

Financial Statements of

**THE ROYAL ASTRONOMICAL SOCIETY  
OF CANADA, TORONTO CENTRE**

September 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**The Royal Astronomical Society of Canada, Toronto Centre**

### Qualified Opinion

We have audited the financial statements of the The Royal Astronomical Society of Canada, Toronto Centre ("the Society"), which comprise the balance sheet as at September 30, 2020 and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at September 30, 2020, 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.

### Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, events and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the years ended September 30, 2020 and 2019, current assets as at September 30, 2020 and 2019, and net assets as at October 1 and September 30 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended September 30, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 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.

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Society'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 doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society 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.

We 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 we identify during our audit.

TORONTO, Ontario  
November 17, 2020



**Licensed Public Accountants**

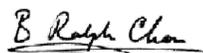
**THE ROYAL ASTRONOMICAL SOCIETY  
OF CANADA, TORONTO CENTRE**

Balance Sheet

As at September 30	2020	2019
<b>Assets</b>		
Current		
Cash (note 4)	\$ 123,292	\$ 134,536
Accounts receivable	5,945	2,653
Sales tax receivable	2,853	3,817
Prepaid expense	2,144	2,375
	<b>134,234</b>	143,381
Capital assets (note 5)	<b>321,615</b>	332,922
	<b>\$ 455,849</b>	\$ 476,303
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 5,733	\$ 7,521
Deferred membership fees (note 6)	8,793	9,651
	<b>14,526</b>	17,172
Deferred capital contributions (note 7)	<b>41,893</b>	52,136
	<b>56,419</b>	69,308
<b>Net Assets</b>		
Unrestricted	<b>379,430</b>	386,995
Internally restricted - capital reserve (note 4)	<b>20,000</b>	20,000
	<b>399,430</b>	406,995
	<b>\$ 455,849</b>	\$ 476,303

Commitments (note 9)

On behalf of the Council:



President



Treasurer

See accompanying notes to the financial statements.

**THE ROYAL ASTRONOMICAL SOCIETY  
OF CANADA, TORONTO CENTRE**

Statement of Operations and Changes in Net Assets

Year ended September 30	2020	2019
<b>Revenues</b>		
Membership fees (note 6)	\$ 16,428	\$ 17,849
Observatory events and access fees	14,933	26,248
Amortization of deferred capital contributions (note 7)	10,243	10,243
Donations	8,190	15,117
Observatory rental fees	3,860	7,165
Other income (note 8)	1,026	1,026
	<b>54,680</b>	<b>77,648</b>
<b>Expenses</b>		
Office and facilities	23,197	34,812
Depreciation	20,036	18,670
Committees	9,169	10,137
Professional	7,642	7,008
Product purchases	2,201	1,621
	<b>62,245</b>	<b>72,248</b>
Excess (deficiency) of revenues over expenses for the year	<b>(7,565)</b>	5,400
Net assets, beginning of year	<b>406,995</b>	401,595
Net assets, end of year	<b>\$ 399,430</b>	<b>\$ 406,995</b>

See accompanying notes to the financial statements.

**THE ROYAL ASTRONOMICAL SOCIETY  
OF CANADA, TORONTO CENTRE**

Statement of Cash Flows

<u>Year ended September 30</u>	<u>2020</u>	<u>2019</u>
<b>Operating activities</b>		
Cash received from observatory events and access fees	\$ 14,933	\$ 26,248
Cash received from membership fees	12,278	19,127
Cash received from donations	8,190	15,117
Cash received from observatory rental fees	3,860	7,165
Cash received from other	1,026	1,026
Cash received from product sales	-	1,900
Cash paid for operating expenses	(42,802)	(64,018)
Net cash provided (used) by operations	(2,515)	6,565
<b>Financing and investing activities</b>		
Cash paid for purchase of capital assets	(8,729)	(11,843)
Decrease in cash	(11,244)	(5,278)
Cash, beginning of year	134,536	139,814
Cash, end of year	\$ 123,292	\$ 134,536

See accompanying notes to the financial statements.

# THE ROYAL ASTRONOMICAL SOCIETY OF CANADA, TORONTO CENTRE

Notes to the Financial Statements

September 30, 2020

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## 1 Organization

The Royal Astronomical Society of Canada, Toronto Centre ("the Society") is a registered charity under the Income Tax Act (Canada) and is incorporated by letters patent in the Province of Ontario as a non-profit organization without share capital. The Society is incorporated for the purpose of promoting interest in astronomy.

The Society is exempt from income taxes provided certain criteria are met.

## 2 Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

### (a) Capital assets

The Society records capital assets at cost. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use. When conditions indicate a capital asset no longer contributes to Society's ability to provide services or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, its net carrying amount is written down to its fair value or replacement cost. As at September 30, 2020, no such impairment exists.

Capital assets are depreciated over their estimated useful lives using the following rates and methods:

Building	25 years straight line
Telescopes	10 years straight line
Other equipment	5 - 10 years straight line
Computer equipment	30% declining balance
Furniture and fixtures	5 years straight line

### (b) Revenue recognition

#### (i) Contributions

The Society follows the deferral method of accounting for contributions which include donations.

Unrestricted contributions and observatory access fees are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Designated donations received and restricted for the purchase of capital assets are deferred and amortized into income at the same rate as the associated capital asset is amortized.

