

MARITIME MUSEUM OF BRITISH COLUMBIA SOCIETY

FINANCIAL STATEMENTS

MARCH 31, 2023

MARITIME MUSEUM OF BRITISH COLUMBIA SOCIETY

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the members of the
Maritime Museum of British Columbia Society

We have reviewed the accompanying financial statements of the Maritime Museum of British Columbia Society that comprise the statement of financial position as at March 31, 2023 and the statements of operations 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.

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.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities, 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 unable to determine whether any adjustments might be necessary to current assets and net assets as at March 31, 2023 and revenue, excess of revenues over expenses, and cash flows from operations for the year then ended.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT, continued

Qualified Conclusion

Based on our review, except for the 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 Maritime Museum of British Columbia Society as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The Graphite Group

Victoria, British Columbia
September 28, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

MARITIME MUSEUM OF BRITISH COLUMBIA SOCIETY

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

	2023				2022	
	Operating Funds					
	General	Internally Restricted	Capital Asset & Collection Fund	Endowment Fund	Total	Total
CURRENT ASSETS						
Cash and cash equivalents	\$ 83,777	\$ -	\$ -	\$ 42,033	\$ 125,810	\$ 300,604
Investments (Note 3)	176,847	158,010	-	-	334,857	-
Accounts receivable	4,844	-	-	-	4,844	7,745
Inventory	3,628	-	-	-	3,628	3,899
Prepaid expenses	10,883	-	-	-	10,883	8,087
Due from (to) other funds	809	-	-	(809)	-	-
	<u>280,788</u>	<u>158,010</u>	<u>-</u>	<u>41,224</u>	<u>480,022</u>	<u>320,335</u>
TANGIBLE CAPITAL ASSETS (Note 4)	-	-	39,872	-	39,872	59,482
COLLECTION AND EXHIBITS (Note 5)	-	-	1	-	1	1
	<u>\$ 280,788</u>	<u>\$ 158,010</u>	<u>\$ 39,873</u>	<u>\$ 41,224</u>	<u>\$ 519,895</u>	<u>\$ 379,818</u>
CURRENT LIABILITIES						
Accounts payable and accrued liabilities (Note 6)	\$ 45,512	\$ -	\$ -	\$ -	\$ 45,512	\$ 48,232
Deferred revenue	5,560	-	-	-	5,560	49,861
	<u>51,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,072</u>	<u>98,093</u>
FUND BALANCES						
Unrestricted	229,716	-	-	-	229,716	188,970
Internally restricted (Note 7)	-	158,010	-	-	158,010	-
Endowment (Note 8)	-	-	-	41,224	41,224	33,272
Invested in capital assets	-	-	39,873	-	39,873	59,483
	<u>229,716</u>	<u>158,010</u>	<u>39,873</u>	<u>41,224</u>	<u>468,823</u>	<u>281,725</u>
	<u>\$ 280,788</u>	<u>\$ 158,010</u>	<u>\$ 39,873</u>	<u>\$ 41,224</u>	<u>\$ 519,895</u>	<u>\$ 379,818</u>

Commitments (Note 9)

Approved by the Board:



 Director



 Director

See accompanying notes to the financial statements.

MARITIME MUSEUM OF BRITISH COLUMBIA SOCIETY

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2023

	2023				2022	
	Operating Funds					
	General	Internally Restricted	Capital Asset & Collection Fund	Endowment Fund	Total	Total
REVENUES						
Admissions	\$ 41,291	\$ -	\$ -	\$ -	\$ 41,291	\$ 15,763
Events	107,057	-	-	-	107,057	8,567
Federal COVID-19 subsidies	738	-	-	-	738	62,601
Gift shop and other	27,083	-	-	-	27,083	22,941
Interest and miscellaneous	25,674	-	-	230	25,904	1,350
Memberships	10,885	-	-	-	10,885	8,240
Programs	13,966	-	-	-	13,966	9,046
Rental income	4,221	-	-	-	4,221	3,267
	230,915	-	-	230	231,145	131,775
GIFTS AND DONATIONS	366,475	-	-	33,546	400,021	216,506
GRANTS						
Federal	80,117	-	-	-	80,117	95,933
Municipal	6,268	-	-	-	6,268	800
Other	26,000	-	-	-	26,000	21,127
Provincial - gaming and other	117,450	-	-	-	117,450	82,000
	229,835	-	-	-	229,835	199,860
TOTAL REVENUE	827,225	-	-	33,776	861,001	548,141
EXPENSES						
Accounting	25,026	-	-	-	25,026	23,897
Amortization	-	-	30,551	-	30,551	28,802
Bank charges and interest	7,369	-	-	-	7,369	4,949
Building development	6,777	-	-	-	6,777	2,507
Collection and exhibits	21,046	-	-	25,824	46,870	31,354
Equipment and maintenance	6,986	-	-	-	6,986	7,645
Events	82,104	-	-	-	82,104	3,636
Facility rental	57,127	-	-	-	57,127	56,165
Freight and postage	1,267	-	-	-	1,267	1,139
Gift shop - cost of goods sold	8,006	-	-	-	8,006	5,908
Insurance	9,231	-	-	-	9,231	8,048
Licences, dues and subscriptions	19,777	-	-	-	19,777	16,241
Marketing and promotion	16,576	-	-	-	16,576	4,774
Office and travel	2,245	-	-	-	2,245	3,692
Professional fees	14,435	-	-	-	14,435	5,596
Salaries and benefits	331,187	-	-	-	331,187	283,754
Supplies	8,369	-	-	-	8,369	8,750
	617,528	-	30,551	25,824	673,903	496,857
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	209,697	-	(30,551)	7,952	187,098	51,284
FUND BALANCES, beginning of year	188,970	-	59,483	33,272	281,725	230,441
Interfund transfers						
Transfer to internally restricted	(158,010)	158,010	-	-	-	-
Purchase of capital assets	(10,941)	-	10,941	-	-	-
FUND BALANCES, ending of year	\$ 229,716	\$ 158,010	\$ 39,873	\$ 41,224	\$ 468,823	\$ 281,725

