

THE VANCOUVER MARITIME MUSEUM SOCIETY
FINANCIAL STATEMENTS

December 31, 2001

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AUDITORS' REPORT

To The Members - The Vancouver Maritime Museum Society:

We have audited the statement of financial position of the The Vancouver Maritime Museum Society as at December 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Society derives revenues from voluntary membership dues and donations from the general public, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of revenues from these sources was limited to testing the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues as referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2001 and the results of its operations for the year then ended, in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Bernis Mangan Elliott

CHARTERED ACCOUNTANTS

Vancouver, B.C.

February 21, 2002

THE VANCOUVER MARITIME MUSEUM SOCIETY

STATEMENT OF FINANCIAL POSITION

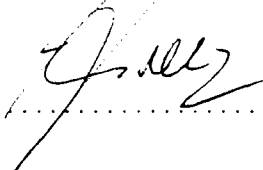
December 31, 2001

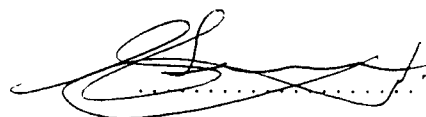
	2001	2000
ASSETS		
CURRENT		
Cash	\$ 27,237	\$ 45,421
Accounts receivable	66,585	74,740
Contributions receivable	-	10,527
Inventory	8,652	11,499
Prepaid expenses and deposits	16,694	16,574
	<u>119,168</u>	<u>158,761</u>
INVESTMENTS, at cost (Notes 3 and 4)		
Treasury Bill	258,372	258,372
Vancouver Foundation	125,000	125,000
	<u>383,372</u>	<u>383,372</u>
CAPITAL ASSETS, net (Note 5)		
	<u>19,856</u>	<u>24,059</u>
	<u>\$ 522,396</u>	<u>\$ 566,192</u>
LIABILITIES		
CURRENT		
Operating line of credit (Note 4)	\$ 257,686	\$ 258,861
Accounts payable and accrued liabilities	64,239	241,024
Deferred revenue	37,894	20,130
	<u>359,819</u>	<u>520,015</u>
NET ASSETS		
Net assets invested in capital assets (Note 5)	19,856	24,059
Net assets restricted for endowment (Note 6)	383,372	383,372
Net assets (deficit) invested in projects (Page 11)	(19,979)	(111,200)
Unrestricted net assets (deficit)	(220,672)	(250,054)
	<u>162,577</u>	<u>46,177</u>
	<u>\$ 522,396</u>	<u>\$ 566,192</u>

COMMITMENT (Note 7)

CONTINGENCY (Note 8)

Approved on behalf of the Board:


..... President


..... Treasurer

THE VANCOUVER MARITIME MUSEUM SOCIETY**STATEMENT OF OPERATIONS****Year Ended December 31, 2001**

	2001	2000
		(Note 9)
REVENUES		
Operating Grants		
City of Vancouver	\$ 269,394	\$ 266,727
Province of B.C.	85,250	87,000
City of Vancouver - St. Roch	82,820	82,000
Other grants	44,480	7,697
	<u>481,944</u>	<u>443,424</u>
Donations	137,529	111,632
Admissions	137,234	114,377
Miscellaneous	31,058	15,405
Casino	30,000	30,000
General fundraising	24,197	19,306
Harbour moorage	22,947	20,211
Maritime store operations, net (Page 12)	21,647	21,984
Interest	19,323	21,012
Parking lot	17,502	15,417
Rental	17,133	29,429
Individual and affiliate memberships	16,229	20,456
Programs	13,466	7,234
Boat show	8,141	7,300
Photographs	4,048	1,144
	<u>500,454</u>	<u>434,907</u>
	<u>982,398</u>	<u>878,331</u>
EXPENDITURES		
Visitor services (Page 13)	189,675	182,996
Directors' office (Page 13)	153,134	130,304
Marketing department (Page 13)	112,091	62,344
Programs, community, and member relations (Page 13)	111,608	122,104
Curatorial (Page 14)	104,499	137,877
Administration and finance (Page 14)	103,495	109,108
Exhibitions and harbour (Page 14)	99,269	98,116
Member services (Page 14)	41,338	4,331
Fundraising (Page 14)	21,790	46,450
	<u>936,899</u>	<u>893,630</u>
Interest	16,117	19,000
Amortization	4,203	5,438
	<u>957,219</u>	<u>918,068</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 25,179	\$ (39,737)

