

Auditors' Report and Financial Statements of

H. R. MACMILLAN SPACE CENTRE SOCIETY

December 31, 2002

Auditors' Report

To the Members of
H. R. MacMillan Space Centre Society

We have audited the balance sheet of H. R. MacMillan Space Centre Society as at December 31, 2002 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 December 31, 2002 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 Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Deloitte & Touche LLP

Chartered Accountants
Vancouver, British Columbia
February 18, 2003

H. R. MACMILLAN SPACE CENTRE SOCIETY

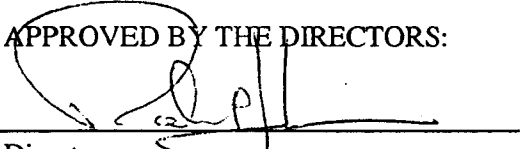
Balance Sheet

December 31, 2002

	2002	2001
ASSETS		
CURRENT		
Cash and short-term investments (Note 3)	\$ 338,938	\$ 386,284
Accounts receivable	196,667	111,988
Other assets (Note 4)	3,084	9,185
	<u>538,689</u>	<u>507,457</u>
RESTRICTED INVESTMENTS (Note 3)	103,333	103,333
PROPERTY AND EQUIPMENT (Note 5)	3,837,415	4,961,530
	<u>\$ 4,479,437</u>	<u>\$ 5,572,320</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 291,092	\$ 229,416
Wages and benefits payable	94,949	85,508
Current portion of loan payable (Note 6)	300,500	360,956
Deferred revenue	40,385	60,446
	<u>726,926</u>	<u>736,326</u>
LOAN PAYABLE (Note 6)	42,000	270,490
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Note 7)	3,574,687	4,607,119
	<u>4,343,613</u>	<u>5,613,935</u>
NET ASSETS (DEFICIENCY)	<u>135,824</u>	<u>(41,615)</u>
	<u>\$ 4,479,437</u>	<u>\$ 5,572,320</u>

ENDOWMENT WITH THE VANCOUVER FOUNDATION (Note 9)

APPROVED BY THE DIRECTORS:


Director


Director

H. R. MACMILLAN SPACE CENTRE SOCIETY
Statement of Operations
Year ended December 31, 2002

	<u>2002</u>	<u>2001</u>
REVENUE (Schedule)	\$ 2,362,338	\$ 2,254,984
EXPENDITURES		
Guest services	417,984	423,538
Public programmes	216,689	236,465
Production administration	236,870	175,953
Marketing	236,718	266,331
Education programmes	180,413	172,177
Facility maintenance	187,427	181,217
Finance and administration	203,150	182,437
Director's office	164,110	152,094
Development and fundraising	117,924	114,020
Outreach programmes and special projects	327,264	253,418
Membership	51,057	48,276
	<u>2,339,606</u>	<u>2,205,926</u>
EXCESS OF REVENUE OVER EXPENDITURES		
BEFORE AMORTIZATION	22,732	49,058
Amortization of deferred contributions	1,050,732	1,049,095
Amortization of property and equipment	(1,124,115)	(1,125,058)
	<u>(50,651)</u>	<u>(26,905)</u>
FORGIVENESS OF DEBT (Note 6)	228,090	-
EXCESS (DEFICIENCY) OF REVENUE		
OVER EXPENDITURES	\$ 177,439	\$ (26,905)

H. R. MACMILLAN SPACE CENTRE SOCIETY
Statement of Changes in Net Assets
Year ended December 31, 2002

Net assets	Restricted for endowment purposes	Invested in property and equipment	Unrestricted	2002	2001
Balance, beginning of year	\$ 103,333	\$ (277,035)	\$ 132,087	\$ (41,615)	\$ (14,710)
Excess (deficiency) of revenue over expenditures	-	(73,383)	250,822	177,439	(26,905)
Debt reduction	-	288,946	(288,946)	-	-
Deferred contributions	-	(18,300)	18,300	-	-
Balance, end of year	\$ 103,333	\$ (79,772)	\$ 112,263	\$ 135,824	\$ (41,615)

