

CITY OF VANCOUVER

ADMINISTRATIVE REPORT



Report Date: June 23, 2005  
Author: Karen Hasselfelt  
Phone No.: 604.871.6045  
RTS No.: 05001  
CC File No.: 2201 / 4002  
Meeting Date: July 14, 2005

TO: Standing Committee on City Services and Budgets

FROM: Managing Director of Cultural Services

SUBJECT: Vancouver Maritime Museum – Annual Review & 2005 Operating Grant Request

RECOMMENDATION

THAT an operating grant of \$379,400 be approved to the Vancouver Maritime Museum Society according to the conditions outlined in this report; source of funds to be the 2005 "Other" Grants budget.

GENERAL MANAGERS' COMMENTS

The General Managers of Community and Corporate Services RECOMMEND approval of the foregoing.

COUNCIL POLICY

Council has approved annual operating grants to the Vancouver Maritime Museum (VMM) to support its ongoing operations since its formation as an independent non-profit society in 1971.

Approval of grants requires eight affirmative votes of Council.

PURPOSE

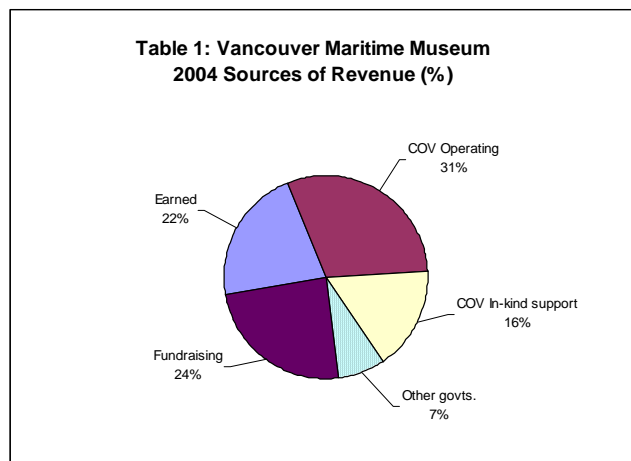
This report provides a review of the organization's 2004 activities and recommends a 2005 Operating Grant for Council's consideration.

## BACKGROUND

The Vancouver Maritime Museum (VMM) has operated in its current location on Kits Point since 1958 and holds the City's collections of maritime art and artifacts in trust for the citizens of Vancouver. The *St. Roch*, which is the premier attraction at the VMM, is also owned by the City of Vancouver and housed in a City-owned structure attached to the VMM. The VMM also manages Heritage Harbour which is home to ten historic vessels.

The VMM is an independent not-for-profit society governed by a volunteer Board of Directors and has 5 full-time staff, 9 part-time and 13 seasonal staff. 112 volunteers contributed approximately 4,700 hours to VMM's programming and activities. The Museum's relationship with the City is generally outlined in lease terms approved by Council in 2002, and the VMM has received a copy of the draft lease. However, as the Society's attention has been focused on planning studies for a new National Maritime Museum of Canada, Pacific (NMMCP), which may include relocation to another site, they have not been focused on concluding the agreement. The City expects to resume discussions on either a mid-term or long-term agreement with the Society once the outcome of their planning study is known, which the VMM anticipates will be in late August.

In addition to an annual operating grant, the City currently provides occupancy of the facility at a nominal rent, property tax exemption, utilities, janitorial services, and grounds and building maintenance through the City's Facilities Design & Management department. Table 1 reflects a breakdown of the VMM's sources of revenue, including total support from the City (46.6% of revenue from all sources).



## 2004 Year in Review

The major focus of the VMM in 2004 has been the planning for a new maritime museum and at the same time, sustaining the museum's day-to-day operations and programs. The VMM received a grant of up to \$150,000 from the federal Western Economic Diversification (WED) program to conduct conceptual, business and marketing studies for a new National Maritime Museum of Canada, Pacific (NMMCP). It is anticipated that these studies will be completed in the fall of 2005.

