

MUSÉE BYTOWN MUSEUM

FINANCIAL STATEMENTS

DECEMBER 31, 2017

MUSÉE BYTOWN MUSEUM

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Financial Statements	
Statement of Operations and Changes in Net Assets	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Additional Information	13

INDEPENDENT AUDITOR'S REPORT

To the Members of
Musée Bytown Museum

We have audited the accompanying financial statements of Musée Bytown Museum, which comprise the statement of financial position as at December 31, 2017, 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.

Auditor's 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 about whether the financial statements are free from 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.

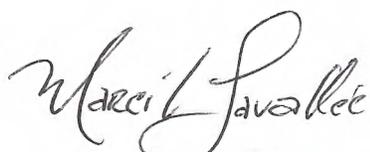
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Musée Bytown Museum derives revenue from boutique and cafe sales, admissions, donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the records of the Musée Bytown Museum. Therefore, we were not able to determine whether any adjustments might be necessary to these sources of revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016 and net assets as at December 31, 2017 and 2016 and January 1, 2016. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Musée Bytown Museum as at December 31, 2017, 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.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
April 24, 2018

MUSÉE BYTOWN MUSEUM

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2017

3

	2017	2016
REVENUE		
Grants and contributions (Schedule A)	\$ 499,485	\$ 442,762
Boutique and cafe sales	187,128	207,200
Other	67,598	37,831
Admissions	29,376	31,751
Donations and fundraising activities	21,922	11,509
Unrealized gain on investments	1,681	-
Investment income	609	-
	807,799	731,053
EXPENSES		
Operating expenses (Schedule B)	680,761	705,740
Project expenses (Schedule C)	68,459	32,777
	749,220	738,517
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	58,579	(7,464)
NET ASSETS, BEGINNING OF YEAR	226,342	233,806
NET ASSETS, END OF YEAR	\$ 284,921	\$ 226,342

MUSÉE BYTOWN MUSEUM

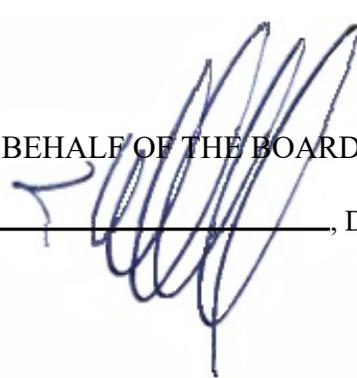
STATEMENT OF FINANCIAL POSITION

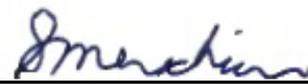
DECEMBER 31, 2017

4

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	\$ 162,509	\$ 129,674
Accounts receivable (Note 3)	16,410	12,708
Inventories	9,442	12,729
Prepaid expenses	8,180	5,186
Current portion of investments (Note 4)	33,770	-
	230,311	160,297
ADVANCES TO FONDATION MUSÉE BYTOWN MUSEUM FOUNDATION (Note 10)	-	120,000
INVESTMENTS (Note 4)	91,175	-
CAPITAL ASSETS (Note 5)	29,571	36,900
	120,746	156,900
	\$ 351,057	\$ 317,197
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 30,666	\$ 53,819
Deferred grants and contributions (Note 7)	21,470	17,886
	52,136	71,705
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 8)	14,000	19,150
	66,136	90,855
NET ASSETS		
Unrestricted	284,921	226,342
	\$ 351,057	\$ 317,197

ON BEHALF OF THE BOARD


_____, Director


_____, Director

MUSÉE BYTOWN MUSEUM

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

5

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 58,579	\$ (7,464)
Adjustments for:		
Amortization of capital assets	10,928	10,016
Amortization of deferred contributions related to capital assets	(5,150)	(4,339)
Unrealized gain on investments	(1,681)	-
	62,676	(1,787)
Net change in non-cash working capital items (Note 9)	(22,978)	14,147
	39,698	12,360
INVESTING ACTIVITIES		
Acquisition of investments	(123,264)	-
Acquisition of capital assets	(3,599)	(24,020)
	(126,863)	(24,020)
FINANCING ACTIVITIES		
Change in advances to The Bytown Museum Foundation	120,000	-
Increase in deferred contributions related to capital assets	-	20,000
	120,000	20,000
INCREASE IN CASH AND CASH EQUIVALENTS	32,835	8,340
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	129,674	121,334
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 162,509	\$ 129,674

Cash and cash equivalents consist of cash.

MUSÉE BYTOWN MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

6

1. STATUTE AND NATURE OF OPERATIONS

The Musée Bytown Museum (the Museum) is incorporated as a not-for-profit organization under Part II of the Canada Corporations Act which was replaced by the new Canada Not-for-Profit Corporations Act. The purpose of the Museum is to collect, research and preserve artifacts related to the history of Bytown, the City of Ottawa and its environment. The Museum is a registered charity under the Income Tax Act and, as such, it is exempt from income tax.

