

**THE TOWN OF YORK HISTORICAL SOCIETY**

**Financial Statements**

**December 31, 2022**

*Draft for discussion purposes only*

**THE TOWN OF YORK HISTORICAL SOCIETY**

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**Year Ended December 31, 2022**

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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, 2022, 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, 2022, 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.

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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, 2022**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 23,978	\$ 33,238
Accounts receivable	2,644	12,613
Inventory	73,177	55,344
Prepaid expenses	8,520	3,011
	<u>108,319</u>	104,206
<b>CAPITAL ASSETS (Note 4)</b>	409	539
<b>COLLECTIONS (Note 5)</b>	<u>349,221</u>	349,221
	<u>\$ 457,949</u>	\$ 453,966
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 3)	\$ 13,931	\$ 9,419
Due to Canada Post Corporation (Notes 7 and 9)	2,361	11,966
Deferred revenues	12,823	13,412
	<u>29,115</u>	34,797
<b>NET ASSETS</b>		
<b>INVESTED IN CAPITAL ASSETS</b>	409	539
<b>INVESTED IN COLLECTIONS</b>	349,221	349,221
<b>UNRESTRICTED</b>	<u>79,204</u>	69,409
	<u>428,834</u>	419,169
	<u>\$ 457,949</u>	\$ 453,966

**COMMITMENT (Note 10)**

**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, 2022**

	Invested in capital assets	Invested in collections	Unrestricted	<b>Total 2022</b>	<i>Total 2021</i>
<b>BALANCE - BEGINNING OF YEAR</b>	\$ 539	\$ 349,221	\$ 69,409	\$ <b>419,169</b>	\$ 409,080
Excess of revenues over expenses	-	-	9,665	<b>9,665</b>	10,089
Amortization of capital assets	(130)	-	130	-	-
<b>BALANCE - END OF YEAR</b>	\$ 409	\$ 349,221	\$ 79,204	\$ <b>428,834</b>	\$ 419,169

*Draft for discussion purposes only*

*See the accompanying notes to these financial statements*

**THE TOWN OF YORK HISTORICAL SOCIETY**

**Statement of Operations**

**Year Ended December 31, 2022**

	2022	2021
<b>REVENUES</b>		
Government grants <i>(Note 6)</i>	\$ 84,772	\$ 64,399
Canada Post Corporation, service and other fees (net)	43,793	46,034
Toronto's First Post Office <i>(Note 7)</i>	41,389	49,025
Gift shop (net)	25,963	17,444
Box rentals	25,200	28,782
Donations <i>(Note 8)</i>	6,772	11,116
Fundraising	6,044	4,976
Memberships	4,571	4,608
Other	3,676	1,420
Tours	3,144	463
U.S. postage sales (net)	(1,116)	122
Government assistance	-	41,699
	<u>244,208</u>	<u>270,088</u>
<b>EXPENSES</b>		
Salaries and benefits	148,834	166,739
Rent	27,507	35,258
Office and general	13,683	15,064
Accounting and audit	13,072	11,782
Interest and bank charges	10,807	10,146
Insurance	5,046	4,144
Fundraising <i>(Note 8)</i>	3,627	3,769
Telephone and internet	3,770	3,429
Advertising and promotion	1,419	3,381
Repairs and maintenance	2,870	3,114
Exhibitions and education programs	2,425	1,925
Members' programs	1,353	1,074
Amortization of capital assets	130	174
	<u>234,543</u>	<u>259,999</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 9,665</u>	<u>\$ 10,089</u>

*See the accompanying notes to these financial statements*

THE TOWN OF YORK HISTORICAL SOCIETY

Statement of Cash Flows

Year Ended December 31, 2022

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 9,665	\$ 10,089
Items not affecting cash:		
Amortization of capital assets	130	174
Gain on forgivable portion of loan payable - Canada Emergency Business Account	-	(20,000)
	<u>9,795</u>	<u>(9,737)</u>
Changes in non-cash working capital:		
Accounts receivable	9,969	1,211
Inventory	(17,833)	(27,671)
Prepaid expenses	(5,509)	-
Accounts payable and accrued liabilities	4,512	(6,152)
Due to Canada Post Corporation	(9,605)	11,219
Deferred revenues	(589)	(2,850)
	<u>(19,055)</u>	<u>(24,243)</u>
Cash flow from (used by) operating activities	<u>(9,260)</u>	<u>(33,980)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from Canada Emergency Benefit Account loan	-	60,000
Repayment of Canada Emergency Benefit Account loan	-	(40,000)
Cash flow from financing activities	<u>-</u>	<u>20,000</u>
<b>DECREASE IN CASH</b>	<b>(9,260)</b>	<b>(13,980)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>33,238</b>	<b>47,218</b>
<b>CASH - END OF YEAR</b>	<b>\$ 23,978</b>	<b>\$ 33,238</b>

See the accompanying notes to these financial statements



# THE TOWN OF YORK HISTORICAL SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2022

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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 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.

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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 (ASNFPPO).

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.

#### 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.

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THE TOWN OF YORK HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2022

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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, 2022, the balance of the operating line of credit is \$Nil (2021 - \$Nil).

Accounts receivable from customers are monitored regularly to ensure collection.

Accounts payable and accrued liabilities at December 31, 2022 include government remittances payable of \$5,679 (2021- \$3,201).

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	2022 Net book value	2021 Net book value
Computer equipment	\$ 16,111	\$ 15,987	\$ 124	\$ 177
Furniture and fixtures	11,887	11,671	216	270
Software	4,837	4,768	69	92
	<u>\$ 32,835</u>	<u>\$ 32,426</u>	<u>\$ 409</u>	<u>\$ 539</u>

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5. COLLECTIONS

	2022	2021
Artifacts and collections	\$ 258,785	\$ 258,785
Post office restorations and exhibits	72,054	72,054
Artifacts under accession	15,869	15,869
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 (2021 - \$Nil). There were no withdrawals from the collection during the year.

THE TOWN OF YORK HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

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6. REVENUES - GOVERNMENT GRANTS

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

	<u>2022</u>	<u>2021</u>
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 Heritage		
Museums Assistance Program, Reopening fund	39,631	-
Canadian Museums Association		
Federal Employment Grants	-	10,937
	<u>\$ 84,772</u>	<u>\$ 64,399</u>

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7. REVENUES - TORONTO'S FIRST POST OFFICE

	<u>2022</u>	<u>2021</u>
Sales of non-metered postage	\$ 92,528	\$ 90,272
Cost of sales: Purchases of Canadian postage	(91,108)	(87,480)
	1,420	2,792
Commission on metered postage sales	32,410	35,221
Canada Post fees due outlet	7,559	11,012
	<u>\$ 41,389</u>	<u>\$ 49,025</u>

At December 31, 2022, the balance owing to Canada Post was \$2,361 (2021 - \$11,966).

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8. DONATIONS

Donations in 2022 include in-kind contributions of \$361 (2021 - \$2,001). 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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9. 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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**THE TOWN OF YORK HISTORICAL SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2022**

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**10. 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:

2023	\$	35,220
2024		35,220
2025		35,220
		<hr/>
	\$	<u>105,660</u>

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