

OJIBWAY HISTORICAL PRESERVATION SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2018

OJIBWAY HISTORICAL PRESERVATION SOCIETY

Financial Statements
December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ojibway Historical Preservation Society

Qualified Opinion

We have audited the financial statements of Ojibway Historical Preservation Society, which comprise the statement of financial position as at December 31, 2018, and the statements of operations and 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 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 Ojibway Historical Preservation Society as at December 31, 2018 and the results of its operations and its 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 not-for-profit organizations, Ojibway Historical Preservation Society derives revenue from donations and fundraising activities 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 Ojibway Historical Preservation Society and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2018, current assets and net assets as at December 31, 2018.

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 society 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.

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 society'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 society or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT, continued

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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Society 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.

Akler Browning LLP


Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
April 9, 2019

OJIBWAY HISTORICAL PRESERVATION SOCIETY
Statement of Financial Position
December 31, 2018

	2018	2017
Assets		
Current		
Cash	\$ 375,178	\$ 45,704
Term deposits	83,473	83,057
Accounts receivable	2,900	-
HST rebate receivable	1,785	768
Total Current	463,336	129,529
Heritage restorations (note 2)	3,207,554	3,294,860
Total Assets	\$ 3,670,890	\$ 3,424,389
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 6,400	\$ 3,499
Deferred capital contributions	3,664,490	3,420,890
Total Liabilities	3,670,890	3,424,389
Fund Balances		
Net assets	-	-
Total Liabilities and Fund Balances	\$ 3,670,890	\$ 3,424,389

Approved on behalf of the Board:


 _____ Director
 _____ Date
 APR 20, 2019


 _____ Director
 APRIL 20, 2019

OJIBWAY HISTORICAL PRESERVATION SOCIETY**Statement of Operations and Changes in Net Assets**

Year ended December 31, 2018

	2018	2017
Revenues		
Amortization of deferred capital contributions	\$ 121,610	\$ 108,334
Expenditures		
Amortization	95,725	94,172
Fundraising	17,420	4,982
Operating	8,465	9,180
Total expenditures	121,610	108,334
Excess of revenues over expenditures for the year	-	-
Net assets, beginning of year	-	-
Net assets, end of year	\$ -	\$ -

OJIBWAY HISTORICAL PRESERVATION SOCIETY**Statement of Cash Flows**

Year ended December 31, 2018

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ -	\$ -
Adjustments for non-cash items		
Amortization of heritage restorations	95,725	94,172
Amortization of deferred capital contributions	(121,610)	(108,334)
	(25,885)	(14,162)
Net change in non-cash working capital items		
Accounts receivable	(2,900)	-
HST rebate receivable	(1,017)	12,232
Accounts payable and accrued liabilities	2,901	-
Deferred capital contributions	365,211	41,384
	364,195	53,616
Cash Provided by Operating Activities	338,310	39,454
CASH FLOWS FROM INVESTING ACTIVITIES		
Term deposits	(416)	(496)
Heritage restorations	(8,420)	-
Cash Used in Investing Activities	(8,836)	(496)
Net increase in cash	329,474	38,958
Cash, beginning of year	45,704	6,746
Cash, end of year	\$ 375,178	\$ 45,704

OJIBWAY HISTORICAL PRESERVATION SOCIETY

Notes to the Financial Statements

December 31, 2018

NATURE OF OPERATIONS

The Ojibway Historical Preservation Society (the "Society") was established on December 12, 2001. The Society's purpose is to restore, preserve and protect those structures in the Pointe Au Baril, Ontario area designated as historically and architecturally significant pursuant to the Ontario Heritage Act.

The Society qualifies as a charitable organization under the terms of the Income Tax Act (Canada) and, as such, is exempt from income taxes and may issue receipts for income tax purposes.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Heritage restorations

Heritage restorations, which include expenditures incurred for the restoration, preservation, and protection of structures designated as historically and architecturally significant pursuant to the Ontario Heritage Act, are accounted for at cost and amortized over their estimated useful life on a straight-line basis using the following durations:

Buildings	60 years
Grocery store	60 years
Septic system	60 years
Equipment	20 years
Trails	20 years
Docks	35 years
Stonework	60 years
Tennis courts	20 years

(b) Deferred capital contributions

The Society receives funding for restoration costs and related operating and fundraising costs. The contributions are recognized as revenue on the same basis as those used to amortize the restoration costs and related expenditures. The unamortized portion of the contributions is shown on the statement of financial position as deferred capital contributions.

(c) Revenue recognition

The Society uses the deferral method of accounting for its revenue contributions in which restricted contributions related to expenditures of future periods are deferred and recognized as revenue in the period in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

OJIBWAY HISTORICAL PRESERVATION SOCIETY

Notes to the Financial Statements

December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Financial instruments

Measurement of financial instruments

The Society initially measures its financial assets and liabilities at fair value.

The Society 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 excess of revenue over expenditures in the period incurred.

Financial assets measured at amortized cost include cash, term deposits, accounts receivable and HST rebate receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Society has not designated any financial asset or financial liability to be measured at fair value.

Impairment

For financial assets measured at amortized cost, the Society determines whether there are indications of possible impairment. When there is an indication of impairment, and the Society determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenditures.

(e) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenditures for the period covered. The main estimates relate to the impairment of financial assets and the useful life of heritage restorations.

OJIBWAY HISTORICAL PRESERVATION SOCIETY

Notes to the Financial Statements

December 31, 2018

2. HERITAGE RESTORATIONS

			2018	2017
	Cost	Accumulated amortization	Net	Net
Buildings	\$ 2,347,081	\$ 478,388	\$ 1,868,693	\$ 1,925,459
Grocery store	581,388	58,140	523,248	532,938
Septic system	348,000	65,000	283,000	288,800
Equipment	301,000	185,200	115,800	130,850
Trails	189,644	53,336	136,308	136,308
Docks	171,000	61,130	109,870	109,870
Stonework	119,000	24,915	94,085	94,085
Tennis courts	204,000	127,450	76,550	76,550
Trails	\$ 4,261,113	\$ 1,053,559	\$ 3,207,554	\$ 3,294,860

3. DEFERRED CAPITAL CONTRIBUTIONS

	2018	2017
Balance, beginning of year	\$ 3,420,890	\$ 3,487,839
Add: Contributions	365,210	41,385
	3,786,100	3,529,224
Deduct: Amortization	(121,610)	(108,334)
Balance, end of year	\$ 3,664,490	\$ 3,420,890

4. COMMITMENTS

The Society rents its premises from The Ojibway Club under a long-term lease, which expires in 2099 with an option to renew at that time. The office space is provided at no cost.

5. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial transaction will cause a financial loss for the other party by failing to discharge an obligation. The Society's credit risk is mainly related to the term deposits, accounts receivable and HST rebate receivable.

OJIBWAY HISTORICAL PRESERVATION SOCIETY

Notes to the Financial Statements

December 31, 2018

5. FINANCIAL INSTRUMENTS, continued

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect to its trade accounts payable. The Society expects to meet these obligations as they come due by generating sufficient cash flow from the receipt of donation revenue.

(c) 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. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed rate instruments subject the Society to risk of changes in fair value. The exposure to this risk also fluctuates as the quantity of fixed rate instruments held changes from year to year.
