

**ONTARIO BUSHPLANE HERITAGE
AND FOREST FIRE EDUCATIONAL CENTRE
(O/A CANADIAN BUSHPLANE HERITAGE CENTRE)
FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of The Ontario Bushplane Heritage and Forest Fire Educational Centre)
(o/a Canadian Bushplane Heritage Centre)

Qualified Opinion

I have audited the financial statements of The Ontario Bushplane Heritage and Forest Fire Educational Centre (o/a Canadian Bushplane Heritage Centre), which comprise the statement of financial position as at December 31, 2019 and the statement of operations, changes in net assets and its 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 Entity as at December 31, 2019 and its results of 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 charitable organizations, The Ontario Bushplane Heritage and Forest Fire Educational Centre (o/a Canadian Bushplane Heritage Centre) derives revenue from donations, admissions, fund raising and other receipts, the completeness of which is not susceptible of 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 revenues, excess of revenues over expenditures, and cash flows for the years ended December 31, 2019 and 2018, and assets and net assets as at December 31, 2019 and 2018.

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 Financial Statements* section of my report. I am independent of the Entity 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.

Emphasis of Matter - Subsequent Events

Without modifying my opinion, I draw attention to note 1 in the financial statements which indicates that subsequent to year end, the The Ontario Bushplane Heritage and Forest Fire Educational Centre's (o/a Canadian Bushplane Heritage Centre) operations will be negatively impacted by the effects of the COVID-19 pandemic.

Other Matters

The financial statements of The Ontario Bushplane Heritage and Forest Fire Educational Centre (o/a Canadian Bushplane Heritage Centre) for the year ended December 31, 2019 were audited by another auditor who expressed a modified opinion on those financial statements on April 23, 2019

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives is 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 Entity'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 Entity'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 Entity 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.



Chartered Professional Accountant
Professional Corporation
Authorized to practice public accounting by The Chartered Professional Accountants of Ontario
Sault Ste. Marie, Ontario
May 21, 2020

**CANADIAN BUSHPLANE HERITAGE CENTRE
STATEMENT OF FINANCIAL POSITION**

AS AT DECEMBER 31, **2019** **2018**

ASSETS

CURRENT ASSETS

Cash (note 4)	\$ 254,904	\$ 705,919
Accounts receivable	9,735	21,228
Contributions receivable	105,895	-
Government sales tax receivable	36,482	6,452
Inventory	31,115	29,139
Prepaid expenses	688	-

438,819 **762,738**

EXHIBITS (note 5) 102,168 157,897

COLLECTION (note 6) 2,145,000 2,145,000

CAPITAL ASSETS (note 7) 899,200 5,314

\$ 3,585,187 **\$ 3,070,949**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 91,312	\$ 47,893
Government remittances payable	9,947	7,770
Rental deposits	12,576	8,363
Deferred revenue	26,508	38,300
Deferred contributions	58,063	48,305

198,406 **150,631**

DEFERRED CAPITAL CONTRIBUTIONS (note 8) 1,031,832 573,198

NET ASSETS

Unrestricted 2,354,949 2,347,120

\$ 3,585,187 **\$ 3,070,949**

Commitments (note 9)

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements

**CANADIAN BUSHPLANE HERITAGE CENTRE
STATEMENT OF OPERATIONS AND NET ASSETS**

YEAR ENDED DECEMBER 31,	2019	2018
REVENUE		
Admissions	\$ 190,748	\$ 173,488
Deferred capital contributions amortized	55,729	55,729
Donations	98,443	51,938
Facility rentals	90,673	88,880
Federal government contributions	8,129	14,632
Fundraising events	69,755	41,911
Gift shop sales	137,479	119,741
Membership fees	11,217	10,995
Municipal contributions	175,000	175,000
Ontario Works Training Program	168,385	187,048
Other	46,929	28,321
Provincial government contributions	52,922	61,396
	1,105,409	1,009,079
EXPENSES		
Advertising	28,866	24,698
Amortization	61,043	61,043
Archives and library	250	-
Artifacts and displays	31,270	21,112
Cost of gift shop sales	71,766	63,968
Facility rentals	2,028	875
Fundraising	42,162	25,192
Insurance	19,523	25,021
Interest and bank charges	6,797	6,671
Municipal taxes	48,790	48,285
Office, general and travel	22,828	20,974
Ontario works training program	158,385	180,448
Professional fees	5,700	5,500
Rent (note 9)	1	1
Repairs and maintenance	43,705	34,607
Utilities	146,101	131,437
Wages and benefits	408,365	316,669
	1,097,580	966,501
EXCESS OF REVENUE OVER EXPENSES	7,829	42,578
NET ASSETS, BEGINNING OF YEAR	2,347,120	2,304,542
NET ASSETS, END OF YEAR	\$ 2,354,949	\$ 2,347,120

