



THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

Financial Statements

Year Ended December 31, 2020

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

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Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Mississauga Heritage Foundation Incorporated,

Qualified Opinion

We have audited the financial statements of The Mississauga Heritage Foundation Incorporated (the Organization), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with 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, we were unable to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and December 31, 2019, current assets and net assets as at December 31, 2020 and December 31, 2019. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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

Other Matter

The financial statements for the year ended December 31, 2019 were audited by another auditor who expressed a qualified opinion on those financial statements on June 16, 2020 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 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

Our 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 our 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, we exercise professional judgment and maintain

professional skepticism throughout the audit. We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We 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 we identify during our audit.

Fareed Sheik & Co, CPA, CA

Licensed Public Accountant

Chartered Professional Accountants

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Mississauga

Date:

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

Statement of Financial Position December 31, 2020

	General Fund	Restricted Board	Restricted Discovery	2020	2019
ASSETS					
CURRENT					
Cash	\$ 179,606	\$ -	\$ -	\$ 179,606	\$ 63,367
Investments	-	38,109	-	38,109	37,942
Accounts receivable (note 10)	34,948	-	-	34,948	8,045
Sales tax receivable	5,850	-	-	5,850	5,040
Prepaid expenses	3,755	-	-	3,755	3,755
LONG TERM INVESTMENTS (note 3)	-	-	102,437	102,437	103,803
CAPITAL ASSET (note 4)	-	-	-	-	-
PERMANENT COLLECTION (note 5)	-	-	1	1	1
	<u>\$ 224,159</u>	<u>\$ 38,109</u>	<u>\$ 102,438</u>	<u>\$ 364,706</u>	<u>\$ 221,953</u>
 LIABILITIES					
CURRENT					
Accounts Payable	\$ 17,758	\$ -	\$ -	\$ 17,758	\$ 18,127
Deferred Revenue (note 6)	168,639	-	-	168,639	35,556
NET ASSETS	<u>37,762</u>	<u>38,109</u>	<u>102,438</u>	<u>178,309</u>	<u>168,270</u>
	<u>\$ 224,159</u>	<u>\$ 38,109</u>	<u>\$ 102,438</u>	<u>\$ 364,706</u>	<u>\$ 221,953</u>

See notes to financial statements

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED
Statement of Changes in Net Assets Year Ended December 31, 2020

	General Fund	Restricted Board	Restricted Discovery	2020	2019
NET ASSETS - BEGINNING OF YEAR	26,524	37,942	103,804	168,270	175,089
Excess / (deficiency) of revenue over expenditure	11,238	167	(1,366)	10,039	(6,819)
NET ASSETS - END OF YEAR	37,762	38,109	102,438	178,309	168,270

See notes to financial statements

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED
Statement of Revenues and Expenditures Year Ended December 31, 2020

	General Fund	Restricted Board	Restricted Discovery	2020	2019
REVENUE					
Grants - City of Mississauga	159,108	-	-	159,108	237,000
Grants - Federal Canada Summer Jobs	15,736	-	-	15,736	21,697
Grant - Community Foundation	13,517	-	-	13,517	28,047
Grants - Ontario Trillium Foundation	13,500	-	-	13,500	36,281
Grants - Mississaugas of the Credit First Nation	5,000	-	-	5,000	1,194
Grant - City of Mississauga Project	-	-	-	-	5,000
Grant - Veteran's Affairs Canada	-	-	-	-	6,147
Total grants	206,861	-	-	206,861	335,366
Barter Donations	41,513	-	-	41,513	44,055
Bingo Income	17,473	-	-	17,473	4,801
Fundraising	7,752	-	-	7,752	7,898
Donations	6,753	-	-	6,753	3,229
Carassauga Canada Pavilion	1,000	-	-	1,000	39,182
Other Income	830	-	-	830	5,424
Education	260	-	-	260	2,381
Membership	211	-	-	211	1,664
Gift Shop	60	-	-	60	966
Awards Night	15	-	-	15	63,609
Donations in Kind	-	-	-	-	6,720
Interest	2	115	4,069	4,186	915
	282,730	115	4,069	286,914	516,210

See notes to financial statements

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

Statement of Revenues and Expenditures (continued) Year Ended December 31, 2020

	General Fund	Restricted Board	Restricted Discovery	2020	2019
EXPENDITURE					
Salaries and Benefits	244,311	-	-	244,311	250,349
Less: CEWS wage subsidy	(117,709)	-	-	(117,709)	-
Salaries and Benefits (net of CEWS wage subsidy)	126,602	-	-	126,602	250,349
Other expenses – barter	41,513	-	-	41,513	31,998
Education	19,086	-	-	19,086	24,964
Bingo Expenses	16,904	-	-	16,904	4,801
Office supplies	16,423	-	-	16,423	15,792
Community Foundation	12,568	-	-	12,568	16,723
Occupancy costs	11,134	-	-	11,134	12,683
Audit and Legal	8,302	-	-	8,302	5,795
Insurance	5,023	-	-	5,023	5,006
Telephone	3,551	-	-	3,551	2,973
Awards Night	2,799	-	-	2,799	36,004
Awareness	2,735	-	-	2,735	44,829
Fundraising	2,531	-	-	2,531	3,021
Legends Row	1,290	-	-	1,290	-
Interest and bank charges	998	-	-	998	1,333
Travel	33	-	-	33	1,447
Amortization	-	-	-	-	5,259
Purchases for resale	-	-	-	-	448
Donations in Kind	-	-	-	-	6,720
Conservation	-	-	-	-	1,654
Membership	-	-	-	-	1,022
Awards night - barter	-	-	-	-	12,057
Trillium expenses	-	-	-	-	14,042
	271,492	-	-	271,492	498,920
EXCESS / (DEFICIENCY) OF REVENUE OVER EXPENDITURE FROM OPERATIONS	11,238	115	4,069	15,422	17,290
IMPAIRMENT LOSS					
Impairment Loss -Website (note 4)	-	-	-	-	18,408
Unrealized loss (gain) on investment	-	(52)	5,435	5,383	5,701
EXCESS / (DEFICIENCY) OF REVENUE OVER EXPENDITURE	11,238	167	(1,366)	10,039	(6,819)

