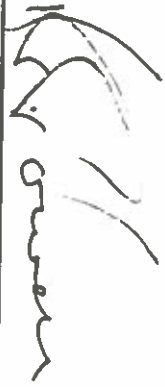


Approved April 23, 2014



Ken Powell, Chair

Financial Statements of

**THE CANADIAN CANOE MUSEUM**



Rob Clark, Treasurer

December 31, 2013

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## INDEPENDENT AUDITORS' REPORT

To the Members of  
The Canadian Canoe Museum

### *Report on the Financial Statements*

We have audited the accompanying financial statements of The Canadian Canoe Museum, which comprise the statement of financial position as at December 31, 2013 and the statements of operations and fund balances 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Basis for Qualified Opinion***

In common with many charitable organizations, the Museum derives revenues from donations and fundraising, 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 revenues from donations and membership and fundraising, excess of revenues over expenditures, assets and fund balances.

***Qualified Opinion***

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the The Canadian Canoe Museum as at December 31, 2013, 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.

***McColl Turner LLP***

Licensed Public Accountants

Peterborough, Ontario

March 20, 2014

**THE CANADIAN CANOE MUSEUM**  
**STATEMENT OF FINANCIAL POSITION**  
 December 31, 2013

	Operating Fund	Internally Restricted Fund	Capital Asset Fund	2013 Total	2012 Total
	\$	\$	\$	\$	\$
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	81,052	118	-	81,170	3,321
Investments - short-term (note 4)	-	242,597	-	242,597	217,746
Accounts receivable	17,360	-	-	17,360	15,465
Grants receivable	7,030	-	-	7,030	5,253
Inventory	81,788	-	-	81,788	70,940
Prepaid expenses	5,329	-	-	5,329	4,054
<b>INVESTMENTS - LONG-TERM (note 4)</b>	192,559	242,715	-	435,274	316,779
	-	168,478	-	168,478	337,846
<b>CAPITAL ASSETS (note 5)</b>	-	-	3,397,535	3,397,535	3,499,797
	192,559	411,193	3,397,535	4,001,287	4,154,422
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities (note 6)	26,243	-	-	26,243	22,452
Current portion of loan payable	-	-	12,500	12,500	12,500
Deferred revenue (note 7)	124,365	-	-	124,365	152,432
	150,608	-	12,500	163,108	187,384
<b>LOAN PAYABLE (note 8)</b>	-	-	3,125	3,125	15,625
	150,608	-	15,625	166,233	203,009
<b>FUND BALANCES</b>					
Unrestricted	41,951	-	-	41,951	(75,851)
Internally restricted (note 9)	-	411,193	-	411,193	555,592
Invested in capital assets	-	-	3,381,910	3,381,910	3,471,672
	41,951	411,193	3,381,910	3,835,054	3,951,413
	192,559	411,193	3,397,535	4,001,287	4,154,422

See accompanying notes to the financial statements

**THE CANADIAN CANOE MUSEUM**  
**STATEMENT OF OPERATIONS AND FUND BALANCES**  
 December 31, 2013

	Operating Fund \$	Internally Restricted Fund \$	Capital Asset Fund \$	2013 Total \$	2012 Total \$
<b>REVENUES</b>					
Admissions	64,704	-	-	64,704	62,011
Donations and fundraising	270,042	-	-	270,042	229,007
Grants and donations - employment and contract staff	117,070	-	-	117,070	112,204
Grants - other	197,663	-	-	197,663	134,232
Membership	33,899	-	-	33,899	19,049
Retail sales - net (note 10)	53,077	-	-	53,077	47,299
Course revenue	86,022	-	-	86,022	104,622
Rental and event income	45,046	-	-	45,046	33,147
Investment income	-	9,536	-	9,536	10,696
Other	5,940	-	-	5,940	9,789
	<b>873,463</b>	<b>9,536</b>	<b>-</b>	<b>882,999</b>	<b>762,056</b>
<b>EXPENDITURES</b>					
Wages and contract staff	556,899	-	-	556,899	505,852
Facilities	130,044	-	-	130,044	121,475
Operating and administrative	167,854	-	-	167,854	141,983
Fundraising	20,640	-	-	20,640	27,384
	<b>875,437</b>	<b>-</b>	<b>-</b>	<b>875,437</b>	<b>796,694</b>
<b>INCOME (LOSS) BEFORE THE UNDERNOTED</b>					
	<b>(1,974)</b>	<b>9,536</b>	<b>-</b>	<b>7,562</b>	<b>(34,638)</b>
Redevelopment revenue (note 11)	90,733	-	-	90,733	-
Redevelopment expense (note 11)	(90,733)	-	-	(90,733)	(2,600)
Amortization	-	-	(123,921)	(123,921)	(119,609)
<b>EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES) FOR THE YEAR</b>					
	<b>(1,974)</b>	<b>9,536</b>	<b>(123,921)</b>	<b>(116,359)</b>	<b>(156,847)</b>
<b>FUND BALANCES - beginning of year</b>					
	<b>(75,851)</b>	<b>555,592</b>	<b>3,471,672</b>	<b>3,951,413</b>	<b>4,108,260</b>
<b>INTERFUND TRANSFERS (note 12)</b>					
	<b>119,776</b>	<b>(153,935)</b>	<b>34,159</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - end of year</b>					
	<b>41,951</b>	<b>411,193</b>	<b>3,381,910</b>	<b>3,835,054</b>	<b>3,951,413</b>

