

**CHILLIWACK MUSEUM AND
HISTORICAL SOCIETY**

Financial Statements

Year Ended

December 31, 2018

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

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Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

**To the members of
Chilliwack Museum and Historical Society**

Opinion

I have audited the accompanying financial statements of Chilliwack Museum and Historical Society, which comprise the statement of financial position as at December 31, 2018, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Chilliwack Museum and Historical Society as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 the Financial Statements section of my report. I am independent of Chilliwack Museum and Historical Society 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 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 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 Chilliwack Museum and Historical Society'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 Chilliwack Museum and Historical Society or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing Chilliwack Museum and Historical Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 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 Chilliwack Museum and Historical Society'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 Chilliwack Museum and Historical Society'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 Chilliwack Museum and Historical Society 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.

Report on Other Legal and Regulatory Requirements

The Chilliwack Museum and Archives is incorporated under the BC Societies Act. Accounting principles have been applied on a consistent basis, consistent with the preceding year.

Upper Valley Accounting

Upper Valley Accounting Corporation

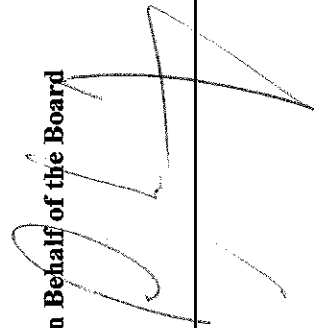
April 27th, 2019
 122-9420 Young Road
 Chilliwack, BC
 V2P 4R2

CHILLWACK MUSEUM AND HISTORICAL SOCIETY

Statement of Financial Position

Year Ended December 31, 2018 with comparative figures for 2017

	Gaming Fund	Museum and Archival Fund	2018 Total	2017 Total
Assets				
Current Assets				
Cash	98	5,425	5,523	13,148
Short-term Investments (Note 3)	--	10,441	10,441	22,185
Accounts Receivable	--	3,949	3,949	3,938
Inventory	--	12,694	12,694	14,318
	98	32,508	32,607	53,589
Property, Plant and Equipment (Note 2)	--	305,413	305,413	333,900
	--	305,413	338,020	387,489
Liabilities and Surplus				
Current Liabilities				
Accounts Payable	--	14,473	14,473	29,309
Government remittances payable	--	4,065	4,065	1,199
Flask of Remembrance (Note 10)	--	262	262	262
City of Chilliwack (Note 11)	--	26,904	26,904	56,250
	--	45,704	45,704	87,020
Deferred revenue (Note 7)	--	259,137	259,137	267,658
	--	304,841	304,840	354,678
Surplus	99	33,081	33,180	32,811
	99	337,921	338,020	387,489

On Behalf of the Board

 _____ Director

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Statement of Revenues, Expenditures and Surplus

Year Ended December 31, 2018 with comparative figures for 2017

	Gaming Fund (Schedule 3)	Museum and Archive Fund (Schedule 1-2)	2018	2017
Revenues				
Grants	--	437,520	437,520	404,500
Memberships	--	295	295	725
Earned Income	--	60,131	60,131	49,863
Donations	--	11,196	11,196	28,790
Bingo Income	--	0	0	30,000
	--	509,142	509,142	513,878
Expenditures				
Administration	120	244,648	244,768	221,065
Curatorial	--	56,493	56,493	68,556
Archives	--	61,889	61,889	62,494
Exhibits	--	5,371	5,371	12,072
School	--	32,116	32,116	72,999
Public education	231	433	664	2,145
Building maintenance	--	59,037	59,037	57,371
Office	108	46,293	46,401	44,406
Volunteer program	--	2,035	2,035	11,147
	459	508,314	508,773	552,255
Excess (Deficiency) of Revenues over Expenditures	(459)	828	369	(38,377)
Surplus, Beginning of Year	558	32,253	32,811	71,188
Surplus, End of Year	99	33,081	33,180	32,811

