

TYRCONNELL HERITAGE SOCIETY

Financial Statements

December 31, 2016

TYRCONNELL HERITAGE SOCIETY

Financial Statements

For The Year Ended December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Members of **Tyrconnell Heritage Society**:

We have audited the accompanying financial statements of **Tyrconnell Heritage Society**, which comprise the statement of financial position as at December 31, 2016 and the statements of receipts and expenditures, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donations, surplus (deficit) of receipts over expenditures, current assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the statement of financial position of **Tyrconnell Heritage Society** as at December 31, 2016 and the statements of receipts and expenditures, changes in net assets, and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Aylmer, Ontario

February 27, 2017

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

TYRCONNELL HERITAGE SOCIETY

Statement of Financial Position As At December 31, 2016

	2016	2015
	<u>\$</u>	<u>\$</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash - unrestricted	23,983	10,630
Investments - unrestricted (Note 3)	350	304
Restricted investments	2,098	2,081
HST recoverable	2,445	2,820
Prepaid expenses	<u>1,645</u>	<u>1,926</u>
TOTAL ASSETS	<u>30,521</u>	<u>17,761</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	4,078	3,655
Government remittances payable	1,553	731
Deferred revenue	<u>13,164</u>	<u>4,510</u>
	<u>18,795</u>	<u>8,896</u>
<u>NET ASSETS</u>		
UNRESTRICTED	9,628	6,784
RESTRICTED (NOTE 2)	<u>2,098</u>	<u>2,081</u>
	<u>11,726</u>	<u>8,865</u>
TOTAL LIABILITIES AND NET ASSETS	<u>30,521</u>	<u>17,761</u>

See accompanying notes to the financial statements.

TYRCONNELL HERITAGE SOCIETY

Statement of Changes in Net Assets For The Year Ended December 31, 2016

2016

	Unrestricted Fund \$	Restricted Fund \$	Total \$
BALANCE, BEGINNING OF YEAR	6,784	2,081	8,865
Net surplus (deficit) for the year	2,844	-	2,844
Interest	<u>-</u>	<u>17</u>	<u>17</u>
BALANCE, END OF YEAR	<u><u>9,628</u></u>	<u><u>2,098</u></u>	<u><u>11,743</u></u>

2015

	Unrestricted Fund \$	Restricted Fund \$	Total \$
BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY STATED	15,119	2,204	17,323
Prior period adjustment	<u>2,000</u>	<u>-</u>	<u>2,000</u>
BALANCE, BEGINNING OF YEAR	17,119	2,204	19,323
Net surplus (deficit) for the year	(10,539)	-	(10,539)
Interest	-	81	81
Transfer from Restricted Fund to Unrestricted Fund (Note 2)	<u>204</u>	<u>(204)</u>	<u>-</u>
BALANCE, END OF YEAR	<u><u>6,784</u></u>	<u><u>2,081</u></u>	<u><u>8,946</u></u>

See accompanying notes to the financial statements.

TYRCONNELL HERITAGE SOCIETY

Statement of Receipts and Expenditures For The Year Ended December 31, 2016

	2016	2015
	<u>\$</u>	<u>\$</u>
RECEIPTS		
Grants - government	40,865	52,371
Donations	19,255	18,276
Event income	12,317	11,623
Admission	3,540	1,629
Fundraising	3,022	2,681
Grants - other	2,632	8,350
Parks management	2,500	2,500
Gift shop	2,408	2,663
Membership	1,665	2,445
Rental	405	325
Miscellaneous	160	339
Investment income	<u>95</u>	<u>331</u>
	<u>88,864</u>	<u>103,533</u>
EXPENDITURES		
Wages and sub-contracts	37,294	60,487
Utilities and insurance	9,382	8,888
Tangible capital asset purchases	6,758	3,290
Grounds and gardens	4,260	3,478
Communication	4,106	4,018
Contract services	3,978	4,956
Event supplies	3,683	3,663
Advertising	3,471	11,361
Event food	3,178	3,212
Professional services	2,693	2,842
Gift shop	2,476	1,818
General office	2,183	2,404
Building maintenance	1,145	1,373
License and permits	433	752
Membership	326	574
Miscellaneous expense	307	499
Bank charges	149	217
Resource material	140	96
Collection care and maintenance	<u>58</u>	<u>144</u>
	<u>86,020</u>	<u>114,072</u>
NET SURPLUS (DEFICIT) FOR THE YEAR	<u><u>2,844</u></u>	<u><u>(10,539)</u></u>

See accompanying notes to the financial statements.

