

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

FINANCIAL STATEMENTS

DECEMBER 31, 2017

	Page
Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Funds Balance	5
Statement of Funds Revenue and Expenditure	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

Report on the Financial Statements

We have audited the financial statements of The Mississauga Heritage Foundation Incorporated which comprise the statement of financial position as at December 31, 2017 and the statements of fund balances, funds revenue and expenditure and cash flows for the year then ended, and 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.

Auditor's 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 the auditor's 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, the auditor considers 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 qualified audit opinion.

INDEPENDENT AUDITOR'S REPORT *(continued)*

Basis for Qualified Audit Opinion

In common with similar organizations, The Mississauga Heritage Foundation Incorporated derives revenue from donations and fund raising events; the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The Mississauga Heritage Foundation Incorporated. Therefore, we were not able to determine whether any adjustments might be necessary to income, excess of revenue over expenditures and cash flows from operations for the years ended December 31, 2017 and 2016, current assets and liabilities as at December 31, 2017 and 2016 and fund balances at both the beginning and end of the years ended December 31, 2017 and 2016. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Audit Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Mississauga Heritage Foundation Incorporated as at December 31, 2017 and its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Mississauga, Ontario
April 18, 2018

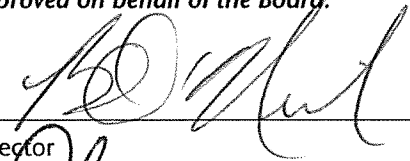
**CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED
STATEMENT OF FINANCIAL POSITION


AS AT DECEMBER 31

	2017				2016	
	Unrestricted		Restricted Funds		Total	Total
	General Fund	Capital	Board	Discovery		
ASSETS						
Current						
Cash and cash equivalents	\$ 40,201	\$ -	\$ -	\$ -	\$ 40,201	\$ 41,153
Investments <i>note 5</i>	-	-	37,020	-	37,020	141,174
Accounts receivable	900	-	-	-	900	793
Sales tax receivable	3,147	-	-	-	3,147	15,144
Inventory	614	-	-	-	614	795
Prepaid expenses	1,227	-	-	-	1,227	2,030
Barter account <i>note 6</i>	-	-	-	-	-	-
	<u>46,089</u>	<u>-</u>	<u>37,020</u>	<u>-</u>	<u>83,109</u>	<u>201,089</u>
Investment <i>note 5</i>	-	-	-	111,463	111,463	-
Capital assets <i>note 7</i>	-	26,297	-	-	26,297	16,819
	<u>\$ 46,089</u>	<u>\$ 26,297</u>	<u>\$ 37,020</u>	<u>\$ 111,463</u>	<u>\$ 220,869</u>	<u>\$ 217,908</u>
LIABILITIES						
Current						
Accounts payable	\$ 4,285	\$ -	\$ -	\$ -	\$ 4,285	\$ 4,489
Source deductions payable	5,815	-	-	-	5,815	6,148
Deferred revenue <i>note 8</i>	38,412	-	-	-	38,412	40,601
	<u>48,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,512</u>	<u>51,238</u>
MEMBERS' FUNDS						
Allocated reserves <i>page 5</i>	(2,423)	26,297	37,020	111,463	172,357	166,670
	<u>\$ 46,089</u>	<u>\$ 26,297</u>	<u>\$ 37,020</u>	<u>\$ 111,463</u>	<u>\$ 220,869</u>	<u>\$ 217,908</u>

Approved on behalf of the Board:



 Director



 Director

The accompanying notes are an integral part of these financial statements

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED
STATEMENT OF FUNDS BALANCE

TRANSACTIONS FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>		<u>Restricted Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital</u>	<u>Board</u>	<u>Discovery</u>	
Fund balance, beginning of year	\$ 8,677	\$ 16,819	\$ 36,498	\$ 104,676	\$ 166,670
Excess (shortfall) of revenue over expenditure for the year (page 6)	(1,622)	-	522	6,787	5,687
Capital asset purchases	(9,478)	9,478	-	-	-
Fund balance, end of year	\$ (2,423)	\$ 26,297	\$ 37,020	\$ 111,463	\$ 172,357

