

Consolidated Financial Statements
(Expressed in thousands of dollars)

OCEAN WISE CONSERVATION ASSOCIATION

And Independent Auditor's Report thereon

Year ended December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ocean Wise Conservation Association

Report on the Audit of Financial Statements

Opinion

We have audited the consolidated financial statements of Ocean Wise Conservation Association (the "Association"), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Association as at December 31, 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by the Association in preparing and presenting the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

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

Chartered Professional Accountants

Vancouver, Canada
April 27, 2023

OCEAN WISE CONSERVATION ASSOCIATION

Consolidated Statement of Financial Position
(Expressed in thousands of dollars)

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents (note 1(b))	\$ 9,039	\$ 17,512
Investments (note 2)	39,689	37,050
Accounts receivable (note 9)	1,430	1,577
Prepaid expenses and other	228	182
	50,386	56,321
Investment in Avanqua (note 3)	1,173	1,173
Capital assets (note 4)	608	126
	\$ 52,167	\$ 57,620
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 2,494	\$ 2,647
Deferred contributions (notes 6 and 14)	4,657	5,671
	7,151	8,318
Net assets:		
Unrestricted	7,130	5,194
Internally restricted	37,762	44,108
Endowment (note 14)	124	-
	45,016	49,302
Economic dependence (note 10)		
Commitments (note 16)		
Subsequent event (note 19)		
	\$ 52,167	\$ 57,620

See accompanying notes to these consolidated financial statements.

Approved on behalf of the Board:

 Director

Keith Spencer Director

OCEAN WISE CONSERVATION ASSOCIATION

Consolidated Statement of Operations
(Expressed in thousands of dollars)

December 31, 2022, with comparative information for 2021

	Year ended December 31, 2022	Period from December 28, 2020 to December 31, 2021
Revenues:		
Programs	\$ 483	\$ 688
Grants and donations (notes 9 and 10)	11,936	11,245
Interest and sundry (note 3)	2,510	1,696
	14,929	13,629
Expenses:		
Conservation	10,154	9,777
Marketing and external relations	1,091	1,252
General administration (note 11)	4,849	1,758
Amortization of capital assets	76	71
	16,170	12,858
Excess (deficiency) of revenue over expenses before undernoted	(1,241)	771
Unrealized loss on investments	(3,169)	(720)
Deficiency of revenue over expenses from discontinued operations (note 15)	-	(5,346)
Deficiency of revenue over expenses	\$ (4,410)	\$ (5,295)

See accompanying notes to these consolidated financial statements.

OCEAN WISE CONSERVATION ASSOCIATION

Consolidated Statement of Changes in Net Assets
(Expressed in thousands of dollars)

December 31, 2022, with comparative information for 2021

	Unrestricted	Internally restricted	Endowment	2022	2021
Balance, beginning of period	\$ 5,194	\$ 44,108	\$ -	\$ 49,302	\$ 54,597
Deficiency of revenue over expenses	(2,464)	(1,946)	-	(4,410)	(5,295)
Endowment contributions received (note 14)	-	-	124	124	-
Interfund transfers (note 7)	4,400	(4,400)	-	-	-
Balance, end of period	\$ 7,130	\$ 37,762	\$ 124	\$ 45,016	\$ 49,302

See accompanying notes to these consolidated financial statements.

OCEAN WISE CONSERVATION ASSOCIATION

Consolidated Statement of Cash Flows
(Expressed in thousands of dollars)

