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# Financial statements of the Canadian Railroad Historical Association

March 31, 2020

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## Independent Auditor's Report

To the Members of the  
Canadian Railroad Historical Association

### Qualified Opinion

We have audited the financial statements of the Canadian Railroad Historical Association (the "Association"), which comprise the statement of financial position as at March 31, 2020, and the statements of revenue and expenses, 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 (collectively referred to as the "financial statements").

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 Association as at March 31, 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 not-for-profit organizations, the Association derives revenue from the public in the form of memberships, donations and other revenue, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our audit of these revenue was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenue from memberships, donations and other revenue, the (deficiency) excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2020 and March 31, 2019, current assets as at March 31, 2020 and March 31, 2019, and net assets as at March 31, 2020, March 31, 2019 and April 1, 2018. Our audit opinion on the financial statements for the year ended March 31, 2019, was also modified because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Association 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 audit 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 GAAS 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 GAAS, 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 Association'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 Association'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 Association 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.

*Deloitte LLP*<sup>1</sup>

July 29, 2020

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<sup>1</sup> CPA auditor, CA, public accountancy permit No.A120628

**Canadian Railroad Historical Association****Statement of revenue and expenses**

Year ended March 31, 2020

|  | Schedules | 2020<br>\$       | 2019<br>\$ |
|--|-----------|------------------|------------|
| <b>Revenue</b>   | A         | <b>2,574,012</b> | 2,316,911  |
| <b>Expenses</b>  | B         | <b>2,649,213</b> | 2,245,615  |
| (Deficiency) excess of revenue over expenses before amortization |           | <b>(75,201)</b>  | 71,296     |
| <b>Amortization</b>  |           |                  |            |
| Capital assets   | B         | <b>(293,810)</b> | (291,755)  |
| Intangible assets  | B         | <b>(4,164)</b>   | (5,949)    |
| Deferred contributions related to capital assets                 | A         | <b>235,994</b>   | 229,524    |
|  |           | <b>(61,980)</b>  | (68,180)   |
| <b>(Deficiency) excess of revenue over expenses</b>              |           | <b>(137,181)</b> | 3,116      |

The accompanying notes and supporting schedules are an integral part of the financial statements.

## Canadian Railroad Historical Association

### Statement of changes in net assets

Year ended March 31, 2020

| Notes  | <b>Invested in<br/>capital<br/>assets and<br/>intangible<br/>assets</b> | <b>Restricted<br/>for<br/>endowment<br/>purposes</b> | <b>Unrestricted</b> | <b>Total</b>     |
|--|---|--|---------------------|------------------|
|  | \$  | \$   | \$                  | \$               |
| Balance as at April 1, 2018  | 1,651,240   | 95,537   | 235,477             | 1,982,254        |
| Excess (deficiency) of<br>revenue over expenses <sup>1</sup>       | (68,180)  | -  | 71,296              | 3,116            |
| Acquisition of capital assets                                      | 72,401  | -  | (72,401)            | -                |
| Proceeds on disposal of<br>capital assets                          | (22,397)  | -  | 22,397              | -                |
| Increase in deferred<br>contributions related to<br>capital assets | (50,004)  | -  | 50,004              | -                |
| Repayment of debt  | 249,982   | -  | (249,982)           | -                |
| Receipt of grants receivable                                       | (250,522)   | -  | 250,522             | -                |
| Transfer   | -   | (95,537)   | 70,537              | (25,000)         |
| Balance as at March 31, 2019                                       | <b>1,582,520</b>  | <b>-</b>   | <b>377,850</b>      | <b>1,960,370</b> |
| Deficiency of revenue over<br>expenses <sup>1</sup>                | <b>(61,980)</b>   | <b>-</b>   | <b>(75,201)</b>     | <b>(137,181)</b> |
| Acquisition of capital assets                                      | <b>79,388</b>   | <b>-</b>   | <b>(79,388)</b>     | <b>-</b>         |
| Increase in deferred<br>contributions related to<br>capital assets | <b>(60,202)</b>   | <b>-</b>   | <b>60,202</b>       | <b>-</b>         |
| Repayment of debt  | <b>258,659</b>  | <b>-</b>   | <b>(258,659)</b>    | <b>-</b>         |
| Receipt of grants receivable                                       | <b>(259,216)</b>  | <b>-</b>   | <b>259,216</b>      | <b>-</b>         |
| Balance as at March 31, 2020                                       | <b>1,539,169</b>  | <b>-</b>   | <b>284,020</b>      | <b>1,823,189</b> |

<sup>1</sup> The amount included in the "Invested in capital assets and intangible assets" column represents the amortization of capital assets, intangible assets and deferred contributions related to capital assets.

The accompanying notes and supporting schedules are an integral part of the financial statements.

