



ROYAL CANADIAN MARINE SEARCH & RESCUE

Saving Lives on the Water



• Annual Report
2011-2012 •



ROYAL CANADIAN MARINE SEARCH & RESCUE

Saving Lives on the Water

MISSION:

To save lives on the water.

VISION:

To provide world-class marine search and rescue and boating safety services.

VALUES:

We:

- Recognize the courage and dedication of our volunteers;
- Perform at the highest standards;
- Employ best practices;
- Enhance public trust;
- Communicate openly and effectively.

MESSAGE FROM THE PRESIDENT



After three years at the helm, I have become accustomed to writing messages to members and our supporters; however, this is now my final message as President of this great organization. I really don't want to dwell on the end of my term as some sad occasion. It has been a great time (for the most part) and even the most challenging of days has been truly a learning experience. I leave you in very good hands (perhaps better hands) and the reality is that while I may have been standing behind the wheel, there are 1,000 plus of you driving this ship every day. It is fairly easy to look good when the crew behind you is so effective.

The Annual Report is a chance to recap accomplishments, progress, and success but this year we also need to reflect on what we have lost. Although the tragic accident that took the lives of crewmembers Angie Nemeth and Beatrice Sorensen happened on June 3rd and not in the fiscal year, it's difficult to reflect on the past without remembering these heroic women and honouring the service they provided as well as the ultimate sacrifice they paid so that others may live. There is a debt of gratitude

that we will not ever repay and while time will certainly heal our wounds and soften the pain, I urge you to never to forget. As new members join and as we continue to achieve greater levels of success, remember to honor these women. We honor them not by dwelling in the sorrow or reliving the pain but by ensuring each crewmember knows the danger we can face, by training hard each week to mitigate these dangers, and by continuing to save lives on the water. Remember always that it is our passion and privilege

to serve. Obviously this an occasion that we wished never happened and the days and weeks that followed were among the lowest and most disheartening I have ever felt. It is not a good memory for certain but when I do look back, there are some truly remarkable experiences that certainly rekindled my spirit and reminded me of the kindness, generosity, and service that we provide. In response to this terrible tragedy we witnessed the very best from our people, the organization, our colleagues



Beatrice Sorensen (left) and Angie Nemeth (right) were crewmembers from RCM-SAR 12 Halfmoon Bay who died in a tragic training accident in June 2012.



MESSAGE FROM THE PRESIDENT

and friends from around the country and the world. Please join me as we move forward and continue to pay tribute to Angie and Beatrice - not so we can dwell on our failings but so we can celebrate their service and achievements.

Achievements continue to be the hallmark of this organization to the point now where significant success stories have become routine. When you consider that we are an organization with only 5 paid employees and 1,000 volunteers, the things we have accomplished are nothing short of miraculous. In this past year the impressive list includes the follows highlights.

BRANDING

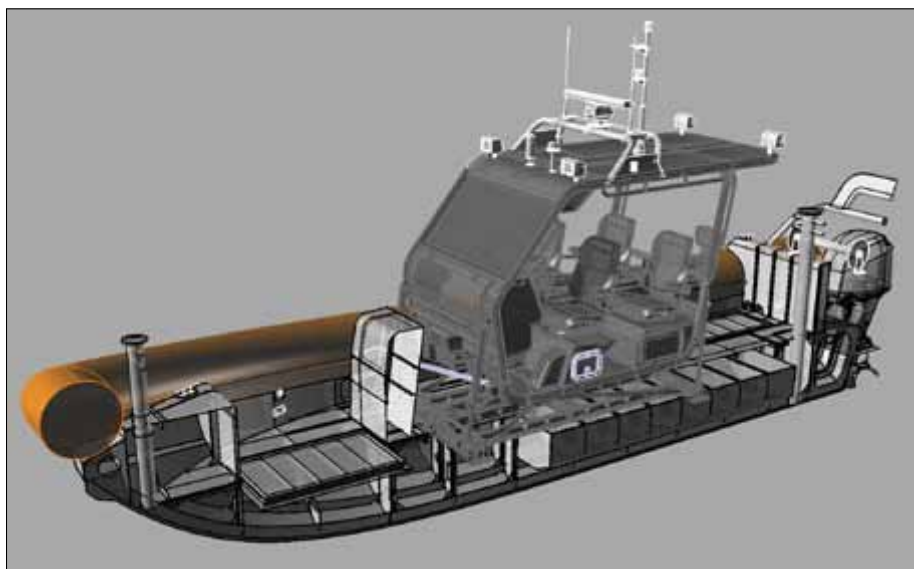
If you look through our past Annual Reports you will see updates on branding as far back as 2008. Work on rebranding our organization goes back even further than that. However, there has never been as much focus on rebranding as this past fiscal year. We publicly launched ourselves as Royal Canadian Marine Search and Rescue on May 26th, but for the Branding Committee this entire

year was almost consumed with creating our new look and rollout plan while consulting the membership and mitigating the costs for stations and societies. The last fiscal year saw the implementation of new marketing materials, vessel and station signage, websites, call signs, and clothing. We have always stated that this will be ongoing change and take time to fully implement. However, I encourage you to take a look around and see how much has been done in a relatively short period of time.

NEW BOATS

The management team and the Type 1 Committee completed the boat design, tendered the contract and the first vessel is now under construction. This is an amazing feat and represents hundreds of hours of volunteer work in consultations, discussions and research. Just a few years ago, the idea of designing one standard class of vessel seemed like a momentous task and now we are on to our second.

In addition we launched three more Type II Falkins Class boats this year alone and have



The Type I vessel was designed by naval architect, Ivan Erdevicki, in consultation with RCM-SAR.

MESSAGE FROM THE PRESIDENT



tendered a new contract for Falkins class construction.

INTERNATIONAL INROADS

In June 2011 we sent the first winners of our now annual Coxswain to Scotland contest to an international coxswain course at the Maritime Rescue Institute. The benefits of stepping outside of your station and seeing how SAR works on the international scale are immeasurable. Not only do these coxswains return to their stations with a renewed sense of excitement and eagerness to share what they learned but they also return with a greater understanding of the SAR community which is much bigger than your community, the region or the country. In August 2011, I travelled to China with our Executive Officer, Stan Warlow, for the International Maritime Rescue Federation Conference where we gave a presentation on how our organization achieved big successes with our advances in vessels, equipment, technology and training standards in the last 10 years. At this conference, we realized that we can continue to learn from our international partners but now also share



For the last two years, RCM-SAR has sent two coxswains a year to the Maritime Rescue Institute in Scotland to take part in an international coxswain course.

Photo courtesy of RCM-SAR archives.

what we have learned.

I know we say that unpaid professionals are capable of a lot but this was truly a heavy lift and I need to thank about 1,000 people which obviously isn't possible but I do want each of you to know how important each of us is to the overall success of this truly world-class organization.

Thank you for all your support

and contributions this last year.

Regards,

Randy Strandt
President, Royal Canadian
Marine Search and Rescue
(RCM-SAR).



SAR PREVENTION

Every RCM-SAR station now has an active SAR Prevention program.

The RCM-SAR Prevention program has many different aspects including Kids Don't Float boards, Bobbie the Safety Boat, Pleasure Craft Safety Checks, Pleasure Craft Operator Cards, SAR Prevention Education for children and SAR Prevention Displays. In addition, there are four stations dedicated solely to SAR Prevention.

