
The Orillia Museum of Art and History

Financial Statements

For the year ended September 30, 2020

Table of Contents

Independent Auditor's Report	2
Balance Sheet	4
Statement of Operations	5
Statement of Changes in Fund Balances	6
Statement of Cash Flows	7
Notes to Financial Statements	8
Schedule 1 - Grant Revenue	13
Appendix 1 - Auditor's Responsibilities	14

BEN T. COLE

PROFESSIONAL CORPORATION

6 West Street N., Suite 300, Orillia, ON L3V 5B8
Telephone: (705) 326-8172 Fax: (705) 326-8702
Email: btcole@rogers.com

INDEPENDENT AUDITOR'S REPORT

To The Members of The Orillia Museum of Art and History :

Qualified Opinion

I have audited the accompanying financial statements of The Orillia Museum of Art and History, which comprise the balance sheet as at September 30, 2020, and the statements of operations & 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 affect of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the company as at September 30, 2020 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.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and special event activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to contributions, surplus, current assets and net assets.

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 Company in accordance with the 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 opinion.

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 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.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

BEN T. COLE PROFESSIONAL CORPORATION

6 West Street N., Suite 300, Orillia, ON L3V 5B8
Telephone: (705) 326-8172 Fax: (705) 326-8702
Email: btcole@rogers.com

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.

A further description of the auditor's responsibilities for the audit of financial statements is included in Appendix 1 of this Auditor's Report. This description, which is located on the final page of these financial statements, forms part of my auditor's report.

Ben Cole

Ben T. Cole, CPA, CA, Professional Corporation
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario.

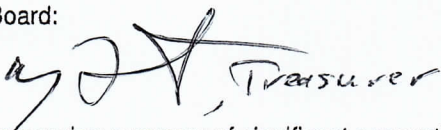
Orillia, Ontario
May 26, 2021

The Orillia Museum of Art and History

Balance Sheet

September 30	Operating Fund	Capital Fund	Endowment Fund	2020	2019
Assets					
Current					
Cash	\$ 88,318	\$ 10,491	\$ 2,080	\$ 100,889	\$ 25,525
Accounts Receivable	402	-	-	402	362
HST Rebate	4,896	-	-	4,896	1,712
Grants Receivable	69,844	-	-	69,844	102,808
Interfund Balances	18,215	-	2,727	-	-
Inventory	57,712	-	-	57,712	58,445
Prepaid Expenses	7,274	-	-	7,274	5,416
	<u>246,661</u>	<u>10,491</u>	<u>4,807</u>	<u>241,017</u>	<u>194,268</u>
Investments (Note 5)	-	-	114,281	114,281	104,709
Collections (Note 6)	-	379,864	-	379,864	365,964
Property, Plant & Equipment (Note 7)	-	1,836,417	-	1,836,417	1,970,343
Total Assets	\$ 246,661	\$ 2,226,772	\$ 119,088	\$ 2,571,579	\$ 2,635,284
Liabilities and Fund Balances					
Current Liabilities					
Accounts Payable and Accrued Liabilities	\$ 22,171	\$ -	\$ -	\$ 22,171	\$ 27,294
Line of Credit (Note 9)	-	-	-	-	66,842
Interfund Balances	-	20,942	-	-	-
Payroll Deductions Payable	3,402	-	-	3,402	10,167
Deferred Grant Revenue	65,376	-	-	65,376	21,600
	<u>90,949</u>	<u>20,942</u>	<u>-</u>	<u>90,949</u>	<u>125,903</u>
Fund Balances					
Restricted	-	2,205,830	-	2,205,830	2,327,204
Externally Restricted	-	-	119,088	119,088	109,516
Unrestricted	155,712	-	-	155,712	72,661
	<u>155,712</u>	<u>2,205,830</u>	<u>119,088</u>	<u>2,480,630</u>	<u>2,509,381</u>
Total Liabilities and Fund Balances	\$ 246,661	\$ 2,226,772	\$ 119,088	\$ 2,571,579	\$ 2,635,284

On behalf of the Board:

