

CANADIAN FOSSIL DISCOVERY CENTRE INC.

Financial Statements

Year Ended December 31, 2018

CANADIAN FOSSIL DISCOVERY CENTRE INC.

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Year Ended December 31, 2018

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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, 2018, 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, 2018, 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)

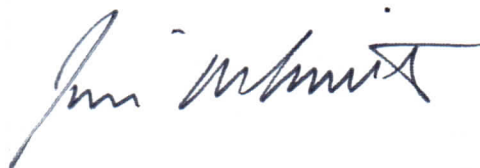
Auditor's Responsibilities for the Audit of the Financial Statements

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 22, 2019



CHARTERED PROFESSIONAL ACCOUNTANTS

CANADIAN FOSSIL DISCOVERY CENTRE INC.

Statement of Financial Position

December 31, 2018

	2018	(Restated) 2017
ASSETS		
CURRENT		
Cash	\$ 43,196	\$ 56,059
Accounts receivable	23,447	616
Inventory	15,299	10,050
Goods and services tax recoverable	1,028	-
Prepaid expenses and other	6,230	2,656
	89,200	69,381
CAPITAL ASSETS (Note 2)	73,634	58,956
	\$ 162,834	\$ 128,337
LIABILITIES		
CURRENT		
Accounts payable	\$ 29,540	\$ 10,027
Current portion of long term debt (Note 6)	1,000	-
Goods and services tax payable	-	93
Provincial sales tax payable	112	862
Employee deductions payable	4,045	2,824
Deferred revenue (Note 4)	4,022	3,840
Unearned revenue (Note 5)	8,035	27,421
	46,754	45,067
LONG TERM DEBT (Note 6)	11,000	-
DEFERRED REVENUE (Note 4)	16,104	15,207
	73,858	60,274
NET ASSETS		
Unrestricted (Page 5)	88,976	68,063
	\$ 162,834	\$ 128,337

APPROVED BY THE BOARD

_____ Director

_____ Director

CANADIAN FOSSIL DISCOVERY CENTRE INC.

Statement of Operations

Year Ended December 31, 2018

	Budget (Unaudited) 2018	2018	(Restated) 2017
REVENUE			
Grants - municipal	\$ 100,000	\$ 138,000	\$ 105,000
Grants - municipal (Note 10)	89,480	89,480	89,480
Admissions and memberships	52,900	57,255	49,164
Programs	32,000	32,912	27,741
Gift shop	17,000	33,011	30,374
Grants - other	28,000	34,098	46,642
Fundraising and other	2,500	53,149	3,507
Grants - provincial (Note 7)	56,700	62,942	56,831
Grants - federal	-	100	200
Donations	5,000	32,329	23,991
	383,580	533,276	432,930
EXPENSES (Schedule 1)	380,375	511,003	424,611
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	3,205	22,273	8,319
OTHER EXPENSE			
Loss on disposal of capital asset	-	1,360	-
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 3,205	\$ 20,913	\$ 8,319

CANADIAN FOSSIL DISCOVERY CENTRE INC.

Statement of Net Assets

Year Ended December 31, 2018

	2018	(Restated) 2017
NET ASSETS - BEGINNING OF YEAR	\$ 68,063	\$ 59,744
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR (Note 7)	20,913	8,319
NET ASSETS - END OF YEAR	\$ 88,976	\$ 68,063

CANADIAN FOSSIL DISCOVERY CENTRE INC.

Statement of Cash Flows Year Ended December 31, 2018

	2018	(Restated) 2017
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 20,913	\$ 8,319
Items not affecting cash:		
Amortization of capital assets	7,173	6,543
Loss on disposal of capital assets	1,360	-
	29,446	14,862
Changes in non-cash working capital:		
Accounts receivable	(22,831)	382
Inventory	(5,249)	994
Accounts payable	19,512	2,190
Deferred revenue	182	(1,411)
Prepaid expenses and other	(3,574)	(270)
GST payable (receivable)	(1,121)	17
PST payable (receivable)	(750)	36
Employee deductions payable	1,221	(3,418)
Unearned revenue	(19,386)	(6,894)
	(31,996)	(8,374)
Cash flow from operating activities	(2,550)	6,488
INVESTING ACTIVITIES		
Purchase of capital assets	(23,410)	(8,535)
Proceeds on disposal of capital assets	200	-
Cash flow used by investing activities	(23,210)	(8,535)
FINANCING ACTIVITIES		
Increase (decrease) in deferred revenue	897	(454)
Proceeds from long term financing	12,000	-
Repayment of callable debt	-	(931)
Cash flow from (used by) financing activities	12,897	(1,385)
DECREASE IN CASH FLOW	(12,863)	(3,432)
Cash - beginning of year	56,059	59,491
CASH - END OF YEAR	\$ 43,196	\$ 56,059
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	\$ 1,817	\$ 2,040

CANADIAN FOSSIL DISCOVERY CENTRE INC.

Notes to Financial Statements

Year Ended December 31, 2018

Canadian Fossil Discovery Centre Inc. is a non-profit organization and is 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. In the year of addition, capital assets are amortized at half-rate. Capital assets are amortized over their estimated useful lives on a straight-line basis using the following rates:

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 museum, 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 not been capitalized in the financial statements.

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CANADIAN FOSSIL DISCOVERY CENTRE INC.

