

**Financial Statements of:**

**Habitat Acquisition Trust**

**For the year ended  
October 31, 2021  
(Unaudited)**

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# Habitat Acquisition Trust

October 31, 2021

## Contents

|  | Page |
|--|------|
| Review Engagement Report               | 3    |
| Financial Statements                   |      |
| Statement of Financial Position        | 4    |
| Statement of Operations and Net Assets | 5    |
| Statement of Cash Flows                | 6    |
| Notes to the Financial Statements      | 7-11 |

## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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To the Board Members of Habitat Acquisition Trust

I have reviewed the accompanying financial statements of Habitat Acquisition Trust (HAT) that comprise the statement of financial position as at October 31, 2021, and the statements of operations, 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, 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**

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me 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, I do not express an audit opinion on these financial statements.

### **Basis for Qualified Conclusion**

In common with many not-for-profit organizations, HAT derives revenue from fundraising activities, the completeness of which is not susceptible to obtaining evidence I considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of HAT. Therefore, I am unable to determine whether any adjustments that may have been found necessary with respect to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended October 31, 2021 and 2020, current assets as at October 31, 2021 and 2020, and net assets as at November 1 and October 31 for both the 2021 and 2020 year ends. My conclusion on the financial statements as at and for the year ended December 31, 2021 is modified accordingly because of the possible effects of this limitation in scope.

### **Qualified Conclusion**

Based on my review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to my attention that causes me to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of HAT as at December 31, 2021, 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



Susan Ryan, CPA, CA  
January 24, 2022  
Victoria, British Columbia

Habitat Acquisition Trust  
Statement of Financial Position  
As at October 31, 2021

| ASSETS  | General Fund       |                  | Land Acquisition |                 | D. Andrew Fund  |                 | Total              |                  |
|---|--------------------|------------------|------------------|-----------------|-----------------|-----------------|--------------------|------------------|
|   | 2021               | 2020             | 2021             | 2020            | 2021            | 2020            | 2021               | 2020             |
| <b>Current Assets</b>                               |                    |                  |                  |                 |                 |                 |                    |                  |
| Cash (note 3)                                       | \$792,062          | \$288,745        | \$32,933         | \$69,335        | \$14,998        | \$14,902        | \$839,993          | \$372,982        |
| Accounts Receivable                                 | 183,267            | 130,092          | -                | -               | -               | -               | 183,267            | 130,092          |
| Interest Receivable                                 | -                  | -                | 119              | 712             | -               | -               | 119                | 712              |
| Due from Government Agencies                        | 2,380              | 1,374            | -                | -               | -               | -               | 2,380              | 1,374            |
| Inventory   | 4,471              | 5,742            | -                | -               | -               | -               | 4,471              | 5,742            |
| Interfund Receivable                                | 12,157             | -                | -                | -               | -               | -               | 12,157             | -                |
| Victoria Car Share Membership                       | 250                | 250              | -                | -               | -               | -               | 250                | 250              |
| Prepays   | 9,304              | 2,244            | -                | -               | -               | -               | 9,304              | 2,244            |
|   | <b>\$1,003,891</b> | <b>\$428,447</b> | <b>\$33,052</b>  | <b>\$70,047</b> | <b>\$14,998</b> | <b>\$14,902</b> | <b>\$1,051,941</b> | <b>\$513,396</b> |
| <b>Long Term Assets (Enduring Property: note 8)</b> |                    |                  |                  |                 |                 |                 |                    |                  |
| Sidney House  | 475,000            | 475,000          | -                | -               | -               | -               | 475,000            | 475,000          |
| Highlands Land                                      | 390,000            | -                | -                | -               | -               | -               | 390,000            | -                |
|   | <b>\$1,868,891</b> | <b>\$903,447</b> | <b>\$33,052</b>  | <b>\$70,047</b> | <b>\$14,998</b> | <b>\$14,902</b> | <b>\$1,916,941</b> | <b>\$988,396</b> |
| <b>LIABILITIES &amp; NET ASSETS</b>                 |                    |                  |                  |                 |                 |                 |                    |                  |
| <b>Current Liabilities</b>                          |                    |                  |                  |                 |                 |                 |                    |                  |
| Salaries and Benefits Payable                       | \$28,077           | \$23,209         | \$0              | \$0             | \$0             | \$0             | \$28,077           | \$23,209         |
| Due to Government Agencies                          | 486                | 1,345            | -                | -               | -               | -               | 486                | 1,345            |
| Interfund Payable                                   | -                  | -                | 12,157           | -               | -               | -               | -                  | -                |
| Accounts Payable                                    | 11,866             | 15,399           | -                | -               | -               | -               | 11,867             | 15,399           |
|   | <b>40,428</b>      | <b>39,953</b>    | <b>12,157</b>    | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>52,586</b>      | <b>39,953</b>    |
| Deferred Contributions (note 9)                     | 809,584            | 211,143          | -                | -               | -               | -               | -                  | -                |
| <b>Net Assets (note 10)</b>                         |                    |                  |                  |                 |                 |                 |                    |                  |
| Restricted  | 2,627              | 5,250            | 20,895           | 70,047          | 14,998          | 14,902          | 1,052,144          | 732,050          |
| Unrestricted  | 1,016,252          | 647,101          | -                | -               | -               | -               | 1,016,252          | 647,101          |
|   | <b>\$1,868,891</b> | <b>\$903,447</b> | <b>\$33,052</b>  | <b>\$70,047</b> | <b>\$14,998</b> | <b>\$14,902</b> | <b>\$1,916,941</b> | <b>\$988,396</b> |

