



ANNUAL REPORT

Supporting Marine Rescue in British Columbia



Royal Canadian Marine Search and Rescue

Royal Canadian Marine Search and Rescue saves lives in British Columbia.

I am pleased to present the 2013/14 Annual Report. During the year our volunteers helped 542 people in distress on the water - many in life-or-death emergencies. Our more than 40 rescue stations responded to 819 missions.

Our members made a real difference to community safety in British Columbia and we are very proud of their contributions. Our 1,000-plus members logged more than 72,000 hours to train, maintain their vessels, participate in community events, and respond to incidents on the water.

We can put a price on boats and property they protected - more than \$21 million.

We cannot put a price on lives saved.

On behalf of the Board of Governors, I thank all our volunteers and supporters for all that they have done during the past year.



Jim Lee
President

"RCM-SAR has given me my life. After four hours floating in cold, dark water I saw the light from the RCM-SAR boat and knew I would be ok. What thanks would be enough?"

*Jim Cliffe
Rescued November 4, 2013*

Supporting Search and Rescue and Boating Safety

Royal Canadian Marine Search and Rescue crews respond to an average of more than 800 missions every year. Here are three missions that stood out during the past year.

An upside down boat and five in the water

Station 2 North Vancouver

A training run one summer evening became a rescue mission for Station 2's crew. They responded to a report by the Seaspan "Hawk" of an overturned boat near Lonsdale Quay. The RCM-SAR crew was quickly on scene and found five people in the water. One was briefly trapped under the vessel. Only two people were wearing lifejackets. The crew was able to recover all five casualties who were transferred to ambulance and treated in hospital for minor injuries.

RCM-SAR is proud to be part of the Vancouver Harbour community, and this was a reminder of how partners such as Seaspan, the Vancouver Port Authority, police and the Canadian Coast Guard are making a difference to safety on the harbour.

Help for Heroic RCMP Officers

Station 37 Sooke

"We have two police officers in the water off Billings Spit. They can't make it back to shore. Please hurry."

It was 10:00 in the evening when Station 37 Sooke was paged to help two RCMP officers who were trying to help a female who had entered the water about a mile away from the rescue station. The crew quickly scrambled and was on scene in a few minutes with their new Falkins Class jet boat.

It was a chaotic scene. Two RCMP officers were in the water about 500 feet from shore, struggling to control the female. A third officer was paddling a small rubber boat - too small to be effective. Two concerned citizens had also rowed out to help.

When they approached the officers in the water the Sooke crew recognized one of them as Chrissy Klein, a fellow RCM-SAR volunteer.

“That hit close to home and added to the tension,” said Coxswain Jason van der Valk. “Chrissy waved us away and told us to grab her partner, who was about 60 feet away. We were concerned Chrissy was becoming hypothermic and got her out of the water.”

The crew rescued the second officer and then tried to approach the female who kept swimming away from the RCM-SAR vessel. Constable Klein jumped into the water again and grabbed the woman. She was finally taken aboard. All three were taken back to the dock and treated by BC Ambulance.

A Close Call for a Kayaker

Station 33 Oak Bay

A routine kayak trip that went wrong is a reminder of how important volunteer marine rescuers are in British Columbia. One morning 56-year old Jim Cliffe rented a kayak and set out by himself from Oak Bay to nearby Discovery Island. He reached the island and checked in by radio with the rental company. It was a great day on the water.

That afternoon, Cliffe began the return journey when something went wrong. As he was paddling through rough water a wave tossed him into the sea. He tried to get back into the kayak, but the “sit-on” design made it impossible.

“It was like trying to climb onto a cork,” said Cliffe. “It flipped over on top of me two or three times. I tied myself to the boat so I wouldn’t get separated from it.”

Cliffe lost his radio during the capsize, and his cell phone was wet and useless. It was getting dark. He was becoming tangled in kelp beds. It was very cold.

By early evening Cliffe’s wife and the rental shop were becoming concerned and reported him overdue. Two RCM-SAR stations were paged along with the Canadian Coast Guard. They began searching the Oak Bay area, and just before 7 p.m. an RCM-SAR crew spotted something in the water.

“I saw the flash of light across my boat,” said Cliffe. “I knew it was over. I knew they would find me.”

Cliffe had been in the water clinging to his kayak for nearly four hours. The RCM-SAR crew carefully brought him aboard the rescue vessel. They wrapped him in blankets and gave him oxygen. They brought him to shore where paramedics were waiting. Cliffe spent three nights in hospital recovering from hypothermia.

