



Financial Statements

Board of Cemetery Trustees of Greater Victoria

December 31, 2021

Contents

	Page
Independent Auditors' Report	2-3
Statement of Financial Position	4
Statement of Operations and Changes in Fund Balances – Operating Fund	5
Statement of Operations and Changes in Fund Balances – Reserve Funds	6
Statement of Operations and Changes in Fund Balances – Capital Fund	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-20

Independent Auditors' Report

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To the members of the Board of Cemetery Trustees of Greater Victoria

Opinion

We have audited the financial statements of the Board of Cemetery Trustees of Greater Victoria (“the Board”), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in fund balances 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 Board of Cemetery Trustees of Greater Victoria as at December 31, 2021, and its results of its operations, its changes in fund balances, 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 Board 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board'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 Board'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 Board'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 Board 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
March 29, 2022



Chartered Professional Accountant

Board of Cemetery Trustees of Greater Victoria
Statement of Financial Position

December 31

2021

2020

	Operating Fund	Capital Fund	Reserve Fund	Total	Total
Assets					
Current					
Cash	\$ 497,918	\$ -	\$ 2,237,937	\$ 2,735,854	\$ 1,939,846
Accrued interest receivable	-	-	54,327	54,327	47,395
Accounts receivable	267,672	-	-	267,672	523,206
Inventory	126,797	-	-	126,797	145,303
Prepaid expenses	61,401	-	-	61,401	31,693
Short-term investments (Note 5)	-	-	16,541,185	16,541,185	14,891,579
Due from reserve fund (Note 10)	192,535	-	-	192,535	188,354
	1,146,323	-	18,833,448	19,979,771	17,767,376
Tangible capital assets (Note 7)	-	3,852,856	-	3,852,856	4,281,944
	\$ 1,146,323	\$ 3,852,856	\$ 18,833,448	\$ 23,832,627	\$ 22,049,320
Liabilities					
Current					
Accounts payable	\$ 513,965	\$ -	\$ -	\$ 513,965	\$ 520,693
Employee deductions payable	2,997	-	-	2,997	1,033
GST payable	46,498	-	-	46,498	47,990
Due to operating fund (Note 10)	-	-	192,535	192,535	188,354
Demand Loan (Note 8)	-	939,096	-	939,096	1,091,966
Current portion of long-term debt (Note 9)	-	31,429	-	31,429	31,429
Current portion of capital lease obligation	-	-	-	-	3,034
	563,460	970,525	192,535	1,726,520	1,884,499
Long term debt (Note 9)	-	569,407	-	569,407	641,442
Total liabilities	563,460	1,539,932	192,535	2,295,927	2,525,941
Fund Balances					
Perpetual care	-	-	13,384,181	13,384,181	12,186,263
Pre-need trust	-	-	3,258,690	3,258,690	3,106,021
Future development	-	-	1,557,001	1,557,001	1,190,535
Equipment replacement	-	-	242,847	242,847	209,278
Pre-need selling expense	-	-	198,194	198,194	207,246
Invested in tangible capital assets	-	2,312,924	-	2,312,924	2,514,073
Unrestricted	582,864	-	-	582,864	109,962
	582,864	2,312,924	18,640,913	21,536,701	19,523,379
	\$ 1,146,323	\$ 3,852,856	\$ 18,833,448	\$ 23,832,627	\$ 22,049,320

On behalf of the Board: Director


D. Christopher Lawless (Apr 13, 2022 09:40 EDT)

Director



Board of Cemetery Trustees of Greater Victoria
Statement of Operations and Changes in Fund Balances - Operating Fund