KIDS DON'T FLOAT

RCM-SAR now has 36 Kids Don't Float (KDF) boards in busy marinas and beaches throughout the province. RCM-SAR has been offering this program since 2003 and its success lies in its simplicity: supply loaner PFDs to children. As children grow so quickly, many families cannot afford to purchase properly-fitted lifejackets for their small children. The Kids Don't Float board help solve this problem by providing a variety of child-sized PFDs right



In the next fiscal year, we plan to have all the Kids Don't Float Board across the Region, rebranded.

Photo submitted by Aaron Frost.

at the marina or beach. RCM-SAR would not be able to offer this program throughout the province without the continued support of Mustang Survival. Mustang donates various child-sized PFDs for all of our boards throughout the Region. This annual donation is integral to the success of our program throughout the province. RCM-SAR continues to collaborate with local RCMP detachments,

municipalities and marinas to provide Kids Don't Float boards in areas where there is not a RCM-SAR station.

PLEASURE CRAFT SAFETY CHECKS

Thanks to the diligent work of RCM-SAR 25 member, Ken Morissette, 2011-2012 was another successful year for Pleasure Craft Safety Checks.

SAR PREVENTION



*Bobbie the Safety Boat is very popular with children and serves as a great teaching tool.
Photo by Peter Matthews.*

Morisette oversees the Pleasure Craft Safety Check (PCSC) program and administers the PCSC Course for members who want to deliver PCSCs to the public. There are currently 85 members trained to conduct PCSCs. This past season, RCM-SAR members conducted over 650 PCSCs throughout the province.

BOBBIE THE SAFETY BOAT

Thanks to the hard work and dedication of RCM-SAR member, Cathy Dupuis, Bobbie the Safety Boat has been very busy spreading the SAR Prevention message to the general public. Bobbie is a hit with all of the young up and coming boaters and allows for a very interactive SAR Prevention message to be delivered in a fun and simple manner that children of all ages can appreciate.

PLEASURE CRAFT OPERATOR CARD

The 2011-2012 year saw Transport Canada finalize the new Pleasure Craft Operator Card (PCOC) program.



SAR PREVENTION

The new exam is tougher and has stricter administrative procedures to ensure the validity of all course providers. RCM-SAR SAR Prevention Manager, Ron Drewry, worked with Transport Canada throughout the year to finalize a PCOC Manual that meets the new, tougher criteria. RCM-SAR has published a new Transport Canada approved PCOC Manual as well as the new administration procedures for stations wishing to offer PCOC courses to new members and the public. To date many stations have offered the new PCOC course to the general public to enhance SAR Prevention in their communities, as well as generate funds.

FUTURE DIRECTION

SAR Prevention remains a priority for RCM-SAR. In the upcoming year, we will finalize plans to begin SAR patrols and on-the-water PCSCs on the Interior lakes of B.C.

We will also endeavour to rebrand all our SAR Prevention trailers, KDF Boards, and Bobbie the Safety Boats throughout the region.

The RCM-SAR Safety Bear is another high visibility, popular tool used to spread the SAR Prevention message at community events and parades.

Photo submitted by Ben Pepa.

SAR PREVENTION BY THE NUMBERS APRIL 1, 2011-MARCH 31, 2012

| | |
|---|-----------------|
| Community Events/Parades | 100 |
| Boating Safety Events/Presentations | 102 |
| SAR Patrols | 43 |
| Total Volunteer SAR Prevention Hours | 3,986.75 |



VESSEL & EQUIPMENT STANDARDS



Standardization is quickly becoming a common word amongst the RCM-SAR stations.

Stations are very aware of the importance of this approach and are now starting to see the benefits. With the recent re-branding, stations are quickly coming onboard ordering new clothing and more importantly standardized personal protective equipment.

EQUIPMENT

We have identified a complete line of personal protective equipment from PFDs, cruiser suits, equipment vests, dry suits, and helmets for our stations to order from. Not only does this provide a common appearance, it also ensures our crews are being outfitted with high quality equipment.

Many stations have also begun upgrading their SAR equipment onboard including electronics. Once again, stations have been very good about contacting the Manager of Vessel and Equipment Standards, to ensure they are purchasing what is recommended by RCM-SAR. Standardizing to a prescribed



Photo by Steve Somerville.

set of electronics and layout on the vessels is very beneficial. The approach has been to have vessels set up as close as possible to the platform used in the Simulator, allowing the helm to focus on operation of the vessel while providing a platform for separate navigation, radio and closed loop communications. This continuity is extremely beneficial as members can directly apply what they learn in the Simulator to their vessel back at their stations.

The recently acquired AEDs

(Automatic External Defibrillators) that were part of a NIF grant have been distributed through our head office to the stations. This ensures that all our stations will have the same make and model AED onboard. We have also distributed 10 trainer AEDs to key areas to be shared during renewal and upgrading of first aid training.



VESSEL & EQUIPMENT STANDARDS

TYPE II VESSELS

We have now completed the construction of 5 RCM-SAR Type II Falkins Class vessels. These are now operational in Nanaimo, Port Alberni, Prince Rupert, West Vancouver, and North Vancouver. All 5 of these were built at Titan Boats in Sidney.

We have recently negotiated an agreement to have Kamma and Blake Industries of Port Alberni B.C. build the next series of these vessels. This has started with the first vessel which is now under-way for Station 37 Sooke.



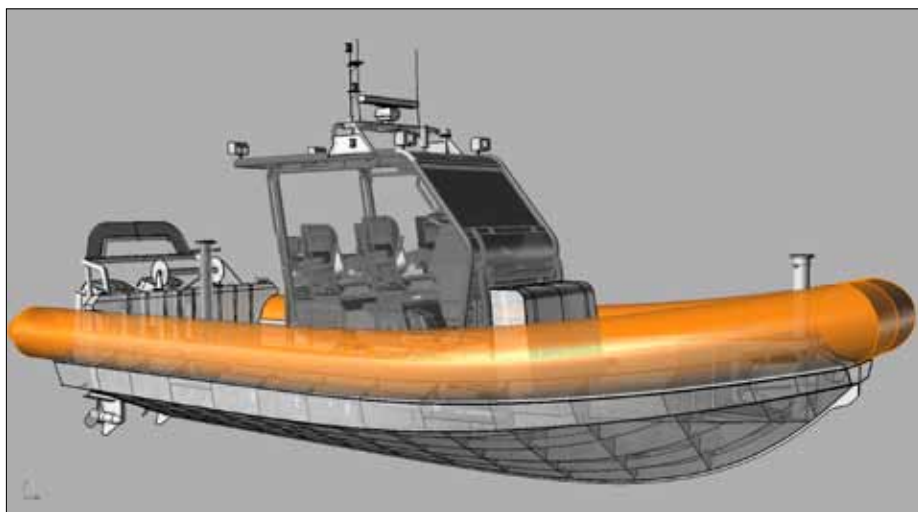
Above: The RCM-SAR 37 Sooke vessel is being built at Kamma and Blake Industries in Port Alberni.



Below: The first three Type I vessels will be built in the coming fiscal year.

TYPE I VESSELS

This is a 9-metre outboard version RHIB with an Integrated Control Environment "ICE"



manufactured by Progressive Components. Naval Architect Ivan Erdevicki designed the vessel itself along with input from a committee representing 7 of our stations. The design documents were then submitted to builders in our region and the final negotiated contract was awarded to Liquid Metal Marine Ltd. of Sidney, B.C.