Supporting a Regional Approach to Marine Safety

Royal Canadian Marine Search and Rescue is one of five regional organizations that make up the Canadian Coast Guard Auxiliary. We serve the Pacific region.

- We operate year round. Milder west coast weather and large population centres means that recreational boaters are on the water 12 months a year. RCM-SAR handles an average of more than 800 calls a year in all seasons, and in many communities is the primary marine search and rescue responder.
- We have developed rigorous vessel, crewing and training standards supported by RCM-SAR's own comprehensive training program linked to Transport Canada and other recognized certifications.
- Nearly all our vessels are dedicated response vessels.
- We have developed a distinct name and identity to support recruiting and fundraising.

We are very active in leveraging the funding we receive through our Contribution Agreement with the Canadian Coast Guard. A major source of additional funding is the Province of British Columbia Community Gaming Grant program. To access these community-focused funds, community-based societies have been set up to support local RCM-SAR stations. The sole function of these societies is fundraising. Control of operations, crew standards, training, vessels and equipment remains the responsibility of the RCM-SAR regional organization. Those controls and standards maintain our status as an important part of the marine safety system, and enable the Joint Rescue Coordination Centre - which is responsible for air and maritime search and rescue operations in Western Canada - to task us with the confidence that we will perform well.

The RCM-SAR Regional Office has several key roles:

- Establishing agreements and protocols with our stakeholders such as the Canadian Forces and Canadian Coast Guard.
- Developing high standards for training, crew certifications, vessels, and equipment.
- Overseeing the readiness and operations of all RCM-SAR stations.
- Ensuring that the priorities of societies are aligned with the needs of stations and that SAR assets are used effectively.
- Providing region-wide training to all our members, including simulator navigation training, first aid, communications and leadership courses.
- Developing a regional training centre.
- Maintaining a safety management system to protect our crews.
- Providing administrative support including insurance coverage, mission and training reimbursement, member services, human resources, public affairs, and media and stakeholder relations.
- Supporting the Board of Governors.

“Safety First” - starting with ourselves

To best protect the public, we need to be safe ourselves. Our boats need to be well-designed and in top shape and ready to be launched at all times. Our crews are diligent about maintaining their vessels and equipment, and this year we launched a new annual vessel inspection and audit program, overseen by our Safety Manager. Under the new program, regional safety specialists inspect all our rescue vessels to make sure nothing has been missed and that the vessels comply with RCM-SAR’s tough safety standards.

Fitness testing

This year we launched a pilot program to confirm the fitness levels of our active search and rescue crewmembers. Our work can be dangerous and physically demanding. Crews handle tow lines, heavy dewatering pumps, stretchers, and other equipment. We need to ensure our volunteers are physically fit to take on active duty. This year four stations volunteered to pilot the project and we are analyzing the results. The pilot showed that fitness levels are generally high.

Managing for the future

We have restructured our team of managers to reflect the needs of today’s RCM-SAR. Most of our managers are volunteers, including:

Search and Rescue Operations Manager - Bob McCauley
SAR OPS Assistant - Per Svendsen
Operational Equipment Director - Bruce Falkins
Equipment Manager - Ryan Woodward
Vessels Manager - Tyler Cairns
Vessel Procurement and Contracts Manager - Alistair Duncan
Safety Team

Mike Clarabut
Marko Kessler
Nathan Leung
Boudewijn Neijens
Candace Winter

Training Team

Mike Cupit
Ron Gieck

SAR Prevention Manager - Cathy Dupuis

Human Resources Manager - Will Turner
Member Recognition Manager - Elizabeth Wilkes

Paid positions include:

Executive Officer - Stan Warlow
Director of Training and Operations - Cheryl Caldwell
Director of Marketing and Communications - Rob Duffus
Finance Officer - Laura Davis
Safety Manager - Graeme Bergh
Operations Assistant - Jason Van der Valk

All of these portfolios are demanding, and the Board thanks the management team and staff for their contributions.

Expanding our role

The Board of Governors has established a committee to look into expanding our public safety service beyond missions assigned by the Joint Rescue Coordination Centre. This could include partnerships with ground search and rescue organizations, police, fire or ambulance. For example, the RCM-SAR station on Shuswap Lake is dispatched by 911 and handles a large number of medical calls during the summer boating season. Other stations may be in a position to take on a larger role in their communities, with benefits for recruiting, member engagement, fundraising, and general community support. The committee is examining issues such as readiness, vessels, training, and insurance.

