

Habitat Acquisition Trust
Financial Statements
Year Ended October 31, 2022



Independent Practitioner's Review Engagement Report

To the Members of Habitat Acquisition Trust

We have reviewed the accompanying financial statements of Habitat Acquisition Trust (the Society) that comprise the statement of financial position as at October 31, 2022, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Habitat Acquisition Trust as at October 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Other Matter

The financial statements of the Society for the year ended October 31, 2021 were reviewed by another practitioner who expressed a qualified conclusion on those financial statements on January 24, 2022 due to a scope limitation.

A handwritten signature in dark blue ink that reads "Dusanj & Wirk".

Victoria, British Columbia
February 15, 2023

Chartered Professional Accountants



Habitat Acquisition Trust
Statement of Financial Position
October 31, 2022

	General Fund 2022 \$	Land Protection Fund 2022 \$	Doug Andrew Memorial Fund 2022 \$	Total 2022 \$	Total 2021 \$
Assets					
Current					
Cash (Note 3)	165,105	41,244	15,248	221,597	839,993
Accounts receivable	121,315	-	-	121,315	183,267
Interest receivable	-	132	-	132	118
Government remittances receivable	1,874	-	-	1,874	2,380
Prepaid expenses	6,600	-	-	6,600	9,304
Due from other funds	-	-	-	-	12,157
Inventory	4,922	-	-	4,922	4,471
	299,816	41,376	15,248	356,440	1,051,690
Victoria Car Share membership	250	-	-	250	250
Property and equipment (Note 4)	870,607	-	-	870,607	865,000
	1,170,673	41,376	15,248	1,227,297	1,916,940

The accompanying notes are an integral part of these financial statements

Habitat Acquisition Trust
Statement of Financial Position
October 31, 2022

	General Fund 2022 \$	Land Protection Fund 2022 \$	Doug Andrew Memorial Fund 2022 \$	Total 2022 \$	Total 2021 \$
Liabilities					
Current					
Accounts payable and accrued liabilities	21,666	-	-	21,666	11,864
Government remittances payable	-	-	-	-	486
Wages payable	18,689	-	-	18,689	28,077
Due to other funds	-	-	-	-	12,157
	40,355	-	-	40,355	52,584
Deferred contributions (Note 6)	130,186	-	-	130,186	809,584
	170,541	-	-	170,541	862,168
Net Assets					
Externally restricted	24	21,376	15,248	36,648	38,520
Internally restricted	-	20,000	-	20,000	-
Unrestricted	1,000,108	-	-	1,000,108	1,016,252
	1,000,132	41,376	15,248	1,056,756	1,054,772
	1,170,673	41,376	15,248	1,227,297	1,916,940

Commitment (Note 7)

Approved on behalf of the Board

Elizabeth Easton Director

Elizabeth Belcher Director

The accompanying notes are an integral part of these financial statements

Habitat Acquisition Trust**Statement of Operations and Changes in Net Assets****Year Ended October 31, 2022**

	General Fund 2022 \$	Land Protection Fund 2022 \$	Doug Andrew Memorial Fund 2022 \$	Total 2022 \$	Total 2021 \$
Revenue					
Donations and gifts	786,284	20,000	-	806,284	414,223
Foundations and charities	581,772	-	-	581,772	432,643
Government funding	295,838	-	-	295,838	201,808
Contracts	27,374	-	-	27,374	14,185
Sale of goods (net)	9,830	-	-	9,830	2,372
Interest	4,339	481	250	5,070	5,113
Membership fees	4,406	-	-	4,406	3,982
Fundraising	1,210	-	-	1,210	-
Other	639	-	-	639	50,122
	<u>1,711,692</u>	<u>20,481</u>	<u>250</u>	<u>1,732,423</u>	<u>1,124,448</u>
Expenses					
Project expenses	946,518	-	-	946,518	22,407
Salaries and wages	666,711	-	-	666,711	545,601
Office	46,929	-	-	46,929	36,853
Professional fees	22,584	-	-	22,584	18,033
Land acquisition and management	12,337	-	-	12,337	62,929
Travel	12,202	-	-	12,202	11,675
Fundraising	4,701	-	-	4,701	42,595
Utilities	4,545	-	-	4,545	2,695
Program events	3,964	-	-	3,964	-
Business taxes, licenses and memberships	2,337	-	-	2,337	1,359
Insurance	2,242	-	-	2,242	2,038
Amortization	2,127	-	-	2,127	-
Education	1,977	-	-	1,977	4,055
Bank charges	1,265	-	-	1,265	3,275
Advertising and promotion	-	-	-	-	3,462
Donations	-	-	-	-	50,000
	<u>1,730,439</u>	<u>-</u>	<u>-</u>	<u>1,730,439</u>	<u>806,977</u>
Excess (deficiency) of revenue over expenses for the year	(18,747)	20,481	250	1,984	317,471
Net assets - beginning of year	<u>1,018,879</u>	<u>20,895</u>	<u>14,998</u>	<u>1,054,772</u>	<u>737,301</u>
Net assets - end of year	<u>1,000,132</u>	<u>41,376</u>	<u>15,248</u>	<u>1,056,756</u>	<u>1,054,772</u>