See accompanying notes to financial statements

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Statement of Cash Flows

Year Ended December 31, 2018

	2018	2017
Operating Activities		
Excess of revenues over expenses	\$369	\$(38,377)
Net change in non-cash working capital	<u>(49,137)</u>	<u>48,917</u>
Cash used in operating activities	(48,768)	10,540
Investing Activities		
Purchase of Capital Assets	—	(187,020)
Financing Activities		
Capital Asset Funding Received	29,350	142,345
Sale of investments	<u>11,793</u>	<u>8,972</u>
	41,143	151,317
Decrease Cash for the Year	(7,625)	(25,163)
Cash and Equivalents Beginning of the year	<u>13,148</u>	<u>38,311</u>
Cash and equivalents End of the year	<u>5,523</u>	<u>13,148</u>
Consisting of: Cash	<u>5,523</u>	<u>13,148</u>
Supplementary Information		
Interest earned in operating revenue	<u>9,450</u>	<u>9,976</u>

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Reconciliation of Prior Period Adjustment to Surplus

March 31, 2018

	2018	2017
Surplus as previously stated	\$32,811	\$90,188
Increase (decrease) due to Prior Period Adjustment	=	<u>(19,000)</u>
Surplus restated	32,811	71,188
Surplus (deficit) for the year	<u>370</u>	<u>(38,377)</u>
Surplus (deficit) end of the year	<u>33,180</u>	<u>\$32,811</u>

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Notes to Financial Statements
Year Ended December 31, 2018

General:

The Chilliwack Museum and Historical Society (the "Museum,") is a museum and historical Society incorporated as a Society under the Society Act (British Columbia). The Museum operates a museum and archives for the benefit of the Chilliwack and area community. The Museum is a registered charity under the Income Tax Act of Canada, and accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

Description of Collection

The collection consists of objects that reflect the social, economic and cultural pursuits of the residents of the Chilliwack area. This includes a significant collection of First Nations objects, including masks, stone tools and baskets. In 2012, the Norman Williams photography collection was added to the core collection. The archives collection includes more than 100,000 photographs, City of Chilliwack records, and the Oliver and Casey Wells fonds.

The policy of the Society is to not include the value of the collection in audited financial statements. Detailed acquisition records are kept for all holdings in the museum and archives. These records include the name of the donor and the method of acquisition.

1. Significant accounting policies:

- a) The financial statements have been prepared in accordance with Canadian accounting principles for not-for-profit organizations applied on a basis consistent with that of the preceding year
- b) Museum artifacts consist of exhibit items purchased by the Society, plus a nominal value of \$1 to recognize donated artifacts.
- c) Fund Accounting

For financial reporting purposes, the accounts have been classified into the following two fund groupings:

- 1) Museum and Archives- These include the day-to-day operating activities of the Museum
- 2) Gaming- these include amounts received from bingo events, which are used to cover specific expenditures.

- d) Inventory

Inventory is valued at the lower of cost and fair market value using the first-in-first-out method. Cost is determined by the lower of acquisition cost and current market cost.

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Notes to Financial Statements
Year Ended December 31, 2018

The Society uses the Deferred Revenue method for accounting for revenue. Under this method revenues related to future expenses are shown as deferred revenue until such expenses are incurred. The Society does not recognize donated goods and services as revenue.

e) Financial Instruments

The financial instruments of the Society consist of cash, term deposits and short-term investments, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Society has decided to classify financial instruments as follows -- Term deposits and short-term investments have been classified as held-for-maturity financial assets. Accounts receivable have been classified as loans and receivables, and accounts payable have been classified as other liabilities.

f) Use of Estimates

In preparing financial statements in accordance with Canadian generally accepted accounting principles, management must make estimates such as useful life, depreciation and amortization of assets, the evaluation of investments, and the recovery of accounts receivable. Actual results may differ from these estimates.

g) Revenue Recognition

The Society recognizes revenue from service contracts during the period the Society provides the services for the contracts. Interest income is recorded using the accrual method on a time basis. Donations are recorded as received. Donations related to future periods are deferred until the period to which they relate.

2. Property, Plant and Equipment

The Society records capital assets at cost and amortizes them over their estimated useful lives at the following rates and methods:

Computer Equipment	- 5 years straight-line method
Furniture and Fixtures	- 10 years straight-line method
Archive Shelving	- 20 years straight-line method

Collection and Artifacts are recorded at a nominal value of \$1 and acquisition costs of artifacts are expensed in the year of acquisition.

