

Financial Statements of

**THE ROYAL CANADIAN MARINE  
SEARCH AND RESCUE INC.**

And Independent Auditor's Report thereon

Year ended March 31, 2025



**KPMG LLP**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of The Royal Canadian Marine Search and Rescue Inc.

### ***Opinion***

We have audited the financial statements of The Royal Canadian Marine Search and Rescue Inc. (the Entity), 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 notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2025 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Entity 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 for the Financial Statements***

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



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In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***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 the 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 Entity'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 Entity'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 Entity's to cease to continue as a going concern.



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- 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Victoria, Canada

June 23, 2025

# THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.

Statement of Financial Position

March 31, 2025, with comparative information for 2024

	Coast Guard Fund	Gaming Fund	General Fund	2025	2024
<b>Assets</b>					
Current assets:					
Cash (note 3)	\$ 106,376	\$ 389,529	\$ 882,708	\$ 1,378,613	\$ 1,650,533
Accounts receivable	5,115	-	54,330	59,445	134,372
GST receivable	4,115	1,066	3,546	8,727	13,949
Prepaid expenses	21,514	-	3,400	24,914	29,482
	137,120	390,595	943,984	1,471,699	1,828,336
Investments	-	-	18,156	18,156	21,084
Property and equipment (note 4)	-	-	2,579,730	2,579,730	2,514,539
	\$ 137,120	\$ 390,595	\$ 3,541,870	\$ 4,069,585	\$ 4,363,959
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable and accrued liabilities (note 5)	\$ 157,122	\$ 5,120	\$ 31,015	\$ 193,257	\$ 396,117
Interfund payable	(39,356)	(6,165)	45,521	-	-
Deferred revenue (note 6)	18,105	-	58,103	76,208	21,836
Current portion of mortgage payable (note 8)	-	-	53,812	53,812	53,812
	135,871	(1,045)	188,451	323,277	471,765
Deferred capital contributions (note 7)	-	229,016	751,204	980,220	1,027,763
Mortgage payable (note 8)	-	-	922,200	922,200	975,422
	135,871	227,971	1,861,855	2,225,697	2,474,950
<b>Net Assets</b>					
Internally restricted	1,249	-	263,057	264,306	317,073
Externally restricted	-	162,624	-	162,624	159,582
Invested in capital assets	-	-	1,321,997	1,321,997	1,324,718
Unrestricted	-	-	94,961	94,961	87,636
	1,249	162,624	1,680,015	1,843,888	1,889,009
Contingency and commitments (note 9)					
	\$ 137,120	\$ 390,595	\$ 3,541,870	\$ 4,069,585	\$ 4,363,959

See accompanying notes to financial statements.

On behalf of the Board:

*M. J. Erwin*

*B. 17*

# THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.

## Statement of Operations and Changes in Net Assets

Year ended March 31, 2025, with comparative information for 2024

	Coast Guard Fund	Gaming Fund	General Fund	2025	2024
Revenue:					
Federal - Fisheries & Oceans	\$ 1,837,530	\$ -	\$ -	\$ 1,837,530	\$ 2,442,950
Federal - Other	-	-	38,995	38,995	49,678
Provincial - Gaming	-	250,000	-	250,000	255,504
Provincial - Other	-	-	63,596	63,596	119,497
Donations	-	-	57,356	57,356	61,627
Other income	11,666	6,698	226,608	244,972	184,448
Amortization of deferred capital contributions	-	5,504	42,039	47,543	23,975
	1,849,196	262,202	428,594	2,539,992	3,137,679
Expenses:					
Training	455,697	254,681	120,543	830,921	1,113,301
Operations	642,732	-	145,859	788,591	1,058,535
Administration	612,344	483	65,572	678,399	639,894
Amortization	-	-	95,690	95,690	78,616
Members	42,316	-	-	42,316	38,380
Payment to CCGA National	56,684	-	-	56,684	46,908
Interest on mortgage payable	-	-	55,928	55,928	52,141
Marketing and recruiting	36,584	-	-	36,584	59,222
	1,846,357	255,164	483,592	2,585,113	3,086,997
Excess (deficiency) of revenue over expenses	2,839	7,038	(54,998)	(45,121)	50,682
Interfund transfer	(4,675)	(3,996)	8,671	-	-
Net assets, beginning of year	3,085	159,582	1,726,342	1,889,009	1,838,327
Net assets, end of year	\$ 1,249	\$ 162,624	\$ 1,680,015	\$ 1,843,888	\$ 1,889,009

See accompanying notes to financial statements.

# THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.

## Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (45,121)	\$ 50,682
Items not involving cash:		
Amortization	95,690	78,616
Amortization of deferred capital contributions	(47,543)	(29,478)
	3,026	99,820
Changes in non-cash operating working capital:		
Accounts receivable	74,927	(71,468)
Prepaid expenses	4,568	(2,914)
GST recoverable	5,222	(7,508)
Accounts payable and accrued liabilities	(202,860)	107,493
Deferred revenue	54,372	3,895
Deferred capital contributions	-	450,255
	(60,745)	579,573
Financing:		
Mortgage principal repayment	(53,222)	(53,211)
Investing:		
Purchase of property and equipment	(160,881)	(171,534)
Decrease in investments	2,928	128
	(157,953)	(171,406)
Increase (decrease) in cash	(271,920)	354,956
Cash, beginning of year	1,650,533	1,295,577
Cash, end of year	\$ 1,378,613	\$ 1,650,533

See accompanying notes to financial statements.

# THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.

Notes to Financial Statements

Year ended March 31, 2025

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## 1. Nature and purpose:

The Royal Canadian Marine Search and Rescue Inc. (the "Entity") is incorporated under the Canada Business Corporations Act as a corporation without share capital under the sponsorship of the federal government. The objective is to provide organized volunteer marine search and rescue and promote public boating safety in the Pacific Region of Canada.

The Entity is a registered charity under the Income Tax Act and is exempt from tax under section 149 of the Income Tax Act.

## 2. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Entity's significant accounting policies are as follows:

### (a) Basis of presentation:

The Entity records transactions using the deferral method of accounting for contributions. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

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

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

General Fund - all other activities of the Entity.



# THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

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## 2. Significant accounting policies (continued):

### (b) Property and equipment:

Property and equipment are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized on a straight-line basis over their estimated useful lives at the following rates and basis:

Asset	Rate
Buildings	40 years
Boating safety promotional equipment	5 years
Facility improvements	10 years
Furniture and fixtures	5 years
Marine simulator	10 years
Motor vehicles	5 years
Roads and parking lots	10 years
Training equipment	5 years
Vessels	5-30 years

Contributed property and equipment are recorded at fair value at the time of contribution.

Work in progress is not amortized until placed into service.

When property and equipment no longer contributes to the Entity's ability to provide services, its carrying amount is written down to its residual amount.

### (c) Revenue recognition:

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of property and equipment are deferred and amortized into revenue on a basis and rate corresponding with the amortization rate of the related assets.

# THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

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## 2. Significant accounting policies (continued):

### (d) Contributed materials and services:

Donated materials and services are recognized in the financial statements when the fair value can be reasonably established, when the materials and services are used in the normal course of operations and would otherwise have been purchased.

A number of people donate time and expertise to the Entity across its operations. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value and all changes in the fair value are recognized in excess (deficiency) of revenue over expenses in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. There are no other financial instruments designated to be carried at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Entity determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Entity expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

# THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 2. Significant accounting policies (continued):

### (f) Use of estimates:

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.

## 3. Restricted cash:

As at March 31, 2025, the Entity holds \$106,376 of restricted cash in the Coast Guard Fund that can only be used for expenses permitted by the Coast Guard Contribution Agreement and \$389,529 of restricted cash in the Gaming Fund that can only be used for eligible expenses under the BC Gaming Grant.

