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# Financial statements of Burlington Museums Board

December 31, 2019

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## Independent Auditor's Report

To the Members of the Burlington Museums  
Board and Members of Council of the  
Corporation of the City of Burlington

### Opinion

We have audited the financial statements of Burlington Museums Board (the "Museums"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Museums as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Museums in accordance with the 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 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 public sector accounting standards, 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 Museums' 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 Museums or to cease operations, or has no realistic alternative but to do so.

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

### 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 GAAS 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 GAAS, 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 Museums' 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 Museums' 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 Museums 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.

Chartered Professional Accountants  
Licensed Public Accountants  
**REPORT DATE**

**Burlington Museums Board**  
**Statement of financial position**  
Year ended December 31, 2019

|                                          | Notes | Ireland<br>House<br>Museum | Joseph<br>Brant<br>Museum | 2019             | 2018             |
|------------------------------------------|-------|----------------------------|---------------------------|------------------|------------------|
|                                          |       | \$                         | \$                        | \$               | \$               |
| <b>Financial assets</b>                  |       |                            |                           |                  |                  |
| Cash                                     |       | 739,433                    | 351,294                   | 1,090,727        | 805,382          |
| Accounts receivable                      |       | 4,541                      | 7,650                     | 12,191           | 4,541            |
| Due from City of Burlington              | 3     | —                          | 251,850                   | 251,850          | 1,297,553        |
|                                          |       | <b>743,974</b>             | <b>610,794</b>            | <b>1,354,768</b> | <b>2,107,476</b> |
| <b>Liabilities</b>                       |       |                            |                           |                  |                  |
| Accounts payable and accrued liabilities |       | 24,992                     | 22,785                    | 47,777           | 51,745           |
| Due to City of Burlington                |       | 50,778                     | —                         | 50,778           | —                |
| Deferred revenue                         |       | 4,915                      | 1,307                     | 6,222            | 4,465            |
|                                          |       | <b>80,685</b>              | <b>24,092</b>             | <b>104,777</b>   | <b>56,210</b>    |
| Net financial assets                     |       | <b>663,289</b>             | <b>586,702</b>            | <b>1,249,991</b> | <b>2,051,266</b> |
| Non-financial assets                     |       |                            |                           |                  |                  |
| Tangible capital assets                  | 7     | 31,981                     | 7,156                     | 39,137           | 35,533           |
| <b>Accumulated surplus</b>               | 5     | <b>695,270</b>             | <b>593,858</b>            | <b>1,289,128</b> | <b>2,086,799</b> |

The accompanying notes are an integral part of the financial statements.