**Canadian Railroad Historical Association**  
**Statement of financial position**  
As at March 31, 2020

|  | 2020             | 2019             |
|--|------------------|------------------|
| Notes  | \$               | \$               |
| <b>Assets</b>  |                  |                  |
| <b>Current assets</b>  |                  |                  |
| Cash   | 638,886          | 579,474          |
| Accounts receivable  | 28,609           | 47,668           |
| Grants receivable  |                  |                  |
| Ministère de la Culture et des Communications                  |                  |                  |
| Phase I  | 231,914          | 223,040          |
| Réaménagement de la gare Hays                                  | 18,515           | 17,948           |
| Dimanches gratuits   | 59,242           | 71,886           |
| Ville de Saint-Constant  | 11,738           | 11,738           |
| Other  | 56,423           | 4,200            |
| Taxes receivable   | 57,269           | 11,670           |
| Inventories  | 84,836           | 75,812           |
| Prepaid expenses   | 43,004           | 29,449           |
|  | <u>1,230,436</u> | <u>1,072,885</u> |
| <br>   |                  |                  |
| Grants receivable  |                  |                  |
| Ministère de la Culture et des Communications                  |                  |                  |
| Phase I  | 620,962          | 852,876          |
| Réaménagement de la gare Hays                                  | 18,803           | 55,546           |
| Capital assets   | 5,895,168        | 6,109,590        |
| Collections and exhibits                                       | 1                | 1                |
| Intangible assets  | 9,717            | 13,881           |
|  | <u>7,775,087</u> | <u>8,104,779</u> |
| <br>   |                  |                  |
| <b>Liabilities</b>   |                  |                  |
| <b>Current liabilities</b>                                     |                  |                  |
| Accounts payable and accrued liabilities                       | 354,912          | 128,164          |
| Government remittances   | 23,198           | 15,336           |
| Amount payable to the Canadian Railroad Historical Association |                  |                  |
| Foundation   | 200,000          | -                |
| Deferred contributions   | 102,365          | 294,478          |
| Deferred revenue   | 15,513           | 16,070           |
| Current portion of debt  | 268,657          | 258,659          |
|  | <u>964,645</u>   | <u>712,707</u>   |
| <br>   |                  |                  |
| Debt   | 639,765          | 908,422          |
| Deferred contributions related to capital assets               | 4,347,488        | 4,523,280        |
|  | <u>5,951,898</u> | <u>6,144,409</u> |
| <br>   |                  |                  |
| Commitments  |                  |                  |
| <br>   |                  |                  |
| <b>Net assets</b>  |                  |                  |
| Invested in capital assets and intangible assets               | 1,539,169        | 1,582,520        |
| Unrestricted   | 284,020          | 377,850          |
|  | <u>1,823,189</u> | <u>1,960,370</u> |
|  | <u>7,775,087</u> | <u>8,104,779</u> |

The accompanying notes and supporting schedules are an integral part of the financial statements.

Approved by the Board

Director  
 Director



# Canadian Railroad Historical Association

## Statement of cash flows

Year ended March 31, 2020

|   | Notes | 2020<br>\$       | 2019<br>\$ |
|---|-------|------------------|------------|
| <b>Operating activities</b>   |       |                  |            |
| (Deficiency) excess of revenue over expenses                              |       | <b>(137,181)</b> | 3,116      |
| Items not affecting cash  |       |                  |            |
| Amortization of capital assets  |       | <b>293,810</b>   | 291,755    |
| Amortization of intangible assets   |       | <b>4,164</b>     | 5,949      |
| Amortization of deferred contributions related to capital assets          |       | <b>(235,994)</b> | (229,524)  |
|   |       | <b>(75,201)</b>  | 71,296     |
| Changes in non-cash operating working capital items and grants receivable | 10    | <b>412,458</b>   | 228,164    |
|   |       | <b>337,257</b>   | 299,460    |
| <b>Investing activities</b>   |       |                  |            |
| Acquisition of capital assets   |       | <b>(79,388)</b>  | (72,401)   |
| Proceeds on disposal of capital assets                                    |       | -                | 22,397     |
|   |       | <b>(79,388)</b>  | (50,004)   |
| <b>Financing activities</b>   |       |                  |            |
| Repayment of debt   |       | <b>(258,659)</b> | (249,982)  |
| Increase in deferred contributions related to capital assets              | 8     | <b>60,202</b>    | 237,607    |
| Transfer  | 9     | -                | (25,000)   |
|   |       | <b>(198,457)</b> | (37,375)   |
| Net increase in cash  |       | <b>59,412</b>    | 212,081    |
| Cash, beginning of year   |       | <b>579,474</b>   | 367,393    |
| <b>Cash, end of year</b>  |       | <b>638,886</b>   | 579,474    |

See additional information presented in Note 10.

The accompanying notes and supporting schedules are an integral part of the financial statements.

