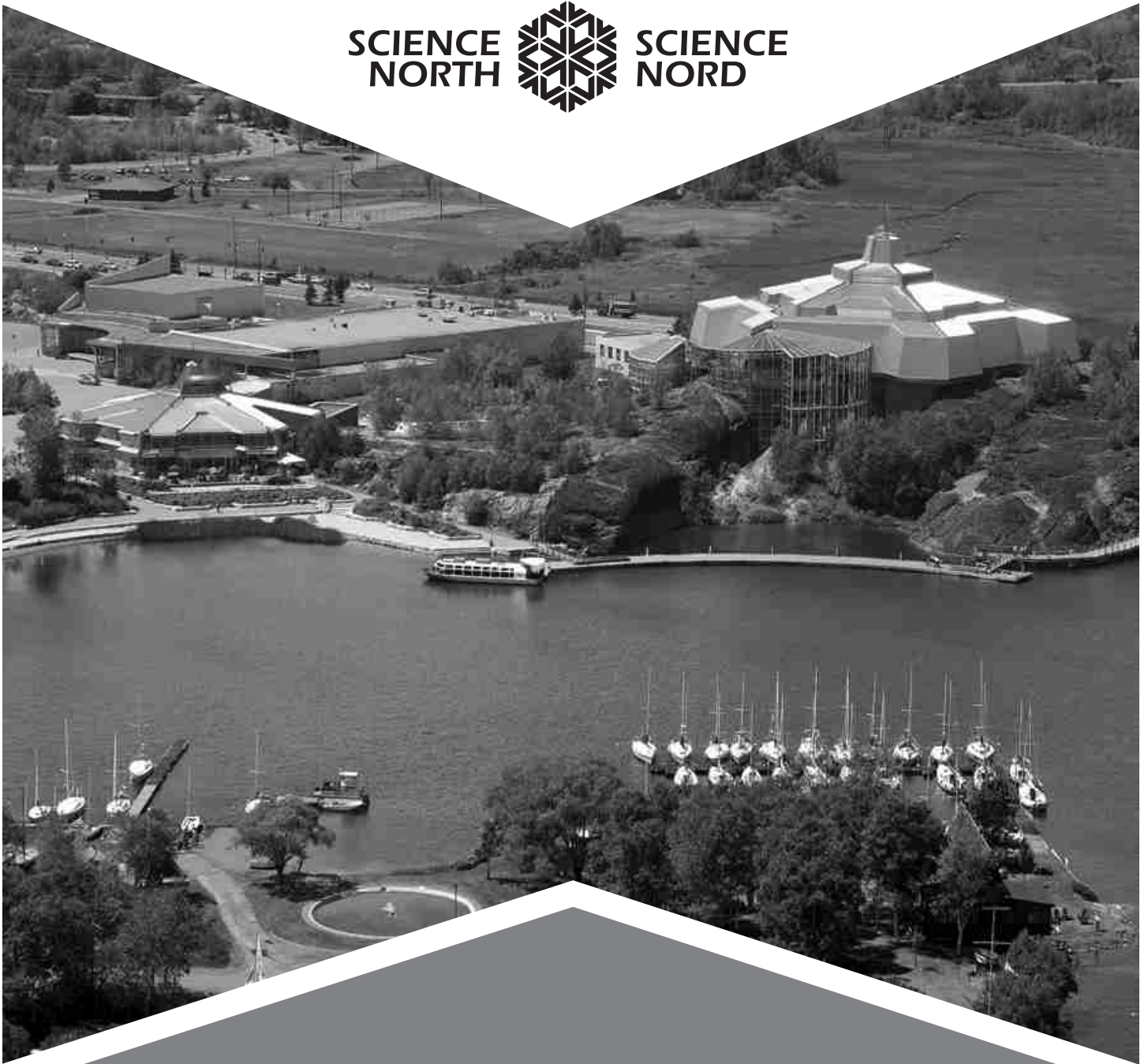




Science North Annual Report

2005-2006



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100 Ramsey Lake Road, Sudbury, Ontario P3E 5S9
705-522-3701 sciencenorth.ca

Science North is an agency of the Ontario Ministry of Culture.



Mission Statement:

Science North creates and markets high quality science education and entertainment experiences in English and French which involve people in the relationship between science and everyday life.

Strategic Priorities:

Science North will develop and deliver continuously changing science experiences to serve all its audiences.

Science North will secure the resources, build, and open Phase 2 of Dynamic Earth.

Science North will secure the resources it needs to successfully pursue its mission.



Fast Facts

(April 1, 2005 - March 31, 2006)

Total Tickets Sold	290,132	
Family/Individual Memberships	2,416	
Gold (Corporate) Memberships	44	
Employees	65	permanent and long term
.....	119	casual, contract and hourly
Total	184	
Volunteers	150	
.....	13,593	hours

Education Programs - School Groups

Science Centre	29,872
Dynamic Earth	5,139
IMAX® Theatre	18,407
Virtual Voyages	3,142
Path of Discovery	1,950
Total admissions	58,510

IMAX® is a registered trademark of IMAX Corporation.

