

Financial statements of

**Calgary Science Centre and
Creative Kids Museum Society**
(Operating as TELUS Spark)

December 31, 2015

Calgary Science Centre and Creative Kids Museum Society

(Operating as TELUS Spark)

December 31, 2015

Table of contents

Independent Auditor's Report 1-2

Statement of operations 3

Statement of changes in fund balances 4

Statement of financial position 5

Statement of cash flows 6

Notes to the financial statements 7-16

Independent Auditor's Report

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To the Members of
The Calgary Science Centre and Creative Kids Museum Society (Operating as TELUS Spark)

We have audited the accompanying financial statements of the **Calgary Science Centre and Creative Kids Museum Society (Operating as TELUS Spark)**, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, 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 Society'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

Society'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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Calgary Science Centre and Creative Kids Museum Society (Operating as TELUS Spark)** as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Other matters

The financial statements of the Society for the year ended December 31, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on April 15, 2015.

Calgary, Canada
April 21, 2016

Grant Thornton LLP
Chartered Accountants

Calgary Science Centre and Creative Kids Museum Society

(Operating as TELUS Spark)

Statement of operations

year ended December 31, 2015

			2015	2014
	Reserve Fund	Operating Fund	Total	Total
	\$	\$	\$	\$
Revenue				
Grants, sponsorship and donations (Note 12)	8,633,380	725,389	9,358,769	9,816,102
Admissions		2,527,031	2,527,031	2,299,112
Civic operating grant (Notes 12 and 13)		2,313,080	2,313,080	1,948,937
Facility rentals	-	1,627,186	1,627,186	1,685,934
Memberships	-	1,179,291	1,179,291	1,040,050
School programs	-	601,344	601,344	534,953
Parking	-	380,528	380,528	324,133
Dome films	-	276,375	276,375	300,620
Paid programs	-	362,219	362,219	277,888
Retail	-	211,988	211,988	189,052
Other income	11,941	103,909	115,850	98,254
	8,645,321	10,308,340	18,953,661	18,515,035
Expenses				
Amortization	7,360,920	88,044	7,448,964	7,941,126
Compensation	133,569	6,193,686	6,327,255	5,968,287
Facility rentals	-	820,198	820,198	850,547
Professional fees and contract services	235,943	1,022,187	1,258,130	741,410
Utilities and maintenance	-	642,646	642,646	586,064
Computer and telecommunications	-	571,960	571,960	494,469
Advertising	-	389,558	389,558	491,883
Program costs	25,055	393,767	418,822	416,114
Exhibit and film costs	-	440,889	440,889	389,925
Administration	5,322	341,103	346,425	316,134
Hosting	4,828	53,073	57,901	70,397
Gain on disposal of tangible capital assets	-	(10,000)	(10,000)	-
	7,765,637	10,947,111	18,712,748	18,266,356
Excess (deficiency) of revenue over expenses	879,684	(638,771)	240,913	248,679

The accompanying notes to the financial statements are an integral part of this financial statement.

Calgary Science Centre and Creative Kids Museum Society

(Operating as TELUS Spark)

Statement of changes in fund balances
year ended December 31, 2015

	2015			2014
	Reserve Fund	Operating Fund	Total	Total
	\$	\$	\$	\$
Fund balances, beginning of year	-	8,845,878	8,845,878	8,597,199
Excess (deficiency) of revenue over expenses	879,684	(638,771)	240,913	248,679
Interfund transfer	(879,684)	879,684	-	-
Fund balances, end of year	-	9,086,791	9,086,791	8,845,878

The accompanying notes to the financial statements are an integral part of this financial statement.

