



discovery centre

ANNUAL REPORT 2016



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“Blow a soap bubble and observe it. You may study it all your life and draw one lesson after another in physics from it.

- Lord Kelvin (1824 – 1907).

How appropriate are those words for the newly minted Discovery Centre on the waterfront, from one of the most influential scientists and engineers of the 19th century. The sphere is, by far, the most common three-dimensional geometric shape in nature. In isotropic conditions (when a body is subjected to forces that are exerted in no particular direction) the laws of physics favour the formation of spheres: stars, planets, balls and of course BUBBLES. And so, it can be said that the main purpose of the sphere is to protect and nurture evolution. You will see tributes to the sphere throughout the Discovery Centre, celebrating the bridge between our history and bright future.

For over 30 years the Discovery Centre has been sparking curiosity for the people of Nova Scotia. Now we are in an advanced phase of development, writing new chapters in the book of science engagement and informal STEAM learning in Nova Scotia. Our children are much more technologically savvy and have more global perspective than ever before. They demand fast results and rich multimedia experiences, such as those within the Immersive Dome Theatre.

We have certainly addressed these wants but have maintained an important balance of informal learning to enable young people to build with their hands and with teams through the Michelin Corporate Foundation Innovation Lab, the IMP Aerospace Flight Gallery, the Medavie Health Gallery, RBC Someday Street, and our future state-of-the-art Ocean Gallery. And it's not just youth. Here, all Nova Scotians can explore the real thing, develop a sense of wonder and learn science. They can learn all about bubbles too! Informal hands-on learning is not just a want, or a nice-to-have, but a necessity that will differentiate our province in a competitive global market.

This is even more evident in the field of energy, one of Nova Scotia's fastest growing industries. We are very fortunate to partner with Emera and Nova Scotia Power. Their interest and investment in the Discovery Centre and the future of our province is unprecedented. The

donation of 40,000 sq. ft. of rent-free space for 25 years and a \$1 million sponsorship of the Nova Scotia Power Energy Gallery is a gift that will inspire generations of new engineers and technical professionals.

Thank you to Emera, Nova Scotia Power and all our major donors who are recognized in this annual report, on our website and on the permanent donor wall.

The Discovery Centre has been open to the public in its new home since February 12, 2017 and has already surpassed the highest annual visitation in its history. This was not an easy road, especially since the task of raising \$23 million was driven by a small, dedicated team of staff and volunteers. We tip our hats to the Campaign Cabinet, led by Ian Wilson, which has focused on the goal with intensity and passion over five years, always ready to open doors to new partner opportunities in the private and public sectors.

We would also like to thank the Government of Canada, Province of Nova Scotia, and Halifax Regional Municipality for their commitment to the future of science and technology in Nova Scotia. The public sector's passion for the Discovery Centre is evident both with staff and elected officials!

We have recruited the best management team, science educators, and staff you could find anywhere. Our Discovery Centre is a world class science centre with world class people that make it all work! Please join us as we progress to take our gem of a Discovery Centre to new levels.

Special thanks are also given to our volunteer Board of Directors this year, especially for your support while the team was challenged with no physical location for seven months. We want to also recognize four of our retiring board members for their outstanding service and dedication. Andrew Boswell, Bob MacKay, Doug Raphael, and Rick Emberley, we hope you will maintain your close relationship to the Discovery Centre. Our best wishes to all of you and your families. May you always stay curious.

A message from the Chair and CEO



SRankin
Steve Rankin
Chair of the Board



DBercovici
Dov Bercovici
President & CEO

Our Leadership Team

BOARD OF DIRECTORS

Executive

Steve Rankin
Chair

Dov Bercovici
President & CEO

Owen Barnhill
Treasurer

Andrew Boswell
Member

Pamela Scott Crace
Member

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Dennis Langille

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Jonathan Lewis

Bob MacKay

Stephanie MacQuarrie

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Doug Raphael

Marilyn Webster
(Ex-Officio)

OPERATIONS

Management

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President & CEO

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*Vice President,
Partnerships*

