

**THE NEW MARINE CENTRE SOCIETY**

**Financial Statements**

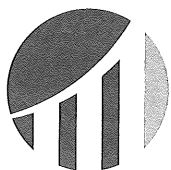
**Year Ended September 30, 2013**

*(Unaudited)*

**THE NEW MARINE CENTRE SOCIETY**  
**Index to Financial Statements**  
**Year Ended September 30, 2013**  
*(Unaudited)*

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**PEGGY YELLAND**  
& ASSOCIATES INC.  
CERTIFIED GENERAL ACCOUNTANT

## REVIEW ENGAGEMENT REPORT

To the Members of The New Marine Centre Society

I have reviewed the statement of financial position of The New Marine Centre Society as at September 30, 2013 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and, consequently, I do not express an audit opinion on these financial statements.

Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

I draw attention to Note 1 to the financial statements which describes that The New Marine Centre Society adopted Canadian accounting standards for not-for-profit organizations on October 1, 2012 with a transition date of October 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at September 30, 2012 and October 1, 2011 and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended September 30, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is neither audited or reviewed.

Saanichton, British Columbia  
December 5, 2013

PEGGY J. YELLAND  
CERTIFIED GENERAL ACCOUNTANT

**THE NEW MARINE CENTRE SOCIETY**

**Statement of Financial Position**

**September 30, 2013**

*(Unaudited)*

	<i>September 30 2013</i>	<i>September 30 2012</i>	<i>October 1 2011</i>
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash (Note 4)	\$ 304,042	\$ 355,542	\$ 450,880
Accounts receivable (Note 7)	38,310	27,577	13,115
Goods and services tax recoverable	6,172	71,783	90,250
Inventory	71,122	63,772	75,876
Prepaid expenses	15,702	12,582	17,198
	<b>435,348</b>	531,256	647,319
PROPERTY, PLANT AND EQUIPMENT (Note 5)	<b>3,324,943</b>	3,531,932	3,726,486
	<b>\$ 3,760,291</b>	\$ 4,063,188	\$ 4,373,805
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT</b>			
Accounts payable	\$ 28,634	\$ 19,107	\$ 47,066
Provincial sales tax payable	604	-	-
Employee deductions payable	20,562	21,710	16,182
	<b>49,800</b>	40,817	63,248
<b>NET ASSETS</b>			
Operating Fund	(1,178,134)	(866,191)	(685,274)
Capital Fund	4,879,510	4,876,947	4,977,816
Endowment Fund	9,115	11,615	18,015
	<b>3,710,491</b>	4,022,371	4,310,557
	<b>\$ 3,760,291</b>	\$ 4,063,188	\$ 4,373,805

**ON BEHALF OF THE BOARD**

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See accompanying notes

**THE NEW MARINE CENTRE SOCIETY**  
**Statement of Revenues and Expenditures**  
**Year Ended September 30, 2013**  
*(Unaudited)*

	2013	2012
<b>REVENUES</b>		
Admissions and rentals	\$ 582,508	\$ 631,619
Gift shop sales, net of costs <i>(Note 6)</i>	70,385	66,430
Donations and grants	69,950	76,471
Operating grant - Town of Sidney	42,600	42,600
Other revenue	23,826	39,648
Memberships	4,906	10,865
Donations from TD Bank Group <i>(Note 7)</i>	25,000	25,000
	<u>819,175</u>	<u>892,633</u>
<b>EXPENDITURES</b>		
Accounting and legal	10,057	10,510
Amortization	213,774	210,000
Aquarium costs	18,491	25,002
Credit card charges	12,638	11,690
Education costs	11,208	10,986
Fundraising costs	8,620	12,519
Insurance	17,061	15,961
Interest and bank charges	2,889	3,846
Maintenance costs	71,368	66,579
Marketing	83,245	86,682
Oceaneer expenses	3,517	5,421
Office	14,930	18,659
Special projects	949	2,300
Telephone and utilities	70,737	70,329
Travel and automotive	2,981	2,604
Wages and benefits	588,653	622,976
	<u>1,131,118</u>	<u>1,176,064</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>\$ (311,943)</u>	<u>\$ (283,431)</u>

See accompanying notes

**THE NEW MARINE CENTRE SOCIETY**  
**Statement of Changes in Net Assets**  
**Year Ended September 30, 2013**  
*(Unaudited)*

	Operating Fund	Capital Fund	Endowment Fund	2013	2012
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ (866,191)	\$ 4,876,947	\$ 11,615	\$ <b>4,022,371</b>	\$ 4,310,557
Deficiency of revenues over expenditures	(311,943)	-	-	<b>(311,943)</b>	(283,431)
Donation income	-	-	-	-	1,100
Interest income	-	2,563	-	<b>2,563</b>	1,645
Transfer to the Victoria Foundation (note 7)	-	-	(2,500)	<b>(2,500)</b>	(7,500)
<b>NET ASSETS - END OF YEAR</b>	<b>\$ (1,178,134)</b>	<b>\$ 4,879,510</b>	<b>\$ 9,115</b>	<b>\$ 3,710,491</b>	<b>\$ 4,022,371</b>

