



**CANADA SCIENCE AND
TECHNOLOGY MUSEUM
CORPORATION FOUNDATION /
LA FONDATION DE LA SOCIÉTÉ
DU MUSÉE DES SCIENCES ET DE
LA TECHNOLOGIE DU CANADA**

Financial Statements
For The Year Ended March 31, 2018



Chartered Professional Accountants

**CANADA SCIENCE AND TECHNOLOGY MUSEUMS
CORPORATION FOUNDATION /
FONDATION DES MUSÉES DE SCIENCES ET
TECHNOLOGIES DU CANADA**

Financial Statements

Year ended March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the directors of
Canada Science and Technology Museum Corporation Foundation / La Fondation de la Société
du Musée des Sciences et de la Technologie du Canada

We have audited the accompanying financial statements of Canada Science and Technology Museum Corporation Foundation / La Fondation de la Société du Musée des Sciences et de la Technologie du Canada, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and changes in fund balances, and cash flows for the year then ended, 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.

Auditor's 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 auditor's 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, Canada Science and Technology Museum Corporation Foundation / La Fondation de la Société du Musée des Sciences et de la Technologie du Canada derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, the 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 with respect to donation and fundraising revenue, the net result for the year, and cash flows from operations for the years ended March 31, 2018 and 2017, assets as at March 31, 2018 and 2017, and the fund balances as at April 1 and March 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

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 Canada Science and Technology Museum Corporation Foundation / La Fondation de la Société du Musée des Sciences et de la Technologie du Canada as at March 31, 2018, 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.



GINSBERG GLUZMAN FAGE & LEVITZ, LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa,

September 14, 2018.

**CANADA SCIENCE AND TECHNOLOGY MUSEUMS
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Statement of Financial Position

March 31, 2018

<i>(in thousands of dollars)</i>	General Fund	Special Purpose Funds	Total 2018	Total 2017
Assets				
Cash and cash equivalents	\$ 117	\$1,112	\$1,229	\$791
Investments (note 3)	226	787	1,013	898
Accounts receivable	3	-	3	4
Due from Special Purpose Fund (note 4)	82	-	82	55
	\$428	\$1,899	\$2,327	\$1,748
Liabilities and Fund Balances				
Liabilities:				
Due to General Fund (note 4)	\$ -	\$ 82	\$ 82	\$ 55
Amount payable to Ingenium Canada's Museums of Science and Innovation (note 8)	146	1	147	195
Deferred revenue (note 5)	-	25	25	-
	\$146	\$108	\$ 254	\$ 250
Funds balances:				
Externally restricted	\$ -	\$1,791	\$1,791	\$1,336
Unrestricted	282	-	282	162
	282	1,791	2,073	1,498
	\$428	\$1,899	\$ 2,327	\$1,748

The accompanying notes form an integral part of these financial statements.

Approved by the Board of Directors

Greg Mumford
Chairman, Board of directors

Jason Burke
Chairman, Audit and Finance committee

**CANADA SCIENCE AND TECHNOLOGY MUSEUMS
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Statement of Operations and Changes in Fund Balances

Year ended March 31, 2018

<i>(in thousands of dollars)</i>	General Fund	Special Purpose Funds	Total 2018	Total 2017
Revenue:				
Donations	\$ 19	\$ 641	\$660	\$326
Other fundraising activities	16	93	109	70
Administration fee – restricted donations (note 10)	71	(71)	-	-
Grant from Ingenium Canada's Museums of Science and Innovation	198	-	198	413
Interest revenue	20	-	20	16
Unrealized loss on investments	(2)	-	(2)	(13)
	322	663	985	812
Expenditures:				
Administration and fundraising	202	4	206	448
Result for the year before contributions	120	659	779	364
Contribution to Ingenium Canada's Museums of Science and Innovation	-	204	204	116
Net result for the year	\$120	\$455	\$575	\$248
Fund balances – beginning of year	162	1,336	1,498	1,250
Fund balances – end of year	\$282	\$1,791	\$2,073	\$1,498

The accompanying notes form an integral part of these financial statements.