The accompanying notes are an integral part of these financial statements

Habitat Acquisition Trust
Statement of Cash Flows
Year Ended October 31, 2022

	General Fund 2022 \$	Land Protection Fund 2022 \$	Doug Andrew Memorial Fund 2022 \$	Total 2022 \$	Total 2021 \$
Operating activities					
Excess (deficiency) of revenue over expenses for the year	(18,747)	20,481	250	1,984	317,471
Item not affecting cash:					
Amortization of equipment	2,127	-	-	2,127	-
	(16,620)	20,481	250	4,111	317,471
Changes in non-cash working capital:					
Accounts receivable	61,952	-	-	61,952	(53,175)
Interest receivable	-	(13)	-	(13)	593
Government remittances receivable	506	-	-	506	(1,006)
Inventory	(451)	-	-	(451)	1,271
Interfund transactions	12,157	(12,157)	-	-	-
Prepaid expenses	2,704	-	-	2,704	(7,060)
Wages payable	(9,388)	-	-	(9,388)	4,868
Government remittances payable	(486)	-	-	(486)	(859)
Accounts payable and accrued liabilities	9,801	-	-	9,801	(3,533)
Deferred contributions	(679,398)	-	-	(679,398)	598,441
	(602,603)	(12,170)	-	(614,773)	539,540
Cash flow from (used by) operating activities	(619,223)	8,311	250	(610,662)	857,011
Investing activity					
Purchase of property and equipment	(7,734)	-	-	(7,734)	(390,000)
Increase (decrease) in cash flow	(626,957)	8,311	250	(618,396)	467,011
Cash - beginning of year	792,062	32,933	14,998	839,993	372,982
Cash - end of year	165,105	41,244	15,248	221,597	839,993

The accompanying notes are an integral part of these financial statements

Habitat Acquisition Trust
Notes to Financial Statements
Year Ended October 31, 2022

1. Purpose of the Society

Habitat Acquisition Trust (the "Society") is a not-for-profit organization of British Columbia. As a registered charity the Society is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The Society's principal purpose is to conserve natural environments by preserving habitats and promoting stewardship.

2. Significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The Society's significant account policies are as follows:

Fund accounting

Habitat Acquisition Trust follows the deferral method of accounting for contributions.

The General Fund contains all operational activities, including land stewardship programs, covenant monitoring, and all other ongoing initiatives not part of other specific funds.

The Land Protection Fund (formerly the Land Acquisition Fund) provides funding for land protection projects.

The Doug Andrew Memorial Fund is a fund for the allocation of donations received by the Society in memory of Doug Andrew, a naturalist at Goldstream Provincial Park. Donations received have been restricted for the purpose of improving the interpretative programs at Goldstream.

Revenue and expenditures of Gaming Funds are recorded in the General Fund; however, the Gaming revenue is restricted to expenditures related only to the delivery of these programs.

Revenue recognition

Unrestricted contributions and membership fees are recognized as revenue when received or receivable when the amounts can be reasonably estimated and collection can be reasonably assured.

Revenues related to restricted contributions are recorded in the appropriate fund and recognized as revenue in the year in which the related expenses are incurred.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a weighted average cost basis.

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Habitat Acquisition Trust
Notes to Financial Statements
Year Ended October 31, 2022

2. Significant accounting policies (continued)

Contributed services

Volunteers contributed an indeterminable number of hours in the year to assist the Society in carrying out its conservation activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

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 unless management has elected to carry the instruments at fair value, and tested for impairment at each reporting date. The Society has not elected to carry any such financial instruments at fair value. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The Society's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities.

3. Cash

Cash includes restricted gaming funds of \$24 (2021: \$2,627).

