

# **THE NEW MARINE CENTRE SOCIETY**

**Financial Statements**

**For the Year Ended May 31, 2020**

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## INDEPENDENT PRACTITIONERS' 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 (the "Society") that comprise the statement of financial position as at May 31, 2020 and the statement of revenues and expenditures, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Practitioners' 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.



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## INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT (continued)

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.

### *Basis of Qualified Conclusion*

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, deficiency of revenues over expenses, and cash flows from operations, and current assets and net assets as at May 31, 2020. Our review conclusion on the financial statements for the year ended May 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

### *Qualified Conclusion*

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of The New Marine Centre Society as at May 31, 2020, 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 .



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## INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT (continued)

### *Other Matter*

The financial statements of the New Marine Centre Society for the year ended May 31, 2019 were reviewed by another practitioner who expressed an unmodified conclusion on October 23, 2019.

*Baker Tilly Victoria Ltd.*

CHARTERED PROFESSIONAL ACCOUNTANTS

Victoria, B.C.

November 24, 2020

# The New Marine Centre Society

## Statement of Financial Position

As at May 31, 2020

	2020	2019
	\$	\$
<b>Assets</b>		
Current Assets -		
Cash and short term deposits	281,287	262,925
Restricted cash (note 3)	27,216	34,934
Accounts receivable	17,304	60,265
Inventory	63,147	62,105
Goods and services tax recoverable	629	-
Prepaid expenses	1,256	1,227
	390,839	421,456
Property, Plant and Equipment (note 5)	2,320,268	2,429,504
	2,711,107	2,850,960
<b>Liabilities</b>		
Current Liabilities -		
Accounts payable and accrued liabilities	31,490	61,223
Goods and services taxes payable	-	1,822
Provincial sales taxes payable	106	813
WCB payable	2,960	661
Deferred contributions (restricted) (note 6)	27,216	34,934
Deferred revenue (unrestricted)	12,486	23,688
	74,258	123,141
Amounts Held In Trust	9,590	8,365
Canada Emergency Business Account Loan (note 7)	30,000	-
	113,848	131,506
<b>Net Assets</b>		
Operating Fund	188,322	289,950
Equity in Capital Fund	2,320,268	2,429,504
Capital Reserve Fund	88,669	-
	2,597,259	2,719,454
	2,711,107	2,850,960

**SIGNED ON BEHALF OF THE BOARD:**

\_\_\_\_\_  
Director

# The New Marine Centre Society

## Revenues and Expenditures

For the Year Ended May 31, 2020

	2020	2019
	\$	\$
<b>Revenue</b>		
Admissions and rentals	421,931	508,520
Donations and grants	211,667	70,396
Gift shop sales, net of cost	61,661	80,120
Memberships	92,048	111,012
Operating grant - Town of Sidney	85,417	179,774
Other revenue	18,188	34,771
	<b>890,912</b>	<b>984,593</b>
<b>Expenditures</b>		
Accounting and legal	13,416	14,881
Aquarium costs	23,945	34,289
Credit card charges	11,581	13,133
Education costs	8,375	26,693
Fundraising costs	1,316	134
Insurance	16,920	17,143
Interest and bank charges	2,683	2,728
Maintenance costs	84,435	134,044
Marketing	20,846	21,083
Oceaner expenses	3,358	16,288
Office	12,465	16,616
Special projects	4,850	5,001
Telephone and utilities	80,931	84,488
Travel and automotive	2,211	2,243
Wages and benefits	615,258	547,763
	<b>902,590</b>	<b>936,527</b>
<b>Excess (Deficiency) of Revenues Over Expenses from Operations</b>	<b>(11,678)</b>	<b>48,066</b>
Other Expenses -		
Amortization	110,517	148,197
<b>Deficiency of Revenues Over Expenses</b>	<b>(122,195)</b>	<b>(100,131)</b>