This will start with a series of 3 vessels for Stations 8 Delta, Station 5 Crescent Beach, and Station 29 Ladysmith. Work has already begun on the first vessel to be completed by the end of 2012, with the others to follow upon final sea trials and testing of the first vessel.

MARKETING & PROMOTIONS



For the majority of the 2011-2012 fiscal year, marketing and promotions was consumed with the rebranding of our organization as Royal Canadian Marine Search and Rescue. This is a project that entails working with a dedicated group of volunteers that worked tirelessly to develop and improve our public identity in hopes of increasing fundraising opportunities and garnering recognition for the heroic efforts of our volunteers. While the public launch of RCM-SAR was in May 2012, the work associated with creating the brand was well over 2 years in the making and will continue to remain a priority throughout the foreseeable future.

ROYAL CONNECTION

In March 2011, Prince William and Catherine, Duchess of Cambridge named the Canadian Coast Guard Auxiliary (CCGA) to their Charitable Gift Fund. This was created to encourage well-wishers to donate to the couple's favourite charities throughout the Commonwealth for their upcoming nuptials in lieu of gifts. About \$70,000 was



Photo provide by Clarence House.

donated to the CCGA in total, including a \$50,000 contribution from the Canadian government. These funds will be split equally between the five regions. This was a complete surprise and helped to raise the profile of our volunteers throughout the country.

In February 2012, we received another royal surprise when we received official royal designation from Queen Elizabeth II. Only a handful of non-profit organizations receive royal designation annually. Although there is no monetary value associated with the designation, our volunteers are

honoured to know that the Queen recognizes the dedication of our crews.

FUNDRAISING

This last fiscal year was another successful year of fundraising. We've had a number of significant supporters and B.C. Gaming Policy and Enforcement Branch was once again a major contributor.

COMMUNICATIONS

Over the past year a significant effort



MARKETING & PROMOTIONS



The public launch of the rebranding coincided with a SAR exercise that included 8 RCM-SAR stations and was hosted by RCM-SAR Station 1 West Vancouver.

Photo by Peter Matthews.

has been made to open communications between the stations, management and board members. Through the monthly *Compass* newsletter and direct communication from the Board and Management to the membership through the SMS, we have been able to keep everyone updated on the many changes that happened last year. This has been a great step forward and is very important to the development of our

organization.

We have made great progress in standardization, from shirts and personal equipment to training, electronics and vessels. This is imperative as we become more respected in our communities and the region. Training and operating to the same standard makes us a more unified and professional organization and more importantly ensures a safer environment for our crews.

FUTURE DIRECTION

As RCM-SAR continues to grow, we expect the upcoming fiscal year to be very beneficial for our volunteers. The more the public understands who we are and what we do, the easier it will be for supporting societies to raise funds so the volunteers in their communities can continue to save lives on the water.

SEARCH & RESCUE



This fiscal year saw a marginal decrease in missions from 726 in 2010/2011 to 722 in 2011/2012. This is part of a larger significant decrease in taskings that began in 2008 due to various mitigating factors including the economic downturn.

RCM-SAR 27 Nanaimo lead the way again with a total of 76 missions last year, followed by RCM-SAR 10 Richmond with 55.

As always we had a wide variety of calls, with some very long ones, a few very tragic ones, and many very rewarding ones. Our crews have performed professionally, safely, and efficiently; some with great ingenuity and attention to detail.

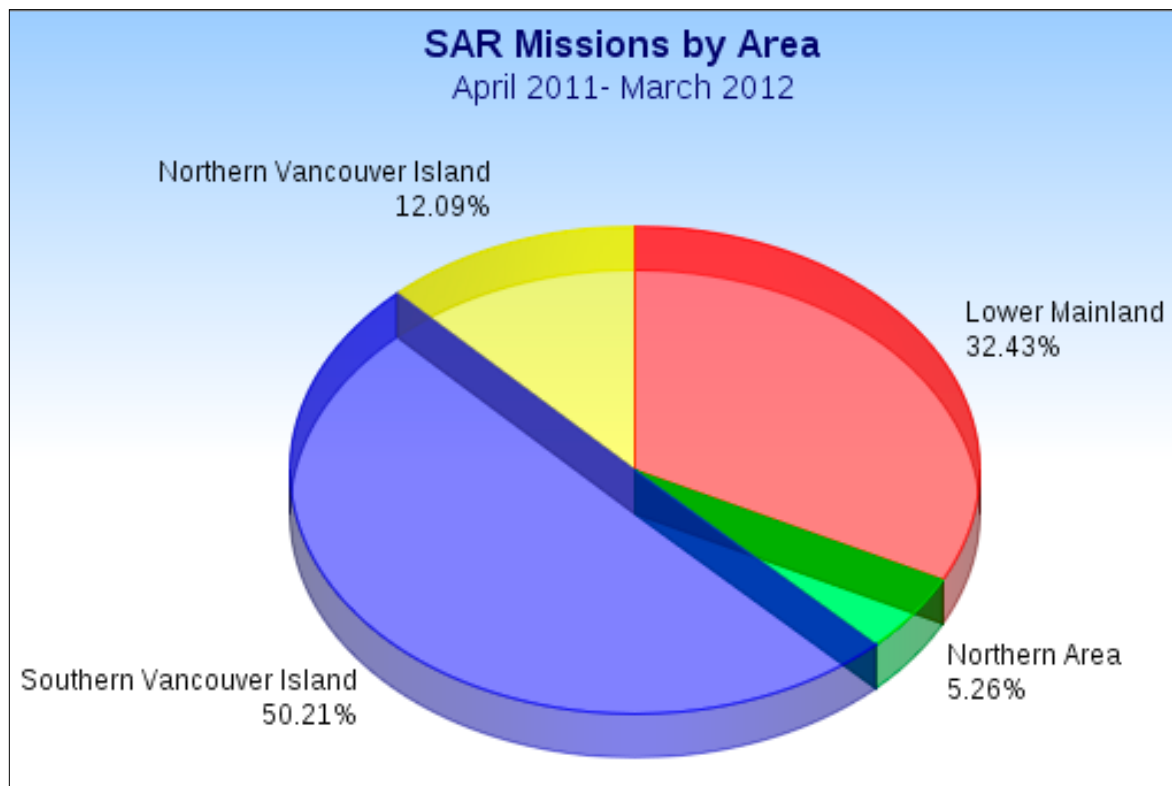
In 2011-2012, RCM-SAR assisted 726 peoples, saved 168 lives and salvaged \$19.792 million in property in 722 missions.

CREWS

We have been working closely with Coast Guard to ensure our crews are actively engaged. This is important for our volunteers to keep their interests up as well as for keeping everyone's skills sharp.