TYRCONNELL HERITAGE SOCIETY

Statement of Cash Flows For The Year Ended December 31, 2016

	2016	2015
	<u>\$</u>	<u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus (deficit) for the year	2,844	(10,539)
Interest income - restricted	17	81
Adjustments for non-cash items:		
Investment income re-invested and unrealized gain	<u>(63)</u>	<u>(189)</u>
	<u>2,798</u>	<u>(10,647)</u>
Changes in non-cash working capital:		
Decrease in accounts receivable and HST recoverable	374	985
Decrease (increase) in prepaid expenses	281	532
Increase (decrease) in accounts payable and accrued liabilities	425	(1,815)
Increase (decrease) in government remittances payable	822	(140)
Increase (decrease) in deferred revenue	<u>8,653</u>	<u>(2,180)</u>
	<u>10,555</u>	<u>(2,618)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of investments	<u>-</u>	<u>17,233</u>
	<u>-</u>	<u>17,233</u>
NET CHANGE IN CASH DURING THE YEAR	13,353	3,968
CASH, BEGINNING OF YEAR	<u>10,630</u>	<u>6,662</u>
CASH, END OF YEAR	<u>23,983</u>	<u>10,630</u>
CASH IS COMPRISED OF:		
Cash - unrestricted	<u>23,983</u>	<u>10,630</u>

See accompanying notes to the financial statements.

TYRCONNELL HERITAGE SOCIETY

Notes to the Financial Statements For The Year Ended December 31, 2016

NATURE OF THE ORGANIZATION

The Tyrconnell Heritage Society is an incorporated not-for-profit organization that is dedicated to the restoration and preservation of the Backus-Page House and surrounding estate. The organization is a registered charity and is exempt from income tax under paragraph 149(1)(1) in the Income Tax Act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Accounting Estimates

The preparation of these 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Revenue Recognition

The organization recognizes:

- Revenue from donations, events, fundraising and other income when received
- Revenue from grants when the related expenditures have been incurred

Amounts received that do not meet these recognition criteria are recorded as deferred revenue.

Tangible Capital Assets

Expenditures made during the year for tangible capital assets are expensed in the year incurred in the statement of receipts and expenditures.

Collections

The Tyrconnell Heritage Society holds several collections of specimens and artifacts that relate to local history, heritage and culture. These valuable collections have been acquired through contributions and purchases since the Heritage Society's inception. The collections are the property of the Tyrconnell Heritage Society. They are held under the care of the curatorial staff for educational and public exhibition purposes in the furtherance of the Tyrconnell Heritage Society's mission.

TYRCONNELL HERITAGE SOCIETY

Notes to the Financial Statements For The Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at 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.

Contributed Services

Volunteers contribute an indeterminable number of hours per year. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

2. RESTRICTED ASSETS

The organization has established an internal reserve in order to ensure that funds are available to support specific future activities. The following reserve has been established:

Cash - Restricted and Investments - Restricted

This reserve has been established to support future building projects.

Financial assets measured at amortized cost include restricted investments.

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Notes to the Financial Statements For The Year Ended December 31, 2016

3. INVESTMENTS - UNRESTRICTED

	Cost 2016 \$	Market Value 2016 \$	Cost 2015 \$	Market Value 2015 \$
Dividend Funds	<u>285</u>	<u>350</u>	<u>274</u>	<u>304</u>

4. FINANCIAL INSTRUMENTS

Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the statement of financial position.

Liquidity Risk

Liquidity risk is the risk that a organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

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. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to other price risk.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments in quoted shares.

It is management's opinion that the entity is not exposed to any significant foreign currency, credit, or interest rate risk.

No financial liabilities of the organization were in default during the period.

The organization is not subject to any covenants.

TYRCONNELL HERITAGE SOCIETY

Notes to the Financial Statements For The Year Ended December 31, 2016

5. ECONOMIC DEPENDENCE

The organization is dependant upon grant funding from local municipalities, the Province of Ontario and the Government of Canada. Without this funding, the organization may not be able to continue its operations.