

CANADIAN FOSSIL DISCOVERY CENTRE INC.
Financial Statements
Year Ended December 31, 2019

CANADIAN FOSSIL DISCOVERY CENTRE INC.

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Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Fossil Discovery Centre Inc.

Opinion

We have audited the financial statements of Canadian Fossil Discovery Centre Inc. (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, 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 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 Organization 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.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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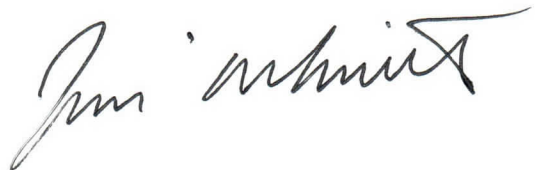
Independent Auditor's Report to the Members of Canadian Fossil Discovery Centre Inc. (continued)

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 Organization'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 Organization'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 Organization 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.



Winkler, Manitoba
April 17, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS

CANADIAN FOSSIL DISCOVERY CENTRE INC.

Statement of Financial Position

December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 45,957	\$ 43,196
Accounts receivable	-	23,447
Inventory	15,111	15,299
Goods and services tax recoverable	-	1,028
Prepaid expenses and other	10,511	6,230
	71,579	89,200
CAPITAL ASSETS (Note 2)	67,753	73,634
FOSSIL COLLECTION (Note 8)	1	1
	\$ 139,333	\$ 162,835
LIABILITIES		
CURRENT		
Accounts payable	\$ 11,464	\$ 29,540
Current portion of long term debt (Note 4)	1,000	1,000
Goods and services tax payable	89	-
Provincial sales tax payable	80	112
Employee deductions payable	2,258	4,045
Deferred revenue (Note 5)	3,313	4,022
Unearned revenue (Note 6)	11,156	8,035
	29,360	46,754
LONG TERM DEBT (Note 4)	10,000	11,000
DEFERRED REVENUE (Note 5)	14,445	16,104
UNEARNED REVENUE (Note 6)	18,035	-
	71,840	73,858
NET ASSETS		
Unrestricted (Page 5)	67,493	88,977
	\$ 139,333	\$ 162,835

APPROVED BY THE BOARD

_____ Director

_____ Director

CANADIAN FOSSIL DISCOVERY CENTRE INC.

Statement of Operations

Year Ended December 31, 2019

	Budget (Unaudited) 2019	2019	2018
REVENUE			
Grants - municipal	\$ 95,000	\$ 102,000	\$ 138,000
Grants - municipal (Note 9)	89,480	89,480	89,480
Admissions and memberships	59,300	53,498	57,255
Programs	33,500	26,356	32,912
Gift shop	18,000	34,564	33,011
Grants - other	38,900	22,382	34,098
Fundraising and other	52,985	41,669	53,149
Grants - provincial	55,800	55,559	62,942
Grants - federal	-	-	100
Donations	6,000	6,705	32,329
	448,965	432,213	533,276
EXPENSES (Schedule 1)	438,020	453,697	511,003
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	10,945	(21,484)	22,273
OTHER EXPENSE			
Loss on disposal of capital asset	-	-	1,360
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 10,945	\$ (21,484)	\$ 20,913

CANADIAN FOSSIL DISCOVERY CENTRE INC.

Statement of Net Assets

Year Ended December 31, 2019

	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 88,977	\$ 68,064
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	(21,484)	20,913
NET ASSETS - END OF YEAR	\$ 67,493	\$ 88,977

CANADIAN FOSSIL DISCOVERY CENTRE INC.

Statement of Cash Flows

Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ (21,484)	\$ 20,913
Items not affecting cash:		
Amortization of capital assets	8,392	7,173
Loss on disposal of capital assets	-	1,360
	(13,092)	29,446
Changes in non-cash working capital:		
Accounts receivable	23,447	(22,831)
Inventory	188	(5,249)
Accounts payable	(18,077)	19,512
Deferred revenue	(709)	182
Prepaid expenses and other	(4,281)	(3,574)
GST payable (receivable)	1,117	(1,121)
PST payable (receivable)	(32)	(750)
Employee deductions payable	(1,787)	1,221
Unearned revenue	3,121	(19,386)
	2,987	(31,996)
Cash flow from operating activities	(10,105)	(2,550)
INVESTING ACTIVITIES		
Purchase of capital assets	(2,510)	(23,410)
Proceeds on disposal of capital assets	-	200
Cash flow used by investing activities	(2,510)	(23,210)
FINANCING ACTIVITIES		
Increase (decrease) in deferred revenue	(1,659)	897
Increase in unearned revenue	18,035	-
Proceeds from long term financing	-	12,000
Repayment of long term debt	(1,000)	-
Cash flow from financing activities	15,376	12,897
INCREASE (DECREASE) IN CASH FLOW	2,761	(12,863)
Cash - beginning of year	43,196	56,059
CASH - END OF YEAR	\$ 45,957	\$ 43,196
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	\$ 1,886	\$ 1,817

CANADIAN FOSSIL DISCOVERY CENTRE INC.