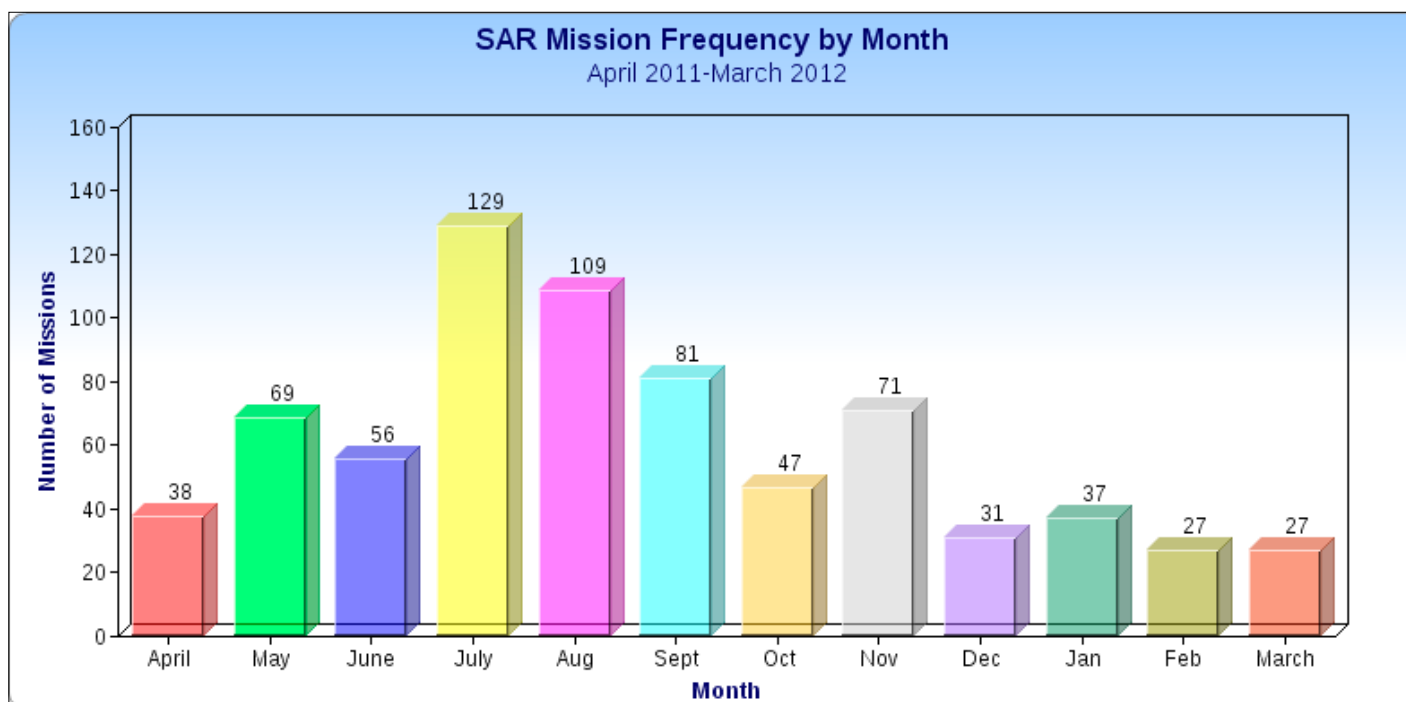
STATIONS

This fiscal year saw two





SEARCH & RESCUE



new stations become SAR ready. RCM-SAR 70 Hartley Bay, once known as Station 47, officially rejoined us as a network of owner/operator stations in the remote area near the mouth of the Douglas Channel in northern B.C. RCM-SAR 50 Port McNeill came online in March 2012 after just over a year of extensive training.

THANK YOU

A huge thank-you goes out to Bob McCauley and Ron

Gieck. They diligently read and approve over 700 mission and 2,000 training reports every year, making sure the numbers are correct, times make sense, policies are respected, cross-checking crew certifications, and making sure sea-time and crew levels are met. We would be at a loss without both of their enormous contributions.

FUTURE DIRECTION

In the upcoming year, we expect Royal Canadian Marine

Search and Rescue to take on a bigger role in the Search and Rescue community internationally, nationally and regionally. As Coast Guard budget restraints trickle down, we will continue to work with all our partners to save lives on the water. This will likely entail requiring greater and more consistent availability from our crews and higher training standards.

TRAINING

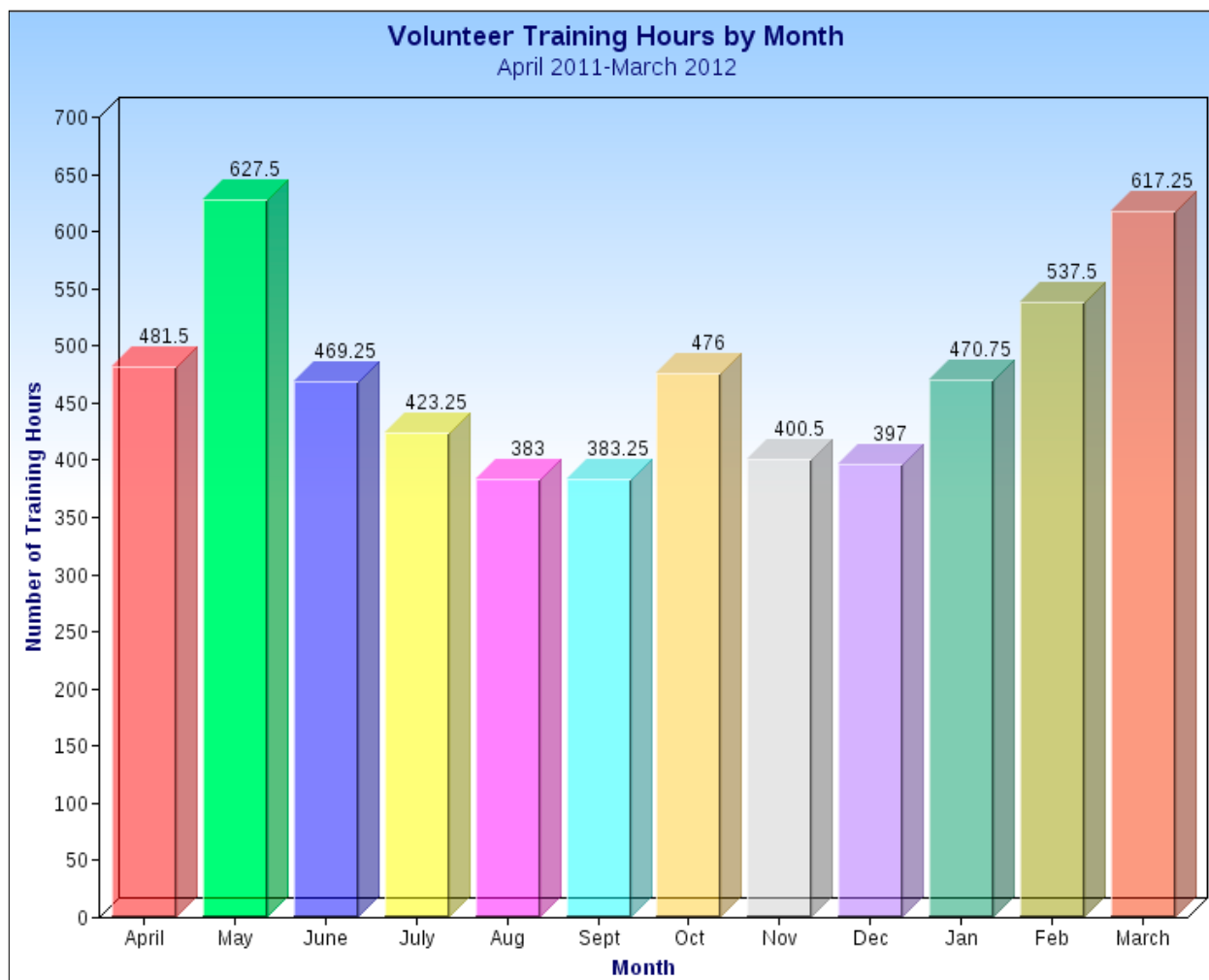


Training is a major priority for Royal Canadian Marine Search and Rescue. We continue to make great strides to ensure that all of our members are trained and held to the highest standard. Our comprehensive

training program includes both classroom and on the water training. As members complete the appropriate courses they gain a strong understanding of navigation and marine electronics in

addition to Search and Rescue Operations. The provision of Transport Canada certified courses to our members continues, including Small Vessel Operator Proficiency

TRAINING





TRAINING

(SVOP), Simulated Electronic Navigation-Limited (SEN-L) and Emergency Duties A3 (MED A3).