**Burlington Museums Board**  
**Statement of operations**  
Year ended December 31, 2019

|                                             | Ireland House Museum |                | Joseph Brant Museum |                  | Total            | Total            |
|---------------------------------------------|----------------------|----------------|---------------------|------------------|------------------|------------------|
|                                             | Budget               | Actual         | Budget              | Actual           | Budget           | 2018             |
|                                             | (Note 6)             |                | (Note 6)            |                  | (Note 6)         | Actual           |
|                                             | \$                   | \$             | \$                  | \$               | \$               | \$               |
| <b>Revenue</b>                              |                      |                |                     |                  |                  |                  |
| Municipal contribution                      |                      |                |                     |                  |                  |                  |
| Operating                                   |                      | 356,477        | 355,165             | 356,477          | 711,642          | 687,828          |
| Capital                                     | 52,000               | 52,000         | 52,000              | 52,000           | 104,000          | 142,308          |
| Ontario grants                              | 29,373               | 29,373         | —                   | 1,003            | 29,373           | 29,373           |
| Federal grants/employment grants            | —                    | 10,323         | —                   | —                | —                | 10,200           |
| Admissions and program revenue              | 75,217               | 101,266        | 150,454             | 46,526           | 225,671          | 89,158           |
| Other income                                | 42,800               | 20,657         | 12,833              | 12,683           | 55,633           | 94,997           |
| Interest earned in reserves                 | —                    | 6,506          | —                   | 31,989           | —                | 36,187           |
|                                             | <b>555,867</b>       | <b>576,602</b> | <b>570,452</b>      | <b>500,678</b>   | <b>1,126,319</b> | <b>1,090,051</b> |
| <b>Expenses</b>                             |                      |                |                     |                  |                  |                  |
| Amortization                                | 8,748                | 8,748          | 4,706               | 4,706            | 13,454           | 18,038           |
| Collections management                      | 12,411               | 1,743          | 3,060               | 11,786           | 15,471           | 25,982           |
| Fee Waiver - JB Day                         | —                    | —              | 1,313               | 1,313            | 1,313            | 1,313            |
| General office materials                    | 10,709               | 8,468          | 10,709              | 7,813            | 21,418           | 22,225           |
| Insurance                                   | 8,598                | 5,079          | 300                 | 264              | 8,898            | 2,658            |
| Loss on disposal of tangible capital assets | —                    | 555            | —                   | 499              | —                | 1,188            |
| Museums programs                            | 39,448               | 32,865         | 129,728             | 131,251          | 169,176          | 53,627           |
| Professional fees                           | 2,725                | 1,260          | 2,725               | 4,932            | 5,450            | 14,777           |
| Purchases of inventory                      | 6,195                | 4,063          | 6,196               | 4,411            | 12,391           | 7,890            |
| Repairs and maintenance                     | 64,075               | 31,857         | 58,680              | 24,423           | 122,755          | 148,426          |
| Salaries, wages and benefits                | 369,923              | 424,047        | 322,807             | 167,842          | 692,730          | 626,906          |
| Salaries, wages and benefits - grants       | 6,850                | 13,631         | —                   | —                | 6,850            | 13,455           |
| Staff development and travel                | 2,327                | 1,811          | 2,327               | 1,120            | 4,654            | 3,580            |
| Telephone and utilities                     | 32,606               | 22,309         | 32,607              | 14,230           | 65,213           | 25,678           |
| Joseph Brant Museum Transformation (Note 5) | —                    | —              | 943,925             | 943,925          | 943,925          | —                |
|                                             | <b>564,615</b>       | <b>556,436</b> | <b>1,519,083</b>    | <b>1,318,515</b> | <b>2,083,698</b> | <b>965,743</b>   |
| Annual (deficit) surplus                    | (8,748)              | 20,166         | (948,631)           | (817,837)        | (957,379)        | 124,308          |
| Accumulated surplus, beginning of year      | 547,914              | 675,104        | 1,369,539           | 1,411,695        | 1,917,453        | 1,962,491        |
| <b>Accumulated surplus, end of year</b>     | <b>539,166</b>       | <b>695,270</b> | <b>420,908</b>      | <b>593,858</b>   | <b>960,074</b>   | <b>2,086,799</b> |

The accompanying notes are an integral part of the financial statements.

**Burlington Museums Board****Statement of change in net financial assets**

Year ended December 31, 2019

|                                             | <b>Budget</b>    | <b>2019</b>      | <b>2018</b> |
|---------------------------------------------|------------------|------------------|-------------|
|                                             | <b>\$</b>        | <b>\$</b>        | <b>\$</b>   |
| <b>Annual (deficit) surplus</b>             | <b>(957,379)</b> | <b>(797,671)</b> | 124,308     |
| Acquisition of tangible capital assets      | —                | <b>(18,112)</b>  | (6,081)     |
| Loss on disposal of tangible capital assets | —                | <b>1,054</b>     | 1,188       |
| Amortization of tangible capital assets     | <b>13,454</b>    | <b>13,454</b>    | 18,038      |
|                                             | <b>13,454</b>    | <b>(3,604)</b>   | 13,145      |
| Change in net financial assets              | <b>(943,925)</b> | <b>(801,275)</b> | 137,453     |
| Net financial assets, beginning of year     | <b>2,051,266</b> | <b>2,051,266</b> | 1,913,813   |
| <b>Net financial assets, end of year</b>    | <b>1,107,341</b> | <b>1,249,991</b> | 2,051,266   |

The accompanying notes are an integral part of the financial statements.

