

**J. STECKLE HERITAGE HOMESTEAD**

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**2019 Financial Statements  
(Unaudited)**

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## Independent Practitioner's Review Engagement Report

To the Board of Directors of  
J. Steckle Heritage Homestead

I have reviewed the accompanying financial statements of J. Steckle Heritage Homestead that comprise the statement of financial position as at December 31, 2019, 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 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.

### Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me 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, I do not express an audit opinion on these financial statements.

### Basis for Qualified Conclusion

In common with many charitable organizations, J. Steckle Heritage Homestead derives a portion of its revenue from fundraising, the completeness of which is not susceptible to satisfactory review procedures. Accordingly, my review procedures of fundraising revenue was limited to the amounts recorded in the records of J. Steckle Heritage Homestead and I was not able to determine whether any adjustments might be necessary to fundraising revenue.

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## Independent Practitioner's Review Engagement Report

### Qualified Conclusion

Based on my review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of J. Steckle Heritage Homestead as at December 31, 2019, 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.

Ark Accounting & Tax Professional Corporation  
Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario  
Kitchener, Ontario  
June 8, 2020

**J. STECKLE HERITAGE HOMESTEAD**  
**Statement of Operations and**  
**Year ended December 31, 2019**  
**(Unaudited)**

	2019	%	2018	%
<b>Revenue</b>				
Events income	\$ 166,297	41.8	\$ 134,888	40.8
Program fees	129,347	32.5	115,317	34.9
Grant revenue	36,857	9.3	30,389	9.2
Fundraising - general	23,655	5.9	22,588	6.8
Rental	22,908	5.8	22,680	6.9
Fundraising - capital	13,085	3.3	-	
Interest and other income	5,920	1.5	3,670	1.1
Farm produce	140		1,000	0.3
	398,209	100.0	330,532	100.0
<b>Expenses</b>				
Animal and crop maintenance	7,752	1.9	8,631	2.6
Program expenses	9,944	2.5	8,526	2.6
Capital project	14,123	3.5	12,271	3.7
Events expenses	9,781	2.5	14,214	4.3
Insurance	7,761	1.9	7,806	2.4
Interest and bank charges	4,887	1.2	4,316	1.3
Office and administration	3,554	0.9	3,652	1.1
Professional fees	20,766	5.2	16,797	5.1
Property taxes	3,776	0.9	2,821	0.9
Repairs and maintenance	25,376	6.4	13,034	3.9
Salaries and related benefits	249,306	62.6	213,433	64.6
Telephone and utilities	22,281	5.6	22,121	6.7
	379,307	95.3	327,622	99.1
Excess of revenue over expenses before undernoted item	18,902	4.7	2,910	0.9
Other income (expense)				
Writeup(writedown) of investments	13,648	3.4	(10,404)	(3.1)
Excess (deficiency) of revenue over expenses	\$ 32,550	8.2	\$ (7,494)	(2.3)

See accompanying notes

**J. STECKLE HERITAGE HOMESTEAD**  
**Statement of Financial Position**  
**As at December 31, 2019**  
**(Unaudited)**

	2019	2018
<b>ASSETS</b>		
Current assets		
Cash	\$ 67,496	\$ 53,366
Investments and marketable securities (note 2)	222,804	207,016
Accounts receivable (note 3)	5,845	4,115
	296,145	264,497
Land (note 4)	1	1
	\$ 296,146	\$ 264,498
<b>LIABILITIES AND FUND BALANCES</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 15,089	\$ 6,252
Deferred contributions (note 7)	12,538	-
Rental and event deposits	75,961	89,556
Line of credit (note 5)	-	2,000
Long-term debt (note 8)	6,988	6,677
	110,576	104,485
Long-term debt (note 8)	26,267	33,260
	136,843	137,745
Net assets	159,303	126,753
	\$ 296,146	\$ 264,498

See accompanying notes

On behalf of the Board

Director \_\_\_\_\_

Director \_\_\_\_\_

**J. STECKLE HERITAGE HOMESTEAD**  
**Statement of**  
**Year ended December 31, 2019**  
**(Unaudited)**

	<b>2019</b>			
	<b>Restricted</b>	<b>Unrestricted</b>	<b>Endowment</b>	<b>Total</b>
Balance, beginning of year	\$ (345,264)	\$ 280,996	\$ 191,021	\$ 126,753
Excess (deficiency) of revenue over expenses	(1,037)	33,587	-	32,550
Balance, end of year	\$ (346,301)	\$ 314,583	\$ 191,021	\$ 159,303

	<b>2018</b>			
	<b>Restricted</b>	<b>Unrestricted</b>	<b>Endowment</b>	<b>Total</b>
Balance, beginning of year	\$ (328,594)	\$ 271,820	\$ 191,021	\$ 134,247
Excess (deficiency) of revenue over expenses	(16,670)	9,176	-	(7,494)
Balance, end of year	\$ (345,264)	\$ 280,996	\$ 191,021	\$ 126,753

See accompanying notes

**J. STECKLE HERITAGE HOMESTEAD**  
**Statement of Cash Flows**  
**Year ended December 31, 2019**  
**(Unaudited)**

	2019	2018
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 32,550	\$ (7,494)
Item not involving cash		
Writedown (writeup) of investments	(13,648)	10,404
	18,902	2,910
Net change in non-cash working capital items		
Investments and marketable securities	(2,140)	(2,243)
Accounts receivable	(1,730)	6,647
Prepaid expenses	-	1,181
Accounts payable and accrued liabilities	8,837	(931)
Deferred contributions	12,538	-
Rental and event deposits	(13,595)	19,884
	3,910	24,538
Cash flows from operating activities provided by operating activities	22,812	27,448
Financing activities		
Line of credit	(2,000)	2,000
Repayment of long-term debt	(6,682)	(6,384)
Cash flows from financing activities used in financing activities	(8,682)	(4,384)
Net change in cash during the year	14,130	23,064
Cash, beginning of year	53,366	30,302
Cash, end of year	\$ 67,496	\$ 53,366

See accompanying notes



**J. STECKLE HERITAGE HOMESTEAD**

Notes to Financial Statements

Year ended December 31, 2019

(Unaudited)

**Nature of operations**

J. Steckle Heritage Homestead (the "Organization") was incorporated without share capital under letters patent by the Ministry of Consumer and Commercial Affairs. The purpose of the Organization is the restoration, conservation and interpretation of the historical site.

