

KINGSTON HISTORICAL SOCIETY
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board of Directors of Kingston Historical Society

We have reviewed the accompanying financial statements of Kingston Historical Society which comprise the statement of financial position as at December 31, 2020 and the statements of operations, changes in net assets and cash flow 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 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 these financial statements do not present fairly, in all material respects, the financial position of Kingston Historical Society as at December 31, 2020 and the results of its operations and cash flow for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants
Licensed Public Accountants
Kingston, Ontario
February 1, 2021

KINGSTON HISTORICAL SOCIETY

**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020
(unaudited)**

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	2020			2019
	General Fund	Murney Tower Fund	Total	Total
Assets				
Current Assets				
Cash	\$ 44,763	\$ 64,176	\$ 108,939	\$ 94,417
Investments (note 3)	53,652	-	53,652	53,310
Accounts receivable	300	-	300	1,903
Harmonized sales tax receivable	860	-	860	481
Inventory (note 4)	-	660	660	660
Interfund receivable (payable)	<u>(6,568)</u>	<u>6,568</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 93,007</u></u>	<u><u>\$ 71,404</u></u>	<u><u>\$ 164,411</u></u>	<u><u>\$ 150,771</u></u>
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities (note 5)	\$ 1,501	\$ 1,501	\$ 3,002	\$ 3,185
Deferred revenue (note 6)	<u>4,938</u>	<u>2,000</u>	<u>6,938</u>	<u>3,226</u>
	<u>6,439</u>	<u>3,501</u>	<u>9,940</u>	<u>6,411</u>
Net Assets				
Unrestricted	66,568	67,903	134,471	113,083
Internally restricted for special projects	-	-	-	11,277
Internally restricted contingency reserve fund	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
	<u>86,568</u>	<u>67,903</u>	<u>154,471</u>	<u>144,360</u>
	<u><u>\$ 93,007</u></u>	<u><u>\$ 71,404</u></u>	<u><u>\$ 164,411</u></u>	<u><u>\$ 150,771</u></u>

Commitments (note 7)

Approved on behalf of the Board

Director

Director

See accompanying notes to financial statements.

KINGSTON HISTORICAL SOCIETY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2020
(unaudited)

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	2020		2019	
	General Fund	Murney Tower Fund	Total	Total
Revenues				
Admissions	\$ -	\$ -	\$ -	\$ 19,903
Canada Summer Jobs grant	-	8,971	8,971	12,923
City of Kingston Heritage Fund grant	-	49,787	49,787	51,303
Community Foundation grant	-	-	-	6,940
Donations	2,274	-	2,274	3,136
Gift shop	-	-	-	108
Heritage Organization development grant	1,545	-	1,545	1,545
Investment income	1,126	-	1,126	1,543
Memberships	3,041	-	3,041	7,251
Publications	561	-	561	2,335
Special events	5,115	-	5,115	10,190
Sponsorships	2,095	-	2,095	2,382
Youth Canada Works grant	-	6,570	6,570	7,609
	<u>15,757</u>	<u>65,328</u>	<u>81,085</u>	<u>127,168</u>
Expenses				
Advertising and promotion	429	660	1,089	849
Bank charges	-	30	30	-
Collections management equipment	-	-	-	819
Consultants	-	-	-	7,602
Costumes	-	-	-	748
Donations and sponsorships	-	-	-	2,250
Education	-	-	-	415
Exhibit renewal	-	247	247	9,019
Insurance	385	1,154	1,539	1,404
Memberships	193	86	279	167
Newsletter	2,063	-	2,063	1,953
Office and miscellaneous	375	2,171	2,546	3,599
Professional fees	756	2,250	3,006	3,114
Programming	260	-	260	793
Publications	2,577	-	2,577	7,358
Rent/ storage (note 7)	-	5,217	5,217	1,587
Salaries and benefits	-	46,306	46,306	68,518
Special events	4,695	-	4,695	7,750
Telephone/ wifi/ security	-	681	681	1,250
Website	439	-	439	390
	<u>12,172</u>	<u>58,802</u>	<u>70,974</u>	<u>119,585</u>
Excess of revenues over expenses for the year	<u>\$ 3,585</u>	<u>\$ 6,526</u>	<u>\$ 10,111</u>	<u>\$ 7,583</u>

See accompanying notes to financial statements.

KINGSTON HISTORICAL SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2020
(unaudited)

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	<u>2020</u>			<u>2019</u>	
	<u>Unrestricted</u>	<u>Internally Restricted for Special Projects</u>	<u>Internally Restricted Contingency Reserve Fund</u>	<u>Total</u>	<u>Total</u>
General Fund					
Net assets at beginning of year	\$ 51,706	\$ 11,277	\$ 20,000	\$ 82,983	\$ 79,604
Excess of revenues over expenses for the year	3,585	-	-	3,585	3,379
Fund transfer	<u>11,277</u>	<u>(11,277)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 66,568</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 86,568</u>	<u>\$ 82,983</u>

	<u>2020</u>	<u>2019</u>
Murney Tower Fund		
Net assets at beginning of year	\$ 61,377	\$ 57,173
Excess of revenues over expenses for the year	<u>6,526</u>	<u>4,204</u>
Net assets at end of year	<u>\$ 67,903</u>	<u>\$ 61,377</u>

See accompanying notes to financial statements.