TRANSACTIONS FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>		<u>Restricted Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital</u>	<u>Board</u>	<u>Discovery</u>	
Fund balance, beginning of year	\$ 21,429	\$ -	\$ 36,190	\$ 107,553	\$ 165,172
Excess (shortfall) of revenue over expenditure for the year (page 6)	4,067	-	308	(2,877)	1,498
Capital asset purchases	(16,819)	16,819	-	-	-
Fund balance, end of year	\$ 8,677	\$ 16,819	\$ 36,498	\$ 104,676	\$ 166,670

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED
STATEMENT OF FUNDS REVENUE AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31

	2017			2016	
	Unrestricted	Restricted Funds		Total	Total
	General Fund	Board	Discovery		
Revenue					
Grants					
The Corporation of the City of Mississauga					
Operating	\$ 225,000	\$ -	\$ -	\$ 225,000	\$ 225,000
Community Foundation	22,758	-	-	22,758	14,797
Mississaugas of the New Credit First Nation	-	-	-	-	1,000
Trillium Foundation	40,431	-	-	40,431	59,130
Wages	23,365	-	-	23,365	17,446
Total grants	311,554	-	-	311,554	317,373
Other revenues					
Awards night	38,460	-	-	38,460	35,825
Barter donations	29,187	-	-	29,187	23,059
Conservation	-	-	-	-	4,000
Donations in kind	13,790	-	-	13,790	19,140
Donations	2,044	-	-	2,044	4,095
Education	5,225	-	-	5,225	5,275
Fund raising	10,655	-	-	10,655	6,541
Gift shop	1,200	-	-	1,200	2,109
Interest	2	522	6,787	7,311	(2,568)
Memberships	2,530	-	-	2,530	2,565
Other income	3,760	-	-	3,760	3,048
Total other revenues	106,853	522	6,787	114,162	103,089
	418,407	522	6,787	425,716	420,462
Expenditure					
Audit and legal	2,598	-	-	2,598	2,609
Awards night	27,374	-	-	27,374	23,609
Awards night - barter expenditures	16,814	-	-	16,814	9,767
Awareness	11,958	-	-	11,958	19,826
Community Foundation expenses	19,536	-	-	19,536	13,502
Conservation	3,050	-	-	3,050	3,050
Donation in kind expenditure	13,790	-	-	13,790	19,140
Education	15,101	-	-	15,101	14,307
Fund raising	11,117	-	-	11,117	3,382
Membership	543	-	-	543	419
Native garden expenses	-	-	-	-	834
Occupancy costs	12,233	-	-	12,233	13,948
Office supplies and expenses	26,837	-	-	26,837	24,199
Purchases for resale	695	-	-	695	308
Rent	2	-	-	2	2
Salaries and benefits	248,814	-	-	248,814	241,650
Telephone	3,272	-	-	3,272	3,293
Travel	1,583	-	-	1,583	2,335
Trillium expenses	4,712	-	-	4,712	22,784
	420,029	-	-	420,029	418,964
Excess (shortfall) of revenue over expenditure for the year	\$ (1,622)	\$ 522	\$ 6,787	\$ 5,687	\$ 1,498

The accompanying notes are an integral part of these financial statements

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31	2017	2016
Cash provided (used) by		
Operating activities		
Excess of revenue over expenditure for the year	\$ 5,687	\$ 1,498
Changes in non-cash working capital balances		
Accounts receivable	(107)	5,132
Other asset - barter account	-	5,110
Inventory	181	128
Sales tax receivable	11,997	(3,191)
Prepaid expenses	803	(982)
Accounts payable	(204)	(2,856)
Source deductions payable	(333)	355
Deferred revenue	(2,189)	21,573
	<u>15,835</u>	<u>26,767</u>
Investing activities		
Capital asset purchases	(9,478)	(16,819)
Increase (decrease) in cash for the year	6,357	9,948
Cash and short term investments, beginning of year	182,327	172,379
Cash and short term investments, end of year	\$ 188,684	\$ 182,327
Represented by		
Cash and cash equivalents	\$ 40,201	\$ 41,153
Investments	148,483	141,174
	<u>\$ 188,684</u>	<u>\$ 182,327</u>

The accompanying notes are an integral part of these financial statements

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. Nature of Foundation

The Mississauga Heritage Foundation Incorporated (Foundation) was established in 1960 to identify, research, promote and encourage awareness of the diverse heritage resources relating to the City of Mississauga.