The Organization is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act are met.

**1. Summary of significant accounting policies**

The Organization applies the Canadian accounting standards for not-for-profit organizations.

Fund accounting deferred

The Organization follows the deferral method of accounting for contributions which includes grants and donations. The purpose of the funds are as follows:

(i) Unrestricted fund - the unrestricted fund accounts for the Organization's program and administrative activities.

(ii) Restricted fund - the restricted fund accounts for the development of the land that was donated by the City of Kitchener.

(iii) Endowment fund - the endowment fund reports resources contributed for endowment.

Investment income earned on resources of the endowment fund is reported in the unrestricted fund.

Revenue recognition

Grants and donation grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Program activities and events revenue is recognized as services are rendered.

Interest and other income is recognized as revenue when earned.

Contributions for endowment are recognized as revenue in the endowment fund.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

Marketable securities

Marketable securities are carried at the lower of cost and market value.

**J. STECKLE HERITAGE HOMESTEAD**

Notes to Financial Statements

Year ended December 31, 2019

(Unaudited)

**1. Summary of significant accounting policies — continued**Capital assets

The Organization expenses its capital assets. During the current year, capital expenditures included \$14,123 (2018 - \$16,471).

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Organization 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 net income.

Financial assets measured at amortized cost include cash, GIC, accounts receivable, and prepaid expenses.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities, government remittances payable, rental and event deposits and long-term debt.

The Organization has not designated any financial asset or financial liability to be measured at fair value.

Contributed materials and services

Volunteers contributed time to assist the Organization in carrying out its education program. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**2. Investments and marketable securities**

	2019	2018
Equity instruments, at fair value	\$ 132,804	\$ 177,016
GIC - 60 months, non-redeemable, interest at 2.25%, stated at cost	30,000	30,000
GIC - 40 months, non-redeemable, interest at 3.1%, stated at cost	60,000	-
	<u>\$ 222,804</u>	<u>\$ 207,016</u>

**J. STECKLE HERITAGE HOMESTEAD**

Notes to Financial Statements

Year ended December 31, 2019

(Unaudited)

**3. Accounts receivable**

	2019	2018
Accrued interest	\$ 2,140	\$ 590
Government remittances receivable	2,795	3,525
Accounts receivable	910	-
	<u>\$ 5,845</u>	<u>\$ 4,115</u>

**4. Land**

The City of Kitchener has donated land adjacent to the Homestead property to the Foundation (J. Steckle Heritage Foundation) for the purpose of supporting future initiatives of the Homestead. The City has first right of refusal on this land at a nominal cost of \$1. On January 1, 2016 J. Steckle Heritage Homestead was amalgamated under the Income Tax Act with the Foundation. This land nominal value is recorded in J. Steckle Heritage Homestead's books.

**5. Line of credit**

The Organization has a business line of credit to a maximum of \$50,000 and bears interest at bank prime plus 1% per annum and is secured by a general security agreement and the investments disclosed in note 2.

**6. Accounts payable and accrued liabilities**

	2019	2018
Accounts payable and accrued liabilities	\$ 6,596	\$ 4,233
Government remittances payable	2,419	2,019
Wedding deposit refunds	6,074	-
	<u>\$ 15,089</u>	<u>\$ 6,252</u>

**7. Deferred contributions**

	2019	2018
Contribution from Lowe's Heroes for fencing project	\$ 12,538	\$ -

**J. STECKLE HERITAGE HOMESTEAD**

Notes to Financial Statements

Year ended December 31, 2019

(Unaudited)

**8. Long-term debt**

	2019	2018
Term loan payable, interest at 4.56%, repayable in monthly instalments of \$697 on account of principal and interest, due 15 May 2024, secured by investments in note 2.	\$ 33,255	\$ 39,937
Less: current portion	6,988	6,677
	<u>\$ 26,267</u>	<u>\$ 33,260</u>

Minimum principal payments over the next five years are as follows:

2020	\$ 6,988
2021	7,313
2022	7,654
2023	8,010
2024	3,290
	<u>\$ 33,255</u>

Interest expense of \$1,719 (2018 - \$1,980) was paid during the year and included in interest and bank charges on the statement of operations.

**9. Financial instruments**Credit risk

The Organization does have credit risk in accounts receivable of \$910 (2018 - \$-). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The Organization maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the Organization is low and is not material and the allowance for bad debts is \$0 (2018 - \$0).

Interest rate risk

The Organization is exposed to interest rate risk due to the variable rate interest on the business line of credit mentioned in note 5. Changes in the lending rates may cause fluctuations in cash flows and interest expense.

**J. STECKLE HERITAGE HOMESTEAD**

Notes to Financial Statements

Year ended December 31, 2019

(Unaudited)

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**10. Bequests**

During 2004, the charity received the real property known as 811-831 Bleams Road, furnishings and contents, and an automobile as a beneficiary under the will of Jean Steckle. These have not been recognized in the financial statements as the charity expenses capital when funded.

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**11. Subsequent event**

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which may negatively impact excess (deficiency) of revenue over expenses. At the current time, the Organization is unable to quantify the related financial impact and duration on its future financial statements.

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