H. R. MACMILLAN SPACE CENTRE SOCIETY
Statement of Cash Flows
Year ended December 31, 2002

	<u>2002</u>	<u>2001</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 177,439	\$ (26,905)
Items not affecting cash:		
Amortization of property and equipment	1,124,115	1,125,058
Amortization of deferred contributions related to property and equipment	(1,050,732)	(1,049,095)
Forgiveness of debt	(228,090)	-
Change in non-cash working capital items	(27,522)	92,857
Net cash (used in) generated from operations	(4,790)	141,915
FINANCING ACTIVITIES		
Deferred contributions related to property and equipment	18,300	98,351
Repayment of loan	(60,856)	(103,891)
Net cash used in financing activities	(42,556)	(5,540)
INVESTING ACTIVITIES		
Purchase of property and equipment	-	(45,405)
Net cash used in investing activities	-	(45,405)
(DECREASE) INCREASE IN CASH AND SHORT-TERM INVESTMENTS	(47,346)	90,970
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	386,284	295,314
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	\$ 338,938	\$ 386,284
REPRESENTED BY:		
Cash	\$ 74,151	\$ 26,005
Short-term investments	264,787	360,279
	\$ 338,938	\$ 386,284

H. R. MACMILLAN SPACE CENTRE SOCIETY

Notes to the Financial Statements

Year ended December 31, 2002

1. DESCRIPTION OF THE ORGANIZATION

The H. R. MacMillan Space Centre Society ("the Society") is incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act.

The Society operates the H. R. MacMillan Space Centre and the Gordon MacMillan Southam Observatory on behalf of the City of Vancouver ("the City"). The Society leases the space centre buildings from the City for \$1 per year and receives an annual operating grant from the City.

The Society produces a number of facility based and outreach programs on space science and astronomy. These programs are delivered to both the general public and school and educational groups in Vancouver and throughout the Province of British Columbia.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) *Revenue recognition*

The Society follows the deferral method of accounting for contributions. 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. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned. Endowment contributions are recognized as direct increases in net assets.

Revenues from admissions and facility rentals are recognized at the time of visitor attendance. Revenues from memberships are recognized on a straight-line basis over the period of the membership.

(b) *Property and equipment*

Property and equipment are stated at the lower of cost less accumulated amortization and net realizable value. Costs relating to exhibits and displays with an expected presentation life of less than one year are expensed as incurred. Amortization is provided on a straight-line basis as follows:

Exhibits and equipment	7 years
Leasehold improvements	10 years
Motion simulator and Star Theatre equipment	10 years
Computer hardware and start-up costs	5 years

In the year of acquisition, amortization is taken at one-half of the normal rate.

H. R. MACMILLAN SPACE CENTRE SOCIETY
Notes to the Financial Statements
Year ended December 31, 2002

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Deferred revenue

Deferred revenue represents paid bookings and operating grants that have been received but not all of the related services have been provided.

(d) Investments

Investments are carried at the lower of cost and market value.

(e) Contributed services

Volunteers contribute approximately 3,000 hours per year to assist the Society in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, particularly the recoverability of accounts receivable and property and equipment, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

3. CASH AND INVESTMENTS

Cash and short-term investments consist of cash on deposit with banks and highly liquid short-term interest-bearing securities with maturities at their purchase dates of three months or less.

Restricted investments comprise short-term interest bearing securities that were endowed to the Society by the Province of British Columbia. The annual interest earned on these investments is used to support the various activities and programs of the Society.

4. OTHER ASSETS

	<u>2002</u>	<u>2001</u>
Inventory	\$ 2,146	\$ -
Prepaid expenses	938	9,185
	<u>\$ 3,084</u>	<u>\$ 9,185</u>

H. R. MACMILLAN SPACE CENTRE SOCIETY
Notes to the Financial Statements
Year ended December 31, 2002

5. **PROPERTY AND EQUIPMENT**

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Exhibits and equipment	\$ 3,188,095	\$ 2,299,920	\$ 888,175	\$ 1,343,617
Leasehold improvements	2,994,951	1,538,330	1,456,621	1,756,117
Motion simulator and Star Theatre equipment	3,100,319	1,607,700	1,492,619	1,802,650
Computer hardware and start-up costs	317,440	317,440	-	59,146
	\$ 9,600,805	\$ 5,763,390	\$ 3,837,415	\$ 4,961,530

6. **LOAN PAYABLE**

	2002	2001
Loan	\$ 342,500	\$ 631,446
Final payment	\$ 267,500	
Ridership estimate	33,000	
Current portion	300,500	360,956
Long-term portion	\$ 42,000	\$ 270,490

During the year ended December 31, 2002, the loan for the motion simulator was settled resulting in a forgiveness of debt of \$228,090 that has been included in the statement of operations.