**1. Status and nature of activities**

The Canadian Railroad Historical Association (the "Association") was incorporated on August 22, 1941, as a not-for-profit organization without share capital under Part II of the *Canada Corporations Act*. Its statutes were extended on June 18, 2014, under the *Canada Not-for-Profit Corporations Act*. The Association is exempt from income taxes under Section 149(1)(f) of the *Income Tax Act* (Canada) and Section 985.23 of the *Taxation Act* (Québec). The Association's principal activities are to retain, protect and preserve a collection of railroad objects for public exhibition, education and research purposes and to produce and distribute an information magazine to its members.

**2. Accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

*Adoption of Section 4433, "Tangible capital assets held by not-for-profit organizations"*

Effective April 1, 2019, the Association adopted Handbook Section 4433, *Tangible capital assets held by not-for-profit organizations* ("Section 4433") replacing Section 4431 on the same topic. Section 4433 provides additional guidance related to componentization of tangible capital assets consisting of significant separable component parts, the recognition of partial impairments when the conditions indicate a tangible capital asset is impaired and related impairment disclosures. In accordance with the transition provisions, the Association has applied Section 4433 prospectively with no impact on the disclosures or amounts recorded in the financial statements of the Association.

*Adoption of Section 4434, "Intangible assets held by not-for-profit organizations"*

Effective April 1, 2019, the Association adopted Handbook Section 4434, *Intangible assets held by not-for-profit organizations* ("Section 4434") replacing Section 4432 on the same topic. Section 4434 provides additional guidance including the recognition of partial impairments when conditions indicate that an intangible asset is impaired, along with related impairment disclosures. In accordance with the transition provisions, the Association has applied Section 4434 prospectively with no impact on the disclosures or amounts recorded in the financial statements of the Association.

*Adoption of Section 4441, "Collections held by not-for-profit organizations"*

Effective April 1, 2019, the Association adopted Handbook Section 4441, *Collections held by not-for-profit organizations* ("Section 4441") replacing Section 4440 on the same topic. Section 4441 requires all collections to be recorded on the statement of financial position and provides guidance on the measurement of items in a collection, write-downs (including partial impairments) and disposals of collection items along with additional disclosure requirements. The Association has elected to record collections at nominal value as it did previously. In accordance with the transition provisions, the Association has applied Section 4441 retrospectively with no impact on the disclosures or amounts recorded in the financial statements of the Association.

*Financial instruments*

Financial assets and financial liabilities, except for the amount payable to a related party, are initially recognized at fair value when the Association becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

## Canadian Railroad Historical Association

### Notes to the financial statements

March 31, 2020

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## 2. Accounting policies (continued)

### *Financial instruments (continued)*

Transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of revenue and expenses as interest income or expenses.

With respect to financial assets measured at cost or at amortized cost, the Association recognizes in the statement of revenue and expenses an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of revenue and expenses in the period the reversal occurs.

### *Revenue recognition*

The Association uses the deferral method to account for contributions. Restricted contributions are recognized as revenue in the period in which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount receivable can be reasonably estimated and collection is reasonably assured.

Revenue from admissions, sales and rental is recognized when the service is rendered.

### *Capital assets*

Capital assets are recorded at cost and amortized over their useful life according to the following methods:

|                                      |                   |          |
|--------------------------------------|-------------------|----------|
| Property fence and land improvements | Straight-line     | 20 years |
| Buildings                            | Declining balance | 5 %      |
| Buildings improvements               | Declining balance | 5 %      |
| Furniture and equipment              | Declining balance | 20 %     |
| Machinery, material and equipment    | Declining balance | 20 %     |
| Automotive equipment                 | Declining balance | 20 %     |
| Signs                                | Declining balance | 20 %     |
| Computer equipment                   | Declining balance | 30 %     |

The work of art is recorded at acquisition cost and has not been amortized.

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset shall be written down to the asset's fair value or replacement cost. The write-downs of tangible capital assets shall be accounted for as expenses in the statement of revenue and expenses. A write-down shall not be subject reversed.

### *Intangible assets*

Intangible assets are recorded at cost and amortized over their useful life using the declining balance method at the annual rate of 30%.

When conditions indicate that an intangible asset is impaired, the net carrying amount of the intangible asset shall be written down to the asset's fair value or replacement cost. The write-downs of intangible assets shall be accounted for as expenses in the statement of revenue and expenses. A write-down shall not be reversed.

## Canadian Railroad Historical Association

### Notes to the financial statements

March 31, 2020

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## 2. Accounting policies (continued)

### *Inventories*

Merchandise inventories of finished goods are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

### *Collections and exhibits*

Collections and exhibits are reflected in the expenses upon acquisition and are recorded at a nominal amount of \$1.

### *Deferred contributions related to capital assets*

Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Restricted contributions for the repayment of debt incurred to fund expenses for one or more future periods are deferred and recognized as revenue in the same period or periods as the related expenses are recognized.

