

Aquatarium
Financial Statements
December 31, 2020

Aquatarium Contents

For the year ended December 31, 2020

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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.

November 25, 2021



Executive Director

To the Board of Directors of Aquatarium:

Qualified Opinion

We have audited the financial statements of Aquatarium (the "Organization"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, 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 Qualified Opinion

In common with any 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 Organization. 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, 2020 and 2019, current assets as at December 31, 2020 and 2019 and net assets as at January 1 and December 31 of both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 related 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:

- 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.

Brockville, Ontario

November 25, 2021

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Aquatarium
Statement of Financial Position
As at December 31, 2020

	2020	2019
Assets		
Current		
Cash	277,299	354,621
Accounts receivable (Note 13)	123,213	31,227
Due from the City of Brockville (Note 3)	7,735	23,841
Harmonized sales tax recoverable	12,926	4,740
Prepaid expenses	13,431	20,506
Inventory (Note 4)	33,843	41,582
	468,447	476,517
Tangible and intangible capital assets (Note 5)	16,307,233	17,412,318
	16,775,680	17,888,835
Liabilities		
Current		
Accounts payable and accruals (Note 6)	120,609	140,115
Deferred contributions (Note 7)	249,808	271,224
Current portion of deferred capital contributions (Note 8)	1,117,567	1,117,046
	1,487,984	1,528,385
Deferred capital contributions (Note 8)	15,020,704	16,131,869
Long-term debt (Note 9)	40,000	-
	16,548,688	17,660,254
Net Assets		
Invested in capital assets (Note 10)	168,962	163,403
Unrestricted	58,030	65,178
	226,992	228,581
	16,775,680	17,888,835

Approved on behalf of the Board of Directors


 Director


 Director

Aquatarium

Statement of Operations

For the year ended December 31, 2020

	2020	2019
Revenue		
Amortization of deferred contributions <i>(Note 8)</i>	1,117,567	1,115,791
Monetary contributions from City of Brockville <i>(Note 3)</i>	575,000	618,978
Canada Emergency Wage Subsidy <i>(Note 13)</i>	324,040	-
Admissions	149,149	625,060
In-kind contributions from City of Brockville <i>(Note 3)</i>	109,037	82,217
Donations	107,787	3,600
Grant revenue	70,178	52,454
Gift shop	41,574	121,094
Parking	20,202	60,382
Banquet facilities rental	6,994	24,317
	2,521,528	2,703,893
Expenses		
Amortization of tangible and intangible capital assets	1,119,892	1,115,791
Salaries and benefits	736,203	744,704
Occupancy costs <i>(Note 3)</i>	293,842	335,654
Administration <i>(Note 3)</i>	128,236	153,438
Exhibits and programming	92,919	126,235
Marketing and advertising	57,482	24,928
Parking	49,663	63,892
Gift shop operations	24,171	61,233
Health and safety	17,778	-
Directors and officers insurance	2,931	3,309
	2,523,117	2,629,184
Excess (deficiency) of revenue over expenses	(1,589)	74,709

The accompanying notes are an integral part of these financial statements

Aquatarium
Statement of Changes in Net Assets
For the year ended December 31, 2020

	<i>Invested in capital assets</i>	<i>Unrestricted</i>	<i>2020</i>	<i>2019</i>
Net assets, beginning of year	163,403	65,178	228,581	153,872
Excess (deficiency) of revenue over expenses	(2,325)	736	(1,589)	74,709
Purchase of tangible capital assets	30,524	(30,524)	-	-
Contributions received for tangible capital assets	(22,640)	22,640	-	-
Net assets, end of year	168,962	58,030	226,992	228,581

The accompanying notes are an integral part of these financial statements

Aquatarium

Statement of Cash Flows

For the year ended December 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	(1,589)	74,709
Amortization of tangible and intangible capital assets	1,119,892	1,115,791
Amortization of deferred capital contributions	(1,117,567)	(1,115,791)
	736	74,709
Changes in working capital accounts		
Accounts receivable	(91,986)	(28,135)
Due from City of Brockville	16,106	(5,375)
Harmonized sales tax recoverable	(8,186)	4,810
Prepaid expenses	7,075	(16,860)
Inventory	7,739	(28,815)
Accounts payable and accruals	(19,506)	53,089
Deferred contributions	(21,416)	110,724
	(109,438)	164,147
Financing		
Advances of long-term debt	40,000	-
Investing		
Purchase of tangible capital assets	(30,524)	(14,144)
Cash contributions received for tangible capital assets	22,640	14,144
	(7,884)	-
Increase (decrease) in cash	(77,322)	164,147
Cash, beginning of year	354,621	190,474
Cash, end of year	277,299	354,621

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 Canada Not-for-profit Corporations Act.

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. 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 related party transactions which are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions* (refer to Note 3).

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.

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.

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

Tangible capital assets

Purchased tangible capital assets are recorded at acquisition cost. Contributed tangible 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
Exhibits	7 to 15 years
Computers and electronic equipment	3 to 7 years

Intangible asset

Specified intangible assets are recognized and reported apart from goodwill.

An intangible asset recognized separately from goodwill and subject to amortization is recorded at cost. Contributed intangible 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 a rate intended to amortize the cost of intangible asset over its estimated useful life.

