

KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY

FINANCIAL STATEMENTS

DECEMBER 31, 2018



Carr & Associates
CHARTERED PROFESSIONAL ACCOUNTANT

MANAGEMENT'S RESPONSIBILITY


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 and ensuring that all information in the annual report is consistent with the statements. 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 is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the District's external auditors.

Carr & Associates are appointed by the trustees 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, management to discuss their audit findings.

November 15, 2019



Director



INDEPENDENT AUDITOR'S REPORT

Opinion

I have audited the financial statements of Kootenay-Columbia Discovery Centre Society, which comprise the statement of financial position as at December 31, 2018, and the statements of operations and net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Kootenay-Columbia Discovery Centre Society as at December 31, 2018, and the results of its operations, its changes in net assets, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Kootenay-Columbia Discovery Centre Society in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 Kootenay-Columbia Discovery Centre Society'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 cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Society'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 Society's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Society 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.

I 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 I identify during my audit.

The prior year financial statements were not prepared by my firm and comparative figures are unaudited.

Creston, B.C.
November 15, 2019

Carr & Associates
CHARTERED PROFESSIONAL ACCOUNTANT

KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	2018	2017
ASSETS		
Current		
Cash and cash equivalents, note 2	\$ 132,349	\$ 11,673
Accounts receivable	10,596	-
Government remittances receivable	1,670	-
Inventory	3,203	-
	147,818	11,673
Plant and equipment, note 3	87,379	-
	\$ 235,197	\$ 11,673
LIABILITIES		
Current		
Accounts payable	\$ 28,114	\$ 9,449
Deferred revenue, note 4	62,373	-
	90,487	9,449
Deferred contributions, note 5	71,745	-
	162,232	9,449
NET ASSETS		
Unrestricted net assets	72,965	2,224
	\$ 235,197	\$ 11,673

See accompanying notes to the financial statements

Approved on behalf of the Board:



Director



Carr & Associates
CHARTERED PROFESSIONAL ACCOUNTANT

KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY

STATEMENT OF OPERATIONS AND NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
REVENUE		
Grants, note 6	\$ 180,564	\$ 10,000
Public programs	15,142	-
Donations	6,360	-
Gift shop	1,073	-
Other income	151	-
	203,290	10,000
EXPENDITURE		
Accounting, legal, and consultation	10,528	3,252
Administration	4,361	-
Amortization	5,828	-
Bank charges	867	20
Gift shop	2,654	-
Insurance	4,115	-
Management costs	50,345	-
Marketing and promotional	3,480	-
Option to purchase land	-	5,764
Programs	1,128	-
Seasonal staff costs	34,936	-
Trail and outdoor maintenance	60	-
Transitional building costs	14,247	-
	132,549	9,036
EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR	70,741	964
Unrestricted net assets, beginning of year	2,224	1,260
UNRESTRICTED NET ASSETS, END OF YEAR	\$ 72,965	\$ 2,224

See accompanying notes to the financial statements



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KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY

STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES		
Excess of revenue over expenditure for the year	\$ 70,741	\$ 964
Amortization	5,828	-
Increase in trade and other receivables	(10,596)	-
Increase in inventory	(3,203)	-
Decrease in deposits held	-	5,764
Increase in government remittances receivable	(1,670)	-
Increase in trade and other payables	18,666	3,252
Increase in deferred revenue	62,373	-
Increase in deferred contributions	71,744	-
	213,883	9,980
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to plant and equipment	(93,207)	-
	120,676	9,980
INCREASE IN CASH POSITION		
Cash position, beginning of year	11,673	1,693
CASH POSITION, END OF YEAR	\$ 132,349	\$ 11,673

See accompanying notes to the financial statements

KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

The Kootenay-Columbia Discovery Centre Society (KCDCS) was established in 2015 in response to the impending 2017 closure of the Creston Valley Wildlife Management Area Interpretive Centre. The KCDCS was incorporated under the Society's Act on October 20, 2015. The purpose of the KCDCS is to advance knowledge of, and foster appreciation for, the Columbia Basin including its history, Ktunaxa cultural ecology and wetland ecology, and to advance the science of practice of conserving the biological diversity of the Columbia Basin. The KCDCS will maintain and oversee the management of an ecotourism and educational facility to achieve its purpose. The KCDCS is not taxable under the Federal Income Tax Act as its operations fall under the Society's Act.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for non-profit organizations (ASNFPO).

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank balances, and term deposits that are readily convertible to a known amount of cash and that are subject to an insignificant risk of change in value.

