

THE NEW MARINE CENTRE SOCIETY

Financial Statements

Year Ended May 31, 2019

THE NEW MARINE CENTRE SOCIETY

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Year Ended May 31, 2019

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of The New Marine Centre Society

We have reviewed the accompanying financial statements of The New Marine Centre Society which comprise the statement of financial position as at May 31, 2019 and the statements of revenues and expenditures, changes in net assets and cash flow 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of The New Marine Centre Society as at May 31, 2019, 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.



THE NEW MARINE CENTRE SOCIETY

Statement of Financial Position

May 31, 2019

(Unaudited)

	2019	2018
ASSETS		
CURRENT		
Cash and short term deposits	\$ 262,925	\$ 150,176
Restricted cash (Note 3)	34,934	44,064
Accounts receivable	60,265	95,398
Inventory	62,105	62,278
Prepaid expenses	1,227	1,226
	421,456	353,142
PROPERTY, PLANT AND EQUIPMENT (Note 5)	2,429,504	2,576,421
	\$ 2,850,960	\$ 2,929,563
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 61,223	\$ 47,672
Goods and services tax payable	1,822	1,663
Provincial sales tax payable	813	630
WCB payable	661	841
Deferred contributions (restricted) (Note 6)	34,934	44,064
Deferred revenue (unrestricted)	23,688	2,341
	123,141	97,211
AMOUNTS HELD IN TRUST	8,365	5,616
	131,506	102,827
NET ASSETS		
Operating fund	(317,436)	(365,502)
Capital fund	3,036,890	3,185,087
Endowment fund	-	7,151
	2,719,454	2,826,736
	\$ 2,850,960	\$ 2,929,563

ON BEHALF OF THE BOARD

See notes to financial statements

THE NEW MARINE CENTRE SOCIETY
Statement of Revenues and Expenditures
For the Year Ended May 31, 2019
(Unaudited)

	2019 <i>(12 months)</i>	2018 <i>(8 months)</i>
REVENUES		
Admissions and rentals	\$ 508,520	\$ 291,272
Memberships	111,012	84,123
Donations and grants	70,396	115,178
Operating grant - Town of Sidney	179,774	65,000
Gift shop sales, net of costs	80,120	39,399
Other revenue	34,771	20,475
	<u>984,593</u>	<u>615,447</u>
EXPENDITURES		
Accounting and legal	14,881	8,417
Aquarium costs	34,289	13,558
Credit card charges	13,133	7,226
Education costs	26,693	73,065
Fundraising costs	134	500
Insurance	17,143	11,232
Interest and bank charges	2,728	1,503
Maintenance costs	134,044	50,137
Marketing	21,083	6,747
Oceaneer expenses	16,288	4,228
Office	16,616	4,528
Special projects	5,001	2,753
Telephone and utilities	84,488	55,672
Travel and automotive	2,243	1,015
Wages and benefits	547,763	360,344
	<u>936,527</u>	<u>600,925</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	48,066	14,522
OTHER EXPENSES		
Amortization	148,197	97,577
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (100,131)	\$ (83,055)

See notes to financial statements

THE NEW MARINE CENTRE SOCIETY
Statement of Changes in Net Assets
Year Ended May 31, 2019
(Unaudited)

	Operating Fund	Capital Fund	Endowment Fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ (365,502)	\$ 3,185,087	\$ 7,151	\$ 2,826,736	\$ 2,909,791
Amortization	-	(148,197)	-	(148,197)	(97,577)
Excess (Deficiency) of revenues over expenses	48,066	-	-	48,066	14,522
Transfer	-	-	(7,151)	(7,151)	-
NET ASSETS - END OF YEAR	\$ (317,436)	\$ 3,036,890	\$ -	\$ 2,719,454	\$ 2,826,736

THE NEW MARINE CENTRE SOCIETY

Statement of Cash Flow

Year Ended May 31, 2019

(Unaudited)

	2019 <i>(12 months)</i>	2018 <i>(8 months)</i>
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (100,131)	\$ (83,055)
Items not affecting cash:		
Amortization of property, plant and equipment	148,197	97,577
Transfer out of endowment fund	(7,151)	-
	<u>40,915</u>	<u>14,522</u>
Changes in non-cash working capital:		
Accounts receivable	35,133	(94,464)
Inventory	173	(5,377)
Accounts payable	13,550	15,984
Deferred contributions	(9,130)	(34,600)
Deferred revenue	21,347	2,341
Prepaid expenses	-	10,232
Goods and services tax payable	159	(4,358)
Provincial sales tax payable (recoverable)	183	359
WCB payable	(180)	(856)
Amounts Held In Trust	2,749	2,505
	<u>63,984</u>	<u>(108,234)</u>
Cash flow from (used by) operating activities	<u>104,899</u>	<u>(93,712)</u>
INVESTING ACTIVITY		
Purchase of property, plant and equipment	<u>(1,280)</u>	<u>(856)</u>
INCREASE (DECREASE) IN CASH FLOW	103,619	(94,568)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>194,240</u>	<u>288,808</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 297,859	\$ 194,240
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 262,925	\$ 150,176
Restricted cash	<u>34,934</u>	<u>44,064</u>
	<u>\$ 297,859</u>	<u>\$ 194,240</u>

See notes to financial statements

THE NEW MARINE CENTRE SOCIETY

Notes to Financial Statements

Year Ended May 31, 2019

(Unaudited)

1. PURPOSE OF THE SOCIETY

The New Marine Centre Society is a not-for-profit organization incorporated in British Columbia under the Society Act and is a registered charity under the Income Tax Act. The Society is a non-taxable entity. The Board is comprised of a wide spectrum of community educators, scientists and business people. The purposes of the Society are to operate a unique public facility or facilities to foster an appreciation of the Salish Sea Bioregion, be a valued community organization and undertake such other activities which from time to time may be deemed appropriate in pursuing the aforementioned purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Cash and short term deposits

Cash and short term deposits consists of cash on hand, bank balances and investments in short-term, cashable GIC's.

