

**CHILLIWACK MUSEUM AND
HISTORICAL SOCIETY**

Financial Statements

Year Ended

December 31, 2019

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

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Year Ended December 31, 2019

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To: The Board of Chilliwack Museum and Archives

Charlie Fortin
45820 Spadina Avenue
Chilliwack, BC, V2P 4A6

Dear Board Members :

We have reviewed the accompanying financial statements of Chilliwack Museum and Archives that comprise the balance sheet as at December 31, 2019, and the statements of income, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the Company as at December 31, 2019, 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.

Upper Valley Accounting

April 24, 2020

10220 Reeves Road, Chilliwack, BC, V2P 6H4

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Statement of Financial Position

Year Ended December 31, 2019 with comparative figures for 2018

	Gaming Fund	Museum and Archive Fund	2019 Un-audited	2018 Audited
Assets				
Current Assets				
Cash	\$8,203	\$31,845	\$40,048	\$5,523
Short-term Investments (Note 3)	---	5,088	5,088	10,441
Accounts Receivable	---	---	---	3,949
Inventory	---	16,892	16,892	12,694
	8,203	53,825	62,028	32,607
Property, Plant and Equipment (Note 2)	---	308,301	308,301	305,413
	---	\$362,126	\$370,329	\$338,020
Liabilities and Surplus				
Current Liabilities				
Accounts Payable	---	\$5,894	\$5,894	\$14,473
Government remittances payable	---	6,714	6,714	4,065
Flask of Remembrance (Note 10)	---	262	262	262
City of Chilliwack (Note 11)	---	---	---	26,904
	---	12,870	12,870	45,704
Deferred revenue (Note 7)	---	<u>246,961</u>	<u>246,961</u>	<u>259,137</u>
	---	259,831	259,831	304,840
Surplus	8,203	102,295	110,498	33,180
	\$8,203	\$362,126	\$370,329	\$338,020

On Behalf of the Board

Director

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Statement of Revenues, Expenditures and Surplus

Year Ended December 31, 2019 with comparative figures for 2018

	Gaming Fund (Schedule 3)	Museum and Archive Fund (Schedule 1-2)	2019 Un-audited	2018 Audited
Revenues				
Grants	\$24,400	\$495,380	\$519,780	\$437,520
Memberships	---	1,955	1,955	295
Earned Income	---	59,457	59,457	60,131
Donations	---	16,238	16,238	11,196
	\$24,400	\$573,030	\$597,430	\$509,142
Expenditures				
Administration	---	\$220,244	\$220,244	\$244,768
Curatorial	---	53,372	53,372	56,493
Archives	---	67,330	67,330	61,889
Exhibits	---	3,724	3,724	5,371
School	16,215	43,830	60,045	32,116
Public education	---	12,482	12,482	664
Building maintenance	---	41,194	41,194	59,037
Office	81	58,907	58,988	46,401
Volunteer program	---	2,733	2,733	2,035
	\$16,296	\$503,816	\$520,112	\$508,773
Excess of Revenues over Expenditures	\$8,104	\$69,214	\$77,318	\$369
Surplus, Beginning of Year	99	33,081	33,180	32,811
Surplus, End of Year	\$8,203	\$102,295	\$110,498	\$33,180

See accompanying notes to financial statements

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Statement of Cash Flows

Year Ended December 31, 2019

	2019 Un-audited	2018 Audited
Operating		
Excess of Revenues	\$77,318	\$369
Items not involving cash:		
Amortization	26,565	28,487
	103,883	28,856
Change in Non-Cash Working Capital Balances		
Accounts Receivable	3,949	(12)
Short-term Investments	5,353	11,744
Inventory	(4,198)	1,624
Accounts Payable	(8,579)	(14,836)
Government Remittances payable	2,649	2,866
Deferred Contributions	(12,176)	(8,521)
	(13,002)	(7,135)
Cash provided by operating activities	90,881	21,721
Investing Activities		
Purchase of Capital Assets	(29,452)	
Financing Activities		
Repayment of City of Chilliwack Loan	(26,904)	(29,346)
Total Change in Cash	34,525	(7,625)
Cash and Equivalents, Beginning of Year:	5,523	13,148
Cash and Equivalents, End of Year:	\$ 40,048	\$ 5,523
Consisting of:		
Cash	\$ 40,048	\$ 5,523
Supplementary Information:		
Gain on Inventory values included in net income:	\$ 4,251	
Interest income included in net income		\$ 9,450

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2019

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 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, 2019

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, 2019

Property, Plant and Equipment	Cost	2019 Accumulated amortization	Net Book Value	2018 Net Book Value
Computer Equipment	\$50,348	\$23,949	\$26,399	\$6,295
Furniture and fixtures	90,629	38,988	51,641	52,548
Shelving Archives	<u>328,560</u>	<u>98,299</u>	<u>230,261</u>	<u>246,570</u>
	<u>\$469,537</u>	<u>\$161,236</u>	<u>\$308,301</u>	<u>\$305,413</u>

3. Short-term Investments

	Number	2019 Fair Market Value	2018 Fair Market Value
Royal Bank term deposit	1	\$5,088	\$10,441

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 2019. 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 – Actual
- 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, 2019

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 2017 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 2020 was received in December 2019, and thus this amount shows as Deferred Revenue as at December 31, 2019.

