

**MUSÉE BYTOWN MUSEUM**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

# MUSÉE BYTOWN MUSEUM

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Musée Bytown Museum

### *Qualified Opinion*

We have audited the financial statements of Musée Bytown Museum (the Museum), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Museum as at December 31, 2018, 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 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, 2018 and 2017, current assets as at December 31, 2018 and 2017 and net assets as at December 31, 2018 and 2017 and January 1, 2017. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

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 Museum 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 qualified audit opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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 Museum'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 Museum or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Museum's financial reporting process.

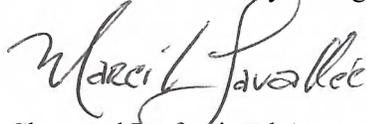
### *Auditor's Responsibilities for the Audit of the Financial Statements*

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 Museum'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 Museum'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 Museum 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.



Marcil Lavallée

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
April 30, 2019

# MUSÉE BYTOWN MUSEUM

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2018

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	2018	2017
<b>REVENUE</b>		
Grants and contributions (Schedule A)	\$ 460,540	\$ 499,485
Boutique and cafe sales	188,724	187,128
Other	38,620	67,598
Admissions	28,623	29,376
Donations and fundraising activities	28,486	21,922
Unrealized gain on investments	4,272	1,681
Investment income	2,244	609
	<b>751,509</b>	<b>807,799</b>
<b>EXPENSES</b>		
Operating expenses (Schedule B)	706,026	680,761
Project expenses (Schedule C)	24,136	68,459
	<b>730,162</b>	<b>749,220</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>21,347</b>	<b>58,579</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>284,921</b>	<b>226,342</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 306,268</b>	<b>\$ 284,921</b>

# MUSÉE BYTOWN MUSEUM

## STATEMENT OF FINANCIAL POSITION

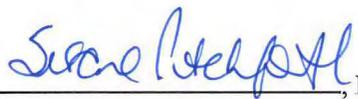
DECEMBER 31, 2018

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	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 228,940	\$ 162,509
Accounts receivable (Note 3)	6,388	16,410
Inventories	9,585	9,442
Prepaid expenses	11,050	8,180
Current portion of investments (Note 4)	23,545	33,770
	<u>279,508</u>	<u>230,311</u>
INVESTMENTS (Note 4)	72,487	91,175
CAPITAL ASSETS (Note 5)	20,630	29,571
	<u>93,117</u>	<u>120,746</u>
	<u>\$ 372,625</u>	<u>\$ 351,057</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 28,332	\$ 30,666
Deferred grants and contributions (Note 7)	28,025	21,470
	<u>56,357</u>	<u>52,136</u>
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 8)	10,000	14,000
	<u>66,357</u>	<u>66,136</u>
<b>NET ASSETS</b>		
Unrestricted	306,268	284,921
	<u>\$ 372,625</u>	<u>\$ 351,057</u>

ON BEHALF OF THE BOARD

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

# MUSÉE BYTOWN MUSEUM

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

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	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 21,347	\$ 58,579
<b>Adjustments for:</b>		
Amortization of capital assets	8,941	10,928
Amortization of deferred contributions related to capital assets	(4,000)	(5,150)
Unrealized gain on investments	(4,272)	(1,681)
	22,016	62,676
Net change in non-cash working capital items (Note 9)	11,230	(22,978)
	33,246	39,698
<b>INVESTING ACTIVITIES</b>		
Acquisition of investments	-	(123,264)
Proceeds from disposal of investments	33,185	-
Acquisition of capital assets	-	(3,599)
	33,185	(126,863)
<b>FINANCING ACTIVITY</b>		
Change in advances to The Bytown Museum Foundation	-	120,000
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>66,431</b>	<b>32,835</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>162,509</b>	<b>129,674</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 228,940</b>	<b>\$ 162,509</b>

Cash and cash equivalents consist of cash.

# MUSÉE BYTOWN MUSEUM

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

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### 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, 2018

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### 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 can fluctuate 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:

	<b>Methods</b>	<b>Rates or periods</b>
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, 2018

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### 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, accounts receivable and guaranteed investment certificate. 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*

Transaction costs related to financial instruments subsequently measured at amortized cost adjust 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

	2018	2017
Accounts receivable	\$ 214	\$ 6,327
Allowance for doubtful accounts	-	(3,146)
	214	3,181
Grants and contributions receivable	3,298	12,880
HST receivable	2,876	349
	\$ 6,388	\$ 16,410

# MUSÉE BYTOWN MUSEUM

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

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### 4. INVESTMENTS

	2018	2017
<b>At amortized cost:</b>		
Guaranteed investment certificate, bearing interest at 2.2%, maturing December 13, 2019.	\$ 23,545	\$ 56,805
<b>At fair value:</b>		
Mutual funds	13,924	13,756
Publicly traded shares	58,563	54,384
	96,032	124,945
Current portion of guaranteed investment certificate	23,545	33,770
	\$ 72,487	\$ 91,175

