

CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY

Financial Statements
March 31, 2025

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INDEPENDENT AUDITOR'S 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, 2025;
- ♦ 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, 2025, 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 ("ASNPO").

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 *Auditor's 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 ASNPO, 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.

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Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

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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
September 25, 2025

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CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY

Statement of Financial Position

March 31

	2025	2024
Assets		
Current		
Cash	\$ 1,284,663	\$ 1,427,368
Restricted short-term investment (note 4)	50,000	25,000
Amounts receivable	229,951	587,324
Deposits and prepaid expenses	17,902	13,760
GST receivable	35,736	26,589
	\$ 1,618,252	\$ 2,080,041

Liabilities

Current		
Accounts payable and accrued liabilities	\$ 114,721	\$ 118,014
Deferred revenue (note 5)	49,500	-
	164,221	118,014

Net Assets

Unrestricted	1,454,031	1,962,027
	\$ 1,618,252	\$ 2,080,041

Commitments (note 7)

Approved by the Board

Serge Le Guellec
Serge Le Guellec (Oct 7, 2025 09:54:17 EDT)

Director

Jane Weldon
Jane Weldon (Oct 2, 2025 23:46:22 EDT)

Director

CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY

Statement of Operations and Changes in Net Assets

Year Ended March 31

	2025	2024
Revenue (note 5)		
Recovery - Department of Fisheries and Oceans	\$ 449,200	\$ 379,200
Vancouver Fraser Port Authority	400,000	400,000
Recovery - Pacific Economic Development Canada	367,354	71,074
Prince Rupert Port Authority	100,000	-
Recovery - Transport Canada	79,000	117,000
National Research Council of Canada	68,062	138,188
Interest	67,077	81,438
Recovery - Workforce Warriors Inc.	25,000	-
Ducks Unlimited Canada	25,000	-
Port of Halifax	23,250	-
Donations and other receipts	1,101	43,000
Recovery - Canadian Coast Guard	-	421,720
Recovery - Canada's Ocean Supercluster	-	55,774
Grants	-	4,000
	1,605,044	1,711,394
Expenditures		
Salaries and human resources	1,239,800	1,196,625
Communication and engagement	260,263	217,869
Indigenous programs	218,512	59,789
Research and development	152,912	285,969
Board fees and expenses	100,434	105,076
Office and rent	50,527	41,854
Professional fees	44,645	23,985
Information technology	28,853	21,278
GST	17,094	14,348
	2,113,040	1,966,793
Deficiency of revenue over expenditures for year	(507,996)	(255,399)
Net assets, beginning of year	1,962,027	2,217,426
Net assets, end of year	\$ 1,454,031	\$ 1,962,027

See notes to the financial statements

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

	2025	2024
Operating activities		
Deficiency of revenue over expenditures	\$ (507,996)	\$ (255,399)
Changes in non-cash working capital		
Amounts receivable	357,373	3,158
Deposits and prepaid expenses	(4,142)	(11,798)
GST receivable	(9,147)	3,032
Accounts payable and accrued liabilities	(3,293)	(282,235)
Deferred revenue	49,500	(4,000)
	390,291	(291,843)
Cash used in operating activities	(117,705)	(547,242)
Investing activities		
Redemption of short-term investments	-	1,025,000
Purchase of restricted short-term investments	(25,000)	(25,000)
Cash provided by (used in) investing activities	(25,000)	1,000,000
Inflow (outflow) of cash	(142,705)	452,758
Cash, beginning of year	1,427,368	974,610
Cash, end of year	\$ 1,284,663	\$ 1,427,368

See notes to the financial statements

CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY

Notes to Financial Statements

Year Ended March 31, 2025

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 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.

CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY
Notes to Financial Statements
Year Ended March 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES — continued

(c) 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.

Financial assets measured at amortized cost include cash, short-term investments, and amounts receivable.

Financial liabilities measured at amortized cost include accounts payable and deferred revenue.

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 risk with respect to its amounts receivable. Credit risk with respect to cash and short-term investments is minimized as they are 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, 2025

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 short-term investments.

4. RESTRICTED SHORT-TERM INVESTMENT

Short-term investment consists of a guaranteed investment certificate ("GIC") bearing 3.8% interest per annum (2024 - 4.0%) held as security for the Society's credit cards. The GIC matures within the next fiscal year.

CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY

Notes to Financial Statements

Year Ended March 31, 2025

5. REVENUE

National Research Council of Canada

On March 22, 2022, the Society signed a contribution agreement with the National Research Council of Canada that reimburses the Society for eligible expenses (as defined in the agreement) for a total contribution of \$339,281. The total amount is paid in three instalments with the final contribution received in July 2024.