Science Programs & Workshops

Science Camps	1,078	participants (12 communities)
Specialty Programs.....	869	participants
New Year's Eve Event	866	participants
Halloween Event	3,124	participants
Sunset to Sunrise Camp-Ins	2,387	participants
After School Program	52	participants
Outreach Programs	20,780	participants (8 communities – including 7 fairs and festivals)

Admissions

Science North.....	131,784
Science North IMAX Theatre	85,763
Virtual Voyages.....	29,898
Dynamic Earth.....	42,687
Total.....	290,132



Letter from the Chair

The Honourable Caroline Di Cocco
Minister of Culture
Queen's Park
Toronto, Ontario

Dear Minister:

On behalf of the Board of Trustees, it is my pleasure to submit to you the Annual Report for 2005/2006. I want to acknowledge the financial support the Ministry of Culture has provided Science North in March 2005. This support helped the organization start the year much better financially. The additional \$210,000 given to the organization in March 2005 decreased the deficit to less than \$50,000.



Although the management team had prepared a very conservative budget for 05-06, attendance and revenue still came short of expectations. The Board and staff of Science North wish to express their gratitude to the Ministry for the \$1 million for support of operating endeavors provided in March 2006. This meant Science North would not have an operating deficit and could focus on opportunities for new earned revenue in the next fiscal year.

We appreciate the fact the government recognizes that Science North has a funding challenge, largely since it is the first time since 1992 Science North has had any increase in operating support. We thank you and your staff for your continued work within government to address this funding problem.

Through these challenges Science North continues to increase its self generated revenues and have economic impact at a local and regional level. In May 2005, Minister Meilleur attended a reception to release an economic impact study prepared by urbanMetrics inc. on Science North. This study shows that since opening, Science North has *"attracted some 6.5 million admissions and is described by the City of Sudbury as the backbone of its tourism industry"*. In section 5, Science North: A Model of Operating Efficiency, it states *"Science North has an entrepreneurial history that has allowed it to generate a substantial volume of own revenues and compared to other major Ontario science and cultural facilities has become more efficient in terms of utilizing public operating subsidies."*



Admission revenue accounted for about 14% of the revenue in 2005-2006. Over the summer staff have done a great job of upselling visitors to Dynamic Duo passports which increase per capita revenue and extend the visitor length of stay by having them visit Dynamic Earth, a Science North attraction located a few kilometres from the main site. Visitor comments at Dynamic Earth are very good but it is clear that an expansion at Dynamic Earth will improve the experience. A large mining equipment company, Atlas Copco committed \$410,000 to the attraction, \$150,000 of it for the capital project. By the end of the fiscal year, NOHFC, the City of Greater Sudbury and FedNor had all committed to funding the project. The expansion of the attraction will be completed by March 2007.

Travelling exhibit leases and exhibit and consulting sales increase self-generated revenue for this organization and provide funds to create a changing visitor experience. Science North has toured the *Climate Change Show* and by the end of March 2006, this travelling exhibit had toured 11 locations. Science North is now developing a new travelling exhibit called *Ends of the Earth: From Polar Bears to Penguins*. Just in time for International Polar Year, Science North will provide an incredible experience about science at both poles. It will start its tour at Science North in March 2007 and be on tour for the next 5 years. Science North, capitalizing on this opportunity by seeking funding for the development of the exhibit and by providing great visibility for sponsors, is able to secure grants and sponsorships that will provide Science North with new exhibits for its own visitors for six months and then provide lease revenues to be reinvested in the science centre.

On behalf of the Board of Trustees I would like to thank the staff and volunteers of Science North, and our community partners, for the achievements we have enjoyed over the past year. I would also like to thank you and your Ministry for your ongoing support. We look forward to working with the Ministry of Culture as we continue to plan and build for the future.

Sincerely,



Risto Laamanen
Chair, Board of Trustees



Report from the Chief Executive Officer

I want to begin by thanking the Minister for the year-end financial support given to Science North in March 2006. The beautiful hot summer days and few rain days had a negative impact on Science North attendance. Poor May/June year-end school attendance also impacted visitation. This funding means we will not have to access the financial reserves and will allow us to focus and invest in programs and strategies for the future.

Visitors at Science North enjoyed great science experiences in 2005/2006. From March to September 2005, Science North hosted close to 90,000 people as they visited the *Speed* special exhibit. From October to January, 20,400 individuals played during the *Lego Adventure* special exhibit and during March 2006, over 18,000 visitors took part in the *Grossology* special exhibit that continued its run into September 2006. Changing experiences attract new audiences, encourage the purchase of memberships and keep visitors coming back. The early success of *Grossology* is an indication this exhibit will attract many visitors during the 2006 season.

Dynamic Earth hosted almost 43,000 visitors including almost 5,000 students this fiscal year and received highly positive comments. Fundraising for the Phase 2 capital campaign continued throughout the year and Atlas Copco was announced as the lead sponsor in December with their \$150,000 donation. With Sudbury's strong economy in the mining sector and the support of the provincial and federal governments, we expect to reach the capital campaign goal of \$1 million before December 2006.

Travelling exhibits continue to be important business for Science North. Since the beginning of its tour, *The Climate Change Show* travelling exhibit has been hosted in 11 locations. *The Discovering Chimpanzees: the remarkable world of Jane Goodall* travelling exhibit has been leased by 11 organizations since the beginning of its tour in 2002. In 2005-2006, the exhibit was hosted at The Children's Museum of Indianapolis, Indiana, Manitoba Museum in Winnipeg, Manitoba, North Carolina State Museum of Natural Sciences in Raleigh, North Carolina, and the Omaha Children's Museum in Omaha, Nebraska. Science North staff are now working on a new travelling exhibit entitled *Ends of the Earth: From Polar Bears to Penguins*. The exhibit will premiere at Science North in March 2007 and then begin a five-year tour.

