370	188,319
- other	90,337	172,500
Province of British Columbia Community Gaming Grant <i>[note 7]</i>	45,664	43,364
Events registration	39,380	32,579
Memberships	19,294	14,137
Sponsorships and advertising	12,700	9,250
Interest	10,097	2,341
Donations	3,534	5,166
Province of British Columbia Transition Funding <i>[note 7]</i>	—	151,500
	731,274	752,057
EXPENSES		
Wages and benefits	268,504	269,948
Grants <i>[Schedule]</i>	243,633	120,745
Travel, conferences and other	69,864	63,702
Contractor fees	35,720	6,293
Professional fees	23,245	26,865
Amortization of capital assets	20,499	20,499
Utilities	11,896	7,769
Office supplies and sundry	6,833	5,984
Publications	5,587	1,945
Rent	2,433	6,376
Insurance	2,360	2,408
Bank charges	1,510	1,544
Contribution to Vancouver Foundation <i>[note 10]</i>	—	151,500
	692,084	685,578
Excess of revenue for the year	39,190	66,479

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended December 31

	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue for the year	39,190	66,479
Item not affecting cash		
Amortization of capital assets	20,499	20,499
Changes in non-cash working capital items:		
Accounts receivable	(16,902)	48,261
Prepaid expenses	(14)	8,868
Accounts payable and accrued liabilities	1,024,581	354,092
Deferred revenue	(19,034)	(63,087)
Unearned memberships	(1,655)	728
Cash provided by operating activities	1,046,665	435,840
INVESTING ACTIVITIES		
Purchase of term deposit	(100,096)	—
Cash used in investing activities	(100,096)	—
Increase in cash during the year	946,569	435,840
Cash, beginning of year	1,876,982	1,441,142
Cash, end of year	2,823,551	1,876,982
Cash consists of:		
Cash - Operating	276,851	264,067
- Legacy Initiative Project	100,096	100,096
- Community Gaming	16,514	27,198
- Columbia Basin Trust	2,121,847	1,169,008
- Columbia Basin Trust	308,243	316,613
	2,823,551	1,876,982

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. PURPOSE OF THE ORGANIZATION AND OPERATIONS

The Dogwood Heritage Society of British Columbia (the "Society") is an organization supporting heritage conservation across British Columbia through education, training and skills development, capacity building in heritage planning and funding through the Heritage Legacy Endowment Fund. The Society is passionate about building links between heritage conservation and tourism, economic and environmental sustainability, community pride and an appreciation of common history. Programs include workshops, annual conferences, publications and grants for the conservation of historic buildings and special places. The Society is funded through membership fees, program and service revenues, charitable gifts and donations as well as sponsorships. The Society has a growing membership of individuals, groups and business members who share a common interest in heritage conservation, historic places, and promoting the value of British Columbia's heritage for all operating to promote the conservation of heritage buildings, sites and landscapes within the province of British Columbia. The Society is incorporated under the British Columbia Societies Act as a not-for-profit organization and is a registered charity under the Income Tax Act and is therefore exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivables. Financial liabilities measured at amortized cost includes accounts payable and accrued liabilities.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Revenue Recognition

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recorded as deferred revenue when received and then recognized as revenue in the period in which the related expenses are incurred.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (Cont'd)

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Memberships, registrations, and other revenue are recognized as revenue when the related service is provided.

Unrestricted investment income is recognized as revenue in accordance with the terms of the underlying investment, which in the case of interest, is generally with the passage of time.

Capital Assets

Capital assets are recorded at cost, less accumulated amortization. Amortization of computer equipment and website is on a 3 year straight-line basis which is the estimate of their useful life.

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 amounts of revenues and expenditures reported during the year. Significant areas requiring the use of management estimates relate to the estimated useful lives of capital assets and the deferred portion of revenue. Actual results could differ from these estimates.

Contributed Services

Volunteers, such as the Board of Directors and other individuals, contribute their time to assist the Society in carrying out its activities. Due to the difficulty in determining the fair value of such services, the value of the contributed services is not recognized in these financial statements.

3. CASH

	2019	2018
	\$	\$
Operating cash - unrestricted	276,851	264,067
Legacy Initiative Project - restricted [note 7]	100,096	100,096
BC Community Gaming grant - restricted [note 7]	16,514	27,198
Grants on behalf of Columbia Basin Trust - restricted [note 6]	2,121,847	1,169,008
Columbia Basin Trust - restricted [note 7]	308,243	316,613
	2,823,551	1,876,982

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

4. ACCOUNTS RECEIVABLE

	2019	2018
	\$	\$
Other receivables	—	54,062
GST recoverable	4,575	10,658
Heritage Legacy Fund receivable	77,047	—
	81,622	64,720