The Society is required under the terms of the loan to pay \$0.45 per ride as a repayment of loan principal until March 2005. Accordingly, the remaining loan balance of \$75,000 at December 31, 2002 reflects management's best estimate of the remaining obligation. This amount will be reduced over the period as actual payments are made. Any change to the estimate resulting from new information or experience will be charged to operations on a prospective basis.

H. R. MACMILLAN SPACE CENTRE SOCIETY
Notes to the Financial Statements
Year ended December 31, 2002

7. **DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT**

Deferred contributions related to property and equipment represent contributed property and equipment and restricted contributions with which the Space Centre was developed. Deferred contributions related to property and equipment are amortized to operations on the same basis as the related property and equipment are amortized.

	<u>2002</u>	<u>2001</u>
Balance, beginning of year	\$ 4,607,119	\$ 5,557,863
Contributions	18,300	98,351
Amortization	<u>(1,050,732)</u>	<u>(1,049,095)</u>
Balance, end of year	<u>\$ 3,574,687</u>	<u>\$ 4,607,119</u>

8. **FINANCIAL INSTRUMENTS**

(a) *Interest rate risk exposures*

All of the Society's financial instruments are non-interest bearing except for cash and short-term investments, the restricted investments, and certain of the funds endowed with The Vancouver Foundation that earn interest at variable market rates.

(b) *Credit risk exposures*

The Society's exposures to credit risk are as indicated by the carrying amount of its cash and short-term investments, restricted investments and accounts receivable. The Society is potentially exposed to a concentration of credit risk through its cash and short-term investments and restricted investments. The Society limits its exposure to credit risk by placing its cash with high quality financial institutions. Accounts receivable are generally not significant individually and are not collateralized; as a result, management continually monitors the financial condition of its customers to reduce the risk of loss.

(c) *Fair values*

The fair values of cash and short-term investments, accounts receivable, restricted investments, accounts payable and accrued liabilities, and wages and benefits payable approximate their carrying values given the short term to maturity of these instruments.

Management has not determined the fair value of the loan payable because, in its view, such fair value is not practicably determinable.

H. R. MACMILLAN SPACE CENTRE SOCIETY

Notes to the Financial Statements

Year ended December 31, 2002

9. ENDOWMENT WITH THE VANCOUVER FOUNDATION

In 1988, the Society established the P.S.C.S. MacMillan Planetarium Endowment Fund ("the Fund") with the Vancouver Foundation to provide for technical replacement and improvement of the facilities of the Society. The Fund will remain with the Vancouver Foundation in perpetuity, with the Society to receive the earnings annually at the discretion of the Directors of the Vancouver Foundation.

	<u>2002</u>	<u>2001</u>
Contributed by the Society	\$ 315,000	\$ 315,000
Contributed by the Vancouver Foundation	150,000	150,000
	<u>\$ 465,000</u>	<u>\$ 465,000</u>

The market value of the Endowment Fund at December 31, 2002 was \$471,041 (2001 - \$550,423).

10. PENSION PLAN

The Society and its employees contribute to the Municipal Pension Plan administered by the British Columbia Pension Corporation. The Society's contributions to the Plan for the year ended December 31, 2002 were \$51,079 (2001 - \$50,522).

The Municipal Pension Plan is a defined benefit pension plan for which actuarial valuations are prepared at three year intervals. The amount of its unfunded liability, if any, is disclosed in its annual financial statements, which are included in the Public Accounts for the Province of British Columbia. The actuary does not determine the portion of the unfunded liability attributable to the Society, and therefore no amounts are recorded for any unfunded liability in these financial statements.

H. R. MACMILLAN SPACE CENTRE SOCIETY
Schedule of Revenue
Year ended December 31, 2002

	<u>2002</u>	<u>2001</u>
OPERATING REVENUE		
Public admissions	\$ 429,326	\$ 483,935
School admissions	244,717	253,504
Outreach programmes	341,908	213,394
Rentals and corporate sales	113,851	199,422
Laser admissions	167,778	105,895
Memberships	64,358	65,452
Other	36,689	17,144
	<u>1,398,627</u>	<u>1,338,746</u>
OPERATING GRANT		
City of Vancouver	457,426	449,667
FUNDRAISING AND DONATIONS		
	413,289	364,431
EDUCATION EXTENSION PROGRAMMES		
	53,033	52,614
	<u>466,322</u>	<u>417,045</u>
INTEREST		
Vancouver Foundation	32,066	33,519
Other	7,897	16,007
	<u>39,963</u>	<u>49,526</u>
	<u>\$ 2,362,338</u>	<u>\$ 2,254,984</u>