

FINANCIAL STATEMENTS

**DOGWOOD HERITAGE SOCIETY
OF BRITISH COLUMBIA**

December 31, 2020



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, 2020, 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, 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.

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
May 14, 2021

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31

	2020	2019
	\$	\$
ASSETS		<i>[Restated - Note 14]</i>
Current		
Cash <i>[note 3]</i>	2,060,345	2,823,551
Term deposit	101,903	100,096
Accounts receivable <i>[note 4]</i>	42,183	81,622
Prepaid expenses	1,010	1,011
Total current assets	2,205,441	3,006,280
Capital assets <i>[note 5]</i>	—	—
	2,205,441	3,006,280
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>[note 6]</i>	1,543,644	2,369,926
Deferred revenue <i>[note 7]</i>	408,340	424,822
Unearned memberships	6,951	5,816
Unearned sponsorships	2,750	—
	1,961,685	2,800,564
NET ASSETS	243,756	205,716
	2,205,441	3,006,280

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 \$
2020	
Balance, beginning of year	205,716
Excess of revenue for the year	38,040
Balance, end of year	243,756
2019 [Restated - note 14]	
Balance, beginning of year	215,013
Excess of expenses for the year	(9,297)
Balance, end of year	205,716

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended December 31

	2020	2019
	\$	\$
		<i>[Restated - Note 14]</i>
REVENUE		
Community Economic Recovery Infrastructure Program - Province of British Columbia <i>[note 7]</i>	450,000	—
British Columbia Heritage Legacy Fund income <i>[note 9]</i>	270,223	291,898
Fee for service - Columbia Basin Trust <i>[note 7]</i>	84,825	218,370
- other	29,000	90,337
Province of British Columbia Community Gaming Grant <i>[note 7]</i>	26,657	45,664
Memberships	19,431	19,294
Interest	11,926	10,097
Government assistance - wage subsidies	4,125	—
Donations	1,695	3,534
Events registration	—	39,380
Sponsorships and advertising	—	12,700
	897,882	731,274
EXPENSES		
Contribution to Vancouver Foundation <i>[note 10]</i>	450,000	45,000
Wages and benefits	255,954	271,991
Grants <i>[Schedule]</i>	102,334	243,633
Professional fees	18,596	23,245
Utilities	13,146	11,896
Office supplies and sundry	6,151	6,833
Contractor fees	3,313	35,720
Publications	2,458	5,587
Rent	2,454	2,433
Insurance	2,375	2,360
Travel, conferences and other	1,623	69,864
Bank charges	1,438	1,510
Amortization of capital assets	—	20,499
	859,842	740,571
Excess of revenue (expenses) for the year	38,040	(9,297)

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended December 31

	2020	2019
	\$	\$
		<i>[Restated - Note 14]</i>
OPERATING ACTIVITIES		
Excess of revenue (expenses) for the year	38,040	(9,297)
Item not affecting cash		
Amortization of capital assets	—	20,499
Changes in non-cash working capital items:		
Accounts receivable	39,439	(16,902)
Prepaid expenses	1	(14)
Accounts payable and accrued liabilities	(826,282)	1,073,068
Deferred revenue	(16,482)	(19,034)
Unearned memberships	1,135	(1,655)
Unearned sponsorships	2,750	—
Cash provided by (used in) operating activities	(761,399)	1,046,665
INVESTING ACTIVITIES		
Purchase of term deposit	(1,807)	(100,096)
Cash used in investing activities	(1,807)	(100,096)
Increase (decrease) in cash during the year	(763,206)	946,569
Cash, beginning of year	2,823,551	1,876,982
Cash, end of year	2,060,345	2,823,551
Cash consists of:		
Cash - Operating	262,960	228,359
- Legacy Initiative Project	100,096	100,096
- Community Gaming	24,831	16,519
- Columbia Basin Trust	1,389,040	2,170,334
- Columbia Basin Trust	283,418	308,243
	2,060,345	2,823,551

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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, 2020

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

	2020	2019
	\$	\$
Operating cash - unrestricted	262,960	228,359
Legacy Initiative Project - restricted [note 7]	100,096	100,096
BC Community Gaming grant - restricted [note 7]	24,831	16,519
Grants on behalf of Columbia Basin Trust - restricted [note 6]	1,389,040	2,170,334
Columbia Basin Trust - restricted [note 7]	283,418	308,243
	2,060,345	2,823,551

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

4. ACCOUNTS RECEIVABLE

	2020	2019
	\$	\$
Other receivables	—	—
GST recoverable	1,190	4,575
Heritage Legacy Fund receivable	40,993	77,047
	42,183	81,622

5. CAPITAL ASSETS

	Rate	Cost \$	Accumulated Amortization \$	Net Book Value \$
2020				
Computer equipment	3 years S. L.	3,719	3,719	—
Website	3 years S. L.	61,500	61,500	—
		65,219	65,219	—
2019				
Computer equipment	3 years S. L.	3,719	3,719	—
Website	3 years S. L.	61,500	61,500	—
		65,219	65,219	—

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
	\$	\$
Operations	36,558	14,193
Grants <i>[Schedule]</i>	103,148	165,404
Grants administered on behalf of Columbia Basin Trust	1,389,040	2,170,334
Vacation time owing to employees	2,380	5,847
Government remittances - payroll taxes	4,318	5,763
- WorkSafeBC	1,469	1,654
Due to Heritage Legacy Society <i>[note 12]</i>	6,731	6,731
	1,543,644	2,369,926

