

**FINANCIAL STATEMENTS**

**MAYNE ISLAND  
CONSERVANCY SOCIETY**

Unaudited - See Review Engagement Report

**December 31, 2020**



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# INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

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To the Directors of  
**Mayne Island Conservancy Society**

## **Report on the Financial Statements**

We have reviewed the accompanying financial statements of Mayne Island Conservancy Society that comprise the statement of financial position as at December 31, 2020, 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, 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 general 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.

### ***Basis for Qualified Conclusion***

In common with many not-for-profit organizations, Mayne Island Conservancy Society derives revenue from donations and fundraising activities, the completeness of which is not susceptible to us obtaining evidence we 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 Mayne Island Conservancy Society. Therefore, we were not able to determine whether any adjustments might be necessary with respect to donation and fundraising revenues, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 year ends.

### ***Qualified Conclusion***

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of Mayne Island Conservancy 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.

*Tompkins Wozny LLP*

Vancouver, Canada  
May 14, 2021

Chartered Professional Accountants



**STATEMENT OF FINANCIAL POSITION**

As at December 31

Unaudited - See Review Engagement Report

	2020	2019
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash <i>[note 3]</i>	114,464	110,789
Restricted cash - CAMAS	125,903	169,575
Term deposits <i>[note 4]</i>	51,587	50,900
Term deposits - CAMAS <i>[note 4]</i>	100,000	—
Accounts receivable <i>[note 5]</i>	10,180	2,650
Inventory	2,081	398
Prepaid expenses	1,122	1,200
<b>Total current assets</b>	<b>405,337</b>	<b>335,512</b>
Term deposits - CAMAS <i>[note 4]</i>	—	100,000
	<b>405,337</b>	<b>435,512</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable <i>[note 6]</i>	3,306	3,910
Deferred revenue - gaming	24,060	23,964
- grants	—	12,944
- memberships	520	520
Deferred contributions - CAMAS <i>[note 9]</i>	245,376	300,379
<b>Total current liabilities</b>	<b>273,262</b>	<b>341,717</b>
<b>Net Assets</b>		
Internally restricted <i>[note 7]</i>	33,300	54,554
Unrestricted	98,775	39,241
	<b>132,075</b>	<b>93,795</b>
	<b>405,337</b>	<b>435,512</b>

Other - COVID-19 *[note 12]*

See accompanying notes to the financial statements

Director

Director

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

Year ended December 31

Unaudited - See Review Engagement Report

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>		
Grants	<b>121,373</b>	106,163
CAMAS - donations and grants <i>[note 9]</i>	<b>57,143</b>	4,415
Donations	<b>39,417</b>	34,083
Interest, fundraising and other	<b>18,466</b>	26,871
Memberships	<b>1,962</b>	2,348
	<b>238,361</b>	173,880
<b>EXPENDITURES</b>		
Salaries and benefits	<b>101,106</b>	103,605
CAMAS expenditures <i>[note 9]</i>	<b>57,143</b>	4,415
Workshops and project costs	<b>18,521</b>	12,306
Rentals	<b>7,800</b>	7,117
Administration <i>[note 11]</i>	<b>5,640</b>	7,288
Accounting and legal	<b>3,150</b>	1,950
Publicity	<b>1,807</b>	9,794
Meetings and travel	<b>1,666</b>	1,880
Insurance	<b>1,575</b>	1,584
Contract fees	<b>980</b>	965
Training and development	<b>607</b>	1,347
Guest fees and honoraria	<b>86</b>	3,775
	<b>200,081</b>	156,026
<b>Revenue over expenditures for the year</b>	<b>38,280</b>	17,854
Net assets beginning of year	<b>93,795</b>	75,941
<b>Net assets, end of year</b>	<b>132,075</b>	93,795