Vancouver Fraser Port Authority

On January 19, 2024, the Society signed a grant agreement for a total of \$1,200,000 from the Vancouver Fraser Port Authority, receivable in instalments from January 2024 to January 2026. The grant is being recognized as revenue on a straight-line basis over the term of the agreement.

Department of Fisheries and Oceans

On March 30, 2023, the Society signed a contribution agreement with Department of Fisheries and Oceans. The Society gets reimbursed for eligible expenses (as defined in the agreement) for a total eligible contribution of \$1,250,100, ending in fiscal 2026.

Pacific Economic Development Canada

On March 12, 2024, the Society signed a contribution agreement with Pacific Economic Development Canada that reimburses the Society for eligible expenses (as defined in the agreement) for a total contribution \$1,750,000. The eligible expenditure period is effective November 2023 to March 2027.

Transport Canada

On December 29, 2023, the Society signed a contribution agreement with Minister of Transport that reimburses the Society for eligible expenses (as defined in the agreement) for a total contribution of \$126,000 receivable in instalments from December 29, 2023 to March 31, 2025. On February 10, 2025, the agreement was extended to September 30, 2025. The eligible expenditure period is effective December 29, 2023 to September 30, 2025.

Prince Rupert Port Authority

On January 23, 2025, the Society signed a funding agreement for a total of \$100,000 from the Prince Rupert Port Authority receivable in one lump-sum payment.

Marine Environmental Observation Prediction And Response Network ("MEOPAR")

On November 14, 2024, the Society signed a funding agreement with MEOPAR for a total funding of \$55,000 receivable in two instalments. The first instalment is due upon signature of the agreement and the second instalment is due on September 30, 2025. The funding may only be used on eligible costs as listed on the approved budget. As at March 31, 2025, the Society has not incurred any eligible costs and the \$49,500 received has been recognized as deferred revenue.

Workforce Warriors Inc.

On October 5, 2024, the Society signed a project agreement with Canada's Ocean Supercluster, Workforce Warriors Inc. and Information and Communications Technology Council of Canada. The Society receives participant wages of \$75,000 in three instalments from October 1, 2024 to September 30, 2027. The grant is being recognized as revenue on a straight-line basis over the term of the agreement.

CLEAR SEAS CENTRE FOR RESPONSIBLE MARINE SHIPPING SOCIETY

Notes to Financial Statements

Year Ended March 31, 2025

5. REVENUE — continued

Port of Halifax

On October 7, 2024, the Society signed a funding agreement for a total of \$43,500 from the Port of Halifax receivable in two instalments with the first instalment receivable following the signature of the agreement and the second instalment receivable upon completion of the hydrogen microsite project.

Ducks Unlimited Canada

On March 1, 2025, the Society signed a professional service agreement with Ducks Unlimited Canada for a total of \$41,000 receivable in two instalments. The first instalment is due on March 31, 2025 and the second instalment is due on May 1, 2025.

Canada's Ocean Supercluster

On May 4, 2022, the Society reached a project agreement with OSC. The Society gets reimbursed for eligible expenses (as defined in the agreement) for a total eligible contribution of \$750,000. This project was initially planned to cease in fiscal 2023; however, was extended to and ceased in fiscal 2024.

Canadian Coast Guard

On February 4, 2024, the Society signed a contribution agreement with the Canadian Coast Guard that reimburses the Society for eligible expenses (as defined in the agreement) for \$421,720. The eligible expenditures period was effective from April 1, 2023 to March 31, 2024.

6. REMUNERATION OF DIRECTORS, EMPLOYEES AND/OR CONTRACTORS

During the year, the Society paid six (2024 - five) employees earnings more than \$75,000 each for a total of approximately \$741,913 (2024 - \$655,224) including benefits. There were no contractors for service contracts exceeding \$75,000 in fiscal 2025 or 2024. The Society remunerated its Board of Directors as follows:

	2025
Chair Person	\$ 12,000
Chair of Finance and Audit Committee and Secretary Treasurer	10,750
Chair of Governance and Human Resource Committee	10,250
Vice Chair	10,500
Director	9,000
Director	8,750
Director	9,125
Director	1,813
	\$ 72,188

7. COMMITMENTS

During the year, the Society signed a new lease agreement expiring October 31, 2025. The Society is committed to the remainder of the lease payments of \$12,250.

The Society also entered into an agreement with Camosun College to provide funding for educational marine certification and programming for \$110,250 in 2026 and \$115,500 in 2027.