

**CANADIAN FOSSIL DISCOVERY CENTRE INC.**

**Financial Statements**

**Year Ended December 31, 2022**

**CANADIAN FOSSIL DISCOVERY CENTRE INC.**

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**Year Ended December 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2022, 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, 2022, 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.

### *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:

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

- 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 21, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS



# CANADIAN FOSSIL DISCOVERY CENTRE INC.

## Statement of Financial Position

December 31, 2022

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 122,255	\$ 205,991
Accounts receivable	5,218	19,987
Inventory	37,995	36,072
Prepaid expenses	13,094	10,361
	<b>178,562</b>	272,411
CAPITAL ASSETS (Note 2)	448,532	130,489
INTANGIBLE ASSET (Note 3)	4,818	6,745
FOSSIL COLLECTION (Note 10)	1	1
PRELIMINARY DESIGN FEES FOR NEW FACILITY	45,000	-
<b>TOTAL ASSETS</b>	<b>\$ 676,913</b>	<b>\$ 409,646</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 13,242	\$ 19,273
Callable debt scheduled payments due in one year (Note 5)	5,865	6,769
Current portion of long term debt (Note 6)	40,000	-
Government remittances payable (receivable)	(210)	2,590
Deferred revenue (Note 7)	29,053	8,987
Unearned revenue (Note 8)	7,920	34,006
	<b>95,870</b>	71,625
Callable debt scheduled payments due after one year (Note 5)	23,423	28,763
	<b>119,293</b>	100,388
LONG TERM DEBT (Note 6)	-	40,000
DEFERRED REVENUE (Note 7)	341,431	35,931
<b>TOTAL LIABILITIES</b>	<b>460,724</b>	176,319
<b>NET ASSETS</b>		
Unrestricted (Page 5)	216,189	233,327
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 676,913</b>	<b>\$ 409,646</b>

### APPROVED BY THE BOARD

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See accompanying notes to financial statements

**CANADIAN FOSSIL DISCOVERY CENTRE INC.**

**Statement of Operations**

**Year Ended December 31, 2022**

	Budget (Unaudited) 2022	2022	2021
<b>REVENUE</b>			
Grants - municipal	\$ 95,000	\$ 95,000	\$ 95,000
Grants - municipal (Note 11)	168,960	168,960	89,480
Grants - municipal other	-	2,142	11,583
Admissions and memberships	30,500	47,613	27,522
Programs	7,750	13,225	2,547
Gift shop	17,000	52,499	28,382
Grants - other	82,000	26,432	35,440
Fundraising and sundry	5,000	4,087	6,517
Building Sustainable Communities Grant	-	-	28,425
Grants - Provincial - other	-	17,761	41,170
Grants - Federal - Canadian Heritage Department	-	50,960	46,962
Donations	8,200	6,308	11,892
Donations - Signature Museum	70,000	69,599	69,810
Canada Emergency Business Account (Note 6)	-	-	10,000
Canada Emergency Wage Subsidy	-	1,265	40,103
Manitoba Bridge Grant	-	-	15,000
	484,410	555,851	559,833
<b>EXPENSES (Schedule 1)</b>	484,293	572,989	515,142
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	\$ 117	\$ (17,138)	\$ 44,691

See accompanying notes to financial statements

**CANADIAN FOSSIL DISCOVERY CENTRE INC.**

**Statement of Net Assets**

**Year Ended December 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 233,327</b>	<b>\$ 188,636</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>(17,138)</b>	<b>44,691</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 216,189</b>	<b>\$ 233,327</b>