Andrea Durfee
*Manager, Marketing &
Communications*

Wes Guthro
Director, Partnership

Linda Laurence
Manager of Operations

Jeff McCarron
Director of Exhibits

Jennifer Punch
*Director, Marketing &
Sales*

Mark Savory
*Vice President, Assets
Management*

Steve Thurbide
*Manager of Science
Education*

Full-Time Staff

Joana Augusta
Volunteer Coordinator

Laura De Palma
STEAM Facilitator

Mark Dilangalen
*Graphic Designer/
Photographer*

Helen Dolan
*Partnerships
Coordinator*

John Eaton
Exhibit Specialist

Natalie Frank
*Membership & Events
Coordinator*

Ryan Jameson
*Innovation Lab
Coordinator*

Roger Kent
Exhibit Specialist

Sonya Lee
Science Educator

Kara MacPhee
Senior Science Educator

Cat McCluskey
*Front Desk/Shop
Associate*

Chris McDonald
Exhibit/Digital Specialist

Ruth Munro
*Coordinator of Visitor
Experience*

Zabrina Prescott
*Visitor Experience
Developer*

Leah Robertson
STEAM Facilitator

Geoff Seto
*Visitor Experience
Programmer*

Japna Sidhu-Brar
Dome Theatre Presenter

Hillary Yuill
Front Desk Coordinator

Tyson Wagner
Science Educator

“It may be that our cosmic curiosity... is a genetically encoded force that we illuminate when we look up and wonder.

- Neil deGrasse Tyson

Introduction

It is this sense of inner wonder and commitment to stay curious that has been reignited in young and old with the reopening of the Discovery Centre at its new location on the Halifax Waterfront. Whether it's the magnificent 40,000 sq. ft. world-class facility, the state-of-the-art exhibits space, including four permanent galleries, the featured exhibit space, captivating Immersive Dome Theatre or one-of-a-kind innovation lab, the new Discovery Centre has certainly captured the hearts and minds of Atlantic Canadian families and visitors to the area.

Since opening the new location, the Discovery Centre has delivered science, technology, engineering, arts and math (STEAM) education to over 80,000 visitors, expanded

existing revenue sources, including school visits, birthday parties and Discovery Shop purchases, and created new revenue sources such as event and venue rental. The tremendous support from our government and corporate partners speaks to the importance of our organization and the need to be sustainable for years to come.

This Annual Report is a snapshot of our most transformational year in Discovery Centre history; how we have grown as an organization; how we have fostered new partnerships that have positioned us for future growth; how we have delivered dynamic and important content relevant to Nova Scotian families; how we have developed exciting and relevant programs and exhibits which have made

an impact on the community and, last but not least, how we have nurtured an awareness and appreciation for the importance of STEAM education.

We believe the new Discovery Centre has become an iconic educational and cultural destination not only within Atlantic Canada, but on a national and international stage. We celebrate in how far we've come and are elated by the potential and opportunities in store for the future.



At a Glance



73,427

Visitors



2,419

Members



13

Events



1990

Event participants



225

Day Campers



242

Summer Campers



58

Days of Science on the Road



339

Science on the Road Workshops



9,474

Science on the Road Students



51

Days of Science in the Centre



131

Science in the Centre Workshops



2,432

Science in the Centre Students



51

March Break Campers



78

Birthday Parties



237

Cadets



375

Scout and Guides



10

Home School Sessions



32

Discovery OnDemand



Discovery Awards

It was an evening of inspiration as we celebrated Nova Scotia's brightest minds at the Discovery Centre's marquee fundraiser and one of the most prestigious industry events of the year – the Discovery Awards for Science and Technology. A full house of engaged professionals, friends and family watched as a high caliber group of finalists shared the limelight for their exceptional accomplishments in science, technology and innovation. Hosted by CTV's always eloquent Cindy Day, the evening would have not been possible without the continued support of our co-presenting sponsors, Saint Mary's University and Maritimes & Northeast Pipeline.

Hall of Fame Inductees

Dr. Henry Marshall Tory
Jeff Dahn, FRSC

Innovation

Natural Ocean Products Inc.,
CEO, Dr. Jason Berman

Profession of Distinction

Dr. James Robar

Science Champion

Dr. Boris Worm

Emerging Professional

Alec Falkenham

Youth Award

Sophie Fraser



Presenting Sponsors



Gold Sponsors



Reception Sponsor



Media Sponsor



Friends

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MORIYAMA & TESHIMA ARCHITECTS



4th Annual Brain War

Hosted by CTV News Anchor, Pryca Sam, our Annual Brain War event has quickly established itself as one of the most unique and dynamic fundraising events in Nova Scotia. Over 80% of new teams joined us this year for a dynamic blend of logic, intellect, teamwork and luck. Teams of four from high school, post-secondary and corporate battled it out in a series of activities and challenges that ultimately determined the smartest team in Nova Scotia.

