

Annual Report

Fiscal 2015-16



Royal Canadian Marine Search and Rescue

“I had a near death experience 18 years ago and required a rescue. Knowing what can happen, and knowing the time, commitment and training that goes into rescue services, I wanted a chance to be there for someone the same way someone was there for me.”

That is a quote from one of our members who was asked why they volunteer for RCM-SAR. Why would someone spend hundreds of hours training? Why would they carry a pager and be ready to rush to their rescue vessel? Why would they put themselves in harm's way to help someone on the water?

One member's answer is above. There are countless other personal reasons, but the recurring themes among our rescue crews and our SAR prevention volunteers are service, camaraderie, and the opportunity to learn. There is also a driving passion to promote safety in their community and save lives on the water.

This passion is the foundation of RCM-SAR and has helped drive the achievements of the past year. The number of missions continued to grow. Once again we responded to about a third of the marine emergencies on the West Coast, fulfilling our role as a valued partner in the Canadian search and rescue system. With the opening of our new training centre and courses now underway in our new simulator facility we have realized a long-standing dream of a centre of training excellence for our members. We are renewing our fleet and delivering new vessels to our stations at a brisk pace. We are building new partnerships and exploring ways to do more in service to our communities.

This has been a year of leadership transition with a new President and a new Chief Executive Officer, but there has been no change in our vision of an excellent search and rescue service driven by engaged and committed volunteers. With the support of those volunteers and our small but dedicated management team, we are planning for even more achievements and an even stronger RCM-SAR in the years ahead.

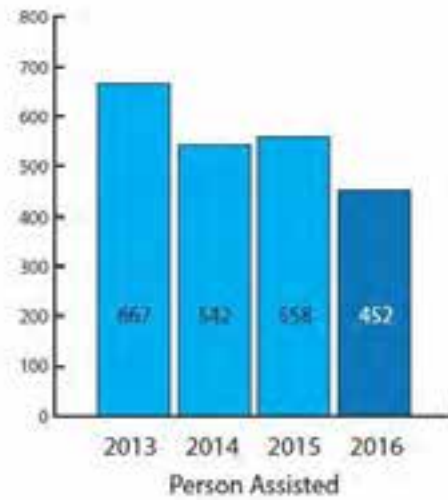
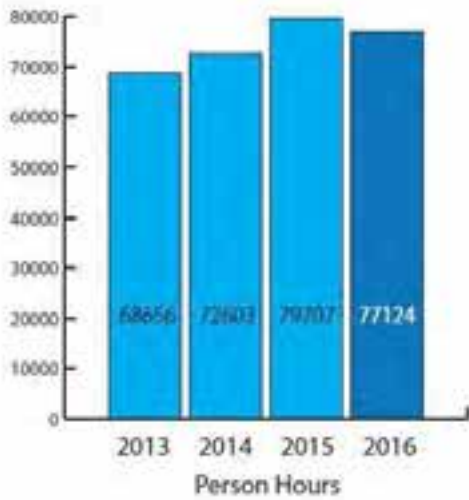
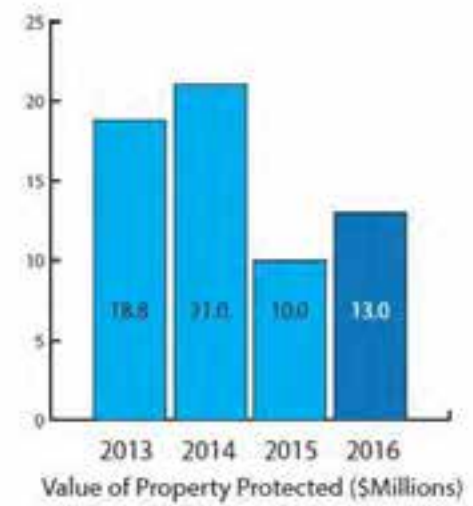
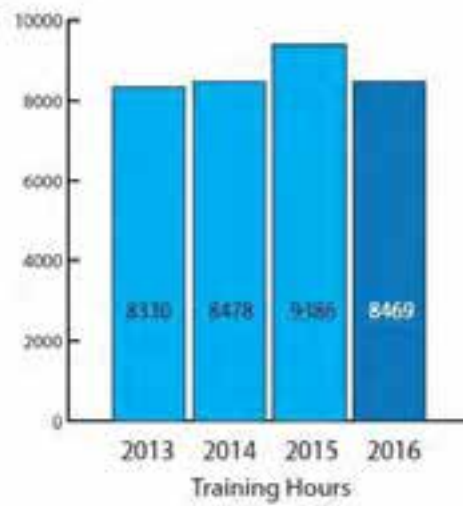
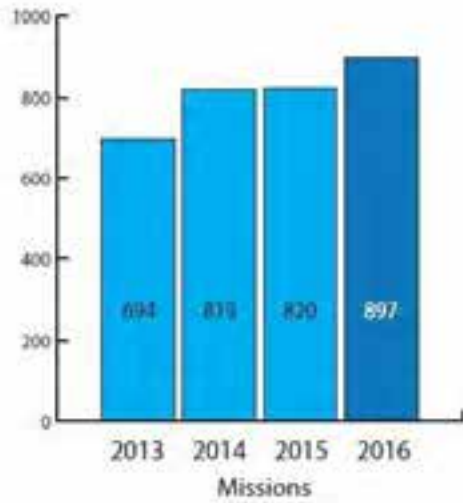


