

Financial Statements of

THE FRIENDS OF THE MARKHAM MUSEUM

December 31, 2012 and December 31, 2011



KPMG LLP
Chartered Accountants
Yonge Corporate Centre
4100 Yonge Street Suite 200
Toronto ON M2P 2H3
Canada

Telephone (416) 228-7000
Fax (416) 228-7123
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Members of The Friends of the Markham Museum

We have audited the accompanying financial statements of The Friends of the Markham Museum, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Friends of the Markham Museum as at December 31, 2012, December 31, 2011 and January 1, 2011, and its results of operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants, Licensed Public Accountants

April 3, 2013
Toronto, Canada

THE FRIENDS OF THE MARKHAM MUSEUM

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012 AND DECEMBER 31, 2011, AND JANUARY 1, 2011

	December 31 <u>2012</u>	December 31 <u>2011</u>	January 1 <u>2011</u>
ASSETS			
Cash	\$ 65,224	\$ 50,457	\$ 3,565
HST receivable	5,616	2,699	-
Miscellaneous receivable	112	57	4
	<hr/>	<hr/>	<hr/>
	\$ 70,952	\$ 53,213	\$ 3,569
LIABILITIES			
Accounts payable to the City of Markham	\$ 2,930	\$ -	\$ -
FUND BALANCES			
General Fund	68,022	53,213	3,569
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	\$ 70,952	\$ 53,213	\$ 3,569

Approved by Board

Director

Director

THE FRIENDS OF THE MARKHAM MUSEUM

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCES FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

	<u>2012</u>	<u>2011</u>
REVENUE		
Gala night	\$ 53,990	\$ 63,710
Sponsorships	16,000	-
Donations	11,552	11,842
Interest income	1,250	640
Tea for the Twelves	1,235	-
Genna's garden	-	12,000
	<hr/> 84,027	<hr/> 88,192
EXPENSES		
Gala night	32,927	35,374
Exhibitions	30,122	-
Professional Fees	5,093	-
Tea for the Twelves	636	-
Miscellaneous	227	25
Catering	213	1,590
Educational Program	-	1,091
Banners	-	468
	<hr/> 69,218	<hr/> 38,548
Excess of Revenue Over Expenses	14,809	49,644
Fund Balance at the Beginning of Year	53,213	3,569
Fund Balance at the End of Year	<hr/> \$ 68,022	<hr/> \$ 53,213

THE FRIENDS OF THE MARKHAM MUSEUM

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011**

	<u>2012</u>	<u>2011</u>
CASH PROVIDED BY (USED IN):		
Operating activities:		
Excess of Revenue over Expenses	\$ 14,809	\$ 49,644
Changes in non-cash working capital items		
Miscellaneous Receivable	(2,972)	(2,752)
Accounts payable to Town	2,930	-
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INCREASE IN CASH	14,767	46,892
CASH, BEGINNING OF YEAR	50,457	3,565
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CASH, END OF YEAR	\$ 65,224	\$ 50,457

Supplemental cash flow information:

Interest Received	1,195	587
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THE FRIENDS OF THE MARKHAM MUSEUM

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

On January 1, 2012, the Foundation adopted Canadian Accounting Standards for Not-For-Profit Standards in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with Not-For-Profit Standards.

In accordance with the transitional provisions in Not-For-Profit Standards, the Foundation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is January 1, 2011 and all comparative information provided has been presented by applying Not-For-Profit Standards.

There are no transitional adjustments as a result of adopting Part III of the CICA Handbook.

1. Description of organization

The Friends of the Markham Museum is a charitable organization incorporated without share capital on October 3, 2008. The purpose of the organization is as follows:

- to support and promote the objectives of the Museum to collect, document, preserve, study, display and interpret the archival and material heritage of what is today the City of Markham;
- to receive and maintain funds for the benefit of supporting the Markham Museum;
- to assist the Museum with its programs.

The purposes above are carried out through the establishment and operation of the Markham Museum.

The Foundation is a Registered Charity under the Income Tax Act and is not subject to income taxes.

The Foundation is considered a local board of the City of Markham under the Municipal Act, 2001 and is subject to a degree of control by the City of Markham. A Memorandum of Understanding, dated April 24, 2007 between the City of Markham and the Friends of the Markham Museum outlines the roles, responsibilities and terms of reference for each organization.

3. Significant Accounting policies

The statements have been prepared in accordance with the accounting standards for not-for-profit organizations published by the Canadian Institute of Chartered Accountants.

(a) Revenue recognition

Cash donations are recognized when received. Income from fundraising activities is recorded when received.

(b) Donated services

The Foundation benefits from the services of volunteers, the fair value of which has not been reflected in these financial statements.

THE FRIENDS OF THE MARKHAM MUSEUM

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

(c) Financial instruments

Financial instruments are recorded at fair value on initial recognition. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

3. Fundraising Activities

The Foundation held its second annual gala night on May 25, 2012. The net funds earned from the gala night are retained by the Foundation. Other fundraising activities include sponsorships and donations received from various organizations and cash donations made by individuals.

4. Government remittances

There are no government remittances included in Accounts payable.