A highly entertaining final round saw the top five teams joined by a celebrity "Big Brain" panel - MP, Andy Fillmore and Dr. James Robar, Chief of Medical Physics at the Nova Scotia Health Authority and 2016 Discovery Awards recipient. Joining us again this year was Deputy Mayor Matt Whitman and the Honourable Myra A. Freeman, Former Lieutenant Governor of the Province of Nova Scotia. Each added their own unique expertise and talent to the team for the final challenge of the day.

Once again proving that age is irrelevant, Sacred Heart School of Halifax was crowned this year's Brain War Champion. The 4th annual Brain War was led by an incredible team, including Chair Janelle Sobey, Parkhill Events, and an astounding 50+ volunteers. For the third year in a row. Thank you to co-presenting sponsors Saint Mary's University and Dalhousie University for their support in providing a stage for our best and brightest to compete on while having fun.

Final Results

Champion: Sacred Heart School of Halifax

2nd Place: Dalhousie University

3rd Place: Pathways to Education

4th Place: JASCO Applied Sciences

Co-presenting Sponsor



Associate Sponsor





2016 Featured Exhibits

Circus of STEAM

Our final featured exhibit at 1593 Barrington Street opened at the Discovery Centre with a Big Top celebration of our final chapter at our 25-year home. The exhibit resonated with our new mission of STEM to STEAM and featured the Discovery Centre's very own ringmaster. Conceived, designed and built by the Discovery Centre exhibits & education team, the *Circus of STEAM* featured continuous activity throughout the gallery with live demonstrations, challenges, activities and crafts, all using STEAM as an intersection point.

The Science of Rock N' Roll

Opening the new Discovery Centre was with the raddest, funkiest interactive featured exhibit we've ever hosted! *The Science of Rock N' Roll* was the most popular exhibit in the history of the Discovery Centre and what better way to celebrate the Arts in STEAM. Visitors showed off their chops in a professional recording booth, performed an epic solo on the drums, and riffed out on the electric guitar – all while learning how science and technology have influenced the evolution of rock n' roll!

Best Camps in Town

March Break

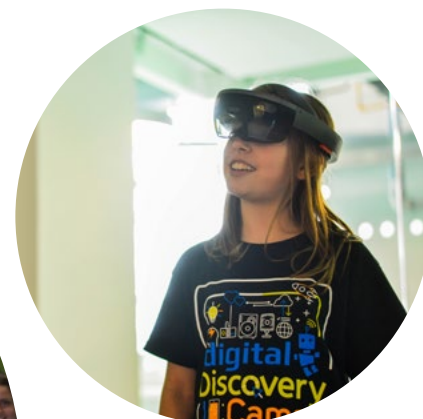
Our first March Break at the new Discovery Centre camp sold out within three weeks of opening registration! A lucky 50+ campers were the first to experience camp in our new facility on the waterfront and our featured exhibit, *The Science of Rock N' Roll*, was a camp favourite throughout the week. Campers enjoyed having the whole centre to themselves at the beginning of each day as more than 15,000 visitors joined us that week!

Summer Camps

Over 240 kids age 6-12 joined us for summer camp to explore a variety of topics such as Science Superheroes, Bust-a-Myth, and Mars Colony. July was our final summer camp held at our Barrington Street location, a monumental moment for all. Mars Colony proved to be our most popular camp as campers had a special skype session with HR MacMillian Space Centre Astronauts in Vancouver! Big thanks to Saint Mary's University for generously providing their lab space to hold our August camps. Moreover, thank you to Pratt and Whitney for helping us inspire and encourage STEAM to the next generation of scientists in Nova Scotia.

Digital Discovery Camp

More than 45 youth ages 9-14 years old were able to take part in the most epic camp here at the centre. In partnership with Digital Nova Scotia this camp goes beyond limits with access to Nova Scotia's most prestigious professionals in Information and Communications Technology (ICT). Campers participated in real hands-on challenges in hardware breakdown, game development, coding and robotics each day. Thank you to our EPIC gigabyte sponsor and pro-mentors at REDspace who provide incredible insight to a virtual world and even a pizza party for our campers. Additional thanks to ResMed and Atlantic Canada Opportunities Agency (ACOA) for supporting this inspirational camp.



In the Schools

Science in the Centre

The ultimate field trip. Science in the Centre offers provincial schools the opportunity to visit us at the Centre for workshops, science shows and a fun-filled frolic through the entire facility. This year, we hosted roughly 130+ classes throughout the school year!

Science on the Road

Over 330 workshops were presented this year through our award-winning outreach program Science on the Road (SOTR). SOTR reaches thousands of Nova Scotian students across the province from Yarmouth to Tatamagouche from Guysborough to Glace Bay. Programming is exclusively designed by our talented Education team and is connected to Department of Education curriculum standards on a grade-by-grade basis.