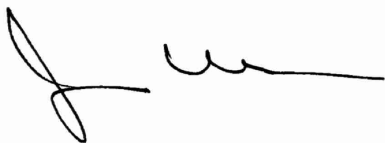


This year, Science North became the recipient of Cambrian College's Fred Sheridan Award. The award is given for "contributions to the advancement and betterment of society through extraordinary service to education."

In September 2005, eight full-time students and 2 part-time students began classes to obtain their graduate diploma in Science Communication offered by Laurentian University and Science North. Scholarships worth a total \$21,000 were awarded to the program's first students. A first of its kind in North America, the Science Communication program will develop strong science and technology communicators to make science understandable to the general public.

A changing science centre, special events/exhibits and new programs have all been made possible because of funding partners. It is important to recognize the large contributions from the Northern Ontario Heritage Fund (NOHFC), the City of Greater Sudbury, FedNor, the Federal Cultural Spaces program and Atlas Copco (a mining equipment company) for their contributions to Dynamic Earth Phase 2. We also recognize the Ministry of Culture for their contribution to the *Grossology* special event from the Ontario Cultural Attractions Fund (OCAF). This is just a selection from a large number of donors and sponsors. This support is of utmost importance and I thank all of the donors for enabling Science North to provide these great experiences.

I also thank the staff, volunteers and Board of Trustees of Science North for the many achievements over the past year. I look forward to our upcoming strategic planning exercise as we set the priorities for the next three years.



James Marchbank
Chief Executive Officer



Strategic Priority #1

Science North will develop and deliver continuously changing science experiences to serve all its audiences.

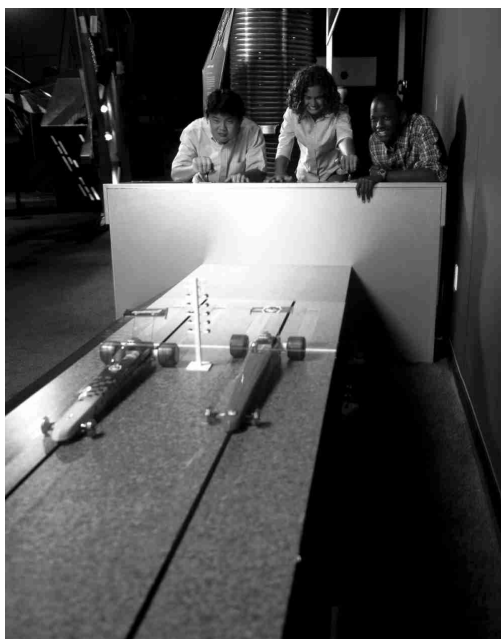
Science North is recognized as a world leader for its personal Bluecoat style of communicating science. That style and continuous change in experiences maintain its position as a world leader in attendance relative to market size. Change to exhibits and theatres and increasing change and experiences in the Special Exhibits Hall will be pursued. New market opportunities and methods and locations of delivery will be pursued for science workshops. New web-based and outreach opportunities for communicating science will also be sought. Opportunities for outdoor science experiences will be pursued.



Key initiatives in 2005-06 included:

Science Communication

After several years of intense preparation, the Science Communication diploma program welcomed its Charter Class in September 2005. Eight students enrolled in the program full-time, and two enrolled part-time. This program is a joint effort between Science North and Laurentian University. Classes are held on both sites and the teaching load is shared by Laurentian University faculty and Science North staff. Scholarships were available for every full-time student, thanks to the generosity of FedNor, the MacLeod Trust Fund, and Science North CEO Jim Marchbank.



Special exhibitions

Science North hosted two major science exhibitions in the Special Exhibits Hall. *Speed*, a travelling exhibit from COSI in Columbus, Ohio, was on display from March 5 to September 5, 2005. In the fall, Science North collaborated with Lego to put together a construction and engineering event called *Lego Adventure*. The exhibition ran October 8, 2005 to January 8, 2006. In conjunction with *Lego Adventure*, Science North hosted Northern Ontario's premiere First Lego League Robotics Competition. Winners from this competition competed at the national championships held in Toronto.



Renewal of the TD Canada Trust Toddlers Treehouse

This was the final year of TD Canada Trust's financial pledge in support of the Toddler Treehouse and the funds were invested back into renewal of the space. Several of the most popular exhibits, including the Science Alphabet and the Cave, were rejuvenated with new content. Plans were created for a new 'pirate ship' and a kid-friendly electronic piano ready for implementation in the summer of 2006.

Ends of the Earth and WaterWorks – travelling exhibitions

The staff team, led by Senior Scientist Jennifer Pink, continued the development of a new travelling exhibition called *Ends of the Earth: From Polar Bears to Penguins*. This exploration of polar science will be the featured exhibition at Science North in the summer of 2007. In the fall of 2007, it will begin a five-year tour of North America.

Design work also continued on *WaterWorks*, a travelling exhibition about the physical properties of water and its importance as a natural resource. This exhibit will be completed in 2008.

Science camps, workshops, and camp-ins

Week-long summer science camps were offered in Sudbury, Sault Ste. Marie, Timmins, Chapleau, Moosonee, Haileybury, Kapuskasing, Hearst, Gore Bay, North Bay, Wawa, and Barrie. A total of 1,078 children attended these camps.