FAST RESCUE CRAFT SIMULATOR

The Fast Rescue Craft (FRC) Simulator is the cornerstone of our training program and we continue to work with Transas Software to update and develop more real-life scenarios for our crews. The reality of the recently updated software is second to none. The beauty of the Simulator is that members can train for months on the water and not encounter the situations that we can create for them in the Simulator.

COXSWAIN COURSE

This next fiscal year, we will continue to develop our own coxswain course that will specifically address the needs of our coxswains, on our vessels in our communities. This will allow for our training team to certify our own coxswains and assist with our stations' ability to provide 24/7 coverage.

The purpose of the course is to develop the management and leadership skills of coxswains

and provide them with the necessary skill set to understand the interdependencies of crews.

The course will cover:

- Situational leadership;
- Human factors & teamwork;
- The art of communication;
- Practical leadership exercises;
- Conflict management.

SEARCH AND RESCUE

GAMES ONLINE (SARGO)

RCM-SAR is spearheading a New Initiative Fund (NIF) grant to create on-line learning resources for our members. The 2-year long project to design and create these learning resources will conclude in March 2013. In November 2011, ACRONYM Games of Burnaby was selected as an established computer-game production company that could complete the necessary design and production of the proposed on-line learning resources. Work on the project



TRAINING



during the first 4 months of 2012 centered on exploring the possibilities and then designing a final product to meet our needs. The SARGO team created 80 square miles of virtual coastal terrain, with changing weather patterns, visibility and tides, aids to navigation, and moving vessels known as SARGO Sound.

Users will navigate a virtual FRC through the area and encounter various pop-up questions that will test their skills. The heads-up display in the FRC will show a chart-plotter, radar, twin-engine controls and the digital read outs necessary to navigate the vessel and challenge the user. SARGO will also offer interactive resource presentations that provide information on weather, waves, tides, currents, RADAR, chart plotters, and more. Some short quizzes will guide the user to review material and focus on the key topics.

The 3D environment of SARGO Sound is 90% complete and represents one of the largest computer-game environment ever created. SARGO will be available to all RCM-SAR and



Previous Page: RCM-SAR Station 20 crewmembers practise MOB drills.

Above: A RCM-SAR Station 27 Nanaimo crew trains with their vessel's stretcher.

Photos courtesy of RCM-SAR archives.

Canadian Coast Guard Auxiliary members in 2013.

FUTURE DIRECTIONS

In the next fiscal year we will move our training to the new facility in East Sooke. The new location will offer a variety of new training opportunities, and will provide a centralized location for classroom and on-the-water training. We will offer Transport Canada certified

courses to outside agencies in the next year as well.

RCM-SAR will add to our team of Transport Canada certified instructors, so that we are able to provide more in-house courses to our members. The year 2012-2013 is going to be an exciting time and we look forward to the new opportunities ahead!



THE YEAR IN REVIEW

There are so many unique missions every month, it is almost impossible to properly illustrate the breadth and variety of missions our crews spread throughout 46 stations around British Columbia respond to. Below is a sampling of a few missions from the last fiscal year.

APRIL 2011

Ladysmith responded to a vessel on fire at Conover Cove on April 8th. The crew towed

the vessel, which was engulfed in flames up to 20 ft high, away from the dock. No injuries were reported but there was substantial damage to the boat and the dock.

MAY 2011

On May 14th a crew from RCM-SAR 20 Salish Seas assisted a broken down sailing vessel that was taking on water in its bilge. The crew deployed their de-watering pump on the sailing

vessel and towed it back to the marina in high winds with a storm developing.

JUNE 2011

A Richmond crew worked in tandem with Coast Guard, the local Police and RCMP to locate two people who were adrift on an 18-ft. Sea Ray near Ladner on June 12th. RCM-SAR 10 searched for over 4 hours before they located the missing people, transferred them onto their vessel and delivered them back



RCM-SAR 29 Ladysmith was an integral part of the team that responded to the fire at Conover Cove in April 2012.

Photo by Nick Epp-Evans.

THE YEAR IN REVIEW



to shore.

JULY 2011

On July 18th, RCM-SAR 65 Lax Kw'alaams responded to assist a man who had fallen out of his fishing vessel when he walked onto the bow to clean the chimney and slipped. He had been in the water for about 1.5 hours before he was discovered. The man was hypothermic but still conscious. RCM-SAR 65 transported the patient to the local health clinic for further medical observation.

AUGUST 2011

RCM-SAR 59 Deep Bay assisted a grounded sailing vessel near Phipps Point on August 28th. The crew transferred two people on board their boat and took them back to the boat launch. They worked in tandem with Coast Guard to locate a third person from the party who had disappeared on a jet ski that they discovered had hit rocks. Coast Guard

located the third person. All parties were uninjured.

SEPTEMBER 2011

RCM-SAR 1 West Vancouver responded to a report of a woman screaming for help aboard a 44 ft. powerboat dragging anchor near Bowen Island. The crew arrived on scene in 20 minutes to find that the bow anchor had failed in the high winds and the stern anchor was facing the winds and incoming waves. RCM-SAR 1 towed and re-anchored the boat.

OCTOBER 2011

A Victoria crew responded to a 22-year old with a deep gash on his head aboard a fishing vessel on October 27th. RCM-SAR 35 arrived on scene in 30 minutes and transferred the patient to their vessel where they administered oxygen, redressed the wound and checked his vitals. They arrived at Pedder Bay in 10 minutes and transferred the patient to the awaiting ambulance.



Some crewmembers of RCM-SAR 59 Deep Bay wave hello aboard their vessel, the Mapleguard.

Photo submitted by Lorne Erickson.



THE YEAR IN REVIEW

NOVEMBER 2011

RCM-SAR 37 Sooke responded with both of its vessels to a report of an overturned vessel in Jordan River on November 27th. The crews worked in cooperation with BC Ambulance, the local fire department, RCMP and the US Coast Guard. No injuries were reported.

DECEMBER 2011

On Christmas Day a crew from RCM-SAR 34 Mill Bay was tasked to assist a sailing vessel that was against the rocks. The crew towed the vacant vessel to the Brentwood Bay Marina and contacted the owner with the details on the new location of the vessel.

JANUARY 2012

On January 15th, an RCM-SAR 31 Brentwood crew worked in tandem with the RCMP, local police and local fire Department to search for three missing hikers and their dog on McKenzie Bight. The hikers were located after over an hour of searching at Elbow Point about 50 metres above the ocean. RCM-SAR 31 transferred the hikers to their vessel and transported them back to



Crewmembers from RCM-SAR 37 Sooke are on lookout aboard their vessel, the Spirit of Sooke.

