

Aquatarium
Financial Statements
December 31, 2017

Aquatarium Contents

For the year ended December 31, 2017

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Management's Responsibility

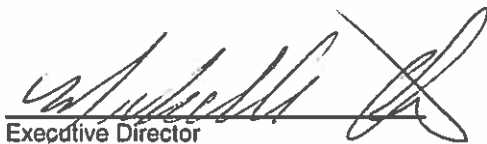
To the Board of Directors of Aquatarium:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.



Executive Director

Independent Auditors' Report

To the Board of Directors of Aquatarium:

We have audited the accompanying financial statements of Aquatarium, which comprise the statements of financial position as at December 31, 2017, December 30, 2016 and January 1, 2016, and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2017 and December 31, 2016, 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 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.

Auditors' 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 auditors' 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Aquatarium derives revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Aquatarium. Therefore we were not able to determine whether any adjustments might be necessary to donation revenue, excess (deficiency) of revenue over expenses and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016 and net assets as at January 1 and December 31 of both the 2017 and 2016 years.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Aquatarium as at December 31, 2017, December 30, 2016 and January 1, 2016 and the results of its operations and its cash flows for the years ended December 31, 2017 and December 31, 2016 in accordance with Canadian accounting standards for not-for-profit organizations.

Brockville, Ontario

January 30, 2020

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Aquatarium
Statement of Financial Position
As at December 31, 2017

	<i>December 31</i> 2017	<i>December 31</i> 2016	<i>January 1</i> 2016
Assets			
Current			
Cash	29,149	170,625	25,200
Accounts receivable	41	32,759	1,302
Due from the City of Brockville (Note 4)	60,081	50,380	-
Harmonized sales tax recoverable	4,583	-	9,736
Prepaid expenses	8,378	13,911	27,360
Inventory (Note 5)	25,536	45,167	15,591
	127,768	312,842	79,189
Capital assets (Note 6)	19,612,717	20,714,872	20,933,640
	19,740,485	21,027,714	21,012,829
Liabilities			
Current			
Accounts payable and accruals (Note 7)	102,045	215,415	50,730
Due to the City of Brockville (Note 4)	-	-	25,902
Deferred revenue (Note 8)	712	1,488	1,750
Current portion of deferred capital contributions (Note 9)	1,112,155	1,112,155	-
	1,214,912	1,329,058	78,382
Deferred capital contributions (Note 9)	18,350,562	19,452,717	20,783,640
	19,565,474	20,781,775	20,862,022
Net Assets			
Invested in capital assets (Note 10)	150,000	150,000	150,000
Unrestricted	25,011	95,939	807
	175,011	245,939	150,807
	19,740,485	21,027,714	21,012,829

Approved on behalf of the Board of Directors


 Director


 Director

Aquatarium Statement of Operations

For the year ended December 31, 2017

	2017	2016
Revenue		
Amortization of deferred contributions <i>(Note 9)</i>	1,112,155	925,963
Admissions	708,558	1,049,213
Contributions from City of Brockville <i>(Note 4)</i>	453,145	269,005
Gift shop	119,550	122,784
Donations	82,037	5,000
Parking	41,252	41,117
Banquet facilities rental	32,887	49,963
Grant revenue	25,329	36,347
	2,574,913	2,499,392
Expenses		
Amortization	1,112,155	925,963
Salaries and benefits	767,235	740,311
Occupancy costs <i>(Note 4)</i>	406,351	380,745
Administration <i>(Note 4)</i>	101,980	104,743
Exhibits and programming	100,967	80,474
Gift shop operations	64,392	61,070
Parking	57,599	40,800
Marketing and advertising	32,231	64,780
Directors and officers insurance	2,931	5,374
	2,645,841	2,404,260
Excess (deficiency) of revenue over expenses	(70,928)	95,132

The accompanying notes are an integral part of these financial statements

Aquatarium
Statement of Changes in Net Assets
For the year ended December 31, 2017

	<i>Invested in capital assets</i>	<i>Unrestricted</i>	<i>December 31 2017</i>	<i>December 31 2016</i>
Net assets, beginning of year	150,000	95,939	245,939	150,807
Excess (deficiency) of revenue over expenses	-	(70,928)	(70,928)	95,132
Net assets, end of year	150,000	25,011	175,011	245,939

The accompanying notes are an integral part of these financial statements

Aquatarium

Statement of Cash Flows

For the year ended December 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	(70,928)	95,132
Amortization	1,112,155	925,963
Amortization of deferred contributions	(1,112,155)	(925,963)
	(70,928)	95,132
Changes in working capital accounts		
Accounts receivable	32,718	(31,457)
Receivable from (payable to) City of Brockville	(9,701)	(76,282)
Harmonized sales tax recoverable	(4,583)	9,736
Prepaid expenses	5,533	13,449
Inventory	19,631	(29,576)
Accounts payable and accruals	(113,370)	164,685
Deferred revenue	(776)	(262)
Increase (decrease) in cash	(141,476)	145,425
Cash, beginning of year	170,625	25,200
Cash, end of year	29,149	170,625

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Aquatarium (the "Organization") is a not-for-profit organization incorporated without share capital under the Corporations Act of Canada.

