

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

YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

May 24, 2022

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, 2021 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, 2021 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, 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, 2021 and 2020, and assets and net assets as at December 31, 2021 and 2020.

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.

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.

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

AS AT DECEMBER 31, **2021** **2020**

ASSETS

CURRENT ASSETS

Cash (note 2)	\$ 550,411	\$ 324,929
Accounts receivable	29,540	40,526
Contributions receivable	-	116,363
Government sales tax receivable	-	3,205
Inventory	24,082	31,639
	<u>604,033</u>	<u>516,662</u>

EXHIBITS (note 3) - 46,439

COLLECTION (note 4) 2,145,000 2,145,000

CAPITAL ASSETS (note 5) 921,088 991,941

\$ 3,670,121 \$ 3,700,042

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 78,167	\$ 65,954
Government remittances payable	6,910	9,227
Government sales tax payable	3,152	-
Rental deposits	6,740	7,736
Deferred revenue	14,625	14,577
Deferred contributions (note 6)	131,212	85,562
	<u>240,806</u>	<u>183,056</u>

DEFERRED CAPITAL CONTRIBUTIONS (note 7) 885,133 999,664

TOTAL LIABILITIES 1,125,939 1,182,720

NET ASSETS

Unrestricted	263,227	333,606
Restricted (note 8)	100,000	-
Invested in capital assets (note 9)	2,180,955	2,183,716
	<u>2,544,182</u>	<u>2,517,322</u>

\$ 3,670,121 \$ 3,700,042

Commitments (note 10)

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 CHANGES IN NET ASSETS**

YEAR ENDED MARCH 31,	Invested in Capital Assets	Restricted	Unrestricted	2021	2020
NET ASSETS, BEGINNING OF YEAR	\$ 2,183,716	\$ -	\$ 333,606	\$ 2,517,322	\$ 2,354,949
Excess of revenue over expenditures	-	-	29,621	29,621	165,134
Amortization of capital assets	(117,292)	-	-	(117,292)	(126,582)
Amortization of deferred capital contributions (note 7)	114,531	-	-	114,531	123,821
Internal transfer (note 11)	-	100,000	(100,000)	114,531	-
NET ASSETS, END OF YEAR	\$ 2,180,955	\$ 100,000	\$ 263,227	\$ 2,544,182	\$ 2,517,322

The accompanying notes are an integral part of these financial statements

**CANADIAN BUSHPLANE HERITAGE CENTRE
STATEMENT OF OPERATIONS**

YEAR ENDED DECEMBER 31,	2021	2020
REVENUE		
Admissions	\$ 89,455	\$ 55,215
Donations	38,052	67,128
Facility rentals	66,342	48,941
Federal government contributions	220,093	366,413
Fundraising events	25,778	14,899
Gift shop sales	112,237	53,608
Membership fees	10,113	7,183
Municipal contributions	175,000	175,000
Other	15,594	33,478
Provincial government contributions	46,542	46,542
	799,206	868,407
EXPENDITURES		
Advertising	21,195	19,554
Archives and library	3,660	125
Artifacts and displays	9,434	30,613
Cost of gift shop sales	66,196	25,703
Facility rentals	1,393	219
Fundraising	10,191	8,258
Insurance	27,696	26,492
Interest and bank charges	4,777	2,935
Municipal taxes	48,702	49,220
Office, general and travel	26,328	23,325
Professional fees	6,500	6,500
Rent (note 8)	1	1
Repairs and maintenance	54,520	20,350
Utilities	141,142	150,656
Wages and benefits	347,850	339,322
	769,585	703,273
EXCESS OF REVENUE OVER EXPENDITURES	\$ 29,621	\$ 165,134

