

**THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.**  
**Financial Statements**  
**Year Ended March 31, 2018**

**THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.**

**Index to Financial Statements**

**Year Ended March 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.

We have audited the accompanying financial statements of THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC., which comprise the statement of financial position as at March 31, 2018 and the statements of revenues and expenditures and 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*(continues)*

Independent Auditor's Report to the Members of THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC. *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC. as at March 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of The Royal Canadian Marine Search and Rescue Inc. for the year ended March 31, 2017 were audited by Anton, Bryson and Schindler Chartered Professional Accountants LLP of Nanaimo, Canada, prior to its merger with MNP LLP. Anton, Bryson and Schindler Chartered Professional Accountants LLP expressed an unmodified opinion on those statements on June 28, 2017.

Nanaimo, British Columbia  
September 12, 2018

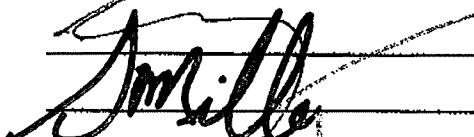
*MNP LLP*

Chartered Professional Accountants

**THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.**  
**Statement of Financial Position**  
**March 31, 2018**

	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 1,212,210	\$ 362,725
Accounts receivable	50,556	108,863
Inventory	-	19,542
Goods and services tax recoverable	2,502	19,471
Prepaid expenses	66,074	20,383
	<u>1,331,342</u>	530,964
<b>CAPITAL ASSETS (Note 2)</b>	<u>2,897,742</u>	3,365,795
	<u>\$ 4,229,084</u>	<u>\$ 3,896,759</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 324,798	\$ 130,360
Current portion of long term debt (Note 3)	40,156	1,400,050
Wages payable	10,513	10,219
Deferred revenue	353,220	62,000
	<u>728,687</u>	1,602,629
<b>LONG TERM DEBT (Note 3)</b>	<u>1,307,569</u>	-
	<u>2,036,256</u>	1,602,629
<b>NET ASSETS</b>	<u>2,192,828</u>	2,294,130
	<u>\$ 4,229,084</u>	<u>\$ 3,896,759</u>

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Governor  
 \_\_\_\_\_ Governor

See notes to financial statements  
 MNP LLP

**THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.****Statement of Revenues and Expenditures****Year Ended March 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>		
Federal - Fisheries & Oceans	<b>\$ 1,402,818</b>	\$ 1,316,600
Federal - Western Economic	<b>18,489</b>	-
Federal - Search & Rescue New Initiative	-	373,101
Provincial - Gaming	<b>225,000</b>	225,000
Donations	<b>114,535</b>	138,620
Training	-	3,861
Miscellaneous	<b>239,294</b>	142,100
Gain (loss) on disposal of capital assets	<b>(253,132)</b>	-
Internal rent recoveries	<b>95,760</b>	49,395
	<b>1,842,764</b>	2,248,677
<b>EXPENDITURES</b>		
Administration	<b>364,719</b>	347,438
Amortization	<b>238,960</b>	266,973
Funding CCGA National	<b>190,674</b>	185,400
Interest on long term debt	<b>43,435</b>	49,394
Marketing & recruiting	<b>7,890</b>	7,138
Members	<b>33,601</b>	46,802
Operations	<b>344,294</b>	520,624
Training	<b>720,493</b>	513,473
	<b>1,944,066</b>	1,937,242
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>\$ (101,302)</b>	\$ 311,435

**THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2018**

	2017 Balance	Excess (deficiency) of revenue over expenditures	Transfers	2018 Balance
Coast Guard Fund	\$ (11,260)	\$ (5,191)	\$ -	\$ (16,451)
Capital Fund	1,965,745	(492,092)	76,363	<b>1,550,016</b>
Gaming	230,742	58,561	-	<b>289,303</b>
General Fund	108,903	337,420	(76,363)	<b>369,960</b>
	<b>\$ 2,294,130</b>	<b>\$ (101,302)</b>	<b>\$ -</b>	<b>\$ 2,192,828</b>

