

**CLEAR SEAS CENTRE FOR  
RESPONSIBLE MARINE SHIPPING  
SOCIETY**

**Financial Statements  
March 31, 2015 and 2014**

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## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY

#### Report on the Financial Statements

We have audited the accompanying financial statements of Clear Seas Centre for Responsible Marine Shipping Society, which comprise the statements of financial position as at March 31, 2015 and 2014 and the statements of operations and cash flows for the year ended March 31, 2015 and the 146-day period ended March 31, 2014, 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Clear Seas Centre for Responsible Marine Shipping Society as at March 31, 2015 and 2014, and the results of its operations and its cash flows for the year ended March 31, 2015 and the 146-day period ended March 31, 2014 in accordance with Canadian accounting standards for not-for-profit organizations.

## Report on Other Legal and Regulatory Requirements

As required by the *Society Act* (British Columbia), we report that, in our opinion, the principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent from fiscal 2014 to 2015.

*SmytheRatcliffe LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
September 16, 2015

**CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY**  
**Statements of Financial Position**  
**March 31**

	2015	2014
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 234,272	\$ 0
GST receivable	16,160	6,301
Held in trust with Port Metro Vancouver	3,326,019	3,737,748
	3,576,451	3,744,049
<b>Capital Assets (note 4)</b>	7,938	0
	\$ 3,584,389	\$ 3,744,049
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 39,371	\$ 65,659
Current portion of deferred revenue	528,571	528,571
	567,942	594,230
<b>Due to Port Metro Vancouver (note 5)</b>	678,735	264,626
<b>Deferred Revenue</b>	2,378,571	2,907,143
	3,625,248	3,765,999
<b>Net Deficiency</b>		
<b>Unrestricted</b>	(40,859)	(21,950)
	\$ 3,584,389	\$ 3,744,049

Commitment (note 6)

Approved by the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY**  
**Statement of Operations**

	Year Ended March 31, 2015	146-Day Period Ended March 31, 2014
<b>Receipts</b>		
Government Grants	\$ 528,571	\$ 264,286
Interest	38,271	37,748
	<b>566,842</b>	<b>302,034</b>
<b>Expenditures</b>		
Amortization	1,588	0
Board fees and expenses	141,071	106,313
GST	9,860	6,301
Marketing	90,016	110,318
Office and rent	39,218	0
Professional fees	12,245	10,635
Salary and benefits	270,840	0
Travel	20,913	90,417
	<b>585,751</b>	<b>323,984</b>
<b>Deficiency of Receipts over Expenditures for Year</b>	<b>(18,909)</b>	<b>(21,950)</b>
<b>Net Deficiency, Beginning of Period</b>	<b>(21,950)</b>	<b>0</b>
<b>Net Deficiency, End of Period</b>	<b>\$ (40,859)</b>	<b>\$ (21,950)</b>

**CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY**  
**Statement of Cash Flows**

	Year Ended March 31, 2015	146-Day Period Ended March 31, 2014
<b>Operating Activities</b>		
Deficiency of receipts over expenditures	\$ (18,909)	\$ (21,950)
Item not involving cash		
Amortization	1,588	0
	(17,321)	(21,950)
Changes in non-cash working capital		
GST receivable	(9,859)	(6,301)
Held in trust with Port Metro Vancouver	411,729	(3,737,748)
Accounts payable and accrued liabilities	(26,288)	65,659
Current portion of deferred revenue	0	528,571
Due to Port Metro Vancouver	414,109	264,626
Deferred revenue	(528,572)	2,907,143
	261,119	21,950
<b>Cash Provided by Operating Activities</b>	243,798	0
<b>Investing Activity</b>		
Purchase of computer equipment	(9,526)	0
<b>Inflow of Cash</b>	234,272	0
<b>Cash, Beginning of Period</b>	0	0
<b>Cash, End of Period</b>	\$ 234,272	\$ 0

# CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY

## Notes to Financial Statements

Year Ended March 31, 2015 and 146-Day Period Ended March 31, 2014

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### 1. NATURE OF OPERATIONS

Clear Seas Centre for Responsible Marine Shipping Society (the "Society") was incorporated on November 6, 2013 under the *Society Act* (British Columbia). The goal of the Society is to promote and facilitate research and regulatory frameworks that deliver the highest standards in the safe and sustainable marine shipping including but not limited to shipment of Canada's oil and liquefied natural gas ("LNG") commodities. The Society is exempt from taxes under section 149(1)(l) of the *Income Tax Act* (Canada).

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Society were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies.

#### (a) Revenue recognition

Revenue from interest is recognized on an accrual basis over the period of time to which the interest relates.

The Society follows the deferral method of accounting for contributions. Contributions with specific purpose or with some other restrictions attached to them are recognized as revenue on a straight-line basis over the terms set out in the agreement. Until recognized as revenue, such amounts are shown as deferred revenue, a liability on the statement of financial position.

Unrestricted contributions and other revenues are recognized when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

#### (b) Amortization

Capital assets are amortized on the basis of its useful life using the following method and rate:

Computer equipment	- 3 years	straight-line
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Additions during the year are amortized at one-half the annual rates.

#### (c) Use of estimates

The preparation of these financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include accrued liabilities. While management believes this estimate is reasonable, actual results could differ from the estimate and could impact future results of operations and cash flows.

# CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY

## Notes to Financial Statements

Year Ended March 31, 2015 and 146-Day Period Ended March 31, 2014

### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (d) 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 all its financial assets and financial liabilities at amortized cost.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in deficiency of revenues over expenses. In the event a previously recognized impairment loss should be reversed, the amount of the reversal is recognized in deficiency of revenues over expenses provided it is not greater than the original amount prior to write-down.

For any financial instrument that is measured at amortized cost, the instrument's cost is adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption. These transaction costs are amortized into income on a straight-line basis over the term of the instrument. All other transaction costs are recognized in deficiency of revenues over expenses in the period incurred.

### 3. FINANCIAL INSTRUMENTS

#### (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 accrued liabilities and amount due to Port Metro Vancouver. The Society has sufficient current assets to meet its short-term liabilities.

#### (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Society is not exposed to significant interest rate risk due to the short-term maturity of its financial assets and liabilities.

### 4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2015	2014
Computer equipment	\$ 9,526	\$ 1,588	\$ 7,938	0

### 5. DUE TO PORT METRO VANCOUVER

The amounts due to Port Metro Vancouver are not charged interest and are without stated terms of repayment.



# CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY

## Notes to Financial Statements

Year Ended March 31, 2015 and 146-Day Period Ended March 31, 2014

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### 6. COMMITMENT

The Society is committed to lease payments for its office premises as follows:

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2016	\$	29,638
2017		52,020
2018		52,020
2019		52,020
2020		52,020
2021		34,680
	\$	272,398

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Estimated annual operating costs are \$38,000 totalling approximately \$198,000 over the lease term.

### 7. SUBSEQUENT EVENT

Subsequent to year-end, the Society entered into an agreement with the Canadian Association of Petroleum Producers and have received \$2,800,000 of funding.