

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

**YEAR ENDED DECEMBER 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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August 17, 2021

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

### **Qualified Opinion**

I have audited the financial statements of 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, 2020 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 Centre as at December 31, 2020 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, Ontario Bushplane Heritage and Forest Fire Educational Centre (o/a Canadian Bushplane Heritage Centre) derives revenue from donations, admissions, fundraising 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, 2020 and 2019, and assets and net assets as at December 31, 2020 and 2019.

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 Centre 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.

### **Material Uncertainty Related to Going Concern**

I draw attention to note 1 of the financial statements which indicates that the Centre has not secured permanent funding and a material uncertainty exists relating to revenues for the year ended 2021. My opinion is not modified in respect of this matter.

### **Emphasis of Matter - Subsequent Events**

Without modifying my opinion, I draw attention to note 11 in the financial statements which indicates that subsequent to year end, the Ontario Bushplane Heritage and Forest Fire Educational Centre's operations will be negatively impacted by the effects of the COVID-19 pandemic.

### **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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre'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 Centre'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 Centre'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 Centre 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

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

**AS AT DECEMBER 31,** **2020** **2019**

**ASSETS**

**CURRENT ASSETS**

Cash (note 3)	\$ 324,929	\$ 254,904
Accounts receivable	40,526	9,735
Contributions receivable	116,363	105,895
Government sales tax receivable	3,205	36,482
Inventory	31,639	31,115
Prepaid expenses	-	688
	<u>516,662</u>	<u>438,819</u>

**EXHIBITS** (note 4) 46,439 102,168

**COLLECTION** (note 5) 2,145,000 2,145,000

**CAPITAL ASSETS** (note 6) 991,941 899,200

\$ 3,700,042 \$ 3,585,187

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$ 65,954	\$ 91,312
Government remittances payable	9,227	9,947
Rental deposits	7,736	12,576
Deferred revenue	14,577	11,375
Deferred contributions	85,562	73,196
	<u>183,056</u>	<u>198,406</u>

**DEFERRED CAPITAL CONTRIBUTIONS** (note 7) 999,664 1,031,832

**TOTAL LIABILITIES** 1,182,720 1,230,238

**NET ASSETS**

Unrestricted	2,517,322	2,354,949
	<u>\$ 3,700,042</u>	<u>\$ 3,585,187</u>

Commitments (note 8)

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**

<b>YEAR ENDED DECEMBER 31,</b>	<b>2020</b>	<b>2019</b>
<b>REVENUES</b>		
Admissions	\$ 55,215	\$ 190,748
Amortization of deferred capital contributions	123,821	55,729
Donations	67,128	98,443
Facility rentals	48,941	90,673
Federal government contributions	366,413	8,129
Fundraising events	14,899	69,755
Gift shop sales	53,608	137,479
Membership fees	7,183	11,217
Municipal contributions	175,000	175,000
Ontario Works Training Program	-	168,385
Other	33,478	46,929
Provincial government contributions	46,542	52,922
	992,228	1,105,409
<b>EXPENDITURES</b>		
Advertising	19,554	28,866
Amortization	126,582	61,043
Archives and library	125	250
Artifacts and displays	30,613	31,270
Cost of gift shop sales	25,703	71,766
Facility rentals	219	2,028
Fundraising	8,258	42,162
Insurance	26,492	19,523
Interest and bank charges	2,935	6,797
Municipal taxes	49,220	48,790
Office, general and travel	23,325	22,828
Ontario works training program	-	158,385
Professional fees	6,500	5,700
Rent (note 8)	1	1
Repairs and maintenance	20,350	43,705
Utilities	150,656	146,101
Wages and benefits	339,322	408,365
	829,855	1,097,580
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	162,373	7,829
<b>NET ASSETS, BEGINNING OF YEAR</b>	2,354,949	2,347,120
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,517,322</b>	<b>\$ 2,354,949</b>

The accompanying notes are an integral part of these financial statements

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

<b>YEAR ENDED DECEMBER 31,</b>	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 162,373	\$ 7,829
Items not involving the use of cash:		
Amortization of capital assets	126,582	61,043
Amortization of deferred capital contributions	(123,821)	(55,729)
	165,134	13,143
Changes in non-cash operating working capital:		
Accounts receivable	(30,791)	11,493
Contributions receivable	(10,468)	(105,895)
Government sales tax receivable	33,277	(30,030)
Inventory	(524)	(1,976)
Prepaid expenses	688	(688)
Accounts payable and accrued liabilities	(25,358)	43,419
Government remittances payable	(720)	2,177
Rental deposits	(4,840)	4,213
Deferred revenue	3,202	(11,792)
Deferred contributions	12,366	9,758
	141,966	(66,178)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Deferred capital contributions	91,653	514,363
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of capital assets	(163,594)	(899,200)
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	<b>70,025</b>	<b>(451,015)</b>
<b>CASH POSITION, BEGINNING OF YEAR</b>	<b>254,904</b>	<b>705,919</b>
<b>CASH POSITION, END OF YEAR</b>	<b>\$ 324,929</b>	<b>\$ 254,904</b>

The accompanying notes are an integral part of these financial statements

# CANADIAN BUSHPLANE HERITAGE CENTRE

## NOTES TO FINANCIAL STATEMENTS

**YEAR ENDED DECEMBER 31, 2020**

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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. 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 2021, the Centre may be unable to continue as a going concern during 2021. 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.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

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

#### **Cash**

Cash and cash equivalents consists of cash on hand and bank deposits.