Year ended December 31

	Cemetery		Crematorium		Mausoleum		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenue								
Lot sales	\$ 1,511,384	\$ 1,385,761	\$ -	\$ -	\$ 397,520	\$ 215,964	\$ 1,908,904	\$ 1,601,725
Services	675,073	639,595	517,707	479,681	46,915	43,985	1,239,695	1,163,261
Memorializations	374,511	324,743	-	-	28,055	37,105	402,566	361,848
Other	51,157	6,779	116,908	176,799	-	-	168,065	183,578
Total Revenue	2,612,125	2,356,877	634,615	656,480	472,490	297,054	3,719,230	3,310,411
Expenditures								
Direct								
Wages & benefits	1,729,579	1,585,235	226,015	197,343	5,860	8,397	1,961,454	1,790,975
Cost of goods sold	296,780	268,246	60,297	59,696	5,135	5,606	362,213	333,548
Operating expenses	358,487	315,210	128,435	45,109	8,512	11,244	495,434	371,563
Total Direct Expenditures	2,384,846	2,168,691	414,747	302,148	19,507	25,247	2,819,100	2,496,086
General and administration								
Office and general	325,241	287,832	-	-	-	-	325,241	287,832
Marketing	78,205	107,901	-	-	-	-	78,205	107,901
Total General Operating	403,446	395,733	-	-	-	-	403,446	395,733
Total Expenses	2,788,292	2,564,424	414,747	302,148	19,507	25,247	3,222,546	2,891,819
Surplus/(deficit) of revenues over expenses	(176,166)	(207,547)	219,867	354,332	452,983	271,807	496,684	418,952
Contributions from (to) other funds								
Future Development	(472,888)	(413,844)	(4,965)	(5,365)	-	-	(477,853)	(419,209)
Equipment Reserve	(68,013)	(83,972)	(1,773)	(2,216)	(749)	(936)	(70,535)	(87,124)
Perpetual Care Fund (earnings)	744,630	422,373	-	-	-	-	744,630	422,373
Capital fund	(154,846)	(154,846)	-	-	(65,179)	(65,179)	(220,024)	(220,024)
Surplus/(deficit) after contributions from (to) other funds	(127,283)	(437,836)	213,129	346,751	387,056	205,692	472,902	114,607
Fund balance, beginning of the period							109,962	(4,645)
Fund balance, end of the period							\$ 582,864	\$ 109,962

See accompanying notes to the financial statements

Board of Cemetery Trustees of Greater Victoria
Statement of Operations and Changes in Fund Balances - Reserve Funds

Year ended December 31

	Perpetual Care Reserve		Future Development		Equipment Replacement		Pre-Need Fund				
	Fund		Reserve Fund		Reserve Fund		Internally Restricted		Externally Restricted		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
Revenue											
Interest earned	\$ 321,570	\$ 310,330	\$ 1,968	\$ 1,121	\$ 239	\$ 223	\$ 308	\$ 586	\$ 39,770	\$ 39,301	
Unrealized gain(loss) on FMV of investments	553,444	555,243	-	-	-	-	-	-	-	-	
Unrealized gain(loss) on foreign exchange	141,064	39,059	-	-	-	-	-	-	-	-	
Realized gain on investments	400,319	113,237	-	-	-	-	-	-	-	-	
Realized gain (loss) on foreign exchange	22,741	(1,194)	-	-	-	-	-	-	-	-	
Perpetual care provision	593,675	493,207	-	-	-	-	-	-	-	-	
Sales of pre-need contracts	-	-	-	-	-	-	67,121	55,129	338,740	238,080	
Commission on preneed contracts	-	-	-	-	-	-	2,867	2,453	-	-	
Development income	-	-	-	140,260	-	-	-	-	-	-	
Donation	-	-	534	650	-	-	-	-	-	-	
	2,032,814	1,509,882	2,502	142,032	239	223	70,297	58,168	378,510	277,381	
Expenses											
Investment fees	90,266	72,921	-	-	-	-	11	289	-	-	
Lease Interest	-	-	-	-	157	626	-	-	-	-	
Delivery of Pre-need goods and services	-	-	-	-	-	-	79,338	62,036	225,841	211,105	
	90,266	72,921	-	-	157	626	79,349	62,325	225,841	211,105	
Surplus of revenue over expenses	1,942,548	1,436,961	2,502	142,032	83	(404)	(9,052)	(4,157)	152,669	66,276	
Interfund Transfers											
Contribution from Operating Fund	-	-	477,853	419,209	70,535	87,124	-	-	-	-	
Contribution to operating Fund	(744,630)	(422,373)	-	-	-	-	-	-	-	-	
Contribution to/from Capital Fund	-	-	(113,889)	(66,375)	(37,049)	(38,915)	-	-	-	-	
Balance, beginning of the period	\$ 12,186,263	\$ 11,171,675	\$ 1,190,535	\$ 695,670	\$ 209,278	\$ 161,472	\$ 207,246	\$ 211,403	\$ 3,106,021	\$ 3,039,745	
Balance, end of the period	\$ 13,384,181	\$ 12,186,263	\$ 1,557,001	\$ 1,190,535	\$ 242,847	\$ 209,278	\$ 198,194	\$ 207,246	\$ 3,258,690	\$ 3,106,021	
Fund balances consist of:											
Cash	\$ 771,221	\$ 748,213	\$ 1,049,496	\$ 741,167	\$ 191,845	\$ 146,332	\$ 225,375	\$ 136,304	\$ -	\$ -	
Receivable from (payable to) Operating Fund	(723,862)	(394,904)	507,505	449,368	51,002	62,947	(27,181)	70,942	-	-	
Investments	13,282,495	11,785,558	-	-	-	-	-	-	3,258,690	3,106,021	
Accrued interest receivable	54,327	47,395	-	-	-	-	-	-	-	-	
	\$ 13,384,181	\$ 12,186,263	\$ 1,557,001	\$ 1,190,535	\$ 242,847	\$ 209,278	\$ 198,194	\$ 207,246	\$ 3,258,690	\$ 3,106,021	

