

Financial Statements of

MUSEUM LONDON FOUNDATION

Year ended December 31, 2017



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Museum London Foundation

We have audited the accompanying financial statements of Museum London Foundation, which comprise the statement of financial position as at December 31, 2017, the statements of operations, changes in net assets, and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 controls. 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 audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Museum London Foundation as at December 31, 2017, the results of operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 4, 2018

MUSEUM LONDON FOUNDATION

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 36,514	\$ 7,589
Receivable from Museum London	12,409	3,932
	48,923	11,521
Investments (note 2)	638,261	624,642
	\$ 687,184	\$ 636,163

Liabilities and Net Assets

Current liabilities:		
Payable to Museum London	\$ -	\$ 15,000
Accounts payable	1,600	1,600
	1,600	16,600
Net assets:		
Unrestricted	185,584	119,563
Endowment Fund (note 4)	500,000	500,000
	685,584	619,563
	\$ 687,184	\$ 636,163

See accompanying notes to financial statements.

On behalf of the Board:

Ken Andrews Director

Jeff Sager Director

MUSEUM LONDON FOUNDATION

Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Investment income	\$ 41,810	\$ 32,590
Donations (note 5)	53,906	9,043
	<u>95,716</u>	<u>41,633</u>
Expenses:		
Gift to Museum London	25,000	40,000
Investment management fees	3,191	3,064
Bank charges	374	123
Professional fees	1,130	-
	<u>29,695</u>	<u>43,187</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 66,021</u>	<u>\$ (1,554)</u>

See accompanying notes to financial statements.

MUSEUM LONDON FOUNDATION

Statement of Changes in Net Assets

Year ended December 31, 2017, with comparative information for 2016

	Endowment Fund	Unrestricted	2017 Total	2016 Total
Net assets, beginning of year	\$ 500,000	\$ 119,563	\$ 619,563	\$ 621,117
Excess (deficiency) of revenue over expenditures	-	66,021	66,021	(1,554)
Net assets, end of year	\$ 500,000	\$ 185,584	\$ 685,584	\$ 619,563

See accompanying notes to financial statements.

MUSEUM LONDON FOUNDATION

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by		
Operating activities:		
Excess (deficiency) of revenue over expenditures	\$ 66,021	\$ (1,554)
Changes in non-cash operating working capital:		
Receivable from Museum London	(8,477)	(2,932)
Net change in investments	(13,619)	(4,426)
Payable to Museum London	(15,000)	15,000
Accounts payable	-	(100)
	28,925	5,988
Increase in cash	28,925	5,988
Cash, beginning of year	7,589	1,601
Cash, end of year	\$ 36,514	\$ 7,589

See accompanying notes to financial statements.

MUSEUM LONDON FOUNDATION

Notes to Financial Statements

Year ended December 31, 2017

Museum London Foundation (the "Foundation") is a registered charity and not-for-profit organization.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook - Accounting. The significant accounting policies of the Foundation are as follows:

(a) Fund accounting:

The accounts of the Foundation are maintained internally in accordance with the principles of fund accounting by which revenues, expenditures, assets and liabilities are allocated to a fund according to the nature of each item. Fund accounting is used to ensure observance of limitations and restrictions placed on the use of resources. Resources are classified into funds that are in accordance with specified activities or objectives and these have been summarized under the following fund groups:

(i) Unrestricted Fund:

The Unrestricted Fund accounts for the receipt and expenditure of donations or bequests that are not specifically designated to a program or project. Receipted gifts to the Foundation, not restricted by the donors, unrestricted investment income and certain Foundation expenses are allocated to the Unrestricted Fund.

(ii) Endowment Fund:

The Endowment Fund accounts for the receipt of donations or bequests that have been endowed by the donor. Revenue from Endowment Funds are recorded as unrestricted contributions, unless specified by the donor.

(b) Revenue recognition:

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be recorded can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in endowment net assets.

Unrestricted investment income is recognized as revenue when earned.

(c) Investments:

Investments are recorded at fair value. Pooled fund investments are valued at the unit values supplied by the pooled fund administrator, which represent the fund's proportionate share of underlying net assets at fair values, determined using closing market prices. Unrealized gains and losses arising on changes in the fair value of the investments are included in the statement of operations as investment income.

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Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

MUSEUM LONDON FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Investments:

Investments at fair value consist of the following:

	2017	2016
Pooled investment funds:		
Canadian Bond Fund	\$ 291,741	\$ 297,008
Canadian Equity Fund	171,309	165,783
U.S. Equity Fund	73,088	66,998
International Equity Fund	102,123	94,853
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	\$ 638,261	\$ 624,642

3. Financial risks:

The Foundation manages its investment portfolio to earn investment income and invests according to its Investment Policy approved by the Board. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Foundation believes that it is not exposed to significant interest-rate, market, credit or cash flow risk arising from its financial instruments.

Additionally, the Foundation believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments.

Investments that trade in foreign markets are exposed to currency risk as the price in local terms on the foreign stock exchange is converted to Canadian dollars to determine fair value. The Foundation's overall currency positions are monitored on a daily basis by the portfolio manager.

4. Endowment Fund:

In 2008, the Foundation received a bequest of \$500,000 from the estate of Beryl Ivey. The principal is endowed, however, interest earned is to be used for general purposes of the Foundation and as such is recorded as investment income in the Unrestricted Fund.

MUSEUM LONDON FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

5. Light on London Campaign:

In 2012, the Museum London Foundation launched the Light on London campaign inviting donors to pledge an annual gift of \$1,000 for the next five years to support the collection, exhibition, and interpretation of the work of local contemporary artists. In 2017, donations of \$4,036 (2016 - \$8,043) were received and nil was given to Museum London (2016 - \$15,000 was given to Museum London as a contribution toward the *TransAMERICAS: A Sign, A Situation, A Concept* exhibition).