While planning for a new maritime centre, Museum staff also worked to maintain existing programs and services. The in-house temporary exhibit *To Boldly Go: The Spirit of Exploration* continued in 2004, and there were displays in the T.K. Gallery that celebrated marine artists and artifacts, including an exhibit on the ship *Empress of Ireland*. In her role as an immigration ship, the *Empress* brought over 117,000 passengers to Canada in the early 1900's, many of them settling in the West. A permanent interpretative exhibit also opened on the St. Roch and provided a context for the ship and her historic mission. Other permanent exhibits were refreshed with new artifacts and interpretive materials, and a documentary on the Ben Franklin submersible was produced and broadcast on the *History* channel.

Programming in 2004 included a variety of school programs relevant to the BC social studies and science curricula, a professional development workshop for teachers with the Vancouver Museum, several community-based festivals and events, a public lecture series on ocean cruising, and both on-site and virtual tours of the collection.

### 2005 Plans

Work continues on the VMM's visioning for a new museum and a report was presented to all of the museum's funders in February. The consultant's preliminary report recommended a new entity of a national maritime centre, which went beyond the concept of a museum, and concluded that maintaining the status quo was not sustainable. Initial site options were reviewed and the VMM received additional funding from the federal government and the Province to review two of the options in more depth. It is anticipated that the study will be concluded in the fall and staff will review and report back to Council with the results of the study.

Major temporary exhibitions scheduled for 2005 include *On the Waterfront* and *Treasures from the Collection*, which grew out of the digital access project in 2004 that featured 100 of the most significant objects from the collection that would otherwise remain in storage. Both of these exhibitions will enable the VMM to carry out work on the collection, as research, documentation and condition reports will be completed on each artifact before it goes on exhibition. The "treasures" concept will also be applied to the museum's archive collection, and a second exhibit will highlight ephemera from several important collections including photographs, passenger lists, menus, sailing schedules and promotional materials that tell the story of Vancouver's and B.C.'s maritime history.

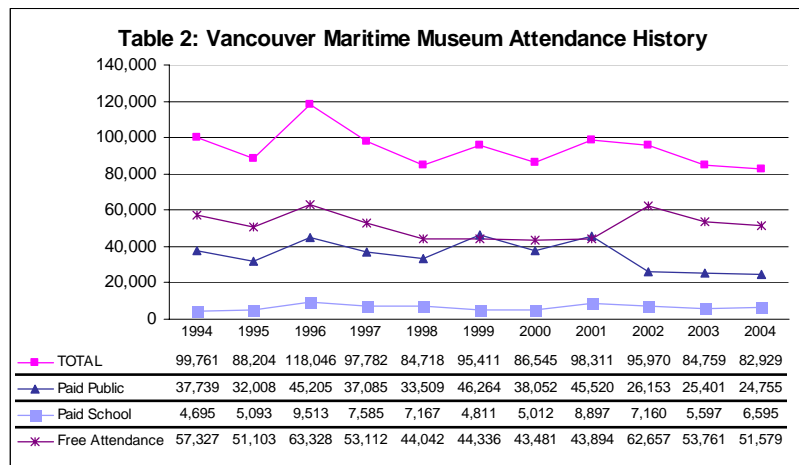
Program plans for 2005 include co-hosting the second annual Vancouver Regional Historical Fair with the Vancouver Museum, providing a series of special events which focus on the theme of hidden treasures, and a new series of weekend programs for adults and families. A new joint initiative with the Vancouver Museum and the H.R. MacMillan Space Centre called *Explore Sundays* has been launched and the VMM was one of several Vancouver institutions to participate in the *Think Vancouver: Think Waterfront* multi-media project in March.

### DISCUSSION

The Maritime Museum continues to face the challenge of running day-to-day operations, and at the same time, planning for a new museum. The visioning process and related studies have diverted the VMM's attention away from daily Museum's operations, and as staff work on plans for a new museum, the resources for exhibitions and programs are diminished. Over the

past few years, the VMM has been averaging one major temporary exhibit a year, due to its limited resources. Two temporary exhibitions are planned for 2005 and one temporary exhibition is proposed for each subsequent year until 2010. While the VMM has recently added a series of community art exhibits in the T.K. Gallery to its schedule, the lack of an annual program of major changing exhibits has had an effect on attendance.