December 31, 2022, with comparative information for 2021

	Year ended December 31, 2022	Period from December 28, 2020 to December 31, 2021
Cash and cash equivalents provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (4,410)	\$ (5,295)
Items not involving cash:		
Amortization	76	71
Gain on disposition of assets held-for-sale (note 15)	-	(365)
Unrealized loss on investments	3,169	720
	(1,165)	(4,869)
Changes in non-cash operating working capital:		
Accounts receivable	147	6,453
Inventories	-	1,448
Prepaid expenses and other	(46)	312
Accounts payable and accrued liabilities	(153)	(1,976)
Deferred contributions	(1,014)	873
	(2,231)	2,241
Investments:		
Purchase of capital assets and assets held for sale	(558)	(707)
Proceeds on sale of assets held-for-sale	-	45,000
Purchase of investments, net of redemptions	(5,808)	(32,475)
	(6,366)	11,818
Financing:		
Endowment contributions	124	-
Repayment of loan payable	-	(6,000)
Deferred lease liability	-	(305)
	124	(6,305)
Increase (decrease) in cash and cash equivalents	(8,473)	7,754
Cash and cash equivalents, beginning of period	17,512	9,758
Cash and cash equivalents, end of period	\$ 9,039	\$ 17,512

See accompanying notes to these consolidated financial statements.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to the Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

Nature of operations:

The Ocean Wise Conservation Association (the "Association") was originally incorporated in 1951 and is registered under the Societies Act (British Columbia). The Association is a registered charity as defined under the Income Tax Act and is not subject to income taxes.

The Association is a private, self-supporting, non-profit society and registered charitable organization dedicated to affecting the conservation of aquatic life and habitats in British Columbia, and worldwide by exposing the maximum number of people possible to information about the aquatic world, by playing a major role in public education, by conducting scientific research, by developing and operating conservation programs, and by developing strategic working partnerships and programs with individuals, organizations and agencies with similar goals. The Association began operations in 1956 and is governed by a volunteer Board of Directors.

During the prior fiscal period ending December 31, 2021, the Association completed the sale of the aquarium operations and related assets which the Association had operated prior to the sale effective date of April 27, 2021 (note 15).

1. Significant accounting policies:

These consolidated financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook - Accounting, including the following significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements include the accounts of the Association and its wholly-owned subsidiaries: Ocean Wise Consulting Services Limited, Ocean Wise Management Limited, Vancouver Aquarium Nevada LLC and Ocean Wise Research Limited. All transactions and balances between the Association and its subsidiaries have been eliminated.

In 2021, the Association's year-end date was changed to the last day of the calendar year and in previous years, the Association's year-end date was the last Sunday closest to the calendar year-end.

Any resources which are internally restricted for future projects as approved by the board of directors are transferred from the unrestricted fund to the internally restricted fund. Releases from the internally restricted funds are approved through Board resolution.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with maturities at the date of acquisition of less than three months. As at December 31, 2022, the Association held a GIC deposit certificate ("GIC") of \$1,000, bearing interest at 5.15% per annum and maturing on February 28, 2023.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to the Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(c) Revenue recognition:

The Association follows the deferral method to recognize revenue. Unrestricted contributions are recognized as revenue in the period the amounts are received or receivable the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions received are deferred and recognized as revenue when the funds have been spent in accordance with the restrictions. Program revenues, primarily related to the Seafood program, are recognized as earned over the program period.

Unrestricted grants and donations are recognized only when the amount can be reasonably estimated and collectability can be reasonably assured, which for donations is predominately upon receipt.

Endowment funds consist of donations for which the donor specifies that the principal amount be invested in perpetuity. Interest and investment income earned on the principal portion of the endowments are externally restricted and deferred until disbursed in line with the donor restrictions. Funds will be recognized to income when disbursed in accordance with the terms of the endowment.

Revenue from its discontinued operations (note 15) of the aquarium including admissions and memberships, retail and programs were recognized when earned.

Program revenues are primarily related to the Seafood program and represent partner fees that are recognized as earned over the program period.

Interest and investment income are recognized when earned.

(d) Investment in Avanqua:

The Association holds 7.5% ownership interest in Avanqua Oceanogràfic-Àgora SL ("Avanqua") and accounts for its investment on a cost basis.

Investments accounted for under the cost basis are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected timing or amount of future cash flows from the investment. If there is a significant adverse change in the expected cash flows, the carrying amount of the investment is reduced to the higher of the present value of the expected cash flows and the amount that could be realized from selling the investment. When the extent of impairment of a previously written down investment decreases and the decrease can be related to an event occurring after the impairment was recognized, the impairment loss is reversed to the extent of the improvement. Management assessed there to be no impairment for the year ended December 31, 2022.