*See accompanying notes to the financial statements*

**STATEMENT OF CASH FLOWS**

Year ended December 31

Unaudited - See Review Engagement Report

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over (under) expenditures for the year	<b>38,280</b>	17,854
Changes in non-cash operating working capital items:		
Accounts receivable	<b>(7,530)</b>	(1,594)
Inventory	<b>(1,683)</b>	—
Prepaid expenses	<b>78</b>	237
Accounts payable	<b>(604)</b>	942
Deferred revenue - grants	<b>(12,848)</b>	1,408
- festival	—	(6,342)
- memberships	—	5
Deferred contributions - CAMAS	<b>(55,003)</b>	(3,784)
<b>Cash provided by (used in) operating activities</b>	<b>(39,310)</b>	8,726
<b>INVESTING ACTIVITIES</b>		
Purchase of term deposits	<b>(687)</b>	(900)
<b>Cash used by investing activities</b>	<b>(687)</b>	(900)
<b>Increase (decrease) in cash for the year</b>	<b>(39,997)</b>	7,826
Cash, beginning of year	<b>280,364</b>	272,538
<b>Cash, end of year</b>	<b>240,367</b>	280,364
<b>Cash consists of:</b>		
Restricted cash - CAMAS	<b>125,903</b>	169,575
Gaming grant	<b>24,060</b>	23,964
Unrestricted cash	<b>90,404</b>	86,825
	<b>240,367</b>	280,364

*See accompanying notes to the financial statements*

## NOTES TO FINANCIAL STATEMENTS

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December 31, 2020

Unaudited - See Review Engagement Report

### 1. PURPOSE OF THE SOCIETY

Mayne Island Conservancy Society (the "Society") is a not-for-profit organization incorporated in the Province of British Columbia who is a registered charity exempt from income taxes.

The Society's mission is to educate and promote environmental, ecological and recreational values on Mayne Island, B.C.

### 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:

#### Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported 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 determination of the deferred portion of contributions. Actual results could differ from these estimates.

#### Revenue Recognition

The Society follows the deferral method of accounting for contributions.

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.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Investment income is unrestricted and recognized as revenue when earned.

Revenue from fundraising and other sales is recognized when the fundraising event takes place and when a sale occurs.

Donations are recorded on a cash basis.

#### Inventory

Inventory is valued as the lesser of cost and net realizable value.

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2020

Unaudited - See Review Engagement Report

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**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, term deposits and accounts receivable. Financial liabilities measured at amortized cost includes accounts payable.

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.

**Capital Assets**

The Society had previously expensed capital acquisitions pursuant to Section 4433 of the CPA Canada Handbook with respect to capital assets.

Section 4431 permits not-for-profit organizations with average annual revenues of less than \$500,000 to be excluded from the capitalization and amortization of capital assets.

The Society follows the policy of recording all capital acquisitions as expenditures in the year they are incurred.

**Contributed Services**

Volunteers contribute their time to assist the Society in carrying out its activities and the Society receives donated inventory to be sold. Due to the difficulty in determining the fair value, the value of the donated services and goods are not recognized in these financial statements.

**3. CASH**

	2020	2019
	\$	\$
Gaming grant	24,060	23,964
Unrestricted cash	90,404	86,825
	<b>114,464</b>	<b>110,789</b>

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2020

Unaudited - See Review Engagement Report

**4. TERM DEPOSITS**

The term deposits earn interest at rates varying from 0.65% to 3.1% and have maturity dates ranging from September 13, 2021 to September 14, 2021.

\$100,000 of the \$151,587 in term deposits are designated for CAMAS.