	<i>Method</i>	<i>Rate</i>
Parking structure usage rights	straight-line	75 years

When an intangible asset no longer contributes to the Organization's ability to provide goods or services, or the value of future economic benefits or service potential associated with the intangible asset is less than its net carrying amount, its carrying amount is written down to fair value.

Long-lived assets

Long-lived assets consist of tangible and intangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization's ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

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

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

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 tangible and intangible capital assets. Accrued liabilities are estimated based on expected 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 over expenses in the years in which they become known.

3. Related party transactions

The City of Brockville is one of two members of the Organization and appoints 4 out of the 12 members of the Board of Directors. Included in the Statement of Operations are both monetary and in-kind contributions from the City of Brockville. Monetary contributions of \$575,000 (2019 - \$618,978) include the annual municipal grant of \$150,000 (2019 - \$150,000), additional contributions of \$233,265 (2019 - \$325,000) and Municipal Accommodation Tax allocation of \$191,735 (2019 - \$143,978). In-kind contributions are made up of occupancy costs of \$64,798 (2019 - \$38,146) and administration and payroll services of \$44,239 (2019 - \$44,071) included in administration expense. 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, 2020, \$7,735 (2019 - \$23,841) was due from the City of Brockville. The receivable bears no interest and has no fixed terms of repayment.

4. Inventory

The cost of inventory recognized as an expense and included in gift shop operations amounted to \$22,473 (2019 - \$58,277).

Aquatarium
Notes to the Financial Statements
For the year ended December 31, 2020

5. Tangible and intangible capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Tangible capital assets				
Land	150,000	-	150,000	150,000
Buildings	10,924,314	1,320,022	9,604,292	9,877,400
Building service equipment	222,934	106,916	116,018	138,311
Exhibits	8,670,156	3,470,419	5,199,737	5,900,098
Computers and electronic equipment	451,284	383,541	67,743	160,399
	20,418,688	5,280,898	15,137,790	16,226,208
Intangible capital assets				
Parking structure usage rights	1,250,000	80,557	1,169,443	1,186,110
	21,668,688	5,361,455	16,307,233	17,412,318

Cost and accumulated amortization as of December 31, 2019 amounted to \$21,679,413 and \$4,267,095 respectively.

6. Accounts payable and accruals

	2020	2019
Trade payables	70,563	97,843
Government remittances payable	40,861	25,381
Wages payable	9,185	16,891
	120,609	140,115

7. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for the delivery of 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:

	2020	2019
Balance, beginning of year	271,224	160,500
Amount received during the year	100,000	276,740
Less: Amount recognized as revenue during the year	(98,776)	(151,872)
Less: Amounts utilized for capital asset purchases	(22,640)	(14,144)
Balance, end of year	249,808	271,224

8. Deferred capital contributions

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 tangible and intangible capital assets are amortized. Changes in deferred capital contributions are as follows:

	2020	2019
Balance, beginning of year	17,248,915	18,350,562
Amount received during the year	22,640	14,144
Disposal of capital assets	(15,717)	-
Less: Amounts recognized as revenue during the year	(1,117,567)	(1,115,791)
Balance, end of year	16,138,271	17,248,915
Less: current portion	1,117,567	1,117,046
Non-current portion	15,020,704	16,131,869

9. Long-term debt

Canada Emergency Business Account ("CEBA"), non-interest bearing loan, with no required principal repayments until December 31, 2022. Balance includes forgivable portion of \$10,000, which will be recognized as contribution income when there is reasonable assurance that the Organization will comply with the terms of forgiveness. If repayable portion is not repaid by December 31, 2022, the forgivable portion will not be forgiven and the full balance of \$40,000 will be due on December 31, 2025, bearing interest at 5% per annum from January 1, 2023. Subsequent to year end, an additional \$20,000 was advanced, including a forgivable portion of \$10,000, under the same terms.

10. Restrictions on net assets

Internally restricted net assets

During the year, the Organization's Board of Directors utilized \$nil (2019 – \$75,000) of restricted net assets held for programming in 2020.

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. As at December 31, 2020, 2 contributors (2019 - 2 contributors) accounted for 90% (2019 - 90%) of the trade accounts receivable. The Organization performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable when necessary.

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.

13. Government assistance

The Canada Emergency Wage Subsidy ("CEWS") is targeted toward managing the financial disruption that employers are facing as a result of COVID-19. Under the CEWS program, an employer is eligible to receive a wage subsidy if they have experienced a drop in qualifying revenues.

The Company recognized \$324,040 of CEWS for the year ended December 31, 2020 as revenue in the statement of operations. As at December 31, 2020 \$80,564 of this amount was included in accounts receivable and collected subsequent to year end.

14. Economic dependence

The Organization's primary source of revenue is municipal and other government grants and temporary government assistance. The funding is subject to certain established guidelines. The Organization's ability to continue viable operations is dependent upon maintaining its compliance with the criteria within the related guidelines, funding agreements and relationships. As at the date of these financial statements the Organization believes that it is in compliance with the guidelines.

15. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

As a result of the outbreak, the Organization was closed to customers from mid March through July 2020. It reopened for weekends only until late December 2020, when it was effectively closed again until mid-July 2021, only open on weekends for six weeks during that time. The Organization has accessed government programs to provide support (see note 13).

While the full extent of the impact is unknown, management anticipates this outbreak will continue to cause decreased capacity and/or temporary closures, staff shortages and/or layoffs, and increased government regulations, all of which may negatively impact the Organization's operations and financial condition in future periods.

16. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.