As illustrated in Table 2, developing audiences has been an ongoing challenge for the VMM. Attendance at the VMM has decreased since 1996, with a 40% drop in paid public attendance since 2001. The VMM has reported a total attendance of approximately 83,000 for 2004, but this includes free admissions of 52,000 at the Heritage harbour, community festivals and outdoor events.



Other major challenges for VMM have been its aging building and its accumulated deficit. The City-owned building that currently houses the VMM is in need of major renovation to meet current museum standards and has been the impetus for the vision of building a new museum. However, before the VMM can move forward with this vision, staff believe that the organization must first address its accumulated deficit. Much of the accumulated deficit is historical as it was incurred in 1991 (\$200,237). Over the past two years, the VMM has made some progress in both operational and capital fund raising. Recognizing that modest annual operational surpluses have not been effective in reducing the debt, the VMM has been investigating other means to address deficit reduction including events such as fund raising breakfasts.

However, despite the increase in operational fund raising and donations in 2004, the VMM was not able to reduce its accumulated deficit. Expenditures increased beyond the additional revenues raised resulting in the VMM concluding the year with a deficit of \$20,954 on a total operating budget of \$1,049,913. The accumulated deficit at December 31, 2004 was \$242,596 or 23% of the VMM's operating budget. The VMM's financial statements for the year ending December 31, 2004 are attached to this report as Appendix A.

The VMM are projecting another deficit in 2005. While initially projecting a \$395,000 deficit, the board and staff have worked hard over the past weeks to reduce costs, including staffing hours, and increase admission, membership and program fees, as well as fund raising revenues, to reduce the projected deficit to \$22,302. The VMM also revised its cash flow projections to ensure the organization did not exceed its \$260,000 line of credit, which is largely taken up by the accumulated deficit.

Given the financial performance in 2004 and the projections for 2005, City staff continue to be concerned about the size of the accumulated deficit and the ongoing challenge for the organization to deliver exhibits and programs that will attract new and repeat visitors. Staff are therefore recommending that prior to next year's annual grant review, the Society:

- provides a three-year Business Plan which includes balanced annual operating budgets based on the existing City grant support; and
- provides a deficit reduction plan that demonstrates how the accumulated deficit will be eliminated.

The VMM, the H.R. MacMillan Space Centre and the Vancouver Museum have been discussing a variety of potential collaborations that may lead to greater efficiencies and public service. City staff encourage the institutions to follow up these discussions with actions that will significantly increase attendance, revenues and organizational sustainability. Staff will monitor and report back to Council on their progress.

#### FINANCIAL IMPLICATIONS

Staff are recommending a 2005 operating grant of \$379,400 based on a general inflationary increase of 2.0% over the 2004 grant as approved by Council in the 2005 Operating Budget. The source of funds is the "Other" Grants allocation in the 2005 Operating Budget.

#### CONCLUSION

The VMM has made significant progress in its fund raising efforts but has had difficulty in operating within a balanced budget and reducing its accumulated deficit. Staff emphasize the need to build organizational capacity, which will place the organization in a better position to contemplate future opportunities and options. Staff are recommending an operating grant of \$379,400 to the Vancouver Maritime Museum Society according to conditions as outlined in this report.

\* \* \* \* \*

**THE VANCOUVER MARITIME MUSEUM SOCIETY**

**FINANCIAL STATEMENTS**

**December 31, 2004**

**CONTENTS**

- 2. AUDITORS' REPORT**
- 3. STATEMENT OF FINANCIAL POSITION**
- 4. STATEMENT OF OPERATIONS**
- 5. STATEMENT OF CHANGES IN NET ASSETS**
- 6. STATEMENT OF CASH FLOWS**
- 7 to 10. NOTES TO FINANCIAL STATEMENTS**
- 11. SCHEDULE OF PROJECTS AND DEFERRED COSTS**
- 12. SCHEDULE OF MARITIME STORE REVENUE AND EXPENDITURES**
- 13 & 14. SCHEDULE OF OPERATING EXPENDITURES**

---

---

**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, 2004 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, 2004 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.

