Consolidated Financial Statements
(Expressed in thousands of dollars)

OCEAN WISE CONSERVATION ASSOCIATION

And Independent Auditors’ Report thereon

52-Week period ended December 27, 2020

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INDEPENDENT AUDITORS' REPORT

To the Members 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 27, 2020
- the consolidated statement of operations and changes in fund balances for the 52-week period then ended
- the consolidated statement of cash flows for the 52-week period 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 27, 2020, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
April 20, 2021

OCEAN WISE CONSERVATION ASSOCIATION

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

	Operating Fund	Capital Asset Fund	Reserve Fund	December 27, 2020	December 29, 2019
Assets					
Current assets:					
Cash	$ 4,787	$ 4,553	$ 418	$ 9,758	$ 11,949
Short-term investments (note 2)	223	-	5,072	5,295	5,332
Amounts receivable (note 10)	8,030	-	-	8,030	1,543
Inventories	1,448	-	-	1,448	1,515
Prepaid expenses and other	494	-	-	494	704
Assets held-for-sale (note 15)	-	44,000	-	44,000	-
	14,982	48,553	5,490	69,025	21,043
Equity investment (note 3)	-	-	1,173	1,173	4,915
Capital assets (note 4)	-	125	-	125	56,526
	$ 14,982	$ 48,678	$ 6,663	$ 70,323	$ 82,484
Liabilities and Fund Balances					
Current liabilities:					
Accounts payable and accrued liabilities (note 5)	$ 3,822	$ 801	$ -	$ 4,623	$ 4,111
Deferred revenue (note 6)	4,798	-	-	4,798	3,751
Deferred lease liability (note 8)	305	-	-	305	-
Loan payable (note 7)	-	6,000	-	6,000	6,300
	8,925	6,801		15,726	14,162
Deferred lease liability (note 8)	-	-	-	-	102
Fund balances:					
Unrestricted	6,057	-	-	6,057	-
Internally restricted	-	3,877	6,663	10,540	17,099
Externally restricted	-	-	-	-	895
Invested in capital assets	-	38,000	-	38,000	50,226
	6,057	41,877	6,663	54,597	68,220
Commitments (notes 8 and 16)					
Discontinued operations and subsequent event (note 15)					
	$ 14,982	$ 48,678	$ 6,663	$ 70,323	$ 82,484

See accompanying notes to these consolidated financial statements.

Approved on behalf of the Board:

____________________ Director ____________________ Director

OCEAN WISE CONSERVATION ASSOCIATION

Consolidated Statement of Operations and Changes in Fund Balances
(Expressed in thousands of dollars)

	Operating Fund	Restricted Project Fund	Capital Asset Fund	Reserve Fund	52-week period ended December 27, 2020	52-week period ended December 29, 2019
Revenues:						
Programs	$ 490	$ -	$ -	$ -	$ 490	$ 540
Grants and donations (note 10)	9,404	-	2,776	-	12,180	6,926
Interest and sundry	1,120	-	-	365	1,485	2,042
Equity income (loss) from investment in Avanqua (note 3)	-	-	-	(687)	(687)	2,562
	11,014		2,776	(322)	13,468	12,070
Expenses:						
Research, conservation and education	8,526	-	-	-	8,526	6,899
Marketing and external relations	1,595	-	-	-	1,595	2,717
General administration	4,773	-	-	-	4,773	5,518
Amortization of capital assets	-	-	71		71	69
	14,894	-	71	-	14,965	15,203
Excess (deficiency) of revenue over expenses from continuing operations	(3,880)	-	2,705	(322)	(1,497)	(3,133)
Write-down of carrying value of investment in Avanqua (note 3)	-	-	-	(3,384)	(3,384)	-
Excess (deficiency) of revenue over expenses from discontinued operations (note 15)	6,885	-	(15,627)	-	(8,742)	5,668
Excess (deficiency) of revenues over expenses	3,005	-	(12,922)	(3,706)	(13,623)	2,535
Interfund transfers (note 11)	3,052	(895)	2,843	(5,000)	-	-
Fund balances, beginning of period	-	895	51,956	15,369	68,220	65,685
Fund balances, end of period	$ 6,057	$ -	$ 41,877	$ 6,663	$ 54,597	$ 68,220

See accompanying notes to these consolidated financial statements.