See accompanying notes to the financial statements.

MARITIME MUSEUM OF BRITISH COLUMBIA SOCIETY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 187,098	\$ 51,284
Adjustments for non-cash items:		
Amortization	30,551	28,802
Changes in non-cash working capital:		
Accounts receivable	2,901	15,874
Inventory	271	2,247
Prepaid expenses	(2,796)	(1,809)
Accounts payable and accrued liabilities	(2,720)	6,679
Deferred revenue	(44,301)	43,944
Deferred contributions	-	(5,127)
	171,004	141,894
INVESTING ACTIVITIES		
Purchase of investments	(334,857)	-
Purchase of tangible capital assets	(10,941)	(68,167)
	(345,798)	(68,167)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(174,794)	73,727
CASH AND EQUIVALENTS, beginning of year	300,604	226,877
CASH AND EQUIVALENTS, end of year	\$ 125,810	\$ 300,604

See accompanying notes to the financial statements.

MARITIME MUSEUM OF BRITISH COLUMBIA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023

1. **Nature of operations**

Maritime Museum of British Columbia Society (the "Society") is a not-for-profit organization incorporated provincially under the *Society Act* of British Columbia. The purpose of the Society is to engage communities in witnessing and preserving maritime heritages. As a registered charity, the Society is exempt from the payment of income tax under Section 149(1) of the federal *Income Tax Act*.

2. **Significant accounting policies**

(a) Basis of presentation

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with financial institutions maturing within 90 days.

(c) Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(d) Fund accounting restricted

The Society follows the restricted fund method of accounting for contributions.

The Operating Funds account for the Society's programs delivery and administrative activities. The General Fund reports unrestricted resources and externally restricted operating grants. The Internally Restricted Fund reports resources received from bequests and other sources reserved for future use (Note 7).

The Capital Asset and Collection Fund reports assets, liabilities, revenue and expenses related to the Society's capital assets. It is the Society's policy to carry the museum collection at a nominal amount of \$1.

The Endowment Fund reports restricted resources that are to be used for specific purposes. The Endowment Fund reports assets, liabilities, revenues and expenses related to resources contributed as endowments for purposes which are externally restricted in their use (Note 8).

MARITIME MUSEUM OF BRITISH COLUMBIA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023

2. Significant accounting policies, continued

(e) Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates are periodically reviewed and any adjustments are reported in net assets in the period in which they become known. Actual results could differ from those estimates and may have impact on future periods.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Areas requiring the use of management estimates include the useful life of assets for amortization, the net realizable value of the inventories, and the accrual of liabilities.

(f) Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of the excess of revenues over expenses. Investments for which there is not an active market are carried at amortized cost except when it is established that their fair value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of the excess of revenues over expenses. Accrued interest is recorded as a component of accounts receivable.

(g) Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Expenditures for assets expected to be used for more-than one year and expenditures which substantially increase the expected useful life of existing assets are capitalized. Amortization is provided for using the straight-line method over the estimated useful lives as follows for the major classes of assets:

Leasehold improvements	term of lease
Computer equipment	3 years
Equipment	5 years
Infrastructure and renovation	25 years
Signage	5 years

MARITIME MUSEUM OF BRITISH COLUMBIA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023

2. Significant accounting policies, continued

(h) Revenue recognition

Unrestricted contributions, and restricted contributions related to general operations, are recognized as revenue of the General 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.