Notes to Financial Statements

Year Ended December 31, 2018

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

	2018		2017	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 35,432	\$ -	\$ 35,432	\$ -
Motor vehicle	12,960	1,296	5,200	3,640
Computer equipment	37,530	33,432	32,548	30,519
Furniture and fixtures	22,069	13,338	16,600	11,152
Leasehold improvements	15,565	1,856	15,565	1,078
	\$ 123,556	\$ 49,922	\$ 105,345	\$ 46,389
Net book value	\$ 73,634		\$ 58,956	

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, 2018****4. DEFERRED REVENUE**

	2018	2017
Furniture - Morden Area Foundation Inc.	\$ -	\$ 233
Furniture - Community Futures Heartland Inc.	-	83
Furniture - Winkler & District United Way	-	150
Furniture - Canadian Museums Association	-	100
Vehicle - various donors	-	1,410
Computers - Travel Manitoba	-	945
Leasehold improvements (theatre) - Access Credit Union	2,187	2,312
Leasehold improvements (theatre) - Enbridge Inc.	8,020	8,478
Leasehold improvements (photo booth)	1,845	1,950
Leasehold improvements (electrical) - Signature Museum	289	304
Furniture (speakers) - Signature Museum	2,397	3,082
Furniture (sound system) - United Way	2,160	-
Computers (Square payment system) - Signature Museum	1,073	-
Computers (components) - Signature Museum	2,155	-
Subtotal	20,126	19,047
Current portion	(4,022)	(3,840)
	\$ 16,104	\$ 15,207

Deferred revenue includes grants to fund the purchase of furniture, a van, 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.

5. UNEARNED REVENUE

Unearned revenue includes \$8,035 (2017 - \$8,035) received from the Thomas Sill Foundation. These funds are to be used to assist in covering the costs of constructing a new shark exhibit. It also includes \$- (2017 - \$19,386) received from the Signature Museum grant. These funds are to be used in programming activities.

6. LONG TERM DEBT

	2018	2017
Term loan bearing interest at 0% per annum, repayable in annual principal payments of \$1,000. The loan matures on September 5, 2030 and is secured by a vehicle.	\$ 12,000	\$ -
Amounts payable within one year	(1,000)	-
	\$ 11,000	\$ -

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CANADIAN FOSSIL DISCOVERY CENTRE INC.

Notes to Financial Statements

Year Ended December 31, 2018

6. LONG TERM DEBT *(continued)*

Principal repayment terms are approximately:

2019	\$	1,000
2020		1,000
2021		1,000
2022		1,000
2023		1,000
Thereafter		7,000
		<hr/>
	\$	12,000

The loan is payable to the City of Morden and is secured with a vehicle. The organization has made a verbal agreement with the City to repay the loan with annual instalments of \$1,000. No interest is being charged on the loan.

7. PRIOR PERIOD ADJUSTMENT

During 2018 the organization determined that grant revenue from the Province of Manitoba (Signature Museum grant) had been understated by \$11,340 in the financial statements for 2017. Accordingly comparative figures for December 31, 2017 have been restated as follows.

Decrease in unearned revenue	\$11,340
Increase in net assets	\$11,340
Increase in grants - provincial	\$11,340

8. 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 \$61,166.

9. FOSSIL COLLECTION

The collection consists of approximately 1,219 (2017 - 1,133) accessioned fossil specimens. During the year, the organization added 86 (2017 - 72) fossil specimens to the collection through various excavations hosted by the organization.

10. 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 2018 and 2017.

CANADIAN FOSSIL DISCOVERY CENTRE INC.

Notes to Financial Statements

Year Ended December 31, 2018

11. ECONOMIC DEPENDENCE

During the year ending December 31, 2018, approximately 42% (2017 - 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.

12. FINANCIAL RISKS AND UNCERTAINTIES

The organization relies on its Executive Director and the 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, 2018 and 2017 are as follows.

	2018	2017
Cash	\$ 43,196	\$ 56,059
Accounts receivable	23,447	616
GST payable (receivable)	1,028	-
	\$ 67,671	\$ 56,675

Credit risk associated with cash is minimized by ensuring that cash is invested with a credit worthy institution. A substantial portion of the accounts receivable was collected in January, 2019.

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, 2018

	Budget (Unaudited) 2018	2018	(Restated) 2017
Advertising and promotion	\$ 2,400	\$ 22,108	\$ 34,405
Amortization	-	7,173	6,543
Association dues	1,000	1,620	1,821
Bookkeeping	8,400	8,092	11,907
Donations	-	20,210	2,740
Fundraising	-	20,835	-
Galleries and exhibits	6,000	59,300	23,756
Gift in kind - replicas etc.	-	27,267	16,500
Gift shop	-	17,539	15,014
Insurance	5,500	4,508	4,011
Interest and bank charges	1,600	1,815	2,040
Laboratory supplies	250	336	3,141
Miscellaneous	800	1,197	2,343
Office	3,800	5,171	6,491
Professional fees	-	6,520	6,741
Programs	2,000	17,403	2,417
Rent (Note 10)	89,480	84,480	84,480
Repairs and maintenance	1,500	2,808	3,158
Salaries and wages	194,295	185,852	180,575
Signature Museum expenses (Note 8)	56,700	-	-
Special events	400	437	2,487
Telephone	2,300	1,861	2,079
Travel	1,000	1,360	2,193
Utilities and property taxes	950	5,862	5,906
Vehicle	2,000	7,249	3,863
	\$ 380,375	\$ 511,003	\$ 424,611