See accompanying notes to financial statements

**CANADIAN FOSSIL DISCOVERY CENTRE INC.**

**Statement of Cash Flows**

**Year Ended December 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses for the year	\$ (17,138)	\$ 44,691
Items not affecting cash:		
Amortization of capital assets	33,491	22,060
Amortization of intangible asset	1,927	1,927
	<b>18,280</b>	<b>68,678</b>
Changes in non-cash working capital:		
Accounts receivable	14,769	11,843
Inventory	(1,923)	(17,048)
Accounts payable	(6,031)	9,747
Deferred revenue	20,066	2,182
Prepaid expenses	(2,733)	2,553
Government remittances payable (receivable)	(2,800)	148
Unearned revenue	(26,086)	5,092
	<b>(4,738)</b>	<b>14,517</b>
Cash flow from operating activities	<b>13,542</b>	<b>83,195</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(351,534)	(36,004)
Preliminary design fees for new facility	(45,000)	-
Cash flow used by investing activities	<b>(396,534)</b>	<b>(36,004)</b>
<b>FINANCING ACTIVITIES</b>		
Increase (decrease) in deferred revenue	305,500	7,736
Increase (decrease) in unearned revenue	-	(8,035)
Proceeds from long term financing	-	10,000
Repayment of callable debt	(6,244)	(6,602)
Cash flow from financing activities	<b>299,256</b>	<b>3,099</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(83,736)</b>	<b>50,290</b>
Cash - beginning of year	<b>205,991</b>	<b>155,701</b>
<b>CASH - END OF YEAR</b>	<b>\$ 122,255</b>	<b>\$ 205,991</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest paid	\$ 3,458	\$ 2,356

See accompanying notes to financial statements



# CANADIAN FOSSIL DISCOVERY CENTRE INC.

## Notes to Financial Statements

Year Ended December 31, 2022

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Canadian Fossil Discovery Centre Inc. is a not-for-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.

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### 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, equipment and signs	10% - 20%
Leasehold improvements	5%
Buildings	4%

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.

The organization has adopted a policy whereby capital assets costing \$2,000 or more will be included in the statement of financial position at cost and amortized over their expected useful life. Capital assets costing less than \$2,000 will be expensed in the year of purchase.

#### 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.

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# CANADIAN FOSSIL DISCOVERY CENTRE INC.

## Notes to Financial Statements

Year Ended December 31, 2022

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

#### Fossil collection

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

#### 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

	2022		2021	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 35,432	\$ -	\$ 35,432	\$ -
Buildings	259,397	-	-	-
Computer equipment	48,505	46,592	48,505	41,936
Furniture, fixtures, equipment and signs	149,936	44,461	61,331	26,852
Leasehold improvements	27,067	5,655	23,535	4,390
Motor vehicle	49,806	24,903	49,806	14,942
	\$ 570,143	\$ 121,611	\$ 218,609	\$ 88,120
Net book value	\$ 448,532		\$ 130,489	

# CANADIAN FOSSIL DISCOVERY CENTRE INC.

## Notes to Financial Statements

Year Ended December 31, 2022

### 3. INTANGIBLE ASSET

	2022	2021
Website design costs	\$ 9,636	\$ 9,636
Accumulated amortization - straight-line amortization over five years	(4,818)	(2,891)
	<b>\$ 4,818</b>	<b>\$ 6,745</b>

### 4. BANK INDEBTEDNESS

The organization has arranged for a line of credit in the amount of \$20,000. The interest rate is prime plus 1% (7.45% 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.

### 5. CALLABLE DEBT

	2022	2021
Term loan bearing interest at the ACU base rate, repayable in monthly blended payments of \$630. The loan matures on December 31, 2026 and is secured by a vehicle, promissory note, general security agreement and multi-purpose mortgage. The loan is callable on demand.	\$ 29,288	\$ 35,532
Scheduled principal payments due in one year	(5,865)	(6,769)
Scheduled principal payments due thereafter	<b>\$ 23,423</b>	<b>\$ 28,763</b>

### 6. LONG TERM DEBT

	2022	2021
Canada Emergency Business Account (CEBA). The loan matures December 31, 2023. No principal or interest payments are required until maturity. No interest is charged on the loan. Repaying the balance of the loan on or before December 31, 2023 will result in loan forgiveness of 33% (up to \$20,000).	\$ 60,000	\$ 60,000
Less: recognized as revenue	(20,000)	(20,000)
	<b>40,000</b>	<b>40,000</b>
Amounts payable within one year	(40,000)	-
	<b>\$ -</b>	<b>\$ 40,000</b>

**CANADIAN FOSSIL DISCOVERY CENTRE INC.**

**Notes to Financial Statements**

**Year Ended December 31, 2022**

**7. DEFERRED REVENUE**

	<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$ <b>44,918</b>	\$ 35,000
Additions during the year	<b>342,509</b>	18,259
Less: recognized as grant revenue	<b>(16,943)</b>	(8,341)
Balance, end of year	<b>370,484</b>	44,918
Current portion	<b>(29,053)</b>	(8,987)
	<b>\$ 341,431</b>	<b>\$ 35,931</b>

Deferred revenue includes grants to fund the purchase or building of the field station, furniture, computer equipment, theatre improvements and website design. Deferred revenue is included in income at the same rate that the corresponding assets are being amortized as detailed in Note 1.