### *Expenses allocation*

Wages and benefits are classified by the following key distribution, in proportion to the estimated time that employees allocate activity:

- Administrative and office supplies;
- Demonstration, education and railroad research;
- Archives, collection and documentation;
- Philanthropic development and fundraising activities;
- Communications and advertising;
- Maintenance of the buildings and the site;
- Exhibits;
- Rental of rooms, gift shop and the coffee shop Le Tramway.

The amounts allocated to various activities are disclosed in Note 11 to the financial statements.

### *Use of 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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses recognized during the reporting period. Actual results could differ from these estimates.

## 3. Inventories

The inventories recognized as an expense during the year amount to \$106,078 (\$104,657 in 2019), which is included in Schedule B under the section "Rental of rooms, gift shop and the coffee shop Le Tramway".

## Canadian Railroad Historical Association

### Notes to the financial statements

March 31, 2020

#### 4. Capital assets

|                                      | Cost<br>\$        | Accumulated<br>amortization<br>\$ | 2020<br>Net book<br>value<br>\$ | 2019<br>Net book<br>value<br>\$ |
|--------------------------------------|-------------------|-----------------------------------|---------------------------------|---------------------------------|
| Phases I and II                      |                   |                                   |                                 |                                 |
| Property fence and land improvements | 161,641           | 93,436                            | 68,205                          | 68,205                          |
| Buildings                            | 10,409,050        | 5,950,047                         | 4,459,003                       | 4,688,677                       |
| Furniture and equipment              | 208,291           | 202,129                           | 6,162                           | 7,702                           |
| Machinery, material and equipment    | 41,232            | 39,004                            | 2,228                           | 2,784                           |
| Computer equipment                   | 18,555            | 18,480                            | 75                              | 107                             |
|                                      | <b>10,838,769</b> | <b>6,303,096</b>                  | <b>4,535,673</b>                | <b>4,767,475</b>                |
| Others                               |                   |                                   |                                 |                                 |
| Land                                 | 506,594           | -                                 | 506,594                         | 506,594                         |
| Property fence and land improvements | 262,848           | 228,279                           | 34,569                          | 38,208                          |
| Buildings                            | 1,070,513         | 927,750                           | 142,763                         | 150,277                         |
| Buildings improvements               | 640,853           | 149,941                           | 490,912                         | 490,885                         |
| Furniture and equipment              | 159,654           | 142,373                           | 17,281                          | 21,602                          |
| Machinery, material and equipment    | 497,505           | 453,934                           | 43,571                          | 34,926                          |
| Automotive equipment                 | 79,650            | 65,464                            | 14,186                          | 17,732                          |
| Signs                                | 13,808            | 12,948                            | 860                             | 1,075                           |
| Computer equipment                   | 104,563           | 65,380                            | 39,183                          | 11,240                          |
| Work of art                          | 69,576            | -                                 | 69,576                          | 69,576                          |
|                                      | <b>3,405,564</b>  | <b>2,046,069</b>                  | <b>1,359,495</b>                | <b>1,342,115</b>                |
|                                      | <b>14,244,333</b> | <b>8,349,165</b>                  | <b>5,895,168</b>                | <b>6,109,590</b>                |

#### 5. Intangible assets

|          | Cost<br>\$ | Accumulated<br>amortization<br>\$ | 2020<br>Net book<br>value<br>\$ | 2019<br>Net book<br>value<br>\$ |
|----------|------------|-----------------------------------|---------------------------------|---------------------------------|
| Software | 67,348     | 57,631                            | 9,717                           | 13,881                          |

**Canadian Railroad Historical Association****Notes to the financial statements**

March 31, 2020

**6. Deferred contributions**

|  | <b>2020</b>    | 2019    |
|--|----------------|---------|
|  | <b>\$</b>      | \$      |
| Donation for a future project  | <b>72,640</b>  | 45,460  |
| Dedicated donation from Bibliothèque et Archives nationales du Québec for the support of archive processing              | <b>12,000</b>  | 5,000   |
| Dedicated donation for the repair of the John Molson steam locomotive  | <b>9,571</b>   | 90,000  |
| Dedicated donation for financing a permanent exhibit   | <b>5,000</b>   | 10,000  |
| Dedicated donation for the miniature train rooms   | <b>1,718</b>   | 1,957   |
| Dedicated donation from CN for the exhibit on railway security   | <b>1,436</b>   | 2,285   |
| Ministère de la Culture et des Communications – grant for the renewal of the permanent exhibit                           | -              | 114,961 |
| Dedicated donation from Caisse Desjardins for the renewal of the permanent exhibit                                       | -              | 10,000  |
| Dedicated donation from the Canadian Railroad Historical Association Foundation for the renewal of the permanent exhibit | -              | 7,282   |
| Dedicated donation from the Municipalité régionale de comté de Roussillon for the permanent exhibit                      | -              | 7,000   |
| Donation from Bibliothèque et Archives nationales du Québec for operating expenses 2019-2020                             | -              | 533     |
|  | <b>102,365</b> | 294,478 |