 Treasurer

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

The Orillia Museum of Art and History

Statement of Operations

For the Year Ended September 30	Operating Fund	Capital Fund	Endowment Fund	2020	2019
Revenues					
Art, Book and Shop Sales	\$ 18,448	-	-	\$ 18,448	\$ 51,491
Donations	76,436	16,900	1,800	95,136	75,860
Exhibition Submission Fees	2,730	-	-	2,730	6,276
Fundraising	30,344	-	-	30,344	44,317
Gallery Admissions	2,168	-	-	2,168	7,157
Grants - Schedule 1	274,136	-	-	274,136	247,375
Investment, Rental and Other	3,150	-	9,872	13,022	12,245
Memberships	9,305	-	-	9,305	14,870
Programs	28,068	-	-	28,068	58,773
Sponsorships	950	-	-	950	1,100
	<u>445,735</u>	<u>16,900</u>	<u>11,672</u>	<u>474,307</u>	<u>519,464</u>
Expenses					
Advertising and promotion	3,333	-	-	3,333	10,068
Amortization	-	133,926	-	133,926	134,542
Bank Charges and Interest	5,693	4,348	-	10,041	6,266
Conservation	7,293	-	-	7,293	14,007
Cost of Sales	14,954	-	-	14,954	43,571
CARFAC Fees	9,177	-	-	9,177	8,382
Exhibitions	17,269	-	-	17,269	29,551
Fundraising and Special Events	7,874	-	-	7,874	23,113
Insurance	8,996	-	-	8,996	8,446
Office and General	22,231	-	-	22,231	6,584
Programs	25,057	-	-	25,057	50,802
Professional Development & Travel	1,997	-	-	1,997	1,900
Professional Fees	8,020	-	-	8,020	19,626
Scholarships & Distributions	500	-	2,100	2,600	3,650
Telephone	683	-	-	683	1,511
Repairs and Maintenance	13,671	-	-	13,671	20,179
Utilities	33,818	-	-	33,818	36,873
Wages and Benefits	182,118	-	-	182,118	275,271
	<u>362,684</u>	<u>138,274</u>	<u>2,100</u>	<u>503,058</u>	<u>694,342</u>
Surplus (Deficit) For the Year	<u>\$ 83,051</u>	<u>\$ (121,374)</u>	<u>\$ 9,572</u>	<u>\$ (28,751)</u>	<u>\$ (174,878)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

The Orillia Museum of Art and History

Statement of Changes in Fund Balances

For the Year Ended September 30	Operating Fund	Capital Fund	Endowment Fund	2020	2019
Fund Balance - Beginning of Year	\$ 72,661	\$ 2,327,204	\$ 215,039	\$ 2,614,904	\$ 2,787,323
Error Correction - (Note 11)	-	-	(105,523)	(105,523)	(103,064)
Beginning Fund Balance, Restated	72,661	2,327,204	109,516	2,509,381	2,684,259
Surplus (Deficit) For the Year	83,051	(121,374)	9,572	(28,751)	(174,878)
Fund Balance - End of Year	\$ 155,712	\$ 2,205,830	\$ 119,088	\$ 2,480,630	\$ 2,509,381

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

The Orillia Museum of Art and History

Statement of Cash Flows

For the Year Ended September 30	Operating Fund	Capital Fund	Endowment Fund	2020	2019
Cash provided by (used in)					
Operating Activities					
Surplus (Deficit) for the Year	\$ 83,051	\$ (121,374)	\$ 9,572	\$ (28,751)	\$ (174,878)
Items not involving cash					
Amortization - Property, Plant & Equipment	-	133,926	-	133,926	134,542
	83,051	12,552	9,572	105,175	(40,336)
Changes in non-cash working capital balances					
Accounts Receivable	(3,218)	-	-	(3,218)	(921)
Line of Credit	-	(66,842)	-	(66,842)	66,842
Grants Receivable	32,964	-	-	32,964	4,977
Inventory	733	-	-	733	7,297
Interfund Balances	(78,681)	78,681	-	-	-
Accounts Payable and Accrued Liabilities	(11,888)	-	-	(11,888)	8,301
Deferred Revenue	43,776	-	-	43,776	5,577
Prepays	(1,858)	-	-	(1,858)	(1,075)
	64,879	24,391	9,572	98,842	50,662
Investing Activities					
Purchased Assets & Collection Items	-	(13,900)	-	(13,900)	(14,264)
Net Change in Investments	-	-	(9,578)	(9,578)	(9,615)
	-	(13,900)	(9,578)	(23,478)	(23,879)
Increase (decrease) in cash	64,879	10,491	(6)	75,364	26,783
Cash - beginning of year	23,439	-	2,086	25,525	(1,258)
Cash, (Overdraft), End of Year	\$ 88,318	\$ 10,491	\$ 2,080	\$ 100,889	\$ 25,525