OCEAN WISE CONSERVATION ASSOCIATION

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

	52-week period ended December 27, 2020	52-week period ended December 29 2019
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	$ (13,623)	$ 2,535
Items not involving cash:		
Amortization	3,202	3,878
Loss on capital asset disposition	71	-
Impairment of assets held for sale (note 15)	10,472	-
Write-down of equity investment	3,384	-
Equity income from investment in Avanqua	687	(2,562)
Foreign exchange loss on revaluation of equity investment	(329)	304
	3,864	4,155
Changes in non-cash operating working capital:		
Amounts receivable	(6,487)	(20)
Inventories	67	(8)
Prepaid expenses and other	210	98
Accounts payable and accrued liabilities	512	67
Deferred revenue	1,047	202
	(787)	4,494
Investments:		
Dividends received on equity investment	-	1,734
Purchase of capital assets	(1,344)	(1,540)
Purchase of short-term investments	37	(12)
	(1,307)	182
Financing:		
Repayment of loans payable	(300)	(900)
Deferred lease liability	203	102
	(97)	(798)
Increase (decrease) in cash	(2,191)	3,878
Cash, beginning of period	11,949	8,071
Cash, end of period	$ 9,758	$ 11,949

See accompanying notes to these consolidated financial statements.

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, around the Pacific Rim, 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; and to finance capital improvements and operations of the Association's aquarium facility as required to fulfil the purposes therein. The Association began operations in 1956 and is governed by a volunteer Board of Directors.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the Work Health Organization and has had a significant financial, market and social dislocating impact. As a result, the Association's aquarium operations were significantly impacted including a closure of its facility to the public due to health restriction orders between March 17 and June 25, 2020 and experienced continued reduction in earned revenues from the aquarium operations upon reopening on June 26, 2020. This resulted in continued decreases in cash flow to support on-going operations. The Association responded by reducing expenses while maintaining safety measures in accordance with provincial health standards and put a call out for public and government assistance. While relief funds were received from multiple sources, with the continued negative cashflow impact from keeping the aquarium facility opened under the health restrictions, the Association decided to close the facility to the public as of September 8, 2020. Given the length of the health restrictions, significant capital repairs required to maintain the facility and the limited relief funds currently available, aquarium operations future viability was uncertain. As a result, the Board made a decision to put the assets related to the aquarium facility up for sale in order to ensure the future viability of the aquarium and continue to expand the conservation operations of the Association (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, 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: Vancouver Aquarium Consulting Services Limited, Vancouver Aquarium Management Limited, Vancouver Aquarium Nevada LLC and Vancouver Aquarium Research Limited. All transactions and balances between the Association and its subsidiaries have been eliminated.

1. Significant accounting policies (continued):

(a) Basis of presentation (continued):

The Vancouver Aquarium Conservation Foundation (the "Foundation") operates under common management as the Association. These consolidated financial statements do not include the accounts of the Foundation (note 14).

The Association's year-end date is the last Sunday closest to the calendar year-end. The inclusion of an extra week (from 52 to 53) will occasionally be added due to the Association's floating year-end date.

The resources and operations of the Association have been segregated for accounting purposes into the following funds:

(*i*) The Operating Fund accounts for the Association's operational and administrative activities, including those of its wholly owned subsidiaries.

(*ii*) The Restricted Project Fund accounts for those material projects that are funded strictly by restricted grants and donations. There were no amounts remaining in this fund as at the end of the current fiscal year.

(*iii*) The Capital Asset Fund accounts for the internally and externally restricted resources that are to be used for capital expenditures and related activities, as well as debt incurred to fund capital expenditures. Amounts internally restricted have been designated by the Board of Directors (the "Board") to support the Association's ongoing capital requirements.

(*iv*) The Reserve Fund accounts for amounts internally restricted by the Board for purposes of capital repairs and replacement, contingencies, insurance deductibles and other such expenditures as approved by the Board. The funds can be accessed only through Board resolution.

(b) Revenue recognition:

The Association follows the restricted fund method of accounting for contributions. The restricted funds are the restricted project and capital asset funds. Restricted contributions are recognized as revenue in the appropriate fund in the period the amounts are received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions received for which no specific restricted fund exists are deferred in the operating fund and recognized as revenue when the funds have been spent in accordance with the restrictions.

Unrestricted grants and donations are recognized only when collectability can be reasonably assured, which is predominantly upon receipt.

Revenue from admissions and memberships, retail and programs are recognized when earned. Any amounts received which are applicable to the following fiscal year are recorded as deferred revenue.

Interest income is recognized when earned within the fund that holds the underlying investment.

1. Significant accounting policies (continued):

(c) Investments subject to significant influence:

The Association applies the equity method as a basis of accounting for its investment in Avanqua Oceanogràfic-Ágora SL ("Avanqua") over which it exercises significant influence. Under the equity method, the Association records its investment initially at cost and the carrying amounts are adjusted thereafter to include the Association's pro rata share of post-acquisition earnings of the investee. The adjustments are included in the determination of excess of revenue over expenses by the Association, and the corresponding investment account is also adjusted accordingly. Dividend distributions received or receivable from the investee reduce the carrying amount of the investment. Unrealized intercompany gains or losses, if any, are eliminated.

