

**KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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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 Kootenay-Columbia Discovery Centre Society's external auditors.

Apex Accounting, Chartered Professional Accountants are 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, management to discuss their audit findings.

March 15, 2021


Chair

INDEPENDENT AUDITORS' REPORT

To the Members

Kootenay-Columbia Discovery Centre Society

Qualified Opinion

We have audited the accompanying financial statements of Kootenay-Columbia Discovery Centre Society, which comprise the statement of financial position as at December 31, 2020, and the statements of revenue and expenditure, 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 Kootenay-Columbia Discovery Centre Society as at December 31, 2020, and its financial performance 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 many not-for-profit organizations, the Kootenay-Columbia Discovery Centre Society derives revenue from private donations and various fundraising events, 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 Kootenay-Columbia Discovery Centre Society. Therefore, we were not able to determine whether any adjustments might be necessary to contributions, excess of receipts over disbursements, current assets and net assets.

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 Kootenay-Columbia Discovery Centre Society 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 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 the 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 liquidate the Kootenay-Columbia Discovery Centre Society or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Kootenay-Columbia Discovery Centre Society'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 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 of the effectiveness of the Kootenay-Columbia Discovery Centre 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 Kootenay-Columbia Discovery Centre Society'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 the auditor's report. However, future events or conditions may cause the Kootenay-Columbia Discovery Centre 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.

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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations have been applied on a basis consistent with that of the preceding period.

Apex Accounting


Chartered Professional Accountants

Creston, BC
March 15, 2021

KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	2020	As restated 2019
ASSETS		
Current		
Cash and cash equivalents (Note 2)	\$ 196,448	\$ 138,503
Accounts receivable	730	1,719
Government remittances receivable	-	2,773
Inventory	2,763	2,474
Prepaid expenses	201	-
	<u>200,142</u>	145,469
Tangible capital assets (Note 3)	<u>73,341</u>	76,770
	<u>\$ 273,483</u>	<u>\$ 222,239</u>
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	\$ 7,551	\$ 5,687
Government remittances payable	3,909	-
Deferred revenue (Note 4)	60,014	55,086
	<u>71,474</u>	60,773
Long-term debt (Note 5)	30,000	-
Deferred contributions (Note 6)	56,766	63,652
	<u>158,240</u>	124,425
NET ASSETS		
Invested in tangible capital assets	16,575	13,118
Unrestricted net assets	98,668	84,696
	<u>115,243</u>	97,814
	<u>\$ 273,483</u>	<u>\$ 222,239</u>

See accompanying notes to the financial statements

On behalf of the Board:  Director

KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	As restated 2019
REVENUES		
Grant revenue (Note 7)	\$ 131,550	\$ 156,691
Forgivable portion of CEBA loan	10,000	-
Public programs	6,729	16,893
Donations	5,018	2,664
COVID-19 wage subsidy	1,375	-
Gift shop	210	960
Other income	23	221
	<u>154,905</u>	<u>177,429</u>
EXPENDITURES		
Accounting, legal, and consultation	7,965	5,819
Administration	3,420	8,172
Amortization	9,610	10,610
Bank charges and interest	984	820
Gift shop	440	3,013
Insurance	4,648	4,227
Management costs	73,435	62,102
Marketing and promotional Programs	7,970	6,166
Seasonal staff costs	1,888	8,317
Trail and outdoor maintenance	9,464	32,497
Transitional building costs	8,713	308
	<u>8,939</u>	<u>10,525</u>
	<u>137,476</u>	<u>152,579</u>
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	\$ 17,429	\$ 24,850

See accompanying notes to the financial statements

KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020			As restated 2019	
	Invested in Tangible Capital Assets	Unrestricted	Total	Total	
NET ASSETS , beginning of year	\$ 13,118	\$ 84,696	\$ 97,814	\$	72,964
Excess (deficiency) of revenue over expenditure for the year	(2,724)	20,153	17,429		24,850
Purchase of equipment	6,181	(6,181)	-		-
NET ASSETS , end of year	\$ 16,575	\$ 98,668	\$ 115,243	\$	97,814

See accompanying notes to the financial statements

KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	As restated 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 17,429	\$ 24,850
Amortization	9,610	10,610
Decrease in accounts receivable	989	8,877
Decrease (increase) in inventories	(289)	729
Increase in prepaid expenses	(201)	-
Increase (decrease) in accounts payable	1,864	(22,429)
Increase (decrease) in government remittances payable	6,682	(1,103)
Increase (decrease) in deferred revenue	4,928	(7,287)
Decrease in deferred contributions	(6,886)	(8,093)
	<u>34,126</u>	<u>6,154</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Advance of CEBA loan	<u>30,000</u>	-
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to tangible capital assets	<u>(6,181)</u>	-
INCREASE IN CASH FOR THE YEAR	57,945	6,154
CASH AND CASH EQUIVALENTS, beginning of year	<u>138,503</u>	<u>132,349</u>
CASH AND CASH EQUIVALENTS, end of year	\$ 196,448	\$ 138,503

See accompanying notes to the financial statements

KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

a) 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. They were 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. They are not taxable under the Federal Income Tax Act as its operations fall under the Society's Act. They received registered charity status on February 5, 2019.

b) BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

c) FUND ACCOUNTING

The KCDCS follows the restricted fund method of accounting.

