

*Financial Statements of*

**THE FRIENDS OF THE MARKHAM MUSEUM**

*December 31, 2018*

# 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, 2018, 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, 2018, 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

,2019  
Vaughan, Canada

# THE FRIENDS OF THE MARKHAM MUSEUM

## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018 WITH COMPARATIVE FIGURES FOR 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash	\$ 72,669	\$ 62,750
Due from the City of Markham	655	1,830
Other receivables	239	1,762
Inventories	6,518	9,808
	<b>\$ 80,081</b>	<b>\$ 76,150</b>
<b>LIABILITIES</b>		
Due to the City of Markham	167	-
Accounts payable and accrued liabilities	66	822
<b>FUND BALANCES</b>		
General Fund	79,848	75,328
	<b>\$ 80,081</b>	<b>\$ 76,150</b>

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Approved by Board

Director

Director

# THE FRIENDS OF THE MARKHAM MUSEUM

## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2018 WITH COMPARATIVE FIGURES FOR 2017

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Donations	\$ 5,201	\$ 5,588
Book sales	6,171	11,085
Environmental Programming	600	-
Interest income	1,270	899
	13,242	17,572
<b>EXPENSES</b>		
Professional Fees	1,850	1,850
Books	3,290	6,991
Miscellaneous	3,582	2,347
Catering	-	72
	8,722	11,260
<b>Excess of revenues over expenses</b>	<b>4,520</b>	<b>6,312</b>
<b>Fund Balance, beginning of year</b>	<b>75,328</b>	<b>69,016</b>
<b>Fund Balance, end of year</b>	<b>\$ 79,848</b>	<b>\$ 75,328</b>

# THE FRIENDS OF THE MARKHAM MUSEUM

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2018 WITH COMPARATIVE FIGURES FOR 2017

	<u>2018</u>	<u>2017</u>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>Operating activities:</b>		
Excess of revenue over expenses	\$ 4,520	\$ 6,312
<b>Changes in non-cash working capital items</b>		
Due from the City of Markham	1,175	(1,780)
Other receivable	1,523	(1,668)
Inventories	3,290	(9,808)
Due to the City of Markham	167	-
Accounts payable and accrued liabilities	(756)	822
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<b>INCREASE/(DECREASE) IN CASH</b>	<b>9,919</b>	<b>(6,122)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>62,750</b>	<b>68,872</b>
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<b>CASH, END OF YEAR</b>	<b>\$ 72,669</b>	<b>\$ 62,750</b>
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<b>Supplemental cash flow information:</b>		
Interest Received	1,222	813

# THE FRIENDS OF THE MARKHAM MUSEUM

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018 WITH COMPARATIVE FIGURES FOR 2017

### 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, 2018 WITH COMPARATIVE FIGURES FOR 2017

(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

GST payable to Canada Revenue Agency is included in Accounts payable and accrued liabilities.

### 5. Due from (to) the City of Markham

The amount due from (to) the City of Markham is non-interest bearing and payable on demand.