# The New Marine Centre Society

## Statement of Changes in Net Assets

For the Year Ended May 31, 2020

	Operating Fund	Capital Reserve Fund	Equity in Capital Fund	2020 \$	2019 \$
Net Assets - Beginning of Year	289,950	-	2,429,504	<b>2,719,454</b>	2,826,736
Amortization	110,517	-	(110,517)	-	(148,197)
Purchase of Property, Planet and Equipment	-	(1,281)	1,281	-	-
Excess (Deficiency) of Revenues Over Expenses	(122,195)	-	-	<b>(122,195)</b>	48,066
Transfer (note 8)	(89,950)	89,950	-	-	(7,151)
<b>Net Assets - End of Year</b>	188,322	88,669	2,320,268	<b>2,597,259</b>	2,719,454

# The New Marine Centre Society

## Statement of Cash Flows

For the Year Ended May 31, 2020

	2020	2019
	\$	\$
<b>Cash Provided from (Used for):</b>		
<b>Operating Activities</b>		
Deficiency of revenues over expenses	(122,195)	(100,131)
Item not affecting cash:		
Amortization	110,517	148,197
Transfer out of endowment fund	-	(7,151)
	(11,678)	40,915
Changes in non-cash working capital:		
Accounts receivable	42,961	35,133
Inventory	(1,042)	173
Prepaid expenses	(29)	-
Accounts payable and accrued liabilities	(29,733)	13,550
Deferred contributions	(7,718)	(9,130)
Deferred revenue	(11,202)	21,347
Goods and services tax payable (recoverable)	(2,451)	159
Provincial sales tax payable	(707)	183
WCB payable	2,299	(180)
Amounts held in trust	1,225	2,749
	(18,075)	104,899
<b>Investing Activities</b>		
Purchase of capital assets	(1,281)	(1,280)
<b>Financing Activities</b>		
Proceeds from Canada Emergency Business Loan	30,000	-
<b>Net Increase in Cash</b>	<b>10,644</b>	<b>103,619</b>
Cash - Beginning of Year	297,859	194,240
<b>Cash - End of Year</b>	<b>308,503</b>	<b>297,859</b>
<b>Cash Consists of:</b>		
Cash and cash equivalents	281,287	262,925
Restricted cash	27,216	34,934
	<b>308,503</b>	<b>297,859</b>



# The New Marine Centre Society

## Notes to Financial Statements

For the Year Ended May 31, 2020

### 1 Purpose of the Society

The New Marine Centre Society is a not-for-profit organization incorporated in British Columbia under the Societies 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 and accrued liabilities.

#### Inventory

Inventory is valued at lower of cost and replacement value with cost being determined on a first-in, first out basis.

# The New Marine Centre Society

## Notes to Financial Statements

For the Year Ended May 31, 2020

### 2 Summary of Significant Accounting Policies (Continued)

#### **Fund accounting**

The Operating Fund reports the revenue and expenses related to the operation of the Shaw Ocean Discovery Centre.

The Equity in Capital Fund reports the capital assets of the Society less amortization.

The Capital Reserve Fund reports income from non-operating activities and holds funds for future capital purchases less any capital replacement expenditures.

#### **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 rentals are recognized when the rental takes place.

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

Volunteers contribute many hours per year to the Society (Note 8). 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.

# The New Marine Centre Society

## Notes to Financial Statements

For the Year Ended May 31, 2020

### 2 Summary of Significant Accounting Policies (Continued)

#### 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:

Ocean Discovery Centre Facility	5-30 years straight-line 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.

### 3 Restricted Cash

Cash in the amount of \$27,216 is externally restricted for use, as indicated in Note 6.

### 4 Financial Instruments

#### 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.

# The New Marine Centre Society

## Notes to Financial Statements

For the Year Ended May 31, 2020

### 4 Financial Instruments (Continued)

#### 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	<b>2020</b> <b>Net</b>	2019 Net
	\$	\$	\$	\$
Ocean Discovery Centre Facility	4,215,990	1,911,727	<b>2,304,263</b>	2,412,130
Furniture and fixtures	33,605	22,363	<b>11,242</b>	12,611
Artwork	4,763	-	<b>4,763</b>	4,763
	4,254,358	1,934,090	<b>2,320,268</b>	2,429,504

There is no amortization taken on artwork.

