

ONTARIO MUSEUM ASSOCIATION
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

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Independent Auditor's Report

To the Members and Council of the Ontario Museum Association

Opinion

We have audited the financial statements of the Ontario Museum Association (the "Association"), which comprise the balance sheet as at March 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Association 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 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.

In preparing the financial statements, management is responsible for assessing the ability of the Association 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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Association.

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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, 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 internal control of the Association.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 ability of the Association 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 Association 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario
June 12, 2020

Chartered Professional Accountants
Licensed Public Accountants

ONTARIO MUSEUM ASSOCIATION

BALANCE SHEET

AS AT MARCH 31, 2020

	2020	2019
ASSETS		
Current assets		
Cash	\$ 174,025	\$ 162,669
Accounts receivable	28,941	12,869
Prepaid expenses	11,533	6,598
	<u>214,499</u>	<u>182,136</u>
Investments (note 3)	263,954	259,766
Capital assets (note 4)	-	-
	<u>478,453</u>	<u>441,902</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	43,867	34,994
Deferred revenue (note 7)	132,830	130,607
	<u>176,697</u>	<u>165,601</u>
NET ASSETS		
Endowment and restricted funds (note 8)	246,316	242,127
Council restricted fund (note 9)	2,961	2,961
Operating fund	52,479	31,213
	<u>301,756</u>	<u>276,301</u>
	<u>\$ 478,453</u>	<u>\$ 441,902</u>

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Council:

_____, Member _____, Member

ONTARIO MUSEUM ASSOCIATION

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2020

	2020	2019
Revenues		
Government contributions and grants <i>(note 10)</i>	\$ 286,097	\$ 284,734
Memberships	129,811	130,876
Professional development and annual conference	236,477	269,498
Donations and contributions	15,704	7,067
Miscellaneous	4,224	4,056
	672,313	696,231
Expenses		
Professional development and conference	219,058	205,004
Programs and projects	142,397	170,755
Administration	147,346	185,457
Advocacy	39,387	37,271
Community engagement	58,660	59,623
Governance	40,010	50,677
	646,858	708,787
Excess (deficiency) of revenues over expenses for the year	\$ 25,455	\$ (12,556)

The accompanying notes are an integral part of these financial statements

ONTARIO MUSEUM ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2020

2020	Endowment & Restricted Funds	Council Restricted Fund	Operating Fund	Total
	<i>(note 8)</i>	<i>(note 9)</i>		
Net assets - at beginning of year	\$ 242,127	\$ 2,961	\$ 31,213	\$ 276,301
Excess (deficiency) of revenues over expenses for the year	-	-	25,455	25,455
Endowment and restricted funds investment income transfer	4,189	-	(4,189)	-
Net assets - at end of year	\$ 246,316	\$ 2,961	\$ 52,479	\$ 301,756

2019	Endowment & Restricted Funds	Council Restricted Fund	Operating Fund	Total
	<i>(note 8)</i>	<i>(note 9)</i>		
Net assets - at beginning of year	\$ 238,674	\$ 2,961	\$ 47,222	\$ 288,857
Excess (deficiency) of revenues over expenses for the year	-	-	(12,556)	(12,556)
Endowment and restricted funds investment income transfer	3,453	-	(3,453)	-
Net assets - at end of year	\$ 242,127	\$ 2,961	\$ 31,213	\$ 276,301

The accompanying notes are an integral part of these financial statements

ONTARIO MUSEUM ASSOCIATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2020

	2020	2019
Cash flows from operating activities		
Cash received from contributions and government grants	\$ 270,497	\$ 333,173
Cash received from memberships, professional development, conferences and services	368,072	404,755
Cash received from donations, contributions and bequests	15,701	7,067
Cash paid to employees and suppliers	(642,914)	(726,422)
Change in cash during the year	11,356	18,573
Cash - at beginning of year	162,669	144,096
Cash - at end of year	\$ 174,025	\$ 162,669

The accompanying notes are an integral part of these financial statements

ONTARIO MUSEUM ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

The Ontario Museum Association/Association des musées de l'Ontario (the "Association") is the leading cultural organization ensuring a relevant and sustainable museum sector in the province for the benefit of Ontario residents and our global community. The Association builds capacity among institutions and individuals active in Ontario's museum sector.

