

**Financial Statements of**

**THE CANADIAN CANOE MUSEUM**

**December 31, 2011**

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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, 2011 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 generally accepted accounting principles, 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, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*McCull Turner LLP*

Licensed Public Accountants

Peterborough, Ontario  
March 26, 2012

**THE CANADIAN CANOE MUSEUM**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2011**

	Operating Fund \$	Internally Restricted Fund \$	Capital Asset Fund \$	2011 Total \$	2010 Total \$
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and short term investments	61,581	604,896	-	666,477	677,925
Accounts receivable	16,101	-	-	16,101	11,350
Inventory	78,155	-	-	78,155	82,358
Prepaid expenses	9,899	-	-	9,899	11,438
	165,736	604,896	-	770,632	783,071
<b>CAPITAL ASSETS</b> (note 3)	-	-	3,536,480	3,536,480	3,511,363
	165,736	604,896	3,536,480	4,307,112	4,294,434
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities	22,806	-	-	22,806	25,939
Current portion of loan payable	-	-	12,500	12,500	12,500
Deferred revenue (note 4)	135,421	-	-	135,421	82,847
	158,227	-	12,500	170,727	121,286
<b>LOAN PAYABLE</b> (note 5)	-	-	28,125	28,125	40,625
	158,227	-	40,625	198,852	161,911
<b>FUND BALANCES</b>					
Unrestricted	7,509	-	-	7,509	56,203
Internally restricted (note 6)	-	604,896	-	604,896	618,082
Invested in capital assets	-	-	3,495,855	3,495,855	3,458,238
	7,509	604,896	3,495,855	4,108,260	4,132,523
	165,736	604,896	3,536,480	4,307,112	4,294,434

See accompanying notes to the financial statements



**THE CANADIAN CANOE MUSEUM**  
**STATEMENT OF OPERATIONS AND FUND BALANCES**  
Year Ended December 31, 2011

	Operating Fund \$	Internally Restricted Fund \$	Capital Asset Fund \$	2011 Total \$	2010 Total \$
<b>REVENUES</b>					
Admissions	62,108	-	-	62,108	57,586
Donations and membership	55,850	-	-	55,850	93,868
Grants and donations - employment and contract staff	100,314	-	-	100,314	72,477
Grants - other	118,305	-	4,468	122,773	135,143
Fundraising	233,835	-	-	233,835	231,525
Retail sales - net (note 7)	40,672	-	-	40,672	54,020
Course revenue	113,024	-	-	113,024	94,549
Rental income	45,147	-	-	45,147	47,745
Investment income	-	6,737	-	6,737	4,576
Other	11,029	-	-	11,029	7,947
	<b>780,284</b>	<b>6,737</b>	<b>4,468</b>	<b>791,489</b>	<b>799,436</b>
<b>EXPENDITURES</b>					
Wages and contract staff	431,637	-	-	431,637	400,942
Building repairs and utilities	95,605	-	-	95,605	84,327
Operating and administrative	104,587	-	-	104,587	78,177
Fundraising	60,415	-	-	60,415	63,578
Insurance	27,281	-	-	27,281	32,331
	<b>719,525</b>	<b>-</b>	<b>-</b>	<b>719,525</b>	<b>659,355</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE AMORTIZATION</b>					
	60,759	6,737	4,468	71,964	140,081
Amortization	-	-	96,227	96,227	285,611
<b>EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES) FOR THE YEAR</b>					
	60,759	6,737	(91,759)	(24,263)	(145,530)
<b>FUND BALANCES - beginning of year</b>	56,203	618,082	3,458,238	4,132,523	4,278,053
<b>INTERFUND TRANSFERS (note 8)</b>	(109,453)	(19,923)	129,376	-	-
<b>FUND BALANCES - end of year</b>	<b>7,509</b>	<b>604,896</b>	<b>3,495,855</b>	<b>4,108,260</b>	<b>4,132,523</b>

