

**RIVER OF DEATH AND DISCOVERY
DINOSAUR MUSEUM SOCIETY**

Financial Statements

**Year Ended December 31, 2020
(See *Independent Auditor's Report*)**

RIVER OF DEATH AND DISCOVERY DINOSAUR MUSEUM SOCIETY
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Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Directors of River of Death and Discovery Dinosaur Museum Society

Opinion

We have audited the financial statements of River of Death and Discovery Dinosaur Museum Society (the Society), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

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 Society in accordance with 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 ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the 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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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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 for 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 on the effectiveness of the 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 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 our auditor's report. However, future events or conditions may cause the 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.

Grande Prairie, AB
May 20, 2021

Sander Rose Bone Grindle LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

RIVER OF DEATH AND DISCOVERY DINOSAUR MUSEUM SOCIETY
Statement of Financial Position
December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 352,200	\$ 149,733
Trade receivables	66,836	9,245
Goods and services tax recoverable	2,006	2,684
Inventory (Note 3)	28,903	36,115
Prepaid expenses	2,088	3,980
	452,033	201,757
TANGIBLE CAPITAL ASSETS (Note 4)	198,738	241,199
INTANGIBLE ASSETS (Note 5)	52,800	66,000
	\$ 703,571	\$ 508,956

LIABILITIES AND NET ASSETS		
CURRENT		
Trade payables and accrued liabilities	\$ 46,083	\$ 49,016
Wages payable (Note 6)	44,560	32,794
Deferred revenue (Note 7)	68,791	67,038
Current portion of long term debt (Note 8)	-	5,900
	159,434	154,748
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)	160,885	164,620
	320,319	319,368
NET ASSETS		
Unrestricted	292,600	52,909
Equity in capital assets	90,652	136,679
	383,252	189,588
	\$ 703,571	\$ 508,956

COMMITMENTS (Note 10)

Approved by

_____ Director

_____ Director

RIVER OF DEATH AND DISCOVERY DINOSAUR MUSEUM SOCIETY
Statement of Operations
Year Ended December 31, 2020

	2020	2019
REVENUE		
Admissions	\$ 103,025	\$ 276,208
Deferred capital contributions <i>(Note 9)</i>	26,176	8,855
Donations and sponsorships	71,276	127,971
Educational programs	14,930	32,871
Facility rentals	12,114	18,429
Fundraising	-	128,877
Gift shop sales	56,147	115,838
Grants - municipal <i>(Note 11)</i>	606,000	760,000
Grants - other	121,924	73,619
Interest	1,853	4,390
Memberships	9,044	13,802
Restaurant	10,854	307,735
Wage subsidy	250,108	-
	1,283,451	1,868,595
EXPENSES <i>(Schedule 1)</i>	1,089,787	1,923,561
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	193,664	(54,966)
OTHER ITEMS		
Write down of intangible assets <i>(Note 5)</i>	-	(40,000)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 193,664	\$ (94,966)

See notes to financial statements

RIVER OF DEATH AND DISCOVERY DINOSAUR MUSEUM SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2020

	Unrestricted	Equity in Capital Assets	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 52,909	\$ 136,679	\$ 189,588	\$ 284,554
EXCESS OF REVENUE OVER EXPENSES	193,664	-	193,664	(94,966)
	246,573	136,679	383,252	189,588
Transfers				
Amortization of tangible capital assets	84,661	(84,661)	-	-
Amortization of intangible capital assets	13,200	(13,200)	-	-
Amortization of deferred capital contributions	(26,175)	26,175	-	-
Deferred capital contributions additions	22,441	(22,441)	-	-
Purchase of tangible capital assets	(42,200)	42,200	-	-
Repayment of long term debt	(5,900)	5,900	-	-
	46,027	(46,027)	-	-
NET ASSETS - END OF YEAR	\$ 292,600	\$ 90,652	\$ 383,252	\$ 189,588

