

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

Financial Statements

Year Ended December 31, 2019

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

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Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Mississauga Heritage Foundation Incorporated

Qualified Opinion

I have audited the financial statements of The Mississauga Heritage Foundation Incorporated (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2019, current assets and net assets as at December 31, 2019. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Other Matter

The financial statements for the year ended December 31, 2018 were audited by another auditor who expressed a qualified opinion on those financial statements on May 9, 2019 for the reasons described in the *Basis for Qualified Opinion* section.

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 ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic

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alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Organization'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 Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization 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.

I 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 I identify during my audit.



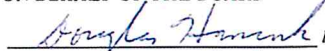
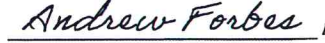
Mississauga, Ontario
June 16, 2020

Chartered Professional Accountant
Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED
Statement of Financial Position
December 31, 2019

	General Fund	Capital	Restricted Board	Restricted Discovery	2019	2018
ASSETS						
CURRENT						
Cash	\$ 63,367	\$ -	\$ -	\$ -	\$ 63,367	\$ 63,552
Investments	-	-	37,942	-	37,942	37,342
Accounts receivable	8,045	-	-	-	8,045	2,787
Sales tax receivable	5,040	-	-	-	5,040	11,420
Inventory	-	-	-	-	-	258
Prepaid expenses	3,755	-	-	-	3,755	3,755
	80,207	-	37,942	-	118,149	119,114
LONG TERM INVESTMENTS (Note 3)	-	-	-	103,803	103,803	103,494
CAPITAL ASSET (Note 4)	-	-	-	-	-	23,667
PERMANENT COLLECTION (Note 5)	-	-	-	1	1	1
	<u>\$ 80,207</u>	<u>\$ -</u>	<u>\$ 37,942</u>	<u>\$ 103,804</u>	<u>\$ 221,953</u>	<u>\$ 246,276</u>
LIABILITIES						
CURRENT						
Accounts payable	\$ 14,180	\$ -	\$ -	\$ -	\$ 14,180	\$ 3,508
Government remittances payable	3,947	-	-	-	3,947	3,782
Deferred revenue (Note 6)	35,556	-	-	-	35,556	63,897
	53,683	-	-	-	53,683	71,187
NET ASSETS	<u>26,524</u>	<u>-</u>	<u>37,942</u>	<u>103,804</u>	<u>168,270</u>	<u>175,089</u>
	<u>\$ 80,207</u>	<u>\$ -</u>	<u>\$ 37,942</u>	<u>\$ 103,804</u>	<u>\$ 221,953</u>	<u>\$ 246,276</u>

ON BEHALF OF THE BOARD

 Director
 Director

See notes to financial statements

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED
Statement of Changes in Net Assets
Year Ended December 31, 2019

	General Fund	Capital	Restricted Board	Restricted Discovery	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 10,585	\$ 23,667	\$ 37,342	\$ 103,495	\$ 175,089	\$ 172,357
Excess (deficiency) of revenues over expenditures	15,939	(23,667)	600	309	(6,819)	2,731
Record permanent collection	-	-	-	-	-	1
NET ASSETS - END OF YEAR	\$ 26,524	\$ -	\$ 37,942	\$ 103,804	\$ 168,270	\$ 175,089