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

7. DEFERRED REVENUE

	Balance, Beginning of Year \$	Received or receivable \$	Earned During the Year \$	Balance, End of Year \$
2020				
Province of British Columbia				
Community Gaming	16,483	35,000	(26,657)	24,826
Community Economic Recovery Infrastructure Legacy Initiative Project	—	450,000	(450,000)	—
	100,096	—	—	100,096
	116,579	485,000	(476,657)	124,922
Columbia Basin Trust				
Heritage Professional Position	264,484	—	(11,066)	253,418
Built Heritage Grants Program	43,759	25,000	(38,759)	30,000
Heritage, Museum, Archive Grants Program	—	35,000	(35,000)	—
	308,243	60,000	(84,825)	283,418
	424,822	545,000	(561,482)	408,340
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

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, 2020.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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, 2020, the market value of the Fund amounted to \$8,406,883 [2019 - \$7,917,009].

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, 2020

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. The Society contributed \$151,500 to this fund in 2018, \$45,000 in 2019, and \$450,000 in 2020.

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, 2020, the market value of the Fund amounted to \$662,489 [2019 - \$203,618].

During the year, the Society earned interest income from fund in the amount of \$7,925.

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 \$270,223 [2019 - \$291,898]. The total funding represents 30% 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 [2019 - \$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, 2020.

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 \$108,709 [2019 - \$106,811] paid to one employee during the year.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

14. RESTATEMENT

Grants payable and certain expenses were understated in 2019. These amounts have been corrected and the effect is as follows for 2019:

	Before Restatement	After restatement	Change
	\$	\$	\$
Statement of Financial Position			
Accounts payable	2,321,439	2,369,926	48,487
Statement of Changes in Net Assets			
Net Assets	254,203	205,716	(48,487)
Statement of Operations			
Wages and benefits	268,504	271,991	3,487
Contribution to the Vancouver Foundation	—	45,000	45,000
Excess of revenue for the year	39,190	(9,297)	(48,487)

SCHEDULE OF GRANT EXPENSES

Year ended December 31

	2020			
	Grants payable, beginning of Year	Grants approved (reversed)	Grants paid	Grants payable, end of Year
	\$	\$	\$	\$
West Coast Railway Association	5,000	—	—	5,000
Vancouver International Sculpture Biennale	3,750	—	(3,750)	—
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
Ladysmith & District Historical Society	1,527	—	(1,527)	—
Heritage Vancouver Society	4,500	—	—	4,500
Heritage Abbotsford Society	3,480	—	(3,480)	—
Nicola Valley Heritage Society	2,250	—	(949)	1,301
Centennial United Church	1,750	—	—	1,750
Smithers Community Services Association	10,000	—	(10,000)	—
Metchosin Museum Society	6,800	—	—	6,800
Atlin Historical Society	7,347	—	(7,347)	—
O'Keefe Ranch & Interior Heritage Society	7,000	—	(7,000)	—
Coastal Animal Rescue & Education Network Society	1,000	—	(1,000)	—
Stz'uminus First Nation	10,000	—	—	10,000
Oliver & District Heritage Society	10,000	—	(10,000)	—
BC Heritage Fairs Society	3,750	—	(3,750)	—
Gabriola Historical Museum Society	3,750	—	—	3,750
District of Sechelt	1,750	—	—	1,750
Future grant projects	75,000	(75,000)	—	—
Tumbler Ridge UNESCO Global Geopark	—	7,500	(7,500)	—
City of Quesnel	—	7,500	(5,000)	2,500
Ladysmith & District Historical Society	—	7,500	(5,000)	2,500
Shuswap Hut and Trail Alliance Society	—	10,000	(5,000)	5,000
Vancouver Mural Festival	—	10,000	(10,000)	—
Lower Nicola Indian Band	—	4,760	(2,380)	2,380
Love Intersections	—	10,000	(5,000)	5,000
Historic Joy Kogawa House Society	—	25,000	(12,500)	12,500
St Mary of the Incarnation	—	13,000	(13,000)	—
Potato House Project	—	20,000	(10,000)	10,000
Dr. Sun Yat-Sen Classical Chinese Garden	—	12,500	(6,250)	6,250
Blue Bridge Theatre Society	—	4,424	(4,424)	—
District of Lillooet	—	7,500	(3,750)	3,750
Friends of Ruckle Park Heritage Society	—	9,300	(9,300)	—
Crawford Bay & District Hall & Parks Association	—	750	(750)	—
South Asian Studies Institute, University of the Fraser	—	1,266	(1,266)	—
Holy Eucharist Cathedral	—	1,500	(1,500)	—
Friends of Fintry Provincial Park Society	—	5,500	(2,750)	2,750
IL CENTRO Italian Cultural Centre	—	7,000	(3,500)	3,500
Vancouver Art Gallery Association	—	7,500	(3,750)	3,750
Slocan Solution Society	—	1,500	(1,500)	—
Bridge River Valley Community Association	—	3,334	(1,667)	1,667
	165,404	102,334	(164,590)	103,148

See accompanying notes to the financial statements