See notes to financial statements

RIVER OF DEATH AND DISCOVERY DINOSAUR MUSEUM SOCIETY**Statement of Cash Flows**

Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 193,664	\$ (94,966)
Items not affecting cash:		
Amortization	97,861	79,737
Deferred capital contributions	(26,176)	(8,855)
Write down of intangible assets	-	40,000
	265,349	15,916
Changes in non-cash working capital:		
Trade receivables	(57,591)	25,201
Goods and services tax recoverable	678	(8,484)
Inventory	7,212	30,894
Prepaid expenses	1,892	(1,790)
Trade payables and accrued liabilities	(2,933)	(27,286)
Wages payable	11,766	129
Deferred revenue	1,753	(105,980)
	(37,223)	(87,316)
Cash flow from (used by) operating activities	228,126	(71,400)
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(42,200)	(11,957)
Proceeds from term deposits	-	20,000
Cash flow from (used by) investing activities	(42,200)	8,043
FINANCING ACTIVITIES		
Deferred capital contributions additions	22,441	40,000
Repayment of long term debt	(5,900)	(6,436)
Cash flow from financing activities	16,541	33,564
INCREASE (DECREASE) IN CASH FLOW	202,467	(29,793)
Cash - beginning of year	149,733	179,526
CASH - END OF YEAR	\$ 352,200	\$ 149,733

See notes to financial statements

RIVER OF DEATH AND DISCOVERY DINOSAUR MUSEUM SOCIETY

Notes to Financial Statements

Year Ended December 31, 2020

1. DESCRIPTION OF OPERATIONS

The River of Death and Discovery Dinosaur Museum Society (the "Society") was established on May 27, 2010, as a not-for-profit organization incorporated provincially under the Societies Act of Alberta and is located in Wembley, Alberta. As a registered charity the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Society operates the Philip J. Currie Dinosaur Museum under a tenancy lease agreement with the County of Grande Prairie No.1 and extends an endowed professorship in paleontology with the University of Alberta. The museum is an international institution for experiential learning dedicated to Alberta's paleontological heritage, through research, collection, preservation, exhibition, public programming, publications and innovative outreach.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Cash

Cash is defined as cash on hand and cash on deposit with financial institution.

Inventory

Inventory consists of gift shop merchandise which is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed capital assets are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Computer equipment	5 years
Computer software	3 years
Fencing	25 years
Leasehold improvements	15 years
Museum exhibit equipment	10 years
Office furniture and fixtures	5 years
Yard equipment	5 years

In the year of acquisition, amortization is not applied. Tangible capital assets under construction or assets acquired during the year but not placed into use are not amortized until they are placed into use.

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RIVER OF DEATH AND DISCOVERY DINOSAUR MUSEUM SOCIETY

Notes to Financial Statements

Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The Society regularly reviews its tangible capital assets for sold or scrapped assets, at which time, the cost and the related amortization are removed from the accounts and any resulting gain or loss on disposal is reflected in revenue. Amortization is recorded in the year of disposition.

Intangible assets

Intangible assets consists of software that will be amortized on a straight-line basis over its estimated useful life of five years. In the year of acquisition, amortization is not applied. Intangible assets under construction or assets acquired during the year but not placed into use are not amortized until they are placed into use. Amortization is recorded in the year of disposition.

Equity in capital assets

Equity in capital assets represents the Society's net investment in tangible and intangible capital assets less any deferred capital contributions and any directly related long term debt.

Revenue recognition

River of Death and Discovery Dinosaur Museum 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. Deferred capital contributions are recognized as revenue on the same basis as the donated or purchased capital assets are amortized. 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.

Donated goods and services

Donated goods and services are recorded at their fair market value at the time of the donation, provided a fair value can be reasonably determined. During the year, \$Nil (2019 - \$43,304) in goods and services were donated.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred. Financial assets reported at amortized cost include cash and trade receivables. Financial liabilities reported at amortized cost include trade payables, accrued liabilities and wages payable.