See notes to financial statements

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

Statement of Cash Flows Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,039	(6,819)
Items not affecting cash		
Amortization of capital assets	-	5,259
Impairment loss	-	18,408
Changes in non cash working capital:		
Accounts receivable	(26,902)	(5,258)
Sales tax receivable	(810)	6,380
Inventory	-	258
Accounts Payable	(370)	10,837
Deferred Revenue	133,083	(28,341)
	115,040	724
INVESTING ACTIVITIES		
Long term investments	1,366	(309)
	1,366	(309)
Net changes in cash	116,406	415
Cash - beginning balance	101,309	100,894
Cash - ending balance	217,715	101,309

Cash balance consists of cash \$ 179,606 (2019 \$ 63,367) and investments \$ 38,109 (\$ 37,942)

See notes to financial statements

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

Notes to Financial Statements Year Ended December 31, 2020

I. 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.

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

Notes to Financial Statements Year Ended December 31, 2020

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, 2020 was \$102,175 (2019 - \$94,313). 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

During the year ended December 31, 2019, Management had 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. Currently, the organization does not have any funds allocated to the Capital Fund.

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED

Notes to Financial Statements Year Ended December 31, 2020

5. PERMANENT COLLECTION

	<u>2020</u>	<u>2019</u>
Insured value	\$ <u>309,295</u>	\$ <u>270,161</u>

6. DEFERRED REVENUE

	Deferred amount, beginning of year	Amount received	Recognized as revenue	Deferred amount, end of year
City of Mississauga	-	279,000	159,108	119,892
Community Foundation	19,290	5,000	13,517	10,773
Federal (Summer Jobs)	-	15,736	15,736	-
Meadowvale Village project	1,379	-	-	1,379
Mississaugas of the Credit First Nation	5,906	-	5,000	906
National Trust Donation	-	1,000	-	1,000
Ontario Trillium Foundation	-	32,200	13,500	18,700
Thompson's Company Services	-	1,000	-	1,000
Bingo	8,981	23,481	17,473	14,989
Total	35,556	357,417	224,334	168,639

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

	<u>2020</u>	<u>2019</u>
Balance, beginning of the year	\$ -	\$ -
Allowance reversal	79,419	96,074
Amounts received	38,218	27,400
Amounts spent	(41,513)	(44,055)
Subtotal	76,124	79,419
Allowance	(76,124)	(79,419)
Balance, end of the 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, 2020

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, 2020.

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 make up of its accounts payable and has provided sufficient funding to fulfil 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. WAGE SUBSIDY

In response to the COVID-19 coronavirus pandemic, in March 2020 the government of Canada introduced the Canadian Emergency Wage Subsidy program for companies and organizations which experienced reductions in revenue. The organization's application for the program was approved and it was entitled to the wage subsidy from March 15, 2020 to December 31, 2020. During the year ended December 31, 2020, the Company claimed a wage subsidy of \$117,709 of which \$82,911 was collected during the year end. Wage subsidy granted amounting to \$117,709 is shown as a reduction from Salaries and Benefits in the statement of revenue and expenditure for the year ended December 31, 2020. Outstanding subsidy amounting to \$34,798 is included in Accounts Receivable in the statement of financial position as at December 31, 2020.

11. IMPACT OF COVID-19

Due to the COVID 19 outbreak globally since the beginning of 2020, the Canadian and Ontario provincial governments have undertaken emergency preventative measure such as travel bans, self-imposed quarantine, social distancing etc. to combat the spread of this pandemic. These measures may cause material impact on the way businesses are conducted within Canada and globally. It is expected that the global economy will slow down significantly due to this pandemic which may result in the company having some serious impact on its cash flow, revenue and profitability. The Federal and Provincial governments have undertaken some economic stimulus measures to protect the economy and businesses from the impact of this pandemic. The success of these measures and the time frame of recovery and their effect on the organization's financial performance is currently undeterminable.

12. COMPARATIVE FIGURES

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

THE MISSISSAUGA HERITAGE FOUNDATION INCORPORATED
Notes to Financial Statements Year Ended December 31, 2020

13. SUBSEQUENT EVENTS

It is of the management opinion that there are no events subsequent to the year end, which would have a material impact on financial statements or would require adjustment or disclosure in financial statements.