THE VANCOUVER MARITIME MUSEUM SOCIETY

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2001

NET ASSETS (DEFICIT)	Invested in Capital Assets (Note 5)	Restricted for Endowment (Note 6)	Invested in Projects (Page 11)	Unrestricted	2001 Total	2000 Total
Balance at beginning of year	\$ 24,059	\$ 383,372	\$ (111,200)	\$ (250,054)	\$ 46,177	\$ 69,950
Excess (deficiency) of revenues over expenditures (see note below)	(4,203)	-	-	29,382	25,179	(39,737)
Net recoveries in projects	-	-	91,221	-	91,221	15,964
	\$ 19,856	\$ 383,372	\$ (19,979)	\$ (220,672)	\$ 162,577	\$ 46,177

Note: The excess revenues over expenditures for 2001 were dedicated by the Society to deficit reduction.

THE VANCOUVER MARITIME MUSEUM SOCIETY**STATEMENT OF CASH FLOWS****Year Ended December 31, 2001**

	2001	2000
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 25,179	\$ (39,737)
Amortization	4,203	5,438
Changes in non-cash working capital:		
Accounts receivable	8,155	(30,062)
Contributions receivable	10,527	(3,032)
Inventory	2,847	(1,578)
Prepaid expenses and deposits	(120)	(2,461)
Accounts payable and accrued liabilities	(176,785)	44,723
Deferred revenue	17,764	16,316
	<u>(108,230)</u>	<u>(10,393)</u>
INVESTING ACTIVITY		
Expenditures and investments in projects	<u>91,221</u>	<u>15,964</u>
DECREASE (INCREASE) IN BANK INDEBTEDNESS	(17,009)	5,571
BANK INDEBTEDNESS AT BEGINNING OF YEAR	(213,440)	(219,011)
BANK INDEBTEDNESS AT END OF YEAR	\$ (230,449)	\$ (213,440)
Represented by:		
Cash	\$ 27,237	\$ 45,421
Operating line of credit	<u>(257,686)</u>	<u>(258,861)</u>
	<u>\$ (230,449)</u>	<u>\$ (213,440)</u>

THE VANCOUVER MARITIME MUSEUM SOCIETY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2001

1. NATURE OF OPERATIONS

The Vancouver Maritime Museum Society is incorporated under the British Columbia Society Act. The Society is a registered charity as defined by the Income Tax Act (Canada) and is exempt from income taxes. The Society is primarily responsible for the operations, programs and activities of the Vancouver Maritime Museum located in Vancouver, British Columbia.

The Society operates programs and performs research aimed to enhance the cultural life of Greater Vancouver through collection, presentation and promotion of Canada's Pacific maritime heritages relating to the past, present and future in maritime sciences, industry, arts and recreation.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Capital assets:

The land, buildings and leaseholds of the museum complex are owned by the City of Vancouver (Note 7). In 1998, the Society adopted new recommendations of the Canadian Institute of Chartered Accountants which require that a capital asset be recorded on the statement of financial position at cost and be amortized over its useful life. The recommendations have been applied prospectively. The Society previously included capital asset purchases as expenditures of the Fund that the costs were directly related to. Capital asset purchases for years prior to 1998 have not been recorded in the accounts because the financial information of prior years is not reasonably determinable. Consequently, only the capital expenditures incurred on or after 1998 have been capitalized.

Capital assets are recorded at cost. Amortization of capital assets has been calculated on the following basis and annual rates:

Building	-	10% straight-line
Computer equipment	-	30% declining balance
Office equipment	-	20% declining balance

Amortization is claimed at one-half of the stated rates in the year of acquisition and no amortization is claimed in the year of disposition.

During the year, no capital expenditures were made by the Society (2000 - \$nil).

