

A.S.T.C. Science World Society

Financial Statements

February 28, 2003

(in thousands of dollars)



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April 11, 2003

Auditors' Report

**To the Members of
A.S.T.C. Science World Society**

We have audited the statement of financial position of **A.S.T.C. Science World Society** as at February 28, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at February 28, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers LLP

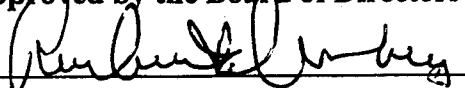
Chartered Accountants

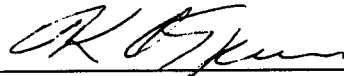
A.S.T.C. Science World Society
Statement of Financial Position
As at February 28, 2003

(in thousands of dollars)

	2003 \$	2002 \$
Assets		
Current assets		
Cash	888	690
Accounts receivable	229	102
Gift shop and other inventory	114	65
Prepaid expenses	71	97
	<u>1,302</u>	<u>954</u>
Restricted cash and short-term investments (notes 3 and 6)	1,910	2,058
Exhibits and films (note 4)	2,767	1,991
Property and equipment (note 5)	<u>7,882</u>	<u>8,149</u>
	<u>13,861</u>	<u>13,152</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	603	689
Deferred revenue (note 7)	<u>1,433</u>	<u>1,616</u>
	2,036	2,305
Deferred contributions (note 3)	1,211	1,211
Deferred contributions related to exhibits and films and property and equipment (note 8)	<u>10,481</u>	<u>9,754</u>
	<u>13,728</u>	<u>13,270</u>
Net assets		
Invested in exhibits and films and property and equipment	168	386
Unrestricted	<u>(35)</u>	<u>(504)</u>
	<u>133</u>	<u>(118)</u>
	<u>13,861</u>	<u>13,152</u>

Approved by the Board of Directors

 Director

 Director

A.S.T.C. Science World Society

Statement of Changes in Net Assets For the year ended February 28, 2003

(in thousands of dollars)

	2003		2002	
	Invested in exhibits and films and property and equipment \$	Unrestricted \$	Total \$	Total \$
Balance - Beginning of year	386	(504)	(118)	(578)
(Deficiency) excess of revenue over expenses	(434)	685	251	460
Investment in exhibits and films and property and equipment	216	(216)	-	-
Balance - End of year	168	(35)	133	(118)

A.S.T.C. Science World Society

Statement of Operations

For the year ended February 28, 2003

(in thousands of dollars)

	2003 \$	2002 \$
Revenue		
Customer admission and membership	3,721	4,633
Customer retail and contracted services	1,845	1,886
Amortization of deferred contributions related to exhibits and films and property and equipment	804	592
Donations and sponsorships	760	742
Interest (note 10)	164	203
Grants (note 9)	133	496
Miscellaneous	90	54
	<u>7,517</u>	<u>8,606</u>
Expenses		
Exhibits and programs	1,859	2,639
Customer service	1,171	1,258
Support services	1,025	1,057
Customer facilities and upkeep	873	907
Customer information and communication	728	666
Omnimax and science theatres	606	646
Outreach programming	460	438
Development	277	271
Amortization of property and equipment	267	264
	<u>7,266</u>	<u>8,146</u>
Excess of revenue over expenses	<u>251</u>	<u>460</u>

A.S.T.C. Science World Society

Statement of Cash Flows

For the year ended February 28, 2003

(in thousands of dollars)

	2003 \$	2002 \$
Cash flows from operating activities		
Excess of revenue over expenses	251	460
Items not affecting cash		
Amortization of exhibits and films and property and equipment	1,238	1,622
Amortization of deferred contributions related to exhibits and films and property and equipment	(804)	(592)
	<u>685</u>	<u>1,490</u>
Changes in non-cash operating accounts		
(Increase) decrease in accounts receivable	(127)	124
(Increase) decrease in gift shop and other inventory	(49)	23
Decrease (increase) in prepaid expenses	26	(48)
Decrease in accounts payable and accrued liabilities	(86)	(22)
(Decrease) increase in deferred revenue	(183)	398
	<u>(419)</u>	<u>475</u>
	<u>266</u>	<u>1,965</u>
Cash flows from investing activities		
Purchase of exhibits and films	(1,747)	(1,903)
Purchase of property and equipment	-	(293)
	<u>(1,747)</u>	<u>(2,196)</u>
Cash flows from financing activities		
Deferred contributions related to exhibits and films and property and equipment	<u>1,531</u>	<u>1,507</u>
Increase in cash during the year	50	1,276
Cash - Beginning of year	<u>2,748</u>	<u>1,472</u>
Cash - End of year	<u>2,798</u>	<u>2,748</u>
Cash comprises		
Cash	888	690
Restricted cash and short-term investments	<u>1,910</u>	<u>2,058</u>
	<u>2,798</u>	<u>2,748</u>

A.S.T.C. Science World Society

Notes to Financial Statements

February 28, 2003

(in thousands of dollars)

1 Purpose of the Society

A.S.T.C. Science World Society (the Society) is a provincially incorporated not-for-profit, registered charitable society. The mission of the Society is to provide customers with a sensational science centre adventure that delivers competitive “fun value” for all ages while stimulating critical thinking and positively influencing attitudes about science and technology. The Society depends on visitor revenues and individual, corporate and government funding to support its activities.

The Society is a registered charity under the Income Tax Act and has no liability for income taxes.

2 Significant accounting policies

Revenue recognition

The Society follows the deferral method of accounting for contributions, which are recorded when awarded or pledged and collection is reasonably certain.

