

**OJIBWAY HISTORICAL
PRESERVATION SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2016**

OJIBWAY HISTORICAL PRESERVATION SOCIETY

DECEMBER 31, 2016

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 9

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Ojibway Historical Preservation Society

We have audited the accompanying financial statements of Ojibway Historical Preservation Society, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

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.

Auditor's 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 auditor's judgement, 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 organization'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 organization'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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Ojibway Historical Preservation Society derives revenue from donations and fundraising activities 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 Ojibway Historical Preservation Society and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2016, current assets and net assets as at December 31, 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Ojibway Historical Preservation Society as at December 31, 2016, 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.

*Akler, Browning, Frimet
& Landzberg LLP*

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO, CANADA
APRIL 18, 2017

OJIBWAY HISTORICAL PRESERVATION SOCIETY

STATEMENT OF FINANCIAL POSITION

	Year Ended December 31	
	<u>2016</u>	<u>2015</u>
	\$	\$
ASSETS		
CURRENT		
Cash	6,746	51,883
Term deposit	82,561	151,800
Accounts receivable	-	13,794
HST rebate receivable	<u>13,000</u>	<u>12,461</u>
	102,307	229,938
HERITAGE RESTORATIONS (Note 2)	<u>3,389,033</u>	<u>3,346,871</u>
	<u>3,491,340</u>	<u>3,576,809</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	3,500	4,686
DEFERRED CAPITAL CONTRIBUTIONS (Note 3)	<u>3,487,840</u>	<u>3,572,123</u>
	3,491,340	3,576,809
NET ASSETS	<u>-</u>	<u>-</u>
	<u>3,491,340</u>	<u>3,576,809</u>

The accompanying notes are an integral part of these statements.

APPROVED ON BEHALF OF THE BOARD:



 DIRECTOR

APRIL 18, 2017

 DATE



 DIRECTOR

OJIBWAY HISTORICAL PRESERVATION SOCIETY

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Page 3

	Year Ended December 31	
	<u>2016</u>	<u>2015</u>
	\$	\$
REVENUES		
Amortization of deferred capital contributions (Note 3)	<u>114,927</u>	<u>116,960</u>
EXPENDITURES		
Operating	10,890	11,315
Fundraising	5,546	10,760
Amortization	<u>98,491</u>	<u>94,885</u>
	<u>114,927</u>	<u>116,960</u>
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	-	-
NET ASSETS AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes are an integral part of these statements.

OJIBWAY HISTORICAL PRESERVATION SOCIETY

STATEMENT OF CASH FLOWS

Page 4

	Year Ended December 31	
	<u>2016</u>	<u>2015</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	-	-
Adjustment for non cash items		
Amortization of heritage restorations	98,491	94,885
Amortization of deferred capital contributions	<u>(114,927)</u>	<u>(116,960)</u>
	(16,436)	(22,075)
Net changes in non-cash working capital items:		
Accounts receivable	13,794	(13,794)
HST rebate receivable	(539)	(5,259)
Accounts payable and accrued liabilities	(1,186)	1,187
Deferred capital contributions	<u>30,643</u>	<u>197,650</u>
Cash Provided By Operating Activities	<u>26,276</u>	<u>157,709</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Term deposit	69,239	(1,800)
Heritage restorations	<u>(140,652)</u>	<u>(127,152)</u>
Cash Used in Investing Activities	<u>(71,413)</u>	<u>(128,952)</u>
NET (DECREASE) INCREASE IN CASH	(45,137)	28,757
CASH, BEGINNING OF YEAR	<u>51,883</u>	<u>23,126</u>
CASH, END OF YEAR	<u><u>6,746</u></u>	<u><u>51,883</u></u>

The accompanying notes are an integral part of these statements.

OJIBWAY HISTORICAL PRESERVATION SOCIETY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Page 5

Nature Of Operations

The Ojibway Historical Preservation Society (the "Society") was established on December 12, 2001. The Society's purpose is to restore, preserve and protect those structures in the Pointe Au Baril, Ontario area designated as historically and architecturally significant pursuant to the Ontario Heritage Act.