See accompanying notes to the financial statements

**THE CANADIAN CANOE MUSEUM**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2011**

	Operating Fund \$	Internally Restricted Fund \$	Capital Asset Fund \$	2011 \$	2010 \$
<b>CASH PROVIDED FROM (USED FOR)</b>					
<b>OPERATING ACTIVITIES</b>					
Excess of revenues over expenditures (expenditures over revenues for the year)	60,759	6,737	(91,759)	(24,263)	(145,530)
Add amortization, an item not requiring an outlay of cash	-	-	96,227	96,227	285,611
	60,759	6,737	4,468	71,964	140,081
Changes in non-cash working capital items:					
Accounts receivable	(4,751)	-	-	(4,751)	(4,690)
Inventory	4,203	-	-	4,203	6,119
Prepaid expenses	1,539	-	-	1,539	(4,739)
Accounts payable and accrued liabilities	(3,133)	-	-	(3,133)	(34,253)
Deferred revenue	52,574	-	-	52,574	21,519
	111,191	6,737	4,468	122,396	124,037
<b>FINANCING ACTIVITIES</b>					
Purchase of capital assets	-	-	(121,344)	(121,344)	(66,946)
Interfund transfers	(109,453)	(19,923)	129,376	-	-
	(109,453)	(19,923)	8,032	(121,344)	(66,946)
<b>INVESTING ACTIVITIES</b>					
Loan payments	-	-	(12,500)	(12,500)	(12,500)
<b>INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	1,738	(13,186)	-	(11,448)	44,591
<b>CASH AND SHORT TERM INVESTMENTS - beginning of year</b>	59,843	618,082	-	677,925	633,334
<b>CASH AND SHORT TERM INVESTMENTS - end of year</b>	61,581	604,896	-	666,477	677,925

See accompanying notes to the financial statements

# THE CANADIAN CANOE MUSEUM

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

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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) *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.

#### (b) *Inventory*

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

#### (c) *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 and building development costs	40 years
Exhibit costs	10 years
Equipment and exhibit studio	10 years
Computer equipment	5 years

Artifacts are not amortized.



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

*(d) 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.

*(e) Financial instruments*

The museum's financial instruments consist of cash and short term investments, accounts receivable, accounts payable and accrued liabilities and loan payable. The fair value of these financial instruments, approximate their carrying values. It is management's opinion that the museum is not exposed to significant interest, currency or credit risks arising from these financial instruments.

*(f) 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.

*(g) Use of estimates*

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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.

*(h) Capital*

The museum considers its capital to be the fund balances maintained in its operating and internally restricted funds. The primary objective of the museum is to invest its capital in a manner that will allow it to continue as a going concern and comply with its objectives. Capital is invested under the direction of the Board of Directors with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquidity for current cash flow requirements. The museum is not subject to any externally imposed requirements of its capital.



**THE CANADIAN CANOE MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**3. CAPITAL ASSETS**

Capital assets and related accumulated amortization are classified as follows:

	2011		2010	
	\$		\$	
	Cost	Accumulated amortization	Net book value	Net book value
Land	880,000	-	880,000	880,000
Buildings	1,320,000	462,000	858,000	891,000
Building development costs	1,331,765	324,501	1,007,264	963,047
Museum artifacts	694,616	-	694,616	694,616
Museum exhibits	2,161,330	2,136,304	25,026	35,329
Equipment	177,551	144,294	33,257	26,354
Computer equipment	31,087	10,572	20,515	21,017
Exhibit studio	18,739	937	17,802	-
	6,615,088	3,078,608	3,536,480	3,511,363

**4. 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:

	2011	2010
	\$	\$
Operations	128,386	75,079
Membership	7,035	7,168
Other	-	600
	135,421	82,847

# THE CANADIAN CANOE MUSEUM

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

### 5. LOAN PAYABLE

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

	2011	2010
	\$	\$
Interest free, repayable in monthly installments of \$1,042, due on demand, secured by certain museum artifacts	40,625	53,125
Less current portion	(12,500)	(12,500)
<b>Balance - end of year</b>	<b>28,125</b>	<b>40,625</b>

### 6. INTERNALLY RESTRICTED FUNDS

The Board of Directors of the museum has restricted the use of certain cash and short term investments for the following future anticipated expenditures:

	2011	2010
	\$	\$
Building development	27,009	103,563
Provision of working capital	450,439	459,768
Reduction of loans payable	40,625	53,125
National canoe day	4,100	1,626
Wippen legacy fund	20,885	-
Major Gifts Fund	61,838	-
	<b>604,896</b>	<b>618,082</b>

**THE CANADIAN CANOE MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**7. RETAIL SALES**

The retail sales consists of the following:

	2011	2010
	\$	\$
Revenue	123,534	145,413
Cost of sales		
Inventory - beginning of the year	82,358	88,477
Purchases	68,388	78,400
Inventory - end of year	(78,155)	(82,358)
	72,591	84,519
Gross profit	50,943	60,894
Retail sales expenses	10,271	6,874
Net retail income	40,672	54,020

**8. 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	(40,322)	(76,554)	116,876
Provision of working capital	16,066	(16,066)	-
Loan payments	-	(12,500)	12,500
National canoe day	(2,474)	2,474	-
Wippen legacy fund	(20,885)	20,885	-
Major gifts fund	(61,838)	61,838	-
	(109,453)	(19,923)	129,376