

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

YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

May 30, 2023

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, 2022 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, 2022 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, 2022 and 2021, and assets and net assets as at December 31, 2022 and 2021.

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.

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, **2022** **2021**

ASSETS

CURRENT ASSETS

Cash (note 2)	\$ 618,981	\$ 550,411
Accounts receivable	36,388	29,540
Government sales tax receivable	12,383	-
Inventory	43,317	24,082
Prepaid expenses	1,656	-
	<u>712,725</u>	<u>604,033</u>

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

CAPITAL ASSETS (note 5) 913,430 921,088

\$ 3,771,155 \$ 3,670,121

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 192,222	\$ 78,167
Government remittances payable	11,305	6,910
Government sales tax payable	-	3,152
Rental deposits	3,950	6,740
Deferred revenue	12,780	14,625
Deferred contributions (note 6)	124,527	131,212
	<u>344,784</u>	<u>240,806</u>

DEFERRED CAPITAL CONTRIBUTIONS (note 7) 871,402 885,133

TOTAL LIABILITIES 1,216,186 1,125,939

NET ASSETS

Unrestricted	278,984	263,227
Restricted (note 8)	100,000	100,000
Invested in capital assets (note 9)	2,175,985	2,180,955
	<u>2,554,969</u>	<u>2,544,182</u>

\$ 3,771,155 \$ 3,670,121

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 DECEMBER 31,	Invested in Capital Assets	Restricted	Unrestricted	2022	2021
NET ASSETS, BEGINNING OF YEAR	\$ 2,180,955	\$ 100,000	\$ 263,227	\$ 2,544,182	\$ 2,517,322
Excess of revenue over expenditures	-	-	15,757	15,757	29,621
Amortization of capital assets	(86,652)	-	-	(86,652)	(117,292)
Amortization of deferred capital contributions (note 7)	81,682	-	-	81,682	114,531
NET ASSETS, END OF YEAR	\$ 2,175,985	\$ 100,000	\$ 278,984	\$ 2,554,969	\$ 2,544,182

The accompanying notes are an integral part of these financial statements

**CANADIAN BUSHPLANE HERITAGE CENTRE
STATEMENT OF OPERATIONS**

YEAR ENDED DECEMBER 31,	2022	2021
REVENUE		
Government Contributions:		
Federal	\$ 119,323	\$ 220,093
Provincial	156,759	46,542
Municipal	180,000	175,000
Admissions	232,882	94,683
Donations	56,267	38,052
Facility rentals	121,334	66,342
Fundraising events	70,806	25,778
Gift shop sales	194,251	112,237
Membership fees	26,725	10,113
Other	25,729	10,366
	<u>1,184,076</u>	<u>799,206</u>
EXPENDITURES		
Advertising	39,869	23,281
Archives and library	45,622	3,660
Artifacts and displays	24,272	9,434
Cost of gift shop sales	131,724	66,196
Facility rentals	3,702	1,393
Fundraising	51,547	10,191
Insurance	31,245	27,696
Interest and bank charges	7,646	4,777
Municipal taxes	49,986	48,702
Office, general and travel	30,583	24,242
Professional fees	9,225	6,500
Rent (note 10)	1	1
Repairs and maintenance	77,092	54,520
Utilities	177,174	141,142
Wages and benefits	488,631	347,850
	<u>1,168,319</u>	<u>769,585</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 15,757</u>	<u>\$ 29,621</u>

The accompanying notes are an integral part of these financial statements

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

YEAR ENDED DECEMBER 31,	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 15,757	\$ 29,621
Changes in non-cash operating working capital:		
Accounts receivable	(6,848)	10,986
Contributions receivable	-	116,363
Government sales tax receivable	(15,535)	6,357
Inventory	(19,235)	7,557
Prepaid expenses	(1,656)	-
Accounts payable and accrued liabilities	114,055	12,213
Government remittances payable	4,395	(2,317)
Rental deposits	(2,790)	(996)
Deferred revenue	(1,845)	48
Deferred contributions	(6,685)	45,650
	79,613	225,482
CASH FLOW FROM FINANCING ACTIVITIES		
Additions to deferred capital contributions	67,950	-
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to capital assets	(78,993)	-
INCREASE IN CASH DURING THE YEAR	68,570	225,482
CASH POSITION, BEGINNING OF YEAR	550,411	324,929
CASH POSITION, END OF YEAR	\$ 618,981	\$ 550,411

The accompanying notes are an integral part of these financial statements

CANADIAN BUSHPLANE HERITAGE CENTRE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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, 2022

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 \$12,010 (2021 - \$6,030).

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 payables and accrued liabilities.

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, 2022

2. CASH

	2022	2021
Unrestricted	\$ 454,999	\$ 378,365
Restricted - Lottery	26,675	26,209
Restricted - Projects	137,307	145,837
	\$ 618,981	\$ 550,411

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

3. EXHIBITS

	2022	2021
Wildfire Theatre	\$ 557,288	\$ 557,288
Less: accumulated amortization	557,288	557,288
	\$ -	\$ -

4. COLLECTION

	2022	2021
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

	2022		2021	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 1,426,031	\$ 575,796	\$ 850,235	\$ 921,088
Equipment	118,302	55,107	63,195	-
	\$ 1,544,333	\$ 630,903	\$ 913,430	\$ 921,088

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, 2022

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.

	2022	2021
Ontario Trillium	\$ 26,039	\$ 37,500
Canada Heritage	-	1,173
Natural Resources Canada	14,975	14,975
Ontario Works	58,064	58,064
Takla Foundation	7,239	10,000
Other	18,210	9,500
	\$ 124,527	\$ 131,212

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, exhibits, and media equipment which are amortized to revenue at the same rate as the capital asset it relates to.

	2022	2021
Balance, beginning of year	\$ 885,133	\$ 999,664
Contributions received during the year	67,951	-
Less: amortized to revenue during the year	81,682	114,531
	\$ 871,402	\$ 885,133

8. INTERNALLY RESTRICTED RESERVE

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.

CANADIAN BUSHPLANE HERITAGE CENTRE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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.

12. 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 fulfil 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 2021.

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.