Greg Miller, *President*



Pat Quealey, *Chief Executive Officer*

Fiscal 2015-16



Missions Accomplished

The following rescues have been chosen by staff at the Joint Rescue Coordination Centre for awards as the top missions of the past year.

Nine Minutes To Safety

A floatplane with seven people on board crashed on landing in Kitkatla harbour on the North Coast.

The RCM-SAR Kitkatla crew responded immediately. They found several people struggling to get out of the plane. One woman was in particular difficulty, but with **the crew's coaching and assistance** she was able to free the entanglements and get clear of the aircraft. Within nine minutes of being notified of the crash, all seven survivors were recovered and transported to the local nursing station for treatment. The community came together securing the plane to prevent it from sinking, and placed containment boom around the aircraft to limit the pollution damage to the environment.



RCM-SAR Crew Leads Community Effort



A 28-metre luxury yacht with five people on board ran aground near Pender Harbour on the Sunshine Coast and rapidly started taking on water. RCM-SAR Pender Harbour responded in minutes. The passengers were already off the vessel, so the crew focused on keeping the yacht – with its 1500 litres of fuel on board – from sinking or drifting into the crowded and environmentally-sensitive harbour. The crew fired up their dewatering pump, but it was clear the lone pump wouldn't be enough to keep the yacht afloat.

RCM-SAR put out the call to local residents, businesses and the fire department to round up as many pumps as they could. The Canadian Coast Guard lifeboat *Cape Caution* also arrived on scene with an additional pump. The coordinated effort paid off. The pumps kept up, and later that day divers were able to patch the hole and the yacht was safely towed to Vancouver for repairs.

Working Together To Save Lives

A recreational diving trip nearly ended in tragedy when high waves capsized a small dive boat near Victoria's Race Rocks. Nine people ended up in the water, clinging to their overturned hull. A local whale watching vessel and a recreational fishing boat tried to help the divers but the conditions were too rough.

Crews from two RCM-SAR stations – Sooke and Victoria – responded to the mayday call. With so many casualties in the water and conditions so challenging, the crews called on their extensive training and seamanship skills to recover the divers. Using heaving lines, the two crews took turns recovering the divers until all nine were safely aboard.

The divers were taken to a nearby marina and were met by ambulances, a helicopter, and the local fire department. There were no serious injuries. The mission highlights how standardized training and joint exercises support clear and effective communication between different stations.



Planning for the Future

RCM-SAR is developing a strategic plan to guide activities during the next three years. Our members have clearly indicated they want to and can do more to enhance safety in British Columbia. Our plan will focus on strengthening our core search and rescue function, developing our people, creating new partnerships, maintaining effective communications and attracting stable and sustainable funding.