(e) Inventories:

In 2021, inventories were part of the sale of the aquarium operations (note 15); hence the Association no longer holds any inventories as at December 31, 2022.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to the Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(f) Capital assets:

Purchased capital assets are initially recorded at cost. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life or service potential of a capital asset are capitalized.

Capital assets are amortized on a straight-line basis over the useful lives of the assets as follows:

Asset	Term
Furniture and equipment	5 to 10 years
Website	5 years

Amortization of the website development costs capitalized will commence once development is completed and the website is available for productive use.

(g) Impairment of capital assets and capital assets under development:

The Association reviews, for impairment, the carrying value of capital assets to be held and used whenever events or changes in circumstances indicate that the asset provides reduced service potential to the Association. If such conditions exist, an impairment loss is measured at the amount by which the carrying amount of the net asset exceeds its fair value or replacement cost.

(h) Contributed services and materials:

A number of volunteers contribute their time to the Association each year. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

Contributed materials are recorded at fair value at the date of contribution where such fair value is determinable and the contributed materials would otherwise have been purchased.

(i) Foreign currency translation:

Monetary items denominated in a foreign currency and non-monetary items carried at market are adjusted at the statement of financial position date to reflect the exchange rate in effect at that date. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at average rates of exchange during the year. Exchange gains and losses are included in the determination of excess of revenue over expenses for the period.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to the Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(j) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association elected to carry its portfolio investments at fair value.

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

(k) Defined contribution pension plan:

The Association contributes to an employee's Group Registered Retirement Savings Plan. The Association's contributions, which are based on a percentage of individual employees' annual base compensation, are expensed as incurred.

(l) Use of estimates:

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Areas requiring the use of management estimates include the carrying value of the investment in Avanqua. Actual results could differ from those estimates.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to the Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

2. Investments:

Investments are comprised of GIC's and portfolio investments. The GIC's bear interest rates between at 5.27% and 5.42% per annum and have maturity dates between May 1, 2023 and June 28, 2023.

The Association manages its investments in accordance with investment policies and procedures as set by the Investment Committee. The portfolio investments, measured at market value, as at December 31, 2022 are held by RBC Global Asset Management - PH&N Institutional, the fund manager, in the following fund types:

	2022	2021
GIC deposit certificates, at amortized cost	\$ 4,000	\$ -
Portfolio investments, at fair value:		
BlueBay Global Monthly Income Bond Fund	\$ 3,629	\$ 3,649
PH&N Short Core Plus Bond Fund	24,544	25,027
PH&N Canadian Equity Pension Trust	910	1,094
RBC QUBE Low Volatility Canadian Equity Fund	923	1,123
RBC Global Equity Focus Fund	2,720	3,031
RBC QUBE Low Volatility Global Equity Fund	2,963	3,126
	35,689	37,050
	\$ 39,689	\$ 37,050

3. Investment in Avanqua:

In April 2015, the Association acquired a 30% interest for €900 (CAD\$1,216) in Avanqua Oceanogràfic SL ("Avanqua"), a for-profit entity, incorporated in Spain. Avanqua was awarded the contract to undertake the operation of certain facilities within the City of Arts and Sciences (Ciudad de las Artes y de las Ciencias) in Valencia, Spain. The facilities include the full operation of an aquarium, the Oceanogràfic, as well as, certain operations within other facilities in the City of Arts and Sciences. The contract for operations runs until July 31, 2030.

During the year ended December 31, 2021, equity interest was reduced from 30% to 7.5% and the sale of the aquarium operations included key consultants to Avanqua, therefore it was determined that the Association no longer exercises significant influence over Avanqua. This resulted in the application of the cost method of accounting for investment being applied effective beginning of fiscal 2021. The carrying value of the investment as of December 27, 2020 is deemed to be the cost.

