



Financial Statements

Craigdarroch Castle Historical Museum Society

December 31, 2023



CRAIGDARROCH CASTLE®

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Independent Auditors' Report

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To the members of Craigdarroch Castle Historical Museum Society

Opinion

We have audited the financial statements of Craigdarroch Castle Historical Museum Society (the "Society"), which comprise the statement of financial position as at December 31, 2023, 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 Craigdarroch Castle Historical Museum Society as at December 31, 2023, 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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

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.

Report on other legal and regulatory requirements

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

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.
- 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.

Victoria, Canada
May 15, 2024



Chartered Professional Accountants

Craigdarroch Castle Historical Museum Society

Statement of Financial Position

December 31

2023

2022

	Operating Fund	Restricted Fund	<u>Total</u>	<u>Total</u>
Assets				
Current				
Cash	\$ 702,531	\$ -	\$ 702,531	\$ 658,052
Investments (Note 3)	1,381,212	-	1,381,212	988,854
Receivables	15,038	-	15,038	4,089
Museum store inventory	97,280	-	97,280	106,462
Prepays	46,487	-	46,487	38,001
	<u>2,242,548</u>	<u>-</u>	<u>2,242,548</u>	<u>1,795,458</u>
Collection	632,526	-	632,526	622,599
Interfund	(288,790)	288,790	-	-
Capital assets (Note 4)	<u>-</u>	<u>6,552,701</u>	<u>6,552,701</u>	<u>6,650,190</u>
	<u>\$ 2,586,284</u>	<u>\$ 6,841,491</u>	<u>\$ 9,427,775</u>	<u>\$ 9,068,247</u>
Liabilities				
Current				
Payables and accruals	\$ 134,874	\$ -	\$ 134,874	\$ 63,350
Government remittances	5,395	-	5,395	2,307
Deferred income	-	-	-	-
Current portion of long term debt (Note 5)	-	29,388	29,388	35,599
	<u>140,269</u>	<u>29,388</u>	<u>169,657</u>	<u>101,256</u>
Long term debt (Note 5)	<u>-</u>	<u>601,181</u>	<u>601,181</u>	<u>625,354</u>
	<u>140,269</u>	<u>630,569</u>	<u>770,838</u>	<u>726,610</u>
Net Assets				
Unrestricted	2,446,015	-	2,446,015	2,059,977
Restricted	-	288,790	288,790	292,423
Invested in capital assets	<u>-</u>	<u>5,922,132</u>	<u>5,922,132</u>	<u>5,989,237</u>
	<u>2,446,015</u>	<u>6,210,922</u>	<u>8,656,937</u>	<u>8,341,637</u>
	<u>\$ 2,586,284</u>	<u>\$ 6,841,491</u>	<u>\$ 9,427,775</u>	<u>\$ 9,068,247</u>

On behalf of the Board:

Moira Dann

Director

Kevan King

Director

See accompanying notes to the financial statements.

