

Consolidated Financial Statements
(Expressed in thousands of dollars)

OCEAN WISE CONSERVATION ASSOCIATION

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone 604-691-3000
Fax 604-691-3031

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, 2023
- 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, 2023, 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.



Emphasis of Matter – Comparative Information

We draw attention to Note 12 to the financial statements (“Note 12”), which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 12 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022.

In our opinion, such adjustments are appropriate and have been properly applied.

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, after giving retrospective effect to the change in accounting policy as explained in Note 12 to the financial statements, 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. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Vancouver, Canada
April 25, 2024

OCEAN WISE CONSERVATION ASSOCIATION

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

December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 12)
Assets		
Current assets:		
Cash and cash equivalents (note 2(b))	\$ 6,764	\$ 9,039
Investments (note 2 (a))	38,183	39,689
Accounts receivable (note 9)	1,364	1,430
Prepaid expenses and other	817	228
	47,128	50,386
Investment in Avanqua (note 3)	1,173	1,173
Tangible capital assets (note 4)	346	248
	\$ 48,647	\$ 51,807
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 2,701	\$ 2,494
Deferred contributions (notes 6 and 15)	3,485	4,657
	6,186	7,151
Net assets:		
Unrestricted	9,301	6,770
Internally restricted	33,036	37,762
Endowment (note 15)	124	124
	42,461	44,656
Economic dependence (note 10)		
Commitments (note 16)		
Subsequent events (note 19)		
	\$ 48,647	\$ 51,807

See accompanying notes to these consolidated financial statements.

Approved on behalf of the Board:



Ian Warner Director



Rod Campbell Director

OCEAN WISE CONSERVATION ASSOCIATION

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 12)
Revenues:		
Programs	\$ 442	\$ 483
Grants and donations (notes 9 and 10)	13,445	11,936
Investment income and sundry (note 2(c) and 3)	2,683	2,510
	16,570	14,929
Expenses:		
Conservation	5,617	4,146
Youth and education	6,311	6,008
Communications and development	1,520	1,091
General administration	4,642	4,646
Digital strategy (notes 11)	1,664	563
Amortization of tangible capital assets	67	76
	19,821	16,530
Deficiency of revenue over expenses before undernoted	(3,251)	(1,601)
Unrealized gain (loss) on investments	1,056	(3,169)
Deficiency of revenue over expenses	\$ (2,195)	\$ (4,770)

See accompanying notes to these consolidated financial statements.

OCEAN WISE CONSERVATION ASSOCIATION

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

Year ended December 31, 2023, with comparative information for 2022

	Unrestricted	Internally restricted	Endowment	2023	2022 (Restated - note 12)
Balance, beginning of year	\$ 6,770	\$ 37,762	\$ 124	\$ 44,656	\$ 49,302
Deficiency of revenue over expenses	(3,251)	1,056	-	(2,195)	(4,770)
Endowment contributions received (note 15)	-	-	-	-	124
Interfund transfers (note 7)	5,782	(5,782)	-	-	-
Balance, end of year	\$ 9,301	\$ 33,036	\$ 124	\$ 42,461	\$ 44,656

See accompanying notes to these consolidated financial statements.

OCEAN WISE CONSERVATION ASSOCIATION

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

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 12)
Cash and cash equivalents provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (2,195)	\$ (4,770)
Items not involving cash:		
Amortization	67	76
Unrealized (gain) loss on investments	(1,056)	3,169
	(3,184)	(1,525)
Changes in non-cash operating working capital:		
Accounts receivable	66	147
Prepaid expenses and other	(589)	(46)
Accounts payable and accrued liabilities	207	(153)
Deferred contributions	(1,172)	(1,014)
	(4,672)	(2,591)
Investments:		
Purchase of capital assets	(165)	(198)
Net redemption (purchase) of investments	2,562	(5,808)
	2,397	(6,006)
Financing:		
Endowment contributions	-	124
Decrease in cash and cash equivalents	(2,275)	(8,473)
Cash and cash equivalents, beginning of year	9,039	17,512
Cash and cash equivalents, end of year	\$ 6,764	\$ 9,039

See accompanying notes to these consolidated financial statements.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2023

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 is governed by a volunteer Board of Directors.

During the 2023 fiscal year, 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.

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: Fundacion Ocean Wise Chile; 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.

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.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2023

1. Significant accounting policies (continued):

(c) Revenue recognition:

The Association follows the deferral method of accounting for contributions. Restricted non-endowment contributions received are deferred and recognized as revenue when the funds have been spent in accordance with the restrictions.

Unrestricted grants and donations are recognized only when the amounts are received or receivable if 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 and are recognized directly in net assets. 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.

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, 2023.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2023

1. Significant accounting policies (continued):

(e) Tangible capital assets:

Purchased tangible 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.

Tangible 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

(f) Impairment of tangible capital assets:

The Association reviews, for impairment, the carrying value of tangible 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.

(g) 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.