Included in the expenditures of the St. Roch Preservation Fund and the Acquisition Project (Page 11) are amounts related to preservation, improvement and acquisitions of collections of the Museum. The Society does not include acquisitions or expenditures related to collections as part of the capital assets listed above.

THE VANCOUVER MARITIME MUSEUM SOCIETY**NOTES TO FINANCIAL STATEMENTS****Year Ended December 31, 2001**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of revenue recognition:

Fees and donations are recognized as revenue when received except where donations are specified for a future year. Government grants are recognized as the conditions of the grant are met and ultimate collection is reasonably assured. Project and reserve funds are not included in the Society's operating revenue; when a project has ended, the net balance of each fund is closed to the operations of the Society.

c) Donated services and materials:

The Society benefits from donated services in the form of volunteer time for various functions and committees. The Society does not record these donated services in the financial records of the Society and does not issue donation receipts for these services.

The Society benefits from donated materials for development of new projects and its continued general operations. Donated materials are not recorded in the financial records of the Society. The Society has received and issued donation receipts for materials in the amount of \$228,708 in 2001 (2000 - \$872,590).

d) Inventory:

Inventory relates to the Maritime Store and is valued at the lower of cost and net realizable value. Cost is determined on a first-in first-out basis.

e) Trust funds:

Trust Fund receipts are held in a separate bank account until expenditures are made for the purpose intended. Interest earned remains with these funds. At December 31, 2001, there were no trust funds held by the Society.

f) Project funds:

Net Project revenues and expenditures (Page 11) flow through the project bank account of the Society. Revenues and expenditures related to specific projects are recorded in the accounts as part of that project and are not included in the Society's unrestricted net assets (deficit) until the project has ended and then is closed to the unrestricted net assets of the Society.

THE VANCOUVER MARITIME MUSEUM SOCIETY**NOTES TO FINANCIAL STATEMENTS****Year Ended December 31, 2001**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Deferred project costs:

Deferred project costs relate to specific projects that are in a deficit position at the year-end. Individual project costs are matched to project revenues. Project costs in excess of revenues are deferred until the project has ended and then is closed to the operations of the Society.

h) St. Roch project:

The Society has three separate projects related to the St. Roch: The St. Roch Preservation Fund, The St. Roch Voyage, and the Isumataq.

The St. Roch projects revenue and expenditures flow through their own bank account and are maintained in a separate set of books and records. The statement of financial position includes the combined records for the museum's operations and the St. Roch projects. Revenues and expenditures related to specific projects are recorded in the accounts as part of that project and are not included in the Society's unrestricted net assets until the project has ended.

i) Endowment funds:

The capital for each fund and any capital additions thereto are held permanently in these funds.

j) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

k) Financial instruments:

The Society's financial instruments consist of cash, accounts receivable, contributions receivable, investments, operating line of credit, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments.

3. INVESTMENTS

The investments are recorded at cost and have a market value of \$431,448 (2000 - \$454,010).

Investments and interest income include annual interest earned on treasury bills that were purchased from the proceeds of the Province of British Columbia Endowment Fund (Note 6) in the amount of \$7,974 (2000 - \$10,506).

Investments and interest income include interest earned on funds held by the Vancouver Foundation on behalf of The Vancouver Maritime Museum Society in the amount of \$10,537 (2000 - \$10,532).

The annual interest income is used to support the various activities and programs of the Society.

THE VANCOUVER MARITIME MUSEUM SOCIETY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2001

4. OPERATING LINE OF CREDIT

The Society has an operating line of credit of \$260,000. Interest is charged at the bank's prime lending rate plus 0.5%. The loan is secured by a hypothecation of the treasury bills purchased from the Province of British Columbia Endowment Fund.

5. CAPITAL ASSETS

			2001	2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 15,039	\$ 3,466	\$ 11,573	\$ 12,858
Computer equipment	14,790	10,048	4,742	6,773
Office equipment	7,539	3,998	3,541	4,428
	<u>\$ 37,368</u>	<u>\$ 17,512</u>	<u>\$ 19,856</u>	<u>\$ 24,059</u>

6. ENDOWMENT FUNDS

In prior years, the Society received an Endowment Fund of \$333,372 from the Province of British Columbia. Of these funds, \$75,000 was invested with the Vancouver Foundation to obtain an additional grant of \$50,000 from the Vancouver Foundation.