Photo by Jason van der Valk.

the shore. No injuries were reported.

FEBRUARY 2012

On February 6th, RCM-SAR 8 Delta assisted a sailing vessel taking on water near Point Roberts. The crew escorted the vessel and once they reached the marina helped deliver the boat to the awaiting boat sling. Once out of the water, it was revealed that the vessel had extensive damage to its hull, keel and rudder.

MARCH 2012

While on a training exercise a RCM-SAR 33 Oak Bay crew assisted two kayakers thought to have overturned near Trial Island on March 4th. The high winds and strong current had left the two kayakers in distress. RCM-SAR 33 located the two kayakers in 49 minutes and transported them back to shore.

FINANCIAL STATEMENTS



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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, 2012, and the statements of operations and changes in net assets and cash flow 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 generally accepted accounting principles, 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 qualified audit opinion.

Independent Auditor's Report to the Members of Royal Canadian Marine Search and Rescue (continued)

Basis for Qualified Opinion

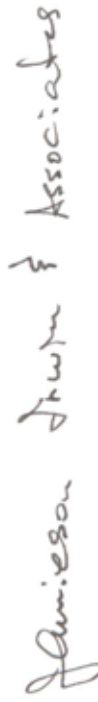
As described in Note 2, the total amount of the costs associated with the auxiliary tasking and training activities carried out by the Royal Canadian Marine Search and Rescue through its stations, and the amount of the related financial assistance from supporting societies, are not available. Consequently, we were unable to satisfy ourselves as to the total amount of the costs and revenues associated with these activities. As a result, we were unable to satisfy ourselves as to whether adjustments might be necessary to operating costs and revenues, or amounts receivable and payable relating to the timing of those costs and revenues.

In common with many charitable organizations, the society derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the society and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to verify completeness of donations and the total amount of operating costs and revenues, as described in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of Royal Canadian Marine Search and Rescue as at March 31, 2012 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Victoria, B.C.
September 6, 2012



CHARTERED ACCOUNTANTS

JAMIESON IRWIN & ASSOC.

Chartered Accountants

jamiesonco.com

ROYAL CANADIAN MARINE SEARCH AND RESCUE

Statement of Financial Position

As at March 31, 2012

| | 2012 | | | | | 2011 | |
|--|--|-----------------|----------------|-----------------|--------------|--------------|--|
| | Restricted | | | | | Unrestricted | |
| | Coast Guard Contribution Agreement Fund | Capital Fund | Gaming Fund | General Fund | Total | Total | |
| Current assets | | | | | | | |
| Cash | \$ 20,041 | \$ - | \$ 254,890 | \$ 353,221 | \$ 628,152 | \$ 578,096 | |
| Accounts receivable | 23,243 | - | 4,545 | 83,223 | 111,011 | 25,958 | |
| Due from (to) other funds | 37,345 | 8,614 | (4,023) | (41,936) | - | - | |
| Prepaid expenses | 4,890 | - | - | - | 4,890 | 4,550 | |
| Inventory | - | - | - | 14,342 | 14,342 | 14,342 | |
| | 85,519 | 8,614 | 255,412 | 408,850 | 758,395 | 622,946 | |
| Property plant and equipment (Note 3) | | | | | | | |
| | - | 660,130 | - | - | 660,130 | 638,405 | |
| | \$ 85,519 | \$ 668,744 | \$ 255,412 | \$ 408,850 | \$ 1,418,525 | \$ 1,261,351 | |
| Current liabilities | | | | | | | |
| Accounts payable & accrued liabilities | \$ 85,519 | \$ - | \$ 1,887 | \$ 38,750 | \$ 126,156 | \$ 54,753 | |
| Deferred contributions (Note 4) | | | | | | | |
| | - | 8,614 | - | - | 8,614 | - | |
| Net assets | | | | | | | |
| Invested in capital assets | - | 660,130 | - | - | 660,130 | 638,405 | |
| Externally restricted | - | - | 253,525 | - | 253,525 | 167,283 | |
| Internally restricted (Note 5) | - | - | - | 99,724 | 99,724 | 99,724 | |
| Unrestricted | - | - | - | 270,376 | 270,376 | 301,186 | |
| | - | 660,130 | 253,525 | 370,100 | 1,283,755 | 1,206,598 | |
| | \$ 85,519 | \$ 668,744 | \$ 255,412 | \$ 408,850 | \$ 1,418,525 | \$ 1,261,351 | |

Approved on behalf of the Board

Randy Stroud

Greg Mills

ROYAL CANADIAN MARINE SEARCH AND RESCUE

Statement of Operations and Changes in Net Assets
For the Year ended March 31, 2012

| | 2012 | | | | 2011 | |
|---|---|------------|--------------|-------------|--------------|--------------|
| | Restricted | | Unrestricted | | Total | Total |
| | Coast Guard Contribution Agreement Fund | | Capital Fund | Gaming Fund | General Fund | |
| Revenues | | | | | | |
| Canadian Coast Guard - Operating grant | \$ 1,003,000 | \$ - | \$ - | \$ - | \$ 1,003,000 | \$ 893,000 |
| - Supplementary allocation | 29,660 | - | - | - | 29,660 | 63,279 |
| Government of Canada SAR NIF grant | - | 117,930 | - | - | 117,930 | - |
| Contributions from B.C. Gaming | - | - | - | 225,000 | - | 225,000 |
| Donations | - | - | - | - | 44,264 | 59,897 |
| Unit Training Reimbursement | - | - | - | - | 170 | 5,000 |
| External training | - | - | - | - | 7,585 | 17,640 |
| Miscellaneous | - | - | - | 704 | 12,415 | 28,570 |
| | 1,032,660 | 117,930 | - | 225,704 | 64,435 | 1,292,386 |
| Expenses | | | | | | |
| Administration | 346,897 | - | - | 4,377 | 22,836 | 348,466 |
| Operations | 248,213 | - | - | 3,490 | 2,649 | 275,554 |
| Training (Note 5) | 341,588 | - | - | 88,421 | 10,771 | 443,181 |
| Members | 92,089 | - | - | - | 772 | 51,235 |
| Boating safety | - | - | - | - | 881 | 7,690 |
| Rebranding costs | - | - | - | - | 21,088 | - |
| Expense recovery, (Note 5) | - | - | - | - | (15,310) | - |
| Amortization | - | - | 194,809 | - | - | 192,191 |
| Loss (gain) on disposal of assets | - | - | - | - | - | (27,000) |
| | 1,028,787 | 194,809 | - | 96,288 | 43,687 | 1,291,317 |
| Excess of revenues over expenses | 3,873 | (76,879) | - | 129,416 | 20,747 | 1,069 |
| Transfer from Coast Guard Fund (Note 5) | (5,413) | 5,413 | - | - | - | - |
| Transfer from General Fund (Note 5) | 1,064 | 50,017 | - | - | (51,081) | - |
| Transfer from Gaming Fund (Note 5) | - | 43,174 | (43,174) | - | - | - |
| | (476) | 21,725 | 86,242 | - | 77,157 | 1,069 |
| Net assets, beginning of year | 476 | 638,405 | 167,283 | - | 1,206,598 | 1,205,529 |
| Net assets, end of year | \$ - | \$ 660,130 | \$ 253,525 | \$ 370,100 | \$ 1,283,755 | \$ 1,206,598 |