The Bytown Museum builds upon the legacy of the Women's Canadian Historical Society of Ottawa. The Museum's mandate is to collect, preserve, study and make accessible the material and cultural heritage of the Ottawa region's multicultural and diverse history. The Museum strives to tell the stories of an evolving city, from its first inhabitants and the early days of Bytown to present-day Ottawa.

2. SIGNIFICANT ACCOUNTING POLICIES

The Museum applies Canadian accounting standards for not-for-profit organizations (ASNFPPO) in accordance with Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements in compliance with the ASNFPPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the net realizable value of inventory and the estimated useful life of capital assets for amortization purposes.

Revenue recognition

The Museum follows the deferral method of accounting for grants and contributions. Restricted grants and contributions are recognized as revenue in the year in which the related expenses are incurred.

Boutique and cafe sales and admissions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Donations and fundraising activities are recognized when received.

Other revenue and interest are recognized when earned.

Allocation of common expenses

The Museum allocates a number of its expenses to projects. Wages and benefits and administration costs are allocated on the following basis:

- a) Wages and benefits costs: based on the budget for each project;
- b) Administration costs: based on the budget for each project.

MUSÉE BYTOWN MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

7

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services

The Museum 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 inherent difficulty in compiling these hours and establishing their value, contributed services are not recognized in the financial statements.

Cash and cash equivalents

The Museum's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

Contributions receivable

A contribution receivable is recognized as an asset when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Inventories

Inventories are measured at the lower of cost and net realizable value, with cost being determined using the specific identification method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

Capital assets

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful life using the following methods, annual rates and periods:

	Methods	Rates or periods
Equipment	Diminishing balance	20%
Computer equipment	Straight-line method	3 years
Equipment supported by external capital contributions	Straight-line method	5 years
Leasehold improvements	Straight-line method	5 years

Write-down of capital assets

When a capital asset no longer contributes to the Museum's ability to provide services, its carrying amount is written down to residual value, if any. The excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

Financial instruments

Measurement of financial instruments

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

MUSÉE BYTOWN MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

8

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The Museum subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market and financial instruments designated at fair value at recognition date, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash and accounts receivable. Financial assets measured at fair value include investments in mutual funds and publicly traded shares.

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

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The Museum determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, 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 operations.

Transaction costs

The Museum recognizes its transaction costs in operations in the period incurred. However, transaction costs related to financial instruments subsequently measured at amortized cost reduce the carrying amount of the financial asset or liability and are accounted for in the statement of operations using the straight-line method.

3. ACCOUNTS RECEIVABLE

	2017	2016
Accounts receivable	\$ 6,327	\$ 8,448
Allowance for doubtful accounts	(3,146)	-
	3,181	8,448
Grants and contributions receivable	12,880	-
HST receivable	349	4,260
	\$ 16,410	\$ 12,708

MUSÉE BYTOWN MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

9

4. INVESTMENTS

	2017	2016
At amortized cost:		
Guaranteed investment certificates, bearing interest at rates varying between 1.7% and 2.2%, maturing between December 2018 and December 2019	\$ 56,805	\$ -
At fair value:		
Mutual funds	13,756	-
Publicly traded shares	54,384	-
	124,945	-
Current portion of guaranteed investment certificates	33,770	-
	\$ 91,175	\$ -

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2017	2016
Equipment	\$ 42,965	\$ 16,584	\$ 26,381	\$ 31,057
Computer equipment	9,556	8,348	1,208	1,352
Leasehold improvements	12,546	10,564	1,982	4,491
	\$ 65,067	\$ 35,496	\$ 29,571	\$ 36,900

6. COLLECTIONS

The Museum's collection consists of photographs, artwork, furniture, household, military items and other. The collection comprises nearly 10,000 items. The Museum's important artifact collection has been built on the generous donations of the community from 1898 to present. The monetary evaluation of items within the collection cannot be determined and thus, the value of individual artifacts is not recognized in the financial statements. However, the collection is of invaluable historical value to the story of our community.

MUSÉE BYTOWN MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

10

7. DEFERRED GRANTS AND CONTRIBUTIONS

	2017	2016
Balance, beginning of year	\$ 17,886	\$ 33,588
Plus: Amounts restricted for the subsequent year	38,388	19,091
Less: Amounts recognized as revenue in the year	(34,804)	(34,793)
Balance, end of year	\$ 21,470	\$ 17,886

The ending balance of deferred grants and contributions is represented as follows:

	2017	2016
Strategic and Business Plan Development	\$ 8,880	\$ 11,283
MSP Translation Funds	4,861	5,275
Database Management and Collection Upgrade Project	4,729	-
Young Canada Works Internship program	3,000	1,181
Awesome Ottawa	-	147
	\$ 21,470	\$ 17,886

