

Financial Statements of

THE FRIENDS OF THE MARKHAM MUSEUM

December 31, 2017

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 statement of financial position as at December 31, 2017, the statements of operations and changes in fund balances and cash flows for the year then ended, 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 generally accepted accounting principles, 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 audit. We conducted our audit 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 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, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

,2018
Vaughan, Canada

THE FRIENDS OF THE MARKHAM MUSEUM

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017 WITH COMPARATIVE FIGURES FOR 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 62,750	\$ 68,872
Accounts Receivable from the City of Markham	1,830	50
Other receivable	1,762	94
Inventories	9,808	-
	\$ 76,150	\$ 69,016
LIABILITIES		
Accounts payable and accrued liabilities	822	\$ -
FUND BALANCES		
General Fund	75,328	69,016
	\$ 76,150	\$ 69,016

Approved by Board

THE FRIENDS OF THE MARKHAM MUSEUM

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVE FIGURES FOR 2016

	<u>2017</u>	<u>2016</u>
REVENUES		
Donations	\$ 5,588	\$ 3,867
Book sales	11,085	-
Interest income	899	687
Fundraising	-	1,762
	17,572	6,316
EXPENSES		
Professional Fees	1,850	1,850
Books	6,991	-
Miscellaneous	2,347	51
Catering	72	353
Fundraising	-	869
	11,260	3,123
Excess of Revenues over Expenses	6,312	3,193
Fund Balance at the Beginning of Year	69,016	65,823
Fund Balance at the End of Year	\$ 75,328	\$ 69,016

THE FRIENDS OF THE MARKHAM MUSEUM

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVE FIGURES FOR 2016

	<u>2017</u>	<u>2016</u>
CASH PROVIDED BY (USED IN):		
Operating activities:		
Excess (deficiency) of Revenue over Expenses	\$ 6,312	\$ 3,193
Changes in non-cash working capital items		
Accounts Receivable from the City of Markham	(1,780)	-
Other receivable	(1,668)	29
Inventories	(9,808)	-
Accounts payable and accrued liabilities	822	(549)
<hr/>		
INCREASE/(DECREASE) IN CASH	(6,122)	2,673
CASH, BEGINNING OF YEAR	68,872	66,199
<hr/>		
CASH, END OF YEAR	\$ 62,750	\$ 68,872

Supplemental cash flow information:

Interest Received	813	691
-------------------	-----	-----

THE FRIENDS OF THE MARKHAM MUSEUM

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVE FIGURES FOR 2016

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.

2. Significant Accounting policies

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

(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.

(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.

THE FRIENDS OF THE MARKHAM MUSEUM

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVE FIGURES FOR 2016

(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

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.