In addition to summer science camps, Science North also offered a wide variety of science workshops in the science centre throughout the year. The Sunset-to-Sunrise Camp-ins remained popular, particularly in May and June.

After-school Science Kids (ASK)

Science North implemented a new after-school science program for elementary school students. The ASK program hosted children every day after school and offered science-based activities in and around the science centre. The first year has proved to be very successful, with fifty-two children enrolled.

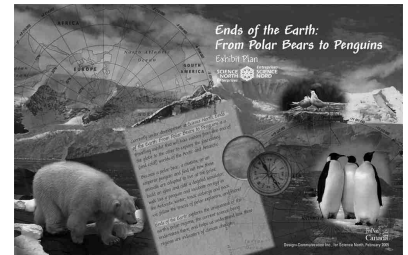
Research and evaluation

Science North has started to apply rigorous evaluation tools to its science experiences to understand their emotional and educational impact.

Exhibits evaluated included the new BodyZone, Magnets, the Microscope Lab, and the Forest Fire Centre. The results of these evaluations are being used to refine the experiences and to assess their effectiveness.

Great Canadian Science Adventure

Science North continued to take the lead in this collaborative exhibit project. Member institutions of the Canadian Association of Science Centres are working together to create a travelling exhibition to be shown across Canada. Most of the effort this year has gone towards fundraising, but the design development team was also busy, researching and refining exhibit concepts. The exhibit is scheduled to be completed in 2007.



Strategic Priority #2

Science North will successfully operate Dynamic Earth and secure the funding for Phase 2 development.

Dynamic Earth was successfully launched in 2003 despite one of the most devastating years in Ontario tourism history. Science North will build on that success by analyzing the strengths and weaknesses of Dynamic Earth, audience response to the attraction and operating experience as it plans, funds and completes Phase 2. The opening of Dynamic Earth Phase 2 is scheduled for March 2007.



Key initiatives in 2005-06 included:

New developments for the visitor experience

An outdoor geological tour was added in July 2005. New cart shows on geology and the properties of nickel were also implemented. The core underground experience remained unchanged, and visitor satisfaction remained high.



Halloween

The annual Halloween event attracted 3,124 visitors. The event ran from October 19 to 31 and featured spooky tour underground and plenty more eerie activities on surface.

Programs at Dynamic Earth

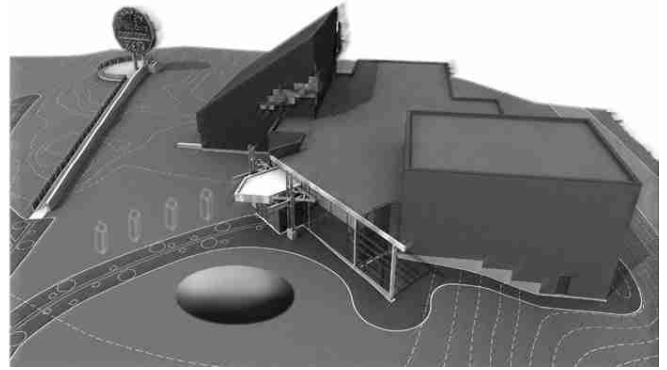
Dynamic Earth offered a wide range of curriculum-based school programs to 5,139 students. In addition, the Path of Discovery and Manitoulin bus tours continued to be a popular offering for visiting schools, particularly in the May-June period.



Development of Phase 2

The planning and implementation for Phase 2 of Dynamic Earth commenced in earnest in the fall of 2005. Phase 2 will add a multipurpose theatre, expanded programming space, and a new lobby to the Dynamic Earth experience. The theatre will feature a digital projection system, the first in Northern Ontario. The feature attraction will be educational earth sciences films projected in HD format, and the space will be suitable for all manner of film and live presentations. The architectural firm of Nicholls Yallowega Belanger (NYB) is doing the architectural design. NYB designed the original building. Initial site preparation took place in late 2005-early 2006. Construction tenders were called for and received in March 2006, in anticipation of an April start.

A staff team was set and commenced work with NYB. Initial plans were developed for revamping the show in the Inco Chasm, rejuvenating the exhibit galleries, installing interpretive experiences in the new lobby, and developing innovative new programming to boost the profile of earth sciences and mining amongst youth.



Fundraising (05-06)

Science North secured \$3.2 million to build Dynamic Earth Phase 2. This funding came from the Northern Ontario Heritage Fund (\$1 million), the City of Greater Sudbury (\$650,000), Heritage Canada (\$750,000), and FedNor (\$282,000 confirmed - \$500,000 pending).

A \$1 million private sector campaign was launched with a Capital Campaign Team which is being led by Mr. Mark Cutifani, President of INCO's North American division. The team includes 12 high profile community members. A major donation was secured in December 2005 from Atlas Copco, an international mining supply and equipment company, which invested \$150,000 in the capital campaign and will provide a \$260,000 contribution to support camps and programs over the next 13 years.



Strategic Priority #3

Science North will secure the resources required to successfully pursue its mission.

Science North cannot successfully pursue its mission without resources. Government operating support has declined enormously in real and absolute terms in the last decade or more. To compensate Science North has turned to external sales of its knowledge and expertise, enhanced on-site businesses which serve customers, securing one-time government grants and raising funds from businesses and individuals. All of these avenues will continue to be pursued to support the mission of Science North.

In addition, Science North will pursue use of web-based methods to expand its communication of science. It will use the internet to improve its marketing and to sell directly to individual consumers and groups. It will invest in technology to improve the efficiency of its support and business operations functions.