7. COMMITMENT

The Society leases the Maritime Museum buildings and moorage facilities from the City of Vancouver for an annual lease payment of \$1.00. The agreement provides that the Society will manage the museum facilities in exchange for an annual operating grant from the City of Vancouver. The lease agreement expired in the year 2000. No renewal lease agreement was in place at the year-end.

8. CONTINGENCY

Under the terms of the Employees Collective Agreement, the Society is liable to provide paid sick leave to certain employees for periods which, if unused, accumulate from year to year. Sick leave may accumulate to a maximum of 261 working days. An estimate of the eventual cost of this employee benefit is not determinable. If and when these costs are incurred, the Society will account for them as costs in the fiscal year in which they are paid. The current collective agreement is in place from January 1, 2001 to December 31, 2003.

9. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

THE VANCOUVER MARITIME MUSEUM SOCIETY
SCHEDULE OF PROJECTS AND DEFERRED COSTS

Year Ended December 31, 2001

	Opening Balance	Revenues	Expenditures	Closed to Operations	Closing Balance
DEFERRED PROJECT COSTS					
Acquisitions	\$ (19,097)	\$ 1,548	\$ 20,038	\$ -	\$ (37,587)
Benjamin Franklin	1	-	234	-	(233)
Utjulik	-	10,588	10,386	-	202
Centennial book project	-	2,599	-	-	2,599
	(19,096)	14,735	30,658	-	(35,019)
ST. ROCH PROJECT FUNDS					
St. Roch preservation	53,425	16,227	-	-	69,652
St. Roch voyage (Page 15)	(58,510)	133,397	41,823	-	33,064
St. Roch Isumataq	(87,619)	130	-	-	(87,489)
	(92,704)	149,754	41,823	-	15,227
PROJECT FUNDS					
Discretionary	600	92	879	-	(187)
NET PROJECT FUNDS AND DEFERRED COSTS					
	\$ (111,200)	\$ 164,581	\$ 73,360	\$ -	\$ (19,979)

THE VANCOUVER MARITIME MUSEUM SOCIETY

SCHEDULE OF MARITIME STORE REVENUE AND EXPENDITURES

Year Ended December 31, 2001

	2001	2000
SALES	\$ 51,592	\$ 36,424
COST OF GOODS SOLD	<u>29,354</u>	<u>14,295</u>
GROSS PROFIT	<u>22,238</u>	<u>22,129</u>
	(43.10%)	(60.75%)
EXPENDITURE		
Operations	<u>591</u>	<u>145</u>
OPERATING INCOME FOR YEAR	<u>\$ 21,647</u>	<u>\$ 21,984</u>

THE VANCOUVER MARITIME MUSEUM SOCIETY

SCHEDULE OF OPERATING EXPENDITURES

Year Ended December 31, 2001

	2001	2000
		(Note 9)
VISITOR SERVICES		
Salaries, wages and benefits	\$ 187,003	\$ 179,838
Supplies, maintenance and miscellaneous	2,672	3,158
	\$ 189,675	\$ 182,996
DIRECTORS' OFFICE		
Salaries, wages and benefits	\$ 122,599	\$ 102,920
Office	12,392	9,702
Research allowance	8,437	8,437
Board of trustees	7,353	6,123
Travel and entertainment	2,353	3,122
	\$ 153,134	\$ 130,304
MARKETING DEPARTMENT		
Consulting fees	\$ 48,000	\$ 24,120
Publications	26,350	12,750
Advertising and promotion	17,659	16,504
Marketing	9,694	6,672
Distribution	6,284	-
Office supplies	1,376	1,465
Salaries, wages, and benefits	1,234	333
Dues and memberships	1,123	500
Telephone	300	-
Travel	71	-
	\$ 112,091	\$ 62,344
PROGRAMS, COMMUNITY AND MEMBER RELATIONS		
Salaries, wages and benefits	\$ 84,339	\$ 108,354
School programs and events	24,957	13,221
Office supplies and miscellaneous	2,082	529
Travel and conference	230	-
	\$ 111,608	\$ 122,104