ROYAL CANADIAN MARINE SEARCH AND RESCUE

Statement of Cash Flow
For the Year ended March 31, 2012

| | 2012 | | | | 2011 |
|--|--|-----------------|----------------|-----------------|------------|
| | Restricted | | Unrestricted | | |
| | Coast Guard Contribution Agreement Fund | Capital Fund | Gaming Fund | General Fund | |
| | | | | Total | Total |
| Operating activities: | | | | | |
| Excess of revenues over expenditures | \$ 3,873 | \$ (76,879) | \$ 129,416 | \$ 20,747 | \$ 77,157 |
| Items not involving cash | | | | | |
| Loss (gain) on sale of equipment | - | - | - | - | - |
| Amortization of capital assets | - | 194,809 | - | - | 194,809 |
| | 3,873 | 117,930 | 129,416 | 20,747 | 271,966 |
| Changes in non-cash working capital | 10,835 | (8,614) | 12,144 | (28,355) | (13,990) |
| Change in deferred contributions | - | 8,614 | - | - | 8,614 |
| Transfer to / from restricted funds | 1,064 | - | - | (1,064) | - |
| Total cash derived from operating activities | 15,772 | 117,930 | 141,560 | (8,672) | 266,590 |
| Investing activities | | | | | |
| Proceeds on sale of capital assets | - | - | - | - | - |
| Acquisition of capital assets | (5,413) | (117,930) | (43,174) | (50,017) | (216,534) |
| | (5,413) | (117,930) | (43,174) | (50,017) | (216,534) |
| Increase (decrease) in cash & equivalents | 10,359 | - | 98,386 | (58,689) | 50,056 |
| Cash and equivalents, beginning of year | 9,682 | - | 156,504 | 411,910 | 578,096 |
| Cash and equivalents, end of year | \$ 20,041 | \$ - | \$ 254,890 | \$ 353,221 | \$ 628,152 |
| | | | | | \$ 578,096 |

ROYAL CANADIAN MARINE SEARCH AND RESCUE

Notes to Financial Statements

Year Ended March 31, 2012

1. DESCRIPTION OF OPERATIONS

The Society is a registered charity, incorporated with the name Canadian Coast Guard Auxiliary (Pacific) Inc., under the Canada Corporation Act as a corporation without share capital under the sponsorship of the Federal Government. Its purpose is to provide organized voluntary marine search and rescue and promote public boating safety in the Pacific region of Canada. The Society is exempt from income tax under section 149 of the Income Tax Act.

Commencing in the current period, the Society conducts its operations under the name Royal Canadian Marine Search and Rescue.

Coast Guard Contribution Agreement

The Society's Search and Rescue operations are funded pursuant to a contribution agreement with the Department of Fisheries and Oceans, Government of Canada.

Membership

Membership in the Society is conditional upon agreement to abide by the rules, regulations and by-laws of the Society.

Members are organized into groups called Stations approved by the Canadian Coast Guard, which, under the direction of Station Leaders, carry out the auxiliary tasking, training and boating safety activities.

Members may also be members of separate non-profit societies formed for the purpose of raising funds to assist in conducting the voluntary activities of the Society.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

The society uses fund accounting.

Coast Guard Contribution Agreement Fund

This fund comprises activities of the Society performed pursuant to the contribution agreement with Department of Fisheries and Oceans. Operating grants received are restricted and must be expended in accordance with annual budgets and the terms of this agreement.

ROYAL CANADIAN MARINE SEARCH AND RESCUE
Notes to Financial Statements
Year Ended March 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Fund

This fund reports on property and equipment owned and acquired by the Society and contributions, other than gaming revenues, that are restricted for capital purposes.

Gaming Fund

This fund reports on revenues, expenses and unexpended balances from grants received through the Gaming Branch, Province of British Columbia. Funds are restricted to be used for the purposes specified in the accepted gaming funds application.

General Fund

This fund reports on all other revenues and expenses of the Society, including non-capital fund raising and administrative activities.

Inventory

Inventory, consisting of large spare parts and equipment held for use on Auxiliary-owned vessels or for sale to individual societies, is valued at the lower of cost and net realizable value. Boating safety supplies purchased for distribution to Stations are expensed as purchased and are not included in inventory.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives at the following rates and methods:

| | | |
|--|-----|--------------------------|
| Computer hardware, software and office equipment | 30% | declining balance method |
| Boating safety promotion equipment | 30% | declining balance method |
| Automotive equipment | 30% | declining balance method |

ROYAL CANADIAN MARINE SEARCH AND RESCUE

Notes to Financial Statements

Year Ended March 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

| | | |
|------------------------------------|----------------------------|---|
| Vessels | 5 years | straight-line method to residual value |
| Marine Simulator | 5 years | straight-line method to residual value |
| Training equipment Design Plans | 5 years non-amortizable | straight-line method reviewed for impairment in value each year |

Financial instruments

The Society has designated its financial assets and liabilities as follows:

Financial Assets

(i) Held for trading:

Cash – The Society has designated cash as held for trading and recorded at fair value.

(ii) Available-for-sale and held to maturity:

The Society does not currently hold any financial assets classified as available for sale or held to maturity.

(iii) Loans and receivables:

Accounts receivable – Accounts receivable are recorded at amortized cost less any impairment losses recognized and approximate their fair values due to the relatively short periods to maturity.

Financial Liabilities

(iv) Held for trading:

The Society does not currently hold any financial liabilities classified as held for trading.

(v) Other financial liabilities:

Accounts payable and accrued liabilities – Accounts payable and accrued liabilities are recorded at amortized cost and approximate their fair value due to relatively short periods to maturity.

ROYAL CANADIAN MARINE SEARCH AND RESCUE
Notes to Financial Statements
Year Ended March 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Society follows the restricted fund method of accounting for contributions.

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

Restricted contributions related to general operations or for which an appropriate restricted fund does not exist are recognized as revenue of the General Fund using the deferral method whereby such contributions are deferred and recognized as revenue in the same period as the related expenses are incurred.

All other restricted contributions are recognized as revenue of the appropriate restricted fund in the current period.

Contributions restricted for the purchase or development of property, plant and equipment are recognized as revenue of the Capital Fund in the current period.

Contributions of property are recognized only when a fair value as at the date of contribution can be reasonably estimated, the property is to be used in the normal course of operations of the Society and would otherwise have been purchased.

Fees for services, such as external training courses, are recognized as revenue when the services have been performed.

Donated services and goods

The Society receives significant benefits from donated materials and the services of its members who receive no remuneration for their time. The financial benefit of contributed materials and volunteer services is not reflected in the financial statements.

Operational costs and contributions

As described in Note 1, the auxiliary tasking and training activities are carried out by volunteer members, organized into Stations. The Stations are supported financially by individual societies formed to raise funds for that purpose.

These financial statements do not reflect all of the costs associated with the auxiliary tasking and training activities carried out by the Stations. Such costs are included in the Coast Guard Contribution Agreement Fund only to the extent that they meet Coast Guard funding criteria, and up to the total funding provided under the Contribution Agreement. Other operational costs, including the use of vessels owned by the supporting societies, and the related financial assistance provided by those societies, are not available and are not reflected in the financial statements.

