

SCHOONER BLUENOSE FOUNDATION
Financial Statements
Year Ended March 31, 2023

SCHOONER BLUENOSE FOUNDATION
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Year Ended March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners of Schooner Bluenose Foundation

Opinion

We have audited the financial statements of Schooner Bluenose Foundation (the Foundation), which comprise the statement of financial position for the year ending March 31, 2023, and the statements of operations, changes in accumulated surplus, changes in net financial 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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 Foundation 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 5 to the financial statements which discusses the continued operation of the Foundation. Our opinion is not qualified in respect of this matter.

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 public sector accounting standards, 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 Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

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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 Foundation'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 Foundation'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 Foundation 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.

A handwritten signature in blue ink that reads "McIsaac Deming Inc." with a stylized flourish at the end.

Amherst, Nova Scotia
October 23, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

SCHOONER BLUENOSE FOUNDATION
Statement of Financial Position
As at March 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash	\$ 69,801	\$ 74,646
FINANCIAL LIABILITIES		
Accrued liabilities	8,278	10,541
Net financial assets	61,523	64,105
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 3)</i>	446,984	446,418
 Accumulated surplus	 \$ 508,507	 \$ 510,523

Commitment (Note 4)

Subsequent Event (Note 5)

On behalf of the Schooner Bluenose Foundation

Deputy Minister

Executive Director

SCHOONER BLUENOSE FOUNDATION

Statement of Operations

Year Ended March 31, 2023

	2023	2022
REVENUE		
Rent	\$ 29,668	\$ 22,677
Interest income	2,245	421
	<u>31,913</u>	<u>23,098</u>
EXPENSES		
Amortization	7,927	8,002
Bad debts	-	2,795
Interest and bank charges	451	61
Professional fees	4,515	4,097
Repairs and maintenance	8,112	-
Security	231	457
Utilities	12,693	9,770
	<u>33,929</u>	<u>25,182</u>
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>\$ (2,016)</u>	<u>\$ (2,084)</u>

See accompanying notes to the financial statements

SCHOONER BLUENOSE FOUNDATION
Statement of Changes in Accumulated Surplus
Year Ended March 31, 2023

	Unrestricted surplus	Equity in tangible capital assets	2023	2022
Accumulated surplus, beginning of year	\$ 64,105	\$ 446,418	\$ 510,523	\$ 512,607
Annual surplus (deficit)	(2,582)	566	(2,016)	(2,084)
Accumulated surplus, end of year	\$ 61,523	\$ 446,984	\$ 508,507	\$ 510,523

See accompanying notes to the financial statements

SCHOONER BLUENOSE FOUNDATION
Statement of Changes in Net Financial Assets
Year Ended March 31, 2023

	2023	2022
NET FINANCIAL ASSETS - BEGINNING OF YEAR	\$ 64,105	\$ 58,187
Annual deficit	(2,016)	(2,084)
Amortization of tangible capital assets	7,927	8,002
Additions to tangible capital assets	(8,493)	-
NET FINANCIAL ASSETS - END OF YEAR	\$ 61,523	\$ 64,105

See accompanying notes to the financial statements

SCHOONER BLUENOSE FOUNDATION

Statement of Cash Flows

Year Ended March 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Cash receipts from interest and rent	\$ 31,913	\$ 33,983
Cash paid to suppliers	<u>(28,265)</u>	<u>(13,016)</u>
Cash flow from operating activities	<u>3,648</u>	<u>20,967</u>
INVESTING ACTIVITY		
Additions to tangible capital assets	<u>(8,493)</u>	-
Cash flow used by investing activity	<u>(8,493)</u>	-
INCREASE (DECREASE) IN CASH FLOW	(4,845)	20,967
Cash - beginning of year	<u>74,646</u>	<u>53,679</u>
CASH - END OF YEAR	<u>\$ 69,801</u>	<u>\$ 74,646</u>

See accompanying notes to the financial statements

SCHOONER BLUENOSE FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2023

1. PURPOSE OF THE FOUNDATION

Schooner Bluenose Foundation (the "Foundation") was incorporated under the Society's Act of Nova Scotia. The Foundation was established through the Schooner Bluenose Foundation Act under the Revised Statutes. The Foundation was reinstated to receive the assets of the Bluenose II Preservation Trust.

The Foundation and its property are exempt from taxation under or pursuant to an Act of the Legislature.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Schooner Bluenose Foundation are prepared in accordance with Canadian accounting standards for the public sector.

Basis of accounting

These financial statements have been prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

As the Foundation has no assets subject to remeasurement, no statement of remeasurement gains and losses has been presented.

As no budget was prepared, no budget information is presented in these financial statements.

Financial instruments

The Foundation's financial instruments are comprised of cash, rent receivable, and accrued liabilities. These financial instruments are carried at cost or amortized cost which, due to their short term nature, approximates fair value.

It is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks from these financial instruments.

Non financial assets

Non financial assets do not normally provide resources to discharge liabilities of the Foundation unless they are sold. They are accounted for as assets because they can be used to provide government services in future periods.

The change in non financial assets during the year, together with the annual surplus or deficit, accounts for the change in net financial assets for the year.

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SCHOONER BLUENOSE FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less residual value, of the tangible capital assets is depreciated on a declining balance over the estimated useful life as follows:

Land	non-depreciable
Building	2%

Contributed assets are recorded at fair value at the date of contribution, unless the fair value is not estimable, the asset is then recorded at a nominal value.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not depreciated until the asset is available for productive use.

Intangible assets, such as trademarks, controlled by the Foundation are not recognized as assets in these financial statements.

Revenue recognition

Contributions: Donations of financial assets, tangible capital assets, intangibles, and inventory are recorded on the date of transfer at their fair market value, if the fair value is reasonably estimable.

Rent: Income from building rental is recognized as earned over the period of occupancy.

Interest revenue is recognized as it is earned on deposits.

Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for the public sector requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the year. Such significant estimates in these financial statements include the estimate of the useful life of tangible capital assets for calculation of amortization and the collectibility of rent receivable. Actual results could differ from those reported.

SCHOONER BLUENOSE FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2023

3. TANGIBLE CAPITAL ASSETS

	<u>Land</u>	<u>Building</u>	<u>2023</u>	<u>2022</u>
Cost:				
Balance, beginning of year	\$ 54,325	\$ 474,675	\$ 529,000	\$ 529,000
Additions to tangible capital assets	-	8,493	8,493	-
Balance, end of year	54,325	483,168	537,493	529,000
Accumulated amortization:				
Balance, beginning of year	-	82,582	82,582	74,580
Annual amortization	-	7,927	7,927	8,002
Balance, end of year	-	90,509	90,509	82,582
Net book value of tangible capital assets, end of year	\$ 54,325	\$ 392,659	\$ 446,984	\$ 446,418

4. COMMITMENT

The Foundation has committed to funding certain repair and maintenance costs until the building is transferred to the Lunenburg Marine Museum Society (Note 5).

5. SUBSEQUENT EVENT

On April 4, 2023, the Foundation transferred land and building with an approximate book value of \$447,000 to the Lunenburg Marine Museum Society.

Subsequent to transfer of the building it is the intention of the Foundation to wind up operations, settle its liabilities and transfer remaining cash to the Lunenburg Marine Museum Society. Once these have been completed the Schooner Bluenose Foundation Act will be revoked.