Play All Day Passport!

BEST VALUE!
SAVE UP TO \$6

Child/Senior: **\$23.95**
Adult: **\$29.95**

The best way to get the most of your visit at Science North and Dynamic Earth is with the

Dynamic Duo Passport!

BEST VALUE!
SAVE UP TO \$12

Child/Senior: **\$29.95**
Adult: **\$39.95**

Key initiatives in 2005-06 included:

Refocus Marketing and Sales

Science North refocused its marketing initiatives based on some of the results from late 2004-05 and continued to measure and refine all marketing initiatives through 2005-06. Some of the more successful changes included reaching an editorial value of almost \$900,000 during 2005-06. And although overall attractions, attendance goals were not met, the editorial value achieved in 2005-06 and the changes made to marketing initiatives for 2006-07 based on the return on marketing investment in 2005-06, are expected to improve marketing effectiveness in 2006-07.

The marketing and sales messages were cohesive and consistent through 2005-06 by communicating the best value products to visitors both externally and on-site. This tactic showed tremendous success throughout the summer with Dynamic Duo Passport sales at 14% of visitors (up from 9% in 2004) and Play All Day Passport sales at 10% (up from 9% in 2004).



Enhanced On Site Businesses

Science North continued to operate under its newly developed structure for the retail and food businesses at both the Science North and Dynamic Earth sites. Having one Sales Leader for all retail operations and one for all food operations has proven to be more efficient and effective. Visitor spending in these areas during the 2005-06 season increased over the previous year.



The licensed restaurant and function business continued to operate as a separate unit requiring some specific and unique focus, outside of our daily visitors. Science North continued its search to obtain an independent contractor to operate this business and was successful by March 2006. The 2006-07 operating year will see Perry + Perry Food Services operating the restaurant and function business. This business has not been successful or secured profit for several years, and a guaranteed income from the new contract will provide some of the financial security needed in a very unstable business.

Improved Technical Services Efficiencies

Science North continued its improvements to lighting and building controls in 2005-06, which accomplish additional consumption savings over the improvements made in 2004-05. Unfortunately, most of the gains were undone by the very hot and humid summer, which caused increased utility consumption during that time to ensure visitor comfort, and as utility prices escalated.

Technical Services also continued to serve its internal customers well, achieving a 93% satisfaction rate while balancing the extensive external business needs of Science North Enterprises.



Improved Selling and Reporting Systems

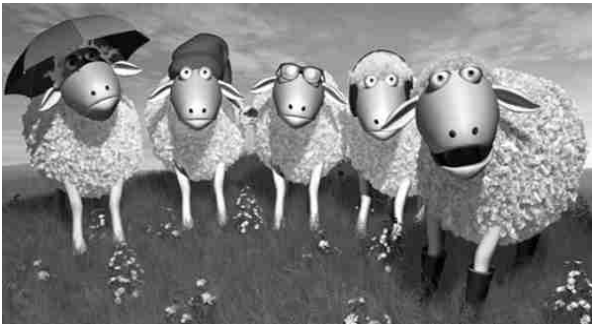
Science North continued to build on its information technology infrastructure to integrate systems, to automate process and to move information seamlessly, with the end result of more responsive, more reliable and more timely information and ability to sell its products.

Specific improvements include:

- A new on line school booking system enabled out of town schools to purchase one and two day Ultimate School Visit packages.
- Online ticket sales for Dynamic Duo three day passports allowing advance selection of arrival dates and show selections.
- An automated on line web store offered all camps and workshop programs for registration twenty-four hours a day, capturing 27% of registrations.
- Implementation of a cross-organizational gift card program, tying together all business operations and laying the foundation for a customer loyalty program.
- New point of sale applications were implemented in the three food businesses, allowing speed of service, while securing better information to understand the customer's purchasing.
- The Retail Management System was expanded to incorporate purchasing and inventory management, supporting improved inventory control and buying strategies.
- Integrated financial information systems improved access to financial information, produced more timely and reliable financial and attendance information to support better business decisions and provide credible information to funders.
- An enhanced Staff Management System provides managers with real time employee personnel information and labour costing, aiding the management of staff and budgets.

Science North Enterprises

Science North continues to sell consulting services, object theatres, exhibits, and travelling exhibits. Some of the 2005-06 highlights included:



- A sale of the *Climate Change Show* to the new Connecticut Science Centre. This was the 3rd sale of this show with previous sales in Scotland and Sweden.
- An object theatre sale to develop a visitor experience on bird migration for the Philadelphia Zoo
- The development of a visitor experience for the Williams Lake Tourism centre

Science North also completed the installation of multimedia shows in San Antonio, Texas and Hawaii. The San Antonio show was one of Science North's largest projects for an external client and included 3 different show experiences: a multimedia special effects show in a theatre lobby, a large format pre-show, and a *Pepper's Ghost* show on the lower floor of the client's historical building.

The technical team was successful in reducing the time and cost of installation and teardown of the *Climate Change Show* and the *Jane Goodall* travelling exhibit by improving installation procedures.