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RIVER OF DEATH AND DISCOVERY DINOSAUR MUSEUM SOCIETY
Notes to Financial Statements
Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Significant areas requiring the use of estimates include determination of the net realizable value of inventory, fair value of intangible assets, and the rates of amortization of tangible capital assets and intangible assets. Actual results could differ from these estimates.

3. INVENTORY

	2020	2019
Gift shop	\$ 28,903	\$ 30,624
Restaurant	-	5,491
	\$ 28,903	\$ 36,115

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 51,861	\$ 48,024	\$ 3,837	\$ 14,209
Computer software	2,382	2,382	-	-
Fencing	26,958	909	26,049	8,061
Leasehold improvements	55,575	18,525	37,050	40,755
Museum exhibit equipment	111,153	41,388	69,765	78,651
Office furniture and fixtures	212,631	194,892	17,739	57,769
Yard equipment	86,080	62,762	23,318	41,754
Assets under construction	20,980	-	20,980	-
	\$ 567,620	\$ 368,882	\$ 198,738	\$ 241,199

RIVER OF DEATH AND DISCOVERY DINOSAUR MUSEUM SOCIETY
Notes to Financial Statements
Year Ended December 31, 2020

5. INTANGIBLE ASSETS

	2020	2019
Designosaur software	\$ 66,000	\$ 106,000
Write down to fair value	-	(40,000)
	66,000	66,000
Accumulated amortization	(13,200)	-
	\$ 52,800	\$ 66,000

6. WAGES PAYABLE

	2020	2019
Payroll accrual	\$ 18,667	\$ 15,781
Vacation accrual	11,843	8,561
Sick day accrual	13,510	7,835
Banked over time	540	617
	\$ 44,560	\$ 32,794

7. DEFERRED REVENUE

	2020	2019
Canadian Heritage grant - Covid-19 emergency support	\$ 25,000	\$ -
International Paper Foundation grant - Traveling time box project	15,000	15,000
Memberships	2,960	4,828
Rotary Club of Grande Prairie grant - Geo walk project	9,272	35,000
Sponsorship - Aquatera	9,333	9,333
Travel Alberta - Cooperative investment funding	3,957	-
Other	3,269	2,877
	\$ 68,791	\$ 67,038

8. LONG TERM DEBT

	2020	2019
John Deere finance contract loan bearing interest at 0% per annum, repayable in monthly blended payments of \$536. The loan matured on November 18, 2020 and was secured by specified yard equipment.	\$ -	\$ 5,900
Amounts payable within one year	-	(5,900)
	\$ -	\$ -

RIVER OF DEATH AND DISCOVERY DINOSAUR MUSEUM SOCIETY

Notes to Financial Statements

Year Ended December 31, 2020

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent donated contributions of capital assets and externally restricted contributions for the purchase of capital assets. The amortization of deferred capital contributions is recognized as revenue on the same basis as the amortization expense of the donated or purchased assets.

	2020	2019
Deferred capital contributions, beginning of year	\$ 164,620	\$ 114,975
Additions		
Donated capital asset - Ford F350 truck	-	18,500
Encana grant - escape room project	-	40,000
Rotary Club of Grande Prairie grant - Geo walk project	20,414	-
Donation for purchase of terrarium	2,027	-
Less:		
Amortization for the year	(26,176)	(8,855)
Deferred capital contributions, end of the year	\$ 160,885	\$ 164,620

Deferred capital contributions, end of the year, consists of the following:

CIP grant for the designosaur software	\$ 39,800	\$ 53,000
Donated capital assets - forklift, trailers, display cases, Ford F350 truck	59,066	71,620
Donation for purchase of terrarium	2,027	-
Encana grant - escape room project	39,579	40,000
Rotary Club of Grande Prairie grant - Geo walk project	20,413	-
	\$ 160,885	\$ 164,620

RIVER OF DEATH AND DISCOVERY DINOSAUR MUSEUM SOCIETY

Notes to Financial Statements

Year Ended December 31, 2020

10. COMMITMENTS

The Society had a long term operating lease of \$1 per year with the County of Grande Prairie No. 1, in respect to the museum land and building. The lease expired on June 30, 2019, with options to renew. The Society is currently working with the County of Grande Prairie No. 1 to finalize a new long term lease agreement. During the interim, the Society is leasing the museum land and building under an annual lease of \$1 per year.