Habitat Acquisition Trust  
Statement of Operations and Changes in Fund Balance  
For the year ended October 31, 2021

|                                | <u>General Fund</u> |                  | <u>Land Acquisition</u> |                 | <u>D. Andrew Fund</u> |                 | <u>Total</u>       |                  |
|--------------------------------|---------------------|------------------|-------------------------|-----------------|-----------------------|-----------------|--------------------|------------------|
|                                | 2021                | 2020             | 2021                    | 2020            | 2021                  | 2020            | 2021               | 2020             |
| <b>REVENUES</b>                |                     |                  |                         |                 |                       |                 |                    |                  |
| Contract Revenue               | \$14,185            | \$18,785         | \$0                     | \$0             | \$0                   | \$0             | \$14,185           | \$18,785         |
| Donations & Gifts              | 414,493             | 149,704          | -                       | 1,000           | -                     | -               | 414,493            | 150,704          |
| Foundations & Charities        | 432,643             | 225,395          | -                       | 43              | -                     | -               | 432,643            | 225,438          |
| Fundraising                    | -                   | 1,360            | -                       | -               | -                     | -               | -                  | 1,360            |
| Gaming                         | 55,000              | 55,000           | -                       | -               | -                     | -               | 55,000             | 55,000           |
| Government Grants              | 146,808             | 140,002          | -                       | -               | -                     | -               | 146,808            | 140,002          |
| Interest                       | 4,169               | 2,711            | 848                     | 1,386           | 96                    | 181             | 5,113              | 4,278            |
| Membership Fees                | 3,982               | 2,408            | -                       | -               | -                     | -               | 3,982              | 2,408            |
| Sale of Goods (net)            | 2,114               | 3,693            | -                       | -               | -                     | -               | 2,114              | 3,693            |
| Workshops                      | -                   | 1,080            | -                       | -               | -                     | -               | -                  | 1,080            |
| Other (note10)                 | 50,122              | 238              | -                       | -               | -                     | -               | 50,122             | 238              |
|                                | <b>\$1,123,517</b>  | <b>\$600,376</b> | <b>\$848</b>            | <b>\$2,429</b>  | <b>\$96</b>           | <b>\$181</b>    | <b>\$1,124,461</b> | <b>\$602,986</b> |
| <b>EXPENSES</b>                |                     |                  |                         |                 |                       |                 |                    |                  |
| Accounting                     | \$ 13,892           | \$ 11,938        | \$0                     | \$0             | \$0                   | \$0             | \$13,892           | \$11,938         |
| Advertising                    | 3,462               | 1,307            | -                       | -               | -                     | -               | 3,462              | 1,307            |
| Bank Charges                   | 3,274               | 805              | -                       | -               | -                     | -               | 3,274              | 805              |
| Donations                      | 50,000              | 85,536           | -                       | -               | -                     | -               | 50,000             | 85,536           |
| Dues                           | 1,359               | 1,270            | -                       | -               | -                     | -               | 1,359              | 1,270            |
| Education                      | 4,055               | 1,990            | -                       | -               | -                     | -               | 4,055              | 1,990            |
| Fundraising                    | 45,670              | 3,300            | -                       | -               | -                     | -               | 45,670             | 3,300            |
| Insurance                      | 2,038               | 1,921            | -                       | -               | -                     | -               | 2,038              | 1,921            |
| Land Acquisition & Management  | 12,929              | 14,738           | 50,000                  | -               | -                     | -               | 62,929             | 14,738           |
| Office (note 6)                | 36,742              | 33,991           | -                       | -               | -                     | -               | 36,742             | 33,991           |
| Professional Fees              | 4,141               | 4,106            | -                       | -               | -                     | -               | 4,141              | 4,106            |
| Projects                       | 22,151              | 14,622           | -                       | -               | -                     | -               | 22,151             | 14,622           |
| Travel                         | 11,675              | 8,065            | -                       | -               | -                     | -               | 11,675             | 8,065            |
| Wages & Contracts              | 545,601             | 368,452          | -                       | -               | -                     | -               | 545,601            | 368,452          |
|                                | <b>\$756,990</b>    | <b>\$552,040</b> | <b>\$50,000</b>         | <b>\$0</b>      | <b>\$0</b>            | <b>\$0</b>      | <b>\$806,990</b>   | <b>\$552,040</b> |
| <b>EXCESS (DEFICIENCY) OF</b>  |                     |                  |                         |                 |                       |                 |                    |                  |
| <b>REVENUE OVER EXPENSES</b>   | <b>\$366,527</b>    | <b>\$48,336</b>  | <b>(\$49,152)</b>       | <b>\$2,429</b>  | <b>\$96</b>           | <b>\$181</b>    | <b>\$317,471</b>   | <b>\$50,946</b>  |
| <b>NET ASSETS</b>              |                     |                  |                         |                 |                       |                 |                    |                  |
| Beginning of the year          | 652,351             | 604,015          | 70,047                  | 67,618          | 14,902                | 14,721          | 737,300            | 686,354          |
| <b>Balance end of the year</b> | <b>\$1,018,879</b>  | <b>\$652,351</b> | <b>\$20,895</b>         | <b>\$70,047</b> | <b>\$14,998</b>       | <b>\$14,902</b> | <b>\$1,054,771</b> | <b>\$737,300</b> |

