

**THE TOWN OF YORK HISTORICAL SOCIETY**

**Financial Statements**

**December 31, 2020**

**THE TOWN OF YORK HISTORICAL SOCIETY**

**Index to Financial Statements**

**Year Ended December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of The Town of York Historical Society

### *Opinion*

We have audited the financial statements of The Town of York Historical Society ("the Society"), which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, operations 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 Society 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 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 Society 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 those 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 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 Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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.

(continues)

Independent Auditor's Report to the Members of The Town of York Historical Society *(continued)*

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 Society'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 Society'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 Society 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.

*Hogg, Shain & Scheck PC*

Toronto, Ontario  
August 17, 2021

Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

THE TOWN OF YORK HISTORICAL SOCIETY

Statement of Financial Position

December 31, 2020

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 47,218	\$ 14,964
Accounts receivable (Notes 8 and 12)	13,824	9,550
Inventory	27,673	20,981
Prepaid expenses	3,011	-
	<u>91,726</u>	<u>45,495</u>
<b>CAPITAL ASSETS (Note 4)</b>	713	946
<b>COLLECTIONS (Note 5)</b>	<u>349,221</u>	<u>348,726</u>
	<u>\$ 441,660</u>	<u>\$ 395,167</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 3)	\$ 15,571	\$ 10,305
Due to Canada Post Corporation (Notes 7 and 10)	747	14,338
Deferred revenues	16,262	22,463
	<u>32,580</u>	<u>47,106</u>
<b>NET ASSETS</b>		
<b>INVESTED IN CAPITAL ASSETS</b>	713	946
<b>INVESTED IN COLLECTIONS</b>	349,221	348,726
<b>UNRESTRICTED</b>	<u>59,146</u>	<u>(1,611)</u>
	<u>409,080</u>	<u>348,061</u>
	<u>\$ 441,660</u>	<u>\$ 395,167</u>

COMMITMENT (Note 11)

SIGNIFICANT EVENT (Note 12)

APPROVED ON BEHALF OF THE BOARD

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See the accompanying notes to these financial statements

**THE TOWN OF YORK HISTORICAL SOCIETY**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2020**

	Invested in capital assets	Invested in collections	Unrestricted	<i>Total</i> <b>2020</b>	<i>Total</i> 2019
<b>BALANCE - BEGINNING OF YEAR</b>	\$ 946	\$ 348,726	\$ (1,611)	\$ <b>348,061</b>	\$ 333,278
Excess of revenues over expenses	-	-	60,524	<b>60,524</b>	13,793
Amortization of capital assets	(233)	-	233	-	-
Gifts of artifacts	-	495	-	<b>495</b>	990
<b>BALANCE - END OF YEAR</b>	\$ 713	\$ 349,221	\$ 59,146	\$ <b>409,080</b>	\$ 348,061

*See the accompanying notes to these financial statements*

**THE TOWN OF YORK HISTORICAL SOCIETY**

**Statement of Operations**

**Year Ended December 31, 2020**

	2020	2019
<b>REVENUES</b>		
Government grants <i>(Note 6)</i>	\$ 67,938	\$ 49,508
Toronto's First Post Office <i>(Note 7)</i>	50,416	54,972
Government assistance <i>(Note 8)</i>	59,030	-
Canada Post Corporation, service and other fees (net)	46,688	47,256
Box rentals	37,107	27,236
Donations <i>(Note 9)</i>	13,531	8,866
Gift shop (net)	5,071	12,777
Memberships	4,796	4,460
Fundraising	4,231	7,814
Tours	1,132	4,949
Other	586	81
U.S. postage sales (net)	541	570
	<u>291,067</u>	<u>218,489</u>
<b>EXPENSES</b>		
Salaries and benefits	157,304	148,946
Accounting and audit	17,078	10,303
Rent	15,583	15,199
Office and general	10,271	10,893
Interest and bank charges	9,292	11,834
Repairs and maintenance	5,211	4,409
Fundraising <i>(Note 9)</i>	4,607	5,035
Telephone and internet	3,512	4,725
Insurance	3,504	2,959
Advertising and promotion	1,518	820
Members' programs	1,370	2,695
Exhibitions and education programs	1,060	2,042
Amortization of capital assets	233	314
	<u>230,543</u>	<u>220,174</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>60,524</b>	<b>(1,685)</b>
<b>OTHER INCOME</b>		
Sale of property (net)	-	15,478
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 60,524</b>	<b>\$ 13,793</b>

