

**NIAGARA HISTORICAL SOCIETY
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

**NIAGARA HISTORICAL SOCIETY
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YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Niagara Historical Society

Qualified Opinion

We have audited the financial statements of Niagara Historical Society (the Museum), which comprise the statement of financial position as at December 31, 2023, and the statements of changes in net assets, revenues and expenditures 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Museum as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the Museum expenses some capital assets against operations. In this respect, the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. The current and prior year capital expense is disclosed in Note 3; however the cumulative effect of this departure from Canadian accounting standards for not-for-profit organizations has not been determined.

As well, the Museum derives revenue from donations 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 the Museum and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

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 Museum in accordance with 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 audit 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 ASNPO, 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 Museum'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 Museum or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Members of Niagara Historical Society (*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 Museum'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 Museum's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 Museum 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.

St. Catharines, Ontario
June 10, 2024



PROFESSIONAL CORPORATION

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

**NIAGARA HISTORICAL SOCIETY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 923,202	\$ 784,110
Term deposits	103,640	101,548
Accounts receivable	647	151
Harmonized sales tax recoverable	16,270	17,548
Provincial grant receivable	-	4,562
Prepaid expenses	7,285	9,901
	1,051,044	917,820
CAPITAL ASSETS (Note 3)	306,372	127,931
MUSEUM COLLECTIONS (Note 2)	1	1
	\$ 1,357,417	\$ 1,045,752
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 17,815	\$ 16,092
Deferred revenue (Note 5)	28,887	63,540
	46,702	79,632
NET ASSETS		
GENERAL FUND	311,267	389,855
CAPITAL FUND	999,448	576,265
	1,310,715	966,120
	\$ 1,357,417	\$ 1,045,752

ON BEHALF OF THE BOARD

_____ Director

_____ Director

**NIAGARA HISTORICAL SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023**

	2022 Balance	Excess of revenues over expenditures	Transfers	2023 Balance
GENERAL FUND	\$ 389,855	\$ 48,386	\$ (126,974)	\$ 311,267
CAPITAL FUND	576,265	296,209	126,974	999,448
	\$ 966,120	\$ 344,595	\$ -	\$ 1,310,715

	2021 Balance	Excess of revenues over expenditures	Transfers	2022 Balance
GENERAL FUND	\$ 250,375	\$ 139,480	-	\$ 389,855
CAPITAL FUND	419,421	156,844	-	576,265
	\$ 669,796	\$ 296,324	\$ -	\$ 966,120

See Note 2 for a description of funds.

NIAGARA HISTORICAL SOCIETY
STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2023

	2023	2022
REVENUES		
Municipal grants	\$ 281,029	\$ 272,844
Federal and provincial grants	140,984	173,517
Event fundraising	34,660	150,069
Gift shop sales	29,808	34,905
Donations	28,079	22,177
Memberships	23,010	21,355
Admissions and tours	18,612	16,440
Harmonized sales tax refunds	13,136	17,173
Interest revenue	11,306	3,501
Programs and events	8,927	7,249
Special projects and other	1,106	4,025
	590,657	723,255
EXPENDITURES		
Salaries and benefits, staff and contractors	320,591	296,378
Maintenance and utilities	59,281	32,548
Administration	49,465	44,298
Advertising and website	24,066	23,324
Programs and events	22,142	12,808
Gift shop merchandise	19,207	15,423
Harmonized sales tax	18,337	25,732
Tiny Museum (<i>Note 3</i>)	10,346	10,169
Exhibition	8,179	6,137
Curatorial	4,944	6,941
Publishing and education	3,585	2,276
Event fundraising	1,641	104,042
Planning studies and other	487	174
Special projects	-	3,525
	542,271	583,775
GENERAL FUND - excess of revenues over expenditures	48,386	139,480
CAPITAL FUND		
Capital campaign donations	348,912	216,811
Harmonized sales tax refund - capital portion	14,904	5,478
Capital campaign interest revenue	10,036	4,421
Harmonized sales tax - capital portion	(16,826)	(7,864)
Capital fundraising expense	(60,817)	(62,002)
	296,209	156,844
CAPITAL FUND - excess of revenues over expenditures	296,209	156,844
COMBINED - excess of revenues over expenditures	\$ 344,595	\$ 296,324

**NIAGARA HISTORICAL SOCIETY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 344,595	\$ 296,324
Changes in non-cash working capital:		
Accounts receivable	(496)	81
Harmonized sales tax recoverable	1,278	(6,285)
Provincial grant receivable	4,562	(4,562)
Prepaid expenses	2,616	(7,369)
Accounts payable and accrued liabilities	1,724	4,556
Deferred revenue	(34,653)	(11,781)
	(24,969)	(25,360)
	319,626	270,964
INVESTING ACTIVITIES		
Purchase of capital assets	(178,442)	(89,724)
Term deposits	(2,092)	(1,253)
	(180,534)	(90,977)
INCREASE IN CASH	139,092	179,987
CASH - BEGINNING OF YEAR	784,110	604,123
CASH - END OF YEAR	\$ 923,202	\$ 784,110

**NIAGARA HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

1. ORGANIZATION PROFILE

The Niagara Historical Society (the Museum) owns and operates a museum and provides various community programs and services relating to the history of Niagara-on-the-Lake. The Museum operates as the Niagara-on-the-Lake Museum.