Contributions are recognized in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowments are recognized as revenue of the Endowment Fund. Investment income earned on any Endowment Fund resources is recognized as revenue of the Operating Fund unless otherwise directed by the donor.

Admission, membership, gift shop, program, fundraising and rental income are all recognized as earned. Unearned amounts are recorded as deferred revenue.

(i) Financial instruments

(i) Measurement of financial instruments

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash and cash equivalents, investments and accounts receivable..

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities..

(ii) Financial instrument risks

Unless otherwise noted it is management's opinion that the Society is not exposed to significant interest, currency, market, liquidity or credit risks arising from these financial instruments.

(j) Contributed services

The operations of the Society depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably estimated and are therefore not reflected in these financial statements.

MARITIME MUSEUM OF BRITISH COLUMBIA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023

3. Investments

	2023	2022
Guaranteed investment certificates bearing interest at 3.0% to 4.65% per annum maturing January 19, 2024.	<u>\$ 334,857</u>	<u>\$ -</u>

4. Tangible capital assets

	<u>2023</u>			<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>	<u>Net Carrying Amount</u>
Leasehold improvements	\$ 64,205	\$ 36,441	\$ 27,764	\$ 48,587
Computer equipment	27,413	18,526	8,887	3,141
Equipment	168,596	165,376	3,220	7,753
Infrastructure and renovation	1	-	1	1
Signage	<u>11,379</u>	<u>11,379</u>	<u>-</u>	<u>-</u>
	<u>\$ 271,594</u>	<u>\$ 231,722</u>	<u>\$ 39,872</u>	<u>\$ 59,482</u>

5. Collection and exhibits

The collection, exhibits and other archive material are shown at a nominal value of \$1. The Society's collection is currently insured for \$2,800,000.

6. Government remittances payable

Accounts payable and accrued liabilities include \$9,294 (2022: \$5,846) owing with respect to payroll withholdings, \$851 (2022: \$359) receivable with respect to Goods and Services Tax and \$44 (2022: \$125) owing with respect to Provincial Sales Tax.

7. Internally restricted funds

Internally restricted funds of \$158,010 are from the bequest of J. E. (Ted) Browne and Cora E. (Browne) Shaw.

MARITIME MUSEUM OF BRITISH COLUMBIA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023

8. Endowment Funds

The Endowment Fund is comprised of the following:

Eleanor Luxton Endowment - to be used to maintain the "Tilikum" exhibit.

"Dorothy" Endowment - to be used in support of maintaining and operating the sailing vessel "Dorothy".

	Dorothy Funds	Tilikum Funds	2023	2022
Opening balance	\$ 20,514	\$ 12,758	\$ 33,272	\$ 34,876
Interest	109	121	230	32
Donations	<u>33,546</u>	<u>-</u>	<u>33,546</u>	<u>3,150</u>
	54,169	12,879	67,048	38,058
Collections and exhibit	<u>(25,824)</u>	<u>-</u>	<u>(25,824)</u>	<u>(4,786)</u>
	<u>\$ 28,345</u>	<u>\$ 12,879</u>	<u>\$ 41,224</u>	<u>\$ 33,272</u>

9. Commitments

The Society has operating leases for a temporary storefront and photocopier. The temporary storefront is located at 744 Douglas Street and the current lease term ends on July 31, 2023. There is an option to renew the storefront lease for an additional year, which the Society expects to exercise.

Minimum estimated payments are as follows:

	Premises	Photocopier
2024	\$ 52,884	\$ 1,188
2025	17,628	1,188
2026	-	1,188
2027	<u>-</u>	<u>891</u>
	<u>\$ 70,512</u>	<u>\$ 4,455</u>

MARITIME MUSEUM OF BRITISH COLUMBIA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023

10. Funds held with Victoria Foundation

Not included in the financial statements are investments held in endowment with the Victoria Foundation. The account has the following fund activity and market values:

	2023	2022
Market value, beginning balance	\$ 370,889	\$ 307,417
Contributions	38,176	55,325
Investment returns	8,915	18,229
Distributions to the Society	(11,718)	(8,316)
Management fees	<u>(1,827)</u>	<u>(1,766)</u>
	<u>\$ 404,435</u>	<u>\$ 370,889</u>

11. Credit facilities

The Society has an overdraft agreement to a maximum of \$50,000 of which \$Nil (2022: \$Nil) was drawn at year end, which bears interest at prime lending rate plus 1% per annum and is secured by a registered general security agreement and an assignment of accounts receivable and inventory.

12. Financial instruments

The Society is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Society's exposure to these risks.

(a) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and commitments.

(b) 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. The Society has an insignificant number of customers with whom it grants credit which minimizes credit risk.

(c) 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 with respect to its cash and other deposits at financial institutions.