Sponsored by



Program Partner



Workshop Partners





In the Community

Discovery On Demand

Visiting communities across the province for special events, after school programs and family days, Discovery on Demand, presented by TD reached thousands of Nova Scotians and tourists throughout the year. Taking place at events such as Canada Day on the Commons, Michelin Bike Week and Open City we inspired youth with specialized hands-on STEAM programs. We're excited to announce that with the help of TD we were able to create beautiful new branding materials that make us stand out from the crowd. Thank you TD!



Bubble Parade

In partnership with Canadian Sea Turtle Network in celebration of World Oceans Day, we banded together to create the world's smallest parade for the world's second biggest ocean, the Atlantic! With nearly 80 participants joining us on the Halifax Waterfront we were able to share our love of the ocean, educate on how to protect it and show how celebrating with bubbles and not balloons can help keep our oceans clean. It was a tremendous success!



The Big Build

To launch our public campaign, we wanted to create a big splash with our community, members and stakeholders by coming together to build Canada's largest LEGO® Mosaic Wall. With the help of local artist Holly Carr and Canada's Certified LEGO® builder, Robin Sather, we developed a work of art and science now showcased in our new facility. With special events and visits throughout the city such as IWK Children's Hospital, DND Family Days and the Seaport Market, the public helped build a mosaic that highlighted our 30-year journey from travelling science show to Atlantic Canada's premier science centre.

Amazing events and programs!

A Night with SUE!

Over 150 guests joined us for a special adult-only evening and one incredible night with SUE the T. rex on April 29, 2016. This exciting evening featured a screening in the *Saint Mary's University Faculty of Science Theatre of Dinosaur 13*, an award-winning documentary which tells the "tail" of SUE's incredible discovery! Additional fun themed programs were spread throughout the Centre with games, liquid nitrogen ice cream, popcorn and cretaceous cocktails.



Free Access Evenings

Since the opening of the new Discovery Centre, Free Access Wednesdays has been one of the busier parts of our week. This evening provides access to many families who may not be able to spend on admission or a family pass, offering an educational experience for the whole family. Many of the thanks we have received over the past several months go directly to our sponsors at CIBC and UNIRENT HOLDINGS LTD.



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Above & Beyond

The stars are captivating schools and communities across the province in our travelling planetarium. With the support of Saint Mary's University, we were able to update to a new portable planetarium and its digital content to educate primary to grade 12 in astronomy!



Experiences in STEAM

Science on the Spot

Captivating visitors at every turn is our *Science on the Spot* program. Whether it be a dynamic science demonstration on the main stage or an interactive experiment for a smaller crowd in our exhibit galleries, this program surprises and intrigues our visitors to question and to achieve that “ah-ha” moment.



Mom is a Superhero!

This year we introduced a fun way to celebrate mom with a blend of art and science in a fun-filled weekend and free admission for mom! During this weekend, *Monster Lounge*, a local comic book store, donated hundreds of comic books and fun fan gear to give out to our visitors to celebrate free comic book day! Additional partners joined us to provide hands-on programming such as NSCAD Alumni artists teaching kids how to draw comic cards!

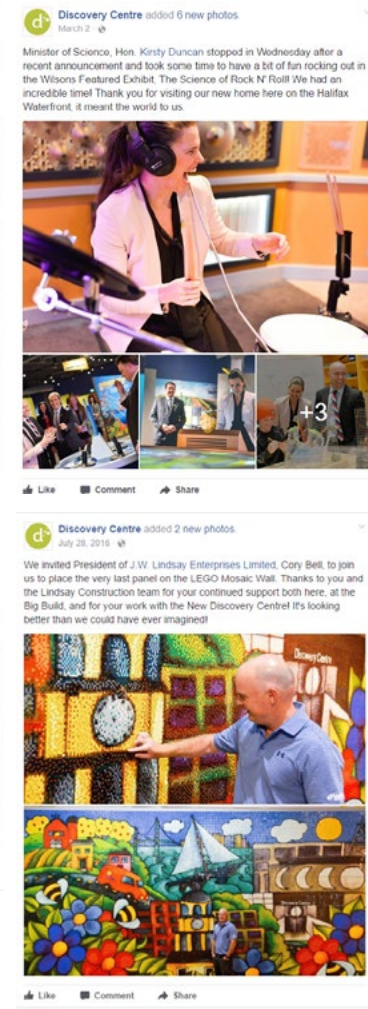
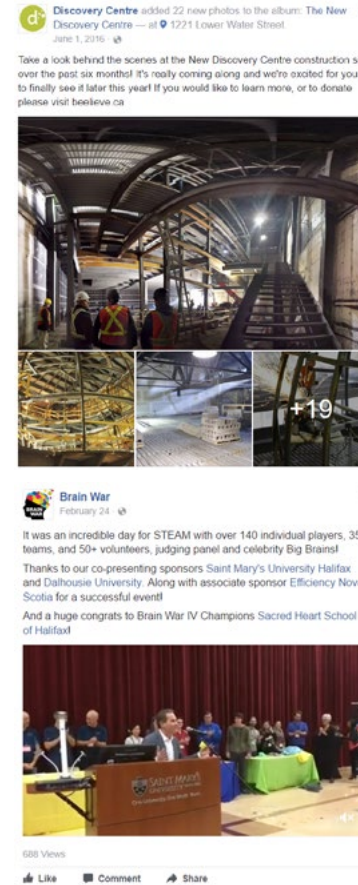
Maker League