See notes to financial statements

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

Statement of Revenues and Expenditures

Year Ended December 31, 2019

	General Fund	Capital	Restricted Board	Restricted Discovery	2019	2018
REVENUES						
Grants - City of Mississauga	\$ 237,000	\$ -	\$ -	\$ -	\$ 237,000	\$ 230,000
Grants - Ontario Trillium Foundation	36,281	-	-	-	36,281	14,650
Grants - Community Foundation	28,047	-	-	-	28,047	21,655
Grants - Federal Canada summer jobs	21,697	-	-	-	21,697	28,794
Grants - Veteran's Affairs Canada	6,147	-	-	-	6,147	-
Grants - City of Mississauga - project	5,000	-	-	-	5,000	-
Grants - Mississaugas of the Credit First Nation	1,194	-	-	-	1,194	3,900
Total grants	335,366	-	-	-	335,366	298,999
Awards night	63,609	-	-	-	63,609	36,933
Carassauga Canada Pavilion	39,182	-	-	-	39,182	25,887
Barter donations	44,055	-	-	-	44,055	24,010
Fundraising	7,898	-	-	-	7,898	6,218
Donations in kind	6,720	-	-	-	6,720	15,741
Other income	5,424	-	-	-	5,424	3,188
Bingo income	4,801	-	-	-	4,801	-
Donations	3,229	-	-	-	3,229	5,488
Education	2,381	-	-	-	2,381	2,585
Memberships	1,664	-	-	-	1,664	1,825
Gift shop	966	-	-	-	966	1,190
Interest	6	-	600	309	915	3,369
	515,301	-	600	309	516,210	425,433
EXPENDITURES						
Salaries and benefits	250,349	-	-	-	250,349	256,394
Awareness	44,829	-	-	-	44,829	39,549
Awards night	36,004	-	-	-	36,004	19,718
Awards night - barter	12,057	-	-	-	12,057	16,561
Other expenses - barter	31,998	-	-	-	31,998	-
Education	24,964	-	-	-	24,964	16,786
Office supplies	15,792	-	-	-	15,792	15,270
Community Foundation	16,723	-	-	-	16,723	5,489

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See notes to financial statements

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

Statement of Revenues and Expenditures (continued)

Year Ended December 31, 2019

	General Fund	Capital	Restricted Board	Restricted Discovery	2019	2018
Trillium expenses	14,042	-	-	-	14,042	7,796
Occupancy costs	12,683	-	-	-	12,683	11,136
Fundraising	7,823	-	-	-	7,823	1,121
Donation in kind	6,720	-	-	-	6,720	15,741
Audit and legal	5,795	-	-	-	5,795	2,702
Insurance	5,006	-	-	-	5,006	4,862
Telephone	2,973	-	-	-	2,973	3,243
Membership	1,022	-	-	-	1,022	1,312
Conservation	1,654	-	-	-	1,654	450
Travel	1,447	-	-	-	1,447	1,064
Interest and bank charges	1,332	-	-	-	1,332	655
Purchases for resale	448	-	-	-	448	223
Amortization	-	5,259	-	-	5,259	2,630
	493,661	5,259	-	-	498,920	422,702
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	21,640	(5,259)	600	309	17,290	2,731
IMPAIRMENT LOSS						
Impairment loss - web site	-	18,408	-	-	18,408	-
Unrealized loss on investments	5,701	-	-	-	5,701	-
	5,701	18,408	-	-	24,109	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 15,939	\$ (23,667)	\$ 600	\$ 309	\$ (6,819)	\$ 2,731

See notes to financial statements

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

Statement of Cash Flows

Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (6,819)	\$ 2,731
Items not affecting cash:		
Amortization of capital asset	5,259	2,630
Impairment loss	18,408	-
	<u>16,848</u>	<u>5,361</u>
Changes in non-cash working capital:		
Accounts receivable	(5,258)	(1,887)
Inventory	258	356
Sales tax receivable	6,380	(8,273)
Accounts payable	10,672	(777)
Deferred income	(28,341)	25,485
Prepaid expenses	-	(2,528)
Government remittances payable	165	(2,033)
	<u>(16,124)</u>	<u>10,343</u>
Cash flow from operating activities	<u>724</u>	<u>15,704</u>
INVESTING ACTIVITY		
Long term investments	<u>(309)</u>	<u>7,969</u>
Cash flow from (used by) investing activity	<u>(309)</u>	<u>7,969</u>
INCREASE IN CASH FLOW	415	23,673
Cash - beginning of year	<u>100,894</u>	<u>77,221</u>
CASH - END OF YEAR	<u>\$ 101,309</u>	<u>\$ 100,894</u>
CASH CONSISTS OF:		
Cash	\$ 63,367	\$ 63,552
Investments	<u>37,942</u>	<u>37,342</u>
	<u>\$ 101,309</u>	<u>\$ 100,894</u>

See notes to financial statements

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

Notes to Financial Statements Year Ended December 31, 2019

1. PURPOSE OF THE ORGANIZATION

The Mississauga Heritage Foundation Incorporated (the "Organization") is a not-for-profit organization incorporated by Letters Patent under the laws of the Province of Ontario. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act. The Organization was established to identify, research, promote and encourage awareness of the diverse heritage relating to the City of Mississauga.