**Burlington Museums Board****Statement of cash flows**

Year ended December 31, 2019

|                                                     | <b>2019</b>      | 2018      |
|-----------------------------------------------------|------------------|-----------|
|                                                     | \$               | \$        |
| <b>Operating activities</b>                         |                  |           |
| Annual (deficit) surplus                            | <b>(797,671)</b> | 124,308   |
| Items not affecting cash                            |                  |           |
| Amortization                                        | <b>13,454</b>    | 18,038    |
| Loss on disposal of tangible capital assets         | <b>1,054</b>     | 1,188     |
| Changes in non-cash operating working capital items |                  |           |
| Accounts receivable                                 | <b>(7,650)</b>   | 2,561     |
| Due to/from City of Burlington                      | <b>1,096,481</b> | (135,923) |
| Accounts payable and accrued liabilities            | <b>(3,968)</b>   | (13,247)  |
| Deferred revenue                                    | <b>1,757</b>     | 1,607     |
|                                                     | <b>303,457</b>   | (1,468)   |
| <b>Capital activity</b>                             |                  |           |
| Purchase of tangible capital assets                 | <b>(18,112)</b>  | (6,081)   |
| Net change in cash                                  | <b>285,345</b>   | (7,549)   |
| Cash, beginning of year                             | <b>805,382</b>   | 812,931   |
| <b>Cash, end of year</b>                            | <b>1,090,727</b> | 805,382   |
| <b>Cash consists of the following</b>               |                  |           |
| Ireland House Museum cash                           | <b>739,433</b>   | 530,029   |
| Joseph Brant Museum cash                            | <b>351,294</b>   | 275,353   |
|                                                     | <b>1,090,727</b> | 805,382   |

The accompanying notes are an integral part of the financial statements.

## **1. Description of the Organization**

The Burlington Museums Board (the "Board") was established by the Council of the City of Burlington to administer the operations and activities of the Joseph Brant Museum and the Ireland House Museum. The Board is exempt from income taxes under the Income Tax Act.

## **2. Accounting policies**

### *Basis of accounting*

The financial statements of the Burlington Museums Board are prepared in accordance with Canadian public sector accounting standards. The significant accounting policies of the Board are as follows:

### *Revenues*

Revenues are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable. Expenses are reported on the accrual basis of accounting which recognizes expenses as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay.

### *Tangible capital assets*

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

|                         |                |
|-------------------------|----------------|
| Computer equipment      | 3 years        |
| Security system         | 5 years        |
| Machinery and equipment | 10 to 12 years |

Annual amortization is charged in the year of acquisition and in the year of disposal on a pro-rated basis.

Assets under construction are not amortized until the asset is available for productive use.

### *Government transfers*

Government transfers are recognized in the financial statements as revenue in the financial period in which the events give rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be determined.

### *Investment income*

Investment income earned is reported as revenue in the period earned.

## **2. Accounting policies (continued)**

### *Use of estimates*

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include the useful lives of tangible capital assets. Actual results could differ from those estimates.

### *Financial instruments*

The estimated fair value of cash, accounts receivable, due from the City of Burlington and accounts payable and accrued liabilities approximate their carrying value due to the relatively short-term nature of the instruments.

## **3. Due from City of Burlington**

Balances due from the City of Burlington are non-interest bearing and have no set terms of collection.

## **4. Pension agreements**

The Board makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its full time and eligible part time staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions to OMERS are made at rates ranging from 9% to 14.6% depending on the proposed retirement age and the level of earnings. During 2019, the Board contributed \$39,626 (\$37,874 in 2018) to OMERS.