The Society qualifies as a charitable organization under the terms of the Income Tax Act (Canada) and, as such, is exempt from income taxes and may issue receipts for income tax purposes.

Note 1: Significant Accounting Policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Heritage restorations

Heritage restorations, which include expenditures incurred for the restoration, preservation, and protection of structures designated as historically and architecturally significant pursuant to the Ontario Heritage Act, are accounted for at cost and amortized over their estimated useful life on a straight line basis using the following durations:

Docks	35 years
Equipment	20 years
Furniture and fixtures	10 years
Grocery store	60 years
Other buildings	60 years
Septic system	60 years
Stonework	60 years
Tennis courts	20 years
Trails	20 years

OJIBWAY HISTORICAL PRESERVATION SOCIETY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Page 6

Note 1: Significant Accounting Policies - Cont'd

Deferred capital contributions

The Society receives funding for restoration costs and related operating and fundraising costs. The contributions are recognized as revenue on the same basis as those used to amortize the restoration costs and related expenditures. The unamortized portion of the contributions is shown on the statement of financial position as deferred capital contributions.

Revenue recognition

The Society uses the deferral method of accounting for its revenue contributions in which restricted contributions related to expenditures of future periods are deferred and recognized as revenue in the period in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial Instruments

Measurement of Financial Instruments

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures in the period incurred.

Financial assets measured at amortized cost include cash, term deposit, accounts receivable and HST rebate receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Society has not designated any financial assets or financial liability to be measured at fair value.

OJIBWAY HISTORICAL PRESERVATION SOCIETY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Page 7

Note 1: Significant Accounting Policies - Cont'd

Financial Instruments

Impairment

For financial assets measured at amortized cost, the Society determines whether there are indications of possible impairment. When there is an indication of impairment, and the Society determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenditures

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenditures for the period covered.

The main estimates relate to the impairment of financial assets and the useful life of heritage restorations.

Note 2: Heritage Restorations

	<u>Cost</u>	<u>Accumulated</u> <u>Amortization</u>	Year Ended December 31	
			2016	2015
	\$	\$	<u>Net</u> \$	<u>Net</u> \$
Docks	171,000	51,358	119,642	124,528
Equipment	301,000	155,100	145,900	160,950
Furniture and fixtures	29,062	29,062	-	1,494
Grocery store	581,388	38,760	542,628	552,318
Other buildings	2,309,599	373,609	1,935,990	1,873,088
Septic system	348,000	53,400	294,600	300,400
Stonework	119,000	20,949	98,051	100,034
Tennis courts	204,000	107,050	96,950	107,150
Trails	189,644	34,372	155,272	126,909
	<u>4,252,693</u>	<u>863,660</u>	<u>3,389,033</u>	<u>3,346,871</u>

OJIBWAY HISTORICAL PRESERVATION SOCIETY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Page 8

Note 3: Deferred Capital Contributions

	Year Ended December 31	
	<u>2016</u>	<u>2015</u>
	\$	\$
Balance, beginning of year	3,572,123	3,491,433
Add: Contributions	<u>30,643</u>	<u>197,650</u>
	3,602,766	3,689,083
Deduct: Amortization	<u>114,926</u>	<u>116,960</u>
Balance, end of year	<u>3,487,840</u>	<u>3,572,123</u>

Note 4: Commitments

The Society rents its premises from The Ojibway Club under a long-term lease, which expires in 2099 with an option to renew at that time. The office space is provided at no cost.

Note 5: Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial transaction will cause a financial loss for the other party by failing to discharge an obligation. The Society's credit risk is mainly related to the term deposit and HST rebate receivable.

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect to its trade accounts payable. The Society expects to meet these obligations as they come due by generating sufficient cash flow from the receipt of donation revenue.

OJIBWAY HISTORICAL PRESERVATION SOCIETY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Page 9

Note 6: Financial Instruments - Cont'd

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed rate instruments subject the Society to risk of changes in fair value. The exposure to this risk also fluctuates as the quantity of fixed rate instruments held changes from year to year.