See the Independent Practitioner's Review Engagement Report and the Notes to these Unaudited Financial Statements.

Habitat Acquisition Trust  
Statement of Cash Flows  
For the year ended October 31, 2021

|  | <u>General Fund</u> |                | <u>Land Acquisition</u> |               | <u>D. Andrew Fund</u> |               | <u>Total</u>     |                |
|--|---------------------|----------------|-------------------------|---------------|-----------------------|---------------|------------------|----------------|
|  | 2,021               | 2,020          | 2,021                   | 2,020         | 2,021                 | 2,020         | 2,021            | 2,020          |
| <b>Excess (deficiency) of revenues over expenses</b>   | <b>366,527</b>      | <b>48,336</b>  | <b>(49,152)</b>         | <b>2,429</b>  | <b>96</b>             | <b>181</b>    | <b>317,471</b>   | <b>50,946</b>  |
| <b>Increase (decrease) in non-cash working capital</b> |                     |                |                         |               |                       |               |                  |                |
| Accounts Receivable                                    | (53,175)            | (103,608)      | -                       | -             | -                     | -             | (53,175)         | (103,608)      |
| Interest Receivable                                    | -                   | -              | 593                     | (125)         | -                     | -             | 593              | (125)          |
| Due from Government Agencies                           | (1,006)             | 1,107          | -                       | -             | -                     | -             | (1,006)          | 1,107          |
| Inventory  | 1,271               | 5,224          | -                       | -             | -                     | -             | 1,271            | 5,224          |
| Interfund Receivable                                   | (12,157)            | -              | -                       | 705           | -                     | -             | (12,157)         | 705            |
| Victoria Car Share Membership                          | -                   | -              | -                       | -             | -                     | -             | -                | -              |
| Prepays  | (7,060)             | 1,020          | -                       | -             | -                     | -             | (7,060)          | 1,020          |
| Salaries and Benefits Payable                          | 4,868               | 12,127         | -                       | -             | -                     | -             | 4,868            | 12,127         |
| Due to Government Agencies                             | (859)               | (5,575)        | -                       | -             | -                     | -             | (859)            | (5,575)        |
| Due to Acquisitions                                    | -                   | -              | 12,157                  | -             | -                     | -             | -                | -              |
| Accounts Payable                                       | (3,535)             | 2,974          | -                       | -             | -                     | -             | (3,535)          | 2,974          |
| Deferred Contributions                                 | 598,441             | 152,586        | -                       | -             | -                     | -             | 598,441          | 152,586        |
|  | <b>526,790</b>      | <b>65,153</b>  | <b>12,750</b>           | <b>580</b>    | <b>-</b>              | <b>-</b>      | <b>539,539</b>   | <b>65,733</b>  |