See accompanying notes to the financial statements

Board of Cemetery Trustees of Greater Victoria
Statement of Cash Flows - Operating Fund

Year ended December 31

Cash provided by (used in)	<u>2021</u>	<u>2020</u>
Operating activities		
Excess of revenues over expenses	\$ 496,684	\$ 418,592
Changes in non-cash working capital balances, net		
Accounts receivable	255,534	(77,909)
Inventory	18,506	(12,452)
Prepaid expenses	(29,708)	(7,394)
Accounts payable	(6,728)	139,545
GST payable	(1,492)	24,880
Employee deductions payable	1,964	(32,749)
Due to/from reserve funds	<u>(380,892)</u>	<u>(65,226)</u>
	<u>(142,816)</u>	<u>(31,305)</u>
Contributions from (to) other funds		
Equipment replacement	(70,535)	(87,124)
Future development	(477,853)	(419,209)
Perpetual care	744,630	422,373
Capital	<u>(220,024)</u>	<u>(220,024)</u>
	<u>(23,782)</u>	<u>(303,985)</u>
Net increase in cash and cash equivalents	330,086	83,302
Cash and cash equivalents, beginning of year	<u>167,832</u>	<u>84,530</u>
Cash and cash equivalents, end of year	<u>\$ 497,918</u>	<u>167,832</u>

Board of Cemetery Trustees of Greater Victoria
Statement of Operations and Changes in Fund Balances - Capital Fund

Year ended December 31

	<u>2021</u>	<u>2020</u>
Revenue		
Actuarial adjustment to debt	<u>\$ 40,606</u>	<u>\$ 37,176</u>
Expenses		
Amortization	548,763	485,084
Interest on demand load	30,204	35,935
Interest on long-term debt	33,750	33,750
(Gain) Loss on disposal of tangible capital assets	-	(12,793)
	<u>612,717</u>	<u>541,976</u>
Deficiency of revenue over expenses	<u>(572,110)</u>	<u>(504,800)</u>
Interfund transfers		
Contribution from Future Development	113,889	66,375
Contribution from Equipment	37,049	38,915
Contribution from Operating Fund - Mausoleum	33,750	33,750
Contribution from Operating Fund - Mausoleum loan principal	31,429	31,429
Contribution from Operating Fund - Section T loan interest	26,967	34,073
Contribution from Operating Fund - Section T loan principal	127,879	120,772
	<u>370,962</u>	<u>325,315</u>
Fund balance, beginning of the period	<u>2,514,073</u>	<u>2,693,559</u>
Fund balance, end of the period	<u>\$ 2,312,924</u>	<u>\$ 2,514,073</u>

See accompanying notes to financial statements

Board of Cemetery Trustees of Greater Victoria

Notes to the Financial Statements

December 31, 2021

1. Board of Cemetery Trustees of Greater Victoria

The Board of Cemetery Trustees of Greater Victoria (the "Board") was established pursuant to an agreement made between the City of Victoria and the District of Saanich on March 16, 1922. The Board is incorporated with the B.C. Corporate Registry as a not-for-profit organization, and thus is treated as a not-for-profit organization for income tax purposes.

The City of Victoria and the District of Saanich maintain their interest in the Board by appointing three (3) trustees from each stakeholder municipality.

The Board is registered with and licensed by Consumer Protection BC as a Place of Interment Operator and a Crematorium Operator.