**CANADA SCIENCE AND TECHNOLOGY MUSEUMS
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Statement of Cash Flows

Year ended March 31, 2018

<i>(in thousands of dollars)</i>	Total 2018	Total 2017
Cash provided (used in)		
Operating activities		
Net result for the year	\$ 575	\$ 248
Unrealized loss on investments	2	13
Change in non-cash working capital items:		
Decrease in accounts receivable	1	14
Decrease in amount payable to Ingenium Canada's Museums of Science and Innovation	(48)	(84)
Increase in deferred revenue	25	-
	555	191
Investing activities		
Purchase of Investments	(117)	(38)
Increase in cash	438	153
Cash – beginning of year	791	638
Cash – end of year	\$1,229	\$ 791

The accompanying notes form an integral part of these financial statements.

CANADA SCIENCE AND TECHNOLOGY MUSEUMS CORPORATION FOUNDATION / FONDATION DES MUSÉES DE SCIENCES ET TECHNOLOGIES DU CANADA

Notes to Financial Statements

Year ended March 31, 2018

1. Purpose of the Foundation:

The Canada Science and Technology Museums Corporation Foundation / Fondation de la Société des musées de sciences et technologies du Canada (Foundation) is a national, non-profit organization, the aims and objectives of which are to receive or maintain a fund for the purpose of gifting to the Ingenium Canada's Museums of Science and Innovation (Corporation) and/or such other qualified one(s), as defined under the *Income Tax Act* (Canada). The Foundation also operates as the Ingenium Foundation, the Canada Science and Technology Museum Foundation, the Canada Agriculture and Food Museum Foundation and the Canada Aviation and Space Museum Foundation.

The Foundation was incorporated on November 14, 2007 under the *Canada Corporations Act* as a non-profit corporation without share capital and is a registered charity within the meaning of the *Income Tax Act* (Canada) and accordingly is exempt from income tax. The Foundation did not receive charitable status until April 1, 2008, as such, did not commence operations until such date.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting for not-for-profit organizations. The significant accounting policies are summarized as follows:

(a) Revenue recognition:

(i) Fundraising

Contributions are recognized in accordance with the restricted fund method.

Donations are recognized as revenue in the year received. Because of the uncertainty of the collectability of pledges, the Foundation recognizes fundraising revenue in the year received.

Unrestricted donations are recorded in the general fund. Restricted donations are recorded in the special purpose fund.

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Notes to Financial Statements (continued)

Year ended March 31, 2018

2. Significant accounting policies continued:

Donations in-kind are recorded at fair value in the year in which the donations are received.

Directors of the Corporation volunteer their time to assist in the Foundation's activities. While these services benefit the Foundation considerably, a reasonable estimate of the amount and fair value of these services cannot be made and accordingly, these contributed services are not recognized in the financial statements.

(ii) Other revenue

Revenues from ticket sales for fundraising events, sponsorships and other revenues are recognized in the year in which the goods or the services are provided by the Foundation. Revenue received that relates to the following fiscal year is reflected as deferred revenue.

(b) Property and equipment

Property and equipment held for regular operations are recorded at cost.

Amortization is calculated on a straight-line basis over estimated useful life as follows:

Equipment 5 years

(c) Financial instruments

(i) Measurement of financial instruments

The Foundation initially measures its financial assets and liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the net result for the period.

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Notes to Financial Statements (continued)

Year ended March 31, 2018

2. Significant accounting policies continued:

(ii) 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 the net result for the period.

(iii) Transaction costs

Transaction costs are recognized in the net result for the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance, or assumption.

(d) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting 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 revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

(e) Cash and cash equivalents:

Cash and cash equivalents can include cash on hand, balances with financial institutions (net of temporary overdrafts) and excludes money market investments such as treasury bills and bonds, as they are considered to be part of the Foundation's portfolio, and as such are not available for general operations.

3. Investments

The foundation's investments are highly liquid and consist of money market securities, guaranteed investment certificates and bond funds.

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Notes to Financial Statements (continued)

Year ended March 31, 2018

4. Interfund balances

Interfund balances outstanding are non-interest bearing, with no specific terms for repayment.

5. Deferred revenue

The Foundation received \$25,000 during the year, which is to be contributed to the Corporation, to develop an accessibility mobile application. As of March 31, 2018, the \$25,000 had not been contributed to the Corporation.

6. Operating Funds:

(a) General Fund

The general fund reports the unrestricted revenues and expenses related to the ongoing operations of the Foundation.

