

THE NEW MARINE CENTRE SOCIETY
Financial Statements
Year Ended September 30, 2017
(Unaudited)

THE NEW MARINE CENTRE SOCIETY
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Year Ended September 30, 2017
(Unaudited)

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PEGGY YELLAND
& ASSOCIATES INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

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, 2017 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 enquiry, analytical procedures and discussion related to information supplied to me 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 generally accepted accounting standards for not-for-profit organizations.

Saanichton, British Columbia
December 7, 2017

PEGGY YELLAND & ASSOCIATES INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

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THE NEW MARINE CENTRE SOCIETY

Statement of Financial Position

September 30, 2017

(Unaudited)

	2017	2016
ASSETS		
CURRENT		
Cash and short term deposits	\$ 210,144	\$ 256,090
Restricted cash <i>(Note 4)</i>	78,664	-
Accounts receivable	934	4,346
Inventory	56,901	49,209
Goods and services tax recoverable	-	8,737
Prepaid expenses	11,458	14,100
	358,101	332,482
PROPERTY, PLANT AND EQUIPMENT <i>(Note 6)</i>	2,673,143	2,821,637
	\$ 3,031,244	\$ 3,154,119
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 31,687	\$ 39,176
Goods and services tax payable	6,021	-
Provincial sales tax payable	271	693
WCB payable	1,697	2,206
Deferred revenue	1,425	-
Deferred contributions <i>(Note 7)</i>	78,664	-
	119,765	42,075
NET ASSETS		
Operating fund	(378,336)	(328,287)
Capital fund	3,282,664	3,433,180
Endowment fund	7,151	7,151
	2,911,479	3,112,044
	\$ 3,031,244	\$ 3,154,119

ON BEHALF OF THE BOARD

THE NEW MARINE CENTRE SOCIETY
Statement of Revenues and Expenditures
For the Year Ended September 30, 2017
(Unaudited)

	2017	2016
REVENUES		
Admissions and rentals	\$ 476,775	\$ 571,114
Memberships	130,105	6,383
Donations and grants	80,293	141,938
Operating grant - Town of Sidney	65,000	65,000
Gift shop sales, net of costs	64,039	52,037
Other revenue	29,069	43,409
	<u>845,281</u>	<u>879,881</u>
EXPENDITURES		
Accounting and legal	11,548	9,565
Aquarium costs	22,763	29,303
Credit card charges	12,277	10,052
Education costs	18,897	11,321
Fundraising costs	711	10,012
Insurance	16,376	16,561
Interest and bank charges	1,809	2,103
Maintenance costs	65,563	86,906
Marketing	25,633	43,230
Oceaneer expenses	6,989	7,053
Office	11,033	11,396
Special projects	6,110	3,913
Telephone and utilities	78,541	77,392
Travel and automotive	4,125	4,873
Wages and benefits	612,955	592,004
	<u>895,330</u>	<u>915,684</u>
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(50,049)</u>	<u>(35,803)</u>
OTHER INCOME (EXPENSES)		
Amortization	(150,516)	(90,324)
Gain on disposal of property, plant and equipment	-	2,686
	<u>(150,516)</u>	<u>(87,638)</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (200,565)</u>	<u>\$ (123,441)</u>

THE NEW MARINE CENTRE SOCIETY
Statement of Changes in Net Assets
Year Ended September 30, 2017
(Unaudited)

	Operating Fund	Capital Fund	Endowment Fund	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ (328,287)	\$ 3,433,180	\$ 7,151	\$ 3,112,044	\$ 3,235,485
Amortization	-	(150,516)	-	(150,516)	(90,324)
Deficiency of revenues over expenses	(50,049)	-	-	(50,049)	(33,117)
NET ASSETS - END OF YEAR	\$ (378,336)	\$ 3,282,664	\$ 7,151	\$ 2,911,479	\$ 3,112,044

THE NEW MARINE CENTRE SOCIETY

Statement of Cash Flow

Year Ended September 30, 2017

(Unaudited)

	2017	2016
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (200,565)	\$ (123,441)
Items not affecting cash:		
Amortization of property, plant and equipment	150,516	90,324
Gain on disposal of property, plant and equipment	-	(2,686)
	<u>(50,049)</u>	<u>(35,803)</u>
Changes in non-cash working capital:		
Accounts receivable	3,412	769
Inventory	(7,692)	(4,404)
Accounts payable	(7,488)	15,946
Deferred contributions	78,664	-
Prepaid expenses	2,641	(1,415)
Goods and services tax payable	14,758	(9,021)
Provincial sales tax payable (recoverable)	(422)	(83)
WCB payable	(509)	399
Deposits received	1,425	-
	<u>84,789</u>	<u>2,191</u>
Cash flow from (used by) operating activities	<u>34,740</u>	<u>(33,612)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,022)	(11,637)
Proceeds on disposal of property, plant and equipment	-	7,000
Cash flow used by investing activities	<u>(2,022)</u>	<u>(4,637)</u>
INCREASE (DECREASE) IN CASH FLOW	32,718	(38,249)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>256,090</u>	<u>294,339</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 288,808	\$ 256,090
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 210,144	\$ 256,090
Restricted cash	78,664	-
	<u>\$ 288,808</u>	<u>\$ 256,090</u>

THE NEW MARINE CENTRE SOCIETY

Notes to Financial Statements

Year Ended September 30, 2017

(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 (ASNFPPO).

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 replacement value with the cost being determined on a first-in, first-out basis.

(continues)

THE NEW MARINE CENTRE SOCIETY

Notes to Financial Statements

Year Ended September 30, 2017

(Unaudited)

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 4). 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.

(continues)

THE NEW MARINE CENTRE SOCIETY

Notes to Financial Statements

Year Ended September 30, 2017

(Unaudited)

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

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.

4. RESTRICTED CASH

Cash in the amount of \$78,664.01 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.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Ocean Discovery Centre Facility	\$ 4,215,990	\$ 1,564,553	\$ 2,651,437	\$ 2,797,970
Furniture and fixtures	30,188	13,245	16,943	18,904
Artwork	4,763	-	4,763	4,763
	<u>\$ 4,250,941</u>	<u>\$ 1,577,798</u>	<u>\$ 2,673,143</u>	<u>\$ 2,821,637</u>

There is no amortization taken on artwork.

THE NEW MARINE CENTRE SOCIETY

Notes to Financial Statements

Year Ended September 30, 2017

(Unaudited)

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	\$ -	51,200	\$ -	\$ 51,200
Curriculum Review & Upgrade Project	-	11,500	-	11,500
Community Salmon Program	-	4,750	3,786	964
Youth Education Programming	-	15,000	-	15,000
	<u>\$ -</u>	<u>82,450</u>	<u>\$ 3,786</u>	<u>\$ 78,664</u>

8. VOLUNTEER HOURS

The ongoing operations of the Society are greatly assisted by the generous donation of time by around 166 listed volunteers. The value of this donation at a conservative rate of \$10.85 per hour would be \$97,303 (2016 - \$100,623 @ \$10.45 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 September 30, 2017, including earned interest, is \$39,708. Future donations designated to this permanent fund to support the Society will be welcomed by the Victoria Foundation.

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.