Calgary Science Centre and Creative Kids Museum Society

(Operating as TELUS Spark)
Statement of financial position
as at December 31, 2015

	2015	2014
	\$	\$
Assets		
Current assets		
Cash	7,138	7,368
Restricted cash (Note 3)	4,577,328	4,300,261
Accounts receivable	539,539	329,728
Current portion of contributions receivable (Note 5)	1,031,771	2,183,021
Goods and Services Tax recoverable	21,531	22,402
Prepaid expenses	732,853	358,354
	6,910,160	7,201,134
Long-term assets under construction (Note 4)	1,125	-
Contributions receivable (Note 5)	2,260,399	3,148,347
Tangible capital assets (Note 6)	99,187,477	105,787,676
	108,359,161	116,137,157
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,092,286	950,490
Government remittances payable	-	2,861
Deferred revenue	950,493	1,062,173
Current portion of deferred contributions related to tangible capital assets (Notes 8 and 13)	5,867,356	5,893,828
Current portion of deferred contributions related to sponsorships (Note 10)	1,031,771	2,183,021
	8,941,906	10,092,373
Deferred contributions related to tangible capital assets (Notes 8 and 13)	88,034,586	93,800,587
Deferred contributions related to operations (Notes 9 and 13)	35,479	249,972
Deferred contributions related to sponsorships (Note 10)	2,260,399	3,148,347
	99,272,370	107,291,279
Commitments (Note 15)		
Fund balances		
Internally restricted (Note 11)	9,086,791	8,845,878
	108,359,161	116,137,157

The accompanying notes to the financial statements are an integral part of this financial statement.

Calgary Science Centre and Creative Kids Museum Society

(Operating as TELUS Spark)

Statement of cash flows

year ended December 31, 2015

	2015	2014
	\$	\$
Operating activities		
Excess of revenue over expenses	240,913	248,679
Items not affecting cash		
Amortization	7,448,964	7,941,126
Amortization of deferred contributions related to tangible capital assets (Note 8)	(5,910,997)	(6,417,668)
Gain on disposition of tangible capital assets	(10,000)	-
	1,768,880	1,772,137
Changes in non-cash working capital		
Accounts receivable	(209,811)	761,166
Contributions receivable	2,039,198	2,164,484
Goods and Service Tax recoverable	871	4,658
Prepaid expenses	(374,499)	52,441
Accounts payable and accrued liabilities	141,796	(66,841)
Government remittances payable	(2,861)	2,861
Deferred revenue	(111,680)	301,240
Deferred contributions related to sponsorships	(2,039,198)	(2,164,484)
Deferred contributions related to operations	(214,493)	4,233
	998,203	2,831,895
Investing activities		
Purchase of tangible capital assets	(849,890)	(2,302,661)
Proceeds on disposal of tangible capital assets	10,000	-
Increase in restricted cash	(277,067)	(905,897)
	(1,116,957)	(3,208,558)
Financing activities		
Deferred contributions received for tangible capital assets	118,524	375,000
	118,524	375,000
Net decrease in cash	(230)	(1,663)
Cash, beginning of year	7,368	9,031
Cash, end of year	7,138	7,368

The accompanying notes to the financial statements are an integral part of this financial statement.

Calgary Science Centre and Creative Kids Museum Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2015

1. Purpose of the organization

Calgary Science Centre and Creative Kids Museum Society (the "Society"), operating as TELUS Spark, is incorporated under the Societies Act of Alberta. The Society is committed to helping people of all ages including families and students understand the importance of the arts, science and technology in their lives by providing fun-filled learning experiences. The Society is a registered charity and is therefore exempt from the payment of income taxes under Section 149(1) of the Income Tax Act.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNFP") and, in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Cash

Cash includes cash on hand and balances with the bank.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year the related expenses are incurred. Unrestricted funds are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Amounts pledged are recorded when received by the Society or when the amount can be reasonably estimated and the collection is reasonably assured. Donations received in kind are recorded at fair market value determined at the date the donation is made.

Donated tangible capital assets and contributions received towards the purchase of tangible capital assets are deferred and amortized to revenue on the same basis as the related depreciable tangible capital assets are amortized.

Operating grants, admissions, facility rentals, memberships, school programs, parking, dome films, paid programs, retail and other income are recognized when the service has been provided, the prices are fixed or determinable and collection is reasonably assured.

Fund accounting

The Reserve Fund is used for future projects and operational requirements. The excess of revenue over expenses in the Reserve Fund is transferred to the Operating Fund each year.