	2016 Balance	Excess (deficiency) of revenue over expenditures	Transfers	2017 Balance
Coast Guard Fund	\$ (11,839)	\$ 29,286	\$ (28,706)	\$ (11,259)
Capital Fund	1,756,074	(266,973)	476,644	1,965,745
Gaming	145,027	103,375	(17,660)	230,742
General Fund	93,433	445,747	(430,278)	108,902
	<b>\$ 1,982,695</b>	<b>\$ 311,435</b>	<b>\$ -</b>	<b>\$ 2,294,130</b>

**THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.**

**Statement of Cash Flow  
Year Ended March 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenditures	\$ (101,302)	\$ 311,435
Items not affecting cash:		
Amortization	238,960	266,973
Loss on disposal of capital assets	253,132	-
	<u>390,790</u>	<u>578,408</u>
Changes in non-cash working capital:		
Accounts receivable	58,307	62,639
Inventory	19,542	-
Accounts payable	194,438	(87,892)
Deferred revenue	291,220	62,000
Prepaid expenses	(45,711)	(7,528)
Goods and services tax payable (recoverable)	16,969	6,093
Wages payable	294	6,868
Deposits received	-	(24,930)
	<u>535,059</u>	<u>17,250</u>
Cash flow from operating activities	<u>925,849</u>	<u>595,658</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	<u>(24,039)</u>	<u>(430,278)</u>
<b>FINANCING ACTIVITY</b>		
Repayment of long term debt	<u>(52,325)</u>	<u>(46,365)</u>
<b>INCREASE IN CASH FLOW</b>	<b>849,485</b>	<b>119,015</b>
Cash - beginning of year	<u>362,725</u>	<u>243,710</u>
<b>CASH - END OF YEAR</b>	<b>\$ 1,212,210</b>	<b>\$ 362,725</b>
<b>CASH FLOW SUPPLEMENTARY INFORMATION</b>		
Interest paid	<u>\$ 43,435</u>	<u>\$ 49,395</u>



# THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.

## Notes to Financial Statements

Year Ended March 31, 2018

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### NATURE OF OPERATIONS

THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC. (the "Organization") is incorporated under the Canada Corporation Act as a corporation without share capital under the sponsorship of the federal government and is exempt from tax under section 149 of the Income Tax Act. The objective is to provide organized volunteer marine search and rescue and promote public boating safety in the Pacific Region of Canada.

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#### 1. 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).

##### Fund accounting

The Organization records accounting transactions using the fund accounting method generally in use for non-profit organizations. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund has its own statement of financial position and statement of operations which present the financial position and the results of operations for the fund.

Coast Guard Contribution Agreement Fund - activities associated with Department of Fisheries and Oceans.

Capital Fund - activities associated with property plant and equipment of the Organization.

Gaming Fund - activities associated with grants received through the Gaming Branch - Province of British Columbia.

General Fund - all other activities of the Organization.

##### Inventory

Inventory, consisting of spare parts and supplies held for use, is valued at the lower of cost and net realizable value with the cost being determined on a specific unit basis.

##### Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates:

Buildings	40 years	straight-line method
Boating safety promotional equipment	30%	declining balance method
Facility improvements	10 years	straight-line method
Furniture and fixtures	30%	declining balance method
Marine simulator	5 years	straight-line method
Motor vehicles	30%	declining balance method
Online Training Software	10 years	straight-line method
Vessels	5 years	straight-line method

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# THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.

## Notes to Financial Statements

Year Ended March 31, 2018

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Revenue recognition

The Organization follows the deferral method of accounting for restricted contributions and they recognize fees for services when the service has been performed and collection is reasonably assured.

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

#### Contributed materials and services

The Organization accounts for contributed materials at their fair value if the fair value can be reasonably estimated and they are used in the normal course of operations and would otherwise have been purchased. The value of volunteer labour is not capable of reasonable estimation and is not included in these statements.