Remote stations

British Columbia has a vast coastline, and its coastal communities are diverse in their size and character. RCM-SAR reflects that diversity. We have large rescue stations in urban areas like Vancouver and Victoria, and we have very small stations in isolated villages on the North Coast and elsewhere. These smaller stations face much different challenges in recruiting members, raising funds for boats and equipment, and maintaining the capacity to administer a full-time marine rescue operation. This year we established a committee of the Board of Governors to find ways to help remote stations remain a vital part of the marine SAR system and support their contributions to public safety. Without those stations, response to marine emergencies along many parts of the coast could be hours away.

New vessels

It has been five years since we launched our vessel standardization program and a new class of RCM-SAR-designed rescue boats. There are now eight of the new Falkins Class vessels in our fleet. The Falkins Class boats have been manufactured in British Columbia by Titan Boats in Sidney and Kamma and Blake in Port Alberni.

The most recent addition to the RCM-SAR fleet is the Type 1 rigid hull inflatable, a nine-metre self-righting vessel with a Shockwave Integrated Controlled Environment shock absorbing console to help lessen the impact of heavy seas. The ICE platform supports all the crew seats and cushions the ride. The RHIBs have a range of 250 nautical miles and are equipped with a state-of-the-art electronics suite. These boats are powered by Yamaha 225 hp outboards. There are four in the fleet today and more will come.

We are very proud of the RCM-SAR-designed vessels and are pleased with their robust performance. Others are taking note. The Royal Canadian Navy has asked our manufacturer for information about our vessels, and we may soon see our design adopted by other agencies with a need for vessels with a proven track record of SAR performance on the west coast.

Thanks to the generosity of an individual donor, RCM-SAR Station 101 in Vernon has received a new Boston Whaler vessel that will go into operation on Okanagan Lake in 2015. The Vernon station is devoted solely to boating safety, offering boating safety education and free courtesy inspections of pleasure craft. The new, larger vessel will help the Vernon volunteers as they promote safety on the lake.

Boating Safety

“Check your lifejackets, check your boat, and check your fuel as you head out this long weekend. A little prevention goes a long way and can avoid RCM-SAR having to come and rescue you.”

*Rob Duffus, RCM-SAR
CKNW Interview, August 2*

RCM-SAR promotes boating safety, or “SAR Prevention”, to prevent tragedies on the water. Several of our stations are dedicated solely to public safety education. The 2014 boating season saw many Pleasure Craft Safety Checks. Ken Morissette of Station 25 Gulf Islands and Garry Brown of Station 60 Comox spent many hours instructing other members on how to carry out these complimentary checks for recreational boat owners.

A key priority is to reach children with our water safety messages. Station 27 Nanaimo members Deborah Thomson and Joanne Swain had a very busy year visiting schools and holding a number of special events during the summer.

The ever-popular Bobbie the Safety Boat helped entertain and educate children about boating safety. Bobbie was particularly active in Comox, Deep Bay, Campbell River, and West Vancouver. Ida Koopman of Station 12 Halfmoon Bay took Bobbie along for her talks to children at schools and the local YMCA.

With generous support from Mustang, we continued our Kids Don't Float program at several more marinas. The program provides free loaner lifejackets for children. There are about 37 Kids Don't Float boards in the province. During the past boating season we replaced old and worn lifejackets for 12 boards and installed eight new boards.

Stations promoted boating safety at a variety of dockside and community events, at the same time building support and recognition for our organization.

"I hear often from Station 106 members about the professional and high calibre training they receive, especially the simulator, night radar operations, and navigational instruction. Your time and effort to bring about the RCMSAR Rescue vessel are very much appreciated."

*Cliff Doherty
Coordinator
Shuswap Emergency Program*

Supporting our members and stations

Today RCM-SAR has more than 1,000 members. They are the backbone of our organization, and we could not have achieved our success during the past year without them. Our volunteers step up to take on the dangerous work of marine rescue. They train hard, stand ready to be called out day or night, put in countless hours maintaining their rescue vessels, and contribute their time to fundraising, station administration, and developing safety partnerships in their communities.

We are very pleased that the federal government is now recognizing their contributions through the new Volunteer Tax Credit. RCM-SAR and the Canadian Coast Guard Auxiliary national organization lobbied hard for marine rescue volunteers to receive the same tax credit as volunteer firefighters. In February 2014 the government announced it was extending the credit to marine rescuers. It will mean savings of up to \$450 for our active crew members who provide a minimum of 200 hours of service during the year.