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Museum and Archives Fund
Notes to the Financial Statements
Year Ended December 31, 2018

Property, Plant and Equipment	2018		2017	
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Computer Equipment	26,927	20,632	6,295	9,838
Furniture and fixtures	84,598	32,050	52,548	60,944
Shelving Archives	<u>328,560</u>	<u>81,989</u>	<u>246,570</u>	<u>263,118</u>
	<u>440,084</u>	<u>134,671</u>	<u>305,413</u>	<u>333,900</u>

3. Short-term Investments

	2018		2017	
	Number	Fair Market Value	Fair Market Value	Fair Market Value
Toronto Dominion Bank common shares	--	--	--	10,268
Money Market investments	--	--	--	852
Royal Bank term deposit	1	10,441	10,441	10,392
Bank of Montreal common shares	--	--	--	10,871
		<u>10,441</u>	<u>10,441</u>	<u>32,383</u>

4. Management agreement:

The Society has an ongoing agreement with the City of Chilliwack for the management and use of the premises occupied by the Chilliwack Museum and Historical Society for 2018. Under the terms of this agreement staff wage increases are tied to wage increases City staff receive and increased funding is provided by the City to cover these increases on an annual basis. The following budgets have been approved:

- 2019 – \$423,000
- 2020 – \$448,000
- 2021 – \$475,000
- 2022 – \$495,000

5. Economic dependence:

The Society normally receives approximately 70% of its total revenue from the City of Chilliwack and is dependent on the municipality for its continued operations.

6. Comparative figures:

Certain of the prior year's figures shown for comparison have been reclassified to conform to the current year's financial presentation.

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Museum and Archives Fund
Notes to the Financial Statements
Year Ended December 31, 2018

7. Deferred Revenue, Artifact Shelving and Display Cases

During 2011, the Society undertook the relocation of the Society's archived records. The Society obtained capital grants specifically allocated to the provision of shelving and storage for the archive materials. Grants specifically restricted for the shelving totalled \$147,340. This revenue is deferred and will be amortized into income on the same basis as the shelving that was purchased with these grants (20 years straight line).

During 2018 the Society purchased new display cases to better showcase its exhibits. The Society obtained capital grants specifically allocated to the purchase of the display cases. Grants specifically restricted for the display cases totalled \$142,345. This revenue is deferred and will be amortized into income on the same basis of the amortization of the shelving that was purchased with these grants (20 years straight line).

The monthly grant from the City of Chilliwack for January 2019 was received in December 2018, and thus this amount shows as Deferred Revenue as at December 31, 2018

Deferred Revenues	Unamortized Value	2018 Accumulated amortization	Book Value	2017 Net Book Value
Deferred Shelving Grant Revenue	\$147,340	\$(55,128)	\$92,213	\$99,580
Deferred Display Case Grant Revenue	<u>142,345</u>	<u>(10,676)</u>	<u>161,669</u>	<u>138,786</u>
Total	<u>289,685</u>	<u>(65,803)</u>	<u>223,882</u>	<u>238,366</u>
City Grant funds Received	35,250	—	35,250	29,292
Directed Donations	<u>5</u>	<u>—</u>	<u>5</u>	<u>—</u>
	<u>\$324,940</u>	<u>\$(65,803)</u>	<u>\$259,137</u>	<u>\$267,658</u>

8. Capital Management

The Society manages its capital to meet its financial obligations in the short term and long term. The Society's capital consists of a Surplus of \$33,180. The Society's short-term obligations consist of trade payables of \$18,538. The Society has deferred revenue from grants received for shelving improvements of \$223,882 which represents the unamortized portion remaining from the grants received in 2011 and grants for display cases purchased in 2018. See Note 7.

9. Credit Risk

The Directors of the Society have determined that the Society has no significant exposure to credit risk, currency risk, interest rate risk, liquidity risk or other price risk.

10. Flask of Remembrance

The Flask of Remembrance represents \$262 that a group of five WWII veterans from Chilliwack gave to the museum. At the time that there is only one surviving member of this group, the last surviving veteran is to purchase a bottle of scotch and have a drink to the memory of his fallen comrades. The Museum continues to hold onto these funds until they are required.