As part of the strategic planning process we surveyed our members and asked for their input on the direction RCM-SAR should take in the coming years. Nearly 300 members responded with their thoughts on RCM-SAR's mission, vision and key strengths. They identified training, funding and member recognition as key priorities. They also expressed their pride, passion and commitment to RCM-SAR, something that the strategic plan will identify as a driving force behind RCM-SAR's past and future accomplishments.

The strategic plan will be released in December 2016.



Partners in Public Safety

We recognize the strength of partnerships in the marine search and rescue community and are determined to build on these to improve public safety. As part of the Canadian Coast Guard Auxiliary system, our primary partnership is with the Coast Guard and the Department of Fisheries and Oceans. We are solidifying that partnership with the intent of making an even greater contribution to west coast marine safety. This involves training and exercises, skills transfer and inter-operability, and other collaboration that will improve emergency response.

We are exploring potential partnerships such as in the area of environmental response to improve our service to the public, broaden our member engagement and contribute towards more stable funding for our core services. Without detracting from our primary marine rescue focus, we are also pursuing providing mutual aid and support to other emergency management agencies. As a highly capable safety organization we believe we can help these other agencies fulfil their public safety mandate.



Safety First



RCM-SAR crews expect to launch their rescue vessels when other mariners would prefer to be safely at the dock. The danger inherent in marine rescue means we make the safety of our crew members and the people they serve our number one priority.

Our safety program includes a Safety Officer who is responsible for auditing vessels, equipment and training at stations throughout the province. This year we established the Safety and Training Board as an internal clearing house for sharing best practices, promoting standardization and resolving training and safety issues across the organization. It includes members of the management team, representatives from stations, and advisors such as the Canadian Coast Guard.



Training

An exciting new chapter has begun with the opening of the new Training Centre as a centre of excellence for marine safety training in British Columbia. We broke ground for the new building in the fall of 2014 and opened it to students in June 2016. Designed by architect Paul Merrick, the building's exterior fits perfectly with its rural surroundings. Inside are a classroom, break rooms, equipment ready room, and RCM-SAR's Fast Rescue Craft Simulator. RCM-SAR is now able to train members in a comfortable, functional purpose-built facility, replacing borrowed space off-site.





The simulator has been completely overhauled with new digital projectors, a floor-to-ceiling surround screen, improved helm controls and instruments, better sound, and upgraded software to create an even more realistic simulated experience. Crews use the simulator to learn electronic navigation, crew communication and search and rescue techniques. Instructors create challenging navigation, visibility and sea conditions, and can shut down critical equipment to test crews' responses to escalating emergencies. RCM-SAR's "SARNav" simulator courses also include sessions in a real vessel to reinforce skills learned in the classroom and the simulator.





RCM-SAR members have provided very positive feedback about the new Training Centre, and several outside agencies have toured the facilities and expressed interest in using it for specialized training. We look forward to developing these partnerships and using our simulator and other training tools to their maximum potential.

RCM-SAR has the most comprehensive training for marine rescue volunteers in Canada. Collectively our members logged more than 8,400 training hours during the year. This included:

- Station-based classroom and on-water training
- SARNav1 and SARNav2 simulator and on-water training at the RCM-SAR Training Centre
- Transport Canada courses including Simulated Electronic Navigation Limited (SEN-L), Small Vessel Operator Proficiency (SVOP) and Marine Emergency Duties (MED A3).
- Standard First Aid, Marine Advanced First Aid, and First Responder training.
- Canadian Coast Guard Rigid Hull Inflatable Operator Training (RHIOT)
- Critical Incident Stress Management
- Incident Command

We are continually reviewing our training needs and the delivery of our training programs. This year we engaged the services of a Training Standards Officer on a temporary contract to help evolve our training standards and develop supporting guidance and material for station level training.

Fitness

RCM-SAR continues to develop fitness requirements for crew members to ensure crew and public safety. We are assisted by the Occupational Physiology Laboratory at the School of Exercise Science, Physical and Health Education at the University of Victoria.

