

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

**Financial Statements**  
**March 31, 2022**

<b><u>Index</u></b>	<b><u>Page</u></b>
<b>Independent Auditors' Report</b>	1 - 3
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Operations and Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

## INDEPENDENT AUDITORS' REPORT

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

#### *Report on the Audit of the Financial Statements*

##### *Opinion*

We have audited the financial statements of Clear Seas Centre for Responsible Marine Shipping Society (the "Society"), which comprise:

- ♦ the statement of financial position as at March 31, 2022;
- ♦ the statement of operations and changes in net assets for the year then ended;
- ♦ the statement of cash flows for the year then ended; and
- ♦ the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

##### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

##### VANCOUVER

1700-475 Howe St  
Vancouver, BC V6C 2B3  
T: 604 687 1231  
F: 604 688 4675

1

##### LANGLEY

600-19933 88 Ave  
Langley, BC V2Y 4K5  
T: 604 282 3600  
F: 604 357 1376

##### NANAIMO

201-1825 Bowen Rd  
Nanaimo, BC V9S 1H1  
T: 250 755 2111  
F: 250 984 0886

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### VANCOUVER

1700-475 Howe St  
Vancouver, BC V6C 2B3  
T: 604 687 1231  
F: 604 688 4675

2

#### LANGLEY

600-19933 88 Ave  
Langley, BC V2Y 4K5  
T: 604 282 3600  
F: 604 357 1376

#### NANAIMO

201-1825 Bowen Rd  
Nanaimo, BC V9S 1H1  
T: 250 755 2111  
F: 250 984 0886

*Report on Other Legal and Regulatory Requirements*

As required by the *Societies Act* (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not for profit organizations have been applied on a basis consistent with that of the preceding year.

*Smythe LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
July 26, 2022

**VANCOUVER**

1700-475 Howe St  
Vancouver, BC V6C 2B3  
T: 604 687 1231  
F: 604 688 4675

3

**LANGLEY**

600-19933 88 Ave  
Langley, BC V2Y 4K5  
T: 604 282 3600  
F: 604 357 1376

**NANAIMO**

201-1825 Bowen Rd  
Nanaimo, BC V9S 1H1  
T: 250 755 2111  
F: 250 984 0886

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

	2022	2021
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 988,078	\$ 397,206
Short-term investments (note 4)	1,025,000	1,025,000
Amounts receivable	38,608	325,496
Deposits and prepaid expenses	9,340	6,940
GST receivable	26,329	17,047
	<b>\$ 2,087,355</b>	<b>\$ 1,771,689</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 126,005	\$ 22,012
Current portion of deferred revenue (note 5)	48,000	48,000
	174,005	70,012
<b>Deferred revenue (note 5)</b>	<b>4,000</b>	<b>52,000</b>
	178,005	122,012
<b>Net Assets</b>		
<b>Unrestricted</b>	<b>1,909,350</b>	<b>1,649,677</b>
	<b>\$ 2,087,355</b>	<b>\$ 1,771,689</b>

Commitments (note 7)

Approved by the Board



Director



Director

**CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY**  
**Statement of Operations and Changes in Net Assets**  
**Year Ended March 31**

	<b>2022</b>	<b>2021</b>
<b>Revenue</b>		
Vancouver Fraser Port Authority (note 5)	\$ 1,000,000	\$ 1,000,000
Recovery - Department of Natural Resources (note 5)	392,183	307,478
Recovery - Canadian Coast Guard (note 5)	336,000	-
Grants (note 5)	48,000	312,288
Donation and other receipts	37,860	-
Interest	8,639	15,761
	<b>1,822,682</b>	<b>1,635,527</b>
<b>Expenditures</b>		
Salary and human resources	927,219	776,670
Communication and engagement	162,729	244,689
Office and rent	127,990	122,370
Research and development	110,233	81,534
Board fee and expenses	109,456	89,609
Indigenous engagements	67,600	44,234
Information technology	34,301	38,757
Professional fees	14,199	17,955
GST	9,282	12,353
	<b>1,563,009</b>	<b>1,428,171</b>
<b>Excess of revenue over expenditures for year</b>	<b>259,673</b>	<b>207,356</b>
<b>Net assets, beginning of year</b>	<b>1,649,677</b>	<b>1,442,321</b>
<b>Net assets, end of year</b>	<b>\$ 1,909,350</b>	<b>\$ 1,649,677</b>

**CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY**  
**Statement of Cash Flows**  
**Year Ended March 31**

	<b>2022</b>	<b>2021</b>
<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 259,673	\$ 207,356
Changes in non-cash working capital		
Amounts receivable	286,888	(317,231)
Deposits and prepaid expenses	(2,400)	1,032
GST receivable	(9,282)	(12,354)
Accounts payable and accrued liabilities	103,993	(30,910)
Deferred revenue	(48,000)	(312,288)
	331,199	(671,751)
<b>Inflow (outflow) of cash</b>	<b>590,872</b>	<b>(464,395)</b>
<b>Cash, beginning of year</b>	<b>397,206</b>	<b>861,601</b>
<b>Cash, end of year</b>	<b>\$ 988,078</b>	<b>\$ 397,206</b>

# CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY

## Notes to Financial Statements

Year Ended March 31, 2022

---

### 1. NATURE OF OPERATIONS

Clear Seas Centre for Responsible Marine Shipping 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 safe and sustainable marine shipping including, but not limited to, shipment of Canada's oil and liquefied natural gas 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

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 as 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.