The accompanying notes are an integral part of these financial statements

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

YEAR ENDED DECEMBER 31,	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 29,621	\$ 165,134
Changes in non-cash operating working capital:		
Accounts receivable	10,986	(30,791)
Contributions receivable	116,363	(10,468)
Government sales tax receivable	6,357	33,277
Inventory	7,557	(524)
Prepaid expenses	-	688
Accounts payable and accrued liabilities	12,213	(25,358)
Government remittances payable	(2,317)	(720)
Rental deposits	(996)	(4,840)
Deferred revenue	48	3,202
Deferred contributions	45,650	12,366
	225,482	141,966
CASH FLOW FROM FINANCING ACTIVITIES		
Deferred capital contributions	-	91,653
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of capital assets	-	(163,594)
INCREASE IN CASH DURING THE YEAR	225,482	70,025
CASH POSITION, BEGINNING OF YEAR	324,929	254,904
CASH POSITION, END OF YEAR	\$ 550,411	\$ 324,929

The accompanying notes are an integral part of these financial statements

CANADIAN BUSHPLANE HERITAGE CENTRE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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. 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:

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.

Cash

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

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.

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, 2021

1. 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 \$6,030 (2020 - \$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.

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.

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

YEAR ENDED DECEMBER 31, 2021

2. CASH

	2021	2020
Unrestricted	\$ 378,365	\$ 200,221
Restricted - Lottery	26,209	24,570
Restricted - Projects	145,837	100,138
	\$ 550,411	\$ 324,929

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

3. EXHIBITS

	2021	2020
Wildfire Theatre	\$ 557,288	\$ 557,288
Accumulated amortization	(557,288)	(510,849)
	\$ -	\$ 46,439

4. COLLECTION

	2021	2020
Aircraft collection	\$ 2,145,000	\$ 2,145,000

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

- 1967 Cessna 337B Skymaster; acquired in 2019

5. CAPITAL ASSETS

	2021	2020		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 1,426,031	\$ 504,943	\$ 921,088	\$ 991,941
Equipment	39,309	39,309	-	-
	\$ 1,465,340	\$ 544,252	\$ 921,088	\$ 991,941

There were no write-downs or disposals of capital assets in the year.

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

YEAR ENDED DECEMBER 31, 2021

6. DEFERRED CONTRIBUTIONS

Deferred contributions represents restricted contributions from funders for specific purposes with which the Centre has not incurred any expenditures. The deferred contributions balance at December 31 is as follows and relates to; Educational Assistant wages, wildfires, forest and ecology exhibits, employment programs, Cessna 337 restoration and roof repairs, respectively.

	2021	2020
Ontario Trillium	\$ 37,500	\$ -
Canada Heritage	1,173	1,173
Natural Resources Canada	14,975	14,975
Ontario Works	58,064	58,064
Takla Foundation	10,000	-
Other	9,500	11,350
	\$ 131,212	\$ 85,562

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.

	2021	2020
Balance, beginning of year	\$ 999,664	\$ 1,031,832
Contributions received during the year	-	91,653
Amortized to revenue during the year	(114,531)	(123,821)
	\$ 885,133	\$ 999,664

8. INTERNALLY RESTRICTED RESERVE

The The Ontario Bushplane Heritage and Forest Fire Educational Centre established an internally restricted reserve in 2021 to help finance future capital expenditures and acquisitions. The fund is administered by the board of directors.

9. INVESTED IN CAPITAL ASSETS

The investment in capital assets represents the capital assets held by the Centre including collections and exhibits. Acquisitions of capital assets, less any contributions, and revenue and expenditures relating to the fund, being amortization and amortized deferred capital contributions, are allocated directly to the fund in the year occurred.

10. COMMITMENTS

The Centre has a lease agreement for premises expiring June 21, 2026 with one renewal term of five years remaining. The basic annual rent is \$1 plus operating expenses and municipal taxes.

11. TRANSFER TO INTERNALLY RESTRICTED RESERVE

In 2021, \$100,000 was transferred from Operating to the Internally Restricted Reserve by board resolution to assist in financing future capital expenditures and acquisitions.

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

YEAR ENDED DECEMBER 31, 2021

12. 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.

13. 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.

a) 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 2020.

b) 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.

c) Other risk

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization which has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of public lockdowns, have caused material disruption to businesses globally and in Canada, resulting in an economic slowdown. Public measures such as the lockdowns have a direct impact on the Centre's ability to operate in a normal capacity and could lead to reduced revenues in the subsequent year. 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.

Concentration of Risk:

a) Industry risk

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.