Changes that have occurred in the balance of deferred contributions are as follows :

|                                  | <b>2020</b>      | 2019      |
|----------------------------------|------------------|-----------|
|                                  | <b>\$</b>        | \$        |
| Balance, beginning of year       | <b>294,478</b>   | 309,234   |
| Amounts received during the year | <b>34,180</b>    | 119,915   |
| Portion recognized as revenue    | <b>(226,293)</b> | (134,671) |
| Balance, end of year             | <b>102,365</b>   | 294,478   |

## Canadian Railroad Historical Association

### Notes to the financial statements

March 31, 2020

#### 7. Debt

|   | 2020<br>\$     | 2019<br>\$ |
|---|----------------|------------|
| Twenty-year bank loan totalling \$3,415,000, bearing interest at 3.94%, repayable by semi-annual instalments of \$131,628, capital and interest, using the grant from the Ministère de la Culture et des Communications for Phase I, until July 22, 2023, secured by a first-rank immovable hypothec on land and buildings with a net book value amounting to \$4,870,392 and by a movable hypothec on the universality of receivables and assets with the exception of archives and exhibits | <b>852,876</b> | 1,075,916  |
| Five-year loan totalling \$175,520, bearing interest at 3.13%, repayable in 10 equal semi-annual instalments of \$19,098, capital and interest, using the grant from the Ministère de la Culture et des Communications for "Réaménagement de la Gare Hays", secured by a first-rank immovable hypothec of \$175,520*  | <b>55,546</b>  | 91,165     |
|   | <b>908,422</b> | 1,167,081  |
| Current portion   | <b>268,657</b> | 258,659    |
|   | <b>639,765</b> | 908,422    |

Principal repayments required over the next years are as follows:

|      | \$      |
|------|---------|
| 2021 | 268,657 |
| 2022 | 259,945 |
| 2023 | 250,736 |
| 2024 | 129,084 |

\* As at March 31, 2020, the balance of the corresponding grant receivable totalled \$37,318 (\$73,494 as at March 31, 2019) as the expected amount receivable on April 30, 2020, of \$18,228 (the expected amount receivable on April 29, 2019, of \$17,671) was received before year-end.

## Canadian Railroad Historical Association

### Notes to the financial statements

March 31, 2020

#### 8. Deferred contributions related to capital assets

Deferred contributions are the unamortized portion of contributions restricted for the purchase of amortizable capital assets. Deferred contributions are added to revenue in the same manner that the acquired capital assets are amortized.

Changes that have occurred in the balance of deferred contributions are as follows:

|                            | <b>2020</b>      | 2019      |
|----------------------------|------------------|-----------|
|                            | \$               | \$        |
| Balance, beginning of year | <b>4,523,280</b> | 4,702,800 |
| Additions                  | <b>60,202</b>    | 50,004    |
| Amortization               | <b>(235,994)</b> | (229,524) |
| Balance, end of year       | <b>4,347,488</b> | 4,523,280 |

The ending balance includes:

|  | <b>Cost</b>      | <b>Accumulated<br/>amortization</b> | <b>2020<br/>Net book<br/>value</b> | 2019<br>Net book<br>value |
|--|------------------|-------------------------------------|------------------------------------|---------------------------|
|  | \$               | \$                                  | \$                                 | \$                        |
| Phase I  |                  |                                     |                                    |                           |
| Economic Development<br>Canada                   | <b>3,000,000</b> | <b>1,745,632</b>                    | <b>1,254,368</b>                   | 1,320,387                 |
| Ministère de la Culture et<br>des Communications | <b>3,415,000</b> | <b>1,987,119</b>                    | <b>1,427,881</b>                   | 1,503,033                 |
| CLD de Roussillon                                | <b>26,100</b>    | <b>15,186</b>                       | <b>10,914</b>                      | 11,488                    |
| Ville de Saint-Constant                          | <b>93,436</b>    | -                                   | <b>93,436</b>                      | 93,436                    |
|  | <b>6,534,536</b> | <b>3,747,937</b>                    | <b>2,786,599</b>                   | 2,928,344                 |
| Transfer to capital assets                       | <b>93,436</b>    | -                                   | <b>93,436</b>                      | 93,436                    |
|  | <b>6,441,100</b> | <b>3,747,937</b>                    | <b>2,693,163</b>                   | 2,834,908                 |
| Phase II   |                  |                                     |                                    |                           |
| Economic Development<br>Canada                   | <b>1,200,000</b> | <b>677,128</b>                      | <b>522,872</b>                     | 550,392                   |
| Ministère de la Culture et<br>des Communications | <b>1,200,000</b> | <b>677,128</b>                      | <b>522,872</b>                     | 550,392                   |
|  | <b>2,400,000</b> | <b>1,354,256</b>                    | <b>1,045,744</b>                   | 1,100,784                 |
| Transfer to capital assets                       | <b>70,444</b>    | -                                   | <b>70,444</b>                      | 70,444                    |
|  | <b>2,329,556</b> | <b>1,354,256</b>                    | <b>975,300</b>                     | 1,030,340                 |
| Permanent exhibit                                |                  |                                     |                                    |                           |
| Volet B  |                  |                                     |                                    |                           |
| North American Railway<br>Foundation             | <b>130,633</b>   | <b>52,413</b>                       | <b>78,220</b>                      | 82,337                    |
| Ministère de la Culture et<br>des Communications | <b>486,360</b>   | <b>190,074</b>                      | <b>296,286</b>                     | 311,879                   |
|  | <b>616,993</b>   | <b>242,487</b>                      | <b>374,506</b>                     | 394,216                   |