The Society has on loan display specimens from the University of Alberta Museum that are valued at \$629,650. In accordance with the loan agreement dated May 30, 2016, the Society is responsible for any damage to the borrowed items and is required to insure them.

The Society has a long term operating lease with respect to a 2016 Toyota Prius and a photocopier. Future minimum lease payments as at year end are as follows:

2021	\$	1,631
2022		2,032
2023		2,032
2024		2,032
2025		2,032
Thereafter		169
		<hr/>
	\$	<u>9,928</u>

11. ECONOMIC DEPENDENCE

During the year, the Society received grant funding from the County of Grande Prairie No.1, the MD of Greenview and the County of Saddle Hills which in total represents 47% (2019 - 40%) of the Society's total revenues. Should these municipalities no longer provide funding to the Society, management is of the opinion that continued viable operations would be doubtful. During the year, municipal grant revenue of \$401,000 (2019 - \$500,000) was recognized from the County of Grande Prairie No. 1, \$150,000 (2019 - \$150,000) was recognized from the MD of Greenview, \$50,000 (2019 - \$100,000) was recognized from the County of Saddle Hills.

12. EXCEPTIONAL ITEM

On March 11, 2020, the World Health Organization declared a Global Pandemic for the spread of Covid-19. At this time, it is not possible to determine the length and severity of the pandemic. Management continues to assess the actual and potential impact this pandemic may have on the operations of the Society.

RIVER OF DEATH AND DISCOVERY DINOSAUR MUSEUM SOCIETY
Notes to Financial Statements
Year Ended December 31, 2020

13. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments without being exposed concentrations of risk. The following analysis provides information about the Society's risk exposure at the statement of financial position date.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from facility users. The Society has a number of facility users which minimizes the concentration of credit and limits the exposure to this type of risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of municipal grant funding. The Society monitors its cash flows from operations by preparing and monitoring cash flows against budget and anticipated future requirements based on their needs. It also works with municipalities to secure annual funding for multiple years.

(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 rate risk, interest rate risk and other price risk. The Society is mainly exposed to currency rate risk.

(d) Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society is exposed to foreign currency exchange risk on its payments for exhibit rentals and for the purchase of special equipment which are payable in US dollars. The Society manages this risk by budgeting for these types of expenditures and by limiting the amount and the term of exhibit rental agreements.

RIVER OF DEATH AND DISCOVERY DINOSAUR MUSEUM SOCIETY**Expenses****(Schedule 1)****Year Ended December 31, 2020**

	2020	2019
Accounting and legal	\$ 14,500	\$ 14,600
Advertising and promotion	11,897	32,255
Amortization	97,861	79,737
Building repairs and maintenance	73,718	93,654
Computer servicing	12,163	33,954
Donated gifts in kind	-	43,304
Exhibit rental and maintenance	21,746	16,327
Fundraising	-	56,518
Gift shop merchandise	32,716	63,890
Insurance, licences, and fees	6,984	9,542
Interest, bank charges and merchant fees	7,463	14,575
Museum events	4,076	24,804
Office and sundry	8,982	15,575
Restaurant purchases	9,965	160,523
Sub-contracts	6,265	11,755
Supplies	1,244	5,107
Telephone and internet	36,846	37,861
Theatre royalties	1,671	9,370
Training	100	3,542
Travel, conferences, meals and entertainment	3,443	12,924
Utilities	127,163	118,743
Vehicle	11,343	16,660
Wages and benefits	599,641	1,048,341
	\$ 1,089,787	\$ 1,923,561

See notes to financial statements