### 5. CAPITAL ASSETS

	Cost	Accumulated amortization	2018	2017
Equipment	\$ 42,965	\$ 23,060	\$ 19,905	\$ 26,381
Computer equipment	9,556	8,831	725	1,208
Leasehold improvements	12,546	12,546	-	1,982
	\$ 65,067	\$ 44,437	\$ 20,630	\$ 29,571

### 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, 2018

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### 7. DEFERRED GRANTS AND CONTRIBUTIONS

	2018	2017
Balance, beginning of year	\$ 21,470	\$ 17,886
Plus: Amounts restricted for the subsequent year	30,737	38,388
Less: Amounts recognized as revenue in the year	(24,182)	(34,804)
Balance, end of year	\$ 28,025	\$ 21,470

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

	2018	2017
Capacity Building Funding Program	\$ 11,070	\$ -
Strategic and Business Plan Development	7,373	8,880
MSP Translation Funds	4,582	4,861
Cultural Facilities Funding Program	3,000	-
Young Canada Works Internship program	2,000	3,000
Database Management and Collection Upgrade Project	-	4,729
	\$ 28,025	\$ 21,470

### 8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2018	2017
Balance, beginning of year	\$ 14,000	\$ 19,150
Less: Amounts recognized as revenue in the year	(4,000)	(5,150)
Balance, end of year	\$ 10,000	\$ 14,000

### 9. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2018	2017
Accounts receivable	\$ 10,022	\$ (3,702)
Inventories	(143)	3,287
Prepaid expenses	(2,870)	(2,994)
Accounts payable and accrued liabilities	(2,334)	(23,153)
Deferred grants and contributions	6,555	3,584
	\$ 11,230	\$ (22,978)

# MUSÉE BYTOWN MUSEUM

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

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### 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 its operations. All funds originally advanced to the Foundation by the Museum have been returned to the Museum in 2017. In addition, the Fondation Musée Bytown Museum Foundation also donated \$10,370 to Musée Bytown Museum in 2017.

### 11. ECONOMIC DEPENDENCE

During the year, the Museum has received \$331,375 in grants and contributions (2017: \$331,517) from the City of Ottawa. This source of revenue represents 44% (2017: 41%) of the Museum's total revenue. Economic dependence arises from the fact that the viability of the Museum would be affected by the loss of this revenue.

### 12. ALLOCATION OF COMMON COSTS

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

	Wages and benefits		Administration costs	
	2018	2017	2018	2017
Community Foundation of Ottawa - Youth Council	\$ 10,000	\$ 10,042	\$ -	\$ -
Canadian Heritage	5,400	4,602	1,000	-
Database Management and Collection Upgrade Project	4,729	13,109	-	-
Strategic and Business Plan Development	-	-	1,507	2,403
Chill Factor	-	-	1,500	1,500
Canada 150	-	10,656	-	22,412
Parks Canada Contribution	-	588	-	2,412
CMA Bursary	-	-	-	588
Awesome Ottawa	-	-	-	147
	\$ 20,129	\$ 38,997	\$ 4,007	\$ 29,462

# MUSÉE BYTOWN MUSEUM

## ADDITIONAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2018

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	2018	2017
<b>SCHEDULE A - GRANTS AND CONTRIBUTIONS</b>		
Heritage Funding Program	\$ 322,922	\$ 318,150
Young Canada Works	54,087	44,582
Community Museum Operating Grant	26,317	26,317
Summer Career Placement Program	22,133	23,650
Community Foundation of Ottawa	10,000	10,000
MSP Translation funds	6,945	10,964
Canadian Heritage	6,400	4,602
Database Management and Collections Upgrade Project	4,729	13,109
Amortization of deferred contributions related to capital assets (Ontario Trillium Foundation)	4,000	4,000
Strategic and Business Plan Development	1,507	2,403
Chill Factor	1,500	1,500
Canada 150	-	32,344
Parks Canada Agency	-	3,000
Summer Experience Program	-	2,979
Cultural Facilities Fund Program	-	1,150
CMA Bursary Program	-	588
Awesome Ottawa	-	147
	<b>\$ 460,540</b>	<b>\$ 499,485</b>

## SCHEDULE B - OPERATING EXPENSES

Wages and benefits	\$ 394,349	\$ 369,463
Boutique and cafe purchases	108,971	115,498
Administration	68,457	56,652
Interpretation, marketing and special events	58,660	56,987
Maintenance	32,822	37,720
Collection management	19,566	19,253
Rent	14,260	14,260
Amortization of capital assets	8,941	10,928
	<b>\$ 706,026</b>	<b>\$ 680,761</b>

# MUSÉE BYTOWN MUSEUM

## ADDITIONAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2018

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	2018	2017
<b>SCHEDULE C - PROJECT EXPENSES</b>		
Community Foundation of Ottawa	\$ 10,000	\$ 10,042
Canadian Heritage	6,400	4,602
Database Management and Collections Upgrade Project	4,729	13,109
Strategic and Business Plan Development	1,507	2,403
Chill Factor	1,500	1,500
Canada 150	-	33,068
Parks Canada Contribution	-	3,000
CMA Bursary Program	-	588
Awesome Ottawa	-	147
	<b>\$ 24,136</b>	<b>\$ 68,459</b>