**Canadian Railroad Historical Association****Notes to the financial statements**

March 31, 2020

**8. Deferred contributions related to capital assets (continued)**

|   | <b>Cost</b>      | <b>Accumulated<br/>amortization</b> | <b>2020<br/>Net book<br/>value</b> | 2019<br>Net book<br>value |
|---|------------------|-------------------------------------|------------------------------------|---------------------------|
|   | \$               | \$                                  | \$                                 | \$                        |
| Collections management<br>software project                |                  |                                     |                                    |                           |
| Canadian Heritage   | <b>30,060</b>    | <b>28,083</b>                       | <b>1,977</b>                       | 2,824                     |
| Canadian Railroad<br>Historical Association<br>Foundation | <b>12,000</b>    | <b>11,412</b>                       | <b>588</b>                         | 840                       |
| Municipalité régionale de<br>comté de Roussillon          | <b>2,100</b>     | <b>1,996</b>                        | <b>104</b>                         | 148                       |
|   | <b>44,160</b>    | <b>41,491</b>                       | <b>2,669</b>                       | 3,812                     |
| Other projects  |                  |                                     |                                    |                           |
| Heller Foundation   | <b>35,000</b>    | <b>4,725</b>                        | <b>30,275</b>                      | -                         |
| Renewal of the permanent<br>exhibit                       |                  |                                     |                                    |                           |
| Canadian Heritage   | <b>187,603</b>   | <b>9,380</b>                        | <b>178,223</b>                     | 187,603                   |
| Ministère de la Culture et<br>des Communications          | <b>97,602</b>    | <b>4,250</b>                        | <b>93,352</b>                      | -                         |
|   | <b>285,205</b>   | <b>13,630</b>                       | <b>271,575</b>                     | 187,603                   |
|   | <b>9,752,014</b> | <b>5,404,526</b>                    | <b>4,347,488</b>                   | 4,450,879                 |

**9. Net assets restricted for endowment purposes**

Revenue from net assets restricted for endowment and other purposes is allocated, in most part, for specific purposes in accordance with externally-imposed conditions.

During the year ended March 31, 2019, a portion of the net assets restricted for endowment purposes in the amount of \$25,000 was transferred to the Canadian Railroad Historical Association Foundation to use for its specific purposes. Another portion of \$70,537 was transferred to unrestricted net assets as a result of a Board of Director's decision. It has been determined that the specific purposes of these endowments have been extinguished.

## Canadian Railroad Historical Association

### Notes to the financial statements

March 31, 2020

#### 10. Additional information related to the statement of cash flows

|  | 2020             | 2019     |
|--|------------------|----------|
|  | \$               | \$       |
| <i>Changes in non-cash operating working capital items and grants receivable</i> |                  |          |
| Accounts receivable  | <b>19,059</b>    | (22,367) |
| Grants receivable  | <b>219,637</b>   | 209,620  |
| Taxes receivable   | <b>(45,599)</b>  | 44,096   |
| Inventories  | <b>(9,024)</b>   | (2,040)  |
| Prepaid expenses   | <b>(13,555)</b>  | 10,039   |
| Accounts payable and accrued liabilities   | <b>226,748</b>   | 4,652    |
| Government remittances   | <b>7,862</b>     | (540)    |
| Amount payable to the Canadian Railroad Historical Association Foundation        | <b>200,000</b>   | -        |
| Deferred contributions   | <b>(192,113)</b> | (14,756) |
| Deferred revenue   | <b>(557)</b>     | (540)    |
|  | <b>412,458</b>   | 228,164  |