## 4. Property and equipment:

2025	Cost	Accumulated amortization	Net book value
Land	\$ 1,296,970	\$ -	\$ 1,296,970
Buildings	1,375,328	603,922	771,406
Furniture and fixtures	65,341	60,907	4,434
Marine simulator	1,000,000	756,336	243,664
Motor vehicles	54,257	16,787	37,470
Roads and parking lots	21,164	12,890	8,274
Vessels	237,602	68,161	169,441
Work in progress - dock	48,071	-	48,071
	<b>\$ 4,098,733</b>	<b>\$ 1,519,003</b>	<b>\$ 2,579,730</b>

During the year, the marine simulator upgrade project was completed and \$256,488 of capital additions were transferred into service. \$489,370 of historical cost and accumulated amortization was removed, related to the disposal of fully depreciated components of the simulator.

# THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 4. Property and equipment (continued):

2024	Cost	Accumulated amortization	Net book value
Land	\$ 1,296,970	\$ -	\$ 1,296,970
Buildings	1,375,328	559,861	815,467
Furniture and fixtures	65,341	53,807	11,534
Marine simulator	1,232,982	1,232,982	-
Motor vehicles	54,257	5,960	48,297
Roads and parking lots	21,164	10,774	10,390
Vessels	237,602	49,400	188,202
Work in progress - dock	43,787	-	43,787
Work in progress - simulator	99,892	-	99,892
	\$ 4,427,323	\$ 1,912,784	\$ 2,514,539

## 5. Accounts payable and accrued liabilities:

There were no outstanding government remittances at March 31, 2025 and 2024.

The Entity has an undrawn line of credit available of \$200,000 at March 31, 2025.

## 6. Deferred revenue:

The Entity receives grants from the Ministry of Fisheries and Oceans and the Provincial Government of BC to fund its operations. It also receives designated donations which are not recognized as revenue until spent. Funds unspent at the year-end are deferred for use in a future year.

Balance, beginning of year	\$ 21,836
Restricted contributions received	73,105
Amount recognized as revenue	(18,733)
Balance, end of year	\$ 76,208

# THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 7. Deferred capital contributions:

Deferred capital contributions represent contributions restricted to acquiring property and equipment. Deferred capital contributions are amortized on the same basis as the related property and equipment. The changes in deferred capital contributions balance for the year are as follows:

Balance, beginning of the year	\$	1,027,763
Amount recognized as revenue		(47,543)
Balance, end of year	\$	980,220

## 8. Mortgage payable:

	2025	2024
Coast Capital Savings loan bearing interest at 5.57% per annum, repayable in monthly blended payments of \$9,096. The loan matures on August 1, 2027 and is secured by land, building and a general security agreement over all present and after acquired property.	\$ 976,012	\$ 1,029,234
Current portion	(53,812)	(53,812)
Long term portion	\$ 922,200	\$ 975,422

## 9. Contingency and commitments:

From time to time, the Entity is subject to claims and other lawsuits that arise in the course of business, some of which may seek damages in substantial amounts. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

# THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

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## 10. Risk management:

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Entity to credit risk consist primarily of accounts receivable. Accounts receivables are not concentrated with any single party and are primarily due from government agencies.

(b) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Entity is not exposed to significant currency risks arising from its financial instruments as most transactions are denominated in Canadian dollars.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial instruments that potentially subject the Entity to interest rate risk consist primarily of mortgage payable. The Entity manages the risk of future cash flows by having its debt at a fixed rate of interest.

(d) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Entity's cash requirements. The Entity manages its liquidity risk by monitoring its operating requirements. The Entity prepares budget and cash forecasts to ensure it has sufficient funds to fulfil its obligations.

The imposition of US tariffs on cross-border trade will result in increased costs for goods and services procured from US suppliers, impacting operations and infrastructure projects. While the long-term impact of US tariffs remains uncertain, the Entity is actively working to monitor and mitigate the risks and impacts of the tariffs.

# THE ROYAL CANADIAN MARINE SEARCH AND RESCUE INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

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## **11. Economic dependency:**

The operations of the Entity are dependent on continuing funding from the Fisheries and Oceans Canada and the Province of BC.

## **12. Comparative information:**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.