5. CAPITAL ASSETS

	Rate	Cost	Accumulated	Net Book
		\$	\$	Value
				\$
2019				
Computer equipment	3 years S. L.	3,719	3,719	—
Website	3 years S. L.	61,500	61,500	—
		65,219	65,219	—
2018				
Computer equipment	3 years S. L.	3,719	3,719	—
Website	3 years S. L.	61,500	41,000	20,500
		65,219	44,719	20,500

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
	\$	\$
Operations	14,193	13,831
Grants <i>[Schedule]</i>	165,404	98,160
Grants administered on behalf of Columbia Basin Trust	2,121,847	1,169,008
Vacation time owing to employees	5,847	3,455
Government remittances - payroll taxes	5,763	4,096
- WorkSafeBC	1,654	1,577
Due to Heritage Legacy Society <i>[note 12]</i>	6,731	6,731
	2,321,439	1,296,858

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

7. DEFERRED REVENUE

	Balance, Beginning of Year \$	Received or receivable \$	Earned During the Year \$	Balance, End of Year \$
2019				
Province of British Columbia				
Community Gaming	27,147	35,000	(45,664)	16,483
Legacy Initiative Project	100,096	—	—	100,096
	127,243	35,000	(45,664)	116,579
Columbia Basin Trust				
Heritage Professional Position	241,609	175,000	(152,125)	264,484
Built Heritage Grants Program	75,004	—	(31,245)	43,759
Heritage, Museum, Archive Grants Program	—	35,000	(35,000)	—
	316,613	210,000	(218,370)	308,243
	443,856	245,000	(264,034)	424,822
2018				
Province of British Columbia				
Community Gaming	35,511	35,000	(43,364)	27,147
Legacy Initiative Project	100,000	96	—	100,096
Transition funding	151,500	—	(151,500)	—
	287,011	35,096	(194,864)	127,243
Columbia Basin Trust				
Heritage Professional Position	164,932	200,000	(123,323)	241,609
Built Heritage Grants Program	55,000	50,000	(29,996)	75,004
Heritage, Museum, Archive Grants Program	—	35,000	(35,000)	—
	219,932	285,000	(188,319)	316,613
	506,943	320,096	(383,183)	443,856

8. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at December 31, 2019.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

8. FINANCIAL INSTRUMENTS (CONT'D)

Credit Risk

The Society is exposed to credit risk with respect to its cash and accounts receivable. The Society assesses, on a continuous basis, receivables on the basis of amounts it is virtually certain to receive based on their net realizable value. Cash is held at a Canadian chartered bank and its protection is virtually certain.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest Rate Risk

The Society can earn variable interest income on its cash balance and is subject to periodic review. Changes in the bank's prime lending rate or other rates can cause fluctuations in interest payments and cash flows.

9. ENDOWMENT FUND

In 2013, the British Columbia Heritage Trust established an endowment fund with the Vancouver Foundation known as the British Columbia Legacy Fund (the "Fund"). The objective of the Fund is to conserve and support the conservation of heritage sites and objects; gain further knowledge about British Columbia heritage; and increase public awareness, understanding and appreciation of British Columbia's heritage (the "specified purpose").

The Fund was made up of an initial contribution of \$500,000 from the British Columbia Heritage Trust. Capital contributions made by various donors to the Fund subsequent to it being established has resulted in a total endowment of \$5,600,082. As at December 31, 2019, the market value of the Fund amounted to \$7,917,009 [2018 - \$6,911,029].

The Vancouver Foundation shall disburse income from the Fund to carry out the specified purpose. In disbursing income of the Fund, the Vancouver Foundation may take the advice and direction of an Advisory Group established by the Ministry of Community (now the Minister of Forest, Lands, and Natural Resource Operations). In 2013, the Minister appointed the Society as the advisor to the Fund.

The Society can advise on the disbursement of income earned on the contributed capital of the Fund and cannot disburse the contributed capital. The contributed capital has not been recorded in the Society's financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

10. HERITAGE BC STABILITY TRANSFERABLE FUND

In 2018, the Society established a fund with the Vancouver Foundation known as the Heritage BC Stability Transferable Fund. In 2018, the Society contributed \$151,500 to this fund.

The Society can advise on the disbursement of the contributed capital and income earned on the contributed capital of the fund. The Society cannot disburse the contributed capital during the first year following the establishment of the fund. During the subsequent four years, the Society may request a transfer up to 10% annually of the market value of the fund to another qualified donee. After five years, the Society may request to transfer all or a portion of the capital of the fund. The contributed capital has not been recorded in the Society's financial statements.

As at December 31, 2019, the market value of the Fund amounted to \$203,618 [2018 - \$147,337].

During the year, the Society earned interest income from fund in the amount of \$6,936.

11. ECONOMIC DEPENDENCE

The Society received income earned on the contributed capital of the British Columbia Heritage Legacy Fund [note 9] in the amount of \$291,898 [2018 - \$132,901]. The total funding represents 40% of total revenue.