The Operating Fund is used to account for revenue and expenses related to operations, program delivery and administrative activities. The Society restricts the use of portions of its unrestricted fund balances for specific future uses. When incurred, related expenses are charged to the Operating Fund and the balance of internally restricted fund balances is reduced accordingly.

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Donated tangible capital assets are recorded at their fair values at the date of donation. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Building	40 years
Site improvements	40 years
Exhibits	5 years
Computers	3 years
Furniture and fixtures	3 years
Vehicles	5 years

Assets under construction are not amortized until the assets are available for use.

Calgary Science Centre and Creative Kids Museum Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2015

2. Summary of significant accounting policies (continued)

Tangible capital assets (continued)

Tangible capital assets are tested for impairment whenever events or changes in circumstances indicate that an asset can no longer be used as originally expected and its carrying value may not be fully recoverable. An impairment loss is recognized when and to the extent that management assesses the future useful life of an asset to be less than originally expected.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost, unless management has elected to record at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations.

With respect to financial assets measured at cost or amortized cost, the Society recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of operations in the period the reversal occurs.

Contributed materials and services

Contributed materials and services are recognized in the financial statements when their fair value can be reasonably estimated and when the Society would have otherwise purchased them. Contribution of time by volunteers is not recorded as an expense as the dollar amount is not reasonably determinable.

Use of estimates

The financial statements have been prepared in conformity with ASNFPO, which require management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. In the opinion of management, these financial statements reflect, within reasonable limits of materiality, all adjustments necessary to present fairly the results for the year presented. Actual results could differ from these estimates. Assumptions are used in estimating the useful life and potential impairment of tangible capital assets, the collectability of accounts and contributions receivable and accrued liabilities. Management reviews its estimates annually based on current available information.

Operating leases

An operating lease is a lease whereby substantially all of the benefits and risks incidental to ownership of the property are not transferred to the Society. Lease rentals under operating leases are included in the determination of net income over the lease term on a straight-line basis.

Calgary Science Centre and Creative Kids Museum Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2015

3. Restricted cash

	2015	2014
	\$	\$
Externally restricted	109,784	525,463
Internally restricted	4,467,544	3,774,798
	4,577,328	4,300,261

Externally restricted cash primarily relates to grants and donations received which have specified restrictions. The Society has internally restricted cash to accumulate an operating and project reserve (Note 11).

4. Long-term assets under construction

	2015	2014
	\$	\$
Café redesign	1,125	-
	1,125	-

5. Contributions receivable

The outstanding contributions receivable are unsecured, non-interest bearing and expected to be collected over the following periods:

	2015	2014
	\$	\$
2015	-	2,183,021
2016	1,031,771	1,014,025
2017	527,865	513,636
Thereafter	1,732,534	1,620,686
	3,292,170	5,331,368
Current portion of contributions receivable	1,031,771	2,183,021
Contributions receivable	2,260,399	3,148,347
	3,292,170	5,331,368

Contributions receivable have been discounted using the Government of Canada bond yield of 0.74%.

Calgary Science Centre and Creative Kids Museum Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2015

6. Tangible capital assets

	2015		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Building	91,642,791	9,356,554	82,286,237
Site improvements	12,105,821	1,242,275	10,863,546
Exhibits	22,290,857	16,778,000	5,512,857
Computers	498,712	234,561	264,151
Furniture and fixtures	1,273,067	1,078,776	194,291
Vehicles	73,772	7,377	66,395
	127,885,020	28,697,543	99,187,477

	2014		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Building	91,642,791	7,065,484	84,577,307
Site improvements	12,105,821	939,629	11,166,192
Exhibits	21,662,721	12,382,643	9,280,078
Computers	491,250	233,519	257,731
Furniture and fixtures	3,887,054	3,380,686	506,368
	129,789,637	24,001,961	105,787,676

During the year, the Society removed fully amortized assets from cost and accumulated amortization respectively, aggregating \$2,753,382 (2014 - \$123,744).