(h) 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 (deficiency) of revenue over expenses for the period.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2023

1. Significant accounting policies (continued):

(i) 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.

(j) 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.

(k) 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 valuation of the investment in Avanqua. Actual results could differ from those estimates.

2. Investments and cash and cash equivalents:

(a) Investments:

Investments are comprised of portfolio investments and Guaranteed Investment Certificates ("GIC") with maturity dates greater than 90-days from the acquisition date. All GICs held at December 31, 2023 are maturing within 90-days from the acquisition date and therefore, have been classified as cash and cash equivalents.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2023

2. Investments and cash and cash equivalents (continued):

(a) Investments (continued):

The Association manages its investments in accordance with investment policy and procedures as set by the Investment Committee. The portfolio investments, measured at fair value, as at December 31, 2023 are held by RBC Global Asset Management - PH&N Institutional, the fund manager, in the following fund types:

	2023	2022
GIC deposit certificates, at amortized cost	\$ -	\$ 4,000
Portfolio investments, at fair value:		
BlueBay Global Monthly Income Bond Fund	\$ 3,927	\$ 3,629
PH&N Short Core Plus Bond Fund	26,568	24,544
PH&N Canadian Equity Pension Trust	993	910
RBC QUBE Low Volatility Canadian Equity Fund	976	923
RBC Global Equity Focus Fund	2,884	2,720
RBC QUBE Low Volatility Global Equity Fund	2,835	2,963
	38,183	35,689
	\$ 38,183	\$ 39,689

(b) Cash and cash equivalents:

Cash and cash equivalents include two GICs, one for CAD\$1,500 bearing interest at 5.46% per annum and maturing on January 8, 2024, and the other for USD\$800 (CAD\$1,058) bearing interest at 5.80% per annum and maturing on January 12, 2024. As at December 31, 2022, the Association held a GIC of \$1,000, bearing interest at 5.15% per annum and maturing on February 28, 2023.

(c) Investment income:

The Association earns investment income on its investments, GICs and cash deposits as follows:

Year ended	2023	2022
Interest earned on cash deposits and GICs	\$ 550	\$ 160
Dividend income	178	170
Interest income	1,184	919
Capital gains distribution	138	133
	\$ 2,050	\$ 1,382

OCEAN WISE CONSERVATION ASSOCIATION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2023

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 an aquarium, the Oceanogràfic, and certain other facilities within the City of Arts and Sciences (Ciudad de las Artes y de las Ciencias) in Valencia, Spain. The contract for operations runs until July 31, 2030.

During the year ended December 31, 2021, the equity interest in Avanqua was reduced to 7.5% and the Association no longer exercises significant influence, therefore the investment is now measured at cost. As at December 31, 2023 the carrying value of the investment is €750 (CAD\$1,173) (2022 - €750 (CAD\$1,173)).

Included in investment income and sundry revenue on the consolidated statement of operations is nil (2022 - USD\$342 (CAD\$468)) for dividends received from Avanqua.

4. Tangible capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
				(Restated - note 12)
Furniture and equipment	\$ 804	\$ 458	\$ 346	248

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$113 (2022 - \$88), which includes amounts payable for PST, payroll related taxes and British Columbia Employer Health Tax.

6. Deferred contributions:

	Grants	Other	Total
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
Funds received	8,293	31	8,324
Amounts recognized into revenue	(9,496)	-	(9,496)
Balance, December 31, 2023	\$ 3,394	\$ 91	\$ 3,485

OCEAN WISE CONSERVATION ASSOCIATION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2023

6. Deferred contributions (continued):

Deferred contributions consist of grants and deferred endowment investment income (note 15) received that are restricted for specific programs.

7. Interfund transfers:

During the year, \$5,782 (2022 - \$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 year ending December 31, 2023 were \$215 (2022 - \$181).

9. Government assistance:

During the fiscal year, the Association received nil (2022 - \$651) government assistance from the Hardest Hit Business Recovery Program that is recorded as part of grants and donations revenue in the consolidated statement of operations.

10. Economic dependence:

The Association is economically dependent upon funding from the federal government of Canada. During 2023, 61% of grants and donations (2022 - 70%) and 50% of total revenues (2022 - 56%) 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:

Year ended	2023	2022
Employment and Social Development Canada	\$ 4,447	\$ 4,739
Fisheries and Oceans Canada	1,651	1,194
Environment and Climate Change Canada	1,439	1,276
Canada Revenue Agency	-	651
Other	694	450
	<u>\$ 8,231</u>	<u>\$ 8,310</u>

OCEAN WISE CONSERVATION ASSOCIATION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2023

11. Digital strategy:

In December 2021, the Board approved a major multi-year strategic initiative for digital strategy in order to position the Association for future growth and impact. Costs related to this project include preparation of a comprehensive digital strategy that was completed in 2022 and subsequently include implementation activities related to development of a customer-facing engagement portal and a customized Salesforce customer resource management tool for internal use. These costs are considered to be an investment to improve the Association's administration support function with widespread impact to the organization's conservation programs. These costs are expensed as incurred.