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

The Orillia Museum of Art and History

Notes to Financial Statements

September 30, 2020

1. Purpose of the Corporation

The Corporation was incorporated without share capital under the laws of Ontario on March 11, 1991 as the Sir Sam Steele Art Gallery Foundation. The Museum was established to promote the public's interest and appreciation of the aesthetic arts and the history and culture of the City of Orillia, Ontario and the surrounding region by establishing and operating a non-profit institution which encompasses the functions and activities of a public art gallery, museum and historical society in the City of Orillia. The Museum is a registered Charity under the Income Tax Act.

On August 9, 1999 Sir Sam Steele Art Gallery Foundation and the Orillia Historical Society amalgamated to form The Orillia Museum of Art and History.

2. Economic Dependence

The Corporation is dependent on annual contributions from the City of Orillia in order to finance its general fund operations. Should these contributions cease, the Corporation would be unable to continue its operations in its current form.

3. Significant Accounting Policies

Basis of Accounting

The Corporation prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations, (Part III of the CPA Handbook).

Fund Accounting

The Corporation follows the restricted fund method of accounting for contributions.

The operating fund accounts for the Corporation's program delivery and administrative activities. This fund reports unrestricted resources.

The capital fund was established to account for the Corporation's investment in property, plant & equipment, collections and related expenses thereof and significant building renovations.

The endowment fund accounts for restricted assets that are to be used for activities designated by the contributors.

The Orillia Museum of Art and History

Notes to Financial Statements

September 30, 2020

3. Significant Accounting Policies - Continued

Property, Plant & Equipment

Property, Plant & Equipment are valued at cost. Amortization is charged against the capital fund and is based on the estimated useful life of the asset and is provided at the following rates and methods:

Furniture and equipment	10% declining basis
Computer equipment	30% declining basis
Computer software	20% declining basis
Leasehold Improvements	25 years straight line basis

Revenue Recognition

Restricted contributions related to general operations are recorded as revenue 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 when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowments are recognized as revenue in the endowment fund.

Revenue from the sale of products and services are recognized at the time of shipment or when the service is rendered.

Investment income earned on endowment funds must be spent in accordance with the mandate of the endowments. Investment income earned on capital fund resources is recognized as revenue of the capital fund. Other investment income is recognized as revenue of the general fund when earned.

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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank balances and term deposits with maturities of three months or less as of the date of purchase.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost has been determined on the first-in, first-out basis.

The Orillia Museum of Art and History

Notes to Financial Statements

September 30, 2020

3. Significant Accounting Policies - Continued

Collections

Purchased collections are recorded at cost. Donated collections are recorded at their appraised value at the time of acquisition. Contributions of items that have not been appraised or that have a fair market value that is not readily determinable are not recognized on the financial statements.

Donated Property Plant & Equipment and Services

Donated property, plant & equipment are recorded at their fair market value at the time of the contribution. Volunteers contribute their time to assist the museum in carrying out its various activities. Volunteer contributions are not recognized in the financial statements because of the difficulty of determining their fair market value.

Endowment Funds

The Museum administers two endowment funds for scholarships, (the Allan Ironside History Award & the Georgia McLellan Scholarship Award), and one to support emerging artists, (the Kevin J. Batchelor Award). Distributions are made annually in accordance with the mandate of the endowments.

Investments

Investments are initially recorded at fair value. In subsequent periods, investments are recorded at amortized cost. Equity instruments quoted in an active market are measured at fair market value; with changes in fair value recognized as income in the year in which they occur.

The Orillia Museum of Art and History

Notes to Financial Statements

September 30, 2020

4. Financial Instruments

The Corporation has various financial instruments. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

5. Investments - Endowment Fund

The Museum has invested its Endowment Fund with the Community Foundation of Orillia and Area, (CFOA). The funds are invested by the CFOA on behalf of the Museum.