7. Bank indebtedness

An overdraft facility has been authorized to a maximum of \$500,000 and bears interest at the bank's prime interest rate per annum. As security, a Canadian chartered bank has a general security agreement covering the assets of the Society. At December 31, 2015, \$Nil was outstanding on the overdraft facility (2014 - \$Nil).

Calgary Science Centre and Creative Kids Museum Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2015

8. Deferred contributions related to tangible capital assets

	2015				
	Balance, beginning of year	Contributions received and receivable	Expended on current acquisitions	Utilization	Balance, end of year
	\$	\$	\$	\$	\$
Deferred contributions related to tangible capital assets	99,694,415	3,599	114,925	(5,910,997)	93,901,942
Deferred contributions restricted for future period	-	114,925	(114,925)	-	-
	99,694,415	118,524	-	(5,910,997)	93,901,942

	2014				
	Balance, beginning of year	Contributions received and receivable	Expended on current acquisitions	Utilization	Balance, end of year
	\$	\$	\$	\$	\$
Deferred contributions related to tangible capital assets	105,737,083	-	375,000	(6,417,668)	99,694,415
Deferred contributions restricted for future period	-	375,000	(375,000)	-	-
	105,737,083	375,000	-	(6,417,668)	99,694,415

Deferred contributions related to tangible capital assets

Deferred contributions related to tangible capital assets represent the unamortized contributions received for the purchase of tangible capital assets that have been acquired. Recognition of these amounts as revenue is deferred to periods when the related tangible capital assets are amortized. The contributions are being recognized as revenue on the same basis as the assets acquired are amortized (Note 6). The deferred contributions related to tangible capital assets are expected to be recognized over the following periods:

	2015	2014
	\$	\$
Current	5,867,356	5,893,828
Long-term	88,034,586	93,800,587
	93,901,942	99,694,415

Calgary Science Centre and Creative Kids Museum Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2015

8. Deferred contributions related to tangible capital assets (continued)

Deferred contributions restricted for future period tangible capital assets and expenditures

Contributions restricted for future period acquisitions of tangible capital assets and expenditures are deferred until the tangible capital assets are acquired, and at that time, amortization of the contribution to revenue begins, as described above. Contributions used to fund expenditures are recognized as revenue as funds are expended.

9. Deferred contributions related to operations

Deferred contributions related to operations represent funding received in the current period for future period operations.

	Balance, beginning of year	Contributions received and receivable	Utilization	2015 Balance, end of year
	\$	\$	\$	\$
City of Calgary - Life Cycle contribution	197,317	-	(165,470)	31,847
Casino	2,655	74,437	(73,460)	3,632
Provincial Operating Grant	50,000	-	(50,000)	-
	249,972	74,437	(288,930)	35,479

	Balance, beginning of year	Contributions received and receivable	Utilization	2014 Balance, end of year
	\$	\$	\$	\$
City of Calgary - Life Cycle contribution	235,089	-	(37,772)	197,317
Casino	10,650	-	(7,995)	2,655
Provincial Operating Grant	-	50,000	-	50,000
	245,739	50,000	(45,767)	249,972

Calgary Science Centre and Creative Kids Museum Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2015

10. Deferred contributions related to sponsorships

				2015
	Balance, beginning of year	Contributions received and receivable	Utilization	Balance, end of year
	\$	\$	\$	\$
Community funding - sponsorships	5,331,368	-	(2,039,198)	3,292,170

				2014
	Balance, beginning of year	Contributions received and receivable	Utilization	Balance, end of year
	\$	\$	\$	\$
Community funding - sponsorships	7,495,852	-	(2,164,484)	5,331,368

Deferred contributions related to sponsorships are deferred until the fiscal period in which the funds are provided for and accordingly are recognized as revenue in that corresponding period. The deferred contributions related to sponsorships are expected to be recognized, net of commissions, over the following periods:

	2015	2014
	\$	\$
Current	1,031,771	2,183,021
Long-term	2,260,399	3,148,347
	3,292,170	5,331,368

11. Internally restricted funds

The board of directors restricts the balance of \$9,086,791 (2014 - \$8,845,878) that is otherwise unrestricted funds at the end of the fiscal year to accumulate an operating reserve. These funds are not available for expenditure without prior approval of the board of directors.