#### 11. Expenses allocation

Wages and benefits are distributed as follows:

|   | 2020           | 2019    |
|---|----------------|---------|
|   | \$             | \$      |
| Administrative and office supplies                        | <b>147,614</b> | 139,415 |
| Demonstration, education and railroad research            | <b>304,161</b> | 317,835 |
| Archives, collections and documentation                   | <b>168,525</b> | 137,912 |
| Philanthropic development and fundraising activities      | <b>15,005</b>  | 13,987  |
| Communications and advertising                            | <b>58,249</b>  | 55,043  |
| Maintenance of the buildings and the site                 | <b>51,887</b>  | 32,669  |
| Exhibits  | <b>66,882</b>  | 63,386  |
| Rental of rooms, gift shop and the coffee shop Le Tramway | <b>104,475</b> | 80,253  |
|   | <b>916,798</b> | 840,500 |

#### 12. Commitments

The Association is committed under agreements for services and equipment rental until 2023. The total payments amount to \$55,105 and are as follows:

|      | \$     |
|------|--------|
| 2021 | 35,284 |
| 2022 | 19,571 |
| 2023 | 250    |

## Canadian Railroad Historical Association

### Notes to the financial statements

March 31, 2020

#### 13. Canadian Railroad Historical Association Foundation

The Canadian Railroad Historical Association Foundation (the "Foundation"), incorporated under Part II of the *Canada Corporations Act*, is a public foundation whose objective is to retain, present, interpret and publish information on the Canadian railroad heritage, and to solicit funds, bequests and other contributions to benefit the Association, as well as to manage these funds. The Association controls the Foundation since the majority of the Foundation's directors are also the Association's directors.

The financial statements of the Foundation are as follows:

|                                 | <b>2020</b>      | 2019      |
|---------------------------------|------------------|-----------|
|                                 | <b>\$</b>        | \$        |
|                                 | <b>(audited)</b> | (audited) |
| Statement of financial position |                  |           |
| Assets                          | <b>1,103,979</b> | 911,891   |
| Liabilities                     | <b>211,632</b>   | 227,789   |
| Net assets*                     | <b>892,347</b>   | 684,102   |

\* Net assets as at March 31, 2020, include endowments received during the year in the amount of \$250,000.

|  | <b>2020</b>      | 2019      |
|--|------------------|-----------|
|  | <b>\$</b>        | \$        |
|  | <b>(audited)</b> | (audited) |
| Statement of revenue and expenses            |                  |           |
| Revenue                                      | <b>20,734</b>    | 50,847    |
| Expenses                                     | <b>62,489</b>    | 41,523    |
| (Deficiency) excess of revenue over expenses | <b>(41,755)</b>  | 9,324     |

The accounting policies adopted by the Foundation are identical to those of the Association.

During the year, the Foundation donated \$54,103 (\$37,731 in 2019) to the Association, which has been recorded in the Association's donations revenue for an amount of \$54,103 (\$30,449 in donations and \$7,282 in deferred contributions in 2019). The Association also donated \$50,000 (\$180,451 in 2019) to the Foundation. During the year, the Association also cashed a donation of \$200,000 (\$200,000 in 2019) for the Foundation as per the agreement with the donor.

These Funds are presented under "Amount payable to the Canadian Railroad Historical Association Foundation" on the statement of financial position as at March 31, 2020.

These funds were transferred to the Foundation to be held in perpetuity in a specific endowment fund, in order to permit the filing of a matching grant request under the program Mécénat Placements Culture of the Ministère de la Culture et des Communications du Québec.

These transactions were made in the normal course of activities and have been recorded at the exchange amount.

#### 14. Other information

*Contributions received in the form of capital assets, supplies, services, collections and exhibits equipment*

Management has determined that volunteers donated approximately 24,986 hours of work to the Association throughout the year (26,943 hours in 2019). These hours were not recorded in the books. Management estimates that the cost of this work, if contracted out, would vary from \$20 to \$50 per hour.

Management has determined that, throughout the year, it has received collections and exhibits contributions valued at approximately \$408,567 (\$331,071 in 2019), which have not been recorded.

## Canadian Railroad Historical Association

### Notes to the financial statements

March 31, 2020

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#### 14. Other information (continued)

##### *Municipal taxes*

Ville de Delson and Ville de Saint-Constant support the Association's activities by way of a municipal tax exemption.

#### 15. Financial instruments

##### *Currency risk*

The statement of financial position includes the following amounts expressed in Canadian dollars with respect to financial assets for which cash flows are denominated in U.S. dollars:

|      | <b>2020</b>  | 2019  |
|------|--------------|-------|
|      | <b>\$</b>    | \$    |
| Cash | <b>4,497</b> | 3,628 |

##### *Credit risk*

The Association provides credit to its customers in the normal course of its operations. It carries out, on a continuing basis, credit checks on its customers and maintains provisions for doubtful accounts.