See accompanying notes to the financial statements

**THE CANADIAN CANOE MUSEUM**  
**STATEMENT OF CASH FLOWS**  
 December 31, 2013

	Operating Fund	Internally Restricted Fund	Capital Asset Fund	2013	2012
	\$	\$	\$	\$	\$
<b>CASH PROVIDED FROM (USED FOR)</b>					
<b>OPERATING ACTIVITIES</b>					
Excess of revenues over expenditures (expenditures over revenues for the year)	(1,974)	9,536	(123,921)	(116,359)	(156,847)
Add amortization, an item not requiring an outlay of cash	-	-	123,921	123,921	119,609
Changes in non-cash working capital items:	(1,974)	9,536	-	7,562	(37,238)
Accounts receivable	(1,895)	-	-	(1,895)	636
Grants receivable	(1,777)	-	-	(1,777)	(5,253)
Inventory	(10,848)	-	-	(10,848)	7,215
Prepaid expenses	(1,275)	-	-	(1,275)	5,845
Accounts payable and accrued liabilities	3,791	-	-	3,791	(353)
Deferred revenue	(28,067)	-	-	(28,067)	17,010
	(42,045)	9,536	-	(32,509)	(12,138)
<b>FINANCING ACTIVITIES</b>					
Purchase of capital assets	-	-	(21,659)	(21,659)	(82,925)
Interfund transfers	119,776	(153,935)	34,159	-	-
	119,776	(153,935)	12,500	(21,659)	(82,925)
<b>INVESTING ACTIVITIES</b>					
Net investment redemptions	-	144,517	-	144,517	49,303
Loan payments	-	-	(12,500)	(12,500)	(12,500)
	-	144,517	(12,500)	132,017	36,803
<b>INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	77,731	118	-	77,849	(58,260)
CASH - beginning of year	3,321	-	-	3,321	61,581
CASH - end of year	81,052	118	-	81,170	3,321

See accompanying notes to the financial statements

**THE CANADIAN CANOE MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2013

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**1. NATURE OF THE ENTITY**

The Canadian Canoe Museum is a registered charity serving the people of Canada and visitors from around the world. Its mission is to explore the canoe in its historical and cultural contexts.

The Canadian Canoe Museum was incorporated without share capital on June 27, 1975 and as such is prohibited from distributing any of its funds to, or for personal benefit of, its members. The Canadian Canoe Museum is registered as a charitable organization under the Federal and Ontario Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*(a) Basis of accounting*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

*(b) Fund accounting*

The operating fund accounts for the museum's ongoing operating and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The internally restricted fund reports funds which have been restricted for certain uses, as approved by the Board of Directors, and interest earned on the internally restricted fund investments.

The capital asset fund reports the assets, liabilities, revenues and expenditures related to the museum's capital assets and restricted resources for capital purchases.

*(c) Investments*

Investments which mature within twelve months of the fiscal year end are classified as short-term. The remainder of the investments are classified as long term.

*(d) Inventory*

Inventory is valued at the lesser of cost and net realizable value on a specific item basis.

**THE CANADIAN CANOE MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2013

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

*(e) Capital assets*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	40 years
Building development costs	10 or 40 years
Exhibit costs	10 years
Equipment and exhibit studio	10 years
Computer equipment	5 years
Artifacts are not amortized	

*(f) Revenue and expenditure recognition*

Revenues and expenditures are recorded on the accrual basis. The museum follows the restricted method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue of the appropriate fund in the year in which it is earned.

*(g) Volunteer services*

Some members of the museum have donated significant amounts of time to the museum in furthering the museum's programs and objectives. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

*(h) Use of estimates*

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations, requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amount of revenues and expenditures during the period. Actual results could differ from those estimates. The most significant items that involve the use of estimates are inventory valuation and the useful life of capital assets.



**THE CANADIAN CANOE MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2013

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

*(i) Financial instruments*

Financial instruments are originally measured at fair value. Financial instruments that are quoted in an active market are subsequently recorded at fair value each reporting period with changes in fair value recognized in net income for the year. All other financial instruments are subsequently measured at amortized cost.

Transactions incurred on the recognition of financial instruments that are subsequently measured at fair value are recognized in income in the year incurred. Transaction costs incurred on the recognition of financial instruments that are subsequently measured at amortized cost are recognized over the life of the instrument.