The accompanying notes are an integral part of these financial statements

**CANADIAN BUSHPLANE HERITAGE CENTRE
STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31,	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 7,829	\$ 42,578
Items not involving the use of cash:		
Amortization of capital assets	61,043	61,043
Amortization of deferred capital contributions	(55,729)	(55,729)
	<u>13,143</u>	<u>47,892</u>
Changes in non-cash operating working capital:		
Accounts receivable	11,493	(2,124)
Contributions receivable	(105,895)	-
Government sales tax receivable	(30,030)	3,638
Inventory	(1,976)	(3,122)
Prepaid expenses	(688)	21,469
Accounts payable and accrued liabilities	43,419	(45,977)
Government remittances payable	2,177	829
Rental deposits	4,213	2,995
Deferred revenue	(11,792)	(226)
Deferred contributions	9,758	35,630
	<u>(66,178)</u>	<u>61,004</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Deferred capital contributions	514,363	415,301
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of capital assets	(899,200)	-
INCREASE (DECREASE) IN CASH DURING THE YEAR	<u>(451,015)</u>	<u>476,305</u>
CASH POSITION, BEGINNING OF YEAR	705,919	229,614
CASH POSITION, END OF YEAR	<u>\$ 254,904</u>	<u>\$ 705,919</u>

The accompanying notes are an integral part of these financial statements

CANADIAN BUSHPLANE HERITAGE CENTRE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

The Ontario Bushplane Heritage and Forest Fire Educational Centre (the "Centre") is incorporated under the laws of the Province of Ontario as a non-profit corporation without share capital. Its principal purpose is to enhance, promote and preserve the historic presence of the former Provincial Air Service on Sault Ste. Marie's waterfront and the more than one hundred years of forest fire fighting in Ontario. The Centre is a registered charity and is exempt from income taxes under the Income Tax Act of Canada.

1. SUBSEQUENT EVENTS

Due to the COVID-19 pandemic the Centre has experienced facility closure. This will have an impact on the revenues and expenses affecting the statement of operations and also the assets and liabilities on the statement of financial position. There are no measurable quantitative estimates which can be made for the facility closure at the financial statement completion date.

2. GOING CONCERN

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations that are applicable to a going concern, meaning that the Centre will be able to realize its assets and discharge its liabilities in the normal course of operations. However, the use of Canadian accounting standards for not-for-profit organizations that are applicable to a going concern is potentially inappropriate because there is doubt about the appropriateness of the going concern assumption. Given the insufficiency of permanent funding and the uncertainty of revenues for 2020, the Centre may be unable to continue as a going concern during 2020. Management is hopeful of obtaining other funding arrangements. The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate, because management feels that the measures described above will mitigate the effect of the conditions and facts that raise doubt about the appropriateness of this assumption.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Financial Instruments

The Centre initially measures its financial assets and financial liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and contributions receivable.

Financial liabilities measured at amortized cost include accounts payable.

(b) Cash

Cash consists of cash on hand and bank deposits.

(c) Inventory

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

**CANADIAN BUSHPLANE HERITAGE CENTRE
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Exhibits

Exhibits are recorded at historical cost and are amortized over their estimated useful life of 10 years.

(e) Collection

The Centre's collection is made up of items that are often rare or unique with cultural or historical significance. The Centre acts as custodian for the public interest with respect to these collections. Any proceeds on the sale of collection items are to be used to acquire additional items or for the direct care of the collection.

The Centre's collection includes aircraft, parts, archived documents and displays.

The collection of aircraft is capitalized in the statement of financial position at fair value. Acquisitions are recorded at cost or fair value in the case of donated aircraft. Due to its nature the collection of aircraft is not being amortized.

The collection of parts, archived documents and displays are difficult to value and have not been capitalized in the statement of financial position. Acquisitions of items of this nature are expensed in the year of acquisition.