This year the university worked with several stations to complete a job demands analysis, physical demands analysis, and an analysis of the required capacities for safe and effective job performance. Next steps include development of a physical abilities assessment and standards for RCM-SAR, and development of a fitness training manual.



Vessels and Equipment



Fleet standardization helps equip our crews with made-in-B.C. vessels designed for our needs and coverage area. Our 10-year Fleet Procurement and Renewal Plan controls costs and promotes cross-training and interoperability. The procurement schedule helps stations plan their vessel needs and streamline the replacement and refit process with builders and suppliers.

The plan calls for five additional Fast Response Vessels, both Type 1 and Type 2, to be built over the next 18 - 24 months, subject to funding. Four Type 1 Fast Response Vessels will be delivered in 2016. The Type 1 features the ICE console (isolated crew enclosure) which provides shock mitigation to the crew. That improves crew preparedness when arriving on scene to start a search or

rescue operation. With the delivery of these four Type 1 vessels, a third of the fleet has been renewed since the development of the plan in 2011.

In addition to vessels we continue to research new equipment for our boats and crews, including new electronic navigation equipment, personal protective gear, and search and rescue equipment. Quality equipment means added safety and improved service to the public.

For example, RCM-SAR members developed a new and more effective way to use technology to assist in searches. Rescue crews sometimes deploy "Datum Marker Buoys" at the scene of a search to track wind, current and other conditions that can influence a search pattern. Crews have relied on radio direction finding to keep track of the DMBs, but the system can be inaccurate and buoys are sometimes lost.

The RCM-SAR team has developed a buoy with an Automatic Identification System transponder that broadcasts pin-point location details to the rescue vessel. It is the same technology that ships use to identify each other and indicate their course and speed. Tests have shown the system is very effective in providing accurate position information and is expected to improve search operations and reduce the loss of expensive buoys.

SAR Prevention

RCM-SAR is committed to preventing tragedies on the water. Since our inception we have operated a range of programs aimed at educating young people, paddling enthusiasts, recreational boaters and others to promote safety on the water. We offer free pleasure craft safety checks to help boat owners ensure they have the right safety equipment on board.

We take our boating safety message to elementary classrooms. Our "Bobbie the Safety Boat" is a hit with kids at community events, and our "Kids Don't Float" program is a huge success in communities throughout British Columbia. The KDF program features free loaner lifejackets for children and docks and marinas.