Member recognition is important, and this year we launched a new section of our monthly Compass newsletter that salutes crewmembers who have made a difference to their station. We have profiled Meredith Adams of Masset, Amber Sheasgreen of Prince Rupert, Mike Szabados of Squamish, Bob Funk of Pender Island, and Nic Futter from Saltspring Island.

Much of the hard work that goes into maintaining a strong rescue service happens at the station level, and we are committed to supporting stations with top-notch training, safety audits, equipment standards and recommendations, vessel design, and some shared services. This year we launched a program of electronic deposits so that stations are immediately reimbursed for training and mission expenses. We also developed the Dockside Insurance Program to drastically reduce insurance premiums for individual stations. Our centralized Safety Management System helps stations track their missions, training, special events, member certifications and achievements, vessel status, and a wide range of statistics. We are continually improving our IT services, including a new program to track “on call” hours to help members claim the new Volunteer Tax Credit.

Training

“We are a small First Nations community on British Columbia’s North Coast. Our station has a large coverage area that is known for its harsh weather and sea conditions. Training for our local volunteers is essential for their safety and so that they can perform well when an emergency occurs. We appreciate the training that RCM-SAR provides to the people in our community.”

Laxkw’alaams Rescue Society

We are passionate about training. The need to develop and grow the skills of our crew members has never been greater. Well-trained crews are safer and better able to respond to the challenging and unpredictable emergency calls we receive.

RCM-SAR staff work hard to develop and maintain a range of training opportunities for our members. But it is the members themselves who make our training programs work. They give up evenings, weekends, and vacation time to keep up their certifications and learn new skills.

Jet Boat Training With KNRM’s Chief Trainer

In February, Ton Haasnoot from the KNRM (the Dutch volunteer marine rescue organization) spent three weeks assisting the RCM-SAR regional training office. Ton is the Chief Trainer at the KNRM. He visited several stations on Vancouver Island and the Lower Mainland and provided high-level training for advanced crew and coxswains, including jet boat certification.

Eighteen members were issued a Jet Boat Trainer Certificate from KNRM/RCM-SAR to recognize them as certified Jet Boat Trainers within the RCM-SAR organization. Ton also completed several sign-off items for members at the Advanced Crew/Coxswain Level.

Ton was very impressed with skills and professionalism demonstrated by crews at all the stations involved. He noted the considerable improvement in our seamanship, boat handling and SAR skills compared to his first visits several years ago. This is an excellent compliment from a renowned trainer. This was a great opportunity for our members to receive international-calibre training, and another example of our commitment to providing the very best training for our dedicated SAR crews.

Ton will also be returning to B.C. and will visit many of the stations that he did not have time to visit in 2014.

Lower Mainland SAREX 2014

Station 1 West Vancouver hosted the fourth annual SAREx at Horseshoe Bay in May which attracted ten teams and more than one hundred members. This all-day event was a great learning experience and an excellent opportunity to meet and exchange ideas. Activities included both on-water and shore-based exercises.

Participating Stations:

Station 1 - West Vancouver

Station 2 - North Vancouver

Station 4 - Squamish

Station 5 - Crescent Beach

Station 8 - Delta

Station 10 - Richmond

Station 12 - Halfmoon Bay

Station 14 - Gibsons

Station 35 - Victoria

Station 39 - Port Alberni

RCM-SAR Regional Office - Simulator Instructor Francois Michaud and Director of Training and Operations Cheryl Caldwell

Northern Island SAR EX 2014

A SAREx will be held for Northern Island stations in October 2014. This two-day event will include on-water, classroom and first aid training with optional night runs. Accommodation has been arranged at HMCS Quadra with a group dinner and awards and recognition night. Search and rescue exercises will provide valuable training and an opportunity for members from different stations to meet each other and share ideas and techniques. There has been a great response from our stations regarding the event, and we are looking forward to continuing to offer these events at various locations throughout the Region over the next year.

International Maritime Rescue Federation Exchange 2014

We are fortunate to have had the opportunity to participate once again in the IMRF Crew Exchange Program. The program brings together volunteers from eight different countries to exchange ideas and to experience the training of the host organization.

This year Coxswains Mark White (Station 35 Victoria) and Nicholas Fortin (Station 27 Nanaimo) were chosen to represent the region and train with the Swedish Sea Rescue Society in Gothenburg. We are looking forward to continuing this relationship with the IMRF, and hope to be a hosting country for the 2015 IMRF Exchange.