Calgary Science Centre and Creative Kids Museum Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2015

12. Grants, sponsorships and donations

	Reserve Fund	Operating Fund	2015	2014
	\$	\$	\$	\$
The City of Calgary	2,895,169	-	2,895,169	3,270,408
Government of Alberta	1,698,903	139,982	1,838,885	1,688,937
Government of Canada	999,991	-	999,991	999,991
Donations	3,039,317	585,407	3,624,724	3,856,766
	8,633,380	725,389	9,358,769	9,816,102

13. City of Calgary funding

The City of Calgary has requested the following schedule be reported which relates to their annual cash contributions. For accounting purposes, the cash contributions may be recognized as revenue in the year received or deferred and amortized on the same basis as the tangible capital assets that the cash was used for, depending on the terms of the agreement (Note 8).

Operating and life cycle

	Contributions deferred, beginning of year	Funding	Expenses	Contributions recognized	2015 Contributions deferred, end of year
	\$	\$	\$	\$	\$
Operations grant					
City of Calgary					
Operating Grant	-	1,982,550	(1,982,550)	-	-
City Life Cycle Grant					
Life Cycle Grant	197,317	-	(165,470)	-	31,847
2015 CRIIP Grant		165,060	(165,060)		
	197,317	2,147,610	(2,313,080)	-	31,847

Calgary Science Centre and Creative Kids Museum Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2015

13. City of Calgary funding (continued)

				2014	
	Contributions deferred, beginning of year	Funding	Expenses	Contributions recognized	Contributions deferred, end of year
	\$	\$	\$	\$	\$
Operations grant					
City of Calgary					
Operating Grant	-	1,911,166	(1,911,166)	-	-
City Life Cycle Grant					
Life Cycle Grant	235,089	-	(37,772)	-	197,317
	235,089	1,911,166	(1,948,938)	-	197,317

For building and capital

				2015	
	Contributions deferred, beginning of year	Contributions	Expensed	Contributions deferred, end of year	
	\$	\$	\$	\$	\$
City of Calgary Building Grant	13,533,980	-	(2,511,298)	11,022,682	
City of Calgary Land					
Improvement Grant	11,166,192	-	(302,646)	10,863,546	
2014 CRIIP Grant	225,000	-	(50,000)	175,000	
	24,925,172	-	(2,863,944)	22,061,228	

				2014	
	Contributions deferred, beginning of year	Contributions	Expensed	Contributions deferred, end of year	
	\$	\$	\$	\$	\$
City of Calgary Building Grant	16,408,266	-	(2,874,286)	13,533,980	
City of Calgary Land					
Improvement Grant	11,468,837	-	(302,645)	11,166,192	
City of Calgary Culture, Parks and Recreation Infrastructure Investment Plan (CPRIP) Grant	-	250,000	(25,000)	225,000	
	27,877,103	250,000	(3,201,931)	24,925,172	

Calgary Science Centre and Creative Kids Museum Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2015

14. Financial instruments

Interest rate risk

Interest rate risk refers to adverse consequences of interest rate changes on the Society's cash flows, financial position and interest expense. The Society's long-term contributions receivable are exposed to interest rate changes. The impact of adverse changes in interest rates is not considered material.

Credit risk

The Society is exposed to credit risk to the extent that its donors and customers may experience financial difficulty and would be unable to meet their obligations. However, the Society has a large number of diverse donors and customers, which minimizes concentrations of credit risk.

Liquidity risk

The Society's objective is to have sufficient liquidity to meet its liabilities when due. The Society monitors its cash balances and cash flows generated from operations to meet its requirements.

15. Commitments

The Society has contracts with vendors for capital projects amounting to approximately \$295,701 relating to the Being Human Exhibit.

The Society has entered into various operating leases for office equipment, communication services and a future exhibit. The leases expire at various dates from March 2016 to March 2022. Annual payments under the leases are as follows:

	\$
2016	937,814
2017	297,492
2018	153,862
2019	78,760
2020	78,760
Thereafter	39,270
	<hr/> 1,585,958 <hr/>