

*Auditors' Report and Financial Statements of*

**H. R. MACMILLAN SPACE CENTRE SOCIETY**

*December 31, 2003*

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## 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, 2003 and the statements of changes in net assets, operations 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, 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 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.

Chartered Accountants  
Vancouver, British Columbia  
February 20, 2004

# H. R. MACMILLAN SPACE CENTRE SOCIETY

## Balance Sheet

December 31, 2003

ASSETS	2003	2002
<b>CURRENT</b>		
Cash and short-term investments (Note 3)	\$ 70,763	\$ 338,938
Accounts receivable	269,390	196,667
Other assets (Note 4)	3,348	3,084
	343,501	538,689
RESTRICTED INVESTMENTS (Note 3)	103,333	103,333
PROPERTY AND EQUIPMENT (Note 5)	3,150,437	3,837,415
	\$ 3,597,271	\$ 4,479,437
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 366,805	\$ 291,092
Wages and benefits payable	111,241	94,949
Current portion of loan payable (Note 6)	28,800	300,500
Deferred revenue	44,475	40,385
	551,321	726,926
LOAN PAYABLE (Note 6)	7,200	42,000
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Note 7)	2,946,718	3,574,687
	3,505,239	4,343,613
<b>NET ASSETS</b>	92,032	135,824
	\$ 3,597,271	\$ 4,479,437

ENDOWMENT WITH THE VANCOUVER FOUNDATION (Note 9)

APPROVED BY THE DIRECTORS:

Director

Director

**H. R. MACMILLAN SPACE CENTRE SOCIETY**  
**Statement of Changes in Net Assets**  
**Year ended December 31, 2003**

Net assets	Restricted for endowment purposes	Invested in property and equipment	Unrestricted	2003	2002
Balance, beginning of year	\$ 103,333	\$ (79,772)	\$ 112,263	\$ 135,824	\$ (41,615)
(Deficiency) excess of revenue over expenditures	-	(75,484)	31,692	(43,792)	177,439
Debt reduction	-	306,500	(306,500)	-	-
Acquisition of property and equipment	-	427,911	(427,911)	-	-
Deferred contributions	-	(411,436)	411,436	-	-
Balance, end of year	\$ 103,333	\$ 167,719	\$ (179,020)	\$ 92,032	\$ 135,824

**H. R. MACMILLAN SPACE CENTRE SOCIETY**  
**Statement of Operations**  
Year ended December 31, 2003

	2003	2002
REVENUE (Schedule)	\$ 2,355,770	\$ 2,362,338
EXPENDITURES		
Guest services	447,212	417,984
Public programmes	214,563	216,689
Production administration	235,724	236,870
Marketing	257,216	236,718
Education programmes	198,135	180,413
Facility maintenance	169,237	187,427
Finance and administration	215,648	203,150
Director's office	174,626	164,110
Development and fundraising	107,805	117,924
Outreach programmes and special projects	268,568	327,264
Membership	62,963	51,057
	2,351,697	2,339,606
EXCESS OF REVENUE OVER EXPENDITURES BEFORE AMORTIZATION	4,073	22,732
AMORTIZATION OF DEFERRED CONTRIBUTIONS	1,039,405	1,050,732
AMORTIZATION OF PROPERTY AND EQUIPMENT	(1,114,889)	(1,124,115)
	(71,411)	(50,651)
FORGIVENESS OF DEBT (Note 7)	27,619	228,090
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	\$ (43,792)	\$ 177,439