Science North Board and Committees

(as of March 31, 2006)

Science North Board

Laamanen, Risto – Chair
Lund, Scott – Vice Chair
Armstrong, Anna
Bernardi, Mary
Cisa, Jordi
Clements, Elyse
Craig, Doug
Dupuis, Lorraine
Espley, Samantha
Gainer, Eldon
Herold, Manfred
Marrs, Gordon
Mulc, Helen
Orlando, Al
Prudhomme, Rachel

Audit Committee

Prudhomme, Rachel – Chair
Bernardi, Mary
Gainer, Eldon

Dynamic Earth Steering Committee

Craig, Doug – Chair
Dupuis, Lorraine
Marrs, Gordon
Prudhomme, Rachel
Baiden, Greg

Executive Committee

Laamanen, Risto – Chair
Lund, Scott – Vice Chair
Clements, Elyse
Espley, Samantha
Mulc, Helen

Property & Finance Committee

Mulc, Helen - Chair
Craig, Doug
Herold, Manfred
Bailey, Cathy
Langlois, David
Querney, Alan

Science Program Committee

Espley, Samantha – Chair
Armstrong, Anna
Cisa, Jordi
Clements, Elyse
Dupuis, Lorraine
Gainer, Eldon
Marrs, Gordon
Orlando, Al
Abols, Diane
Conroy, Nels
Francis, Helen
Snucins, Ed
Wood, David

Science North Foundation Board

Clements, Elyse – Chair
Bernardi, Mary
Prudhomme, Rachel
Bayer, Martin
Bourgeois, Collin
Boyce, David
Catalano, Frank
Dibrina, Mike
Fenton, John
Franklyn, Mike
Gregorchuk, Cathy
Laughren, Floyd
Tihanyi, Jeno

*Names in italics represent
non-trustee members*



Science North Staff

(as of March 31, 2006)

James Marchbank
Chief Executive Officer
 Nicole Chiasson
Executive Manager,
Office of the CEO
 Eileen Kotila
Administrative Assistant

Guy Labine
Director of Business
Development
 Alan Nursall
Science Director
 Carolyn Thain
Director of Corporate Services
 Brenda Tremblay
Director of Business Operations

Chantal Barriault
Co-Director, Science
Communication Program
 Mia Boiridy
Director of Dynamic Earth
 Nancy Chartrand
Senior Scientist/Operations
 Patricia Clizia
Manager, Science Programs
and Workshops
 Jennifer Pink
Senior Scientist/Projects

Roger Brouillette
 Dan Chaput
 Jennifer Danyliw
 Michael Dolinar
 Amy Henson
 Franco Mariotti
 Lita McDonald-Jensen (on leave)
 Roland Perron
 Cathy Stadder Wise
 Julie Tomé
 Emily Torgerson
 Chantal Valade
 Danielle Waltenbury (on leave)
Staff Scientists

Carey Roy
Volunteer Coordinator

Paul Franklin
Accounting Manager
 Michelle Ciulini (on leave)
 Angela McCandless
Accountants
 Diane Rossi
Accounting Clerk
 Denise McChesney (on leave)
Accounts Payable Clerk

Janine Pigozzo
Financial Officer

Dave Kelly
Systems Engineer

Denise Fera
Human Resources Manager
 Rebecca Wilson
Personnel Officer

Brenda Koziol
 Ron Lalancette
Technical Project Managers

Dale Bursey
 Mark Gibson
Technical Managers

Gilles Caron
 Vern Gran
 Don Greco
 Tasio Gregorini
 Paul Loiselle
 Bill Mann
 Kevin McArthur (on leave)
 Vince Murphy
 Ron Pinard
 Gabe Trudel
Technical Specialists

Chloe Gordon
Marketing Manager
 Stephanie Deschenes
 Nancy Griffin
 Louise Lacroix
Marketing Specialists

Mireille Wright
Graphic Artist

Renee Lachance
 Michelle Lalonde
Sales Leaders

Kim Parkhill
Sales and Operations Leader

Norma Henry (on leave)

Rob Gagne
Senior Producer
 Chris Elliott
Producer
 John Milne
Editor
 Andrea Martin
Production Coordinator/Leader
 Richard Wildeman
Animator

David Lickley
Director of Large Format Films

Julie Moskalyk
Sales and Business Development
Manager
Science North Enterprises
 Audrey Dugas
Sales & Service Liaison

The Public Salary Disclosure Act, 1996, requires the disclosure of the annual salaries and taxable benefits of all staff earning more than \$100,000. In 2005, the following amounts were paid to James Marchbank, Chief Executive Officer, - \$151,519 (\$15,618), to Guy Labine, Director of Business Development - \$105,246 (\$446), to Alan Nursall, Science Director - \$104,021 (\$456), to Carolyn Thain, Director of Corporate Services - \$107,094 (\$423), and to Brenda Tremblay, Director of Business Operations of \$105,946 (\$425).





Financial Statements of

SCIENCE NORTH

Year ended March 31, 2006





KPMG LLP
Chartered Accountants
Claridge Executive Centre
144 Pine Street PO Box 700
Sudbury ON P3E 4R6

Telephone (705) 675-8500
Fax (705) 675-7586
In Watts (1-800) 481-3551
Internet www.kpmg.ca

AUDITORS' REPORT

To the Honourable Minister of Culture of the Province of Ontario and
the Board of Trustees of **Science North**

We have audited the balance sheet of **Science North** as at March 31, 2006 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of Science North's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Science North as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Sudbury, Canada

May 31, 2006

KPMG LLP, a Canadian limited liability partnership is the Canadian member firm of KPMG International, a Swiss cooperative.