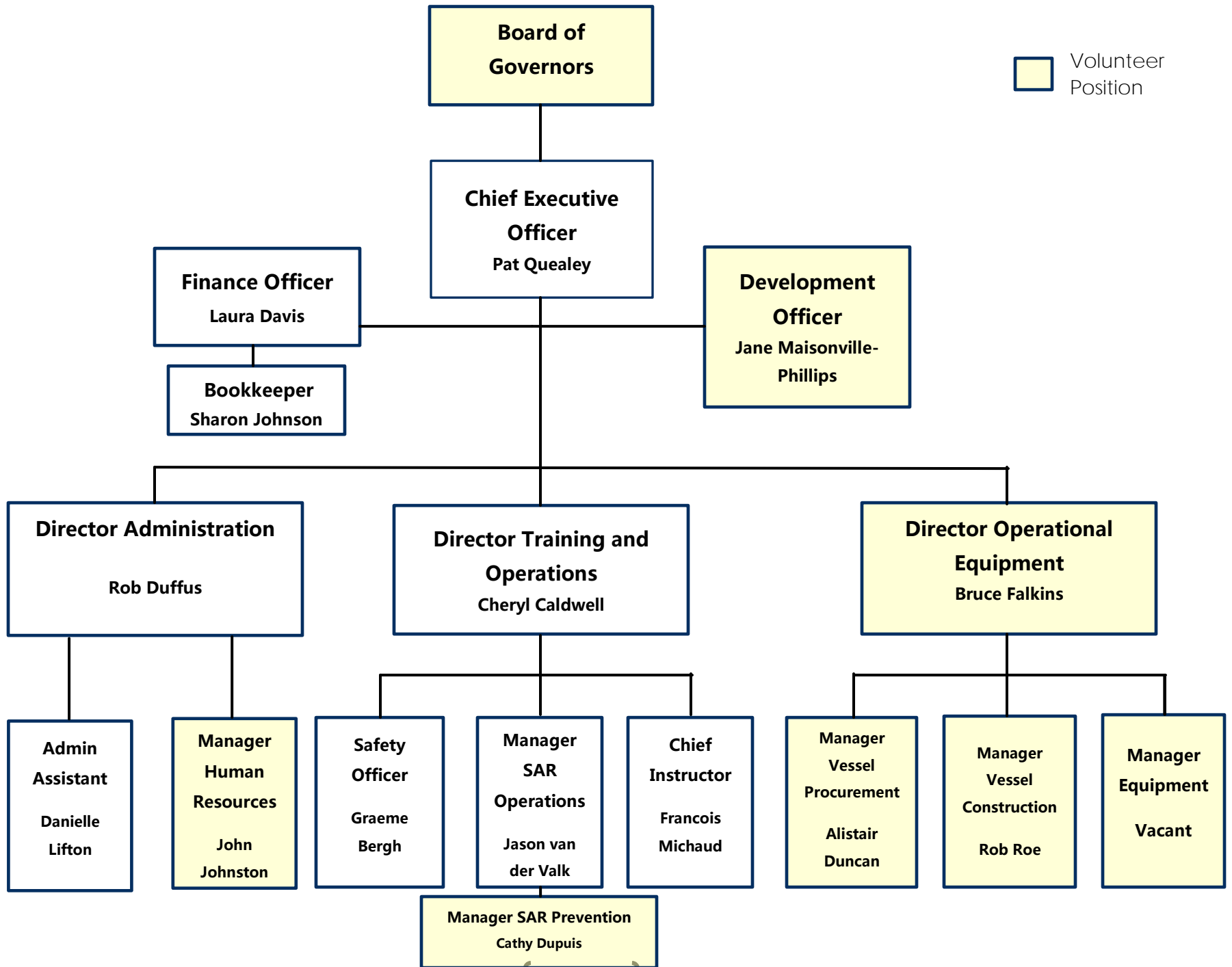


Her Royal Highness the Duchess of Cambridge, accompanied by Prime Minister Trudeau and RCM-SAR CEO Pat Quealey, receives personalized RCM-SAR life jackets for Prince George and Princess Charlotte from North Vancouver crewmember Louise Hoymans during the 2016 Royal Visit.

Inviting the World

RCM-SAR is proud to be part of the international marine search and rescue community. As a member of the International Maritime Rescue Federation (IMRF) we are honoured to have been chosen to host the 2019 IMRF World Congress and Exhibition in Vancouver. More than 72 different SAR organizations are expected to be represented and up to 500 delegates may attend the three-day event. This will be a wonderful showcase for RCM-SAR and all our Canadian partners.





Volunteer Position



President - **Greg Miller**
Manager at Goodfellow Inc.,
flooring, siding and decking



Executive Member – **Reg Marrinier** – Senior Vice
President, Retail and
Business, BlueShore
Financial



Dan Savage – Works in
financial services, formerly
with the Department of
External Affairs



Vice President – **Chris Gouglas** – VP Legal Services
and General Counsel at Best
Buy Canada



Ken Burton – CEO of
Vancouver Maritime
Museum



Timothy Kendrick –
President of BW Global
Structures



Second Vice President –
Gordie Robinson – Former
manager with Shaw
Cablesystems



Rob Grant – Former RCM-
SAR Operations Manager



Ken Wawryk – Owner and
Operator of M2K
Construction



Secretary – **Tracy Lakeman**
CEO of Tourism Richmond
and director of the BC Lions
Society for Children with
Disabilities



Ian Grantham – Deputy
Station Leader, RCM-SAR
West Vancouver

2015-16 Board of Governors

ROYAL CANADIAN MARINE SEARCH AND RESCUE
Financial Statements
Year Ended March 31, 2016

ROYAL CANADIAN MARINE SEARCH AND RESCUE
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Year Ended March 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of ROYAL CANADIAN MARINE SEARCH AND RESCUE

We have audited the accompanying financial statements of ROYAL CANADIAN MARINE SEARCH AND RESCUE, which comprise the statement of financial position as at March 31, 2016 and the statements of revenue and expenses and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(continues)

Independent Auditor's Report to the Members of ROYAL CANADIAN MARINE SEARCH AND RESCUE
(continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ROYAL CANADIAN MARINE SEARCH AND RESCUE as at March 31, 2016 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.