Craigdarroch Castle Historical Museum Society

Statement of Revenue and Expenditures

Year ended December 31

	Operating Fund		Restricted Funds		Total	
	2023	2022	2023	2022	2023	2022
Revenue						
Castle admissions	\$ 1,494,745	\$ 1,054,389	\$ -	\$ -	\$ 1,494,745	\$ 1,054,389
Donations, cash	150,855	16,421	-	-	150,855	16,421
Donations, in-kind	2,540	5,260	-	-	2,540	5,260
Investment income (Note 3)	79,017	1,609	-	-	79,017	1,609
Grant revenue	61,792	302,897	-	-	61,792	302,897
Museum store	275,446	192,594	-	-	275,446	192,594
Other revenue	48,344	44,002	-	-	48,344	44,002
Programs	47,024	46,111	-	-	47,024	46,111
Rental income	38,183	37,260	-	-	38,183	37,260
Servery income	-	-	-	-	-	-
	<u>2,197,946</u>	<u>1,700,543</u>	<u>-</u>	<u>-</u>	<u>2,197,946</u>	<u>1,700,543</u>
Expenses						
Advertising	49,670	27,308	-	-	49,670	27,308
Amortization	-	-	245,553	252,448	245,553	252,448
Bank and credit card charges	35,652	31,115	-	-	35,652	31,115
Cost of goods sold	123,550	95,182	-	-	123,550	95,182
Curatorial expense	12,254	8,802	-	-	12,254	8,802
Insurance	52,683	46,666	-	-	52,683	46,666
Office	112,468	89,321	-	-	112,468	89,321
Professional fees	24,550	21,204	-	-	24,550	21,204
Programs	5,023	2,884	-	-	5,023	2,884
Property operating expenses	297,530	224,699	3,634	5,773	301,164	230,472
Rental expenses	34,452	33,612	-	-	34,452	33,612
Salaries and wages	874,514	628,060	-	-	874,514	628,060
Volunteer and membership	11,113	5,808	-	-	11,113	5,808
	<u>1,633,459</u>	<u>1,214,661</u>	<u>249,187</u>	<u>258,221</u>	<u>1,882,646</u>	<u>1,472,882</u>
Excess (deficiency) of revenue over expenditures from operations	<u>564,487</u>	<u>485,882</u>	<u>(249,187)</u>	<u>(258,221)</u>	<u>315,300</u>	<u>227,661</u>
Government subsidies	-	52,501	-	-	-	52,501
Excess (deficiency) of revenue over expenditures	<u>\$ 564,487</u>	<u>\$ 538,383</u>	<u>\$ (249,187)</u>	<u>\$ (258,221)</u>	<u>\$ 315,300</u>	<u>\$ 280,162</u>

See accompanying notes to the financial statements.

Craigdarroch Castle Historical Museum Society

Statement of Changes in Fund Balances

Year ended December 31

	Operating Fund		Restricted Funds		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 2,059,977	\$ 1,651,993	\$ 6,281,660	\$ 6,409,482	\$ 8,341,637	\$ 8,061,475
Excess of revenue over expenditures	564,487	538,383	(249,187)	(258,221)	315,300	280,162
Transfers, capital asset additions	(148,065)	(95,264)	148,065	95,264	-	-
Transfers, other debt payments	(30,384)	(35,135)	30,384	35,135	-	-
Balance, end of year	<u>\$ 2,446,015</u>	<u>\$ 2,059,977</u>	<u>\$ 6,210,922</u>	<u>\$ 6,281,660</u>	<u>\$ 8,656,937</u>	<u>\$ 8,341,637</u>

See accompanying notes to the financial statements.

Craigdarroch Castle Historical Museum Society

Statement of Cash Flows

Year ended December 31

2023

2022

Increase (decrease) in cash and cash equivalents

Operating

Excess (deficiency) of revenue over expenditures	\$	315,300	\$	280,162
Unrealized (losses) gain on investments		14,033		(28,997)
Amortization		245,553		252,448
		574,886		503,613

Change in non-cash operating working capital

Receivables		(10,950)		52,658
Inventory		9,182		59,671
Prepays		(8,486)		(6,227)
Payables and accruals		74,612		(79,626)
Deferred income		-		(203,488)
		64,358		(177,012)
		639,244		326,601

Financing

Proceeds from issuance of new debt		-		-
Principal repayments on long term debt		(30,384)		(35,135)
		(30,384)		(35,135)

Investing

Net (purchases) proceeds from sale of investments		(406,391)		(152,138)
Purchase of collection artifacts		(9,925)		(7,112)
Proceeds from sale of capital assets		-		-
Purchase of capital assets		(148,065)		(95,264)
		(564,381)		(254,514)

Net increase in cash and cash equivalents

44,479 36,952

Cash, beginning of year

658,052 621,100

Cash, end of year

\$ 702,531 \$ 658,052

Supplemental cash flow information

Interest paid on long term debt	\$	31,482	\$	17,135
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See accompanying notes to the financial statements.