On March 23rd, we held our very first DC Makes initiative, Saturday morning *Maker League*. This Saturday Morning league is for youth 9-12 years old. Over the course of eight weeks, participants learn how to design, model, and code their own creations using a variety of different platforms and applying it to cutting-edge technology. This fun and innovative league builds strong critical thinking, communication, and teamwork skills.

This program is made possible with the generous support of accomplished entrepreneur and believer in our youth, **Wade Dawe**.



Talk of the Town



Donors



HALIFAX



J & W Murphy Foundation



Wade K. Dawe

Roy and Gertrude Bishop

The McCain Foundation

Marjorie Lindsay

The Keating Family:
Gregg, Ann Marie,
Susan and Cathy



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Annette Verschuren



Nassim and
Rhonda Ghosn



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The Dr. & Mrs. H.E.
Christie Community
Foundation

The Halifax Youth
Foundation

SM Blair Family
Foundation

The Stevens Family
Foundation



Individual Donors

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Wes and Diane Campbell
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Marjorie Fountain
Mr. Jim Spatz and Ms.

Valerie MacDonald
Lesley and Dov Bercovici
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Mark and Jennifer Parkhill
Carol and Colin Dodds

Margaret and George Waye
Andrew Boswell
Karen and James Farquhar
Hans and Dani Himmelman

Angela and Michael Johnston
Renée Fournier
Steve Ashton
Robert and Mary Anne White

Independent Auditor's Report

To the Members of Discovery Centre,

We have audited the accompanying financial statements of Discovery Centre (the "Centre"), which comprise the statement of financial position as at March 31, 2017 and the statements of changes in net assets, revenue and expenditures and cash flows for the year then ended, and the related notes, which comprise 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 entity'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 entity'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 qualified audit opinion.

Basis for qualified opinion

In common with many charitable organizations, the Centre derives revenues from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Centre. In addition, all of the funding and contributions from government and private donors relating to the construction of the Centre's facility and its exhibits have been recorded as unrestricted revenues. We were unable to obtain sufficient appropriate audit evidence to determine the amount of contributions that are restricted exclusively for property, plant and equipment additions and that should be recorded as a deferred capital contributions and amortized

to revenue over the life of the related asset. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures and cash flows from operations for the year ended March 31, 2017 and current assets, deferred capital contributions and net assets as at March 31, 2017. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants



Financial Statements

STATEMENT OF FINANCIAL POSITION

as of March 31, 2017

	2017 \$	2016 \$
Assets (notes 3 and 5)		
Current assets		
Cash and short-term investments (notes 9 and 10)	1,767,271	298,625
Accounts receivable	472,414	239,804
Government contributions receivable	2,389,620	604,958
HST refund receivable - net	133,069	300,452
Prepaid expenses and deposits	44,065	76,770
Inventories	26,243	24,872
	<u>4,832,682</u>	<u>1,545,481</u>
Property, plant and equipment (note 4)	<u>22,383,324</u>	<u>8,871,792</u>
	27,216,006	10,417,273
Liabilities		
Current liabilities		
Bank indebtedness (note 3)	—	120,000
Accounts payable and accrued liabilities (note 15)	3,181,518	3,108,427
Deferred revenue and deferred contributions (note 11)	2,253,853	15,746
Construction loan (note 5)	8,554,794	1,556,193
Total liabilities	<u>13,990,165</u>	<u>4,800,366</u>
Net assets		
Investment in property, plant and equipment	11,511,541	4,766,506
Internally restricted reserve (note 9)	100,000	100,000
Endowment fund (note 10)	72,000	72,000
Unrestricted	<u>1,542,300</u>	<u>678,401</u>
Total net assets	<u>13,225,841</u>	<u>5,616,907</u>
	27,216,006	10,417,273
Commitments (note 14)		