Investments in entities subject to significant influence are assessed individually 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.

(d) Inventories:

Inventories consisting of gift shop merchandise and foods services items are valued at the lower of cost and net realizable value. Cost is generally determined on an average cost basis.

(e) Capital assets:

Purchased capital assets are 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
Buildings	30 years
Galleries	5 to 20 years
Furniture and equipment	5 to 10 years

Capital assets under development or construction are not amortized until the asset is available for productive use.

1. Significant accounting policies (continued):

(f) Impairment of capital assets:

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.

(g) Deferred lease liability:

Deferred lease liability includes amounts related to rent expense. Total rent payments over the term of the lease are recognized as rent expense on a straight-line basis over the term of the lease. The difference between the recognized rent expense and the rent payments paid is reflected on the statement of financial position as a part of deferred lease liability (note 9).

(h) Contributed services and materials:

A number of volunteers contribute a significant amount of 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.

For the investment in Avanqua, the financial statements of the foreign investee accounted for by the equity method are first translated from Euros into Canadian dollars using the current rate method whereby assets and liabilities are at the exchange rate at the balance sheet date and, revenue and expense are at the average rates of exchange in effect for the period; then the equity method is applied.

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 has not elected to carry any such financial instruments 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) 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 assets held for sale and the carrying value of the investment in Avanqua. Actual results could differ from those estimates.

(l) Assets held for sale:

Long-lived assets are classified as an asset held-for-sale at the point in time when the asset is available for immediate sale, management has committed to a plan to sell the asset and is actively locating a buyer for the asset at a sales price that is reasonable in relation to the current fair value of the asset, and the sale is probable and expected to be completed within a one-year period.

Assets to be disposed of are separately presented and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. Net operating results related to assets held-for-sale are presented as discontinued operations in the statement of operations.

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

2. Short-term investments:

Short-term investments are comprised of GIC deposit certificates that earn interest at 1.75%, maturing on March 2, 2021.

3. Equity investment:

(a) 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.

In December 2020, a resolution was passed to increase share capital of Avanqua by creating new shares. The Association responded that it will not participate in the additional shares and as a result, its equity interest was reduced from 30% to 7.5%. Given the reduction of the equity interest and the decreased expected future cashflows, a write down of €2,163 or $3,384 to the investment carrying value was recorded.

	Euros €	CAD $
Investment balance, December 30, 2018	€ 2,813	$ 4,391
Equity income for the period	1,725	2,562
Less: dividends issued	(1,174)	(1,734)
Foreign currency adjustment	-	(304)
Investment balance, December 29, 2019	3,364	4,915
Equity loss for the period	(451)	(687)
Less: dividends issued	-	-
Foreign currency adjustment		329
Write down of investment	(2,163)	(3,384)
Investment balance, December 27, 2020	€ 750	$ 1,173

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

4. Capital assets:

	Cost	Accumulated amortization	December 27, 2020 Net book value	December 29, 2019 Net book value
Buildings	$ 87,900	$ 40,461	$ 47,439	$ 48,475
Galleries	37,057	31,401	5,656	6,364
Furniture and equipment	19,171	17,669	1,502	1,687
	144,128	89,531	54,597	56,526
Less: assets classified as held-for-sale (note 15)	143,759	89,288	54,472	-
	$ 369	$ 243	$ 125	$ 56,526

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $267 December 29, 2019 - $211), which includes amounts payable for GST and PST, payroll related taxes and BC Employer Health Tax.

6. Deferred revenue:

	Grants	Other	Total
Balance, December 30, 2018	$ 2,877	$ 672	$ 3,549
Funds received	3,954	3,797	7,751
Amounts recognized into revenue	(3,883)	(3,666)	(7,549)
Balance, December 29, 2019	2,948	803	3,751
Funds received	7,705	7,948	15,653
Amounts recognized into revenue	(6,493)	(8,113)	(14,606)
Balance, December 27, 2020	$ 4,160	$ 638	$ 4,798

Deferred revenue consists of grants received that are restricted for specific programs and other amounts which consist of giftshop online sales, gift certificates, memberships and event deposits.

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

7. Loan payable:

The Association has a non-revolving demand instalment loan to assist in financing the Association's aquarium facility expansion and revitalization project. This facility bears interest at the bank's prime rate per annum, repayable in quarterly principal instalments of $300 over 10 year, with interest payable monthly in arrears. As at December 27, 2020, the Association has $6,000 borrowed and outstanding under this facility (December 29, 2019 - $6,300).