*BME+Partners*

CHARTERED ACCOUNTANTS

Vancouver, B.C.

February 18, 2005

THE VANCOUVER MARITIME MUSEUM SOCIETY

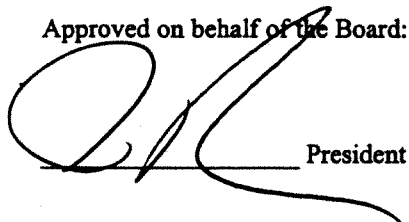
STATEMENT OF FINANCIAL POSITION

December 31, 2004

	2004	2003
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 14,579	\$ -
Accounts receivable	23,064	39,518
Inventory	29,279	35,126
Prepaid expenses and deposits	12,311	17,856
	<u>79,233</u>	<u>92,500</u>
<b>INVESTMENTS, at cost (Notes 3, 5 and 6)</b>		
Treasury Bill	258,372	258,372
Vancouver Foundation	125,000	125,000
	<u>383,372</u>	<u>383,372</u>
<b>PROPERTY, PLANT AND EQUIPMENT, (Note 4)</b>		
	<u>32,713</u>	<u>35,136</u>
	<u>\$ 495,318</u>	<u>\$ 511,008</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank indebtedness	\$ -	\$ 2,045
Operating line of credit (Note 6)	255,000	235,000
Accounts payable and accrued liabilities	61,735	69,089
Deferred revenue	21,046	29,540
	<u>337,781</u>	<u>335,674</u>
<b>NET ASSETS</b>		
Net assets invested in property, plant and equipment (Note 4)	32,713	35,136
Net assets restricted for endowment (Note 5)	383,372	383,372
Net assets (deficit) invested in projects (Page 11)	(15,952)	(19,109)
Unrestricted net deficit	(242,596)	(224,065)
	<u>157,537</u>	<u>175,334</u>
	<u>\$ 495,318</u>	<u>\$ 511,008</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, 2004

	2004	2003
<b>REVENUES</b>		
Operating Grants		
City of Vancouver	\$ 284,656	\$ 278,911
City of Vancouver - St. Roch	87,504	85,738
Province of B.C.	85,250	85,250
Other grants	5,260	24,813
	<u>462,670</u>	<u>474,712</u>
<b>OTHER REVENUES</b>		
Donations	214,191	200,163
Admissions	135,798	124,068
General fundraising	31,488	31,000
Harbour moorage	30,279	30,739
Casino	30,000	30,000
Rental	25,243	24,267
Individual and affiliate memberships	19,574	20,165
Parking lot	19,129	20,225
Miscellaneous	17,259	14,589
Maritime store operations, net (Page 12)	13,423	13,365
Programs	13,082	12,400
Interest (Note 3)	11,085	14,260
Photographs	3,738	1,859
Boat show	2,000	9,630
	<u>566,289</u>	<u>546,730</u>
	<u>1,028,959</u>	<u>1,021,442</u>
<b>EXPENDITURES</b>		
Visitor services (Page 13)	206,956	201,652
Directors' office (Page 13)	167,277	165,276
Curatorial (Page 13)	158,872	119,178
Administration and finance (Page 13)	153,601	141,220
Programs, community, and member relations (Page 13)	108,079	119,371
Marketing department (Page 14)	95,584	103,965
Exhibitions and harbour (Page 14)	62,662	76,876
Fundraising (Page 14)	45,468	42,075
Member services (Page 14)	30,864	28,317
	<u>1,029,363</u>	<u>997,930</u>
Interest	11,326	12,076
Amortization	9,224	6,587
	<u>1,049,913</u>	<u>1,016,593</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FOR YEAR</b>	<b>\$ (20,954)</b>	<b>\$ 4,849</b>