The Museum is a registered charity and therefore is exempt from income tax under Section 149(1)(f) of the Canadian Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash and cash equivalents

Cash and cash equivalents consists of funds on hand and funds held at the Niagara-on-the-Lake Museum's financial institution.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Capital assets

Capital assets are stated at cost. The Museum only capitalizes costs related to the building expansion. All other capital assets are expensed directly in the General Fund when incurred.

Inventory

The Museum expenses all purchases when made, and as a result, these assets are not reflected on the balance sheet.

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**NIAGARA HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

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

Fund accounting

Niagara Historical Society follows the restricted fund method of accounting for contributions.

The General Fund accounts for revenues and expenses related to program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Asset Fund reports the net assets internally restricted for capital assets and related to the building expansion campaign.

Revenue recognition

Donation, fundraising and gift shop revenue are recognized when received.

Interest revenue comprises of interest earned on cash and on fixed income investments. Revenue is recognized on an accrual basis.

Contributed services and in-kind donations

Volunteers contribute numerous hours each year to assist the Museum in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Donations in-kind are not recorded as income, or expense in the financial statements.

Investments

Short term investments, which consist primarily of term deposits with original maturities at date of purchase beyond three months and less than twelve months, are carried at amortized cost.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

Museum collections

The Museum holds a collection of Niagara-on-the-Lake material culture that includes early textiles, furniture, militaria and archives that range from early Upper Canadian history to the tourism, business and agricultural history of the post World War II period. The Museum has recognized collections at a nominal value of \$1. The value of collections are not reasonably determinable, therefore the specific value of any contributed collection items have not been recorded.

**NIAGARA HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Buildings	\$ 306,372	\$ -	\$ 306,372	\$ 127,931

The Museum has in place an insurance policy to cover the replacement of building and contents, and this value is reviewed by the board on a regular basis.

The Museum expenses some capital assets directly against operations. Capital assets expensed against operations in the year totalled \$10,346 (2022 - \$10,169).

4. DONATIONS IN KIND

Donations in kind include items donated for fundraising or for items of historical significance that are issued donation receipts for their appraised value. During the year \$26,415 (2022 - \$14,497) in donation receipts were issued for donations in kind.

5. DEFERRED REVENUE

The deferred revenue reported on the balance sheet represents operating funding that is related to the subsequent year.

	2023	2022
Balance, beginning of year	\$ 63,540	\$ 75,321
Less amounts recognized as revenue during the year	(57,099)	(68,405)
Add amounts received and deferred for:		
Database coordinator grant	20,146	-
Ontario Trillium Foundation - Tiny Museum grant	2,300	-
MAP grant	-	56,624
Balance, end of year	\$ 28,887	\$ 63,540

6. ENDOWMENT CONTRIBUTIONS

The Museum established "The Niagara-on-the-Lake Museum Fund" as a permanent endowment within the Niagara Community Foundation. The Museum is the sole beneficiary of the endowment fund; however this externally managed endowment is not reflected in the assets of the Museum.

The endowment fund consists of donations contributed by the Museum, directed contributions by third parties, and earnings net of distributions. The Niagara Community Foundation determines the annual distributable earnings to the Museum, of which will be recorded as revenues when received. Interest paid out from the fund to the Museum is restricted for Museum operations. To date, the Museum has contributed a total of \$20,160 to the endowment fund.

Total donations received from the endowment in the year were \$792 (2022 - \$613).

**NIAGARA HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

7. COMMITMENTS

As at December 31, 2023, the Museum had commitments of \$171,890 (2022 - \$309,735) for services related to the building expansion campaign.

8. SUBSEQUENT EVENT

On May 14, 2024, the Museum entered into an agreement to purchase the property at 25 Castlereagh Street for \$1,425,000, as part of its expansion initiative. To fund this purchase, the Museum has received new donations specifically designated for this purchase and \$375,000 will be withdrawn from the capital fund. In addition, the Town of Niagara-on-the-Lake will advance funds from a previously committed direct contribution and provide additional funds, under terms to be determined, for the remaining amount.

9. FINANCIAL INSTRUMENTS

The Museum's financial instruments consist of cash, short term investments, accounts receivable, accounts payable, accrued liabilities, and employee deductions payable. The fair market value of these financial instruments approximate their carrying values, unless otherwise noted.

Liquidity and operations risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization's exposure to liquidity risk is dependent on the receipt of funds from its donors and grantors. The organization's relies on continued operational cash flow together with the availability of its term deposits minimize exposure to this risk.

Unless otherwise noted, it is the Board of Directors' opinion that the organization is not exposed to significant interest rate, currency, or credit risks arising from these financial instruments.