| Investment Activities                                  |                     |                |                         |               |                       |               |                  |                |
| Acquisition of Real Estate                             | <b>(390,000)</b>    | -              | -                       | -             | -                     | -             | <b>(390,000)</b> | -              |
| <b>Cash Increase for the period</b>                    | <b>503,317</b>      | <b>113,489</b> | <b>(36,402)</b>         | <b>3,009</b>  | <b>96</b>             | <b>181</b>    | <b>467,010</b>   | <b>116,679</b> |
| <b>Cash at beginning of period</b>                     | <b>288,745</b>      | <b>175,257</b> | <b>69,335</b>           | <b>66,326</b> | <b>14,902</b>         | <b>14,721</b> | <b>372,982</b>   | <b>256,303</b> |
| <b>Cash at end of period</b>                           | <b>792,062</b>      | <b>288,745</b> | <b>32,933</b>           | <b>69,335</b> | <b>14,998</b>         | <b>14,902</b> | <b>839,993</b>   | <b>372,982</b> |

See the Independent Practitioner's Review Engagement Report and the Notes to these Unaudited Financial Statements.

Habitat Acquisition Trust  
Notes to the Financial Statements  
For the year ended October 31, 2021

Note 1: Habitat Acquisition Trust (HAT) is a not-for-profit association organized to assist the community to conserve natural environments by preserving habitats and promoting stewardship. HAT is incorporated under the British Columbia Society Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

Note 2: Significant Accounting Policies

The basis of presentation of these financial statements is the Canadian accounting standards for not-for-profit organizations.

HAT follows the deferral method of accounting for contributions.

**Fund Accounting:** The General Fund is used to account for programs and administrative services and includes unrestricted resources and restricted operating grants.

**HAT Funds (Internal):**

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

Land Acquisition Fund provides matching funding for acquisition projects; held as term deposits; both income and principal are available.

D. Andrew Fund is a non-permanent fund for the allocation of donations received by HAT in memory of Doug Andrew, a naturalist at Goldstream Provincial Park; donations received have been internally restricted for the purpose of improving the interpretative programs at Goldstream; both income and principal are available.

Applications are made to the BC Gaming Commission to provide funding for HAT's Good Neighbours program and Covenants program. 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:** 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.

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.

**In-Kind Contributions:** HAT had approximately 150 volunteers working for approximately 3,000 volunteer hours. HAT values the volunteer time at a nominal \$15/hour for calculating “in kind” contributions. Because of the difficulty of determining their specific fair value, in-kind contributions are not recognized in the financial statements.

**Donation Revenue:** In common with many not-for-profit organizations, HAT derives revenue from fundraising activities. Cash is occasionally received.

**Capital Assets:** Capital assets are recorded as an expense in the period purchased.

**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.

Note 3: Cash

Cash includes restricted gaming funds of \$ 2,627 (2020: \$5,250).

Note 4: Financial Instruments

The Society's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. The carrying amount of these financial instruments approximates their fair market value. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest or credit risks arising from these financial instruments.