The Organization's primary objective is to advance education by operating a public facility that provides classes, workshops, instructional seminars, and experiential and discovery-based learning through interactive exhibits about the 1000 Islands region of the St. Lawrence River and educate the public about environmental stewardship.

2. Impact of adopting accounting standards for not-for-profit organizations

These are the Organization's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The accounting policies in Note 3 have been applied in preparing the financial statements for the year ended December 31, 2017, the comparative information for the year ended December 31, 2016, and the opening ASNPO statement of financial position as at January 1, 2016 (the Organization's date of transition to ASNPO).

In preparing these financial statements, the Organization has not elected to apply any of the transitional provisions permitted by Section 1501 *First-time adoption by not-for-profit organizations* at the date of transition to ASNPO.

The transition to ASNPO has not affected the statement of financial position, statement of operations or statement of cash flows, as there were no financial statements previously issued.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value except for financial assets and liabilities originated and issued in related party transactions, which are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions* (refer to Note 4).

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures all financial assets and liabilities at amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenue over expenses in the year the reversal occurs.

3. Significant accounting policies *(Continued from previous page)*

Inventory

Inventory is comprised of finished goods and is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

Capital assets

Purchased capital assets are recorded at acquisition cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Buildings	40 years
Building service equipment	10 years
Parking structure	75 years
Exhibits	7 to 15 years
Technology	5 to 7 years

Revenue recognition

The Organization follows the deferral method of accounting for contributions, including grants and donations. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions 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, parking and banquet facilities rentals are recognized when the related activities are commenced.

Revenue from gift shop sales are recognized when the sales occur.

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Organization's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

Volunteers contribute a substantial number of hours each year to assist the Organization in carrying out its activities. Due to the difficulty of measuring the fair value of these services, volunteer services are not recognized in the financial statements.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable, and amounts due from related entities are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Management has estimated the value of the inventory based upon their assessment of the realizable amount less selling costs. Amortization is based on the estimated useful lives of capital assets. Accrued liabilities are estimated based on expenditures incurred prior to year end where no invoice has been received.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Aquatarium
Notes to the Financial Statements
For the year ended December 31, 2017

4. Related party transactions

The City of Brockville has significant influence over the Organization as it is a significant stakeholder and appoints 4 out of the 12 Board of Directors members. Included in the Statement of Operations are monetary contributions of \$375,402 (2016 - \$185,920) and in-kind donations for occupancy costs of \$57,443 (2016 - \$63,085) and payroll services of \$20,300 (2016 - \$20,000) included in administration. The transactions are recorded at the exchange amount, which is the amount of consideration paid or received as established and agreed to by the related parties.

As at December 31, 2017, \$60,081 (2017 - \$50,380) was due from the City of Brockville. The receivable bears no interest and has no fixed terms of repayment.

5. Inventory

The cost of inventory recognized as an expense and included in gift shop operations amounted to \$64,392 (2016 - \$61,070).

6. Capital assets

	Cost	Accumulated amortization	2017 Net book value
Land	150,000	-	150,000
Buildings	10,924,314	500,698	10,423,616
Building service equipment	222,934	40,037	182,897
Parking structure	1,250,000	30,556	1,219,444
Exhibits	8,635,916	1,313,859	7,322,057
Technology	467,671	152,968	314,703
	21,650,835	2,038,118	19,612,717

	Cost	Accumulated amortization	2016 Net book value
Land	150,000	-	150,000
Buildings	10,924,314	227,590	10,696,724
Building service equipment	212,934	17,744	195,190
Parking structure	1,250,000	13,889	1,236,111
Exhibits	8,635,916	597,209	8,038,707
Technology	467,671	69,531	398,140
	21,640,835	925,963	20,714,872

During the year, the Organization received contributed building, building service equipment, exhibits and technology capital assets.

These contributed capital assets have been recorded at their fair value of \$10,000 (2016 – \$707,195).

7. Accounts payable and accruals

	2017	2016
Trade payables	57,619	135,352
Wages payable	32,420	34,092
Government remittances payable	12,006	45,971
	102,045	215,415

Aquatarium
Notes to the Financial Statements
For the year ended December 31, 2017

8. Deferred revenue

Deferred revenue consist of unspent contributions externally restricted for certain programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2017	2016
Balance, beginning of year	1,488	1,750
Amount received during the year	712	1,488
Less: Amount recognized as revenue during the year	(1,488)	(1,750)
Balance, end of year	712	1,488

9. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized portion of contributed capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2017	2016
Balance, beginning of year	20,564,872	20,783,640
Contributed capital assets	10,000	707,195
Less: Amounts recognized as revenue during the year	(1,112,155)	(925,963)
	19,462,717	20,564,872
Less: current portion	1,112,155	1,112,155
Balance, end of year	18,350,562	19,452,717

10. Restrictions on net assets

The Board of Directors has also restricted net assets equal to the Organization's equity in capital assets.

11. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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 come due. The Organization meets its liquidity requirements by monitoring cash flows from operations and anticipating financing and investing activities.

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of trade accounts receivable and due from the City of Brockville. The Organization performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

12. Income taxes

The Organization is registered as a charitable organization under the *Income Tax Act* (the “Act”) and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.