White Rock, British Columbia
July 14, 2016


CHARTERED PROFESSIONAL ACCOUNTANTS LLP

ROYAL CANADIAN MARINE SEARCH AND RESCUE
Statement of Financial Position
Year Ended March 31, 2016

	Coast Guard Fund	Capital Fund	Gaming Fund	General Fund	2016 Current Year	2015 Comparative
CURRENT ASSETS						
Cash (Note 2)	\$ 6,666	\$ -	\$ 169,258	\$ 67,658	\$ 243,709	\$ 841,784
Accounts receivable	40,614	-	-	130,888	171,802	193,051
Inventory	2,244	-	-	17,288	19,942	18,671
Goods and services tax recoverable	5,806	-	378	18,280	28,564	21,841
Prepaid expenses	6,335	-	-	7,500	12,336	20,311
Interprogram balances	4,756	-	(14,756)	10,000	-	-
Capital assets (Note 3)	66,252	-	164,878	283,024	479,182	895,438
		3,202,489	-	-	3,202,489	2,620,773
TOTAL ASSETS	\$ 66,252	\$ 3,202,489	\$ 154,878	\$ 253,024	\$ 3,676,641	\$ 3,516,211
CURRENT LIABILITIES						
Accounts payable	\$ 73,740	\$ -	\$ 9,849	\$ 134,661	\$ 218,260	\$ 212,332
Deposits received	-	-	-	24,930	24,930	11,047
Current portion of long term debt (Note 5)	-	46,388	-	-	46,388	44,666
Wages payable	3,351	-	-	-	3,361	4,484
Deferred contributions (Note 4)	-	-	-	-	-	200,072
Long term debt (Note 6)	77,091	46,366	9,849	159,581	292,897	472,601
	-	1,400,049	-	-	1,400,049	1,446,415
	77,091	1,446,415	9,849	159,581	1,692,949	1,819,018
NET ASSETS						
Invested in capital assets	-	1,756,074	-	-	1,756,074	1,729,702
Externally restricted	(11,838)	-	145,027	-	133,186	127,684
Unrestricted	-	-	-	93,433	83,433	219,609
Internally restricted	(11,839)	1,756,074	145,027	93,433	1,963,606	1,997,195
	66,252	3,202,489	154,878	253,024	3,676,641	3,516,211

ON BEHALF OF THE BOARD:

 Director

 President

See notes to financial statements
Antoni Bryson & Schindler Chartered Professional Accountants LLP

ROYAL CANADIAN MARINE SEARCH AND RESCUE
Statement of Revenue and Expenses and changes in Net Assets
Year Ended March 31, 2016