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2017	2016
Balance, beginning of year	\$ 19,150	\$ 3,489
Plus: Amounts restricted for the subsequent year	-	20,000
Less: Amounts recognized as revenue in the year	(5,150)	(4,339)
Balance, end of year	\$ 14,000	\$ 19,150

9. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2017	2016
Accounts receivable	\$ (3,702)	\$ 2,104
Inventories	3,287	424
Prepaid expenses	(2,994)	(213)
Accounts payable and accrued liabilities	(23,153)	27,534
Deferred grants and contributions	3,584	(15,702)
	\$ (22,978)	\$ 14,147

MUSÉE BYTOWN MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

11

10. ECONOMIC INTEREST

The Fondation Musée Bytown Museum Foundation's objective was to raise, receive, maintain and manage funds and to apply all or part of them and the income derived from them for the benefit of the Musée Bytown Museum. As of October 5, 2017, the Fondation Musée Bytown Museum Foundation has ceased operations and will be dissolved over the next year. All funds originally advanced to the Foundation by the Museum have been returned to the Museum during the year. In addition, the Fondation Musée Bytown Museum Foundation also donated \$10,370 to Musée Bytown Museum.

A financial summary of the Foundation as at December 31, 2017 is as follows:

	2017	2016
Statement of financial position		
Assets	\$ -	\$ 127,693
Liabilities	-	(122,000)
Net assets (deficiency)	-	5,693
Statement of operations		
Revenue	6,048	10,423
Expenses	11,741	3,438
Excess (Deficiency) of revenue over expenses	\$ (5,693)	\$ 6,985

MUSÉE BYTOWN MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

12

11. ALLOCATION OF COMMON COSTS

Amounts for wages and benefits and administration costs are allocated as follows:

	Wages and benefits		Administration costs	
	2017	2016	2017	2016
Canada 150	\$ 10,656	\$ -	\$ 22,412	\$ -
Database Management and Collection Upgrade Project	13,109	15,268	-	-
Community Foundation of Ottawa - Youth Council	10,042	9,960	-	-
Canadian Heritage	4,602	4,602	-	-
Chill Factor	-	-	1,500	1,500
Parks Canada Contribution	588	-	2,412	-
Strategic and Business Plan Development	-	-	2,403	594
CMA Bursary	-	-	588	-
Awesome Ottawa	-	-	147	853
	\$ 38,997	\$ 29,830	\$ 29,462	\$ 2,947

12. DATABASE MANAGEMENT AND COLLECTIONS UPGRADE PROJECT

The net assets include an unrestricted fund balance of \$4,974 that has been earmarked for the Database Management and Collections Upgrade Project, which will be used in 2018 to cover related expenses to be incurred.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the current year's presentation.

MUSÉE BYTOWN MUSEUM

ADDITIONAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2017

13

	2017	2016
SCHEDULE A - GRANTS AND CONTRIBUTIONS		
Heritage Funding Program	\$ 318,150	\$ 315,000
Young Canada Works	44,582	35,816
Canada 150	32,344	-
Community Museum Operating Grant	26,317	26,317
Summer Career Placement Program	23,650	15,255
Database Management and Collections Upgrade Project	13,109	15,268
MSP Translation funds	10,964	11,758
Community Foundation of Ottawa	10,000	9,960
Canadian Heritage	4,602	4,602
Ontario Trillium Foundation	4,000	2,000
Parks Canada Agency	3,000	-
Summer Experience Program	2,979	-
Strategic and Business Plan Development	2,403	594
Chill Factor	1,500	1,500
Cultural Facilities Fund Program	1,150	2,339
CMA Bursary Program	588	-
Awesome Ottawa	147	853
Downtown Rideau BIA	-	1,500
	\$ 499,485	\$ 442,762

SCHEDULE B - OPERATING EXPENSES

Wages and benefits	\$ 369,463	\$ 375,356
Boutique and cafe purchases	115,498	105,250
Interpretation, marketing and special events	56,987	59,144
Administration	56,652	74,956
Maintenance	37,720	55,061
Collection management	19,253	11,697
Rent	14,260	14,260
Amortization of capital assets	10,928	10,016
	\$ 680,761	\$ 705,740

MUSÉE BYTOWN MUSEUM

ADDITIONAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2017

14

	2017	2016
SCHEDULE C - PROJECT EXPENSES		
Canada 150	\$ 33,068	\$ -
Database Management and Collections Upgrade Project	13,109	15,268
Community Foundation of Ottawa	10,042	9,960
Canadian Heritage	4,602	4,602
Parks Canada Contribution	3,000	-
Strategic and Business Plan Development	2,403	594
Chill Factor	1,500	1,500
CMA Bursary Program	588	-
Awesome Ottawa	147	853
	\$ 68,459	\$ 32,777