#### 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.

### 2. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 1,296,970	\$ -	\$ 1,296,970	\$ 1,296,970
Buildings	999,359	80,270	919,089	944,073
Boating safety promotional equipment	161,977	160,643	1,334	1,905
Facility improvements	344,341	110,802	233,539	242,734
Furniture and fixtures	213,929	197,461	16,468	23,526
Marine simulator	1,232,982	891,167	341,815	457,552
Motor vehicles	88,087	84,247	3,840	5,988
Online Training Software	-	-	-	230,321
Training equipment	269,777	198,295	71,482	119,136
Vessels	316,598	303,393	13,205	43,590
	<u>\$ 4,924,020</u>	<u>\$ 2,026,278</u>	<u>\$ 2,897,742</u>	<u>\$ 3,365,795</u>

**THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2018**

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3. LONG TERM DEBT

	<u>2018</u>	<u>2017</u>
Coast Capital Savings loan bearing interest at 3.4% per annum, repayable in monthly blended payments of \$7,975. The loan matures on January 8, 2022 and is secured by land and building.	<b>\$ 1,347,725</b>	\$ 1,400,050
Amounts payable within one year	<u>(40,156)</u>	(1,400,050)
	<b><u>\$ 1,307,569</u></b>	<b>\$ -</b>

Principal repayment terms for each fiscal year are approximately:

2019	\$ 40,156
2020	41,543
2021	42,978
2022	44,462
2023	49,761
Thereafter	<u>1,128,825</u>
	<b><u>\$ 1,347,725</u></b>

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4. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. Unless otherwise noted, the Organization does not feel it is exposed to significant risks.

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**THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.**

**Coast Guard Fund**

**(Schedule 1)**

**Year Ended March 31, 2018**

	2018	2017
<b>REVENUE</b>		
Miscellaneous	\$ 53	\$ 751
Federal - Fisheries & Oceans	<u>1,402,818</u>	<u>1,316,600</u>
	<u>1,402,871</u>	<u>1,317,351</u>
<b>EXPENSES</b>		
Administration	356,323	336,919
Funding CCGA National	190,674	185,400
Marketing & recruiting	1,623	7,138
Members	33,601	46,802
Operations	232,375	319,028
Training	<u>593,466</u>	<u>392,778</u>
	<u>1,408,062</u>	<u>1,288,065</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>(5,191)</u>	<u>29,286</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>(11,259)</u>	<u>(11,839)</u>
<b>TRANSFERS</b>	<u>-</u>	<u>(28,706)</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u>\$ (16,450)</u>	<u>\$ (11,259)</u>

**THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.****Capital Fund****(Schedule 2)****Year Ended March 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>REVENUE</b>		
Gain (loss) on disposal of capital assets	\$ (253,132)	\$ -
<b>EXPENSES</b>		
Amortization	<u>238,960</u>	266,974
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>(492,092)</u>	(266,974)
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>1,965,745</u>	1,756,075
<b>TRANSFERS</b>	<u>76,363</u>	476,644
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u>\$ 1,550,016</u>	\$ 1,965,745

**THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.**

**Gaming Fund**

**(Schedule 3)**

**Year Ended March 31, 2018**

	2018	2017
<b>REVENUE</b>		
Provincial - Gaming	\$ 225,000	\$ 225,000
Miscellaneous	83	13,817
	<u>225,083</u>	<u>238,817</u>
<b>EXPENSES</b>		
Operations	39,429	16,606
Training	127,093	118,838
	<u>166,522</u>	<u>135,444</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>58,561</u>	<u>103,373</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>230,742</u>	<u>145,029</u>
<b>TRANSFERS</b>	<u>-</u>	<u>(17,660)</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u>\$ 289,303</u>	<u>\$ 230,742</u>

**THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.**

**General Fund**

**(Schedule 4)**

**Year Ended March 31, 2018**

	2018	2017
<b>REVENUE</b>		
Donations	\$ 114,535	\$ 138,620
Federal - Search & Rescue New Initiative	-	373,101
Internal rent recoveries	95,760	49,395
Training	-	3,861
Miscellaneous	239,158	127,530
Federal - Western Economic	18,489	-
	<u>467,942</u>	<u>692,507</u>
<b>EXPENSES</b>		
Administration	8,396	10,519
Interest on long term debt	43,435	49,395
Marketing & recruiting	6,267	-
Operations	72,490	184,989
Training	(66)	1,857
	<u>130,522</u>	<u>246,760</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>337,420</u>	<u>445,747</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>108,902</u>	<u>93,433</u>
<b>TRANSFERS</b>	<u>(76,363)</u>	<u>(430,278)</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u>\$ 369,959</u>	<u>\$ 108,902</u>