**3. FINANCIAL INSTRUMENTS**

*(a) Measurement*

Financial instruments included on the statement of financial position consist of cash, investments, accounts receivable, grants receivable, accounts payable and accrued liabilities, loan payable and deferred revenue. The organization's financial instruments measured at fair value include cash, investments, accounts receivable, grants receivable, accounts payable and accrued liabilities and deferred revenue. The organization's financial instruments measured at amortized cost consist of the loan payable.

*(b) Risks*

The organization is exposed to various risks associated with its financial instruments as described below. Unless otherwise noted, there has been no change in risk exposure from the prior year.

*(i) Liquidity risk*

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the organization's cash requirements. Additional cash requirements are met with the use of transfers from the organization's internally restricted fund balance provided for working capital.

*(ii) Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk on the accounts receivable from its customers. The maximum exposure to credit risk is the carrying value of accounts receivable. The allowance for doubtful accounts is \$2,000 (2012 - nil).

**THE CANADIAN CANOE MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 December 31, 2013

**4. INVESTMENTS**

Investments consist of investment savings mutual funds and Guaranteed Investment Certificates of various corporations maturing at various dates between May 2014 and May 2015 with effective yields ranging from 1.65% to 2.40% per annum. The short-term portion of these investments amounts to \$242,597 (2012 - \$217,746) and the long-term portion amounts to \$168,478 (2012 - \$337,846).

**5. CAPITAL ASSETS**

The major categories of equipment and leasehold improvements and accumulated amortization are as follows:

	December 31, 2013		December 31, 2012	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Land	880,000	-	880,000	-
Buildings	1,345,657	528,962	1,345,657	495,321
Building development costs	1,348,875	459,230	1,331,765	391,438
Museum artifacts	694,616	-	694,616	-
Equipment	214,418	160,126	210,353	151,288
Museum exhibits	2,182,374	2,145,456	2,182,374	2,140,354
Computer equipment	31,987	23,277	31,987	16,880
Exhibit studio	21,746	5,087	21,263	2,937
	6,719,673	3,322,138	6,698,015	3,198,218
Net book value		<u>3,397,535</u>		<u>3,499,797</u>

**THE CANADIAN CANOE MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 December 31, 2013

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Included in accounts payable and accrued liabilities are government remittances of \$1,202 (2012 - \$-).

**7. DEFERRED REVENUE**

The museum has received certain grants and donations with the stipulation that these funds be used for specific purposes. Recognition of these grants and donations as revenue is deferred until the actual expenditures against these grants and donations has occurred. The details of the deferred revenue are summarized as follows:

	2013	2012
	\$	\$
Operations	78,103	107,776
Redevelopment project	24,267	30,000
Membership	19,945	14,556
Other	2,050	100
	124,365	152,432

**8. LOAN PAYABLE**

The loan payable consists of a promissory note with the following terms:

	2013	2012
	\$	\$
Interest free, repayable in monthly instalments of \$1,042, due on demand, secured by certain museum artifacts	15,625	28,125
Less current portion	(12,500)	(12,500)
Balance - end of year	3,125	15,625

**THE CANADIAN CANOE MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 December 31, 2013

**9. INTERNALLY RESTRICTED FUNDS**

The Board of Directors of the museum has restricted the use of certain investments for the redevelopment project, working capital and other specific items as approved from time to time.

**10. RETAIL SALES**

The retail sales consists of the following:

	2013	2012
	\$	\$
Revenue	126,796	127,137
Cost of sales and other expenses	73,719	79,838
Gross profit	53,077	47,299

**11. REDEVELOPMENT**

Redevelopment relates to the potential relocation of the Museum. Redevelopment revenue reflects the recognition of restricted grants and donations for the redevelopment project.

Redevelopment expense is comprised of:

	2013	2012
	\$	\$
Consulting fees	81,167	-
Other	9,566	2,600
	90,733	2,600

**THE CANADIAN CANOE MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 December 31, 2013

**12. INTERFUND TRANSFERS**

The Board of Directors authorized the following transfers between funds during the year:

	Operating Fund	Internally Restricted Fund	Capital Asset Fund
	\$	\$	\$
Purchase of capital assets	(19,824)	(1,835)	21,659
Provision of working capital and other specific expenses	139,600	(139,600)	-
Loan payments	-	(12,500)	12,500
	119,776	(153,935)	34,159

**13. CONTINGENT LOSS**

Due to the activities of the former owner of the Museum's property, a portion of the property is considered contaminated by the Ministry of the Environment. Although the Ministry has determined that no further remediation efforts are required, the value of the property may be impaired. The amount of the impairment cannot be reasonably estimated and, therefore, no accrual has been made in these statements.

**14. COMPARATIVE FIGURES**

Certain of the prior year figures have been reclassified to conform with the financial statement presentation adopted for the current year.