The Operating Fund accounts for the organization's contributions, other revenue and expenditures related to the operations, administration and capital funding of the organization.

The Capital Fund reports the assets, liabilities, revenues and expenditures, relating to the organization's tangible capital assets.

d) CASH AND CASH EQUIVALENTS

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

e) INVENTORIES

Inventories are 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 FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at historical cost. Amortization, based on the estimated useful life of the asset, is provided annually on a declining basis and is applied over a consistent basis as follows:

Building	10%
Canoes	15%
Equipment	20%
Computer equipment	55%

g) IMPAIRMENT OF LONG-LIVED ASSETS

The Society assesses long-lived assets for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized on a long-lived asset to be held and used when its carrying value exceeds the total undiscounted cash flows expected from its use and disposal. The amount of the loss is determined by deducting the assets fair value from its carrying amount.

h) DEFERRED REVENUE

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

i) DEFERRED CONTRIBUTIONS

Contributions received or receivable for the purpose of acquiring or developing a depreciable capital asset for use in providing services shall be recognized as deferred capital contribution. These amounts are recognized as revenue at the same rate as the related capital asset is amortized.

j) REVENUE RECOGNITION

Grant funding is recognized in the year in which the related expenses are incurred. Program, donation and other funding is recognized when received.

k) 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.

KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

l) USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the useful life of plant and equipment.

m) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The KCDCS initially measures its financial assets and financial liabilities at fair value. The society subsequently measures all its financial assets and financial instruments at amortized costs.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable, government remittance payables, deferred revenue, deferred contributions and long term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

2. CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
Cash	\$ 191,448	\$ 133,503
GIC	5,000	5,000
	<u>\$ 196,448</u>	<u>\$ 138,503</u>

KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2020	Net 2019
Building	\$ 72,634	\$ 16,742	\$ 55,892	\$ 62,102
Canoes	16,684	5,534	11,150	13,118
Equipment	6,893	1,061	5,832	513
Computer equipment	3,177	2,710	467	1,037
	\$ 99,388	\$ 26,047	\$ 73,341	\$ 76,770

4. DEFERRED REVENUE

	2020	As restated 2019
Columbia Basin Trust	\$ 50,000	\$ 50,000
RDCK Community Initiatives Program	10,014	5,086
	\$ 60,014	\$ 55,086

5. LONG-TERM DEBT

Long-term debt consists of an interest free, unsecured forgivable loan from the Government of Canada as part of the COVID-19 Economic Response Plan, \$10,000 forgivable if paid on or before December 31, 2022, with no monthly repayment terms. The Company expects the loan to be repaid on or before December 31, 2022. The forgivable portion has been recognized as income in the December 31, 2020 year-end as this is the year in which the income has been received.

KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

6. DEFERRED CONTRIBUTIONS

The KCDCS 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.

	<u>2020</u>	<u>2019</u>
Opening balance	\$ 63,652	\$ 71,745
Amortized to income	6,886	8,093
	<u>\$ 56,766</u>	<u>\$ 63,652</u>

7. GRANT REVENUE

	<u>2020</u>	<u>As restated 2019</u>
Grant revenue was received from the following sources:		
Columbia Basin Trust		
Community Initiatives Grant	\$ 8,113	\$ 20,626
Non-profit Advisor Grant	-	3,735
Special Initiatives Grant	55,883	56,537
Tech Grant	445	900
Creston-Kootenay Foundation	-	5,000
Creston Valley Wildlife Management Authority	61,225	59,399
FortisBC	-	2,000
Service Canada	5,884	8,494
	<u>\$ 131,550</u>	<u>\$ 156,691</u>

8. FINANCIAL INSTRUMENTS

The KCDCS is exposed to various risks through its financial instruments. The following analysis provides a measure of the KCDCS's risk exposure and concentrations at the statement of financial position date, December 31, 2020.

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.

KOOTENAY-COLUMBIA DISCOVERY CENTRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

8. FINANCIAL INSTRUMENTS, CONTINUED

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, deferred revenues and Canada Emergency Business Account (CEBA) loan.

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.

9. 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

10. PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been made in the current year to reflect deferred revenue relating to Columbia Basin Trust Community Initiatives Grant in the prior year. The effects of this adjustment in 2019 include: increase in deferred revenue of \$5,086 and decrease in grant revenue and unrestricted net assets of \$5,086.

11. SUBSEQUENT EVENTS

During the current year, the World Health Organization declared the COVID-19 outbreak a pandemic. As a result of this pandemic, the opening of the centre and program delivery for the 2020 season was delayed by two months, until July, and spring school programs could not be delivered. While most of grantors were supportive and flexible, some grantors did not follow through with distributing their grant money. Application was made to the Canadian Emergency Business Account (CEBA) to assist with the non-deferrable operating expenses. For 2021, lower revenue for programs is expected due to the impact of COVID restrictions. Program restrictions include reduced frequency and number of programs offered, as well as, reduced number of people participating in the specific programs.