**8. UNEARNED REVENUE**

	<b>2022</b>	<b>2021</b>
<u>Current</u>		
Signature Museum grant	\$ -	\$ 2,286
Manitoba 150	-	23,800
Gala donations	<b>7,500</b>	7,500
Deposits received	<b>420</b>	420
	<b>\$ 7,920</b>	<b>\$ 34,006</b>

**9. 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 \$73,139 (2021 - \$69,069).

**10. FOSSIL COLLECTION**

The collection consists of approximately 1,669 (2021 - 1,339) accessioned fossil specimens. During the year, the organization added 330 (2021 - 43) 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.

# **CANADIAN FOSSIL DISCOVERY CENTRE INC.**

## **Notes to Financial Statements**

**Year Ended December 31, 2022**

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### **11. GRANTS - MUNICIPAL**

Effective December 31, 2021, the organization entered into a lease agreement with the City of Morden to lease the building space it occupies for an amount of \$168,960 per year with a clause to review the rate on or before December 31, 2024. The agreement ends on December 31, 2031. The amount charged approximates fair market value rent. The City of Morden will be giving 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 2022 and 2021.

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### **12. ECONOMIC DEPENDENCE**

During the year ending December 31, 2022, approximately 47% (2021 - 35%) 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 in their present form.

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# CANADIAN FOSSIL DISCOVERY CENTRE INC.

## Notes to Financial Statements

Year Ended December 31, 2022

### 13. FINANCIAL INSTRUMENTS AND RELATED RISKS AND UNCERTAINTIES

Financial assets measure at amortized cost include cash and accounts receivable as presented on the statement of financial position. Financial liabilities measured at amortized cost include accounts payable, callable debt and long term debt as presented on the statement of financial position.

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

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 had to credit risk as of December 31, 2022 and 2021 were as follows.

	2022	2021
Cash	\$ 122,255	\$ 205,991
Accounts receivable	5,218	19,987
	<b>\$ 127,473</b>	<b>\$ 225,978</b>

Credit risk associated with cash is minimized by ensuring that cash is invested with a credit worthy institution. The majority of accounts receivable were collected subsequent to year end.

#### 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 callable debt has a floating interest rate. Accordingly fluctuations in interest rates will affect 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, 2022

	Budget (Unaudited) 2022	2022	2021
Advertising and promotion	\$ 2,000	\$ 34,938	\$ 18,570
Amortization	13,000	33,491	22,060
Amortization of intangible asset	-	1,927	1,927
Association dues	650	1,032	643
Bookkeeping	9,998	10,270	9,998
Donations	-	2,533	-
Feasibility study	10,000	3,561	54,261
Fundraising	1,000	679	679
Galleries and exhibits	20,000	16,111	108,988
Gift shop	400	23,677	13,824
Insurance	4,500	6,828	4,305
Interest and bank charges	1,600	2,142	1,400
Interest on callable debt	-	1,316	958
Laboratory supplies	800	1,398	3,793
Miscellaneous	1,900	1,136	1,838
Office	1,200	8,067	6,787
Professional fees	8,500	7,446	7,446
Programs	4,700	22,800	4,407
Rent (Note 11)	163,960	163,960	84,480
Repairs and maintenance	2,500	18,567	7,192
Salaries and wages	164,665	184,608	149,877
Signature Museum expenses (Note 9)	61,500	-	-
Telephone	1,000	1,237	881
Travel	600	10,640	534
Utilities	5,000	5,000	5,000
Property taxes	820	808	804
Vehicle	4,000	8,817	4,490
	\$ 484,293	\$ 572,989	\$ 515,142

See accompanying notes to financial statements