**5. ACCOUNTS RECEIVABLE**

	2020	2019
	\$	\$
Other	7,451	683
GST recoverable	2,729	1,967
	<b>10,180</b>	2,650
Allowance for doubtful accounts	—	—
	<b>10,180</b>	2,650

**6. ACCOUNTS PAYABLE**

	2020	2019
	\$	\$
Trade	2,255	3,476
Government remittances	1,051	434
	<b>3,306</b>	3,910

**7. INTERNALLY RESTRICTED NET ASSETS**

The Society has internally restricted net assets of \$33,000 [2019 - \$54,554] for spending on the following projects:

	2020	2019
	\$	\$
CAMAS	10,000	12,120
Shoreline Care Program	14,000	15,000
Walkabout Program	9,300	8,000
Stewards in Action Project	—	7,500
Habitat Restoration at Hedgerow Farm	—	11,934
	<b>33,300</b>	54,554

## NOTES TO FINANCIAL STATEMENTS

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December 31, 2020

Unaudited - See Review Engagement Report

### 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.

#### **Credit Risk**

The Society is exposed to credit risk with respect to its cash, term deposits and accounts receivable. The Society assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive based on their net realizable value. Cash and term deposits are held by a Canadian credit union.

#### **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 has interest rate risk on its bank accounts and term deposits. Changes in the bank's prime lending rate or other rates can cause fluctuations in interest payments and cash flows. The Society does not use derivative financial instruments to alter the effects of this risk.

There has been no change in the Society's risk exposure in the above noted risks since the previous period.

### 9. CAMAS

The external contributions received for the conservation, acquisition, management and stewardship ("CAMAS") of the acquisition of lands and costs associated with establishing binding covenants, has been recorded as a deferred contribution (liability) and is recorded as revenue when the related funds are spent.

During the 2017, the Society purchased a property (St. John Point) and then immediately transferred the property to the Capital Regional District. As part of the above transaction, the Society registered a covenant on the St. John Point property to ensure that future owners maintain the agreed ecological status of the property. The 2020 expenses include \$7,143 [2019 - \$1,024] which was contributed to Victoria Foundation [note 10].

**NOTES TO FINANCIAL STATEMENTS**

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December 31, 2020

Unaudited - See Review Engagement Report

**9. CAMAS (CONT'D)**

A summary of the deferred contributions is as follows:

	2020	2019
	\$	\$
<b>Balance, beginning of year</b>	<b>300,379</b>	304,163
Funds raised by donation, grants and recovered costs	<b>2,140</b>	631
Costs incurred	<b>(57,143)</b>	(4,415)
<b>Balance, end of year</b>	<b>245,376</b>	300,379

**10. ENDOWMENT FUNDS**

The Society previously contributed to the Victoria Foundation to establish the Mayne Island Conservancy Endowment Fund. As at December 31, 2020, the Fund has a market value of \$47,599 [2019 - \$46,271].

The Society previously contributed to the Victoria Foundation to establish the Mayne Island Conservancy Covenant Defense Fund and the Mayne Island Conservancy Covenant Management Fund.

As at December 31, 2020, the two funds had market values of \$118,165 [2019 - \$107,161] and \$108,991 [2019 - \$106,081], respectively.

The Society does not have access to the capital in any of these funds. The Society is entitled to the interest earned which is paid periodically to the Society. In 2020 \$9,818 [2019 - \$9,793] of interest was paid to the Society.

**11. CAPITAL EXPENDITURES**

For the year ending December 31, 2020, the Society purchased computer equipment in the amount of \$Nil [2019 - \$1,446] which is included in administration expense.

**12. OTHER - COVID-19**

The COVID-19 pandemic has interrupted normal operations by limiting the Society's to operate at the office as well as on the field due to social distancing requirements. There have been cancellations for some projects as well fundraisers. Due to the lack of events because of social distancing requirements the revenue stream from those activities was considerably reduced for this year. Deliverables for some grant funded projects had to be modified for those that provided funds for volunteer activities and special events. The Society is working on producing more online school based programming.

**NOTES TO FINANCIAL STATEMENTS**

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December 31, 2020

Unaudited - See Review Engagement Report

**13. COMPARATIVE FIGURES**

Certain prior year's comparative figures have been reclassified where necessary to conform to the current year's presentation.