2. Purpose of the Board

The Board *'operating as'* Royal Oak Burial Park, Crematorium and Mausoleum *'the Burial Park'* is responsible in an oversight capacity for the development, operation and maintenance of the Burial Park.

The Board are also trustees for: a Pre-Need Trust Account, a Perpetual Care Reserve Fund, an Operating Fund, Equipment Replacement Reserve Fund, Future Development Reserve Fund and a Capital Fund.

The Board is required to maintain the Pre-Need Trust Account and the Perpetual Care Reserve Fund in compliance with legislation and regulation set out in the Cremation, Interment and Funeral Services Act of B.C. and the Business Practices and Consumer Protection Act of B.C.

3. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Fund accounting

Board of Cemetery Trustees of Greater Victoria follows the restricted fund method of accounting for contributions.

The Perpetual Care Reserve Fund provides for the perpetual care costs of the cemetery. Perpetual Care Reserve Fund investment income is used, as permitted by legislation, at the discretion of the Board of Trustees, to fund these costs.

The Equipment Replacement Reserve Fund provides for the purchase of new tools and equipment. The Board's policy provides for an annual transfer from the Operating Fund to the Equipment Replacement Reserve Fund of an amount equal to the amortization recorded on tools and equipment.

Board of Cemetery Trustees of Greater Victoria

Notes to the Financial Statements

December 31, 2021

3. Summary of significant accounting policies (continued)

Fund accounting (continued)

The Future Development Reserve Fund provides for the development of new sites within the cemetery. The Board's policy provides for an annual transfer from the Operating Fund to the Future Development Reserve Fund of an amount based on the amortization recorded on buildings, sprinkler systems and signage, and an allocated amount from site extensions and site development costs based on the number of grave sites sold during the year. No transfer of funds is recorded for amortization of the mausoleum.

The Pre-need Fund accounts for payments of goods and services which have been sold in advance of the requirement to deliver them. These funds are externally restricted, and the contractual arrangement requires the funds to be held in trust until such time as the goods have been delivered or the services performed. The interest received on these trust funds is the property of the Board to allocate to operations as determined reasonable. The applicable interest on pre-need contracts is recognized in the Pre-need Fund when it is earned and is currently allocated by the Board upon the redemption of each individual contract. The Board is permitted by the Business Practices and Consumer Protection Act to deduct from pre-need contracts a 20% 'pre-need selling expense'. These funds have been internally restricted to be used to offset funding shortfalls that occur through the provision of pre-paid goods and services.

The Capital Fund reports the assets, liabilities, revenues, and expenditures related to the Board's tangible capital assets.

Financial instrument policy

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 and assessed for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Cash

Cash and cash equivalents in the Operating and Reserve Funds include cash on hand as well as cash held in financial institutions, and other deposits with a maturity of less than 90 days.

Short term investments

Short term investments include investments in short term bonds, actively quoted fixed income and equity investments that are highly liquid and readily convertible to cash. All short-term investments are presented at fair value as actively quoted on the market. Investment income is recorded as revenue in the period earned.

Board of Cemetery Trustees of Greater Victoria

Notes to the Financial Statements

December 31, 2021

3. Summary of significant accounting policies (continued)

Inventory

Inventory is measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

The Burial Park site and site development costs are amortized on the basis of grave sites sold during the year. Developed sections with a cost of \$302,859 (2020: \$243,965) are fully amortized.

Automatic sprinkler systems are amortized on a straight-line basis over the estimated useful lives of the assets, being 20 years.

Except for the mausoleum building and licenses, other buildings, tools, equipment, and signage are amortized using the declining balance method at a rate of 5% for the administration building and 20% for all other assets in this group.

The Niche Columbaria are being amortized on the basis of niches sold during the year Niche Columbaria with a cost of \$274,816 (2020: \$274,816) are fully amortized.

The mausoleum is being amortized on the basis of crypts and niches sold during the year.

The well and composting site are amortized using the declining balance method at the rate of 8%.

The maps are amortized using the declining balance method at the rate of 10%.

The charge for amortization is made to the Capital Fund.

The site development costs referred to as "general" relate to survey and inspection costs incurred when acquiring property from Broadmead Farms.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Employee future benefits

The Board and its employees contribute to the Municipal Pension Plan (the "Plan"). The Plan is governed by a board of trustees, and administered by the Pension Corporation of BC, who makes payment of pension benefits on behalf of employers and employees to whom the plan applied. The Plan is a multi-employer defined benefit plan.