ROYAL CANADIAN MARINE SEARCH AND RESCUE

Notes to Financial Statements

Year Ended March 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. Significant items subject to such estimates and assumptions include the determination of carrying value of property, plant and equipment, as well as the provision for accrued liabilities. 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.

3. PROPERTY, PLANT AND EQUIPMENT

| | Cost | Accumulated amortization | 2012 Net book value |
|--|--------------|--------------------------|------------------------|
| <u>Purchased equipment:</u> | | | |
| Training simulator | \$ 638,885 | \$ 421,402 | \$ 217,483 |
| Computer and office equipment | 170,231 | 150,628 | 19,603 |
| Boating safety promotion equipment | 161,977 | 150,640 | 11,337 |
| Automotive equipment | 73,081 | 59,646 | 13,435 |
| Vessels - purchased | 332,051 | 140,155 | 191,896 |
| Training equipment | 31,505 | 28,355 | 3,150 |
| Design plans | 83,296 | - | 83,296 |
| Online training software under development | 117,930 | - | 117,930 |
| <u>Contributed equipment:</u> | | | |
| Vessels contributed | 57,000 | 55,000 | 2,000 |
| | \$ 1,665,956 | \$ 1,005,826 | \$ 660,130 |

ROYAL CANADIAN MARINE SEARCH AND RESCUE
Notes to Financial Statements
Year Ended March 31, 2012

3. PROPERTY, PLANT AND EQUIPMENT (continued)

| | Cost | Accumulated amortization | 2011 Net book value |
|------------------------------------|--------------|-----------------------------|---------------------------|
| <u>Purchased equipment:</u> | | | |
| Training simulator | \$ 638,885 | \$ 293,625 | \$ 345,260 |
| Computer and office equipment | 164,818 | 143,387 | 21,431 |
| Boating safety promotion equipment | 161,977 | 145,782 | 16,195 |
| Automotive equipment | 71,727 | 54,468 | 17,259 |
| Vessels - purchased | 274,079 | 94,559 | 179,520 |
| Training equipment | 31,505 | 22,054 | 9,451 |
| Design plans | 47,289 | - | 47,289 |
| <u>Contributed equipment:</u> | | | |
| Vessels contributed | 57,000 | 55,000 | 2,000 |
| | \$ 1,447,280 | \$ 808,875 | \$ 638,405 |

4. DEFERRED CONTRIBUTIONS

| | 2012 | 2011 |
|---|----------|------|
| SAR NIF online training software program - unspent funding received | \$ 8,614 | \$ - |

ROYAL CANADIAN MARINE SEARCH AND RESCUE

Notes to Financial Statements

Year Ended March 31, 2012

5. INTER-FUND TRANSFERS

| | 2012 | 2011 |
|--|-----------|-----------|
| Transfers for the purchase of property, plant and equipment: | | |
| Coast Guard Fund to Capital Fund | \$ 5,413 | \$ 6,734 |
| Gaming Fund to Capital Fund | 43,174 | 182,576 |
| General Fund to Capital Fund | 50,017 | 21,243 |
| Transfers to cover net shortfall in operating grants: | | |
| General Fund to Coast Guard Fund | \$ 1,064 | \$ - |
| Transfer for training costs | | |
| Coast Guard Fund to General Fund | \$ 15,309 | \$ 15,291 |
| Capital Fund to General Fund | \$ - | \$ 27,000 |
| Transfer of proceeds on sale of assets | \$ - | \$ 27,000 |
| Capital Fund to General Fund | \$ - | \$ 27,000 |

6. INTERNALLY RESTRICTED NET ASSETS

During prior years, the Society received funds totaling \$137,250 from supporting societies. The Board internally restricted these funds for the purpose of running training programs for units. Of that amount, \$37,526 was spent in prior years, leaving a balance of \$99,724 as internally restricted net assets.

7. COMMITMENTS

The Society is committed contractually for future monthly payments under a support agreement for the software used by the training simulator. Payments at \$8,500 per annum will commence in the later of 2012 and when the project completes the development and testing phase. The cost is funded from the Gaming Fund.

ROYAL CANADIAN MARINE SEARCH AND RESCUE
Notes to Financial Statements
Year Ended March 31, 2012

7. COMMITMENTS *(continued)*

During the year, the Society commenced development of an online training system, funded by the Federal SAR NIF program. In connection with this, the Society has entered into a contract to purchase services from a software development firm. The total amount of the contract is \$225,000, of which \$71,219 had been incurred by March 31, 2012.

The Society has commitments under a vehicle lease. Monthly payments are \$719, expiring June, 2012.

8. ECONOMIC DEPENDENCE

The Society receives approximately two thirds of its operating funds from the Department of Fisheries and Oceans. In addition, the Department funds insurance coverage (other than deductibles on claims) for authorized operational activities. Up until the current year, the Department also provided office space and storage free of charge. Subsequent to the yearend, the Society will be moving its premises to newly acquired property (note 10).

The Society is dependent on its ability to continue to find funding sufficient to meet future long term debt obligations (note 10).

9. RELATED PARTY TRANSACTIONS

As mentioned in Note 1, certain independent societies provide financial support for the Society's operations and construct vessels for use in Search and Rescue operations. From time to time the Society provides administrative assistance to these societies for fund-raising, and makes available for a fee, the Society's plans for the construction of vessels. The fees for these plans are recorded at the negotiated exchange price between the entities.

While these societies operate at arms-length from and are not controlled by the Society, some of the directors of the Society may also be a director in one of the independent societies.

10. SUBSEQUENT EVENT

Subsequent to the yearend, the Society purchased real property, located in East Sooke, B.C., for the purpose of maintaining its offices and training facilities. The purchase price was \$2,200,000. The completion date for the transaction was July 31, 2012.

The sale was financed by a mortgage in the amount of \$1,600,000 from Coast Capital Savings Credit Union and a donation of \$600,000 by the vendor. The mortgage is for a five-year term at 3.49%, amortized over 25 years.

The Royal Canadian Marine Search and Rescue Board of Governors and Management Team is comprised of volunteers from throughout the Pacific Region.

BOARD OF GOVERNORS

| | |
|--|--|
| President Randy Strandt, North Vancouver | Northern Area Representative Duncan Peacock, Kitimat |
| Vice President Jim Lee, Parksville | Society Representative Brian De Clare, Victoria |
| Secretary/Treasurer Greg Miller, Richmond | Community Representative Reg Marrinier, Vancouver |
| Executive Officer, (Ex-Officio) Stan Warlow, Victoria | Community Representative Bill Bullis, Victoria |
| Past President Bruce Falkins, West Vancouver | Community Representative Timothy Kendrick, Richmond |
| Southern Area Representative Hans Verbeek, Delta | Coast Guard Representative (Ex-Officio) Susan Steele, Vancouver |
| Central Area Representative Frank Hudson, Victoria | |

MANAGEMENT TEAM

| | |
|--|--|
| Training Dan Robinson, Ladysmith | Vessel & Equipment Standards Paul Mottershead, Nanaimo |
| Director of Training Cheryl Caldwell | Finance Officer Monica Maxwell, Victoria Laura Davis, Victoria |
| Marketing & Promotions Steve Jackson, Errington | Operations Assistant Katie Thornton |
| SAR Prevention Ron Drewry, Squamish | Special Projects Officer Preet Grewal |
| SAR/Operations Rob Grant, Delta | |
| Human Resources Rick Gonder, Victoria | |



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**ROYAL CANADIAN MARINE
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