

### ***Management's Responsibility For Financial Information***

The accompanying 2019-20 financial statements of Science North are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards.

Management maintains a system of internal controls designed to provide reasonable assurance that financial information is accurate and that assets are protected.

The Board of Directors ensures that management fulfils its responsibilities for financial reporting and internal control. The Business Affairs & Audit Committee and the Board of Directors meet regularly to oversee the financial activities of Science North, and at least annually to review the audited financial statements and the external auditors' report thereon.

The financial statements have been examined by KPMG LLP, independent external auditors appointed by the Board of Directors. The external auditors' responsibility is to express their opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles. The Auditors' Report outlines the scope of the auditors' examination and opinion.



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Guy Labine  
*Chief Executive Officer*



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Céline Roy  
*Senior Manager of Finance*

Financial Statements of

# **SCIENCE NORTH**

And Independent Auditors' Report thereon

Year ended March 31, 2020



KPMG LLP  
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## INDEPENDENT AUDITORS' REPORT

To the Honourable Minister of Tourism, Culture and Sport of the Province of Ontario and the Board of Trustees of Science North

### ***Opinion***

We have audited the financial statements of Science North (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its results of 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 responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



## ***Responsibility 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 Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations or has no realistic alternative but to do so.

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

## ***Auditors' 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 auditors' 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 the 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 risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Entity'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 the events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity's 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.
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada  
June 30, 2020

# SCIENCE NORTH

## Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash	\$ 1,799,024	\$ 829,183
Short-term investments	2,714,601	447,002
Accounts receivable (note 2)	2,036,814	4,828,816
Prepayments and inventory	853,729	704,456
	<u>7,404,168</u>	<u>6,809,457</u>
Restricted investments	6,876,413	7,681,112
Capital assets (note 3)	38,645,576	39,542,322
	<u>\$ 52,926,157</u>	<u>\$ 54,032,891</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,551,089	\$ 3,295,174
Deferred revenue	2,121,358	1,183,325
Current portion of loans payable (note 4)	15,000	15,000
	<u>5,687,447</u>	<u>4,493,499</u>
Loans payable (note 4)	1,347,670	1,362,670
	<u>7,035,117</u>	<u>5,856,169</u>
Fund balances:		
General	214,744	418,641
Capital asset	37,282,907	38,493,512
Restricted and endowment (note 5)	8,393,389	9,264,569
	<u>45,891,040</u>	<u>48,176,722</u>
	<u>\$ 52,926,157</u>	<u>\$ 54,032,891</u>

See accompanying notes to financial statements.

On behalf of the Board:



