

MUSÉE BYTOWN MUSEUM

FINANCIAL STATEMENTS

DECEMBER 31, 2020

MUSÉE BYTOWN MUSEUM

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Financial Statements	
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Additional Information	14

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, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible 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, 2020, 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, 2020 and 2019, current assets as at December 31, 2020 and 2019 and net assets as at December 31, 2020 and 2019 and January 1, 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

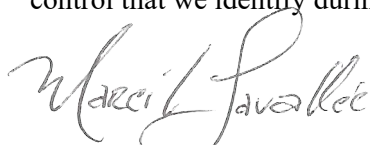
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
March 30, 2021

MUSÉE BYTOWN MUSEUM

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

4

	2020	2019
REVENUE		
Grants and contributions (Schedule A)	\$ 582,503	\$ 443,828
Other	5,910	32,474
Donations and fundraising activities	3,272	18,567
Investment income	3,373	4,034
Admissions	725	18,781
Boutique and cafe sales	614	155,150
Realized gain on investments	-	5,291
	596,397	678,125
EXPENSES		
Operating expenses (Schedule B)	485,498	641,698
Project expenses (Schedule C)	20,143	28,062
	505,641	669,760
EXCESS OF REVENUE OVER EXPENSES	\$ 90,756	\$ 8,365

MUSÉE BYTOWN MUSEUM

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2020

5

	Unrestricted	Internal restriction (Note 11)	2020 Total	2019 Total
BALANCE, BEGINNING OF YEAR	\$ 204,724	\$ 109,909	\$ 314,633	\$ 306,268
Excess of revenue over expenses	90,756	-	90,756	8,365
BALANCE, END OF YEAR	\$ 295,480	\$ 109,909	\$ 405,389	\$ 314,633

MUSÉE BYTOWN MUSEUM

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

6

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 305,645	\$ 201,759
Accounts receivable (Note 3)	1,351	2,257
Canada Emergency Wage Subsidy receivable	1,803	-
Grants and contributions receivable	19,829	-
Inventories	11,256	13,665
Prepaid expenses	3,444	8,429
Guaranteed investment certificate, 0.18%, maturing May 27, 2021	111,206	108,477
	454,534	334,587
CAPITAL ASSETS (Note 4)	11,450	18,252
COLLECTIONS (Note 5)	1	1
	11,451	18,253
	\$ 465,985	\$ 352,840
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 17,510	\$ 19,330
Deferred grants and contributions (Note 7)	39,586	10,377
	57,096	29,707
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 8)	3,500	8,500
	60,596	38,207
NET ASSETS		
Unrestricted	295,480	204,724
Internal restriction (Note 11)	109,909	109,909
	405,389	314,633
	\$ 465,985	\$ 352,840

ON BEHALF OF THE BOARD


_____, Director


_____, Director

MUSÉE BYTOWN MUSEUM

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

7

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 90,756	\$ 8,365
Adjustments for:		
Amortization of capital assets	7,882	7,281
Amortization of deferred contributions related to capital assets	(5,000)	(4,500)
	93,638	11,146
Net change in non-cash working capital items (Note 9)	14,057	(20,978)
	107,695	(9,832)
INVESTING ACTIVITIES		
Net change in guaranteed investment certificate	(2,729)	(12,445)
Acquisition of capital assets	(1,080)	(4,904)
	(3,809)	(17,349)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	103,886	(27,181)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	201,759	228,940
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 305,645	\$ 201,759

Cash and cash equivalents consist of cash.

MUSÉE BYTOWN MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

8

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 is Ottawa's museum, exploring the stories and values of an evolving city and its residents from its First Peoples through the early days as Bytown to present day Ottawa. The Museum is committed to engaging our visitors and community in discovery and dialogue as we aim to deepen the many connections within and between our diverse communities.

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, 2020

9

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:

	Methods	Rates or periods
Equipment	Diminishing balance	20%
Equipment	Straight-line method	5 years
Computer equipment	Straight-line method	3 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.

Collections

The Museum's collection consists of photographs, artwork, furniture, household, military items and other. The collection is comprised of nearly 10,000 items. The Museum's collection has been recognized as an asset in the statement of financial position at a symbolic value.

MUSÉE BYTOWN MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

10

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, Canada Emergency Wage Subsidy receivable, grants and contributions receivable and guaranteed investment certificate.

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

	2020	2019
Accounts receivable	\$ 235	\$ 825
HST receivable	1,116	-
Accrued interest on guaranteed investment certificates	-	1,432
	\$ 1,351	\$ 2,257

MUSÉE BYTOWN MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

11

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020	2019
Equipment	\$ 42,964	\$ 34,626	\$ 8,338	\$ 13,923
Computer equipment	15,540	12,428	3,112	4,329
Leasehold improvements	12,546	12,546	-	-
	\$ 71,050	\$ 59,600	\$ 11,450	\$ 18,252

5. COLLECTIONS

The Museum's collection consists of photographs, artwork, furniture, household, military items and other. The collection is comprised of 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 fair market value of items within the collection cannot be determined. A symbolic value of \$ 1 has been attributed for the purposes of the financial statements. The collection is of invaluable historical value to the story of our community.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Accounts payable and accrued liabilities	\$ 17,510	\$ 16,677
HST payable	-	2,653
	\$ 17,510	\$ 19,330