The Foundation is exempt from income taxes as a registered charity under the Income Tax Act. Accordingly no income taxes are provided for in these financial statements.

General Fund

The General Fund balance represents funds which have been allocated to specific capital and ongoing projects.

Capital Fund

This Fund represents the amount invested in capital assets.

Board Fund

The Fund is board restricted for the purpose of special projects.

Discovery Fund

Investment income earned on this fund is to be used to operate the Discovery centre.

2. Significant accounting policies

Basis of Accounting

The financial statements of the Foundation have been prepared for the Members in accordance with Canadian accounting standards for not-for-profit organizations. The Foundation follows the restricted fund basis of accounting.

The financial statements have been prepared on the accrual basis of accounting, except for donations, memberships and corporate sponsors which have been recorded on a cash basis of accounting.

Disclosure and use of estimates

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Significant items requiring estimates -

- allowance for bad debts
- capital asset useful life and amortization

Cash and cash equivalents

Cash and cash equivalents include cash, and those short-term money market instruments that are readily convertible to cash with an original term of less than 90 days.

Investments

Investments consist of equity linked notes, carried at amortized cost, mutual funds and savings accounts that are carried in the financial statements at fair value. Fair value is estimated based on quoted market values. Investment income includes interest on the equity linked notes, and realized and unrealized gains and losses on other investments.

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

2. Significant accounting policies *(continued)*

Inventory

Inventories are valued at the lower of cost or market.

Capital Assets

Capital assets are recorded at cost and are amortized over their useful lives as follows -

Web site	-	5 years straight line method
----------	---	------------------------------

Capital assets are tested for impairment if events or changes in circumstances indicate that the carrying amount exceeds the fair value. The impairment test consists of a comparison of the fair value of the unamortized assets with their carrying amount. When the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to the excess.

Revenue recognition

Grants are recorded as revenue when earned under the terms of the grant.

Memberships, donations, education, awareness, conservation and fund raising revenues are recorded when received.

Gift shop sales are recorded at the time of the sale.

Donations in Kind

Volunteers contribute their time to assist the Foundation in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

The Foundation receives contributed materials, including barter dollars, the fair value of which may or may not be reasonably determinable. Contributed materials are recognized as donations when fair value can be determined.

Financial instruments - recognition and measurement

Financial assets and financial liabilities are initially recorded at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations. Financial assets are tested for impairment when change in circumstances indicate that the asset could be impaired. Transaction costs are expensed for items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

Funding disclosure

The Foundation is dependent on grants, donations and investment returns to fund its charitable activities and the Board manages these activities and makes adjustments to them based on the funds available.

There were no changes in the Foundation's funding approach during the current year.

The Foundation has no externally imposed restrictions on its activities.

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

3. Financial instruments

Risk disclosures

The main risks to which the Foundation's financial instruments are exposed are as follows -

Credit risk

The Foundation is exposed to credit risk. The Foundation's receivables are accounts receivable and sales taxes receivable which are from the Government of Canada; accordingly, the risk of non-collectability is low. Furthermore, the Foundation provides for any non-collectible accounts. Management has assessed the risk as low.

Liquidity risk

The Foundation is exposed to liquidity risk. Liquidity risk is the risk that the Foundation is not able to meet its financial obligations as they fall due. Management has assessed liquidity risk as low given the makeup of its accounts payable and has provided sufficient funding to fulfill its obligations.

Market risk

The Foundation is exposed to market risk. Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Foundation. The Foundation's investments are subject to market risk; accordingly, market risk is considered high.