*See the accompanying notes to these financial statements*

**THE TOWN OF YORK HISTORICAL SOCIETY**

**Statement of Cash Flows**  
**Year Ended December 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 60,524	\$ 13,793
Item not affecting cash:		
Amortization of capital assets	233	314
	<u>60,757</u>	<u>14,107</u>
Changes in non-cash working capital:		
Accounts receivable	(4,274)	1,409
Inventory	(6,692)	3,316
Prepaid expenses	(3,011)	1,488
Accounts payable and accrued liabilities	5,266	5,009
Due to Canada Post Corporation	(13,591)	(3,405)
Deferred revenues	(6,201)	(2,706)
	<u>(28,503)</u>	<u>5,111</u>
<b>INCREASE IN CASH</b>	<b>32,254</b>	<b>19,218</b>
<b>CASH (DEFICIENCY) - BEGINNING OF YEAR</b>	<b>14,964</b>	<b>(4,254)</b>
<b>CASH - END OF YEAR</b>	<b>\$ 47,218</b>	<b>\$ 14,964</b>

*See the accompanying notes to these financial statements*

# THE TOWN OF YORK HISTORICAL SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2020

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### 1. NATURE AND PURPOSE OF THE ORGANIZATION

The Town of York Historical Society (the "Society") was incorporated in April 1983 as a not-for-profit society under the Ontario Historical Society Act. The Society is a registered charity under subsection 149(1) of the Income Tax Act (Canada) and, as such, it is exempt from income taxes and may issue receipts for charitable donations.

The mandate of the Society is to research, interpret and promote the history of the Town of York and early Toronto, and to foster the maintenance of the Town of York's surviving built environment.

Through its work, the society informs contemporary residents and visitors about the origins and early lifestyles of Toronto. The Society believes in the importance

- Sharing a passion for our history by means of open and effective communication; and
- Preserving built-form and written and pictorial records that depict the past in a manner that captures the spirit and essence of a socially inclusive history.

The Society operates Toronto's First Post Office, a post-office museum and a National Historic Site. As part of that function, it also operates a Canada Post Corporation ("Canada Post") full-service franchise seven days a week as an appropriate continuation of the site's original purpose. The museum is situated on its original site and within its original walls. The interior is a recreation based on authentic archival materials extant from Postmaster James Scot Howard's original construction in 1833.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

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

These financial statements are the representation of management and have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies.

#### Revenue recognition

The Society follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenues when received or receivable, provided that contributions receivable can be reasonably estimated and collection is reasonably assured. Restricted contributions, including grants, are recognized as revenues in the year in which the related activities are carried out and expenses are incurred.

Postal sales, rentals and other revenues are recognized as revenues upon completion of performance or delivery of services, when collection is reasonably assured.

Government assistance, including rebates and subsidies in response to COVID-19 (Note 8), are recognized on an accrual basis in the year in which the related eligible expenses have been incurred.

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**THE TOWN OF YORK HISTORICAL SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and amounts due to Canada Post Corporation.

Inventory

Inventory of postage and museum shop items for sale is stated at the lower of cost (determined on a first-in, first-out basis) and net realizable value.

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided over their estimated useful lives at the following rates and methods:

Computer equipment	30%	declining-balance method
Furniture and fixtures	20%	declining-balance method
Software	25%	declining balance method

Management regularly reviews its capital assets to eliminate obsolete items.

Collections

Collections, consisting of artifacts and collectibles, post office restorations, exhibits and library, are carried at cost, or in the case of gifts, at fair value. The Society does not include gifts of artifacts in the statement of operations, but records them as direct increases to net assets on the statement of financial position. In the event an item from the collection is sold, the proceeds would be used to acquire items to be added to the collection or for the direct care of the existing collection.

Use of estimates

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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring the use of management estimates relate to allowance for doubtful accounts receivable, inventory obsolescence, accrued liabilities and deferred revenues. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the period they become known. Actual results could differ from these estimates.

Contributed services

Volunteers contribute time to assist the Society in carrying out its programs. Contributed services are not recognized in the financial statements.

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# THE TOWN OF YORK HISTORICAL SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2020

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### 3. FINANCIAL INSTRUMENTS

The Society has an operating line of credit of \$25,000. Advances under the line of credit bear interest at the prime rate plus 2.85% per annum and are secured by a general security agreement over the Society's assets and a personal guarantee of a certain officer. At December 31, 2020, the balance of the operating line of credit is \$Nil (2019 - \$Nil).