**H. R. MACMILLAN SPACE CENTRE SOCIETY****Statement of Cash Flows**

Year ended December 31, 2003

	<u>2003</u>	<u>2002</u>
<b>OPERATING ACTIVITIES</b>		
(Deficiency) excess of revenue over expenditures	\$ (43,792)	\$ 177,439
Items not affecting cash:		
Amortization of property and equipment	1,114,889	1,124,115
Amortization of deferred contributions related to property and equipment	(1,039,405)	(1,050,732)
Forgiveness of debt	(27,619)	(228,090)
Change in non-cash working capital	23,108	(27,522)
<b>Net cash provided from (used in) operations</b>	<b>27,181</b>	<b>(4,790)</b>
<b>FINANCING ACTIVITIES</b>		
Deferred contributions related to property and equipment	411,436	18,300
Repayment of loan	(278,881)	(60,856)
<b>Net cash provided from (used in) financing activities</b>	<b>132,555</b>	<b>(42,556)</b>
<b>INVESTING ACTIVITY</b>		
Purchase of property and equipment	(427,911)	-
<b>Net cash used in investing activity</b>	<b>(427,911)</b>	<b>-</b>
<b>DECREASE IN CASH AND SHORT-TERM INVESTMENTS</b>	<b>(268,175)</b>	<b>(47,346)</b>
<b>CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR</b>	<b>338,938</b>	<b>386,284</b>
<b>CASH AND SHORT-TERM INVESTMENTS, END OF YEAR</b>	<b>\$ 70,763</b>	<b>\$ 338,938</b>
<b>REPRESENTED BY:</b>		
Cash	\$ 70,763	\$ 74,151
Short-term investments	-	264,787
	<b>\$ 70,763</b>	<b>\$ 338,938</b>

# H. R. MACMILLAN SPACE CENTRE SOCIETY

## Notes to the Financial Statements

Year ended December 31, 2003

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### 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 is not subject to income tax.

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, 2003

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#### 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 SHORT-TERM 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>2003</u>	<u>2002</u>
Inventory	\$ 780	\$ 2,146
Prepaid expenses	2,568	938
	<u>\$ 3,348</u>	<u>\$ 3,084</u>

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**H. R. MACMILLAN SPACE CENTRE SOCIETY**  
**Notes to the Financial Statements**  
Year ended December 31, 2003

5. **PROPERTY AND EQUIPMENT**

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Exhibits and equipment	\$ 3,188,095	\$ 2,755,361	\$ 432,734	\$ 888,175
Leasehold improvements	2,994,951	1,837,823	1,157,128	1,456,621
Motion simulator and Star Theatre equipment	3,100,319	1,917,732	1,182,587	1,492,619
Computer hardware, software and start-up costs	745,351	367,363	377,988	-
	<b>\$ 10,028,716</b>	<b>\$ 6,878,279</b>	<b>\$ 3,150,437</b>	<b>\$ 3,837,415</b>

6. **LOAN PAYABLE**

	2003	2002
Loan	\$ 36,000	\$ 342,500
Current portion	(28,800)	(300,500)
Long-term portion	\$ 7,200	\$ 42,000

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

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 \$36,000 at December 31, 2003 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. In 2003, management revised its estimate resulting in a gain of \$27,619 (2002 - \$Nil).

## H. R. MACMILLAN SPACE CENTRE SOCIETY

### Notes to the Financial Statements

Year ended December 31, 2003

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#### 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>2003</u>	<u>2002</u>
Balance, beginning of year	\$ 3,574,687	\$ 4,607,119
Contributions	411,436	18,300
Amortization	(1,039,405)	(1,050,732)
Balance, end of year	<u>\$ 2,946,718</u>	<u>\$ 3,574,687</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, 2003

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**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>2003</u>	<u>2002</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, 2003 was \$483,559 (2002 - \$471,041).

**10. PENSION PLAN**

The Society and its employees contribute to the Municipal Pension Plan, a multiemployer pension plan, administered by the British Columbia Pension Corporation. The Society's contributions to the Plan for the year ended December 31, 2003 were \$55,277 (2002 - \$51,079).

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.

**11. COMPARATIVE FIGURES**

Certain comparative figures have been restated to comply with the current year's presentation.

## H. R. MACMILLAN SPACE CENTRE SOCIETY

### Schedule of Revenue

Year ended December 31, 2003

	2003	2002
<b>OPERATING REVENUE</b>		
Public admissions	\$ 387,002	\$ 429,326
School admissions	285,490	244,717
Outreach programmes	386,946	341,908
Rentals and corporate sales	104,748	113,851
Laser admissions	127,704	96,778
Memberships	58,758	64,358
Other	5,130	36,689
	<u>1,355,778</u>	<u>1,327,627</u>
<b>OPERATING GRANT</b>		
City of Vancouver	465,443	457,426
<b>FUNDRAISING AND DONATIONS</b>		
	438,435	484,289
<b>EDUCATION EXTENSION PROGRAMMES</b>		
	67,274	53,033
	<u>505,709</u>	<u>537,322</u>
<b>INTEREST</b>		
Vancouver Foundation (Note 9)	23,157	32,066
Other	5,683	7,897
	<u>28,840</u>	<u>39,963</u>
	<u>\$ 2,355,770</u>	<u>\$ 2,362,338</u>