Chair, Board of Trustees



Chief Executive Officer

# SCIENCE NORTH

## Statement of Operations and Changes in Fund Balances

Year ended March 31, 2020, with comparative information for 2019

	General		Capital Asset		Restricted and Endowment		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenue:								
Province of Ontario grants:								
Operating	\$ 6,828,900	6,828,900	-	-	-	-	6,828,900	6,828,900
Specific	518,172	1,358,220	737,596	1,607,343	-	-	1,255,768	2,965,563
Government of Canada grants	1,307,935	1,674,002	712,394	1,585,055	-	-	2,020,329	3,259,057
Other Government grants	40,000	30,000	-	-	-	-	40,000	30,000
Admissions (schedule)	2,058,738	2,184,495	-	-	-	-	2,058,738	2,184,495
Workshops and events	1,471,924	1,326,971	-	-	-	-	1,471,924	1,326,971
Memberships	574,097	592,048	-	-	-	-	574,097	592,048
Business operations (schedule)	3,388,092	3,273,142	-	-	-	-	3,388,092	3,273,142
Fundraising and donations	480,395	421,998	-	-	2,128	3,337	482,523	425,335
Interest earned	217,303	148,460	-	-	236,828	223,867	454,131	372,327
Gain on disposal	-	-	-	1,410,150	-	-	-	1,410,150
Other	96,765	89,494	785,909	7,445	-	-	882,674	96,939
	16,982,321	17,927,730	2,235,899	4,609,993	238,956	227,204	19,457,176	22,764,927
Expenses:								
Science program (schedule)	7,361,999	7,921,083	-	-	-	-	7,361,999	7,921,083
Business operations (schedule)	3,607,132	4,140,772	-	-	-	-	3,607,132	4,140,772
Maintenance and building	2,104,919	2,138,094	-	-	-	-	2,104,919	2,138,094
Administrative operations	2,781,164	3,200,328	-	-	-	-	2,781,164	3,200,328
Marketing and development	1,471,229	1,657,255	-	-	-	-	1,471,229	1,657,255
Program technical support	559,223	445,209	-	-	-	-	559,223	445,209
Amortization of capital assets	-	-	3,857,192	3,519,851	-	-	3,857,192	3,519,851
	17,885,666	19,502,741	3,857,192	3,519,851	-	-	21,742,858	23,022,592
Excess (deficiency) of revenue over expenses	(903,345)	(1,575,011)	(1,621,293)	1,090,142	238,956	227,204	(2,285,682)	(257,665)
Fund balances, beginning of year	418,641	1,373,566	38,493,512	37,945,903	9,264,569	9,114,918	48,176,722	48,434,387
Transfers for capital	(355,222)	766,352	410,688	(542,533)	(55,466)	(223,819)	-	-
Interfund transfers (note 6)	1,054,670	(146,266)	-	-	(1,054,670)	146,266	-	-
Fund balances, end of year	\$ 214,744	418,641	37,282,907	38,493,512	8,393,389	9,264,569	45,891,040	48,176,722

See accompanying notes to financial statements.

# SCIENCE NORTH

## Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (2,285,682)	\$ (257,665)
Adjustments for:		
Net book value of capital assets disposal	-	382,427
Amortization of capital assets	3,857,192	3,519,851
	1,571,510	3,644,613
Changes in non-cash working capital (note 9)	3,836,677	(3,449,550)
	5,408,187	195,063
Financing activities:		
Principal repayment of loans payable	(15,000)	(25,000)
Capital activities:		
Purchase of capital assets	(2,960,446)	(4,449,886)
Investing activities:		
Net restricted acquisition/dispositions of investments	(1,462,900)	3,460,525
Net increase (decrease) in cash	969,841	(819,298)
Cash, beginning of year	829,183	1,648,481
Cash, end of year	\$ 1,799,024	\$ 829,183

See accompanying notes to financial statements.



# SCIENCE NORTH

## Notes to Financial Statements

Year ended March 31, 2020

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Science North (the "Organization") is an Ontario Organization established as a Science Centre Organization under the Science North Act of the Province of Ontario. The Organization is a registered charity and is exempt from income taxes under the Income Tax Act.

### 1. Significant accounting policies:

#### (a) Basis of presentation:

These financial statements reflect the assets, liabilities, revenues and expenses of the unrestricted, capital and restricted and endowed funds of Science North.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

#### (b) Revenue recognition:

The Organization follows the restricted fund method of accounting. Under this method, the following principles have been applied:

- Contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the donor.
- Contributions including pledges and donations are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.
- Revenue on contracts is recognized using the percentage-of-completion method. The percentage is determined by relating the actual cost of work performed to date to the current estimated total cost for each contract. Unearned advances are deferred. Projected losses, if any, are recognized immediately for accounting purposes.
- Revenue from film distribution and license / lease arrangements is recognized only when persuasive evidence of a sale or arrangement with a customer exists, the film is complete and the contractual delivery arrangements have been satisfied, the arrangement fee is fixed or determinable, collection of the arrangement fee is reasonably assured and other conditions as specified in the respective agreements have been met.
- Cash received in advance of meeting the revenue recognition criteria described above is recorded as deferred revenue.