THE VANCOUVER MARITIME MUSEUM SOCIETY

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2004

NET ASSETS	Invested in Property, Plant and Equipment (Note 4)	Restricted for Endowment (Note 5)	Invested in Projects (Page 11)	Unrestricted	2004 Total	2003 Total
Balance at beginning of year	\$ 35,136	\$ 383,372	\$ (19,109)	\$ (224,065)	\$ 175,334	\$ 228,538
Excess (deficiency) of revenues over expenditures for year	(9,224)	-	-	(11,730)	(20,954)	4,849
Net recoveries (expenditures) on projects	-	-	3,157	-	3,157	(58,053)
Investment in capital assets	6,801	-	-	(6,801)	-	-
	\$ 32,713	\$ 383,372	\$ (15,952)	\$ (242,596)	\$ 157,537	\$ 175,334

**THE VANCOUVER MARITIME MUSEUM SOCIETY**

**STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2004**

	2004	2003
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures for year	\$ (20,954)	\$ 4,849
Amortization	9,224	6,587
Changes in non-cash working capital:		
Accounts receivable	16,454	(13,749)
Inventory	5,847	(15,428)
Prepaid expenses and deposits	5,545	(162)
Accounts payable and accrued liabilities	(7,354)	30,676
Deferred revenue	(8,494)	15,693
	<u>268</u>	<u>28,466</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(6,801)	(23,203)
Net recoveries (expenditures) on projects	3,157	(58,053)
	<u>(3,644)</u>	<u>(81,256)</u>
<b>INCREASE IN BANK INDEBTEDNESS</b>	<b>(3,376)</b>	<b>(52,790)</b>
<b>BANK INDEBTEDNESS AT BEGINNING OF YEAR</b>	<b>(237,045)</b>	<b>(184,255)</b>
<b>BANK INDEBTEDNESS AT END OF YEAR</b>	<b>\$ (240,421)</b>	<b>\$ (237,045)</b>
<b>Represented by:</b>		
Cash (bank indebtedness)	\$ 14,579	\$ (2,045)
Operating line of credit	(255,000)	(235,000)
	<u>\$ (240,421)</u>	<u>\$ (237,045)</u>

**THE VANCOUVER MARITIME MUSEUM SOCIETY**

**NOTES TO FINANCIAL STATEMENTS**

**Year Ended December 31, 2004**

---

**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 heritage relating to the past, present and future in maritime sciences, industry, arts and recreation.

---

**2. SIGNIFICANT ACCOUNTING POLICIES**

---

a) 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.

b) Endowment funds:

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

c) Property, plant and equipment:

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 property, plant and equipment 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 property, plant and equipment purchases as expenditures of the Fund that the costs were directly related to. Property, plant and equipment 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.

Property, plant and equipment are recorded at cost. Amortization of property, plant and equipment has been calculated on a declining balance at the following annual rates:

Computer equipment	-	30% declining balance
Building	-	10% 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.

The Society does not include acquisitions or expenditures related to project funds and deferred projects (Page 11) as part of the property, plant and equipment listed above.

THE VANCOUVER MARITIME MUSEUM SOCIETY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2004

---

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

---

d) Impairment of long-lived assets:

The Society monitors the recoverability of long-lived assets, including computer equipment, building, and office equipment, based upon estimates using factors such as asset utilization, business climate and future discounted cash flows expected to result from the use of the related assets or to be realized on sale. The Society's policy is to write down assets to their net recoverable amount using discounted cash flows, in the period when it is likely that the carrying amount of the asset will not be recovered.

e) 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.

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 (deficit) of the Society.

g) 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.

h) 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. During the year, the Society has received and issued donation receipts for materials in the amount of \$2,001,303 (2003 - \$399,418).

i) 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.

**THE VANCOUVER MARITIME MUSEUM SOCIETY**

**NOTES TO FINANCIAL STATEMENTS**

**Year Ended December 31, 2004**

---

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

---

j) **Financial instruments:**

The Society's financial instruments consist of cash, accounts 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 \$414,570 (2003 - \$410,424).