The Association believes that museums are a critical and necessary element in a healthy society, as one key vehicle through which an appreciation and understanding of our connections to natural and cultural history are formed. Accordingly, museums are relevant institutions in society, and this applies to the small volunteer-run community museum as much as the large and specialized provincial flagship. The Association will continue to work with its members to build upon the ways in which it can help them be increasingly relevant to their own constituencies and communities.

The Association was incorporated under the laws of the Province Ontario in 1972 as a not-for-profit organization. The Association is also a registered charitable organization under the Income Tax Act (Canada) and as such, is generally exempt from income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. These financial statements have been prepared within framework of the significant accounting policies summarized below.

Basis of Accounting

The operating fund accounts for the day-to-day service delivery activities of the Association.

The Council Restricted Fund is an internally restricted fund for future special projects.

The Endowment & Restricted Funds consist of the Publication Fund and the Professional Development Fund. Each of these funds has an external and an internal restricted portion. Externally restricted portion of the funds are used for various purposes established by donors. Internally restricted portion of the funds are used for various purposes established by the Association's Council (see note 8 for details).

Financial Instruments

(i) Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Association subsequently measures its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment. Financial assets and liabilities measured at amortized cost include cash, accounts receivable and accounts payable and accrued liabilities.

ONTARIO MUSEUM ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment. The amount of the reversal is recognized in income in the period that the reversal occurs.

Investments

Investments are comprised of cash held at the brokers which are measured at amortized cost and mutual funds which are measured at fair value. The quoted market price is used to estimate the fair value of mutual fund securities. Unrealized holding gains and losses related to investments are included in the transfer of investment income to the endowment and restricted funds in the Statement of Changes in Net Assets.

Capital Assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as capital assets, otherwise, costs are expensed as incurred. The cost of capital assets comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided for, upon the commencement of the utilization of the assets, using methods and rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Furniture and equipment	- 20%
Computer equipment and software	- 33 $\frac{1}{3}$ to 50%
Website	- 33 $\frac{1}{3}$

Capital assets are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the capital assets to its fair value. Any impairment of capital assets is recognized in income in the year in which the impairment occurs. An impairment loss is not reversed if the fair value of the capital assets subsequently increases.

ONTARIO MUSEUM ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Contributions and Grants

The Association follows the deferral method of accounting for contributions which include donations, grants and other contributions. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred and donor restriction requirements are met.

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.

Contributions for endowment are recognized as direct increases to net assets of the Endowment Fund.

Memberships

Membership fees cover the twelve month period following the date of receipt and acceptance. Deferred membership fees on the balance sheet reflect the portion of membership fees received that relates to the following fiscal year.

Professional Development

Revenue is recognized when the courses are presented. Fees received in the current year, applicable to a subsequent year are deferred and will be recognized as revenue in the fiscal year in which the course takes place.

Other Revenues

All other revenues are recognized as revenue when the event takes place or as services are provided.

Investment Income

Investment income consists of interest income, mutual fund distributions and realized and unrealized gains and losses from investment transactions. Interest income is recorded when earned. Realized gains and losses are recognized as income when the transactions occur. Unrealized gains and losses which reflect the changes in fair value during the period are recognized at each reporting date and are included in current period income.

ONTARIO MUSEUM ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services

Volunteers contribute significant amounts of time to assist the Association in conducting its service delivery activities. Because of the difficulty of determining their fair value, contributed goods and services are not recognized in the financial statements.

Allocation of Expenses

Salaries and benefits expenses are allocated based on time spent by staff members on different activities (see note 11 for details).

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on information available as of the date of issuance of the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

2. FINANCIAL INSTRUMENT RISK MANAGEMENT

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 following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Association's financial instruments.