#### (c) Investments:

The short-term and restricted investments consist of bonds and coupons and are recorded at amortized cost.

# SCIENCE NORTH

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 1. Significant accounting policies (continued):

### (d) Capital assets:

With the exception of the Bell Grove land, which is recorded at nominal value, capital assets are stated at cost or fair market value if donated.

Amortization on buildings is provided on the declining-balance basis at an annual rate of 5%.

Amortization on exhibits and equipment is provided on the straight-line basis at annual rates ranging from 5% to 20%.

Amortization on large format films, when available for use, is provided in proportion that current revenue bears to management's estimate of revenue expected from the film.

### (e) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity investments that trade in an active market are recorded at market.

All other investments are held at amortized cost. All investments held in equity investments that trade in an active market are recorded at fair values. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1	Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Fair value measurements are those derived market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly
Level 3	Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

# SCIENCE NORTH

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 1. Significant accounting policies (continued):

### (f) Employee future benefits:

The Organization has defined contribution plans providing pension benefits. The cost of the defined contribution plans is recognized based on the contributions required to be made during each year.

### (g) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 revenue and expenses during the periods specified. Items subject to such estimates and assumptions include the carrying value of capital assets and loans payable and valuation allowances for accounts receivable and inventory. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

## 2. Accounts receivable:

	2020	2019
General accounts receivable	\$ 2,036,814	3,269,714
Insurance receivable	–	1,559,102
	<u>\$ 2,036,814</u>	<u>4,828,816</u>

## 3. Capital assets:

2020	Cost	Accumulated Amortization	Net Book Value
Land and buildings:			
Bell Grove	\$ 55,315,611	34,679,915	20,635,696
Dynamic Earth	14,551,261	7,025,939	7,525,322
Exhibits and equipment:			
Bell Grove	19,969,744	17,079,411	2,890,333
Dynamic Earth	8,650,356	6,617,419	2,032,937
Travelling exhibits	9,363,823	6,353,736	3,010,087
Large format film	8,561,865	6,010,664	2,551,201
	<u>\$ 116,412,660</u>	<u>77,767,084</u>	<u>38,645,576</u>

# SCIENCE NORTH

Notes to Financial Statements (continued)

Year ended March 31, 2020

### 3. Capital assets (continued):

2019	Cost	Accumulated Amortization	Net Book Value
<b>Land and buildings:</b>			
Bell Grove	\$ 55,002,370	33,602,074	21,400,296
Dynamic Earth	14,365,300	6,691,974	7,673,326
<b>Exhibits and equipment:</b>			
Bell Grove	19,111,775	16,200,319	2,911,456
Dynamic Earth	8,650,356	6,260,306	2,390,050
Travelling exhibits	8,235,727	5,454,683	2,781,044
Large format film	8,096,345	5,710,195	2,386,150
	\$ 113,461,873	73,919,551	39,542,322

### 4. Loans payable:

	Principal Outstanding		Payment Terms
	2020	2019	
<b>Province of Ontario:</b>			
IMAX Theatre	\$ 75,837	75,837	50% of average annual IMAX Theatre profits, if any, for previous two fiscal years.
Wings Over the North	1,000,000	1,000,000	One third of remaining distribution profits received by Science North once a third party contributor has recouped its investment against such profits.
<b>Government of Canada:</b>			
Large Format Films Distribution	286,833	301,833	This loan is repayable at 4% of gross revenues from film distribution and its derivatives.
Total	1,362,670	1,377,670	
Less current portion of loans payable	(15,000)	(15,000)	
	\$1,347,670	1,362,670	

The Federal loans payable reflect management's current estimates of its obligation given the plans and results to date. The balances have not been discounted given the indeterminable repayment schedule.

