

THE TOWN OF YORK HISTORICAL SOCIETY

Financial Statements

December 31, 2021

Draft for discussion purposes only

THE TOWN OF YORK HISTORICAL SOCIETY

Index to Financial Statements

Year Ended December 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12

Draft for discussion purposes only

INDEPENDENT AUDITOR'S REPORT

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, 2021, 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, 2021, 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 these 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 related 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.

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 this financial information.

(continues)

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

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.

Toronto, Ontario

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

THE TOWN OF YORK HISTORICAL SOCIETY

Statement of Financial Position

December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 33,238	\$ 47,218
Accounts receivable (Note 8)	12,613	13,824
Inventory	55,344	27,673
Prepaid expenses	3,011	3,011
	<u>104,206</u>	91,726
CAPITAL ASSETS (Note 4)	539	713
COLLECTIONS (Note 5)	349,221	349,221
	<u>\$ 453,966</u>	<u>\$ 441,660</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 3)	\$ 9,419	\$ 15,571
Due to Canada Post Corporation (Notes 7 and 11)	11,966	747
Deferred revenues	13,412	16,262
	<u>34,797</u>	32,580
NET ASSETS		
INVESTED IN CAPITAL ASSETS	539	713
INVESTED IN COLLECTIONS	349,221	349,221
UNRESTRICTED	69,409	59,146
	<u>419,169</u>	409,080
	<u>\$ 453,966</u>	<u>\$ 441,660</u>

COMMITMENT (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, 2021

	Invested in capital assets	Invested in collections	Unrestricted	<i>Total</i> 2021	<i>Total</i> 2020
BALANCE - BEGINNING OF YEAR	\$ 713	\$ 349,221	\$ 59,146	\$ 409,080	\$ 348,061
Excess of revenues over expenses	-	-	10,089	10,089	60,524
Amortization of capital assets	(174)	-	174	-	-
Gifts of artifacts	-	-	-	-	495
BALANCE - END OF YEAR	\$ 539	\$ 349,221	\$ 69,409	\$ 419,169	\$ 409,080

Draft for discussion purposes only

THE TOWN OF YORK HISTORICAL SOCIETY

Statement of Operations

Year Ended December 31, 2021

	2021	2020
REVENUES		
Government grants <i>(Note 6)</i>	\$ 64,399	\$ 67,938
Toronto's First Post Office <i>(Note 7)</i>	49,025	50,416
Canada Post Corporation, service and other fees (net)	46,034	46,688
Government assistance <i>(Note 8)</i>	41,699	59,030
Box rentals	28,782	37,107
Gift shop (net)	17,444	5,071
Donations <i>(Note 10)</i>	11,116	13,531
Fundraising	4,976	4,231
Memberships	4,608	4,796
Other	1,420	586
Tours	463	1,132
U.S. postage sales (net)	122	541
	<u>270,088</u>	<u>291,067</u>
EXPENSES		
Salaries and benefits	166,739	157,304
Rent	35,258	15,583
Office and general	15,064	10,271
Accounting and audit	11,782	17,078
Interest and bank charges	10,146	9,292
Insurance	4,144	3,504
Fundraising <i>(Note 10)</i>	3,769	4,607
Telephone and internet	3,429	3,512
Advertising and promotion	3,381	1,518
Repairs and maintenance	3,114	5,211
Exhibitions and education programs	1,925	1,060
Members' programs	1,074	1,370
Amortization of capital assets	174	233
	<u>259,999</u>	<u>230,543</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 10,089</u>	<u>\$ 60,524</u>

See the accompanying notes to these financial statements

THE TOWN OF YORK HISTORICAL SOCIETY

Statement of Cash Flows

Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 10,089	\$ 60,524
Items not affecting cash:		
Amortization of capital assets	174	233
Gain on forgivable portion of loan payable - Canada Emergency Business Account	(20,000)	-
	<u>(9,737)</u>	<u>60,757</u>
Changes in non-cash working capital:		
Accounts receivable	1,211	(4,274)
Inventory	(27,671)	(6,692)
Prepaid expenses	-	(3,011)
Accounts payable and accrued liabilities	(6,152)	5,266
Due to Canada Post Corporation	11,219	(13,591)
Deferred revenues	(2,850)	(6,201)
	<u>(24,243)</u>	<u>(28,503)</u>
Cash flow from (used by) operating activities	<u>(33,980)</u>	32,254
FINANCING ACTIVITIES		
Proceeds from Canada Emergency Benefit Account loan	60,000	-
Repayment of Canada Emergency Benefit Account loan	(40,000)	-
Cash flow from financing activities	<u>20,000</u>	-
INCREASE (DECREASE) IN CASH	(13,980)	32,254
CASH - BEGINNING OF YEAR	<u>47,218</u>	14,964
CASH - END OF YEAR	<u>\$ 33,238</u>	<u>\$ 47,218</u>

See the accompanying notes to these financial statements

THE TOWN OF YORK HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

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 of:

- 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.