Approved by the Board of Directors

Director

Director

STATEMENT OF CHANGES IN NET ASSETS

as of March 31, 2017

	Investment in property, plant and equipment \$	Internally restricted reserve \$ (note 9)	Endowment fund \$ (note 10)	Unrestricted \$	2017 Total \$	2016 Total \$
Net assets – Beginning of year	4,766,506	100,000	72,000	678,401	5,616,907	1,317,072
Transfers	6,947,541	—	(653)	(6,946,888)	—	—
Excess of revenue over expenditures for the year	(202,506)	—	653	7,810,787	7,608,934	4,299,835
Net assets – End of year	<u>11,511,541</u>	<u>100,000</u>	<u>72,000</u>	<u>1,542,300</u>	<u>13,225,841</u>	<u>5,616,907</u>

STATEMENT OF REVENUE & EXPENDITURES

For the year ended March 31, 2017

	2017 \$	2016 \$
Revenue		
Campaign funding (note 8)	8,355,576	5,071,738
Admissions, memberships and workshops	851,934	704,417
Government contributions (note 7)	393,345	393,596
Fundraising and donations	407,372	341,628
Retail income	83,552	164,120
Special events (note 6)	236,037	216,381
Other	21,779	14,207
Investment income earned on endowment fund	653	148
	<u>10,350,248</u>	<u>6,906,235</u>
Expenditures		
Salaries and benefits	921,656	591,038
Exhibits, programs and administration	567,523	607,860
Campaign costs (note 8)	615,799	730,766
Rent and common area charges	262,119	411,609
Retail – cost of goods sold	57,893	105,238
Special events (note 6)	<u>113,818</u>	<u>112,027</u>
	<u>2,538,808</u>	<u>2,558,538</u>

STATEMENT OF REVENUE & EXPENDITURES (Continued)

For the year ended March 31, 2017

Excess of revenue over expenditures for the year before the following income	7,811,440	4,347,697
Amortization of property, plant and equipment	(180,006)	(46,156)
Interest on long-term debt	(22,500)	(1,706)
	(202,506)	(47,862)
Excess of revenue over expenditures for the year	7,608,934	4,299,835

STATEMENT OF CASH FLOWS

For the year ended March 31, 2017

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	7,608,934	4,299,835
Charges (credits) to excess of revenue over expenditures not involving cash		
Amortization of property, plant and equipment	180,006	46,156
Amortization of deferred capital contributions	-	-
	7,788,940	4,345,991
Net change in non-cash working capital items related to operations		
Decrease (increase) in accounts receivable	(232,610)	(17,611)
Decrease (increase) in government contributions receivable	(1,784,662)	(604,958)
Decrease (increase) in HST refund receivable	167,383	(223,221)
Decrease (increase) in inventories	(1,371)	11,217
Decrease (increase) in prepaid expenses and deposits	32,705	(33,437)
Increase (decrease) in accounts payable and accrued liabilities	406,016	(339,952)
Increase (decrease) in deferred revenue and deferred contributions	2,238,107	(1,177,751)
	8,614,508	1,960,278
Financing activities		
Increase (decrease) in bank indebtedness	(120,000)	(126,000)
Increase in construction loan	6,998,601	1,556,193
	6,878,601	1,430,193
Investing activities		

Investment in property, plant and equipment	(14,024,463)	(4,979,890)
Net change in cash and short-term investments during the year	1,468,646	(1,589,419)
Cash and short-term investments - Beginning of year	298,625	1,888,044
Cash and short-term investments - End of year	1,767,271	298,625
Non-cash transactions (note 4)		

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2017

1. Description of operations

Discovery Centre (the "Centre") is a non-profit organization, which operates a hands-on science and technology centre. The Centre is a registered charity under the Income Tax Act and therefore, is not required to pay income taxes.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with and reflect the following policies and practices:

a) Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") as issued by the Canadian Accounting Standards Board.

b) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

There was no provision or reversal of provision against inventory during the year.

c) Property, plant and equipment and amortization

Leasehold improvements, equipment and fixtures and exhibits are recorded at cost or in the case of donated assets, at estimated fair market value where determinable with reasonable certainty. Salaries, materials and other costs directly attributable to the construction of exhibits are capitalized.