Fund Accounting

The KCDCS follows the fund method of accounting for contributions. The general fund reports contributions, other revenue and expenditures related to the operations, administration and capital funding of the organization.

Financial Instruments

The financial instruments of the KCDCS consist of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise indicated, it is management's opinion that the KCDCS is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

Measurement Uncertainty

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. In preparing these financial statements, management has made estimates and assumptions that affect the amount reported. In particular, management has made estimates regarding the collectibility of accounts receivable, valuation of inventory and the useful lives of equipment and therefore their appropriate amortization rates. Actual results could differ from those estimates.

Use of Estimates

These financial statements include certain estimates and assumptions. In particular, management has made estimates and assumptions regarding the collectibility of accounts receivable and the useful lives of property, plant and equipment and therefore their appropriate amortization rates. Actual results could differ.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Plant and Equipment

Plant and equipment assets are recorded at cost. Amortization is provided on a declining basis at the following rates:

Buildings	10%
Canoes	15%
Computers	55%
Equipment	20%

One half of these rates are applied in the year of acquisition.

Deferred Contributions

Contributions received for the purpose of acquiring depreciable capital assets shall be recognized as deferred contributions. These amounts are recognized as revenue at the same rate as the related capital asset is amortized.

Deferred Revenue

Deferred revenue includes funds received for specific uses for which the related expenditures have not been incurred.

Revenue Recognition

Revenue is recognized as revenue in the general fund in the year in which the related expenses are incurred.

2. CASH AND CASH EQUIVALENTS

	2018	2017
Cash	\$ 127,349	\$ 11,673
Term deposits	5,000	-
	\$ 132,349	\$ 11,673

3. PLANT AND EQUIPMENT

	Rate	Cost	Accumulated Amortization	Net 2018	Net 2017
Buildings	10%	\$ 72,634	\$ 3,632	\$ 69,002	-
Canoes	15%	16,684	1,251	15,433	-
Computers	55%	3,177	874	2,303	-
Equipment	20%	712	71	641	-
		\$ 93,207	\$ 5,828	\$ 87,379	-



KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

4 DEFERRED REVENUE

	2018	2017
Columbia Basin Trust	\$ 50,000	\$ -
RDCK Community Initiatives Program	12,373	-
	\$ 62,373	\$ -

5 DEFERRED CONTRIBUTIONS

The KCDSCS was awarded a Columbia Basin Trust Special Initiatives Grant and Tech Grant to provide capital funding support for the relocation of the temporary Interpretive Centre facilities, and a contribution from the Creston Valley Wildlife Management Authority for the purchase of canoes. These deferred contributions will be recorded as income at the amortization rate of the assets.

	2018	2017
Opening balance	\$ -	\$ -
Contributions received		
Columbia Basin Trust		
Special Initiatives Grant	72,634	-
Tech Grant	3,889	-
Creston Valley Wildlife Management Authority	5,147	-
	81,670	-
Amortized to income	9,925	-
	\$ 71,745	\$ -



KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

6. GRANT REVENUE

	2018	2017
Grant revenue was received from the following sources:		
BC Rural Dividend Program	\$ -	\$ 10,000
Columbia Basin Trust		
Community Initiatives Grant	6,270	-
Enviro Grant	37,333	-
Special Initiatives Grant	29,629	-
Tech Grant	2,658	-
Creston Valley Wildlife Management Authority grant	95,889	-
FortisBC	2,000	-
Service Canada	6,784	-
	\$ 180,563	\$ 10,000

7. FINANCIAL INSTRUMENTS

The KCDCS is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure and concentrations at the statement of financial position date, December 31, 2018.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The KCDCS's credit risk is primarily attributable to cash and receivables. Management manages cash default risk by dealing with only large financial institutions with good credit ratings.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The KCDCS is exposed to this risk mainly in respect of its accounts payable and deferred revenues. The carrying amount of all financial liabilities amounts to \$162,233 (2017 - \$9,449)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The KCDCS is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed rate instruments subject the KCDCS to a fair value risk.

8. ECONOMIC DEPENDENCE

The KCDCS is dependent upon an unconditional grant from the Creston Valley Wildlife Management Authority as its main source of operational funds over the next five years, according to the following schedule:

- 2018 through 2021: \$55,000 per year
- 2022: the lesser of \$40,000 or 25% of KCDCS' operational budget; and
- 2023: the lesser of \$35,000 or 20% of KCDCS' operational budget