## 5. Accumulated surplus

|                                             | 2019             | 2018             |
|---------------------------------------------|------------------|------------------|
|                                             | \$               | \$               |
| Consists of                                 |                  |                  |
| Reserves set aside by the Board             |                  |                  |
| Joseph Brant general reserve                | 203,991          | 138,648          |
| Joseph Brant project reserve                | 159,785          | 155,630          |
| Joseph Brant transformation project reserve | —                | 919,377          |
| Ireland House general reserve               | 191,218          | 211,081          |
| Ireland House project reserve               | 89,779           | 93,321           |
|                                             | <b>644,773</b>   | <b>1,518,057</b> |
| Surpluses                                   |                  |                  |
| Invested in tangible capital assets         | 39,137           | 35,533           |
| General fund                                | 605,218          | 533,209          |
|                                             | <b>644,355</b>   | <b>568,742</b>   |
| Accumulated surplus                         | <b>1,289,128</b> | <b>2,086,799</b> |

### *Project reserves*

General and project reserves are funds set aside for future operating and capital expenditures, as approved by the Board.

### *Joseph Brant transformation project reserve*

The Joseph Brant transformation project reserve represented funds set aside for the renovation and expansion of the Joseph Brant Museum project. As the project is substantially complete, the reserve fund balance of \$943,925 has been transferred to the project.

## 6. Budget figures

The budgets originally approved by the Burlington Museums Board for 2019, adjusted as noted below, are reflected on the statement of operations and of change in net financial assets.

An amount for amortization expense has been added and is based on management's best estimate of amortization expense determined at the beginning of the year. Amortization expense was not included in the original Museum Board approved budget.

|                                              | \$               |
|----------------------------------------------|------------------|
| Adopted budget                               |                  |
| Budget annual surplus                        | -                |
| Adjustments to the adopted budget            |                  |
| Amortization of tangible assets              | (13,454)         |
| Joseph Brant Museum Transformation (Note 5)  | (943,925)        |
| Budgeted deficit per statement of operations | <b>(957,379)</b> |

## 7. Tangible capital assets

|                                           | <b>Cost</b>    | <b>Accumulated<br/>amortization</b> | <b>2019<br/>Net book<br/>value</b> |
|-------------------------------------------|----------------|-------------------------------------|------------------------------------|
|                                           | \$             | \$                                  | \$                                 |
| Ireland House Museum                      |                |                                     |                                    |
| Computer equipment                        | <b>19,040</b>  | <b>18,508</b>                       | <b>532</b>                         |
| Machinery and equipment                   | <b>141,176</b> | <b>109,727</b>                      | <b>31,449</b>                      |
|                                           | <b>160,216</b> | <b>128,235</b>                      | <b>31,981</b>                      |
| Joseph Brant Museum                       |                |                                     |                                    |
| Computer equipment                        | <b>9,666</b>   | <b>3,222</b>                        | <b>6,444</b>                       |
| Machinery and equipment                   | <b>34,173</b>  | <b>33,461</b>                       | <b>712</b>                         |
|                                           | <b>43,839</b>  | <b>36,683</b>                       | <b>7,156</b>                       |
| Net book value of tangible capital assets | <b>204,055</b> | <b>164,918</b>                      | <b>39,137</b>                      |

  

|                                           | <b>Cost</b> | <b>Accumulated<br/>amortization</b> | <b>2018<br/>Net book<br/>value</b> |
|-------------------------------------------|-------------|-------------------------------------|------------------------------------|
|                                           | \$          | \$                                  | \$                                 |
| Ireland House Museum                      |             |                                     |                                    |
| Computer equipment                        | 30,864      | 25,543                              | 5,321                              |
| Machinery and equipment                   | 141,056     | 113,539                             | 27,517                             |
|                                           | 171,920     | 139,082                             | 32,838                             |
| Joseph Brant Museum                       |             |                                     |                                    |
| Machinery and equipment                   | 41,010      | 38,315                              | 2,695                              |
| Net book value of tangible capital assets | 212,930     | 177,397                             | 35,533                             |

## 8. Subsequent events

Subsequent to the year-end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial position, results of operations and cash flows of the Museums in future periods.