First Aid Training and First Aid Committee

All active RCM-SAR crew members must be qualified in first aid. RCM-SAR has built a team of qualified instructors to assist with training throughout the Region. With a new level of first aid training in place (Marine Advanced First Aid/First Responder) there are several new policies and protocols that will be implemented at our stations.

A first aid committee has been established to oversee training protocols, advise on appropriate levels and standards for first aid on vessels, work with first aid and government authorities, and - of particular importance - ensure proper procedures for recording, submitting, and storing medical records.

The committee is working on:

- 1) Standardization of first aid kits and equipment on all vessels.
- 2) Development of protocols for First Responders.
- 3) Patient assessment model sheets.
- 4) Development of first aid training scenarios.
- 5) Communication with various first aid companies to create standard product order sheets for RCM-SAR stations.

There has been a great response from our stations regarding the Marine Advanced First Aid /First Responder training. We hope to continue to offer this course every three months at various locations throughout the Region.

First Aid SAREx

During the next year, the committee is planning several first aid SARExs for our stations. The training will be hands-on and realistic to our practices on the water. The goal is to take the skills learned during the classroom sessions and apply them in the search and rescue environment.

The training will include a review of all of a station's first aid equipment, a review of patient assessment models, and current RCM-SAR protocols. It will also include practice sessions on the dock and on the water, and reviews of CPR and the use of AEDs.

Self-Righting Training

The Canadian Coast Guard provided the opportunity for several RCM-SAR members to attend Self-Righting Training at the CCG training facility in Bamfield. With the development of RCM-SAR's new training centre it is a priority to have several RCM-SAR instructors trained to CCG standards for self-righting instruction. Some of our crew members receive capsized training when they attend the Coast Guard's Rigid Hull Inflatable Operator Training (RHOT) School. Having our own team of qualified instructors will allow more of our crew members to participate in capsized training.

Training Centre

Construction is starting for our new training building at the RCM-SAR regional training centre near Victoria. The architect and engineers have donated their services, and several suppliers and trades people have offered discounts and support towards construction of the new building which will house our Fast Rescue Craft Simulator, and other learning facilities. In the spring of 2014 we decided to move the building site to a more advantageous location on our 25-acre property. The move will allow extra space for a crew ready room for on-water training. Revised drawings were required and we received a new building permit in October. A groundbreaking ceremony is scheduled for October 22 with construction officially starting the following day. An access road is already in place for construction equipment.

During construction we will be purchasing new equipment to support simulator and on-water training at the centre. We have received a federal New Initiatives Fund grant for a wide range of training equipment, including capsized training equipment, personal protective gear for students, ready room, equipment, and instructional materials including computers, charts, electronic navigation devices, and other aids. We have also applied for another New Initiative Fund grant to support simulator upgrades and expansion of the successful RCM-SAR simulator training programs.

We have completed many improvements to the regional training centre during the past year. A Western Economic Diversification grant allowed us to convert the main building, previously a residential retreat for the Sisters of St. Ann, into offices for our small regional administration staff. Our office was required to move from downtown Victoria when leased space at a Canadian Coast Guard base was no longer available. The federal grant also allowed us to make electrical and data upgrades, improve fire safety, and bring our kitchen to commercial standards so that we can prepare meals for members who train at this facility.

We have also been preparing the grounds for trainees and following through with our commitment to re-establish some small scale farming at this historic site. An agreement under the provincial Job Creation Partnership is supporting a 17-week project to prepare the construction site for our new building, clear trees and brush that were encroaching on several buildings, and complete minor repairs and basic

maintenance. The program is supporting four participants who are gaining new skills and current work experience in preparation for re-entering the workforce. They have greatly improved the appearance and functionality of our regional centre.

We have launched a small pilot project to restore part of the property as a farm. Two farmers are now working a large vegetable garden on the southeast corner of the property, an area designated in the Agricultural Land Reserve. They have been providing RCM-SAR produce to local markets and restaurants, and in the future will supply the RCM-SAR kitchen as we provide meals to our members who come here to train. Next steps will include clearing a large field and determining its agricultural potential. While not the focus of our regional centre, these farming activities have been well received by the community and add to the vibrancy of our wonderful waterfront property on Sooke Basin.

We continue to engage our stakeholders in the training centre development and are keeping the media posted on our progress. In May, Global Television aired a very positive story about our training centre plans and the need for fundraising support.

“Great people, great experience! Working here is giving me a chance to use my previous skills, learn some new ones, and add current work experience to my resume. I really enjoy working with this team and being part of an active search and rescue organization.”