# The New Marine Centre Society

## Notes to Financial Statements

For the Year Ended May 31, 2020

### 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 \$
BC Animal Care Facilities Initiative	-	17,304	17,304	-
BC Gaming: Learning Enrichment	11,545	-	11,545	-
Mountain Equipment Co-op: Curriculum Review & Upgrade Project	921	-	-	<b>921</b>
NSERC: World Oceans Day	14,372	-	14,369	<b>3</b>
Saanich Peninsula Foundation	-	1,100	-	<b>1,100</b>
Salish Weave Foundation & Town of Sidney: Coast Salish Project	8,080	-	-	<b>8,080</b>
Town of Sidney	-	102,500	85,416	<b>17,084</b>
Town of Sidney: Research & Capital	2	-	-	<b>2</b>
Victoria Foundation (Fowlow Fund): Octopus & Animal Care	-	6,277	6,251	<b>26</b>
Willowgrove Foundation: Staff & Volunteer Engagement	14	15,000	15,014	-
	<b>34,934</b>	<b>142,181</b>	<b>149,899</b>	<b>27,216</b>

The Town of Sidney grant has been reflected as restricted cash on the statements this year, with the 2020 annual amount being allocated on a monthly basis, in-line with the calendar year.

# The New Marine Centre Society

## Notes to Financial Statements

For the Year Ended May 31, 2020

### 7 Canada Emergency Business Account Loan Payable

	2020
	\$
CEBA Loan Received	40,000
Forgivable portion of loan included in revenue	(10,000)
	<u>30,000</u>

The Society received the Government's Canada Emergency Business Account (CEBA) loan in response to the COVID-19 global pandemic. The loan is held at TD Canada Trust. It bears no interest and is due to be paid December 31, 2022. Should the loan not be paid back, it will be converted to a term loan with an annual interest rate of 5% payable in monthly instalments and due December 31, 2025.

### 8 Interfund Transfer

On June 1, 2019 the Society transferred \$89,950 from the surplus in the Operating Fund to the Capital Reserve Fund. These funds are internally restricted for future capital purchases and capital replacement expenditures.

### 9 Volunteer Hours

The ongoing operations of the Society are greatly assisted by the generous donation of time by around 139 listed volunteers. The value of this donation of time at a conservative rate of \$13.85 per hour would be \$86,646 (2019 - \$92,045 at \$12.65 per hour).

# The New Marine Centre Society

## Notes to Financial Statements

For the Year Ended May 31, 2020

### 10 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, 2020, including earned interest, is \$45,829. 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.

### 11 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.

### 12 Subsequent Events

As a result of the COVID-19 global pandemic, the Society has experienced a significant decline in its revenues. To address the negative financial impact on the Society, the Society has applied for and received the Canada Emergency Business Account loan and the Canada Emergency Wage Subsidy for every eligible period in addition to successfully seeking and applying for various other grants and donations.

The ongoing financial situation of the Society is being monitored very closely and forecasts are being updated each month to reflect the most current estimates based on the most recent facts and assumptions. Earned revenues have been steadily increasing since the Centre reopened in June 2020, with visitor numbers, in comparison to the prior year, increasing from 20% in June 2020 vs. June 2019 up to 50% in September 2020 vs. September 2019.

# The New Marine Centre Society

## Notes to Financial Statements

For the Year Ended May 31, 2020

### 13 Prior Period Adjustment

The allocation of Net Assets in the Operating Fund and Equity in Capital Fund have been restated to represent the values held in these funds at the end of the previous fiscal year. The following adjustments were made by the Society to correct the comparative figures:

	\$
Operating Fund as at May 31, 2019, as previously reported	(317,436)
Adjustment as at May 31, 2019	<u>607,386</u>
Operating Fund as at May 31, 2019, as restated	<u><u>289,950</u></u>
Equity in Capital Fund as at May 31, 2019, as previously reported	3,036,890
Adjustment as at May 31, 2019	<u>(607,386)</u>
Equity in Capital Fund as at May 31, 2019, as restated	<u><u>2,429,504</u></u>