Interest income is recognized as earned based on the passage of time at the stated interest rate.

#### (b) 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 recoverability of amounts receivable and accrual of liabilities. While management believes these estimates are reasonable, actual results could differ from the estimates and could impact future results of operations and cash flows.

#### (c) Government assistance

Government assistance in the form of wage subsidies received is recorded net in salary expenditures in the corresponding period it relates to. During fiscal 2022, \$nil (2021 - \$24,101) was received from the Government of Canada COVID-19 relief program for salaries.



**CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY**  
**Notes to Financial Statements**  
**Year Ended March 31, 2022**

---

**2. SIGNIFICANT ACCOUNTING POLICIES — continued**

(d) 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 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 surplus of receipts over expenditures. In the event a previously recognized impairment loss should be reversed, the amount of the reversal is recognized in surplus of receipts over expenditures 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 surplus of receipts over expenditures in the period incurred.

**3. FINANCIAL INSTRUMENTS**

(a) 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 is not exposed to significant credit credit risk with respect to its amounts receivable. Credit risk with respect to cash and short-term investments are minimized, as cash is held with a major Canadian financial institution.

(b) 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. The Society has sufficient current assets to meet its short-term liabilities.

**CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY**  
**Notes to Financial Statements**  
**Year Ended March 31, 2022**

---

**3. FINANCIAL INSTRUMENTS — continued**

(c) 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.

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Society's monetary assets and liabilities are affected by changes in prevailing market interest rates, the Society is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Society's monetary assets and liabilities, the Society is exposed to interest rate price risk.

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

**4. SHORT-TERM INVESTMENTS**

Short-term investments consist of guaranteed investment certificates bearing 0.45% to 0.75% interest per annum (2021 - 0.75% to 1.25%), maturing within the next fiscal year.

# CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY

## Notes to Financial Statements

Year Ended March 31, 2022

### 5. REVENUE AND DEFERRED REVENUE

	Opening Balance	Recognized as Revenue	Closing Balance
Alberta Grant	\$ 100,000	\$ (48,000)	\$ 52,000
Less: Current portion	-	-	(48,000)
	\$ 100,000	\$ (48,000)	\$ 4,000

#### Alberta Energy Grant

During fiscal 2013, the Society received a grant of \$3,700,000 from the Government of Alberta. The grant is recognized as revenue on a straight-line basis over the term of the agreement which was fully amortized in October 2020.

During fiscal 2019, the Society received additional grant of \$200,000 from the Government of Alberta. The grant is being recognized as revenue on a straight-line basis over the term of the agreement which will end during fiscal 2024.

As at March 31, 2022, \$48,000 (2021 - \$312,287) has been recorded as revenue on the statement of operations and \$52,000 (2021 - \$100,000) has been recorded as deferred revenue.

#### Vancouver Fraser Port Authority

On May 5, 2020, the Society received a total grant of \$3,000,000 from the Vancouver Fraser Port Authority, receivable in quarterly instalments of \$250,000 from April 1, 2020 to March 31, 2023, \$1,000,000 on an annual basis. The grant is being recognized as revenue on a straight-line basis over the term of the agreement.

#### Department of Natural Resources

On January 25, 2021, the Society signed a contribution agreement with the Department of Natural Resources of Canada that reimburses the Society for eligible expenses (as defined in the agreement) for a total of \$700,000 through a process whereby the Society submits claims for reimbursement on a quarterly basis. The eligible expenditure period ended March 31, 2022.

#### Canadian Coast Guard

On January 14, 2022, the Society signed a contribution agreement with the Canadian Coast Guard that reimburses the Society for eligible expenses (as defined in the agreement) up to a maximum of \$336,000. The eligible expenditures period was effective from April 1, 2021 to March 31, 2022.

## CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY

### Notes to Financial Statements

Year Ended March 31, 2022

#### 6. REMUNERATION OF DIRECTORS, EMPLOYEES AND/OR CONTRACTORS

During the year, the Society paid six (2021 - three) employees earnings more than \$75,000 each for a total of approximately \$659,242 (2021 - \$395,300) including benefits. There were no contractors for service contracts exceeding \$75,000 (2021 - nil). The Society remunerated its Board of Directors as follows:

	<b>2022</b>
Chair Person	\$ 11,750
Vice Chair Person	10,750
Chair of Finance and Audit Committee	10,167
Secretary-Treasurer	10,833
Director	12,583
Director	10,500
Director	10,250
Director	10,167
Director	10,000
Director	4,688
Director	2,063
	<b>\$ 103,751</b>

#### 7. COMMITMENTS

The Society is committed to lease payments aggregating \$436,656 for its office premises with the terms of the lease agreements expiring in November 2025. The Society's commitments in the next four fiscal years are as follows:

	<b>2022</b>
2023	\$ 111,837
2024	115,016
2025	116,317
2026	93,486
	<b>\$ 436,656</b>

#### 8. IMPACT OF COVID-19

The outbreak of the novel strain coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these development and the impact on the financial results and condition of the Society in future periods.