SCIENCE NORTH

Balance Sheet

March 31, 2006, with comparative figures for 2005

	2006	2005
Assets		
Current assets:		
Cash and short-term investments	\$ 1,858,463	2,275,552
Accounts receivable	2,624,812	977,979
Prepayments and inventory	710,886	934,454
	5,194,161	4,187,985
Restricted investments, at cost	2,854,174	2,747,372
Capital assets (note 2)	34,288,041	35,516,632
	\$ 42,336,376	42,451,989
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,783,498	1,834,298
Deferred revenue	692,734	546,167
Current portion of loans payable (note 3)	56,356	157,629
	2,532,588	2,538,094
Loans payable (note 3)	1,837,284	1,893,640
Fund balances:		
General	1,557,066	1,197,591
Capital asset	32,450,757	33,672,992
Restricted (note 4)	3,958,681	3,149,672
	37,966,504	38,020,255
Commitment (note 6)		
	\$ 42,336,376	42,451,989

See accompanying notes to financial statements.



SCIENCE NORTH

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2006, with comparative figures for 2005

	General		Capital Asset		Restricted		Total	Total
	2006	2005	2006	2005	2006	2005	2006	2005
Revenue:								
Province of Ontario grants:								
Operating	\$ 2,964,400	2,964,400	-	-	-	-	2,964,400	2,964,400
Specific	1,184,214	438,527	1,159,107	1,265,774	-	-	2,343,321	1,704,301
Government of Canada grants	259,888	606,176	363,812	61,365	-	-	623,700	667,541
Admissions:								
Science Centre	917,134	874,228	-	-	-	-	917,134	874,228
Dynamic Earth	397,416	427,298	-	-	-	-	397,416	427,298
IMAX Theatre	536,990	621,352	-	-	-	-	536,990	621,352
Virtual Voyages	127,120	153,207	-	-	-	-	127,120	153,207
Workshops and events	537,899	356,139	-	-	-	-	537,899	356,139
Members	379,750	359,313	-	-	-	-	379,750	359,313
Business operations:								
Food services	949,371	1,066,410	-	-	-	-	949,371	1,066,410
Exhibit and theatre production sales	2,575,137	3,145,624	-	-	-	-	2,575,137	3,145,624
Film production services	176,974	532,921	-	-	-	-	176,974	532,921
Retail	710,986	771,117	-	-	-	-	710,986	771,117
Parking	83,208	77,732	-	-	-	-	83,208	77,732
Fundraising and donations	265,631	665,990	305,847	283,604	214	-	571,692	949,594
Interest earned	94,179	40,426	-	-	145,304	129,778	239,483	170,204
Other	27,032	29,465	-	-	-	-	27,032	29,465
	12,187,329	13,130,325	1,828,766	1,610,743	145,518	129,778	14,161,613	14,870,846
Expenses:								
Science program:								
Science Centre operations	2,307,449	2,136,170	-	-	-	-	2,307,449	2,136,170
Workshops and events	423,286	273,400	-	-	-	-	423,286	273,400
Dynamic Earth operations	271,237	321,124	-	-	-	-	271,237	321,124
Business operations:								
IMAX Theatre	587,879	666,272	-	-	-	-	587,879	666,272
Virtual Voyages	77,992	86,275	-	-	-	-	77,992	86,275
Food service	934,681	975,659	-	-	-	-	934,681	975,659
Cost of exhibit sales	1,583,720	2,535,897	-	-	-	-	1,583,720	2,535,897
Cost of film services	199,242	464,753	-	-	-	-	199,242	464,753
Retail	555,896	534,001	-	-	-	-	555,896	534,001
Box office and sales	454,531	451,659	-	-	-	-	454,531	451,659
Maintenance and building	1,198,484	1,088,196	-	-	-	-	1,198,484	1,088,196
Administrative support	1,261,489	1,226,918	-	-	-	-	1,261,489	1,226,918
Marketing and development	786,851	891,689	-	-	-	-	786,851	891,689
Program technical support	481,486	488,737	-	-	-	-	481,486	488,737
Depreciation	-	-	3,091,141	3,461,511	-	-	3,091,141	3,461,511
	11,124,223	12,140,750	3,091,141	3,461,511	-	-	14,215,364	15,602,261
Excess (deficiency) of revenue over expenses	1,063,106	989,575	(1,262,375)	(1,850,768)	145,518	129,778	(53,751)	(731,415)
Fund balances, beginning of year	1,197,591	(606,989)	33,672,992	36,294,891	3,149,672	3,063,768	38,020,255	38,751,670
Transfers for capital assets	24,124	847,169	40,140	(771,131)	(64,264)	(76,038)	-	-
Interfund transfers (note 5)	(727,755)	(32,164)	-	-	727,755	32,164	-	-
Fund balances, end of year	\$ 1,557,066	1,197,591	32,450,757	33,672,992	3,958,681	3,149,672	37,966,504	38,020,255

See accompanying notes to financial statements.



SCIENCE NORTH

Statement of Cash Flows

Year ended March 31, 2006, with comparative figures for 2005

	2006	2005
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (53,751)	(731,415)
Adjustment for:		
Depreciation	3,091,141	3,461,511
	3,037,390	2,730,096
Changes in non-cash working capital	(1,327,498)	(94,870)
	1,709,892	2,635,226
Cash flows from financing and investing activities:		
Additions to capital assets	(1,862,550)	(1,831,984)
Repayment of loans payable	(157,629)	(160,335)
Decrease (increase) in other assets	(106,802)	(95,465)
Additions to loans payable	-	1,000,000
	(2,126,981)	(1,087,784)
Net increase (decrease) in cash and short-term investments	(417,089)	1,547,442
Cash and short-term investments, beginning of year	2,275,552	728,110
Cash and short-term investments, end of year	\$ 1,858,463	2,275,552

See accompanying notes to financial statements.