#### **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, 2020**

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

**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 cost, which is deemed to be fair value at the date of acquisition less any directly attributable costs to acquire the asset. If the cost can not be reasonably determined, aircrafts are recorded at a nominal value. The collection of aircraft is assessed for impairment when any events or changes in circumstances indicate that the net carrying amount exceeds fair value.

The collection of parts, archived documents and displays are complementary in nature and support the collection of aircraft exhibits. Acquisitions of items of this nature are expensed in the year of acquisition as well as any other direct costs to maintain and preserve the collection. The total expenditures on the collection during the current year are \$20,470.

Contributed collection items are recorded at cost, which is deemed to be fair value at the date of acquisition less any directly attributable costs to acquire the asset. If the cost can not be reasonably determined, aircrafts are recorded at a nominal value.

**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.

**Exhibits**

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

**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.

**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, 2020**

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

**Revenue Recognition**

The Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and other revenues are recognized as revenue when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured. Contributions related to capital assets are added to deferred capital contributions and recognized as revenue on the same basis as amortization on the related asset.

**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.

**3. CASH**

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	<b>2020</b>	<b>2019</b>
Unrestricted	\$ 200,221	\$ 81,301
Restricted - Lottery	24,570	22,849
Restricted - Projects	100,138	150,754
	<b>\$ 324,929</b>	<b>\$ 254,904</b>

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

**4. EXHIBITS**

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	<b>2020</b>	<b>2019</b>
Wildlife Theatre	\$ 557,288	\$ 557,288
Accumulated amortization	(510,849)	(455,120)
	<b>\$ 46,439</b>	<b>\$ 102,168</b>

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**5. COLLECTION**

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	<b>2020</b>	<b>2019</b>
Aircraft collection	\$ 2,145,000	\$ 2,145,000

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The aircraft collection also includes the following items recorded at nominal value:

- 1967 Cessna 337B Skymaster; acquired in 2019

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

**YEAR ENDED DECEMBER 31, 2020**

**6. CAPITAL ASSETS**

			<b>2020</b>	<b>2019</b>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 1,426,031	\$ 434,090	\$ 991,941	\$ -
Equipment	39,309	39,309	-	-
Construction in progress	-	-	-	899,200
	<b>\$ 1,465,340</b>	<b>\$ 473,399</b>	<b>\$ 991,941</b>	<b>\$ 899,200</b>

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

**7. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred contributions represent restricted contributions from funders with which the Centre has not incurred any expenditures. The deferred contributions relate to leasehold improvements and exhibits which are amortized to revenue at the same rate as the capital asset it relates to.

	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 1,031,832	\$ 573,198
Contributions received during the year	91,653	514,363
Amortized to revenue during the year	(123,821)	(55,729)
	<b>\$ 999,664</b>	<b>\$ 1,031,832</b>

**8. COMMITMENTS**

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.

**9. FINANCIAL INSTRUMENTS**

The Centre's management monitors, evaluates and manages the principal risks assumed with financial instruments on a daily basis. The risks that arise from transacting financial instruments include liquidity risk, credit risk and concentration of risk. The Centre is not exposed to significant market or interest rate risk.

**Liquidity Risk**

Liquidity risk is the risk that the Centre will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Centre manages its liquidity risk by establishing budgets and funding plans to fund its operating requirements. There has been no change to the risk exposures from 2019.

**Credit Risk**

Credit risk arises principally from the Centre's accounts receivable. The Centre is exposed to credit risk resulting from the possibility that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

**YEAR ENDED DECEMBER 31, 2020**

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**9. FINANCIAL INSTRUMENTS (CONTINUED)**

**Concentration of Risk:**

(a) Industry:

The Centre operates a Bushplane museum in Northern Ontario and is affected by general economic trends. The Centre relies heavily on various funding, admissions, donations and fundraising efforts. It's ability to continue as a going concern depends on its ongoing ability to raise funds through these different sources.

**10. 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.

**11. EFFECTS OF COVID-19**

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world. From the declaration of the pandemic to the date of approval of these financial statements, the Centre was subject to the following restrictions in relation to the COVID-19 pandemic:

- 1) Due to continuous Provincial Stay-at-home orders, the Centre was forced to close to the public for the majority of 2020. This caused a significant reduction in admissions, events and gift shop revenues (approximately a 60-80% decline across the above mentioned revenue streams). As the Provincial Stay-at-home order continues as at the date of financial statement approval, the impact on revenue for 2021 is not predictable at this time.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Centre's operations and financial position is not known at this time. Revenues from the public are a significant revenue source for the Centre, thus due to the decline in overall economic conditions and health and safety restrictions, funding may decline. These impacts could lead to a decline in future cash flows, as well as changes to the value of assets and liabilities. An estimate of the financial effect of the pandemic on the Centre is not predictable at this time.