	Euros €	CAD \$
Investment balance, December 31, 2021	€ 750	\$ 1,173
Investment balance, December 31, 2022	€ 750	\$ 1,173

OCEAN WISE CONSERVATION ASSOCIATION

Notes to the Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

3. Investment in Avanqua (continued):

dividend was declared on November 15, 2022 in the amount of €0.0025 per share. The Association received the dividend valued at USD\$342 or CAD\$468 on December 16, 2022 and it was recognized in interest and sundry revenue on the statement of operations.

4. Capital assets:

			December 31, 2022	December 31, 2021
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	638	390	248	126
Website under development	360	-	360	-
	\$ 998	\$ 390	\$ 608	\$ 126

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$81 (2021 - \$77), which includes amounts payable for GST and PST, payroll related taxes and BC Employer Health Tax.

6. Deferred contributions:

	Grants	Other	Total
Balance, December 27, 2020	\$ 4,160	\$ 638	\$ 4,798
Funds received	10,895	341	11,236
Amounts recognized into revenue	(9,384)	(979)	(10,363)
Balance, December 31, 2021	5,671	-	5,671
Funds received	7,505	60	7,565
Amounts recognized into revenue	(8,579)	-	(8,579)
Balance, December 31, 2022	\$ 4,597	\$ 60	\$ 4,657

Deferred contributions consists of grants and deferred endowment investment income (note 14) received that are restricted for specific programs.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to the Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

7. Interfund transfers:

During the year, \$4,400 was transferred from the Internally restricted fund to the Unrestricted fund to support conservation programs and investments in essential infrastructure for the Association. Internally restricted funds are restricted for future upgrades to infrastructure, including development and implementation of new digital and fundraising strategies, platform and software upgrades, and investments in staff to be able to deliver on organizational goals. These funds are released through Board approval.

8. Employee future benefits:

The Association contributes up to 6.0% of regular earnings to an employees' Group Registered Retirement Savings Plan. Employer contributions in the period ending December 31, 2022 were \$181 (2021 - \$257).

9. Government assistance:

During the fiscal year, the Association received the following government assistance recorded as part of grants and donations revenue in the statement of operations:

Period ended	2022	2021
Canada Emergency Wage Subsidy	\$ -	\$ 2,598
Hardest Hit Business Recovery Program	651	-
	651	2,598
Less: assistance related to discontinued operations (note 13)	-	828
	\$ 651	\$ 1,770

Included in accounts receivable on the statement of financial position as at December 31, 2022 is nil (2021 - \$305) related to government assistance funding claimed but not yet received.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to the Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

10. Economic dependence:

The Association is economically dependent upon funding from the federal government of Canada. During 2022, 70% of grants and donations (2021 – 75%) and 56% of total revenues (2021 – 62%) is comprised of funding from various federal government departments and agencies. Federal government funding recognized in grants and donations revenue in the fiscal year consist of the following:

Period ended	2022	2021
Employment and Social Development Canada	\$ 4,739	\$ 5,019
Environment and Climate Change Canada	1,276	578
Fisheries and Oceans Canada	1,194	715
Canada Revenue Agency	651	1,791
Other	450	343
	\$ 8,310	\$ 8,446

11. Strategic and one-time transitional costs:

During 2022 the Association incurred one-time transitional costs as well as costs related to rebuilding the support infrastructure that was transferred with the aquarium asset (note 15). In addition, the Association incurred costs related to investments in strategic initiatives.

After the sale of the aquarium, the Association incurred one-time transitional costs while rebuilding its support infrastructure that included the full finance function, investment in a new HR system, and a new head office location. In 2022 one-time transitional costs totalled \$583. For comparative purposes, in 2021 a one-time allocation of \$1,148 of general administration expenses was recorded to discontinued operations related to support infrastructure that was included with the aquarium asset.

In December 2021 the board approved two major strategic initiatives over the next four years, digital strategy and development infrastructure, in order to position the Association for future growth and impact. In 2022 costs incurred as part of these strategic initiatives amounted to \$742.