Craigdarroch Castle Historical Museum Society

Notes to the Financial Statements

December 31, 2023

1. Status and nature of activities

The Craigdarroch Castle Historical Museum Society is incorporated under the Society Act of British Columbia and is a registered Canadian Charity under the Federal Income Tax Act. The purpose of the Society is:

- To conserve and protect Craigdarroch Castle as an evolving historic building and designated National Historic Site, so as to retain its cultural significance for the pleasure and instruction of the public;
 - To collect, conserve, research, document, house and interpret those objects and artefacts which serve to illustrate the history of Craigdarroch Castle;
 - To research and publish information concerning Craigdarroch Castle in its social, architectural and historical context, and ensure that the aesthetic, historic, social and cultural values of the building are accessible to all interested individuals and groups;
 - To support and contribute to academic research, craftsmanship, curatorial skills and the development of technical skills vital for the conservation and protection of historic sites and monuments;
 - To purchase or otherwise acquire ownership of and to hold title to the lands and premises comprising Craigdarroch Castle or any other real property.
-

2. Summary of significant accounting policies

Basis of presentation

The association has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

The Society follows the restricted fund method of accounting for contributions. The Society records its activities in the following funds:

The *Operating Fund* accounts for the Society's program delivery and transactions related to general operations of the Castle. Restricted and unrestricted contributions for the purpose of operating the Society are reported in this fund.

The *Restricted Funds* include the following:

- The Capital Fund which accounts for transactions relating to the Society's capital assets.
- The Project Fund which accounts for transactions relating to special projects. Restricted contributions for such projects are reported in this fund.

Craigdarroch Castle Historical Museum Society

Notes to the Financial Statements

December 31, 2023

2. Summary of significant accounting policies (continued)

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue on admissions and retails are recognized at the point of sale, when the customer receives and pays for the good or service.

Donations in-kind and contributed services

The Society records donated materials, services and facilities in those cases where:

- the Society controls the way they are used;
- there is a measurable basis for arriving at fair value; and
- the services are essential services, which would normally be purchased and paid for if not donated.

The Society would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

Cash and cash equivalents

The Society's policy is to present bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn, and term deposits with a maturity period of three months or less at the date of acquisition. Term deposits that the Society cannot use for current transactions because they are pledged as security are excluded from cash and cash equivalents.

Investments

Investment funds are valued at quoted market value at the year-end date.

Inventory

Inventory of the Society store is carried at the lower of cost or net realizable value.

Craigdarroch Castle Historical Museum Society

Notes to the Financial Statements

December 31, 2022

2. Summary of significant accounting policies (continued)

Collections

The Society accounts for collections in accordance with ASNPO 4441. Collections consist of historical artefacts and an extensive collection of visual arts, particularly Asian and Canadian art. Collections are recorded in the statement of financial position at cost or at their fair market value as determined by third party appraisers and internal curatorial appraisers. Collections which a fair market value cannot reliably be estimated are recorded at a nominal value.

Impairment of long-lived assets

The Society tests long-lived assets for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Amortization

Rates and bases of amortization applied to write off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Collection	no amortization
Building, 1041 Craigdarroch Road	4%, declining balance
Building, 1044 Joan Crescent	4%, declining balance
Building, 1070 Joan Crescent	4%, declining balance
Castle improvements	4%, declining balance
Visitor Centre improvements	4%, declining balance
Computer software	20%, declining balance
Fixtures and equipment	20%, declining balance
Life safety upgrading	20%, declining balance
Vehicle	20%, declining balance
Website	20%, declining balance

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of actions.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates includes obsolete inventory provision.

Craigdarroch Castle Historical Museum Society

Notes to the Financial Statements

December 31, 2022

2. Summary of significant accounting policies (continued)

Financial instruments

The Society's financial instruments consist of cash, term deposits, investments held with the Victoria Foundation, receivables, payables and accruals, and government remittances.

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Government Assistance

Government assistance received to cover current period expenses are account for as government subsidies.