*Michael
Job Creation Partnership Program Participant*

Supporting our Partners

RCM-SAR is a proud member of the regional, national, and international search and rescue communities.

In British Columbia we are a key part of the marine rescue system with close ties to the Canadian Coast Guard and Canadian Forces. We support the Canadian Coast Guard through an ongoing Contribution Agreement that sets out our search and rescue responsibilities and the funding that the Coast Guard provides for missions and on-water training. We are part of the Canadian Coast Guard Auxiliary, and this year RCM-SAR staff took over responsibility for financial bookkeeping for the national organization.

We are part of the international community of volunteer marine rescue organizations and a member of the International Maritime Rescue Federation, which chose to hold its annual board meeting in Vancouver this year. We were pleased to help host the meeting and brief the Board on our role and accomplishments.

Supporting the future

RCM-SAR has come a long way since its formation as the Canadian Marine Rescue more than three decades ago. We have established a reputation as a serious, skilled, well-trained and well-equipped rescue organization. We will continue to focus on top-notch training for our crews so that they are safe and provide great service to the public.

To allow our organization to grow we will continue to look for new sources of funding and will encourage support from our private, corporate, and government donors. We will continue to promote the RCM-SAR brand, which in two years has achieved broad media and public recognition and has helped distinguish us as an independent organization and a worthy charity. Our outreach includes the RCM-SAR web site, which underwent a major improvement this year, social media sites, and media relations activities. www.rcmsar.com has received more than 34,000 page views. We have about 1,000 Facebook followers and nearly 2,000 Twitter followers.

A big part of our future lies in British Columbia's north, where increased economic activity means greater potential for on-water emergencies and the need for more support for our more isolated stations, including those in First Nations communities. Our Finance Officer travelled to the north during the summer to assist stations with a range of financial and fundraising matters. Our recently-established Remote Stations Committee will be looking at ways to provide further support, including best practices for recruiting, training and safety management. We look forward to more exercises like the one RCM-SAR organized for northern stations in the fall of 2013 that attracted members from many north coast communities.

Board of Governors 2013-2014

RCM-SAR's volunteer Board of Governors holds the legal corporate authority and responsibility for the organization. Board members are recruited for their experience in governance and their skills in areas such as law, accounting and business management.

Jim Lee - President

Greg Miller - Vice President and Treasurer

Chris Gouglas - Second Vice President

Randy Strandt - Past President

Reg Marrinier - Secretary

Hans Verbeek

Steve Jackson

Brian de Clare

Timothy Kendrick

William Bullis

Steve Wyatt

David Chamberlain

Staff

Stan Warlow - Executive Officer

Laura Davis - Finance Officer

Cheryl Caldwell - Director of Training and Operations

Rob Duffus - Director of Marketing and Communications

Jason Van der Valk - Operations Assistant

Francois Michaud - Simulator Instructor

www.rcmsar.com

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BC Ferries

Government Sponsors

Department of Fisheries and Oceans

Canadian Coast Guard

Province of British Columbia

ROYAL CANADIAN MARINE SEARCH AND RESCUE
Financial Statements
Year Ended March 31, 2014

ROYAL CANADIAN MARINE SEARCH AND RESCUE
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Year Ended March 31, 2014

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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, 2014 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, 2014 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
June 27, 2014

Morine & Co.

CHARTERED ACCOUNTANTS LLP

ROYAL CANADIAN MARINE SEARCH AND RESCUE
Statement of Financial Position
Year Ended March 31, 2014