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 (ASNPO).

Capital asset

Capital asset is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rate and method:

Web site	5 years straight-line method
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The Organization regularly reviews its capital asset to eliminate obsolete items.

Capital asset acquired during the year but not placed into use are not amortized until they are placed into use.

Fund accounting

The Mississauga Heritage Foundation Incorporated follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports the assets, liabilities, revenues and expenditures related to the Organization's capital asset.

The Restricted Board Fund reports assets, liabilities, revenues and expenditures related to the Organization's special projects as restricted by the Board.

The Restricted Discovery Fund reports assets, liabilities, revenues and expenditures related to the Organization's Discovery centre.

Revenue recognition

The Mississauga Heritage Foundation Incorporated follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

Notes to Financial Statements Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Donated services and materials

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements. The Foundation receives contributed materials, including barter dollars, the fair value of which are recognized as donations when fair value can be determined.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Permanent collection

The Permanent Collection comprises contributed works and valuable papers. The collection is reported at a nominal value on the statement of financial position. Expenditures related to works of art, such as acquisition costs, appraisal fees, shipping costs, storage fees, etc., are recognized when the deed of gift is signed and the appraisal completed in the year incurred.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

3. LONG TERM INVESTMENTS

Long term investment principal of \$100,000 is guaranteed if the investment is held to maturity, July 28, 2023. The market value of this investment if cashed at December 31, 2019 is \$94,313 (2018 - \$93,179). It is the intention of the Board to hold the investment to maturity. Losses on this investment are recorded in the general fund as payable back to the discovery fund.

4. CAPITAL ASSET

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Web site	\$ 26,297	\$ 26,297	\$ -	\$ 23,667

Management has assessed the web site to be obsolete and during the year an impairment loss of \$18,408 was recognized to fully amortize the remaining balance.

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

Notes to Financial Statements

Year Ended December 31, 2019

5. PERMANENT COLLECTION

	2019	2018
Insured value	\$ 270,161	\$ 281,696

6. DEFERRED REVENUE

	Deferred amount Beginning of year	Amounts Received	Recognized as Revenue	Deferred amount End of year
Community Foundation	\$ 27,337	\$ 20,000	\$ 28,047	\$ 19,290
Meadowvale Village project	1,379	-	-	1,379
Ontario Trillium Foundation	33,081	3,200	36,281	-
Mississaugas of the Credit First Nation	2,100	5,000	1,194	5,906
Bingo	-	13,782	4,801	8,981
	\$ 63,897	\$ 41,982	\$ 70,323	\$ 35,556

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.

7. BARTER ACCOUNT

	2019	2018
Balance, beginning of the year	\$ -	\$ -
Allowance reversal	96,074	74,425
Amounts received	27,400	45,789
Amounts spent	(44,055)	(24,140)
Subtotal	79,419	96,074
Allowance	(79,419)	(96,074)
Balance, end of year	\$ -	\$ -

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 ending balance is fully allowed for given uncertainties surrounding its valuation at year end.

8. LEASE COMMITMENTS

The Organization 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 ended November 30, 2019 for an annual fee of \$2.00. The Foundation is responsible for specific maintenance and operating costs of these premises.

The City renewed the lease for another five years starting December 1, 2019 and ending December 30, 2024.

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

Notes to Financial Statements Year Ended December 31, 2019

9. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2019.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from customers. Management has assessed the risk as low. The Organization has a number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. 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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Organization is mainly exposed to long term investment risk that is subjected to fluctuations in market prices. Management has assessed market risk as low.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risk, currency risk, or interest rate risk arising from these financial instruments.

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