##### *Interest rate risk*

The debt bears interest at fixed rates. Interest is repayable using payments from the grant from the Ministère de la Culture et des Communications. Consequently, cash flow risk is minimal.

##### *Liquidity risk*

Liquidity risk is the risk of the Association not being able to meet its financial obligations when they are due. The Association monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2020, the most significant financial liabilities were accounts payable and accrued liabilities, the amount payable to the Canadian Railroad Historical Association Foundation and debt.

**Canadian Railroad Historical Association****Supporting schedules**

Year ended March 31, 2020

**Revenue – Schedule A**

|  | <b>2020</b>      | 2019      |
|--|------------------|-----------|
|  | <b>\$</b>        | <b>\$</b> |
| Admissions   | <b>575,778</b>   | 600,263   |
| Sales from the gift shop and the coffee shop Le Tramway                        | <b>178,025</b>   | 194,165   |
| Rental of rooms and site   | <b>112,508</b>   | 86,488    |
| Memberships  | <b>37,988</b>    | 39,180    |
| Donations  | <b>430,264</b>   | 243,632   |
| Sale of objects  | -                | 180,451   |
| Other revenue  | <b>80,071</b>    | 132,405   |
| Grants   |                  |           |
| Employment and Social Development Canada                                       | <b>29,065</b>    | 40,093    |
| Canadian Heritage  | <b>55,258</b>    | 31,838    |
| Ministère de la Culture et des Communications                                  | <b>660,391</b>   | 516,466   |
| Ministère de la Culture et des Communications –<br>Dimanches gratuits          | <b>206,026</b>   | 118,646   |
| Ministère du Travail, de l'Emploi et de la Solidarité<br>sociale Emploi-Québec | <b>4,353</b>     | 32,358    |
| Ville de Saint-Constant  | <b>52,568</b>    | 52,415    |
| Bibliothèque et Archives nationales du Québec                                  | <b>36,519</b>    | 30,803    |
| Ville de Delson  | <b>15,200</b>    | 15,200    |
| Fondation John Molson  | <b>80,429</b>    | -         |
| Caisse Desjardins des Moissons-et-de-Roussillon                                | <b>10,000</b>    | -         |
| Municipalité régionale de comté de Roussillon                                  | <b>7,000</b>     | -         |
| YMCA of Greater Toronto  | <b>2,569</b>     | 2,508     |
|  | <b>2,574,012</b> | 2,316,911 |
| Amortization of deferred contributions related<br>to capital assets            |                  |           |
| Economic Development Canada  | <b>93,539</b>    | 98,462    |
| Ministère de la Culture et des Communications                                  | <b>122,516</b>   | 124,491   |
| CLD de Roussillon  | <b>574</b>       | 605       |
| North American Railway Foundation  | <b>4,117</b>     | 4,333     |
| Canadian Heritage  | <b>10,227</b>    | 1,211     |
| Canadian Railroad Historical Association Foundation                            | <b>252</b>       | 360       |
| Heller Foundation  | <b>4,725</b>     | -         |
| Municipalité régionale de comté de Roussillon                                  | <b>44</b>        | 62        |
|  | <b>235,994</b>   | 229,524   |
|  | <b>2,810,006</b> | 2,546,435 |

## Canadian Railroad Historical Association

### Supporting schedules

Year ended March 31, 2020

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#### Expenses – Schedule B

|  | <b>2020</b>      | 2019      |
|--|------------------|-----------|
|  | <b>\$</b>        | <b>\$</b> |
| Administrative and office supplies                                     | <b>304,021</b>   | 285,795   |
| Demonstration, education and railroad research                         | <b>571,259</b>   | 483,732   |
| Archives, collection and documentation                                 | <b>207,260</b>   | 183,320   |
| Insurance  | <b>96,145</b>    | 91,568    |
| Conservation and restoration   | <b>51,926</b>    | 61,573    |
| Philanthropic development and fundraising activities                   | <b>15,005</b>    | 14,034    |
| Communications and advertising   | <b>145,542</b>   | 141,610   |
| Maintenance of the buildings and the site                              | <b>450,894</b>   | 401,244   |
| Exhibits   | <b>399,516</b>   | 108,202   |
| Professional fees  | <b>56,612</b>    | 20,116    |
| Interest on debt   | <b>40,642</b>    | 49,082    |
| Rental of rooms, gift shop and the coffee shop Le<br>Tramway           | <b>220,978</b>   | 189,901   |
| Publications   | <b>39,413</b>    | 34,987    |
| Donation to the Canadian Railroad Historical Association<br>Foundation | <b>50,000</b>    | 180,451   |
|  | <b>2,649,213</b> | 2,245,615 |
| Amortization of capital assets   | <b>293,810</b>   | 291,755   |
| Amortization of intangible assets                                      | <b>4,164</b>     | 5,949     |
|  | <b>2,947,187</b> | 2,543,319 |