12. RELATED PARTY TRANSACTIONS

The Society is related to the Heritage Legacy Society as a consequence of having directors in common.

There is \$6,731 payable [2018 - \$6,731 payable] to Heritage Legacy Society at the year-end. There were no other transactions with the Heritage Legacy Society during the year or balances outstanding as at December 31, 2019.

13. DISCLOSURE OF REMUNERATION

Pursuant to the British Columbia Societies Act, the Society is required to disclose remuneration paid to employees and contractors who are paid \$75,000 or more during the fiscal year. Wages and benefits includes \$106,811 [2018 - \$99,392] paid to one employee during the year.

SCHEDULE OF GRANT EXPENSES

Year ended December 31

	2019			
	Grants payable, beginning of Year	Grants approved (reversed)	Grants paid	Grants payable, end of Year
	\$	\$	\$	\$
City of Campbell River	6,500	—	(6,500)	—
West Coast Railway Association	5,000	—	—	5,000
Native Daughters of BC	10,750	—	(10,750)	—
Vancouver Japanese Language School	3,750	—	(3,750)	—
City of Nelson	2,500	—	(2,500)	—
Bridge River Valley Community Association	1,000	—	(1,000)	—
University of the Fraser Valley	1,400	—	(1,400)	—
District of Central Saanich	12,375	(12,375)	—	—
Vancouver Police Historical Society	9,247	—	(9,247)	—
Friends of Ruckle Park Heritage Society	5,000	—	(5,000)	—
District of Saanich	4,600	—	(4,600)	—
Highland Heritage Park Society	4,088	—	(4,088)	—
Vancouver International Sculpture Biennale	3,750	—	—	3,750
North Vancouver Museum and Archives	3,750	—	(3,750)	—
Mayne Island Agricultural Society	3,750	—	(3,750)	—
Historic Joy Kogawa House Society	3,550	—	(3,550)	—
Salt Spring Island Community Services	2,500	—	(2,500)	—
Holy Resurrection Russian Orthodox Sobor	2,250	—	—	2,250
Cheakamus Foundation for Environmental Learning	2,250	—	—	2,250
St. Andrew's Presbyterian Church, Victoria	2,250	—	—	2,250
TLC The Land Conservancy of British Columbia	2,200	—	(2,200)	—
Island Pathways	2,050	—	(2,050)	—
Vancouver Heritage Foundation	1,650	—	(1,650)	—
Museum of the Cariboo Chilcotin	1,250	—	(1,250)	—
City of Terrace	750	—	(750)	—
Ladysmith & District Historical Society	—	3,055	(1,528)	1,527
Heritage Vancouver Society	—	9,000	(4,500)	4,500
Heritage Abbotsford Society	—	6,960	(3,480)	3,480
Huble Homestead/Giscome Portage Heritage Society	—	2,700	(2,700)	—
Nicola Valley Heritage Society	—	4,500	(2,250)	2,250
Centennial United Church	—	3,500	(1,750)	1,750
Smithers Community Services Association	—	20,000	(10,000)	10,000
Metchosin Museum Society	—	13,600	(6,800)	6,800
Atlin Historical Society	—	14,693	(7,346)	7,347
O'Keefe Ranch & Interior Heritage Society	—	14,000	(7,000)	7,000
Coastal Animal Rescue & Education Network Society	—	2,000	(1,000)	1,000
Stz'uminus First Nation	—	20,000	(10,000)	10,000
Oliver & District Heritage Society	—	20,000	(10,000)	10,000
Rivershed Society of BC	—	7,500	(7,500)	—
BC Heritage Fairs Society	—	7,500	(3,750)	3,750
Gabriola Historical Museum Society	—	7,500	(3,750)	3,750
Create Vancouver Society	—	7,500	(7,500)	—
District of Sechelt	—	3,500	(1,750)	1,750
Future grant projects	—	75,000	—	75,000

SCHEDULE OF GRANT EXPENSES

<u>Taking Action:</u>				
Nanaimo Museum	—	1,350	(1,350)	—
Heritage Vancouver Society	—	1,350	(1,350)	—
Bowen Island Arts Council	—	1,350	(1,350)	—
Cowichan Valley Museum & Archives	—	1,350	(1,350)	—
BC Hospital Foundation	—	1,350	(1,350)	—
Filberg Heritage Lodge and Park Association	—	1,350	(1,350)	—
BCHF Provincial Fair	—	1,350	(1,350)	—
BC Muslim Association	—	1,350	(1,350)	—
Qualicum Beach Museum	—	1,350	(1,350)	—
District of Sechelt	—	1,350	(1,350)	—
	98,160	243,633	(176,389)	165,404

See accompanying notes to the financial statements