4. Property and equipment

	2022		2021	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Sidney House	475,000	-	475,000	-
Highlands Land	390,000	-	390,000	-
Computer equipment	7,734	2,127	-	-
	<u>872,734</u>	<u>2,127</u>	<u>865,000</u>	<u>-</u>
Net book value		<u>870,607</u>		<u>865,000</u>

Sidney House: In 2009, a house in Sidney, BC was donated to the Society, subject to a Life Estate in favour of the donor. The appraised value of the house at the time of the donation was \$475,000, which remains the book value of this asset. The asset is not amortized.

Highlands Land: The Society purchased approximately 20 hectares of land in the Highlands in 2020, which was appraised at \$390,000. The agreed-upon purchase price was \$100,000, which the Society paid for with a grant from the Land Trust Conservation Fund, administered by Wildlife Habitat Canada. The appraised market value of the land was \$390,000, therefore the Society issued a split receipt for \$290,000. The asset is not amortized.

Habitat Acquisition Trust
Notes to Financial Statements
Year Ended October 31, 2022

5. Endowment fund investments

Matson Endowment Fund is used for expenses related to the Society's managed Matson Conservation Area in Esquimalt. Funds are managed by the Victoria Foundation and disbursed as the income is available.

The Matson land was conveyed from the Nature Conservancy of Canada (NCC) in 2005 with consent from the township of Esquimalt and Mandalay Developments. The land is covenanted by NCC, and along with the Township of Esquimalt, each hold reversionary rights to re-acquire the property for \$10 if the Society winds up or dissolves, which is the original nominal recorded amount. When the property was acquired, it had a declared market value of \$1,060,000.

The Society's endowment fund is managed by the Victoria Foundation, and only the income is available. In the current and previous years, the Society transferred cash to the Victoria Foundation. The Victoria Foundation makes distributions back to the Society based on the market value of the investments held in the funds.

Fluctuations in the market value occur throughout the year; the values at October 31, 2022 and October 31, 2021 are reported as follows:

	2022	2021
	\$	\$
Market Value		
Acquisition Trust Endowment	355,826	404,288
Matson Lands Endowment	121,620	139,263
Distribution		
Acquisition Trust Endowment	15,292	12,364
Matson Lands Endowment	5,948	5,162

6. Deferred contributions

Deferred contributions represent unspent resources for a particular program and restricted operating funding received in the current year that is related to a subsequent year. The amounts will be recognized as revenue in subsequent years when the related expenditures have been incurred. The current year deferred contributions balances are as follows:

	2022	2021
	\$	\$
Beginning balance	809,584	211,143
Add: amount received related to subsequent years	130,186	796,601
Less: amount recognized as revenue in the year	(809,584)	(198,160)
Ending balance	130,186	809,584

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Habitat Acquisition Trust
Notes to Financial Statements
Year Ended October 31, 2022

6. Deferred contributions (continued)

Components of deferred revenue at year end:

<u>Development Program:</u>		
Foundation & charity grants	6,418	6,418
<u>Habitat Management Program:</u>		
Foundation & charity grants	4,747	10,519
Federal government grants	21,515	45,394
<u>Land Protection Program:</u>		
Foundation & charity grants	-	474,557
Charitable donations	14,439	241,052
Non-tax receipted gifts	-	3,948
Government grants	10,000	-
<u>Good Neighbours Program:</u>		
Foundation & charity grants	10,000	-
Government grants	61,317	21,084
Charitable donations	1,750	-
<u>Greenspots Program:</u>		
Foundation & charity grants	-	2,716
<u>Species of Concern Program:</u>		
Foundation & charity grants	-	3,896
Ending balance	130,186	809,584

7. Commitment

Included in office expenses is the Society's operating lease commitment. The Society entered into a five-year operating lease in November 2018. Under the terms of the lease, the Society may renew the lease, in writing, 180 days prior to the expiration of the term, if the Society is not then in default of its obligations under the lease. In 2023 the annual calendar year lease payment commitment is \$14,501.

8. Financial risks and concentration of risks

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of October 31, 2022.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society's main credit risks relate to its accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting the obligations associated with its financial liabilities. The Society is exposed to this risk mainly in respect of its government remittances, accounts payables and accrued liabilities.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society does not face significant currency risk exposure.

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Habitat Acquisition Trust
Notes to Financial Statements
Year Ended October 31, 2022

8. Financial risks and concentration of risks (*continued*)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Society is exposed to interest rate risk on its term deposits.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

9. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

10. Remuneration of employees

As required by the Societies Act of British Columbia, the Society must disclose remuneration paid to directors, employees and contractors whose remuneration was at least \$75,000 for the fiscal year.

During the year there were no directors, employees or contractors who met this criteria.