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.

Forgiveness of the CEBA loan (Note 9) is recognized when the Society meets the criteria.

(continues)

THE TOWN OF YORK HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

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.

Impairment of financial instruments

Financial assets measured at cost or amortized cost are tested for impairment if there are indications of possible impairment. A previously recognized impairment loss may be reversed to the extent of the improvement, either 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 loss not been recognized previously. The amount of any write down or reversal is recognized in excess of revenues over expenses.

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

Impairment of long-lived assets

Long-lived assets, including computers, trademark and brand, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the assets exceeds its fair value. Fair value is determined by the sum of undiscounted cash flows resulting from its use and eventual disposition.

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.

(continues)

THE TOWN OF YORK HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

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

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.

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, 2021, the balance of the operating line of credit is \$Nil (2020 - \$Nil).

Accounts receivable from customers are monitored regularly to ensure collection.

Accounts payable and accrued liabilities at December 31, 2021 include government remittances payable of \$3,201 (2020 - \$3,476).

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.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 16,111	\$ 15,934	\$ 177	\$ 253
Furniture and fixtures	11,887	11,617	270	338
Software	4,837	4,745	92	122
	<u>\$ 32,835</u>	<u>\$ 32,296</u>	<u>\$ 539</u>	<u>\$ 713</u>

THE TOWN OF YORK HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

5. COLLECTIONS

	2021	2020
Artifacts and collections	\$ 258,785	\$ 258,785
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>\$ 349,221</u>

During the year, the Society received gifts, at fair value, of \$Nil (2020 - \$495). There were no withdrawals from the collection during the year.

6. REVENUES - GOVERNMENT GRANTS

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

	2021	2020
City of Toronto		
Operating Grant	\$ 28,302	\$ 28,302
Ministry of Heritage, Sport, Tourism and Culture Industries		
Community Museum Operating Grant	16,839	16,839
Community Museum Digital Capacity Top-Up Grant	8,321	-
Canadian Museums Association		
Federal Employment Grants	10,937	2,964
Canadian Heritage		
Museums Assistance Program, COVID-19 Emergency Support	-	19,833
	<u>\$ 64,399</u>	<u>\$ 67,938</u>

7. REVENUES - TORONTO'S FIRST POST OFFICE

	2021	2020
Sales of non-metered postage	\$ 90,272	\$ 89,996
Cost of sales: Purchases of Canadian postage	<u>(87,480)</u>	<u>(84,117)</u>
	2,792	5,879
Commission on metered postage sales	35,221	34,656
Canada Post fees due outlet	<u>11,012</u>	<u>9,881</u>
	<u>\$ 49,025</u>	<u>\$ 50,416</u>

At December 31, 2021, the balance owing to Canada Post was \$11,966 (2020 - \$747).

THE TOWN OF YORK HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

8. GOVERNMENT ASSISTANCE

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.

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 January 1, 2021 to December 31, 2021, the Society applied for CEWS in the total amount of \$17,908 (2020 - \$55,876) of which \$5,797 is included in accounts receivable at December 31, 2021.

Canadian Emergency Rent Subsidy

The Canadian Emergency Rent Subsidy ("CERS") is to assist Canadian businesses, non-profit organizations, or charities who have seen a drop in revenues during the COVID-19 pandemic by providing part of their commercial rent and occupancy expenses. For the period January 1, 2021 to December 31, 2021, the Society applied for CERS in the total amount of \$3,791 (2020 - \$Nil) of which \$1,045 is included in accounts receivable at December 31, 2021.

Canada Emergency Business Account

The Society recognized the \$20,000 forgivable portion of the loan as government assistance in the current year (Note 9).

9. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

The Organization received the Canada Emergency Business Account ("CEBA") which is an interest-free loan of \$60,000 to assist with immediate operating cash flow needs due to the COVID-19 pandemic. The loan is interest-free for the initial term up to December 31, 2023. From the period commencing December 31, 2023 to the extended term date of December 31, 2025, the loan bears an annual interest rate of 5%.

Based on the CEBA Term Loan Agreement, \$20,000 of the loan will be forgiven if \$40,000 is repaid in full on or before December 31, 2023. The Society repaid the \$40,000 and recognized the \$20,000 forgivable portion of the loan as government assistance in the current year.

10. DONATIONS

Donations in 2021 include in-kind contributions of \$2,001 (2020 - \$1,175). 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.

11. 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.

THE TOWN OF YORK HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

12. 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 estimated as follows:

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

Draft for discussion purposes only