THE VANCOUVER MARITIME MUSEUM SOCIETY**SCHEDULE OF OPERATING EXPENDITURES**

Year Ended December 31, 2001

	2001	2000
		(Note 9)
CURATORIAL		
Salaries, wages and benefits	\$ 93,755	\$ 110,975
Miscellaneous	4,431	16,211
Registry	3,451	4,437
General maintenance	1,434	2,969
Photography	1,209	310
Memberships and subscriptions	219	2,975
	\$ 104,499	\$ 137,877
ADMINISTRATION AND FINANCE		
Salaries, wages, and benefits	\$ 58,572	\$ 51,979
Office supplies	11,516	12,415
Telephone and internet	11,063	13,321
Insurance	9,384	8,779
Photocopies	4,230	6,730
Audit and legal	4,200	4,220
Postage	2,030	6,431
Miscellaneous	1,681	1,809
Computer	819	2,744
Staff hiring costs	-	680
	\$ 103,495	\$ 109,108
EXHIBITIONS AND HARBOUR		
Maintenance	\$ 34,514	\$ 8,439
Salaries, wages and benefits	28,080	28,360
Harbour maintenance	16,248	11,494
In-house exhibits	15,994	45,823
Harbour vessel insurance	4,433	4,000
	\$ 99,269	\$ 98,116
MEMBER SERVICES		
Salaries, wages, and benefits	\$ 31,724	\$ -
Office	8,835	2,077
Travel	241	-
Membership and volunteer	538	2,254
	\$ 41,338	\$ 4,331
FUNDRAISING		
Salaries and contracts	\$ 20,100	\$ 34,846
Membership drive	1,098	10,000
Fundraising events	328	620
Office and miscellaneous	264	984
	\$ 21,790	\$ 46,450

THE VANCOUVER MARITIME MUSEUM SOCIETY

SCHEDULE OF ST. ROCH VOYAGE REVENUES AND EXPENDITURES

Year Ended December 31, 2001

	Total	2001	2000 and prior
REVENUES			
Sponsors and partners	\$ 527,030	\$ 57,175	\$ 469,855
Millennium grant	250,000	-	250,000
Grants	116,710	-	116,710
Donations	114,154	69,217	44,937
Heritage Canada grant	90,000	-	90,000
Other revenue	57,127	3,575	53,552
Merchandise sales	47,950	3,430	44,520
Public campaign	27,203	-	27,203
	1,230,174	133,397	1,096,777
EXPENDITURES			
Wages and benefits	200,084	21,859	178,225
Vessel costs - fuel	176,215	-	176,215
Marketing	103,958	1,705	102,253
Travel	91,469	2,160	89,309
Vessel costs - general	82,019	366	81,653
Contracts	79,815	-	79,815
Travel - RCMP coordinator	59,878	-	59,878
Vessel costs - insurance	53,979	-	53,979
Merchandise costs	45,274	282	44,992
Vessel costs - food	44,853	-	44,853
Vessel costs - Simon Fraser	41,854	2,079	39,775
Community outreach project	40,806	-	40,806
Education	39,374	-	39,374
Vessel modifications	36,668	-	36,668
Travelling exhibit	26,619	-	26,619
Education - website	18,928	465	18,463
Office	7,035	176	6,859
Sponsor recognition	6,804	-	6,804
Vehicle costs	6,203	2,910	3,293
Telephone	5,570	1,226	4,344
Vessel costs - dockage	5,561	-	5,561
Administration	4,277	552	3,725
Supplies	4,135	142	3,993
Bank charges and interest	3,584	3,025	559
Vessel costs - demobilization	3,351	749	2,602
Courier, shipping and freight	3,013	407	2,606
Audit fees	2,500	2,500	-
Exhibit costs	1,593	1,220	373
Community visit	899	-	899
Special events	675	-	675
Contextual exhibit	117	-	117
	1,197,110	41,823	1,155,287
EXCESS OF REVENUES OVER EXPENDITURES			
	\$ 33,064	\$ 91,574	\$ (58,510)