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 \$4,188 (2003 - \$5,837).

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 \$6,835 (2003 - \$7,281).

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

---

**4. PROPERTY, PLANT AND EQUIPMENT**

			<b>2004</b>	<b>2003</b>
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Computer equipment	\$ 43,247	\$ 23,919	\$ 19,328	\$ 22,381
Building	15,039	6,603	8,436	9,374
Office equipment	11,357	6,408	4,949	3,381
	<b>\$ 69,643</b>	<b>\$ 36,930</b>	<b>\$ 32,713</b>	<b>\$ 35,136</b>

---

**5. 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.

---

**6. OPERATING LINE OF CREDIT**

---

The Society has an operating line of credit of \$260,000. The line of credit was temporarily increased to \$345,000 late in 2004 to cover temporary cash needs. Subsequent to the year end the line of credit was reduced back to \$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.

**THE VANCOUVER MARITIME MUSEUM SOCIETY**

**NOTES TO FINANCIAL STATEMENTS**

**Year Ended December 31, 2004**

---

**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. A renewal lease agreement has not yet been signed.

---

**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 last collective agreement expired on December 31, 2003. A new collective agreement has not yet been signed.

---

**9. CASH FLOW INFORMATION**

---

	2004	2003
(a) Cash consists of cash on hand, balances with banks and the operating line of credit that may be outstanding from time to time.		
(b) Interest paid	\$ 11,326	\$ 12,076

---

THE VANCOUVER MARITIME MUSEUM SOCIETY

SCHEDULE OF PROJECTS AND DEFERRED COSTS

Year Ended December 31, 2004

	Opening Balance	Revenues	Expenditures	Closed to Operations	Closing Balance
<b>DEFERRED PROJECT COSTS</b>					
Acquisitions	\$ (35,752)	\$ -	\$ 2,773	\$ (38,525)	\$ -
Library	2,755	1,815	2,324	-	2,246
Utjulik	135	17,800	17,514	-	421
Charles Moore project	5,352	-	2,581	-	2,771
Squamish Kayachtn	16,863	-	1,150	-	15,713
Preventative conservation	3,129	-	-	-	3,129
Zephyr column (Note i)	2,600	-	-	2,600	-
False Creek explorers	5,000	-	-	5,000	-
B.C. digital collection	750	-	-	-	750
VCR regional historical fair	-	5,029	5,029	-	-
Graphical exhibition project	-	960	-	-	960
Development Project (Note i)	(38,045)	-	-	(38,045)	-
Martyn Green Scholarship	200	-	-	-	200
Vision project (Note i)	-	113,374	178,930	-	(65,556)
	(37,013)	138,978	210,301	(68,970)	(39,366)
<b>ST. ROCH PROJECT FUNDS</b>					
St. Roch preservation	17,854	9,366	3,856	-	23,364
Isumataq	50	-	-	-	50
	17,904	9,366	3,856	-	23,414
<b>NET PROJECT FUNDS AND DEFERRED COSTS</b>					
	\$ (19,109)	\$ 148,344	\$ 214,157	\$ (68,970)	\$ (15,952)

Note i: In 2004, the Development project was renamed the 'Vision Project'. The balance of the 'Development Project' was transferred into the new project. Further, the balance in the Zephyr Project was transferred to the new 'Vision Project' due to the similarity of the projects. In early 2004, Western Economic Diversification approved a grant of up to \$150,000 for the 'Vision Project' (formerly 'Development Project'), covering expenditures made in 2004 and 2005. The first portion of the funding was received in October of 2004 in the amount of \$71,544. The balance of the funding is expected to be received in early 2005 as the related expenditures are incurred.



