

SAVE ONTARIO SHIPWRECKS

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF SAVE ONTARIO SHIPWRECKS

Opinion

I have audited the accompanying balance sheet of **SAVE ONTARIO SHIPWRECKS** (the Organization), which comprise the balance sheet as at December 31, 2022, and the statement of Heritage fund operations and changes to fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Accounting Standards for Not-for-profit Organizations (ASNPO).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 ASNPO, 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 Organization's ability 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 Organization or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Organization's internal control.
- 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 Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization 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.

I 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 I identify during my audit.

The 2021 financial statements were audited by another Chartered Professional Accountant who issued an unqualified audit opinion dated June 14, 2022.



RAFIQ DOSANI
CHARTERED PROFESSIONAL ACCOUNTANT

Toronto, Ontario
June 26, 2023

**SAVE ONTARIO SHIPWRECKS
BALANCE SHEET
AS AT DECEMBER 31, 2022
ASSETS**

	2022	2021
CURRENT		
Cash	\$ 41,549	\$ 38,087
Accounts receivable	281	-
Inventory	7,638	7,998
Taxes recoverable	831	177
Prepaid expenses	234	642
	\$ 50,533	\$ 46,904
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 2,010	\$ 2,005
Prepaid membership fees	1,773	1,434
	3,783	3,439
FUND BALANCES		
Operating fund	35,648	32,363
Heritage fund	11,102	11,102
	46,750	43,465
	\$ 50,533	\$ 46,904

"The accompanying notes are an integral part of this statement"

**SAVE ONTARIO SHIPWRECKS
STATEMENT OF HERITAGE FUND OPERATIONS AND CHANGES TO FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
FUND BALANCE, beginning of year	\$ 11,102	\$ 11,102
Contributions net of charges during the year	-	-
FUND BALANCE, end of year	\$ 11,102	\$ 11,102

"The accompanying notes are an integral part of this statement"

SAVE ONTARIO SHIPWRECKS
STATEMENT OF OPERATING FUND OPERATIONS AND CHANGES TO FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
REVENUE		
Grants - Ontario	\$ 23,000	\$ 23,000
Sales - ship's stores	640	1,036
Membership	3,916	5,102
Donations	719	678
Student grant	-	3,723
	<u>28,275</u>	<u>33,539</u>
EXPENDITURES	<u>24,990</u>	<u>21,828</u>
NET INCOME	3,285	11,711
FUND BALANCE, beginning of year	32,363	20,652
FUND BALANCE, end of year	<u>\$ 35,648</u>	<u>\$ 32,363</u>

"The accompanying notes are an integral part of this statement"

SAVE ONTARIO SHIPWRECKS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,285	\$ 11,711
CHANGES IN NON-CASH WORKING CAPITAL BALANCES		
(Increase) decrease in accounts receivable	(281)	-
(Increase) decrease in inventories	360	594
(Increase) decrease in taxes recoverable	(654)	3,809
(increase) decrease in prepaid expenses and deposits	408	257
Increase (decrease) in accounts payable and accrued liabilities	5	2
Increase (decrease) in prepaid membership fees	339	192
	177	4,854
CASH FLOWS FROM OPERATING ACTIVITIES	3,462	16,565
NET CASH AND CASH EQUIVALENTS (BANK INDEBTEDNESS), beginning of year	38,087	21,524
NET CASH AND CASH EQUIVALENTS (BANK INDEBTEDNESS), end of year	\$ 41,549	\$ 38,087

"The accompanying notes are an integral part of this statement"

**SAVE ONTARIO SHIPWRECKS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

1. NATURE OF ACTIVITIES

The organization is incorporated without share capital as a non-profit organization dedicated to the preservation of Ontario's marine heritage. It is registered for income tax purposes as a charitable organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations.

(a) INVENTORY

Inventory is valued at the lower of cost or net realizable value.

(b) CAPITAL EXPENDITURES

Capital expenditures are expensed in the year incurred.

(c) BASIS OF FINANCIAL STATEMENT PRESENTATION

These financial statements include only the financial activities directly controlled by the organization. They do not include assets, liabilities, revenues and expenditures of any of the local chapters of Save Ontario Shipwrecks.

(d) REVENUE RECOGNITION

Restricted contributions related to general operations are recognized as revenue of the Operating fund in the year in which the related expenses are incurred. Heritage fund restricted contributions are recognized as revenue in the Heritage fund. Unrestricted contributions are recognized as revenue of the Operating fund in the year they are received.

(e) FUND ACCOUNTING

The organization follows the restricted fund method of accounting for contributions. The Operating fund accounts for the organization's programs, delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants. The Heritage fund reports only restricted resources that are to be used for marine heritage projects.

(f) VOLUNTEERS

The organization's activities are carried out solely by volunteers. Because of the difficulty of determine their fair value, contributed services are not recognized in the financial statements.

3. ECONOMIC DEPENDENCE

The organization receives a substantial portion of its revenues in the form of grants from Ontario's Ministry of Citizenship, Culture and Recreation and as such, is dependent upon such financial assistance to further its programs.

**SAVE ONTARIO SHIPWRECKS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

4. FINANCIAL INSTRUMENTS

The organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, liquidity risk, and market (other price) risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

a) Interest rate risk:

The organization has no borrowings and as such is not subject to interest rate risk.

b) Market risk:

The organization does not have investments in publicly-traded or other equities that exposes the company to price risks as equity investments are subject to price changes in an open market.

c) Liquidity risk:

The organization exposure to liquidity risk is dependent on the receipt of funds from grants from the Ontario Ministry of Tourism and Culture, as well as sale of memberships and ship stores, donations and NAS provincial course fees.

5. USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**SAVE ONTARIO SHIPWRECKS
SUPPLEMENTARY FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
EXPENDITURES (Operating fund)		
Buoy project costs to date	\$ 4,561	\$ 2,813
Cost of sales - ship's stores	1,003	2,105
Chapter Dividends	508	1,113
Courier	-	50
Donations	-	392
Exhibitions and events	-	3,735
Foreign exchange	100	100
Insurance	535	-
Membership, programs and general	6,199	4,299
NAS expenditures	130	1,290
Office	1,020	480
Postage	44	45
Professional fees	3,250	3,250
Publicity and administration	4,119	1,943
Travel and related expenses	1,572	
Storage	1,949	213
	\$ 24,990	\$ 21,828

"The accompanying notes are an integral part of this statement"