The financial instruments of the Association and the nature of the risks to which those instruments may be subject, are as follows:

Financial instrument	Risks				
	Credit	Liquidity	Currency	Interest rate	Other price
Cash	X				
Investments	X				X
Accounts receivable	X				
Accounts payable and accrued liabilities		X			

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 Association's main credit risks relate to cash, investments, and accounts receivable.

The Association reduces its exposure to the credit risk of cash by maintaining balances with a Canadian financial institution.

ONTARIO MUSEUM ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

2. FINANCIAL INSTRUMENT RISK MANAGEMENT *(continued)*

Credit Risk (continued)

The Association manages its exposure to the credit risk on its investments through their investment policy and making investment decisions on the advice of the investment advisor.

The Association mitigates credit risk on its accounts receivable by monitoring and reviewing the accounts on a regular basis.

Liquidity Risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Association expects to meet these obligations as they come due from the government operating grants, generating sufficient cash flows from operations and liquidating investments if necessary.

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 Association is not exposed to significant currency risk and interest rate risk.

Price Risk

The Association is exposed to price risk, which is the potential loss that the Association may incur with respect to the changes in fair value of investments. The fair value of investments will fluctuate because of changes in market price whether those changes are caused by factors specific to the individual investments, or the issuers or factors affecting all investments traded in the market. The Association is exposed to this risk on its mutual funds investments.

Changes in Risk

There have been no changes in the Association's risk exposure from the prior year.

ONTARIO MUSEUM ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

3. INVESTMENTS

Details of investments are as follows:

	2020	2019
Short-term		
Cash at broker	\$ 1,224	\$ 1,224
Mutual Funds		
RBC Investment Savings Account	262,730	258,542
	\$ 263,954	\$ 259,766

Investment Risk Management

Risk management relates to the understanding and active management of risks associated with all areas of the Association's activities and operations. Investments are primarily exposed to price risk (see note 2 for details).

4. CAPITAL ASSETS

Details of capital assets are as follows:

2020	Cost	Accumulated Depreciation	Net Book Value
Furniture and equipment	\$ 6,982	\$ 6,982	\$ -
Computer equipment	12,490	12,490	-
Website	135,049	135,049	-
	\$ 154,521	\$ 154,521	\$ -
2019	Cost	Accumulated Depreciation	Net Book Value
Furniture and equipment	\$ 6,982	\$ 6,982	\$ -
Computer equipment	12,490	12,490	-
Website	135,049	135,049	-
	\$ 154,521	\$ 154,521	\$ -

Total depreciation charged during the year was \$NIL (\$NIL - 2019).

5. BANK CREDIT FACILITY

The Association has a total approved credit facility to a maximum of \$65,000 by way of a revolving line of credit in the amount of \$50,000 and a Corporate Classic VISA in the amount of \$15,000. Any advances on the revolving line of credit bear interest at prime plus 1.25% and the interest is payable monthly. The credit facility is secured by a general security agreement covering all assets of the Association. As at March 31, 2020, outstanding balance on the line of credit is \$Nil (\$Nil - 2019), and outstanding balance on the Corporate Classic Visa is \$1,924 (\$Nil - 2019) which is included in accounts payable and accrued liabilities.

ONTARIO MUSEUM ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include government remittances totalling \$6,045 (\$6,647 - 2019).

7. DEFERRED REVENUE

Details of deferred revenues are as follows:

	2020	2019
Memberships	\$ 64,618	\$ 61,738
Government and other grants	43,084	40,184
Course fees and other	25,128	28,685
	\$ 132,830	\$ 130,607

8. ENDOWMENT AND RESTRICTED FUNDS

Contributions restricted for endowment funds consist of restricted government contributions, endowment donations received and donations internally designated by the Association's Council. The endowment principal is required to be maintained intact. The investment income generated from endowments must be used in accordance with the various purposes established by donors or the Association's Council. The Association ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose of which they are provided.

Investment income on endowments that is available for spending at the discretion of the Association or that is available for spending as conditions have been met, has been recorded in the statement of operations.