	Coast Guard Fund				2015 Comparative
	Coast Guard Fund	Capital Fund	Gaming Fund	General Fund	2016
REVENUE					
Federal - Fisheries & Oceans	\$ 1,324,149	-	-	-	\$ 1,324,149
Federal - Search & Rescue New Initiative	-	-	-	752,387	263,562
Provincial - Gaming	-	-	225,000	-	225,000
Provincial - Ministry of Social Development	-	-	-	6,369	48,780
Donations	-	16,840	-	350,280	340,809
Training	-	-	-	7,606	11,484
Miscellaneous	73	-	43	60,378	88,391
Gain (loss) on disposal of capital assets	-	(44,910)	-	4,000	(40,910)
Insurance recovery	-	-	-	-	59,801
SAR equipment recovery	-	-	-	83,429	107,428
	<u>1,324,222</u>	<u>(28,070)</u>	<u>225,043</u>	<u>784,343</u>	<u>2,285,536</u>
					<u>2,438,855</u>
EXPENSES					
Administration	321,314	-	1,034	34,548	305,299
Operations	357,517	-	2,178	183,727	523,422
Training	402,096	-	119,887	6,365	517,972
Members	50,804	-	-	-	106,433
Interest and bank charges	-	-	-	50	-
Marketing & recruiting	5,192	-	-	5,192	15,860
Miscellaneous	-	-	-	5,693	-
Funding CCGA National	182,800	-	-	-	177,450
Interest on long term debt	-	-	51,104	-	52,490
Amortization	-	196,935	-	-	189,183
	<u>1,319,723</u>	<u>196,935</u>	<u>173,983</u>	<u>210,393</u>	<u>1,900,034</u>
					<u>2,031,908</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	4,499	(224,005)	51,060	553,950	385,504
SURPLUS (DEFICIT) BEGINNING OF YEAR	(11,839)	1,129,698	134,522	344,809	1,190,248
Transfers (Note 6)	(4,499)	850,380	(40,555)	(805,326)	-
	<u>(16,338)</u>	<u>1,980,078</u>	<u>93,967</u>	<u>(460,517)</u>	<u>1,190,248</u>
SURPLUS (DEFICIT) END OF YEAR	\$ (11,839)	\$ 1,756,074	\$ 145,027	\$ 93,433	\$ 1,982,695
					\$ 1,597,195

See notes to financial statements
 Anton, Bryson & Schindler Chartered Professional Accountants LLP

ROYAL CANADIAN MARINE SEARCH AND RESCUE
Consolidated Statement of Cash Flows
Year Ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 385,504	\$ 406,947
Items not affecting cash:		
Amortization	195,935	189,183
Gain (loss) on disposal of capital assets	40,810	-
	<u>622,349</u>	<u>596,130</u>
Changes in non-cash working capital:		
Accounts receivable	21,649	(80,551)
Inventory	(871)	4,702
Accounts payable	5,918	98,980
Orange County Foundation	(200,072)	(97,154)
Prepaid expenses	7,476	(3,924)
Goods and services tax payable (recoverable)	(3,924)	(4,217)
Wages payable	(1,143)	1,318
Deposits received	13,883	(10,481)
	<u>(157,154)</u>	<u>(91,327)</u>
Cash flow from operating activities	<u>465,195</u>	<u>504,803</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(822,584)	(488,277)
Proceeds on disposal of capital assets	4,000	-
Cash flow used by investing activities	<u>(818,584)</u>	<u>(488,277)</u>
FINANCING ACTIVITY		
Repayment of long term debt	(44,856)	(43,270)
DECREASE IN CASH FLOW	(398,055)	(24,744)
Cash - beginning of year	<u>641,764</u>	<u>666,508</u>
CASH - END OF YEAR	\$ 243,709	\$ 641,764
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	<u>\$ 51,164</u>	<u>\$ 52,490</u>
CASH CONSISTS OF:		
Cash	\$ 243,709	\$ 337,564
Investments - GIC	-	304,200
	<u>\$ 243,709</u>	<u>\$ 641,764</u>

See notes to financial statements

Anton, Bryson & Schindler Chartered Professional Accountants LLP

ROYAL CANADIAN MARINE SEARCH AND RESCUE

Notes to Financial Statements

Year Ended March 31, 2016

NATURE OF OPERATIONS

ROYAL CANADIAN MARINE SEARCH AND RESCUE (the "Organization") is incorporated under the Canada Corporation Act as a corporation without share capital under the sponsorship of the federal government and is exempt from tax under section 149 of the Income Tax Act. The objective is to provide organized volunteer marine search and rescue and promote public boating safety in the Pacific Region of Canada.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Fund accounting

The Organization records accounting transactions using the fund accounting method generally in use for non-profit organizations. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund has its own statement of financial position and statement of operations which present the financial position and the results of operations for the fund.

Coast Guard Contribution Agreement Fund - activities associated with Department of Fisheries and Oceans.