(b) Special Purpose Funds

This Fund represents designated resources for use in specific projects. Two new projects were established during the year: Exploratek Connect Initiative and Avro Arrow.

- **Museum activities:** The purpose of these funds is to support ongoing Museum activities, educational programs and exhibition development that allow all generations to discover the wonder of science and technology, aviation and agriculture respectively.
- **Youth Programs:** The purpose of these funds is to support museum initiatives aimed at underprivileged and special needs children, as well as to support on-site initiatives which will enhance or contribute towards the overall experience enjoyed by these individuals when visiting the Museums.

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Notes to Financial Statements (continued)

Year ended March 31, 2018

6. Operating Funds continued:

- Canada Science and Technology Museum – Rail: The purpose of this Fund is to support the railway collection, which is broadly representative of the technological trends that have characterized Canadian railway operations from the 1850s to the 1990s. The railway collection comprises over 1,000 artifacts. These objects range from documents and engineering drawings to steam locomotives, streetcars and signaling devices – each representing an important aspect of our railway technology and the people who made it work.
- New Museum Building Project: The purpose of this Fund is to obtain support for the new Canada Science and Technology Museum building.
- Canada Science and Technology Museum – Bring Research to Life: The purpose of this Fund is to provide for the development of educational programs and exhibition on medical sciences and history of pharmaceutical research in Canada.
- Canada Science and Technology Museum - Travelling Exhibits: The purpose of the Fund is to provide for the fabrication, transportation and maintenance costs associated with travelling exhibits.
- Canada Science and Technology Museum - Energy Literacy: The purpose of this Fund is to enhance Canadians' energy awareness and literacy, thereby contributing to a sustainable energy future for Canada.
- Canada Science and Technology Museum - Teens for Tech – The purpose of the Fund to support programming and educational activities that encourage teens to consider Science and Technology as a career path.
- Exploratek Connect Initiative – The purpose of this fund is to engage under-served communities - especially youth - with outreach programming from the Canada Science and Technology Museum with a particular emphasis on STEAM (science, technology, engineering, arts, and math) skills. This fund may also be used to support direct fundraising expenses in support of this purpose.
- Girls and STEM: The purpose of this Fund is to support activities associated with the initiative to inspire Canadian girls to pursue career opportunities in science, technology, engineering and mathematics, or “STEM”.

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Notes to Financial Statements (continued)

Year ended March 31, 2018

6. Operating Funds continued:

- Canada Aviation and Space Museum – North Star: The purpose of this Fund the conservation and restoration of the North Star, as well as for supporting the management of such activities and any educational and interpretation initiatives linked to the North Star.
- Canada Aviation and Space Museum – Restoration: The purpose of this Fund is to support activities associated with the preservation and restoration of more than 120 aircraft and countless artefacts such as engines, propellers, instruments, armament, flying gear and wind tunnel models in order to showcase Canada's rich aviation heritage.
- Canada Aviation and Space Museum - Legacy Project: The purpose of this fund is to help capture and understand the legacy that Veterans of the Second World War forged and link their stories with Canada's youth so that they continue to build a great nation and forge their own legacy.
- Canada Aviation and Space Museum – Avro Arrow: The purpose of this fund is to support research, acquisitions, exhibition development, and programming related to the Avro Arrow and its historical context. This fund may also be used to support direct fundraising expenses in support of this purpose.
- Canada Aviation and Space Museum – Lecture Series: The purpose of this fund is to support the presentation of inspirational series of lectures highlighting Canadian aeronautical innovations.
- Canada Aviation and Space Museum – Bristol Beaufighter: The purpose of this Fund is to support activities associated with the conservation and restoration of the Bristol Beaufighter T.F.X., as well as for supporting the management of such activities and any educational and interpretation initiatives linked to the Bristol Beaufighter T.F.X.
- Canada Agriculture Museum – Adopt-an-animal: The purpose of this Fund is to support animal acquisition, animal care and public education programs related to animals at the Canada Agriculture Museum.
- Canada Agriculture Museum – New Learning Centre: The purpose of this Fund is to support equipment acquisition for the learning labs, lecture hall, and other improved amenities within the new Learning Centre.