Grants and donations for specific operating costs and non-capital special projects are deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants and donations are recognized as revenue when received.

Capital campaign contributions received are included in deferred revenue until spent on property and equipment, exhibit and films or project development. When capital is purchased, an amount equal to the cost is transferred to the deferred contributions related to exhibits and films and property and equipment account, which is amortized on the same basis as the related property and equipment or exhibit and films. When contributions are spent on project development, the funds are recognized as revenue in the statement of operations.

Donated services

Volunteers, working directly with visitors in the science centre, contributed approximately 26,000 (2002 - 31,500) hours during the year to assist the Society. Due to the difficulty of determining their fair value, donated services are not recognized in the financial statements.

Gift shop and other inventory

Retail merchandise inventory is stated at the lower of cost, determined on an average cost basis, and net realizable value.

Exhibits and films

Exhibits and films developed and acquired by the Society are recorded at cost. Contributed exhibits and films are recorded at fair value at the date of contribution. Amortization is provided over the estimated life of each exhibit or film, determined on an individual basis.

A.S.T.C. Science World Society

Notes to Financial Statements

February 28, 2003

(in thousands of dollars)

Property and equipment

Property and equipment purchased by the Society are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution. Amortization is provided over the estimated useful lives of the assets on a straight-line basis as follows:

Building and improvements	50 years
Parking lot	10 years
Furniture	10 years
Equipment	2 - 7 years

Use of estimates

In achieving its mission, the Society initiates many new ideas and projects. From inception to completion, each project receives continual review and evaluation. During this process, some projects may be deferred or abandoned.

Determination of the net realizable value of a project under development is dependent on future events and necessarily involves the use of estimates made by management using careful judgment. At such time as a project is deferred or abandoned, the project is written down based on management's best estimates of the likelihood and timing of project completion and revenue generation from the project.

3 Restricted cash and short-term investments and deferred contributions

Restricted cash and short-term investments and deferred contributions comprise:

	2003	2002
	\$	\$
Contribution from Science World Foundation	1,211	1,211
Other restricted cash and short-term investments	699	847
	<hr/>	<hr/>
	1,910	2,058
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A.S.T.C. Science World Society

Notes to Financial Statements

February 28, 2003

(in thousands of dollars)

4 Exhibits and films

			2003	2002
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Exhibits	3,611	1,271	2,340	1,462
Films	294	294	-	-
Exhibits and films in development	427	-	427	529
	<u>4,332</u>	<u>1,565</u>	<u>2,767</u>	<u>1,991</u>

No contributed exhibits and films were received during the current or previous fiscal year.

Included in exhibits and programs expense is \$971,000 (2002 - \$1,358,000) of amortization expense.

5 Property and equipment

			2003	2002
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Building and improvements	10,716	2,886	7,830	8,067
Parking lot	692	692	-	-
Furniture and equipment	2,218	2,166	52	82
	<u>13,626</u>	<u>5,744</u>	<u>7,882</u>	<u>8,149</u>

6 Bank indebtedness

The Society has available a \$750,000 (2002 - \$750,000) revolving line of credit that bears interest at prime rate. The line of credit is secured by an equivalent amount of term deposit lodged with the bank.

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7 Deferred revenue

Deferred revenue represents memberships sold and restricted operating funding received that are related to costs and programs expected to occur in the subsequent period. The balance also includes contributions that are receivable or have been received but have yet to be used to fund operations expenditures or to acquire property and equipment. Changes in the deferred revenue balance are as follows:

				2003	2002
	Memberships \$	Grants, donations and sponsorships \$	Other \$	Total \$	Total \$
Balance - Beginning of year	428	915	273	1,616	1,218
Add: Monies and pledges received	779	2,369	418	3,566	4,524
Less: Revenue recognized or applied	(770)	(2,529)	(450)	(3,749)	(4,126)
Balance - End of year	437	755	241	1,433	1,616

8 Deferred contributions related to exhibits and films and property and equipment

	2003 \$	2002 \$
Balance - Beginning of year	9,754	8,839
Add: Restricted contributions used to acquire exhibits and films and property and equipment	1,531	1,507
Less: Amortization	(804)	(592)
Balance - End of year	10,481	9,754

9 Grants

Included in grants is \$45,000 (2002 - \$45,000) of gaming revenue received from the Gaming Policy and Enforcement Branch of the Ministry of Public Safety and Security. The related expenses are included in exhibits and programs and customer service costs.

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10 Non-controlled endowments

The Society receives annual earnings from the following endowments held by the Vancouver Foundation. The capital of the funds is not available to the Society and is not included in the accounts of the Society. The Vancouver Foundation is a not-for-profit organization that receives and invests funds and from these provides investment income to other not-for-profit organizations under the terms of agreement with them.

	Fund balance		Earnings received	
	2003 \$	2002 \$	2003 \$	2002 \$
A.S.T.C. Science World Endowment Fund	690,000	690,000	60,569	63,291
49.74% of the Michael Smith Fund	643,706	643,706	47,269	49,005

11 Premises lease

In 1989, the Society entered into a 50-year lease agreement with the Province of British Columbia and the City of Vancouver for the Expo legacy premises at a nominal rent.

12 Financial instruments

Fair value of financial instruments

The Society has various financial instruments, including cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values.

Credit risk exposure

The Society's exposure to credit risk is as indicated by the carrying value of its accounts receivable. The Society mitigates this risk by reviewing and monitoring these balances.

13 Comparative figures

Certain balances for the prior year have been restated to conform to the current year's presentation.