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CHARTERED PROFESSIONAL ACCOUNTANTS

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SCHOONER BLUENOSE FOUNDATION

Financial Statements

Year Ended March 31, 2016

SCHOONER BLUENOSE FOUNDATION
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Year Ended March 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners of Schooner Bluenose Foundation

We have audited the accompanying financial statements of Schooner Bluenose Foundation, which comprise the statement of financial position as of the year ending March 31, 2016, and the statements of operations, changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Schooner Bluenose Foundation as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

We draw attention to Note 4 to the financial statements which discusses the continued operation of the Foundation. Our opinion is not qualified in respect of this matter.

Amherst, Nova Scotia
June 24, 2016

CHARTERED ACCOUNTANTS

SCHOONER BLUENOSE FOUNDATION
Statement of Financial Position
As at March 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash	\$ 58,457	\$ 37,606
Rent receivable	-	4,592
	<u>58,457</u>	<u>42,198</u>
FINANCIAL LIABILITIES		
Accrued liabilities	<u>2,065</u>	<u>2,153</u>
Net financial assets	<u>56,392</u>	<u>40,045</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	<u>489,658</u>	<u>498,630</u>
Accumulated surplus	<u>\$ 546,050</u>	<u>\$ 538,675</u>

Continued Operations (Note 4)

On behalf of the Schooner Bluenose Foundation


 Deputy Minister


 Executive Director

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

SCHOONER BLUENOSE FOUNDATION

Statement of Operations

Year Ended March 31, 2016

	2016	2015
REVENUE		
Rent	\$ 30,623	\$ 28,305
Interest income	454	808
	<u>31,077</u>	<u>29,113</u>
EXPENSES		
Amortization	8,972	9,156
Interest and bank charges	45	39
Professional fees	3,479	7,032
Receivable write off	-	1,122
Security	414	384
Utilities	10,792	10,000
	<u>23,702</u>	<u>27,733</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>7,375</u>	<u>1,380</u>
OTHER INCOME (EXPENSES)		
Contributions	-	68,496
Donations to Lunenburg Marine Museum Society	-	(75,000)
	<u>-</u>	<u>(6,504)</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 7,375</u>	<u>\$ (5,124)</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

SCHOONER BLUENOSE FOUNDATION
Statement of Changes in Accumulated Surplus
Year Ended March 31, 2016

	Equity in			
	Unrestricted	tangible capital		
	surplus	assets	2016	2015
Accumulated surplus, beginning of year	\$ 40,045	\$ 498,630	\$ 538,675	\$ 543,799
Annual surplus (deficit)	16,347	(8,972)	7,375	(5,124)
Accumulated surplus, end of year	\$ 56,392	\$ 489,658	\$ 546,050	\$ 538,675

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

SCHOONER BLUENOSE FOUNDATION
Statement of Changes in Net Financial Assets
Year Ended March 31, 2016

	2016	2015
NET FINANCIAL ASSETS - BEGINNING OF YEAR	\$ 40,045	\$ 36,013
Annual surplus (deficit)	7,375	(5,124)
Amortization of tangible capital assets	8,972	9,156
NET FINANCIAL ASSETS - END OF YEAR	\$ 56,392	\$ 40,045

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

SCHOONER BLUENOSE FOUNDATION

Statement of Cash Flows

Year Ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Cash receipts from donors and rent	\$ 35,669	\$ 114,749
Cash paid to donees	-	(75,000)
Cash paid to suppliers	<u>(14,818)</u>	<u>(22,647)</u>
INCREASE IN CASH FLOW	20,851	17,102
Cash - beginning of year	<u>37,606</u>	<u>20,504</u>
CASH - END OF YEAR	<u>\$ 58,457</u>	<u>\$ 37,606</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

SCHOONER BLUENOSE FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2016

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 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.

(continues)

SCHOONER BLUENOSE FOUNDATION
Notes to Financial Statements
Year Ended March 31, 2016

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

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:

Building	2%
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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 depreciation 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 generally accepted accounting principles 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 consolidated financial statements and reported amounts of revenue and expenditures during the year. Actual results could differ from those reported. The significant estimate in these financial statements is the estimate of the useful life of tangible capital assets and the collectibility of rent receivable.

SCHOONER BLUENOSE FOUNDATION
Notes to Financial Statements
Year Ended March 31, 2016

3. TANGIBLE CAPITAL ASSETS

	Land	Building	2016	2015
Cost:				
Balance, beginning of year	\$ 50,000	\$ 471,800	\$ 521,800	\$ 521,800
Acquisition of tangible capital assets	-	-	-	-
Balance, end of year	50,000	471,800	521,800	521,800
Accumulated amortization:				
Balance, beginning of year	-	23,170	23,170	14,014
Annual amortization	-	8,972	8,972	9,156
Balance, end of year	-	32,142	32,142	23,170
Net book value of tangible capital assets, end of year	\$ 50,000	\$ 439,658	\$ 489,658	\$ 498,630

4. CONTINUED OPERATIONS

These financial statements have been prepared on the assumption that the Foundation will be able to realize its assets and discharge its liabilities in the normal course of operations. It is the intent of Foundation to settle its liabilities and transfer its remaining assets to the Lunenburg Museum Society within the next fiscal year. Management is of the opinion the measurement and presentation in these financial statements is appropriate in the circumstances.

