

THE NEW MARINE CENTRE SOCIETY
Financial Statements
Period Ended May 31, 2018
(Unaudited)

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Period Ended May 31, 2018
(Unaudited)

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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 that comprise the statement of financial position as at May 31, 2018 and the statements of revenues and expenditures, changes in net assets and cash flow for the period 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, 2018, and the results of its operations and its cash flows for the period then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Cowland + Associates

THE NEW MARINE CENTRE SOCIETY
Statement of Financial Position
May 31, 2018
(Unaudited)

	<i>May 31</i> 2018	<i>September 30</i> 2017
ASSETS		
CURRENT		
Cash and short term deposits	\$ 150,176	\$ 210,144
Restricted cash <i>(Note 4)</i>	44,064	78,664
Accounts receivable	95,398	934
Inventory	62,278	56,901
Prepaid expenses	1,226	11,459
	353,142	358,102
PROPERTY, PLANT AND EQUIPMENT <i>(Note 6)</i>	2,576,421	2,673,144
	\$ 2,929,563	\$ 3,031,246
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 47,672	\$ 31,691
Goods and services tax payable	1,663	6,021
Provincial sales tax payable	630	271
WCB payable	841	1,697
Deferred contributions (restricted) <i>(Note 7)</i>	44,064	78,664
Deferred revenue (unrestricted)	2,341	-
	97,211	118,344
AMOUNTS HELD IN TRUST	5,616	3,111
	102,827	121,455
 NET ASSETS		
Operating fund	(365,502)	(380,024)
Capital fund	3,185,087	3,282,664
Endowment fund	7,151	7,151
	2,826,736	2,909,791
	\$ 2,929,563	\$ 3,031,246

ON BEHALF OF THE BOARD

THE NEW MARINE CENTRE SOCIETY
Statement of Revenues and Expenditures
For the Period Ended May 31, 2018
(Unaudited)

	<i>May 31</i> 2018 <i>(8 months)</i>	<i>September 30</i> 2017 <i>(12 months)</i>
REVENUES		
Admissions and rentals	\$ 291,272	\$ 476,775
Memberships	84,123	130,105
Donations and grants	115,178	80,293
Operating grant - Town of Sidney	65,000	65,000
Gift shop sales, net of costs	39,399	64,039
Other revenue	20,475	27,382
	<u>615,447</u>	<u>843,594</u>
EXPENDITURES		
Accounting and legal	8,417	11,548
Aquarium costs	13,558	22,763
Credit card charges	7,226	11,157
Education costs	73,065	18,897
Fundraising costs	500	711
Insurance	11,232	16,376
Interest and bank charges	1,503	2,928
Maintenance costs	50,137	65,563
Marketing	6,747	25,633
Oceaneer expenses	4,228	6,989
Office	4,528	11,033
Special projects	2,753	6,110
Telephone and utilities	55,672	78,541
Travel and automotive	1,015	4,125
Wages and benefits	360,344	612,955
	<u>600,925</u>	<u>895,329</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	14,522	(51,735)
OTHER INCOME (EXPENSES)		
Amortization	<u>(97,577)</u>	<u>(150,516)</u>
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (83,055)	\$ (202,251)

THE NEW MARINE CENTRE SOCIETY
Statement of Changes in Net Assets
Period Ended May 31, 2018
(Unaudited)

	Operating Fund	Capital Fund	Endowment Fund	May 31 2018	<i>September 30 2017</i>
NET ASSETS - BEGINNING OF PERIOD	\$ (380,024)	\$ 3,282,664	\$ 7,151	\$ 2,909,791	\$ 3,112,043
Amortization	-	(97,577)	-	(97,577)	(150,516)
Excess (Deficiency) of revenues over expenses	14,522	-	-	14,522	(51,735)
NET ASSETS - END OF PERIOD	\$ (365,502)	\$ 3,185,087	\$ 7,151	\$ 2,826,736	\$ 2,909,792

THE NEW MARINE CENTRE SOCIETY

**Statement of Cash Flow
Period Ended May 31, 2018**

(Unaudited)

	<i>May 31 2018 (8 months)</i>	<i>September 30 2017 (12 months)</i>
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (83,055)	\$ (202,251)
Item not affecting cash:		
Amortization of property, plant and equipment	<u>97,577</u>	150,516
	<u>14,522</u>	<u>(51,735)</u>
Changes in non-cash working capital:		
Accounts receivable	(94,464)	3,412
Inventory	(5,377)	(7,692)
Accounts payable	15,984	(7,488)
Deferred contributions	(34,600)	78,664
Deferred revenue	2,341	-
Prepaid expenses	10,232	2,641
Goods and services tax payable	(4,358)	14,758
Provincial sales tax payable (recoverable)	359	(422)
WCB payable	(856)	(509)
Amounts Held In Trust	<u>2,505</u>	<u>3,111</u>
	<u>(108,234)</u>	<u>86,475</u>
Cash flow from (used by) operating activities	<u>(93,712)</u>	<u>34,740</u>
INVESTING ACTIVITY		
Purchase of property, plant and equipment	<u>(856)</u>	<u>(2,022)</u>
INCREASE (DECREASE) IN CASH FLOW	(94,568)	32,718
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	<u>288,808</u>	<u>256,090</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 194,240</u>	<u>\$ 288,808</u>
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 150,176	\$ 210,144
Restricted cash	<u>44,064</u>	<u>78,664</u>
	<u>\$ 194,240</u>	<u>\$ 288,808</u>

THE NEW MARINE CENTRE SOCIETY
Notes to Financial Statements
Period Ended May 31, 2018
(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. GOING CONCERN

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of operations. Should the Society be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate, as steps are being taken to mitigate the effect of the conditions and facts that raise doubt about the appropriateness of this assumption.

3. 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 a first-in, first-out basis.

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Period Ended May 31, 2018
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3. 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 Capital Fund reports the Society's non-operating activities, such as amortization and interest income.

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.

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.

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 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.

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
Furniture and fixtures	20%	declining balance method

There is no amortization being taken on artwork.

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Period Ended May 31, 2018
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian ASNFPO 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 has been changed from September 30 to May 31 to better match the annual business cycle of the society. The current financial statements reflect financial operations for an eight month period as a result of the change.

4. RESTRICTED CASH

Cash in the amount of \$44,064 is externally restricted for use, as indicated in Note 7.

5. 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.

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(Unaudited)

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	May 31 2018 Net book value	September 30 2017 Net book value
Ocean Discovery Centre Facility	\$ 4,215,990	\$ 1,658,656	\$ 2,557,334	\$ 2,651,437
Furniture and fixtures	31,044	16,720	14,324	16,944
Artwork	4,763	-	4,763	4,763
	<u>\$ 4,251,797</u>	<u>\$ 1,675,376</u>	<u>\$ 2,576,421</u>	<u>\$ 2,673,144</u>

There is no amortization taken on artwork.

7. 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
Coast Salish Project	\$ 52,164	20,000	\$ 54,064	\$ 18,100
Curriculum Review & Upgrade Project	11,500	-	10,250	1,250
Town of Sidney	-	30,000	5,224	24,776
Youth Education Programming	15,000	-	15,062	(62)
	<u>\$ 78,664</u>	<u>50,000</u>	<u>\$ 84,600</u>	<u>\$ 44,064</u>

8. 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 at a conservative rate of \$11.35 per hour would be \$65,342 (2017 - \$97,303 @ \$10.85 per hour).

9. 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 2014 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 June 30, 2018, including earned interest, is \$41,617. Future donations designated to this permanent fund to support the Society will be welcomed by the Victoria Foundation.

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10. 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.