

COTTONWOOD MANSION PRESERVATION FOUNDATION

ANNUAL FINANCIAL STATEMENTS

DECEMBER 31, 2020

(unaudited - see Notice to Reader)

NOTICE TO READER

On the basis of information provided by management, I have compiled the statement of financial position of Cottonwood Mansion Preservation Foundation as at December 31, 2020 and the statement of operations and accumulated surplus for the year ending December 31, 2020. I have not performed an audit or a review engagement in respect to these financial statements, and accordingly, express no assurance thereon.

Readers are cautioned that these financial statements may not be appropriate for their purposes.

Reesa Spitman
Cayuga, Ontario
May 30, 2021

COTTONWOOD MANSION PRESERVATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020
(unaudited - see Notice to Reader)

<u>ASSETS</u>	<u>2020</u>
<u>Current Assets</u>	
Cash	\$ 52,474
Accounts receivable	
Investments (Note 4)	
HST receivable	2,020
	<u>54,494</u>
 <u>Capital Assets</u>	
Building, furnishings, and equipment (Note 3)	 578,554
	 <u>\$ 633,048</u>
 <u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accounts payable and accrued liabilities	
 <u>SURPLUS</u>	
Accumulated surplus (Statement 2)	 633,048
	 <u>\$ 633,048</u>

COTTONWOOD MANSION PRESERVATION FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(unaudited - see Notice to Reader)

<u>REVENUE</u>	<u>2020</u>
Donations	\$ 3,372
Fundraising	
Government grants	5,000
HST recovery	1,563
Investment income	
Interest-Savings, Short-term CD	1,132
Memberships and fees	390
Other income	
Rental income	2,183
	<u>\$ 13,640</u>
<u>EXPENSES</u>	
Advertising and promotion	\$ 190
Depreciation	457
Fundraising expenses	1,382
Insurance	8,140
Miscellaneous	250
Office expense	81
Postage and courier	173
Property taxes	5,603
Repairs and maintenance	9,371
Security	240
Subcontract services	1,416
Telephone and utilities	5,895
Wages and benefits	3,027
	<u>\$ 36,225</u>
Excess of Revenue Over Expenses	
(Expenses over Revenue)	(22,585)
Accumulated Surplus, Beginning of Year	655,633
Adjustment to surplus	<u> </u>
Accumulated Surplus, End of Year	<u><u>\$ 633,048</u></u>

COTTONWOOD MANSION PRESERVATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(unaudited – see Notice to Reader)

1. PURPOSE OF THE ORGANIZATION

The foundation was established with the purpose of acquiring, maintaining and preserving the historical building known as Cottonwood Mansion, located on Lot 1, Concession 4, Rainham, in the County of Haldimand, in the province of Ontario, and to keep this building open for viewing by the public. The foundation qualifies for tax-exempt status as a registered charity under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue Recognition

Donation revenue is recognized in accounts upon receipt from donors. Donations of goods and services are recorded at their fair market value or invoiced value. Donations of historical furnishings and artifacts are recorded at appraised value for which donation receipts have issued.

(b) Inventory

The inventory is valued at the lower cost and net realizable value.

(c) Capital Assets

Additions are recorded at acquisition cost with respect to cash purchases, at fair market value or invoiced value for donated furnishings and equipment and at appraised value with respect to donated historical furnishings and artifacts. Expenditures for repairs and maintenance are charged against income as occurred.

No amortization is recorded in the accounts with respect to the mansion building, site improvements or historical furnishings and artifacts. Amortization is recorded only on furniture and equipment used for mansion operations and maintenance at a rate of 20% per annum on the declining balance.

(d) Contributed Services

Volunteers contribute many hours per year to assist the foundation in carrying out its activities. Because of the difficulty of determining fair market value, such contributed services are not recognized in these statements.

3. CAPITAL ASSETS

	2020		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Mansion Building	\$438,564	N/A	\$438,564
Land and Site Improvements	32,932	N/A	32,932
Historical Furnishings	105,230	N/A	105,230
Furniture and Equipment	42,832	\$41,004	1,828
	<u>\$619,558</u>	<u>\$41,004</u>	<u>\$578,554</u>

4. LIFE LEASE AND RELATED CONTINGENT LIABILITY

In 1992, the foundation purchased the property (including the apartment addition constructed by the previous owner at his own expense) for \$1. He retained a life lease on the residential apartment on which he pays the utilities and taxes.

Under the terms of the life lease agreement in effect, \$200,000 becomes payable to the life tenant upon dissolution of the foundation, transfer of assets of the foundation, sale of the lands of foundation or abandonment of the foundation's objects. This contingency will continue until the death of the tenant unless otherwise legally eliminated.