3. Investments

Investments are held by The Victoria Foundation and invested in The Victoria Foundation's capital funds. The Society receives the annual income from these funds which is then reinvested in the Endowment Fund (see Note 6) and retains a right of retraction for the original capital.

The Estate Restoration funds held by The Victoria Foundation are recorded at a fair market value of \$216,296 (2022: \$202,263). In the current year investment income consists of a \$14,033 unrealized loss (2022: \$28,997 unrealized gain) on investments and \$54,742 of interest income.

The Society also holds TD Canada Trust guaranteed investment certificates and term deposits recorded at amortized cost of \$1,164,919 (2022: \$786,594).

Craigdarroch Castle Historical Museum Society

Notes to the Financial Statements

December 31, 2022

4. Capital assets

			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 1,035,118	\$ -	\$ 1,035,118	\$ 1,035,118
Buildings	996,310	525,175	471,135	483,477
Castle improvements	5,219,722	2,159,847	3,059,875	3,075,422
Visitor Centre improvements	2,426,799	565,163	1,861,636	1,939,204
Computer software	105,647	88,282	17,365	21,706
Furniture and fixtures	882,255	782,867	99,388	85,454
Life safety upgrades	682,948	680,368	2,580	3,225
Vehicle	21,455	19,732	1,723	2,154
Website	53,709	49,828	3,881	4,430
	<u>\$ 11,423,963</u>	<u>\$ 4,871,262</u>	<u>\$ 6,552,701</u>	<u>\$ 6,650,190</u>

Donated items of furniture and fixtures with a cost value of \$14,719 are not depreciated.

5. Long term debt

	<u>2023</u>	<u>2022</u>
TD Bank mortgage on the property at 1070 Joan Crescent; repayable in monthly payments of \$5,422.08, bearing interest of 5.856%; balance due for renewal in March 2025	\$ 630,569	\$ 660,953
Less: current portion	<u>29,388</u>	<u>35,599</u>
	<u>\$ 601,181</u>	<u>\$ 625,354</u>

Principal repayments in each of the next two years are estimated as follows:

2024	\$ 29,388
2025	598,858

6. Donations: Victoria Foundation – Craigdarroch Castle Endowment Fund / Other

The Craigdarroch Castle Historical Museum Society established an Endowment Fund with the Victoria Foundation in April 2006 and the Society is the income beneficiary.

The initial capital contribution made by the Craigdarroch Castle Historical Museum Society in 2006 amounted to \$55,811. The capital of the Endowment Fund remains the property of the Victoria Foundation. Any distributions from the Craigdarroch Castle Endowment Fund or the Craigdarroch Castle Estate Restoration Fund will be re-invested to the undistributable capital account of the Craigdarroch Castle Endowment Fund.

Craigdarroch Castle Historical Museum Society

Notes to the Financial Statements

December 31, 2022

7. Risk management

In the normal course of business, the Society is exposed to liquidity risk. The Society's primary risk management objective is to protect earnings and cash flow in order to support its operations. Risks are managed within limits ultimately established by the Society's Board of Directors and implemented by management.

The carrying value of cash and cash equivalents, short-term investments, receivables, bank indebtedness and payables and accruals approximates fair value due to the relatively short-term maturity of these financial instruments. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risk arising from these financial instruments.

8. Collections

The Society acquires works of art by purchase, donation and bequest. Acquisitions in the year are as follows:

	<u>2023</u>	<u>2022</u>
Purchase, operating funds	\$ 7,387	\$ 1,852
Donations and bequests, at estimated fair market value	<u>2,540</u>	<u>5,260</u>
	<u>\$ 9,927</u>	<u>\$ 7,112</u>

9. Remuneration

On November 28, 2017 the new British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, the ten highest paid employees and all contractors who are paid at least \$75,000 annually.

During the year, no amount was paid to directors and there were no subcontractors paid in excess of \$75,000. The Society paid \$197,360 in remuneration to two employees during the year. (2022: \$92,298 for one employee)