Board of Cemetery Trustees of Greater Victoria

Notes to the Financial Statements

December 31, 2021

3. Summary of significant accounting policies (continued)

Employee future benefits (continued)

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation for which findings are available (March 31, 2020 – completed every three years) has determined that the Plan has a surplus of \$1.8960 billion.

The Plan's liability or surplus rests with the Plan and does not belong to the Board. As such, defined contribution plan accounting is applied to this benefit plan and the costs of these employee future benefits is recognized as an expense in the year that contributions are made.

Revenue recognition

The board follows the restricted fund method of accounting for contributions.

Sale of interment rights and at need goods and services are recognized as revenue of the operating fund if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations and other contributions are recognized as described below.

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 General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned on the resources of the restricted funds is recognized as revenue in the appropriate restricted fund in the period in which the income is earned. Other investment income is recognized as revenue in the Operating Fund.

Revenue from the sale of pre-need services are recognized upon redemption of the service.

Allocation of office overhead expenses

Office overhead expenses are allocated between the cemetery, the crematorium, and the mausoleum by considering the level of activity of each operation and pro-rating accordingly.

Board of Cemetery Trustees of Greater Victoria

Notes to the Financial Statements

December 31, 2021

3. Summary of significant accounting policies (continued)

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant estimates include the collectability of accounts receivable, valuation of inventory, valuations of short-term investments, accruals of accounts payable and the useful life of tangible capital assets.

4. Financial instruments

The Board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The Board's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities and long-term debt. The following analysis provides information about the Board's risk exposure and concentration as of December 31, 2021.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board is exposed to credit risk with respect to accounts receivable and investments. Accounts receivable arise from sales of services. Management believes that the carrying amount of accounts receivable approximates their fair value. Management believes that the institutions that hold the investments are financially sound and therefore minimal credit risk exists with respect to these financial instruments. The credit risk regarding cash and term deposits is considered to be negligible because they are held by a reputable financial institution with an investment grade external credit rating.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligation associated with financial liabilities. The Board is exposed to this risk mainly in respect of its long-term debt, demand loan and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Board is exposed to market risk as the value of investments will fluctuate with prevailing market conditions. This risk is mitigated as investment holdings are part of a managed portfolio for which there are established guidelines for investment mix and risk tolerances.

Board of Cemetery Trustees of Greater Victoria

Notes to the Financial Statements

December 31, 2021

4. Financial instruments (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. In seeking to minimize the risks from interest rate fluctuations, the Board manages exposure through its normal operating and financing activities. The Board holds bonds which are subject to interest rate risk. Management mitigates this risk by holding bonds to maturing where possible. The Board is also exposed to interest rate risk upon the renewal of its long-term debt. Management does not believe that the impact of interest rate fluctuations will be significant. Interest revenue earned on its fixed income investments is known at the time the investment is purchased. Interest earned at variable rates on cash deposits are not a significant source of revenue.

5. Investments

	<u>2021</u>	<u>2020</u>
Perpetual Care Fund:		
Bonds (Cost: \$3,138,522)	\$ 3,327,186	\$ 3,307,804
Equity investments (Cost: \$8,077,434)	<u>9,955,309</u>	<u>8,477,754</u>
	13,282,495	11,785,558
Pre-Need Trust Fund		
Individual G.I.C.s (Cost: \$3,096,243)	<u>3,258,690</u>	<u>3,106,021</u>
	<u>\$ 16,541,185</u>	<u>\$ 14,891,579</u>

Investments are reported at fair value based on quoted prices at year end. Interest rates vary from 2.92% to 8.0%. These investments mature at various dates from 2020 to 2030. The Board's portfolio of pre-need trust funds and the perpetual care fixed income and equity investments are held in trust and are held in brokerage accounts maintained at major Canadian financial institutions. At December 31, 2021 the Board also held cash resources of \$996,596 (2020: \$748,213) pending future investments.

6. Contributions from perpetual care fund earnings

The investment income earned on the Perpetual Care Reserve Fund investments was \$321,570 (2020: \$310,330) in the current year. Realized capital gains earned on the sale of Perpetual Care Reserve Fund investments was \$400,319 (2020: \$113,237) in the current year. The Board has authority under the Cremation, Interment and Funeral Services Act, to retain all Care Fund earnings for application towards annual maintenance costs. During the current year, the Board retained \$744,630 (2020: \$422,373) for current maintenance costs.