Amortization of property, plant and equipment is provided on a straight-line basis over the estimated useful lives of the assets once put into commercial use at the following rates:

Exhibits	10 years
Equipment and fixtures	3 - 5 years
Vehicle	3 years
Computer equipment	2 years

All donations, government grants and funding of capital additions out of revenue related to the purchase or construction of property, plant and equipment increase the investment in property, plant and equipment.

Leasehold improvements for the current lease facility are amortized on a straight-line basis over the term of the lease which is 20 years.

Interest paid on the construction loan related to the construction of the leaseholds and exhibits is capitalized during the term of construction.

d) Revenue recognition

The Centre follows the deferral method of accounting for contributions, which include government grants. Contributions and income related to future periods are recorded as deferred revenue and is only recognized as revenue when earned.

Restricted contributions for the purchase of property, plant and equipment are deferred and amortized to revenue on the same basis as the amortization on the purchased property, plant and equipment. A restricted contribution may be provided for a certain area of activity, for example the capital campaign for the new Centre, without the contributor specifying which portion is to be used to acquire property, plant and equipment. In order for a contribution to be accounted for as a contribution restricted for the purchase of a property, plant and equipment, the contributor must specify the portion of the contribution that is to be used to purchase property, plant and equipment. If the contributor does not so specify, then the contribution would be recognized as revenue when spent for the particular purpose covered by the restriction, regardless of the fact that some of the expenditures may relate to the purchase of property, plant and equipment.

Unrestricted contributions are recognized as revenue when received or receivable to the extent that amounts to be received can be reasonably estimated and collection is reasonably assured.

e) Donated and volunteer services

Donated services by corporate contributors, where the value of the services can be estimated, are recorded as revenue in the period in which the services are provided.

Due to the difficulty in determining the value of volunteer services, these donated services are not recorded in the financial statements.

f) Pledges

A pledge is recorded as revenue if collection is reasonably assured.

g) Management estimates

The presentation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those reported.

h) Financial instruments

The Centre has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value. Financial instruments consist of accounts receivable, which will result in future cash receipts, as well as accounts payable and accrued liabilities, bank indebtedness and construction loan, which will result in future cash outlays.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of judgment and, therefore, cannot be determined with precision. Changes in assumptions could affect the estimates.

Financial instruments are to be recognized depending on their classification and the Centre has implemented the following classifications:

- Cash and short-term investments are classified as "Financial Assets Held-for-Trading". These financial assets are marked-to-market through the statement of changes in net assets at each year-end.
- Accounts receivable are classified as "Loans and Receivables". After their initial fair value measurement, they are measured at amortized cost using the effective interest method.
- Accounts payable and accrued liabilities, bank indebtedness and construction loan are classified as "Other Financial Liabilities". After their initial fair value measurement, they are measured at amortized cost, net of transaction costs, using the effective interest method.

3. Bank indebtedness

The Centre has an authorized revolving demand facility in the amount of \$250,000 which bears interest at prime plus 2% and the Centre has provided a general security agreement over all assets as security for the operating line facility.

4. Property, plant and equipment

			2017	2016
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Exhibits	6,811,749	56,330	6,755,419	46,957
Leasehold improvements	15,074,105	62,327	15,011,778	-
Equipment and fixtures	233,003	6,473	226,530	-
Vehicle	33,344	33,344	-	-
Computer equipment	154,327	6,430	147,897	1,490
Assets under construction	241,700	-	241,700	8,823,345
	22,548,228	164,904	22,383,324	8,871,792

Of the additions to property, plant and equipment in the current year, \$2,855,679 had not been paid at year-end and was included in accounts payable. These amounts were excluded from the statement of cash flow.

5. Construction loan

	2017 \$	2016 \$
RBC 1 year revolving term loan with an authorized amount of \$9,000,000, bearing interest at the bank prime interest rate plus 0.50% and which the balance outstanding as at June 30, 2017 and/or upon substantial completion of the facility is to be converted to a fixed term loan with fixed principal payments amortized over the lesser of 48 months or the timeline of residual pledge receipts plus interest at the bank prime interest rate plus 50% based on a term of 1 year, secured by a general security agreement constituting a first ranking security interest in all personal property of the Centre	8,554,794	1,556,193

6. Special events

During the year, the Centre held two special events. The events resulted in a net excess of revenue over expenditures of \$104,354 (2015- \$95,482).