**THE VANCOUVER MARITIME MUSEUM SOCIETY**

**SCHEDULE OF MARITIME STORE REVENUE AND EXPENDITURES**

**Year Ended December 31, 2004**

	<u>2004</u>	<u>2003</u>
SALES	\$ 27,844	\$ 32,765
COST OF GOODS SOLD	<u>13,855</u>	<u>18,348</u>
GROSS PROFIT	<u>13,989</u>	<u>14,417</u>
	(50.24%)	(44.00%)
EXPENDITURE		
Operations	<u>566</u>	<u>1,052</u>
<b>OPERATING INCOME FOR YEAR</b>	<b>\$ 13,423</b>	<b>\$ 13,365</b>

THE VANCOUVER MARITIME MUSEUM SOCIETY

SCHEDULE OF OPERATING EXPENDITURES

Year Ended December 31, 2004

	2004	2003
<b>VISITOR SERVICES</b>		
Salaries, wages and benefits	\$ 203,527	\$ 198,927
Supplies, maintenance and miscellaneous	3,429	2,725
	<b>\$ 206,956</b>	<b>\$ 201,652</b>
<b>DIRECTORS' OFFICE</b>		
Salaries, wages and benefits	\$ 147,483	\$ 138,406
Office	16,027	16,457
Board of trustees	3,037	8,442
Travel and entertainment	730	1,971
	<b>\$ 167,277</b>	<b>\$ 165,276</b>
<b>CURATORIAL</b>		
Salaries, wages and benefits	\$ 109,083	\$ 111,654
Acquisitions	38,600	-
Miscellaneous	6,810	4,015
General maintenance	2,111	2,119
Registry	1,191	1,112
Photography	957	151
Memberships and subscriptions	120	127
	<b>\$ 158,872</b>	<b>\$ 119,178</b>
<b>ADMINISTRATION AND FINANCE</b>		
Salaries, wages and benefits	\$ 78,611	\$ 83,062
Insurance	16,296	15,482
Miscellaneous	15,886	985
Office supplies	13,903	14,135
Telephone and internet	11,009	10,789
Audit and legal	5,300	4,800
Repairs and maintenance	5,151	5,714
Postage	4,100	1,306
Photocopies	2,295	3,599
Computer	1,050	1,348
	<b>\$ 153,601</b>	<b>\$ 141,220</b>
<b>PROGRAMS, COMMUNITY, AND MEMBER RELATIONS</b>		
Salaries, wages and benefits	\$ 88,123	\$ 91,857
School programs and events	18,829	26,273
Office supplies	1,127	1,164
Travel and conference	-	77
	<b>\$ 108,079</b>	<b>\$ 119,371</b>

**THE VANCOUVER MARITIME MUSEUM SOCIETY**

**SCHEDULE OF OPERATING EXPENDITURES**

**Year Ended December 31, 2004**

	2004	2003
<b>MARKETING DEPARTMENT</b>		
Consulting fees	\$ 48,000	\$ 48,000
Advertising and promotion	16,163	12,280
Publications	12,627	13,712
Marketing	9,706	17,390
Distribution	5,943	6,913
Salaries, wages and benefits	1,586	1,902
Dues and memberships	1,327	1,329
Office supplies	232	2,341
Travel	-	86
Telephone	-	12
	<b>\$ 95,584</b>	<b>\$ 103,965</b>
<b>EXHIBITIONS AND HARBOUR</b>		
Salaries, wages and benefits	\$ 29,006	\$ 30,192
Harbour maintenance	13,717	10,188
In-house exhibits	12,383	16,393
Maintenance	7,556	19,119
Harbour vessel insurance	-	984
	<b>\$ 62,662</b>	<b>\$ 76,876</b>
<b>FUNDRAISING</b>		
Salaries and contracts	\$ 37,064	\$ 12,753
Fundraising events	3,857	21,089
Membership drive	3,377	6,532
Office and miscellaneous	1,170	1,701
	<b>\$ 45,468</b>	<b>\$ 42,075</b>
<b>MEMBER SERVICES</b>		
Salaries, wages and benefits	\$ 21,462	\$ 18,663
Office	8,293	9,654
Membership and volunteer	1,109	-
	<b>\$ 30,864</b>	<b>\$ 28,317</b>