Board of Cemetery Trustees of Greater Victoria

Notes to the Financial Statements

December 31, 2021

7. Tangible capital assets

			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
<u>Cemetery Site</u>				
Original site, at nominal value	\$ 1	\$ -	\$ 1	\$ 1
Extensions	<u>415,546</u>	<u>-</u>	<u>415,546</u>	<u>415,546</u>
	415,547	-	415,547	415,547
<u>Infrastructure</u>				
Infrastructure	<u>367,507</u>	<u>342,147</u>	<u>25,360</u>	<u>27,858</u>
	367,507	342,147	25,360	27,858
<u>Cemetery Land</u>				
Casket interment	2,957,080	1,622,064	1,335,016	1,620,311
Cremation interment	569,737	319,205	250,532	289,037
Little Spirits Garden	<u>496,484</u>	<u>-</u>	<u>496,484</u>	<u>496,484</u>
	4,023,301	1,941,269	2,082,032	2,405,832
<u>Buildings</u>				
Mausoleum	1,773,917	1,046,381	727,536	747,962
All other buildings	<u>819,126</u>	<u>498,885</u>	<u>320,241</u>	<u>336,250</u>
	2,593,043	1,545,266	1,047,777	1,084,212
<u>Tools and Equipment</u>				
Tools and Equipment	<u>1,946,559</u>	<u>1,664,419</u>	<u>282,140</u>	<u>348,495</u>
	<u>1,946,559</u>	<u>1,664,419</u>	<u>282,140</u>	<u>348,495</u>
	<u>\$ 9,345,957</u>	<u>\$ 5,493,101</u>	<u>\$ 3,852,856</u>	<u>\$ 4,281,944</u>

During fiscal 2021, project costs of \$56,289 were incurred as development began in Forest Edge. This balance is included in Casket interment. During fiscal 2021, project costs of \$57,600 were incurred for Mausoleum Niches. This balance is included in Mausoleum.

Board of Cemetery Trustees of Greater Victoria

Notes to the Financial Statements

December 31, 2021

8. Demand loans

There are two outstanding demand loans with the Bank of Montreal.

A non-revolving / fixed rate term loan for the development of Section T Phase III. The loan bears interest at the Bank's prime lending rate plus 0.5%, interest is calculated monthly. Currently, the loan has monthly fixed payments of \$12,904 including both principal and interest. The balance of the loan cannot exceed a total of \$1,900,000. As at December 31, 2021, the loan had a balance of \$845,609 (2020: \$973,487).

A non-revolving / re-advanceable fixed rate term loan for the purchase of equipment net of taxes and fees. The loan bears interest at the Bank's prime lending rate plus 0.5%, interest is calculated monthly. During the year, a New Holland B95C TLB backhoe was purchased. Currently, the loan has monthly fixed payments of \$2,345 including both principal and interest. The balance of the loan cannot exceed a total of \$250,000. As at December 31, 2021, the loan had a balance of \$93,488 (2020: \$118,479).

9. Long-term debt

	<u>2021</u>	<u>2020</u>
Loan from Municipality of Saanich bearing interest at 2.25% per annum, repayable in semi-annual payments of \$47,179 on June 3rd and \$16,875 on December 3rd. The loan matures on June 3, 2028. The loan is subject to a rate review every 5 to 10 years with the most recent review done in 2018.	\$ 615,836	\$ 687,871
Less - Deposit: Acquisition of the long-term debt required the payment of a deposit to the Municipal Finance Authority. This deposit is repayable, without interest, to the Board upon payment in full of the principal of the debt.	<u>(15,000)</u>	<u>(15,000)</u>
	600,836	672,871
Amounts payable within one year	<u>(31,429)</u>	<u>(31,429)</u>
	\$ 569,407	<u>641,442</u>

Board of Cemetery Trustees of Greater Victoria

Notes to the Financial Statements

December 31, 2021

9. Long-term debt (continued)

Principal repayments are approximately:

2022	75,637
2023	79,419
2024	83,390
2025	87,559
2026	91,937
Thereafter	<u>182,894</u>
	<u>\$ 600,836</u>

Debt principal is reported net of repayments and actuarial gains or losses. The gross debt issued at December 31, 2021 is \$1,500,000 (2020: \$1,500,000). The original loan was secured by Saanich through the Municipal Finance Authority.