Capital Fund - activities associated with property plant and equipment of the Organization.

Gaming Fund - activities associated with grants received through the Gaming Branch - Province of British Columbia.

General Fund - all other activities of the Organization.

Inventory

Inventory, consisting of spare parts and supplies held for use, is valued at the lower of cost and net realizable value with the cost being determined on a specific unit basis.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates.

Buildings	40 years	straight-line method
Boating safety promotional equipment	30%	declining balance method
Facility improvements	10 years	straight-line method
Furniture and fixtures	30%	declining balance method
Manne simulator	5 years	straight-line method
Motor vehicles	30%	declining balance method
Online Training Software	10 years	straight-line method
Vessels	5 years	straight-line method

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ROYAL CANADIAN MARINE SEARCH AND RESCUE

Notes to Financial Statements

Year Ended March 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Organization follows the deferral method of accounting for restricted contributions and they recognize fees for services when the service has been performed and collection is reasonably assured.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Contributed materials and services

The Organization accounts for contributed materials at their fair value if the fair value can be reasonably estimated and they are used in the normal course of operations and would otherwise have been purchased. The value of volunteer labour is not capable of reasonable estimation and is not included in these statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

2. CASH

Cash consists of:

	<u>2016</u>	<u>2015</u>
Cash	\$ 243,709	\$ 337,564
Investments - GIC	-	304,200
	<u>\$ 243,709</u>	<u>\$ 641,764</u>

ROYAL CANADIAN MARINE SEARCH AND RESCUE

Notes to Financial Statements

Year Ended March 31, 2016

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Land	\$ 1,296,970	\$ -	\$ 1,296,970	\$ 1,296,970
Buildings	303,030	30,303	272,727	280,302
Boating safety promotional equipment	161,977	158,255	2,722	3,889
Facility improvements	194,222	51,844	142,378	147,572
Furniture and fixtures	198,728	180,320	18,408	20,479
Marine simulator	842,985	685,610	257,375	27,948
Motor vehicles	90,581	82,027	8,554	12,220
Online Training Software	329,029	65,806	263,223	296,126
Simulator building - under construction	696,327	-	696,327	149,663
Training equipment	269,777	102,987	166,790	214,445
Vessels	495,347	419,332	76,015	171,158
	<u>\$ 4,979,973</u>	<u>\$ 1,777,484</u>	<u>\$ 3,202,489</u>	<u>\$ 2,620,773</u>

4. DEFERRED CONTRIBUTIONS

Represent restricted contributions received in excess of amounts expended during the year.

	2016	2015
Orange County Foundation	\$ -	\$ 150,072
Other	-	50,000
	<u>\$ -</u>	<u>\$ 200,072</u>

5. LONG TERM DEBT

	2016	2015
Coast Capital Savings loan bearing interest at 3.49% per annum, repayable in monthly blended payments of \$7,980. The loan matures on August 1, 2017 and is secured by land and building.	\$ 1,446,415	\$ 1,481,071
Amounts payable within one year	(48,368)	(44,858)
	<u>\$ 1,400,049</u>	<u>\$ 1,446,415</u>

Principal repayment terms for each fiscal year are approximately:

2017	\$ 46,366
2018	1,400,049
	<u>\$ 1,446,415</u>

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Notes to Financial Statements

Year Ended March 31, 2016

6. TRANSFERS

	2016	2015
<u>TRANSFERS OF CAPITAL OUTLAY TO CAPITAL FUND</u>	\$	\$
From Coast Guard Fund	4,499	2,235
From General Fund	805,328	434,138
<u>TRANSFERS OF MORTGAGE PRINCIPAL PAYMENTS TO CAPITAL FUND</u>		
From Gaming Fund	40,555	43,270
<u>TRANSFERS OF TRAINING COSTS TO GENERAL FUND</u>	-	-
<u>TRANSFERS OF REVENUE RELATED TO DESIGN FEES TO GENERAL FUND</u>	-	-

7. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2016.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources, wages, long term debt and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its cash in the bank and long term debt.