Interest rate risk

The Foundation is exposed to interest rate risk. The Foundation has minor cash balances and no interest bearing debt. The Foundation's current policy is to invest excess cash in a money market fund issued by its banking institutions; accordingly, there is exposure to interest rate fluctuations.

Sensitivity analysis

As at December 31

	2017		2016	
	Carrying amount	%	Carrying amount	%
Cash and cash equivalents	\$ 40,201	18%	\$ 41,153	19%
Investments	148,483	67%	141,174	64%
Accounts receivable	900	0%	793	0%
Sales tax receivable	3,147	1%	15,144	7%
Inventory	614	0%	795	0%
Prepaid expenses	1,227	1%	2,030	1%
Other asset - barter account	-	0%	-	0%
Capital	26,297	13%	16,819	9%
Total assets	\$ 220,869	100%	\$ 217,908	100%
Accounts payable	\$ 4,285	2%	\$ 4,489	2%
Source deductions payable	5,815	3%	6,148	3%
Deferred revenue	38,412	17%	40,601	19%
Net assets	172,357	78%	166,670	76%
Total funds and liabilities	\$ 220,869	100%	\$ 217,908	100%

The Foundation manages its risk through the overseeing of these investments by both the finance committee and the Foundation's external advisors. Changes are made to the investments as required.

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

4. Operations

The Foundation receives an annual operating grant from The Corporation of the City of Mississauga.

The Foundation moved its premises from Mississauga City Hall to the Robinson-Adamson Grange, a historical home owned by the City of Mississauga, during 2004. These premises are provided by the City of Mississauga under a management and operation agreement for a term of five years which ends November 30, 2019 for an annual fee of \$2.00. The Foundation is responsible for specific maintenance and operating costs of these premises.

5. Investments

As at December 31	2017		2016	
	Cost	Market	Cost	Market
Fixed income	\$ 37,020	\$ 37,020	\$ 36,466	\$ 36,498
Equity linked investment	111,456	111,463	-	-
Mutual Funds	-	-	108,387	104,676
	<u>\$ 148,476</u>	<u>\$ 148,483</u>	<u>\$ 144,853</u>	<u>\$ 141,174</u>

The equity linked investment principal is guaranteed if the investment is held to maturity, July 28, 2023. The value of this investment if cashed at December 31, 2017 would be \$103,134.

All of the Organization's investments are included in Level 1 hierarchy whereby fair value is determined by reference to quoted prices in active markets for identical assets and liabilities.

6. Barter account

	2017	2016
Balance, beginning of year	\$ -	\$ 5,110
Amounts received during the year	43,211	3,690
Amounts deferred during the year	(14,024)	14,259
Amount spent during the year	(29,187)	(23,059)
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>
Represented by		
Barter asset at end of year	\$ 74,425	\$ 60,401
Amounts deferred at end of year	(74,425)	(60,401)
	<u>\$ -</u>	<u>\$ -</u>

From time to time, the Foundation receives donations of barter dollars into the general fund. These donations are recorded at fair value and are being recognized as revenue when spent.

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

7. Capital assets

As at December 31	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Web site	\$ 26,297	\$ -	\$ 16,819	\$ -
Cost less accumulated amortization		<u>\$ 26,297</u>		<u>\$ 16,819</u>

8. Deferred revenue

	Deferred amount Beginning of year	Amounts Received	Recognized as Revenue	Deferred amount End of year
Community Foundation	\$ 15,360	\$ 25,000	\$ 22,758	\$ 17,602
Meadowvale Village project	1,379	-	-	1,379
Ontario Trillium Foundation	22,862	36,000	40,431	18,431
Mississaugas of the New Credit First Nation	1,000	-	-	1,000
	<u>\$ 40,601</u>	<u>\$ 61,000</u>	<u>\$ 63,189</u>	<u>\$ 38,412</u>

From time to time, the Foundation receives funds restricted for a specific use into the general fund. In accordance with the restricted fund accounting principles adopted, any such funds not spent at year end are classified as deferred revenue and brought into income during the year when the related expenditures are made.