6. Collections

The collection maintains over 17,000 items. They are comprised of the Museum's paintings, reliefs, sculptures and historical artifacts. Art valued at \$ 13,900 was added to the collection this year. There were no disposals during the year.

7. Property, Plant & Equipment

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer Equipment	\$ 71,455	\$ 63,204	\$ 71,454	\$ 59,668
Computer Software	26,994	20,326	26,994	17,469
Furniture & Fixtures	150,926	98,317	150,926	92,471
Leaseholds - Phase I	1,127,425	770,530	1,127,427	725,434
Leaseholds - Phase II	1,914,763	502,769	1,914,763	426,178
Total	\$ 3,291,563	\$ 1,455,146	\$ 3,291,563	\$ 1,321,220
Net Book Value	\$ 1,836,417		\$ 1,970,343	

The Orillia Museum of Art and History

Notes to Financial Statements

September 30, 2020

8. Commitments

The Corporation has leased premises from the City of Orillia for a twenty year period, expiring on the 6th of May, 2026 at annual rent of \$ 1.

9. Line of Credit

The Corporation has secured a line of credit with TD Canada Trust to a maximum of \$ 75,000. Interest is charged at prime + 4.70% and the line of credit is secured by a general security agreement. The balance outstanding at September 30, 2020 is \$ NIL, (September 30, 2019 - \$ 66,842).

10. Third Party Endowment Funds - OAF & CFOA

The Museum established an Endowment Fund at the Ontario Arts Foundation (OAF) in 1999 through the Arts Endowment Fund (AEF) Program. The AEF is a program of the government of Ontario through the Ministry of Heritage, Sport, Tourism & Culture Industries. Under the program, money raised by eligible arts organizations for endowment was matched dollar for dollar, up to a predetermined maximum. Each year, the Museum receives income from its endowment to be used for its ongoing operations. The Orillia Museum of Art and History Arts Endowment Fund will be held in perpetuity for the benefit of the Museum.

The market value of the Arts Endowment Fund at September 30, 2020 was \$ 86,527. During the year, the Museum received a distribution of \$ 6,027.

The Museum has also established an Endowment Fund at the Community Foundation of Orillia and Area, (CFOA). The market value of this Designated Fund at September 30, 2020 was \$ 16,413. During the year, the Museum received a distribution of \$ 500. This fund will also be held in perpetuity for the benefit of the Museum.

11. Correction of Error

The assets of the two third party Endowment Funds described in Note 10 were recorded on the Balance Sheet in previous fiscal years. This was an error, as the assets do not belong to the Museum. The comparative figures presented on these financial statements have been adjusted by the following amounts:

Endowment Fund Assets at September 30, 2019 Reduced by	\$ 105,523
Endowment Fund - 2019 Opening Balance Reduced by	\$ 103,064
Endowment Fund 2019 Revenue Reduced by	\$ 2,459

The Orillia Museum of Art and History

Schedule 1 - Grant Revenue

For the Year Ended September 30	Operating Fund	Capital Fund	Endowment Fund	2020	2019
City of Orillia	\$ 150,000			\$ 150,000	\$ 150,000
Canadian Museum Association	17,806			17,806	17,806
Community Foundation	1,520			1,520	2,050
MSAA - Seniors Community Grant	14,720			14,720	-
Canadian Heritage - Museum Assistance Program	44,821			44,821	-
Ontario Arts Foundation	6,027			6,027	4,064
Wage Subsidy Programs (CEWS)	34,675			34,675	43,122
County of Simcoe	-			-	2,000
Other Miscellaneous	4,567			4,567	28,333
	\$ 274,136	\$ -	\$ -	\$ 274,136	\$ 247,375

BEN T. COLE

PROFESSIONAL CORPORATION

6 West St. N., Suite 300, Orillia, Ontario, L3V 5B8
Telephone: (705) 326-8172; Fax: (705) 326-8702; Email: btcole@rogers.com

Appendix 1 - Auditor's Responsibilities

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 company'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, 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 the auditor's report. However, future events or conditions may cause the company 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.