	Coast Guard Fund	Capital Fund	Gaming Fund	General Fund	2014 Current Year	2013 Comparative
CURRENT ASSETS						
Cash (Note 2)	\$ 2,905	\$ -	\$ 76,803	\$ 586,800	\$ 666,508	\$ 535,741
Accounts receivable	5,764	-	-	106,736	112,500	84,576
Inventory	6,075	-	-	17,298	23,373	28,436
Goods and services tax recoverable	7,153	-	3,774	6,496	17,423	47,065
Prepaid expenses	16,387	-	-	-	16,387	23,689
Interprogram balances	1,786	-	(3,523)	1,737	-	-
	40,070	-	77,054	719,067	836,191	719,507
Capital assets (Note 3)	-	2,323,684	-	-	2,323,684	2,356,070
TOTAL ASSETS	\$ 40,070	\$ 2,323,684	\$ 77,054	\$ 719,067	\$ 3,159,875	\$ 3,075,577
CURRENT LIABILITIES						
Accounts payable	\$ 42,427	\$ -	\$ 13,631	\$ 57,298	\$ 113,356	\$ 111,261
Deposits received	-	-	-	21,528	21,528	-
Current portion of long term debt (Note 5)	-	43,270	-	-	43,270	41,799
Wages payable	3,176	-	-	-	3,176	4,725
Deferred contributions (Note 4)	-	-	-	297,226	297,226	-
	45,603	43,270	13,631	376,052	478,556	157,785
Long term debt (Note 5)	-	1,491,071	-	-	1,491,071	1,534,341
	45,603	1,534,341	13,631	376,052	1,969,627	1,692,126
NET ASSETS						
Invested in capital assets	-	789,343	-	-	789,343	779,932
Externally restricted	(5,533)	-	63,423	-	57,890	217,468
Unrestricted	-	-	-	218,015	218,015	386,051
Internally restricted	-	-	-	125,000	125,000	-
	(5,533)	789,343	63,423	343,015	1,190,248	1,383,451
	\$ 40,070	\$ 2,323,684	\$ 77,054	\$ 719,067	\$ 3,159,875	\$ 3,075,577

ON BEHALF OF THE BOARD:  **Director**  **Director**

See notes to financial statements
Morine & Co. Chartered Accountants LLP

ROYAL CANADIAN MARINE SEARCH AND RESCUE
Statement of Revenue and Expenses and changes in Net Assets
Year Ended March 31, 2014

	Coast Guard Fund	Capital Fund	Gaming Fund	General Fund	2014	2013 Comparative
REVENUE						
Federal - Fisheries & Oceans	\$ 1,311,800	\$ -	\$ -	\$ -	\$ 1,311,800	\$ 1,137,000
Federal - Transport Canada	-	-	-	57,662	57,662	-
Federal - Western Economic	-	-	-	63,382	63,382	-
Federal - Search & Rescue New Initiative	-	-	-	-	-	211,100
Provincial - Gaming	-	-	225,000	-	225,000	225,000
Donations	-	-	-	147,424	147,424	57,966
Training	-	-	-	19,903	19,903	16,372
Miscellaneous	82	25,500	57	116,914	142,553	140,958
Gain (loss) on disposal of capital assets	-	-	-	-	-	11,871
	1,311,882	25,500	225,057	405,285	1,967,724	1,800,267
EXPENSES						
Administration	325,525	-	-	46,573	372,098	376,172
Operations	327,144	-	13,602	178,235	518,981	350,922
Training	372,907	-	179,566	62,453	614,926	576,112
Members	72,597	-	-	50,000	122,597	107,813
Marketing & recruiting	17,820	-	-	2,291	20,111	23,299
Rebranding	-	-	-	-	-	21,541
Funding CCGA National	184,600	-	-	-	184,600	-
Interest on long term debt	-	-	53,961	-	53,961	32,000
Amortization	-	273,653	-	-	273,653	212,716
	1,300,593	273,653	247,129	339,552	2,160,927	1,700,575
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	11,289	(248,153)	(22,072)	65,733	(193,203)	99,692
SURPLUS (DEFICIT) BEGINNING OF YEAR	-	779,932	217,468	386,051	1,383,451	1,283,759
Transfer (Note 6)	(16,822)	257,564	(131,973)	(108,769)	-	-
	(16,822)	1,037,496	85,495	277,282	1,383,451	1,283,759
SURPLUS (DEFICIT) END OF YEAR	\$ (5,533)	\$ 789,343	\$ 63,423	\$ 343,015	\$ 1,190,248	\$ 1,383,451