KINGSTON HISTORICAL SOCIETY
STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2020
(unaudited)

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	2020		2019	
	General Fund	Murney Tower Fund	Total	Total
Cash flow from (used in) operating activities				
Cash receipts from Society activities	\$ 15,664	\$ 69,231	\$ 84,895	\$ 128,238
Cash paid to suppliers and employees	(12,461)	(58,696)	(71,157)	(119,146)
Investment income received	1,126	-	1,126	1,543
	4,329	10,535	14,864	10,635
Cash flow used in investing activities				
Purchase of investments	(342)	-	(342)	(1,714)
Interfund transfers	697	(697)	-	-
Net increase (decrease) in cash	4,684	9,838	14,522	8,921
Cash at beginning of year	40,079	54,338	94,417	85,496
Cash at end of year	\$ 44,763	\$ 64,176	\$ 108,939	\$ 94,417

See accompanying notes to financial statements.

KINGSTON HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(unaudited)

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1. Purpose of Organization

Kingston Historical Society (the "Society") is incorporated without share capital under the laws of Ontario and is a registered charity under the Income Tax Act of Canada.

The Society's goals are to create, foster and maintain interest in the history and heritage of the City of Kingston and its environs; to provide a forum for the presentation and discussion of papers with relevant historical content and to provide for the publication of such papers; to organize, supervise, manage, promote and assist in providing and maintaining historical museums, plaques, cairns and other monuments to the historical past; to acquire documents, maps, books, photographs and other historical data and tangible articles of historic interest with a view to the preservation and display of such articles at such times and in such places as may be decided upon by the Society and to be an advocate for the preservation of buildings and areas of historic interest in the City of Kingston and district.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Part III of the CPA Canada Handbook - Accounting Standards for Not-for-Profit Organizations. Significant accounting policies include the following:

(a) Fund Accounting

Revenues and expenses related to the operation of the Murney Tower are reported in the Murney Tower Fund.

Revenues and expenses related to all other activities are reported in the General Fund. There are amounts within the General Fund that are internally restricted by the Board of Directors for special projects and a contingency reserve fund.

(b) Investments

Guaranteed investment certificates and term deposits are recorded at cost plus accrued interest which approximates market value.

(c) Inventory

Inventory is valued at the lower of cost and net realizable value where cost is defined as invoiced cost on the first-in, first-out basis.

(d) Revenue Recognition

Restricted contributions to the general fund are recognized as revenue in the period in which the related expenditures are incurred. All other restricted contributions are recognized as revenue in the appropriate restricted fund as received. Unrestricted contributions are recognized as revenue in the general fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

KINGSTON HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2020
(unaudited)

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2. Significant Accounting Policies (continued)

(d) Revenue Recognition (continued)

Revenue from special events, memberships and sponsorships is recognized when the event occurs.

All other revenues are recognized when goods are delivered or service is performed and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. Amounts received for future services are deferred until the service is performed.

(e) Capital Assets

Capital assets are charged to expense on acquisition. Capital assets held include furniture, office equipment and computer equipment. Included in office and miscellaneous expenses were \$Nil in capital asset acquisitions in 2020 or 2019.

(f) Donated Services

The work of the Society is dependent on the voluntary services of the community. Since these services are not normally purchased by the Society and because of the difficulty of determining fair market value, donated services are not recognized in the financial statements.

(g) Financial Instruments

Financial instruments are initially recognized at fair value and then subsequently at amortized cost. The carrying amounts of cash, investments, accounts receivable and accounts payable approximate their fair market values because of the short-term nature of these instruments.

(h) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires the Society to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they are known.

KINGSTON HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2020
(unaudited)

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3. Investments

Investments consist of:

	<u>2020</u>	<u>2019</u>
Guaranteed investment certificates and term deposits	<u>\$ 53,652</u>	<u>\$ 53,310</u>

The investments bear interest ranging from 2.25% to 3.31% and mature between November 2021 and April 2024.

4. Inventory

Inventory is comprised of:

	<u>2020</u>	<u>2019</u>
Books and other inventory	<u>\$ 660</u>	<u>\$ 660</u>

5. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are source deductions payable of \$Nil (\$Nil in 2019).

6. Deferred Revenue

Deferred revenue consists of funds from special events, memberships and sponsorship income received in advance of incurring the related expenses. Deferred revenue is comprised of:

	<u>2020</u>	<u>2019</u>
General Fund		
Memberships	\$ 4,938	\$ 3,226
Murney Tower Fund		
KAM Grant for Murney Tower	<u>2,000</u>	<u>-</u>
	<u>\$ 6,938</u>	<u>\$ 3,226</u>

KINGSTON HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2020
(unaudited)

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7. Commitments

- (a) The Society leases the property and building of the Murney Tower Museum from Parks Canada and have a five- year lease expiring June 30, 2025 with an annual rent of \$100.
- (b) The society rents desk space from the Kingston Association of Museums that expires on December 31, 2021 with an annual rent of \$1,666, inclusive of HST.

8. Financial Risks

Kingston Historical Society manages its exposure to the risks associated with financial instruments that have potential to affect its operating financial performance. The Society manages its financial instruments to allow the Society to continue with and execute its overall purpose as outlined in note 1.

As a result of the COVID-19 global pandemic, the Society may experience increased financial risk exposure in the next fiscal year.

9. Effects of Pandemic

Since the commencement of the COVID-19 outbreak there have been significant disruptions to organizations throughout Canada and the world, leading to a general economic slowdown. The pandemic has caused restrictions on the Society's activities.

The rules and restrictions regarding social distancing protocols put in place by various national governments, provincial governments and local authorities may significantly affect future operations. It is not possible to reliably estimate the duration or severity of these consequences, or their impact on the financial position and results of operations for the Society for future periods.

In order to mitigate the effects of the pandemic, the Society has undertaken a number of efforts, including reducing various operating costs.