7. DEFERRED GRANTS AND CONTRIBUTIONS

	2020	2019
Balance, beginning of year	\$ 10,377	\$ 28,025
Plus: Amounts restricted for the subsequent year	74,642	6,666
Less: Amounts transferred to deferred contributions related to capital assets	-	(3,000)
Less: Amounts recognized as revenue in the year	(45,433)	(21,314)
Balance, end of year	\$ 39,586	\$ 10,377

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

	2020	2019
MSP Translation Funds	\$ 9,934	\$ 5,666
Strategic and Business Plan Development	4,536	4,711
Emergency Museums Assistance Program Grant	25,116	-
	\$ 39,586	\$ 10,377

MUSÉE BYTOWN MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

12

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2020	2019
Balance, beginning of year	\$ 8,500	\$ 10,000
Plus: Amounts transferred from deferred grants and contributions	-	3,000
Less: Amounts recognized as revenue in the year	(5,000)	(4,500)
Balance, end of year	\$ 3,500	\$ 8,500

9. CASH FLOWS

Net change in non-cash working capital items:

	2020	2019
Accounts receivable	\$ 906	\$ 4,131
Grants and contributions receivable	(19,829)	-
Canada Emergency Wage Subsidy receivable	(1,803)	-
Inventories	2,409	(4,080)
Prepaid expenses	4,985	2,621
Accounts payable and accrued liabilities	(1,820)	(9,002)
Deferred grants and contributions	29,209	(14,648)
	\$ 14,057	\$ (20,978)

Financing and investing activities not involving cash:

	2020	2019
Deferred contributions related to capital assets	\$ -	\$ 3,000
Deferred grants and contributions	\$ -	\$ (3,000)

10. ECONOMIC DEPENDENCE

During the year, the Museum has received \$333,013 in grants and contributions (2019: \$341,814) from the City of Ottawa. This source of revenue represents 56% (2019: 50%) 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.

11. INTERNAL RESTRICTION

Following the transfer of the investments held by Fondation Musée Bytown Museum Foundation to the Museum in 2017 and the closure of the investment accounts in 2019, the Board of directors established an internally restricted fund. An amount of \$109,909 was set aside for emergencies, maintenance, repairs and betterment of the Museum.

MUSÉE BYTOWN MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

13

12. ALLOCATION OF COMMON COSTS

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

	Wages and benefits		Administration costs	
	2020	2019	2020	2019
Community Foundation of Ottawa - Youth Council	\$ -	\$ 10,000	\$ -	\$ -
Capacity Building Funding Program	-	-	-	10,000
Canadian Heritage Strategic and Business Plan Development	3,431	5,400	-	-
	-	-	-	2,662
	\$ 3,431	\$ 15,400	\$ -	\$ 12,662

13. CONTINGENCIES

Other indemnification agreements

In the normal course of operations, the Museum signs agreements whereby funds are provided for the execution of projects which are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of the Museum to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

14. CORONAVIRUS PANDEMIC

The coronavirus pandemic (COVID-19) has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. As at the date of approval of the financial statements, this situation had the following impacts on the Museum's operations, namely: temporary closure and decrease of the self generated revenue. The financial impact on the Museum is dependent on the future course of events, including the duration of interruptions and trade restrictions imposed by the government, the rollout of the vaccination program among the general public and the effectiveness of measures taken in Canada and other countries to combat the virus. These events are highly uncertain and, as such, the Museum cannot determine the ultimate financial impacts at this time.

MUSÉE BYTOWN MUSEUM

ADDITIONAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2020

14

	2020	2019
SCHEDULE A - GRANTS AND CONTRIBUTIONS		
Heritage Funding Program	\$ 328,440	\$ 322,000
Canada Emergency Wage Subsidy	104,106	-
Emergency Museums Assistance Program Grant	41,860	-
Young Canada Works	33,968	36,281
Community Museum Operating Grant	26,317	26,317
Summer Career Placement Program	19,829	20,016
Community Foundation of Ottawa	10,000	10,000
ACFO Bilingual Grant	5,960	-
Amortization of deferred contributions related to capital assets (Ontario Trillium Foundation) and Cultural Facilities Funding Program	5,000	4,500
Canadian Heritage	3,450	5,400
MSP Translation funds	3,398	5,582
Strategic and Business Plan Development	175	2,662
Capacity Building Funding Program	-	11,070
	\$ 582,503	\$ 443,828

SCHEDULE B - OPERATING EXPENSES

Wages and benefits	\$ 359,480	\$ 367,933
Administration	52,706	66,382
Maintenance	23,807	32,275
Boutique and cafe purchases	3,278	87,695
Interpretation, marketing and special events	20,171	37,982
Rent	14,260	14,260
Collection management	3,914	27,890
Amortization of capital assets	7,882	7,281
	\$ 485,498	\$ 641,698

SCHEDULE C - PROJECT EXPENSES

Community Foundation of Ottawa	\$ 10,000	\$ 10,000
ACFO Bilingual Grant	6,537	-
Canadian Heritage	3,431	5,400
Strategic and Business Plan Development	175	2,662
Capacity Building Funding Program	-	10,000
	\$ 20,143	\$ 28,062