Note 5: Income Tax

HAT is a not-for-profit society and is exempt from Income Tax by section 149 of the *Income Tax Act*.

Note 6: Endowment fund investments

Matson Endowment Fund is used for expenses related to the HAT-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 HAT 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.

HAT 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, 2021 and October 31, 2020 are reported as follows:

|                             | <u>2021</u> | <u>2020</u> |
|-----------------------------|-------------|-------------|
|                             | \$          | \$          |
| <b>Market Value</b>         |             |             |
| Acquisition Trust Endowment | 404,288     | 302,993     |
| Matson Lands Endowment      | 139,263     | 123,914     |
| <b>Distribution</b>         |             |             |
| Acquisition Trust Endowment | 12,364      | 11,184      |
| Matson Lands Endowment      | 5,162       | 4,864       |

Note 7: Commitments

Included in office expenses is the HAT's operating lease commitment. HAT entered into a five-year operating lease in November 2018. Under the terms of the lease, HAT may renew the lease, in writing, 180 days prior to the expiration of the term, if HAT is not then in default of its obligations under the lease. The annual calendar year lease payment commitments are as follows:

2022: \$14,288

2023: \$14,501

Note 8: Enduring Property

Sidney House:

In 2009, a house in Sidney, BC was donated to HAT, 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.

Highlands Land:

HAT 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 HAT 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 HAT issued a split receipt for \$290,000.

Note 9: Deferred Contributions and Restricted Funds

Deferred contributions represent unspent resources externally and internally restricted 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:

|  | <u>2021</u><br>\$ | <u>2020</u><br>\$ |
|--|-------------------|-------------------|
| Beginning Balance                                | 211,143           | 58,557            |
| Add: amount received related to subsequent years | 796,601           | 198,939           |
| Less: amount recognized as revenue in the year   | <u>(198,160)</u>  | <u>(46,353)</u>   |
| Ending Balance                                   | 809,584           | 211,143           |

Components of deferred revenue at year end:

|                                    | <u>2021</u><br>\$ | <u>2020</u><br>\$ |
|------------------------------------|-------------------|-------------------|
| <b>Development Program:</b>        |                   |                   |
| Foundation & Charity Grants        | 6,418             | 7,918             |
| <b>Habitat Management Program:</b> |                   |                   |
| Foundation & Charity Grants        | 10,519            | 21,170            |
| Federal Government Grants          | 45,394            | -                 |
| Charitable Donations               | -                 | 30                |
| <b>Land Protection Program:</b>    |                   |                   |
| Foundation & Charity Grants        | 474,557           | 126,743           |
| Charitable Donations               | 241,052           | 8,692             |
| Non-Tax Received Gifts             | 3,948             | -                 |
| <b>Good Neighbours Program:</b>    |                   |                   |
| Foundation & Charity Grants        | -                 | 13,413            |
| Federal Government Grants          | 21,084            | -                 |
| <b>Greenspots Program:</b>         |                   |                   |
| Foundation & Charity Grants        | 2,716             | -                 |
| Federal Government Grants          | -                 | 8,190             |
| <b>Species of Concern Program:</b> |                   |                   |
| Foundation & Charity Grants        | 3,896             | 11,854            |
| Charitable Donations               | -                 | 4,133             |
| Federal Government Grants          | -                 | 9,000             |
| <b>Ending Balance</b>              | <b>809,584</b>    | <b>211,143</b>    |

Note 10: Net Assets

Included in Net Assets for the General Fund are restricted. These include the Gaming funds in the support of particular operating activities (see note 2).

Note 11: Other Revenue

Other revenue includes a \$50,000 transfer from Acquisitions to the General Fund for to use toward the fundraising campaign for Mountain Road Forest. Starting in December 2020, HAT partnered with Capital Regional District (CRD) to purchase a 19.8 hectare property in West Saanich, called Mountain Road Forest, to create a new Regional Park. CRD entered into a purchase and sale agreement with the land owners, while HAT took on a fundraising role.

Note 12: COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). This situation is constantly evolving, and the measures put in place are having multiple impacts on global, national, provincial and local economies.

The overall effect of these events on the organization and its other activities is too uncertain to be estimated. The impact will be accounted for when it is known and can be measured.