Deferred Revenues	Unamortized Value	2019 Accumulated amortization	Book Value	2018 Net Book Value
Deferred Shelving Grant Revenue	\$147,340	\$62,494	\$84,846	\$92,213
Deferred Display Case Grant Revenue	<u>142,345</u>	<u>17,793</u>	<u>124,552</u>	<u>161,669</u>
Total	<u>289,685</u>	<u>80,287</u>	<u>209,398</u>	<u>223,882</u>
City Grant funds Received	37,333	---	37,333	35,250
Directed Donations	<u>230</u>	---	<u>230</u>	<u>5</u>
	<u>\$327,248</u>	<u>\$80,287</u>	<u>\$246,961</u>	<u>\$259,137</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 \$110,498. The Society's short-term obligations consist of trade payables of \$12,608. The Society has deferred revenue from grants received for shelving improvements of \$209,398 which represents the unamortized portion remaining from the grants received in 2011 and grants for display cases purchased in 2019. 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 was non-interest bearing and was repaid in 12 equal payments over 12 months by withholding 1/12 of the debt from the monthly funding cheques until it was repaid. At the time of the Review, this amount had been paid in full.

Schedule 1

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Museum and Archives Fund

Schedule of Revenues

Year Ended December 31, 2019 with comparative figures for 2018

	2019 Un-audited	2018 Audited
Revenues		
Grants		
City Chilliwack - operating	\$423,000	\$351,500
BC Arts Council	26,100	22,500
Knight Rd. Legacy Association	9,600	11,400
Deferred Revenue	14,484	14,484
Chilliwack Foundation	10,277	---
City of Chilliwack - Canada 150 Repayment	---	26,800
Student employment	2,149	10,836
Canadian Museum of History Grant	5,609	---
Other Grants		
- BC Museums Association	161	---
- GMR Foundation	4,000	---
	\$495,380	\$437,520
Memberships	\$1,955	\$295
Earned Income		
Education	\$5,060	\$15,554
Interest	4,290	11,598
Chilliwack Foundation	---	9,450
Gift Shop	13,928	9,665
Photos and copying	2,381	2,994
Archive Fees	1,855	---
Facility Rental	12,184	4,648
VBC Pilot Productions	10,080	---
GST Rebate	6,775	3,349
Miscellaneous, rebates & admission	2,904	2,831
	\$59,457	\$60,132
Donations		
Individuals and Corporate		
Donation box	\$5,802	\$10,133
Chilliwack Foundation Donation	252	491.45
Craft Fair	5,200	---
Sponsors	4,984	571
	\$16,238	\$10,624
	\$573,030	\$509,142

See accompanying notes to financial statements

Schedule 2

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Museum and Archives Fund

Schedule of Expenditures

Year Ended December 31, 2019 with comparative figures for 2018

	2019 Un-audited	2018 Audited
Expenditures		
Administration:		
Consulting	\$1,800	\$13,575
Legal/accounting/audit	5,850	12,443
Amortization	26,565	28,487
Director Salaries and Benefits	77,945	70,023
Admin assist salaries and benefit	68,408	106,927
CPP/EI	19,486	---
WCB	1,583	---
Professional development	8,544	602
Training Costs	2,500	---
Advertising	3,579	3,590
GST	3,984	9,002
	\$220,244	\$244,648
Curatorial		
Salaries and related costs	52,830	\$56,445
Supplies	542	20
Summer students	---	28
	\$53,372	\$56,493
Archives		
Salaries and related costs	\$55,598	\$59,162
Photography	---	270
Library	---	196
Supplies	11,732	2,260
	\$67,330	\$61,889
Exhibits		
Temporary Exhibit Costs	\$3,724	\$5,371
School		
Education Officer	\$41,575	\$29,360
Program development	2,255	2,756
	\$43,830	\$32,116
Public Education	\$12,482	\$433

Schedule 2 (continued)

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Museum and Archives Fund

Schedule of Expenditures

Year Ended December 31, 2019 with comparative figures for 2018

	2019 Un-audited	2018 Audited
Expenditures (Continued)		
Building Maintenance		
Insurance	\$6,133	\$5,706
Janitorial	8,198	9,753
Security	551	---
Repairs	---	6,358
Utilities	26,312	37,219
	\$41,194	\$59,037
Office		
Office Supplies	\$7,533	\$7,429
Stationery	7,493	2,775
Freight	280	---
Bank Charges	1,406	1,150
Interest and CRA Penalties	148	666
Point of Sale Charges	464	923
Square, PayPal and CDA	538	524
Photocopying	4,956	5,089
Telephone	11,715	9,673
Software	3,159	2,988
Computer Equipment	5,756	6,155
Subscriptions and dues	4,617	1,706
Travel	2,343	2,547
Gift Shop Purchases	8,499	4,669
	\$58,907	\$46,293
Volunteer program:		
Volunteer appreciation and membership services	\$2,733	\$2,035
	\$503,816	\$508,314

Schedule 3

CHILLIWACK MUSEUM AND HISTORICAL SOCIETY

Gaming Fund

Schedule of Revenues

Year Ended December 31, 2019 with comparative figures for 2018

	2019 Un-audited	2018 Audited
Revenues		
Gaming Grant	\$24,400	---

Gaming Fund

Schedule of Expenditures

Year Ended December 31, 2019 with comparative figures for 2018

	2019 Un-audited	2018 Audited
Expenditures		
Administration:		
Advertising	\$---	\$120
		120
Public Education		
Salaries and Related Costs	16,215	---

Office		
Bank charges	81	108
Supplies	---	231
	81	339
	\$16,296	\$459