Accounts receivable from customers are monitored regularly to ensure collection.

Accounts payable and accrued liabilities at December 31, 2020 include government remittances payable of \$3,476 (2019 - \$3,309).

The carrying value of the Society's financial instruments approximates their fair value due to the relatively short term to maturity of these instruments. It is management's opinion that the Society is not exposed to significant interest rate, credit or liquidity risk arising from its financial instruments.

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### 4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 16,111	\$ 15,858	\$ 253	\$ 360
Furniture and fixtures	11,887	11,549	338	422
Software	4,837	4,715	122	163
	<u>\$ 32,835</u>	<u>\$ 32,122</u>	<u>\$ 713</u>	<u>\$ 945</u>

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### 5. COLLECTIONS

	2020	2019
Artifacts and collections	\$ 258,785	\$ 258,290
Artifacts under accession	15,869	15,869
Post office restorations and exhibits	72,054	72,054
Library	2,513	2,513
	<u>\$ 349,221</u>	<u>\$ 348,726</u>

During the year, the Society received gifts, at fair value, of \$495 (2019 - \$990). There were no withdrawals from the collection during the year.

# THE TOWN OF YORK HISTORICAL SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2020

### 6. REVENUES - GOVERNMENT GRANTS

Revenues from government grants recognized during the year are as follows:

	<u>2020</u>	<u>2019</u>
Canadian Heritage		
Museums Assistance Program, COVID-19 Emergency Support	\$ 19,833	\$ -
Ontario Ministry of Culture, Tourism and Sport:		
Community Partnership Investment Program	28,302	28,302
City of Toronto:		
Community Museum Operating Grant	16,839	16,839
Canadian Museums Association		
Federal Employment Grants	2,964	4,367
	<u>\$ 67,938</u>	<u>\$ 49,508</u>

### 7. REVENUES - TORONTO'S FIRST POST OFFICE

	<u>2020</u>	<u>2019</u>
Sales of non-metered postage	\$ 89,996	\$ 130,112
Cost of sales: Purchases of Canadian postage	(84,117)	(126,811)
	5,879	3,301
Commission on metered postage sales	34,656	41,932
Canada Post fees due outlet	9,881	9,739
	<u>\$ 50,416</u>	<u>\$ 54,972</u>

At December 31, 2020, the balance owing to Canada Post was \$747 (2019 - \$14,338).

### 8. GOVERNMENT ASSISTANCE

As part of the response to the COVID-19 pandemic, the federal government introduced several programs to assist businesses. The Society applied for and received the following government assistance:

#### Canada Emergency Wage Subsidy

The Canada Emergency Wage Subsidy ("CEWS") is available to employers who experienced a drop in revenue during the COVID-19 pandemic. For the period March 18, 2020 to December 31, 2020, the Society received \$55,876, which is recognized as government assistance in the current year. As at December 31, 2020, \$4,954 was included in accounts receivable. Management intends to apply for the CEWS for all subsequent periods for which it is eligible.

#### Temporary Wage Subsidy

The Temporary Wage Subsidy ("TWS") is a 10% reduction in the payroll deductions remitted to the Canada Revenue Agency for the period March 18, 2020 to June 19, 2020. For the three months, the Society was eligible for and received \$3,154, which is recognized as government assistance in the current year.

**THE TOWN OF YORK HISTORICAL SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

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**9. DONATIONS**

Donations in 2020 include in-kind contributions of \$1,175 (2019 - \$1,208). In-kind contributions represents the fair value of venue rentals and other fundraising expenses contributed to the Society by corporate donors. The corresponding expenses are classified as fundraising expense.

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**10. ECONOMIC DEPENDENCE**

The Society is economically dependent upon Canada Post as its sole supplier for post office operations. Should Canada Post substantially change its dealings with the Society, management is of the opinion that continued viable operations would be adversely affected.

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**11. COMMITMENT**

The Society leases commercial office space in Toronto, Ontario which expires in December 2025. Rent is set annually by the landlord based on estimated operating costs.

Minimum lease payments for the premises are as follows:

2021	\$	35,220
2022		35,220
2023		35,220
2024		35,220
2025		35,220
		<hr/>
	\$	<u>176,100</u>

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**12. SIGNIFICANT EVENT**

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic, which resulted in a series of public health and emergency measures being put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results of the Society in future periods. Management continues to closely monitor and assess the impact on operations.

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