# SCIENCE NORTH

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 5. Restricted and endowment funds:

The restricted and endowment funds are comprised of the following:

	2020	2019
Externally restricted:		
Capital renewal fund	\$ 3,202,381	3,106,597
Program and exhibit funds	994,912	929,600
Endowment fund	41,263	39,135
	<u>4,238,556</u>	<u>4,075,332</u>
Internally restricted:		
Funds:		
Operating reserve fund	516,675	1,565,338
Insurance reserve	1,607,173	1,559,102
Waterfront development	403,161	371,479
Human resources	110,899	109,861
Funded reserves	<u>6,876,464</u>	<u>7,681,112</u>
Other	51,724	55,674
Program and exhibit funds	151,567	151,567
Replacement of capital assets	858,436	873,867
Human resources	455,198	502,349
	<u>1,516,925</u>	<u>1,583,457</u>
	<u>\$ 8,393,389</u>	<u>9,264,569</u>

## 6. Interfund transfers:

The interfund transfers are comprised of:

- net assets of \$1,454,356 (2019 - \$471,882) which were internally allocated between the General Fund and the Restricted Fund, to cover certain general fund purchases;
- net assets of \$29,406 (2019 - \$250,000) which were internally allocated between the General Fund and the Restricted Fund for capital acquisitions (future capital acquisitions); and
- net assets of \$370,280 (2019 - \$368,148) which were internally allocated between the General Fund and the Restricted Fund to cover future operational expenditures.

# SCIENCE NORTH

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 7. Financial instruments:

(a) Credit risk and market risk:

The Organization has no significant exposure to credit or market risks.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Organization is exposed to this risk through its interest bearing investments.

The Organization's bond portfolio has interest rates ranging from 2.10% to 5.42% with maturities ranging from June 22, 2020 to September 22, 2033.

## 8. Employee future benefits:

The contributions to the defined contribution pension plans were \$621,158 (2019 - \$638,347).

## 9. Change in non-cash operating working capital:

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	2020	2019
Cash provided by (used in):		
Decrease (increase) in accounts receivable	\$ 2,792,002	(1,826,116)
Increase in prepayments and inventory	(149,273)	(33,919)
Increase (decrease) in accounts payable and accrued liabilities	255,915	(755,565)
Increase (decrease) in deferred revenue	938,033	(833,950)
	<hr/> \$ 3,836,677	<hr/> (3,449,550) <hr/>

# SCIENCE NORTH

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 10. Effects of COVID-19:

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, Science North has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Closed to the public from March 13 to the date of the auditors' report based on public health recommendations.
- Mandatory working from home requirements for those able to do so.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed as at year end. Management has assessed the financial impacts and there are no additional adjustments required to the financial statements at this time.

# SCIENCE NORTH

## Schedule of General Fund Revenues and Expenditures

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
<b>Admissions:</b>		
Science Centre	\$ 1,176,116	1,190,767
Dynamic Earth	536,823	508,961
IMAX Theatre	265,864	342,537
Planetarium	79,935	83,773
Escape room	-	58,457
	<b>\$ 2,058,738</b>	<b>2,184,495</b>
<b>Business operations:</b>		
Exhibit and theatre production sales	\$ 1,775,204	1,579,497
Food and Retail	1,515,065	1,569,288
Parking	89,059	91,587
Film production services	8,764	32,770
	<b>\$ 3,388,092</b>	<b>3,273,142</b>
<b>Science program:</b>		
Science Centre operations	\$ 3,068,243	2,769,112
Education and Northern programs	3,626,019	4,419,186
Dynamic Earth operations	667,737	732,785
	<b>\$ 7,361,999</b>	<b>7,921,083</b>
<b>Business operations:</b>		
Cost of exhibit sales	\$ 1,318,527	1,696,567
Food and Retail	1,386,369	1,325,425
Box office and sales	486,435	507,670
IMAX Theatre	339,585	421,361
Cost of film services	40,486	111,925
Escape Room	-	53,621
Planetarium	35,728	24,203
	<b>\$ 3,607,132</b>	<b>4,140,772</b>