Notes to Financial Statements

Year Ended December 31, 2019

Canadian Fossil Discovery Centre Inc. is a non-profit organization and a registered charity exempt from income tax under the Income Tax Act. The purpose of the organization is the collection, preservation, study, exhibition and interpretation of paleontological specimens from Southern Manitoba and human artifacts from prehistoric times through to pioneer settlement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on an average cost basis.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis using the following rates (half-rate in the year of acquisition):

Motor vehicle	20%
Computer equipment	50%
Furniture, fixtures and signs	10% - 20%
Leasehold improvements	5%

The organization regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

The organization follows the deferral method of accounting for contributions and grants. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from admissions, programs and rental of the premises is recognized at the time the services are provided. Gift shop revenue is recognized when title passes to the customer, which generally occurs at the point of sale. Fundraising and donation revenues are recorded when received.

Fossil collection

The accessioned vertebrate fossil collection has been recorded at a nominal value in the financial statements.

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CANADIAN FOSSIL DISCOVERY CENTRE INC.

Notes to Financial Statements

Year Ended December 31, 2019

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

Use of estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Contributed services

The organization is thankful for the many hours contributed by volunteers which assist greatly in allowing it to fulfill its purpose. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Impairment of long lived assets

The carrying value of capital assets is periodically reviewed for impairment. The organization reviews capital assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Capital assets may be impaired if they are no longer being used by the organization or if the long term service potential of the asset diminishes over time. Impairment losses are recognized in the statement of operations in the year they occur.

2. CAPITAL ASSETS

	2019		2018	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 35,432	\$ -	\$ 35,432	\$ -
Motor vehicle	12,960	3,888	12,960	1,296
Computer equipment	37,530	36,284	37,530	33,432
Furniture and fixtures	24,329	15,257	22,069	13,338
Leasehold improvements	15,565	2,634	15,565	1,856
	\$ 125,816	\$ 58,063	\$ 123,556	\$ 49,922
Net book value	\$ 67,753		\$ 73,634	

3. BANK INDEBTEDNESS

The organization has arranged for a line of credit in the amount of \$20,000. The interest rate is prime plus 1% (4.95% as of December 31). Security consists of a line of credit agreement in the amount of \$20,000, a registered general security agreement, first charge mortgage over land, and assignment of fire insurance.

CANADIAN FOSSIL DISCOVERY CENTRE INC.

Notes to Financial Statements

Year Ended December 31, 2019

4. LONG TERM DEBT

	2019	2018
Term loan bearing interest at 0% per annum, repayable in annual principal payments of \$1,000. Principal payments are being paid via a reduction in municipal grants each year. The loan matures on September 5, 2030 and is secured by a vehicle.	\$ 11,000	\$ 12,000
Amounts payable within one year	(1,000)	(1,000)
	\$ 10,000	\$ 11,000

Principal repayment terms are approximately:

2020	\$ 1,000
2021	1,000
2022	1,000
2023	1,000
2024	1,000
Thereafter	6,000
	\$ 11,000

5. DEFERRED REVENUE

	2019	2018
Leasehold improvements (theatre) - Access Credit Union	\$ 2,062	\$ 2,187
Leasehold improvements (theatre) - Enbridge Inc.	7,561	8,020
Leasehold improvements (photo booth)	1,740	1,845
Leasehold improvements (electrical) - Signature Museum	273	289
Furniture (speakers) - Signature Museum	1,712	2,397
Furniture (sound system) - United Way	1,680	2,160
Furniture - (stanchions) - Signature Museum	1,653	-
Computers (Square payment system) - Signature Museum	358	1,073
Computers (components) - Signature Museum	719	2,155
Subtotal	17,758	20,126
Current portion	(3,313)	(4,022)
	\$ 14,445	\$ 16,104

Deferred revenue includes grants to fund the purchase of furniture, computer equipment and theatre improvements. Deferred revenue is included in income at the same rate that the corresponding assets are being amortized as detailed in Note 2.

CANADIAN FOSSIL DISCOVERY CENTRE INC.