Financial instruments

The Society initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Society subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash and short term deposits and accounts receivable. Financial liabilities measured at amortized cost include accounts payable.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on an average cost basis.

Fund accounting

The Operating Fund reports the revenue and expenses related to the operation of the Shaw Centre for the Salish Sea.

The Capital Fund reports the Society's non-operating activities, such as amortization and interest income.

(continues)

THE NEW MARINE CENTRE SOCIETY

Notes to Financial Statements

Year Ended May 31, 2019

(Unaudited)

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

Revenue recognition

The New Marine Centre Society follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues from admissions, gift shop sales and memberships are recognized when received.

Revenues from rentals are recognized when the rental takes place.

Volunteers contribute many hours per year to the Society (Note 7). Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Donations in kind are recorded at their fair market value when the goods are received.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life at the following rates and methods:

Shaw Centre for the Salish Sea Facility	5 - 30 years	straight-line method
Automotive	30%	declining balance method
Furniture and fixtures	20%	declining balance method

There is no amortization being taken on artwork.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Management estimates relate to the useful lives of capital assets and the collectability of accounts receivable. Actual results could differ from these estimates, although management does not generally believe such differences would materially affect the financial statement in any individual year.

Change of year end

The year end was changed from September 30 to May 31 in the 2018 fiscal year to better match the annual business cycle of the Society. The prior year financial statements reflect financial operations for an eight month period as a result of the change. The current year (2019) reflects financial operations for a full twelve month period.

THE NEW MARINE CENTRE SOCIETY
Notes to Financial Statements
Year Ended May 31, 2019
(Unaudited)

3. RESTRICTED CASH

Cash in the amount of \$34,934 is externally restricted for use, as indicated in Note 6.

4. FINANCIAL INSTRUMENTS

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risk relates to its accounts receivable. Concentrations of credit risk with respect to accounts receivable are limited due to the large number of members. The Society has evaluation and monitoring processes in place and writes off accounts when they are determined to be uncollectable.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its fixed rate term deposits, although the extent of such risk is considered minimal.

It is management's opinion that the Society is not exposed to significant market currency, liquidity, or other price risks arising from these financial instruments.

5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Shaw Centre for the Salish Sea Facility	\$ 4,215,990	\$ 1,803,860	\$ 2,412,130	\$ 2,557,334
Furniture and fixtures	32,324	19,713	12,611	14,325
Artwork	4,763	-	4,763	4,763
	\$ 4,253,077	\$ 1,823,573	\$ 2,429,504	\$ 2,576,422

There is no amortization taken on artwork.

THE NEW MARINE CENTRE SOCIETY

Notes to Financial Statements

Year Ended May 31, 2019

(Unaudited)

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent externally restricted funding received in the current period. Changes in the deferred contributions balance are as follows:

	Opening Balance	Received	Expenditures	Closing Balance
Mountain Equipment Co-op: Curriculum Review & Upgrade Project	\$ 1,250	-	\$ 329	\$ 921
Salish Weave Foundation & Town of Sidney: Coast Salish Project	18,100	-	10,020	8,080
Shaw: Youth Education Programming	(62)	15,000	14,938	-
Willowgrove Foundation: Staff & Volunteer Engagement	-	10,000	9,986	14
Town of Sidney: Research & Capital	24,776	30,000	54,774	2
Victoria Foundation (Fowlow Fund): Octopus & Animal Care	-	6,125	6,125	-
BC Gaming: Learning Enrichment	-	13,000	1,455	11,545
NSERC: World Oceans Day	-	25,000	10,628	14,372
NSERC: Science Odyssey	-	4,640	4,640	-
	<u>\$ 44,064</u>	<u>103,765</u>	<u>\$ 112,895</u>	<u>\$ 34,934</u>

7. VOLUNTEER HOURS

The ongoing operations of the Society are greatly assisted by the generous donation of time by around 117 listed volunteers. The value of this donation of time at a conservative rate of \$12.65 per hour would be \$92,045 (2018 - \$65,342 @ \$11.35 per hour).

8. VICTORIA FOUNDATION ENDOWMENT

During the 2012 fiscal year, the Society was invited to establish a permanent endowment fund with the Victoria Foundation. The Ocean Discovery Fund will be held in perpetuity by the Foundation and a portion of the income earned by the fund will be returned to the Society to support activities as determined by the Board. An initial contribution of \$7,500 from funds already held by the Society for endowment purposes was transferred to the Victoria Foundation and matched equally by the Foundation. In 2013 & 2014, the Society made a further contribution of \$2,500 in each year and a further \$5,000 in 2018, to which the Foundation provided matching contributions. The market value of the endowment funds held by the Foundation at June 30, 2019, including earned interest, is \$42,974. These funds are not included on the Statement of Financial Position. Future donations designated to this permanent fund to support the Society will be welcomed by the Victoria Foundation.

9. PREMISES LEASE

The Society has a lease agreement (dated September 1, 2007) with the Town of Sidney for use of town-owned space in The Sidney Pier Hotel and Spa (approximately 10,000 square feet), at a rate of \$5.00 for 20 years.