11. Short Term Debt to the City

In November of 2018 the City loaned the Society \$29,350 to assist with the repayment of funds for grants received in 2017 for Canada 150 celebrations. The Society did not meet its obligations for the grant in 2017 and thus in 2018 was required to repay a large portion of this. This debt is non-interest bearing and will be repaid in 12 equal payments over 12 months by withholding 1/12 of the debt from the monthly funding cheques until it is repaid.

Schedule 1

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Museum and Archives Fund

Schedule of Revenues

Year Ended December 31, 2018 with comparative figures for 2017

	2018	2017
Revenues		
Grants		
City Chilliwack - operating	351,500	330,000
BC Arts Council	22,500	25,000
Knight Rd. Legacy Association	11,400	8,800
Deferred Revenue	14,484	10,926
BCMF Revenue	—	10,884
City of Chilliwack - Canada 150 Repayment	26,800	—
Student employment	10,836	18,890
	437,520	404,500
Memberships	295	725
Earned Income		
Education	15,554	3,905
Interest	11,598	9,976
Chilliwack Foundation	9,450	10,198
Gift Shop	9,665	11,146
Photos and copying	2,994	2,724
Chilliwack Museum of History	—	4200
Facility Rental	4,648	4,950
Miscellaneous, rebates & admission	6,223	2,764
	60,132	49,863
Donations		
Individuals and corporate	10,133	14,351
Donation box	491.45	640
Chilliwack Foundation Donation	—	13,049
Craft Fair	571	—
Evans School	—	750
	10,624	28,790
	509,142	483,878

See accompanying notes to financial statements

Schedule 2

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Museum and Archives Fund

Schedule of Expenditures

Year Ended December 31, 2018 with comparative figures for 2017

	2018	2017
Expenditures		
Administration:		
Consulting	13,575	---
Audit	12,443	5,459
Amortization	28,487	23,026
Admin salaries and costs	70,023	86,746
Admin assist salaries and costs	106,927	78,501
Professional development	602	4,482
Training Costs	---	1,207
Advertising	3,590	3,211
Penalties	---	81
GST	9,002	13,003
BCHF Expense	---	4,482
	244,648	220,198
Curatorial		
Salaries and related costs	56,445	61,674
Supplies	20	1,591
Summer students	28	5,291
	56,493	68,556
Archives		
Salaries and related costs	59,162	59,955
Photography	270	511
Library	196	---
Supplies	2,260	2,028
	61,889	62,494
Exhibits		
Exhibit redesign	---	7,687
Temporary Exhibit Costs	5,371	1,489
Miscellaneous	---	2,896
	5,371	12,072
School		
Education Officer	29,360	39,230
Program development	2,756	6,990
	32,116	46,220
Public Education	433	2,145

Schedule 2 (continued)

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Museum and Archives Fund

Schedule of Expenditures

Year Ended December 31, 2018 with comparative figures for 2017

	2018	2017
Expenditures (Continued)		
Building Maintenance		
Insurance	5,706	5,592
Janitorial	9,753	4,233
Security	—	6,086
Repairs	6,358	303
Utilities	37,219	40,199
	59,037	56,413
Office		
Office Supplies	7,429	3,617
Stationery	2,775	2,397
Replacement Equipment	—	150
Bank Charges	1,150	916
Interest and CRA Penalties	666	273
Point of Sale Charges	923	694
Square, PayPal and CDA	524	335
Photocopying	5,089	5,893
Telephone	9,673	9,712
Software	2,988	4,524
Computer Equipment	6,155	4,579
Subscriptions and dues	1,706	2,645
Travel	2,547	842
Gift Shop Purchases	4,669	6,636
	46,293	43,213
Volunteer program:		
Volunteer appreciation and membership services	2,035	11,147
	508,314	522,458

Schedule 3

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Gaming Fund

Schedule of Expenditures

Year Ended December 31, 2018 with comparative figures for 2017

	2018	2017
Expenditures		
Administration:		
Advertising	120	396
Office supplies	--	211
GST	--	260
	120	867
Public Education		
Education costs	--	820
Salaries and Related Costs	--	25,959
	--	26,779
Building Maintenance		
Janitorial	--	99
Security	--	736
Utilities	--	123
	--	958
Office		
Bank charges	108	90
Supplies	231	1,103
	339	1,193
	459	29,797