See notes to financial statements
Morine & Co. Chartered Accountants LLP

ROYAL CANADIAN MARINE SEARCH AND RESCUE
Consolidated Statement of Cash Flows
Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (193,203)	\$ 99,692
Items not affecting cash:		
Amortization	273,653	212,716
Gain (loss) on disposal of capital assets	-	(11,871)
	<u>80,450</u>	<u>300,537</u>
Changes in non-cash working capital:		
Accounts receivable	(27,924)	26,435
Inventory	5,063	(14,094)
Accounts payable	2,093	(16,890)
Orange County Foundation	297,226	(8,614)
Prepaid expenses	7,302	(18,799)
Goods and services tax payable (recoverable)	29,642	(47,065)
Wages payable	(1,549)	6,725
Deposits received	21,528	-
	<u>333,381</u>	<u>(72,302)</u>
Cash flow from operating activities	<u>413,831</u>	<u>228,235</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(241,265)	(1,938,363)
Proceeds on disposal of capital assets	-	41,577
Cash flow used by investing activities	<u>(241,265)</u>	<u>(1,896,786)</u>
FINANCING ACTIVITIES		
Proceeds from long term financing	-	1,600,000
Repayment of long term debt	(41,799)	(23,860)
Cash flow from (used by) financing activities	<u>(41,799)</u>	<u>1,576,140</u>
INCREASE (DECREASE) IN CASH FLOW	<u>130,767</u>	<u>(92,411)</u>
Cash - beginning of year	<u>535,741</u>	<u>628,152</u>
CASH - END OF YEAR	<u>\$ 666,508</u>	<u>\$ 535,741</u>
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	<u>\$ 53,961</u>	<u>\$ 32,000</u>

ROYAL CANADIAN MARINE SEARCH AND RESCUE

Notes to Financial Statements

Year Ended March 31, 2014

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 (ASNFPO).

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%	straight-line method
Facility improvements	10 years	straight-line method
Furniture and fixtures	30%	declining balance method
Marine simulator	5 years	straight-line method
Motor vehicles	30 years	straight-line method
Vessels	5 years	straight-line method

(continues)

ROYAL CANADIAN MARINE SEARCH AND RESCUE

Notes to Financial Statements

Year Ended March 31, 2014

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:

	2014	2013
Cash	\$ 366,508	\$ 535,741
Investments - GIC	300,000	-
	<u>\$ 666,508</u>	<u>\$ 535,741</u>

GIC's mature February 2015 and accrue interest at rates ranging from 1.2% to 1.5%.

ROYAL CANADIAN MARINE SEARCH AND RESCUE

Notes to Financial Statements

Year Ended March 31, 2014

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Land	\$ 1,296,970	\$ -	\$ 1,296,970	\$ 1,296,970
Buildings	303,030	15,152	287,878	295,454
Boating safety promotional equipment	161,977	156,422	5,555	7,936
Design plans	-	-	-	83,296
Facility improvements	174,426	15,344	159,082	38,166
Furniture and fixtures	185,444	168,068	17,376	14,916
Marine simulator	690,598	640,302	50,296	102,025
Motor vehicles	90,581	73,124	17,457	26,551
Online Training Software - under development	329,029	-	329,029	329,029
Simulator building - under construction	2,508	-	2,508	-
Training equipment	31,505	31,505	-	-
Vessels	454,970	297,437	157,533	161,727
	<u>\$ 3,721,038</u>	<u>\$ 1,397,354</u>	<u>\$ 2,323,684</u>	<u>\$ 2,356,070</u>

4. DEFERRED CONTRIBUTIONS

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

	2014	2013
Orange County Foundation	<u>\$ 297,226</u>	<u>\$ -</u>

5. LONG TERM DEBT

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.

	2014	2013
	\$ 1,534,341	\$ 1,576,140
Amounts payable within one year	(43,270)	(41,799)
	<u>\$ 1,491,071</u>	<u>\$ 1,534,341</u>

Principal repayment terms are approximately:

2015	\$ 43,270
2016	44,656
2017	46,366
2018	1,400,049
	<u>\$ 1,534,341</u>

ROYAL CANADIAN MARINE SEARCH AND RESCUE

Notes to Financial Statements

Year Ended March 31, 2014

6. TRANSFERS

	2014	2013
<u>TRANSFERS OF CAPITAL OUTLAY TO CAPITAL FUND</u>	\$	\$
From Coast Guard Fund	16,822	11,428
From Gaming Fund	90,173	73,873
From General Fund	134,268	44,159
<u>TRANSFERS OF MORTGAGE PRINCIPAL PAYMENTS TO CAPITAL FUND</u>		
From Gaming Fund	41,799	23,860
<u>TRANSFERS OF TRAINING COSTS TO GENERAL FUND</u>		
From Coast Guard Fund	-	10,672
<u>TRANSFERS OF REVENUE RELATED TO DESIGN FEES TO GENERAL FUND</u>		
From Capital Fund	25,500	-
<u>TRANSFERS OF INSURANCE PROCEEDS TO GENERAL FUND</u>		
From Capital Fund	-	41,577
<u>TRANSFERS TO COVER SHORTFALL TO COAST GUARD FUND</u>		
From General Fund	-	2,197

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, 2014.

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.

8. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of public accountants who issued a qualified opinion on June 25, 2013.