Science North is an agency of Her Majesty created under the Science North Act, 1986 by the Ontario Legislative Assembly. The principal activity of Science North is to create and market high quality science education and entertainment experiences and products, which involve people in the relationship between science and everyday life.

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements include all of the assets, liabilities, revenues and expenses of all of Science North's activities.

(b) Fund accounting:

Because Science North receives funding for operational and special purposes, the financial statements are presented in a manner, which segregates the following funds:

- General fund, which presents the day-to-day demonstrative, business, administrative and maintenance operations of Science North.
- Capital asset fund, which presents the assets, liabilities, revenues and expenses related to Science North's capital assets.
- Restricted fund, which presents the assets, liabilities, revenues and expenses, which are restricted as to purpose and expendability and set aside by the Board of Trustees, the Province of Ontario or other benefactors.

(c) Revenue recognition:

Science North follows the restricted fund method of accounting. Under this method, the following principles have been applied:

- Contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the donor.
- Contributions including pledges and donations are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.
- Revenue on contracts is recognized using the percentage-of-completion method. The percentage is determined by relating the actual cost of work performed to date to the current estimated total cost for each contract. Projected losses, if any, are recognized immediately for accounting purposes.



SCIENCE NORTH

Notes to Financial Statements

Year ended March 31, 2006

1. Significant accounting policies (continued):

(d) Capital assets:

With the exception of the Bell Grove land, which is recorded at nominal value, property and equipment are stated at cost or fair market value if donated.

Depreciation on buildings is provided on the declining-balance basis at an annual rate of 5%.

Depreciation on exhibits and equipment is provided on the straight-line basis at annual rates ranging from 5% to 20%.

(e) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

2. Capital assets:

	2006		2005	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Buildings:				
Bell Grove	\$ 41,492,294	21,897,151	40,530,636	20,865,828
Dynamic Earth	9,711,543	1,182,120	9,344,933	795,308
Exhibits and equipment:				
Bell Grove	22,962,272	19,911,045	22,640,652	19,028,475
Dynamic Earth	3,345,833	1,104,222	3,251,978	727,039
Travelling exhibits	2,185,062	1,314,425	2,066,255	901,172
	79,697,004	45,408,963	77,834,454	42,317,822
Less accumulated depreciation	45,408,963		42,317,822	
	\$ 34,288,041		35,516,632	



SCIENCE NORTH

Notes to Financial Statements

Year ended March 31, 2006

3. Loans payable:

Four non-interest bearing loans are payable to the Province of Ontario.

	Principal Outstanding		Payment Terms
	2006	2005	
IMAX Theatre	\$435,837	435,837	50% of average annual IMAX Theatre profits, if any, for previous two fiscal years
Virtual Voyages	407,803	415,432	5% of revenues from the Virtual Voyages motion simulator ride during the prior year. Remaining balance due May 1, 2007
Goodall Exhibit	50,000	200,000	\$150,000 on December 31, 2005 and \$50,000 on December 31, 2006
Wings Over the North	1,000,000	1,000,000	One third of remaining distribution profits received by Science North once a third party contributor has recouped its investment against such profits
Total	1,893,640	2,051,269	
Less current portion of loan payable	56,356	157,629	
	\$1,837,284	1,893,640	

4. Restricted fund:

The restricted fund is comprised of the following:

	2006	2005
Externally restricted:		
Capital renewal fund	\$ 2,048,000	1,943,265
Program and exhibit funds	314,004	309,191
	2,362,004	2,252,456
Internally restricted:		
Funds:		
Waterfront development	263,219	249,562
Human resources	93,344	56,782
Other	882,378	263,963
Reserves for replacement of capital assets	357,736	326,909
	1,596,677	897,216
	\$ 3,958,681	3,149,672



SCIENCE NORTH

Notes to Financial Statements

Year ended March 31, 2006

5. Interfund transfers:

The interfund transfers are comprised of:

- a) net assets of \$81,322 (2005 - \$110,691) which were internally allocated between the General Fund and the Restricted Fund, to cover certain general fund purchases;
- b) net assets of \$141,730 (2005 - \$79,205) which were internally allocated between the General Fund and the Restricted Fund for future capital acquisitions; and
- c) net assets of \$667,347 (2005 - \$63,650) which were internally allocated between the General Fund and the Restricted Fund to cover future operational expenditures.

6. Commitment

In 2006, Science North began expansion of the Dynamic Earth site. This four million dollar project will be funded through government grants and fundraising. The expanded operation will open in March 2007.

7. Fair value of financial instruments:

The fair values of Science North's cash and short-term investments, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the relatively short periods to maturity of the instruments. The market value of the restricted investments is \$2,967,488 (2005 - \$2,877,747). It is not practicable to determine the fair value of the loans payable in view of the indefinite terms.

8. Comparative figures:

Certain 2005 comparative figures have been reclassified to conform with the presentation adopted for 2006.





100 Ramsey Lake Road, Sudbury, ON P3E 5S9

705-522-3701 *sciencenorth.ca*

Science North is an agency of the Ontario Ministry of Culture.

Ce rapport annuel est aussi disponible en français.