Investment gains (losses) have been reflected as an increase (decrease) in the endowments on a pro rata basis between restricted and internally restricted funds in order to maintain the endowment principal intact.

ONTARIO MUSEUM ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

8. ENDOWMENT AND RESTRICTED FUNDS (continued)

Contributions and restricted net assets are as follows:

<i>2020</i>	<i>Externally Restricted</i>	<i>Internally Restricted</i>	<i>Total</i>
Publication Fund			
Balance, beginning of year	\$ 132,056	\$ 52,156	\$ 184,212
Investment income transfer	-	3,017	3,017
Balance, end of year	132,056	55,173	187,229
Professional Development Fund			
Balance, beginning of year	15,164	42,751	57,915
Investment income transfer	-	1,172	1,172
Balance, end of year	15,164	43,923	59,087
	\$ 147,220	\$ 99,096	\$ 246,316

<i>2019</i>	<i>Externally Restricted</i>	<i>Internally Restricted</i>	<i>Total</i>
Publication Fund			
Balance, beginning of year	\$ 132,056	\$ 49,669	\$ 181,725
Investment income transfer	-	2,487	2,487
Balance, end of year	132,056	52,156	184,212
Professional Development Fund			
Balance, beginning of year	15,164	41,785	56,949
Investment income transfer	-	966	966
Balance, end of year	15,164	42,751	57,915
	\$ 147,220	\$ 94,907	\$ 242,127

Included in the externally restricted portion of the Publication Fund is \$75,000 received from the Ministry of Citizenship, Culture and Recreation ("MCCR"). The MCCR also required the Association to contribute \$25,000 to the Publication Fund.

9. COUNCIL RESTRICTED FUND

The Association's Council has internally restricted net assets to be used for specific purposes. These funds are not available for unrestricted purposes and are to be used with the Council's approval to directly support the Association's activities. Any transfers to and from this restricted fund require the approval of the Council.

ONTARIO MUSEUM ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

10. GOVERNMENT CONTRIBUTIONS AND GRANTS

Details of government contributions and grants are as follows:

	2020	2019
Ministry of Tourism, Culture and Sport Provincial Heritage Organization	\$ 186,500	\$ 186,500
Ministry of Citizenship and Immigration		20,584
Government of Ontario - Wage Subsidy	1,288	-
Department of Canadian Heritage Canadian Conservation Institute	8,700	-
MAP Professional Development	30,607	28,682
MAP Indigenous Collections Care Workshop	13,527	4,000
Young Canada Works	41,817	44,968
Canada Summer Jobs	3,658	-
	\$ 286,097	\$ 284,734

11. ALLOCATED EXPENSES

The expenses reported in the Statement of Operations include an allocation of salaries and benefits as follows:

	2020	2019
Professional development and conference	\$ 95,402	\$ 65,255
Programs and projects	132,254	145,753
Administration	37,679	61,985
Advocacy	34,165	33,284
Community engagement	48,808	50,890
Governance	22,777	22,189
Total allocated expenses	\$ 371,085	\$ 379,356

12. LEASE COMMITMENTS

The Association is committed to minimum annual rental payments in the amount of \$5,382 under leases for equipment, expiring in March 2021.

ONTARIO MUSEUM ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

13. IMPACT OF GLOBAL PANDEMIC

The global pandemic of the virus known as COVID-19 led the Canadian Federal government, as well as provincial and local governments, to impose measures, such as restricting foreign travel, mandating self-isolations and physical distancing and closing non-essential businesses. These measures have temporarily reduced certain operations of the Association. The Association is continuing to serve its members, and all the employees are working remotely and on a reduced work week. The Association has tentatively postponed the timing of the seminars and workshops and where possible changed to an online format. The conference has been postponed and the Association is considering an online format. The Association has applied for government assistance in the form of wage subsidies and the Canadian Emergency Business Account loan.

Because of the high level of uncertainty related to the outcome of this pandemic, it is difficult to estimate the financial effect on the Association. No adjustments have been made in the financial statements for these events.

HILBORN

LISTENERS. THINKERS. DOERS.