See accompanying notes

**THE NEW MARINE CENTRE SOCIETY**

**Statement of Cash Flows**

**Year Ended September 30, 2013**

*(Unaudited)*

	2013	2012
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenditures	\$ (311,943)	\$ (283,431)
Item not affecting cash:		
Amortization of property, plant and equipment	<u>213,774</u>	<u>210,000</u>
	<u>(98,169)</u>	<u>(73,431)</u>
Changes in non-cash working capital:		
Accounts receivable	(10,733)	(14,462)
Inventory	(7,350)	12,104
Accounts payable	9,527	(27,960)
Prepaid expenses	(3,120)	4,616
Goods and services tax payable (recoverable)	65,611	18,467
Provincial sales tax payable (recoverable)	604	-
Employee deductions payable	<u>(1,148)</u>	<u>5,529</u>
	<u>53,391</u>	<u>(1,706)</u>
Cash flow used by operating activities	<u>(44,778)</u>	<u>(75,137)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,775)	(15,446)
Proceeds on disposal of property, plant and equipment	<u>1,990</u>	<u>-</u>
Cash flow used by investing activities	<u>(6,785)</u>	<u>(15,446)</u>
<b>FINANCING ACTIVITIES</b>		
Transfer from Endowment Fund to the Victoria Foundation	(2,500)	(7,500)
Donation, interest and grant income (Capital Fund)	2,563	1,645
Donation income (Endowment Fund)	<u>-</u>	<u>1,100</u>
Cash flow from (used by) financing activities	<u>63</u>	<u>(4,755)</u>
<b>DECREASE IN CASH FLOW</b>	<b>(51,500)</b>	<b>(95,338)</b>
Cash - beginning of year	<u>355,542</u>	<u>450,880</u>
<b>CASH - END OF YEAR</b>	<b>\$ 304,042</b>	<b>\$ 355,542</b>

See accompanying notes

**THE NEW MARINE CENTRE SOCIETY**

**Notes to Financial Statements**

**Year Ended September 30, 2013**

*(Unaudited)*

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1. **FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS**

During the year the company adopted Canadian accounting standards for not-for-profit organizations (ASNFPO). These financial statements are the first prepared in accordance with these standards. The adoption of ASNFPO had no impact on net assets as at October 1, 2011 or revenues and expenditures or cash flows for the year ended September 30, 2012 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

2. **PURPOSE OF THE COMPANY**

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 Board has developed an Ocean Discovery Centre as a high-quality destination attraction and community asset. The primary goal of the Centre is to promote public awareness of the marine environment through exhibits, a teaching centre, public lectures and tours.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Inventory

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

Fund accounting

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

The Capital Fund reports the Society's non-operating activities, such as fundraising and expenditures on capital items, including design and development of the Centre.

The Endowment Fund was established by the Society to support education programs offered by the Shaw Ocean Discovery Centre. These funds are internally restricted and only the income earned by the funds may be allocated for expenditure by the Board.

*(continues)*



# THE NEW MARINE CENTRE SOCIETY

## Notes to Financial Statements

Year Ended September 30, 2013

(Unaudited)

### 3. 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.

Contributions for endowment are recognized as revenue in the Endowment Fund.

Volunteers contribute many hours per year to the Society. 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:

Ocean Discovery Centre Facility	5 - 30 years	straight-line method
Automotive	30%	declining balance method

#### 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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

### 4. CASH AND TERM DEPOSITS

The following amounts are restricted by the Board of Directors:

	<u>2013</u>	<u>2012</u>
Capital Fund	\$ 304,042	\$ 355,542
Endowment Fund	9,115	11,615
	<u>\$ 313,157</u>	<u>\$ 367,157</u>

**THE NEW MARINE CENTRE SOCIETY**

**Notes to Financial Statements**

**Year Ended September 30, 2013**

*(Unaudited)*

5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	<b>2013 Net book value</b>	2012 Net book value
Ocean Discovery Centre Facility	\$ 4,228,138	\$ 912,000	\$ <b>3,316,138</b>	\$ 3,519,353
Automotive	24,829	16,024	<b>8,805</b>	12,579
	<b>\$ 4,252,967</b>	<b>\$ 928,024</b>	<b>\$ 3,324,943</b>	<b>\$ 3,531,932</b>

6. GIFT SHOP SALES

	<b>2013</b>	2012
Gift shop sales	\$ <b>164,421</b>	\$ 165,690
Cost of goods sold	<b>(94,036)</b>	(99,260)
	<b>\$ 70,385</b>	\$ 66,430

7. DONATION FROM TD BANK GROUP

The Society received a commitment from the TD Bank in June 2012 for a contribution of \$50,000 towards costs incurred by the Society in the development of the out station project. Under the terms of the commitment, the contribution is due in two \$25,000 payments, in September 2012 and September 2013. The second payment was received in October 2013, and accordingly, this amount is reflected in accounts receivable.

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 the Society made a further contribution of \$2,500 from designated endowment funds to the Foundation. The Foundation provided a matching contribution of \$2,500. The market value of the endowment funds held by the Foundation at September 30, 2013, including earned interest, is \$22,419. 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.

10. COMPARATIVE AMOUNTS

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

**PEGGY YELLAND**  
& ASSOCIATES INC.  
CERTIFIED GENERAL ACCOUNTANT