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Notes to Financial Statements (continued)

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6. Operating Funds continued:

The balance at the end of the year was in respect of the following:

Restricted funds	2018	2017
Canada Science and Technology Museum – Museum activities	169,341	153,704
Canada Science and Technology Museum – Youth Program	204,115	198,697
Canada Science and Technology Museum – Rail	28,343	25,319
Canada Science and Technology Museum – New Museum Building	16,704	14,645
Canada Science and Technology Museum – Bring research to life	14,422	14,422
Canada Science and Technology Museum - Travelling Exhibits	53,172	48,672
Canada Science and Technology Museum -Energy literacy	217,827	217,827
Canada Science and Technology Museum - Teens for Tech Girls and STEM	23,388	45,000
	45	45
Exploratek Connect Initiative	90,000	-
Canada Aviation and Space Museum – Museum activities	280,673	337,440
Canada Aviation and Space Museum – Youth Program	7,443	6,917
Canada Aviation and Space Museum – North Star	51,883	47,185
Canada Aviation and Space Museum – General restoration	31,077	27,401
Canada Aviation and Space Museum – Bristol Beaufighter	24,212	24,212
Canada Aviation and Space Museum – Legacy Project	9,572	9,572
Canada Aviation and Space Museum – Avro Arrow	342,477	-
Canada Aviation and Space Museum – Lecture Series	104,324	81,824
Canada Agriculture Museum – Museum activities	76,157	57,398
Canada Agriculture Museum – Youth Program	37,601	17,919
Canada Agriculture Museum – Adopt-an-animal	3,285	3,285
Canada Agriculture Museum – Learning Centre	4,877	4,877
	\$1,790,938	\$1,336,361

7. In-kind donations

During the year, the Foundation received donations in-kind of educational books from organizations and from the public. These donations in-kind have been recognized in the Foundation's Statement of Operations as follows:

STATEMENT OF OPERATIONS (*in thousands of dollars*)

	2018	2017
Revenues: Donations	3	3
Expenditures: Administrative and fundraising	3	3

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Notes to Financial Statements (continued)

Year ended March 31, 2018

8. Related party transactions:

The National Museum of Science and Technology was established by the Museums Act on July 1, 1990, and operates as Ingenium Canada's Museums of Science and Innovation (Corporation). The mandate of the Corporation, as stated in the Museums Act, is to foster scientific and technological literacy throughout Canada by establishing, maintaining and developing a collection of scientific and technical objects, with special but not exclusive reference to Canada, and by demonstrating the products and processes of science and technology and their economic, social and cultural relationships with society.

The Corporation manages three museum sites: the Canada Science and Technology Museum, the Canada Aviation and Space Museum and the Canada Agriculture Museum.

The Foundation is a separate legal entity from the Corporation. Two of the Foundation Board directors are directly associated with the Corporation.

When the Foundation was created in 2007, the Corporation had agreed to:

- (a) provide office space at the premises of the Corporation for use by the Foundation at no cost to the Foundation;
- (b) provide such personnel to the Foundation, at no cost, in order to carry out the fundraising activities and other activities of the Foundation;
- (c) provide such equipment and supplies needed by the Foundation from time to time at no cost to the Foundation;

Additional Foundation related-expenditures for a total of \$198,000 (2017 – \$413,000) have been absorbed by the Corporation to recognize the Foundation's efforts to bring in sponsorships that have been recorded directly in the Corporation.

During the year \$204,000 (2017 – \$116,000) in contributions were made to the Corporation.

These amounts are measured at the exchange amount which is the amount established and agreed to by the related parties. At the end of the year, \$147,000 (2017 – \$195,000) is payable to the Corporation. This amount is non-interest bearing and is due on demand.

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Notes to Financial Statements (continued)

Year ended March 31, 2018

9. Financial instruments

(a) Risks and concentrations

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations at March 31, 2018.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its amount payable to Ingenium Canada's Museums of Science and Innovation.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The entity is mainly exposed to interest and other price risk.

(d) 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 Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Foundation to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

(e) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investment in quoted shares.

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Notes to Financial Statements (continued)

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10. Administration fee – restricted donations

A portion of restricted donations and sponsorships is retained by the Foundation for the administrative purposes. The amount of the administration fee is calculated at 10% for restricted donations less than \$100,000, and 5% on restricted donations greater than \$100,000. During the year, administration fees of \$71,644 (2017 - \$33,730) were allocated from the special purpose fund to the general fund.