The loan agreement with Saanich provides that the Board will be bound by the terms of the MFA borrowing. The MFA debt is issued on a sinking fund basis, where the MFA invests the Board's sinking fund principal payments so that the payments, plus investment income, will equal the original outstanding debt amount at the end of the repayment period. Actuarial adjustments on debt represent the repayment and/or forgiveness of debt by the MFA using surplus investment income generation by the principal repayments. If at any time the scheduled payments provided for in the agreement are not sufficient to meet the obligations in respect of such borrowing, the resulting deficiency becomes a liability of the Board.

Board of Cemetery Trustees of Greater Victoria

Notes to the Financial Statements

December 31, 2021



10. Interfund transfers

	<u>2021</u>	<u>2020</u>
Equipment Replacement Reserve Fund		
Equipment contributions from operating fund	\$ 70,535	\$ 87,124
Operating Fund		
Amortization on tools/equipment	<u>(70,535)</u>	<u>(87,124)</u>
	<u>\$ -</u>	<u>\$ -</u>

A contribution to transfer amortization for tools and equipment from the Operating Fund to the Equipment Replacement Reserve Fund.

Future Development Reserve Fund		
Lot sale contributions from operating	\$ 477,853	\$ 419,209
Operating Fund		
Amortization of land and building	<u>(477,853)</u>	<u>(419,209)</u>
	<u>\$ -</u>	<u>\$ -</u>

A contribution to transfer amortization for lot sales from Operating Fund to the Future Development Reserve Fund.

Operating Fund		
Care fund contribution to operating	\$ (744,630)	\$ (422,372)
Perpetual Care Reserve Fund		
Interest income and realized gains in care reserve	<u>744,630</u>	<u>422,372</u>
	<u>\$ -</u>	<u>\$ -</u>

A contribution to transfer interest and other realized investment income from the Perpetual Care Reserve Fund to the Operating Fund to contribute towards general maintenance, upkeep and operations.

Capital Fund		
Capital additions made to burial park	\$ 113,889	\$ 66,375
Future Development Reserve Fund		
Development contributions to capital	<u>(113,889)</u>	<u>(66,375)</u>
	<u>\$ -</u>	<u>\$ -</u>

A contribution to transfer development additions from the Future Development Reserve Fund to the Capital Fund.

Board of Cemetery Trustees of Greater Victoria

Notes to the Financial Statements

December 31, 2021

10. Interfund transfers (continued)

	<u>2021</u>	<u>2020</u>
Operating Fund		
Contributions to capital	\$ (220,024)	\$ (220,024)
Future Development Reserve Fund		
Mausoleum loan principal payments	31,429	31,429
Mausoleum loan interest	33,750	33,750
Section T Phase III loan principal payments	127,879	120,772
Section T Phase III loan interest	26,967	34,073
	<u>\$ -</u>	<u>\$ -</u>

A contribution to transfer total interest and principal payments made to service debt relating to the mausoleum from the Operating Fund to the Capital Fund.

Equipment Replacement Reserve Fund		
Equipment fund contribution to capital	\$ (37,049)	\$ (38,915)
Capital Fund		
Tools and equipment transfer payments	31,264	35,943
Office equipment transfer payments	5,785	2,972
	<u>\$ -</u>	<u>\$ -</u>

A contribution to transfer costs associated with the purchase of tangible capital assets from the Equipment Replacement Reserve Fund to the Capital Fund.

11. Statement of cash flows

A statement of cash flows has not been included for the Capital or Reserve Funds as management has determined that those cash flows are readily apparent from the statement of operations and Note 10.

12. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Board of Cemetery Trustees of Greater Victoria

Notes to the Financial Statements

December 31, 2021

13. COVID-19 impact on operation

On March 11, 2020 the World Health Organization declared the COVID-19 outbreak a pandemic which has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Management has responded to the pandemic by reducing discretionary spending and restricting building access to the public in order to reduce the spread of COVID-19. Board meetings that were originally scheduled to occur in person have taken place virtually. Management believes that the pandemic has not to date had a material negative effect on the sustainability of the organization.

The financial position and results of operations as of, and for the year ended, December 31, 2021 have captured the impact of these events. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Board for future periods.