12. Remuneration of employees, contractors and directors:

During the period ended December 31, 2022, the Association paid total remuneration of \$2,839 to 21 remunerated employees and contractors for services, each of whom received total annual remuneration of \$75 or greater.

The Association did not pay any remuneration to any members of the Board of Directors during the year.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to the Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

13. Funds held at Vancouver Foundation:

The Association is the beneficiary of certain funds held in perpetuity by the Vancouver Foundation. Income received during the period ended December 31, 2022 was \$59 (2021 - \$48) and is recorded in interest and sundry revenue in the statement of operations.

As at December 31, 2022, the funds had a total market value of \$1,236 (2021 - \$1,399) and cost of \$755 (2021 - \$755). The Association has no access to the capital of these funds and, accordingly, the funds are not reflected in these consolidated financial statements.

14. Ocean Wise Conservation Foundation:

The Ocean Wise Conservation Foundation (the "Foundation") previously operated under common management with the Association for the purpose of funding to charitable organizations including the Association. During 2022 the Foundation's board made a decision to no longer support the Association. Effective June 6, 2022 an agreement was reached whereby the Foundation would become administratively independent from the Association and both parties agreed on mutual release from one another. The endowment funds previously held at the Foundation were divided between the Foundation and the Association, with the Association receiving two endowments totalling \$184. Of this amount \$124 is the principal portion of the endowments which has been recorded as direct increase in net assets, and \$60 is the income earned to date for distribution that is subject to external restrictions imposed by the donors which has been recorded as part of deferred contributions. The Foundation was subsequently renamed Whistler Lakes Conservation Foundation.

15. Discontinued operations:

During fiscal 2020, as a result of the impact of the pandemic on aquarium operations, the Association adopted a formal plan to dispose of the business operations and related assets of the aquarium. On April 27 2021, the Association completed its sale of the aquarium business operations and related assets.

Accordingly, the operating results of the aquarium were classified as discontinued operations for the 2021 fiscal year.

16. Commitments:

The Association is committed to minimum annual payments under an operating lease for office space, as follows:

2023	\$	220
2024		220
2025		220
2026		110
	\$	770

OCEAN WISE CONSERVATION ASSOCIATION

Notes to the Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

17. Credit facilities:

The Association has a revolving demand facility to assist in general operations. This facility can be drawn on up to maximum of \$1,000. The facility bears interest at prime rate plus 0.40%. Security for the borrowings includes a signed general security agreement constituting a first ranking security interest in all personal property held by the Association. As at December 31, 2022 the outstanding balance on the credit facility was nil (2021 - nil).

18. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk arising from its accounts receivable and cash and cash equivalents. Management monitors the collectability of its receivables and makes allowance provisions as required. Cash and cash equivalents are held with Canadian Chartered banks where credit risk is considered low.

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Association has investments in pooled funds which are subject to risks arising to changes in market conditions. The Association manages this risk through a Board approved investment policy.

(d) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed-rate instruments are subject to fair value risk while floating rate instruments are subject to cash flow risk. The Association's fixed rate GICs (note 1(b) and note 2) are subject to fair value risk.

(e) Currency risk:

The Association is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Association makes purchases denominated in U.S. dollars and has corresponding accounts payable of USD\$38 (CAD\$52) outstanding as at December 31, 2022 (2021 - USD\$98 (CAD\$110)). The Association also holds investments in Global Equity funds which are invested in various foreign currency denominated securities, with heavier weighting in US dollars.

The Association does not currently enter into forward contracts to mitigate currency risks.

There has been no significant change to the risk exposures from 2021.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to the Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2022

19. Subsequent events:

Subsequent to year end the Association incorporated a new subsidiary called Fundacion Ocean Wise Chile (the "Fundacion"), a foundation in Chile. The purpose of the Fundacion is an extension of the Association's mission, to empower communities and individuals to take action to protect and restore our world's oceans. The date of incorporation is January 13, 2023 and to date, the Fundacion is not yet active.

20. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.