

COTTONWOOD MANSION PRESERVATION FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited - Refer to Compilation Engagement Report)

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Compilation Engagement Report

To Management of

COTTONWOOD MANSION PRESERVATION FOUNDATION

On the basis of information provided by management, we have compiled the balance sheet of Cottonwood Mansion Preservation Foundation as at December 31, 2022, the statements of Income, and retained earnings for the year then ended and Note 1, which describes the basis of accounting applied in the preparation of complied financial information.

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We have preformed this engagement in accordance with the Veriguide applicable to Compilation Engagements. Our responsibility is to assist management in the preparation of the financial information.

We have not preform an audit engagement or review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provide by management. Accordingly, we do not express an audit option or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Hagersville, Ontario
February 18th, 2023

Henry J Bruyns R.A.
Henry J. Bruyns & Associates
Industrial Commercial Institutional Accountants

**COTTONWOOD MANSION PRESERVATION FOUNDATION
 STATEMENT OF FINANCIAL POSITION
 FOR THE YEAR ENDING DECEMBER 31, 2022
 (Unaudited - See Compilation Engagement Report)**

ASSETS	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash	\$ 28,828	\$ 33,488
Accounts Receivable	5,409	3,199
	<u>34,236</u>	<u>36,687</u>
CAPITAL ASSETS (Note 2)	616,179	579,582
	<u>\$ 650,415</u>	<u>\$ 616,269</u>
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
Account Payable & Accrued Liabilities	\$ 6,604	\$ -
	<u>6,604</u>	<u>-</u>
NET ASSETS		
Surplus (Deficit)	643,811	616,269
	<u>643,811</u>	<u>616,269</u>
	<u>\$ 650,415</u>	<u>616,269</u>

Approved By:

_____, Management

COTTONWOOD MANSION PRESERVATION FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDING DECEMBER 31, 2022
(Unaudited - See Compilation Engagement Report)

	<u>2022</u>		<u>2021</u>	
OPERATING INCOME				
Donations	\$ 36,253	20.80%	\$ 26,151	54.97%
Fundraising	39,646	22.75%	18,808	39.54%
Grants	91,691	52.61%	1,411	2.97%
Other Income	6,711	3.85%	1,200	2.52%
	<u>174,301</u>	<u>100.00%</u>	<u>47,570</u>	<u>100.00%</u>
EXPENDITURE				
Advertising	1,206	0.69%	379	0.80%
Fundraising expenses	4,463	2.56%	6,404	13.46%
Interest & Bank Charges	494	0.28%	141	0.30%
Memberships & fees	230	0.13%	177	0.37%
Office expense	4,289	2.46%	4,315	9.07%
Postage & courier	98	0.06%	-	0.00%
Security	3,008	1.73%	-	0.00%
Telephone & Utilities	8,317	4.77%	7,056	14.83%
Insurance	9,703	5.57%	8,389	17.64%
Repairs & Maintenance	7,126	4.09%	992	2.09%
Municipal taxes	7,143	4.10%	5,691	11.96%
Professional fee	350	0.20%	-	0.00%
Wages & benefits	38,589	22.14%	31,803	66.86%
Travel	509	0.29%	-	0.00%
Kitchen Expenses	147	0.08%	-	0.00%
	<u>85,672</u>	<u>49.15%</u>	<u>65,347</u>	<u>137.37%</u>
EXCESS OF OPERATING INCOME OVER EXPENSES	88,629	50.85%	(17,777)	-37.37%
Rental Income	1	0.00%	-	0.00%
EXCESS OF INCOME OVER EXPEN	\$ 88,630	50.85%	\$ (17,777)	-37.37%

Accompanying notes to the financial statements form an integral part of these statements.

**COTTONWOOD MANSION PRESERVATION FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDING DECEMBER 31, 2022
(Unaudited - See Compilation Engagement Report)**

		<u>2022</u>	<u>2021</u>
Balance	beginning of year	\$ 616,269	\$ 634,046
Add:			
	Adjustment to surplus	(61,088)	-
	Excess income over expenses for the year	88,630	(17,777)
Balance	end of year	<u>\$ 643,811</u>	<u>\$ 616,269</u>

Accompanying notes to the financial statements form an integral part of these statements.

**COTTONWOOD MANSION PRESERVATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022
(Unaudited - See Compilation Engagement Report)**

1 Accounting Policies considered to be particularly significant are outlined below.

Basis of Accounting applied in the preparation of compiled Financial Statements

The Company uses a modified cash-basis method to recognize and measure items primarily to comply with the provisions of the Income Tax Act. Under this method the following items are recognized and measured on an accrual basis:

Accounts receivable, including related party amounts

Inventory using average costing

Fixed asset depreciated using tax rates

Payroll and sales tax withholdings

Bank debt

All other items are recognized as incurred.

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 artefacts are recorded at appraised value for which donation receipts have been issued.

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 artefacts. 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 artefacts. Amortization is recorded only on furniture & equipment used for mansion operations and maintenance at a rate of 20% per annum on the declining balance.

Contributed Service

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 recognised in this statements.

**COTTONWOOD MANSION PRESERVATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2022
(Unaudited - See Compilation Engagement Report)**

2 OPERATION AND 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

3 Capital Assets

	<u>Cost</u>	<u>Accum. Amort.</u>	<u>Net 2022</u>
Land & Site Improvements	32,932	-	32,932
Building & Building Improvements	400,134	-	400,134
Historical Furnishings	105,230	-	105,230
Furniture & Equipment	43,096	42,568	528
	<u>581,392</u>	<u>42,568</u>	<u>538,824</u>

4 Life Lease & 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.