

ONTARIO LACROSSE HALL OF FAME & MUSEUM

Financial Statements

Year Ended December 31, 2017

ONTARIO LACROSSE HALL OF FAME & MUSEUM

Index to Financial Statements

Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Ontario Lacrosse Hall of Fame & Museum

We have audited the accompanying financial statements of Ontario Lacrosse Hall of Fame & Museum, which comprise the statement of financial position as at December 31, 2017, and the statements of revenues and expenditures and changes in net assets 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 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 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Ontario Lacrosse Hall of Fame & Museum derives revenues from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Ontario Lacrosse Hall of Fame & Museum. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenues, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2017, current assets and net assets as at December 31, 2017.

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Independent Auditor's Report to the Members of Ontario Lacrosse Hall of Fame & Museum *(continued)*

Qualified Opinion

In our opinion, except for the possible 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 Ontario Lacrosse Hall of Fame & Museum as at December 31, 2017 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.

Mississauga, Ontario
March 27, 2018

A handwritten signature in black ink that reads "McCarney Group LLP". The signature is written in a cursive, flowing style.

McCARNEY GROUP LLP
Chartered Professional Accountants
Licensed Public Accountants

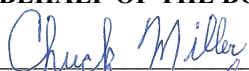
ONTARIO LACROSSE HALL OF FAME & MUSEUM

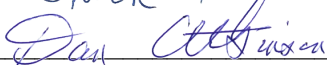
Statement of Financial Position

As at December 31, 2017

| | Operating Fund | Trust Foundation | 2017 | 2016 (Restated) |
|--|----------------|------------------|----------------|--------------------|
| ASSETS | | | | |
| Current | | | | |
| Cash | \$ 27,297 | \$ 348 | \$ 27,645 | \$ 37,790 |
| Short-term investment (Note 3) | 38,532 | 86,996 | 125,528 | - |
| Accounts receivable | 24,450 | - | 24,450 | 19,960 |
| Interest receivable | 877 | 1,954 | 2,831 | 925 |
| Harmonized sales tax recoverable | 8,497 | - | 8,497 | 3,000 |
| Prepaid expenditures | 2,500 | - | 2,500 | - |
| | 102,153 | 89,298 | 191,451 | 61,675 |
| LONG-TERM | | | | |
| INVESTMENT (Note 3) | - | - | - | 125,528 |
| | \$ 102,153 | \$ 89,298 | \$ 191,451 | \$ 187,203 |
| LIABILITIES | | | | |
| Current | | | | |
| Accounts payable and accrued liabilities | \$ 13,410 | \$ - | \$ 13,410 | \$ 8,470 |
| NET ASSETS | | | | |
| Unrestricted net assets | 88,743 | - | 88,743 | 82,136 |
| Internally restricted net assets | - | 89,298 | 89,298 | 96,597 |
| | 88,743 | 89,298 | 178,041 | 178,733 |
| | \$ 102,153 | \$ 89,298 | \$ 191,451 | \$ 187,203 |

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

See notes to financial statements

ONTARIO LACROSSE HALL OF FAME & MUSEUM
Statement of Revenues and Expenditures and Changes in Net Assets
Year Ended December 31, 2017

| | Operating Fund | Trust Foundation | 2017 | 2016 (Restated) |
|--|----------------|------------------|------------|--------------------|
| REVENUES | | | | |
| Fundraising | \$ 37,611 | \$ - | \$ 37,611 | \$ 56,833 |
| Donations | 29,700 | - | 29,700 | 525 |
| Investment income | 585 | 1,321 | 1,906 | 2,087 |
| Other income | 1,226 | - | 1,226 | - |
| | 69,122 | 1,321 | 70,443 | 59,445 |
| EXPENDITURES | | | | |
| Fundraising costs | 29,125 | - | 29,125 | 36,399 |
| Insurance | 2,878 | - | 2,878 | 2,781 |
| Interest and bank charges | 33 | 43 | 76 | 20 |
| Museum display costs <i>(Note 4)</i> | 9,273 | 8,577 | 17,850 | 961 |
| Office and administration | 18,919 | - | 18,919 | 1,071 |
| Professional services | 2,287 | - | 2,287 | 2,335 |
| | 62,515 | 8,620 | 71,135 | 43,567 |
| NET EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |
| | 6,607 | (7,299) | (692) | 15,878 |
| NET ASSETS - BEGINNING OF YEAR, AS PREVIOUSLY STATED | | | | |
| | 83,772 | 96,597 | 180,369 | 165,119 |
| Retrospective change in tangible capital asset accounting policy <i>(Note 2)</i> | | | | |
| | (1,636) | - | (1,636) | (2,264) |
| NET ASSETS - BEGINNING OF YEAR, AS RESTATED | | | | |
| | 82,136 | 96,597 | 178,733 | 162,855 |
| NET ASSETS - END OF YEAR | | | | |
| | \$ 88,743 | \$ 89,298 | \$ 178,041 | \$ 178,733 |