12. Change in accounting policy:

AcG-20, Customer's accounting for cloud computing arrangements:

The Association has elected to early adopt the application of *AcG-20, Customer's accounting for cloud computing arrangements* that applies to financial statements relating to fiscal years beginning on or after January 1, 2024. Application of this guideline has been made to the Association's cloud computing arrangement that is part of its digital upgrades and the Salesforce integration project that was started in the previous fiscal year. The Association has chosen to adopt the simplification approach and will expense costs as they are incurred.

The Association has adopted the new accounting guideline retrospectively, which results in the restatement of the comparative information as at and for the year ended December 31, 2022 as follows:

	As previously stated	Adjustment	As restated
Consolidated Statement of Financial Position:			
Capital assets	\$ 608	\$ (360)	\$ 248
Unrestricted net assets	7,130	(360)	6,770
Total assets	52,167	(360)	51,807
Total net assets	45,016	(360)	44,656
Consolidated Statement of Operations:			
General administration	4,849	(203)	4,646
Digital strategy expenses	-	563	563
Deficiency of revenue over expenses	(4,410)	(360)	(4,770)
Consolidated Statement of Changes in Net Assets			
Deficiency of revenue over expenses	(4,410)	(360)	(4,770)
Net asset balance, end of year	45,016	(360)	44,656
Consolidated Statement of Cash Flows:			
Deficiency of revenue over expenses	(4,410)	(360)	(4,770)
Purchase of capital assets	(558)	360	(198)
Total cashflows from operations	(2,231)	(360)	(2,591)
Total cashflows from investments	(6,366)	360	(6,006)

OCEAN WISE CONSERVATION ASSOCIATION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2023

12. Change in accounting policy (continued):

During the year ended December 31, 2023, the Association incurred \$1,163 (2022 - \$360) in implementation costs related to its cloud computing arrangement project and an additional \$21 in subscription costs, which were recorded in Digital strategy expenses on the consolidated statement of operations.

13. Remuneration of employees, contractors and directors:

During the year ended December 31, 2023, the Association paid total remuneration of \$4,378 (2022 - \$2,839) to 35 (2022 - 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.

14. Funds held at Vancouver Foundation:

The Association is the beneficiary of certain funds held in perpetuity by the Vancouver Foundation. Income received during the year ended December 31, 2023 was \$61 (2022 - \$59) and is recorded in interest and sundry revenue in the consolidated statement of operations.

As at December 31, 2023, the funds had a total market value of \$1,302 (2022 - \$1,236) and cost of \$755 (2022 - \$755). The Association has no access to the capital of these funds and, accordingly, the funds are not reflected in these consolidated financial statements.

15. Endowment funds:

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 initially receiving two endowments totaling \$184 in 2022. Of this amount \$124 was the principal portion of the endowments which has been recorded as direct increase in net assets, and \$60 was 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. An additional \$26 was received in 2023 that is also income earned to date on the principal portion and has been recorded to deferred contributions.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2023

16. Commitments:

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

2024	\$	220
2025		220
2026		110
	\$	550

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, 2023, the outstanding balance on the credit facility was nil (2022 - 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 and investments are held with Canadian Chartered banks and reputable fund managers 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.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2023

18. Financial risks (continued):

(d) Interest rate risk:

Interest rate risk is the risk that the fair value of 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 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 United States dollars and has corresponding accounts payable of USD\$73 (CAD\$97) outstanding as at December 31, 2023 (2022 - USD\$38 (CAD\$52)). 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 2022.

19. Subsequent events:

- (a) On December 7, 2023, the Association signed a fiscal sponsorship agreement with Entertainment Industry Foundation ("EIF"), a California public benefit organization located in the US, that goes into effect on January 1, 2024. The purpose of this agreement is to form a partnership with EIF to further the Association's charitable activities in the US. Fiscal sponsorship generally entails a nonprofit organization (the "fiscal sponsor") agreeing to provide administrative services and oversight and assume some or all of the legal and financial responsibility for the activities of groups or individuals engaged in work that relates to the fiscal sponsor's mission. In connection with this agreement, the Association also signed a master grant agreement that governs the terms of the start-up contribution provided to EIF in the amount of USD\$400 (CAD\$535) that was transferred on January 8, 2024.

EIF will provide financial and administrative services to the Association for the purpose of managing grant funding it may receive that will be used to establish various charitable projects as directed by the Association. An administrative fee of 9% will be charged to the Association on any funding received by EIF in relation to this project.

- (b) Subsequent to year end, a dividend was proposed by the Board of Directors of Avanqua on March 26, 2024 in the amount of €6,753. The Association's portion of the proposed dividend is valued at €506. This dividend distribution is subject to approval at a Member's meeting in June 2024.

OCEAN WISE CONSERVATION ASSOCIATION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2023

20. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year. In the current year two additional expense captions have been added to the consolidated statement of operations, Youth and education and Digital strategy. There was no impact on the deficiency of revenue over expenses or net assets as a result of this change.