#### (ii) Membership fees

Membership fees are valid for one year beginning from the date of payment and can be renewed annually. Membership fees received in advance are deferred and recognized in income as the year progresses.

#### (iii) Observatory events and access fees

Observatory events revenue is recognized on completion of the event to which they relate.

#### (iv) Observatory rental fees

Observatory rental fees revenue is recognized as earned over the rental period.

# THE ROYAL ASTRONOMICAL SOCIETY OF CANADA, TORONTO CENTRE

Notes to the Financial Statements

September 30, 2020

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## 2 Significant accounting policies (continued)

### (c) Contributed goods and services

The value of goods and services is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when the goods and services would otherwise be purchased if not donated.

Volunteers provide invaluable donated services to the Society. Since volunteer time and services are not purchased and due to the difficulty in estimating their fair market value, these contributed services are not recognized in these financial statements.

### (d) Financial instruments

#### (i) Measurement

The Society initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

#### (ii) Impairment

At the end of each reporting period, the Society assesses whether there are any indications that a financial asset measured at amortized cost may be impaired.

Objective evidence of impairment includes observable data that comes to the attention of the Society. When there is an indication of impairment, the Society determines whether an adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

### (e) Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. Significant estimates include the impairment of accounts receivable and useful lives of capital assets.

All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

## 3 Risks and Uncertainties

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Centre in future periods

## 4 Cash

Council has internally restricted \$20,000 (2019 - \$20,000) in cash to fund certain expenditures for the repair and acquisition of buildings, furniture and fixtures as well as expenditures related to the purchase of material and equipment necessary for the effective operation of the Society and its programs.

The internally restricted funds are not available for other uses without Council approval.

**THE ROYAL ASTRONOMICAL SOCIETY  
OF CANADA, TORONTO CENTRE**

Notes to the Financial Statements  
September 30, 2020

**5 Capital assets**

As at September 30	2020		2019	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land (note 9(b))	\$ 243,000	\$ -	\$ 243,000	\$ -
Building (note 9(b))	242,560	198,894	242,560	189,192
Telescopes	81,401	59,036	77,605	55,111
Other equipment	34,644	25,676	31,201	21,604
Computer equipment	28,574	26,456	28,574	24,867
Furniture and fixtures	21,404	19,906	19,915	19,159
	<b>\$ 651,583</b>	<b>\$ 329,968</b>	<b>\$ 642,855</b>	<b>\$ 309,933</b>
Net book value		<b>\$ 321,615</b>		<b>\$ 332,922</b>

**6 Deferred membership fees**

Deferred membership fees represent fees received in advance of upcoming membership terms which run on an annual basis.

Year ended September 30	2020		2019	
Membership fees deferred from prior year	\$ 9,651		\$ 10,227	
Membership fees received in fiscal year	15,570		17,273	
Membership fees recognized in revenue	(16,428)		(17,849)	
Membership fees deferred to future year	<b>\$ 8,793</b>		<b>\$ 9,651</b>	

**7 Deferred capital contributions**

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets.

Year ended September 30	2020		2019	
Balance, beginning of year	\$ 52,136		\$ 62,379	
Amounts recognized in revenue	(10,243)		(10,243)	
Balance, end of year	<b>\$ 41,893</b>		<b>\$ 52,136</b>	

# THE ROYAL ASTRONOMICAL SOCIETY OF CANADA, TORONTO CENTRE

Notes to the Financial Statements

September 30, 2020

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## 8 The Walter Helm Endowment Fund

The Royal Astronomical Society of Canada is trustee of the Walter Helm Endowment Fund ("the Fund") created by Mr. Walter J. Helm who passed away on June 5, 1960. In his Will he provided a bequest to the Royal Astronomical Society of Canada to be used to support the general purposes of the David Dunlap Observatory (DDO).

Pursuant to Court interpretation and direction the Society is entitled to receive income from the Fund for purposes of the DDO, and other purposes, separate and apart from the DDO-related interest of the Society.

The Society has recorded as revenue \$1,026 (2019 - \$1,026) received from the Fund. The assets of the Fund are excluded from the Centre's financial statements. Contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

## 9 Commitments

### (a) Credit facility

The Society has available a demand operating credit facility of \$100,000 CAD with interest charged at prime plus 1.00%. This credit facility is secured by a charge on the Collingwood property. As at September 30, 2020, the Society has not utilized this line of credit facility.

### (b) Land and buildings

The Society was the recipient of a donation of land and buildings. Pursuant to the agreement of December 10, 1997, the Society agreed that the property will be used as an astronomical observatory site and related purposes until at least 2037, unless written consent is obtained from the donor.

In the event that the Society no longer uses the property in accordance with the terms of the agreement, the donor shall have the right to direct the Society to transfer the lands and premises and all improvements to any alternate charitable organization.

## 10 Financial instruments

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure and concentrations.

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to credit risk through its cash and accounts receivable.

The Society's bank accounts are held at a large financial institution. Funds on deposit are within the maximum amount insured and hence the concentration of credit risk has been mitigated.

Fees and other accounts receivable are unsecured and therefore pose a higher risk of default.

### Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet a demand for cash or fund its obligations as they come due. The Society meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and anticipating investing and financing activities.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk. The Society is not exposed to these risks.

### Changes in risk

There have been no changes in the Society's risk exposures from the prior year.