See notes to financial statements

ONTARIO LACROSSE HALL OF FAME & MUSEUM

Cash Flow Statement

Year Ended December 31, 2017

| | Operating Fund | Trust Foundation | 2017 | 2016 (Restated) |
|---|----------------|------------------|-----------|--------------------|
| OPERATING ACTIVITIES | | | | |
| Net excess (deficiency) of revenues over expenditures | \$ 6,607 | \$ (7,299) | \$ (692) | \$ 15,878 |
| Changes in non-cash working capital: | | | | |
| Accounts receivable | (4,490) | - | (4,490) | 10,910 |
| Interest receivable | (586) | (1,320) | (1,906) | 1,438 |
| Harmonized sales tax payable | (5,497) | - | (5,497) | (2,373) |
| Prepaid expenditures | (2,500) | - | (2,500) | - |
| Accounts payable and accrued liabilities | 4,940 | - | 4,940 | (6,365) |
| | (8,133) | (1,320) | (9,453) | 3,610 |
| Cash flows from operating activities | (1,526) | (8,619) | (10,145) | 19,488 |
| INVESTING ACTIVITIES | | | | |
| Proceeds from sale of marketable securities | - | - | - | 122,003 |
| Purchase of long-term investments | - | - | - | (125,528) |
| Cash flows from investing activities | - | - | - | (3,525) |
| INCREASE (DECREASE) IN CASH | (1,526) | (8,619) | (10,145) | 15,963 |
| CASH - BEGINNING OF YEAR | 28,823 | 8,967 | 37,790 | 21,827 |
| CASH - END OF YEAR | \$ 27,297 | \$ 348 | \$ 27,645 | \$ 37,790 |

See notes to financial statements

ONTARIO LACROSSE HALL OF FAME & MUSEUM

Notes to Financial Statements

December 31, 2017

The Ontario Lacrosse Hall of Fame & Museum (the "organization") is a not-for-profit organization incorporated without share capital. As such, it is exempt from corporate income taxes under Section 149(1)(l) of the Income Tax Act.

The purpose and objectives of the organization are as follows:

1. To preserve our historical and cultural heritage by providing and operating a public museum and by offering education programmes, seminars and forums designed to increase the public's appreciation and awareness of Canada's official summer game, and its historical/cultural contribution to Canada.
2. To purchase, maintain and preserve historical and cultural artifacts related to Canada's official summer game, and to keep such artifacts available for viewing by the public.

1. SUMMARY OF ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting

Revenues and expenditures related to general fundraising and administrative activities are reported in the Operating Fund. The Operating Fund is an unrestricted fund.

The Trust Foundation, described below, is a restricted fund.

Trust Foundation

The Trust Foundation was established by the organization to receive gift donations as "bequeathments" or "in honour" of players and builders of lacrosse. An application must be made to access the funds maintained in the Trust Foundation. Upon approval, support is provided in one of three areas:

1. Upgrading the museum in line with provincial museum standards;
2. Research on lacrosse to support the organization's research priorities; and/or
3. Humanitarian support for lacrosse in the province of Ontario.

Revenue recognition

The organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred.

Unrestricted contributions are recognized as revenue of the appropriate fund as follows:

- Donations received by the organization are recorded in the Operating Fund on a cash basis in the year of receipt. Revenues from fundraising events are recognized in the Operating Fund when the events have been held.

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ONTARIO LACROSSE HALL OF FAME & MUSEUM

Notes to Financial Statements

December 31, 2017

1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- the accrual of liabilities; and
- the useful lives of tangible capital assets.

Contributed materials and services

The organization records these contributions at fair value, where such value can be reasonably determined. Donated services have not been reflected in these statements since no objective basis is available to measure their value.

Impairment of long-lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future undiscounted net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Tangible capital assets

These purchases are expensed as incurred. See note 2.

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ONTARIO LACROSSE HALL OF FAME & MUSEUM

Notes to Financial Statements

December 31, 2017

1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

Financial instruments

Measurement

The organization initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions which are measured at the carrying value or exchange value, as appropriate. The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable, interest receivable, and short and long-term investments.

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

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenues over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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.

Transaction costs

The organization recognizes its transaction costs in excess of revenues over expenditures in the year incurred. However, financial instruments that will not be subsequently measured at fair values are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

2. CHANGE IN ACCOUNTING POLICY

Previously tangible capital assets were recorded at cost and amortized over their estimated useful lives on a declining balance basis. For 2017 and subsequent years, the organization will treat tangible capital asset purchases as period expenses and categorize them as Museum display cost in the Statement of Revenues and Expenditures and Changes in Net Assets. This change in accounting policy has been applied retrospectively.

3. SHORT AND LONG-TERM INVESTMENTS

| | | Trust | | |
|---|----------------|------------|------------|------------|
| | Operating Fund | Foundation | 2017 | 2016 |
| <u>Short-term investment</u> | | | | |
| The Bank of Nova Scotia, Special rate GIC, 1.51% p.a., maturing February 19, 2018, maturity value \$128,393 | \$ 38,532 | \$ 86,996 | \$ 125,528 | \$ - |
| <u>Long-term investment</u> | | | | |
| The Bank of Nova Scotia, Special rate GIC, 1.51% p.a., maturing February 19, 2018, maturity value \$128,393 | \$ - | \$ - | \$ - | \$ 125,528 |

ONTARIO LACROSSE HALL OF FAME & MUSEUM

Notes to Financial Statements

December 31, 2017

4. MUSEUM DISPLAY COSTS

The organization purchases various memorabilia to include in their collection of historical and cultural artifacts held for public exhibition. These amounts and the the costs to maintain the displays are expensed as museum display costs.

As of 2017, with the change to the accounting policy to expense tangible capital assets, museum display costs include \$6,373 (2016 - \$Nil) for tangible capital asset purchases.

5. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. In the opinion of the Board of Directors the organization is not exposed to significant interest rate, currency or credit risk from its financial instruments.

6. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.