Notes to Financial Statements

Year Ended December 31, 2019

6. UNEARNED REVENUE

	2019	2018
<u>Current</u>		
Signature Museum grant. These funds are to be used in programming activities.	\$ 11,156	\$ -
Thomas Sill Foundation. These funds are to be used to assist in covering the costs of constructing a new shark exhibit.	-	8,035
	\$ 11,156	\$ 8,035
<u>Long-term</u>		
Thomas Sill Foundation. These funds are to be used to assist in covering the costs of constructing a new shark exhibit.	\$ 8,035	\$ -
Funding designated towards construction costs for a new building for the Centre	10,000	-
	\$ 18,035	\$ -

7. SIGNATURE MUSEUM EXPENSES

Expenses for this budget item have been reclassified according to the type of expense. Total expenses for the year relating to the Signature Museum grant were \$54,360 (2018 - \$61,166).

8. FOSSIL COLLECTION

The collection consists of approximately 1,296 (2018 - 1,219) accessioned fossil specimens. During the year, the organization added 77 (2018 - 86) fossil specimens to the collection through various excavations hosted by the organization. There were no expenditures on collection items during the year and no collection items were disposed of.

9. GRANTS - MUNICIPAL

The organization has entered into a lease agreement with the City of Morden to lease the building space it occupies for an amount of \$84,480 per year. The agreement ends on May 5th, 2021. This lease amount approximates fair market value rent. The City of Morden has given the organization an in-kind grant in lieu of requiring payment for the lease.

The City of Morden also does not require the organization to pay for water and sewer utilities. An estimated value of \$5,000 has been recorded in the financial statements as an in-kind grant and utilities expense for both 2019 and 2018.

CANADIAN FOSSIL DISCOVERY CENTRE INC.

Notes to Financial Statements

Year Ended December 31, 2019

10. ECONOMIC DEPENDENCE

During the year ending December 31, 2019, approximately 42% (2018 - 46%) of the organization's revenue was received from the City of Morden in the form of cash and in-kind grants. The organization is economically dependant on continued support from the City of Morden to carry on its operations.

11. FINANCIAL RISKS AND UNCERTAINTIES

The organization relies on its Executive Director and Board of Directors to manage financial risk.

Credit risk

The organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The organization does not hold directly any collateral as security for financial obligations of counterparties.

The maximum exposures that the organization has to credit risk as of December 31, 2019 and 2018 are as follows.

	2019	2018
Cash	\$ 45,957	\$ 43,196
Accounts receivable	-	23,447
GST payable (receivable)	-	1,028
	\$ 45,957	\$ 67,671

Credit risk associated with cash is minimized by ensuring that cash is invested with a credit worthy institution.

Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet a demand for cash or fund its obligations as they become due. The organization meets its liquidity requirements by preparing an annual budget, monitoring cash flows and cash balances throughout the year and by arranging for financing to cover temporary cash shortfalls.

Interest rate risk

The organization's bank indebtedness has a floating interest rate. Accordingly fluctuations in interest rates will affect the excess (deficiency) of revenue over expenses for the year.

Currency and other price risk

The Executive Director and Board believe that the organization has minimal or no exposure to these risks.

CANADIAN FOSSIL DISCOVERY CENTRE INC.

Expenses

(Schedule 1)

Year Ended December 31, 2019

	Budget (Unaudited) 2019	2019	2018
Advertising and promotion	\$ 18,518	\$ 38,513	\$ 22,108
Amortization	-	8,392	7,173
Association dues	2,000	413	1,620
Bookkeeping	-	8,054	8,092
Donations	-	22,352	20,210
Fundraising	10,812	19,736	20,835
Galleries and exhibits	11,100	12,536	59,300
Gift in kind - replicas etc.	-	-	27,267
Gift shop	-	16,777	17,539
Insurance	4,600	4,382	4,508
Interest and bank charges	1,800	1,886	1,815
Laboratory supplies	1,000	18	336
Miscellaneous	5,000	2,215	1,197
Office	5,500	4,897	5,171
Professional fees	8,100	6,630	6,520
Programs	11,350	5,458	17,403
Rent (Note 9)	89,480	84,480	84,480
Repairs and maintenance	3,000	1,799	2,808
Salaries and wages	209,360	198,557	185,852
Signature Museum expenses (Note 7)	40,200	-	-
Special events	2,200	1,234	437
Telephone	1,600	1,329	1,861
Travel	4,000	2,472	1,360
Utilities and property taxes	900	5,863	5,862
Vehicle	7,500	5,704	7,249
	\$ 438,020	\$ 453,697	\$ 511,003