	2017 \$	2016 \$
Sponsorships and registration revenue	236,037	216,381
Expenditures	113,818	112,027
	122,219	104,354

7. Government contributions

During the year, the Centre recorded government contributions for the operations of the Centre as follows:

	2017 \$	2016 \$
Government of Nova Scotia	220,000	220,000
Halifax Regional Municipality	145,000	145,000
Employment grants	28,345	28,596
	393,345	393,596

8. Campaign funding and costs

During the year, the Centre received restricted funding from government and private donors and recorded expenditures to support the move to the Halifax waterfront as follows:

	2017 \$	2016 \$
Revenue		
Government of Canada	3,583,858	1,762,328
Government of Nova Scotia	1,200,000	2,350,444
Halifax Regional Municipality	2,000,000	–
Private donors	1,571,212	957,882
Investment income	506	1,084
	<u>8,355,576</u>	<u>5,071,738</u>
Expenditures		
Campaign costs		
Staffing	237,788	418,487
Administrative and marketing activities	378,011	312,279
	<u>615,799</u>	<u>730,766</u>
Excess campaign revenue over expenditures	<u>7,739,777</u>	<u>4,340,972</u>

9. Internally restricted reserve

In 2005, the Board approved the creation of an internally restricted reserve, which can only be used for specific expenditures. No transfers were approved through fiscal 2015. As a result, \$100,000 (2015 - \$100,000) of cash in the operating fund is restricted from general use by the Centre.

10. Endowment fund

During 2009, a \$252,000 grant was received from Democracy 250, of which \$72,000 was specifically identified to be maintained as an Endowment fund to be invested in a GIC or other secure investment vehicle approved by the donor. Annual income derived from the investment will support youth to participate in the Science on the Road Program.

11. Deferred revenue and deferred contributions

	2017 \$	2016 \$
Deferred revenue	53,853	15,746
Deferred Capital Project contributions received	2,200,000	–
	<u>2,253,853</u>	<u>15,746</u>

12. Capital management

The Centre defines capital as net assets. Currently, the Centre has no defined targets for net assets and operates under the culture of a balanced budget with goals of modest surplus to build capital. Management intends to formalize its capital management targets in the near future. There are currently no external restrictions on capital for the Centre.

13. Financial instruments and risk management

Senior management of the Centre are responsible for setting acceptable levels of risk and reviewing risk management activities as necessary.

i. Fair value of financial instruments

The following table sets out the approximate fair values of financial instruments as at the financial position date:

	Carrying value \$	Fair value \$
Accounts receivable (trade, government and HST)	2,995,103	2,995,103
Accounts payable and accrued liabilities	3,181,518	3,181,518
Construction loan	8,554,794	8,554,794

Fair value of items, which are short-term in nature or are variable instruments, have been deemed to approximate their carrying value.

ii. Risk management

The Centre, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, interest rate risk and liquidity risk. Management is responsible for setting acceptable levels of risk and reviewing risk management activities as necessary.

Management believes the Centre is exposed to normal credit risk with respect to its accounts receivable. Provisions are maintained for potential credit losses and no such losses have been recognized to date. Management believes the Centre is not subject to significant credit concentration or other credit risk.

Management believes that the Centre has no significant interest rate risk as the only financial instrument that has a variable interest rate is the revolving demand facility, as outlined in note 3 and the construction loan, as outlined in note 5. Fluctuations in the prime lending interest rate will have a moderate impact on the Centre's results of operations.

Management believes the Centre has no significant liquidity risk as its assets are liquid in nature.

14. Commitments

The Centre is in a twenty year lease agreement with Nova Scotia Power Inc. for the premises at 1215 Lower Water Street, Halifax, Nova Scotia. The Centre will pay a nominal minimum base rent of one dollar per year during the term of the lease agreement.

In addition, the estimated commitment for the design and construction of the Oceans Gallery during the year ending March 31, 2018 is \$1,382,830 which will be offset by contributions from government and the private sector. The amount of the commitment is subject to any agreed upon changes that may occur in contractual arrangements with the supplier and project scope.

The minimum annual lease payments for a photocopier and vehicle during the next four years are as follows:

Year ending March 31, 2018	\$7,712
2019	\$7,712
2020	\$7,712
2021	\$7,712

15. Government remittances

Government remittances consist of amounts (such as sales taxes and payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts become due. In respect of government remittances, the Centre had a net payable amount of \$nil at the statement of financial position date (2016 - \$nil).

This year would not have been possible without the amazing support of our members, visitors, donors and the community who collectively enable us to fulfill our STEAM mission.

A heartfelt thank you.