Contributed collection items are recorded at cost, which is considered the fair value of the item at the date of contribution. In the unusual circumstance where the fair value cannot be reasonably determined, the item is recorded at nominal value.

(f) Capital Assets

Capital assets are recorded at their historical cost. Amortization is applied to write off the cost of the assets over their estimated lives on a straight-line basis. The capital assets disclosed do not include fully amortized assets. Fully amortized assets include office equipment, computer equipment and certain exhibits.

Leasehold improvements have an estimated useful life of 15 years and exhibits have an estimated useful life of 10 years.

Equipment comprising computers and media equipment are amortized over their estimated useful life of 3 to 5 years.

Contributed capital assets are recorded at cost, which is considered the fair value of the asset at the date of contribution. In the unusual circumstance where the fair value cannot be reasonably determined, the capital asset is recorded at nominal value.

An impairment charge is recognized for long-lived assets when they no longer contribute to the Centre's ability to provide services. The impairment loss is computed as the difference between the residual value of assets and the carrying value.

**CANADIAN BUSHPLANE HERITAGE CENTRE
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Revenue Recognition

The Centre follows the deferral method of accounting for contributions which include government grant and subsidies. Unrestricted contributions are recognized as revenue when received or receivable except for contributions relating to approved expenditures not yet incurred which are credited to deferred contributions. Contributions related to capital assets are credited to deferred capital contributions and recognized as revenue on the same basis as amortization on the related asset is charged against operations.

(h) Donated Service and Supplies

Donated services and supplies are reflected in the financial statements as revenue and expenditures unless their fair value cannot be reasonably estimated. Volunteers contribute numerous hours annually primarily restoring and maintaining artifacts. Due to the difficulty of determining their fair value, these services are not recognized in the financial statements.

(i) Use of Estimates

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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant areas requiring the use of estimates relate to the assessment of impairment of long-lived assets such as exhibits and leasehold improvements and the useful lives of assets for amortization.

4. CASH

	2019	2018
Unrestricted	\$ 81,301	\$ 184,357
Restricted - Lottery	22,849	19,656
Restricted - Projects	150,754	501,906
	\$ 254,904	\$ 705,919

Restricted lottery cash requires approval by the lottery licensor prior to use for eligible expenditures.

5. EXHIBITS

	2019	2018
Wildlife Theatre	\$ 557,288	\$ 557,288
Accumulated amortization	(455,120)	(399,391)
	\$ 102,168	\$ 157,897

**CANADIAN BUSHPLANE HERITAGE CENTRE
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2019

6. COLLECTION

	2019	2018
Aircraft collection	\$2,145,000	\$2,145,000

7. CAPITAL ASSETS

	2019		2018	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 363,237	\$ 363,237	\$ -	\$ 5,314
Equipment	39,309	39,309	-	-
Construction in progress	899,200	-	899,200	-
	<u>\$1,301,746</u>	<u>\$ 402,546</u>	<u>\$ 899,200</u>	<u>\$ 5,314</u>

There were additions in the year, represented by construction in progress, mainly comprised of leasehold improvements to be completed in 2020. There were no write-downs or disposals of capital assets in the year.

8. DEFERRED CAPITAL CONTRIBUTIONS

	2019	2018
Balance, beginning of year	\$ 573,198	\$ 213,626
Contributions received during the year	514,363	415,301
Amortized to revenue during the year	(55,729)	(55,729)
Balance, end of year	<u>\$1,031,832</u>	<u>\$ 573,198</u>

9. COMMITMENTS

The Centre has committed to contracts for exhibits and capital improvements of approximately \$1,150,000. Approximately \$250,000 of this work remains to be completed in 2020. The projects will be funded by contributions from Industry Canada, the Northern Ontario Heritage Fund Corporation and the City of Sault Ste. Marie, Ontario.

The Centre has a lease agreement for premises expiring June, 2021 with two renewal terms of five years each. The basic annual rent is \$1 plus operating expenses and municipal taxes.

10. FINANCIAL INSTRUMENTS

Financial instruments comprise cash, accounts receivable and accounts payable. It is management's opinion that there are no significant interest, liquidity or credit risks arising from these financial instruments.

11. ECONOMIC DEPENDENCE

The Centre relies on various government agencies to provide a significant portion of operational funding. The Centre's ability to continue viable operations is dependant upon maintaining current and securing other funding arrangements.