Due to the financial difficulty as a result of the COVID-19 pandemic, the Association received approval to postpone three quarterly payments in the period ending December 27, 2020. The repayment of the postponed payments are to be made prior to the end of the existing amortization term.

Assuming payment of the instalment loan is not demanded, principal payments required for the next five years have been revised and are due as follows:

2021	$ 1,200
2022	1,200
2022	1,200
2024	1,200
2025	1,200
	$ 6,000

The borrowing facility is collateralized by a General Security Agreement covering all presently owned or held and after acquired property.

For the period ending December 27, 2020, total interest expense incurred for the borrowing facilities was $164 (December 29, 2019 - $267) which is included in discontinued operations (note 15).

8. License agreement:

The Association's aquarium facility is situated at Stanley Park in the City of Vancouver (the "City") whereby certain of the facility's land and premises (the "Premises") are operated under a license agreement with the City's Board of Parks and Recreation (the "Park Board") and the Association is subject to the payment of certain fixed annual fees and additional variable license fees. During the current fiscal period, the Association entered into a revised license agreement with the Park Board granting the Association the right and license to use the Premises to operate the aquarium for 35-years from the agreement effective date of July 1, 2019 to June 30, 2054.

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

8. License agreement (continued):

The revised agreement modified certain of the terms from the 1999 original and subsequent 2009 and 2011 modification agreements and established the following scheduled annual fixed lease payment requirements over the 35-year term:

July 2019 - June 2024	$	nil
July 2024 - June 2029		175
July 2029 - June 2034		200
July 2034 - June 2039		225
July 2039 - June 2044		250
July 2044 - June 2049		275
July 2049 - June 2054		300

In addition, commencing July 1, 2024, the agreement requires payment of a variable license fee equal to 4% of gross revenue from retail food and beverage operations up to $2,500 and 6% of gross revenue from retail food and beverage over $2,500 each year, as defined in the license agreement.

During the current fiscal period ended December 27, 2020, the Association paid and expensed total fixed annual and variable license fees of $138 in accordance with the previous terms of agreement to June 30, 2019. In addition, $203 of deferred lease liability has been expensed related to the new lease costs arrangement in accordance with the accounting policy as described in note 1(g).

Refer to note 15 for the subsequent sale of the aquarium facility and impact on license agreement and related lease commitments.

9. Employee future benefits:

(a) Municipal Pension Plan:

The Association and its employees contribute to the Municipal Pension Plan (a jointly trusteed pension plan). The Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. The plan has about 213,000 active members and approximately 106,000 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a $2,866 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2021, with results available in 2022.

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

9. Employee future benefits (continued):

(a) Municipal Pension Plan (continued):

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The Association paid $39 to the Plan related to five employees for employer contributions during the period ending December 27, 2020 (December 29, 2019 - $38).

(b) Group Registered Retirement Savings Plan:

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 27, 2020 were $520 (December 29, 2019 - $479).

10. Government Assistance:

During the period ended December 27, 2020, the Association received a total of $23,956 in grants and donations of which $11,776 is reported as part of discontinued operations revenues (note 15). Included in this total are government assistance related to COVID-19 relief funds and an Infrastructure Canada grant related to the expansion and revitalization project completed in 2014 as follows:

Period ended December 27, 2020	Operating Fund	Capital Asset Fund
Canada Emergency Wage Subsidy	$ 6,334	$ -
Federal and Provincial COVID-related Relief Funds	3,805	-
Infrastructure Canada Grant for Expansion Project	-	2,732
	10,139	2,732
Less: assistance related to discontinued operations	7,725	-
	$ 2,414	$ 2,732

Included in amounts receivable on the statement of financial position are $5,805 related to the above government assistance funding claimed but not yet received as at December 27, 2021.

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

11. Interfund transfers:

Period ended December 27, 2020	Operating Fund	Capital Asset Fund	Reserve Fund
For Capital Asset Fund expenditures	$ (1,343)	$ 1,343	$ -
For Capital Asset Fund	(1,500)	1,500	-
For Reserve Fund	5,000	-	(5,000)
	$ 2,157	$ 2,843	$ (5,000)

Period ended December 29, 2019	Operating Fund	Capital Asset Fund	Reserve Fund
For Capital Asset Fund expenditures	$ (1,040)	$ 1,040	$ -
For Capital Asset Fund	(1,500)	1,500	-
For Reserve Fund	(1,879)	-	1,879
	$ (4,419)	$ 2,540	$ 1,879

12. Remuneration of employees, contractors and directors:

During the period ended December 27, 2020, the Association paid total remuneration of $6,080 (December 29, 2019 - $6,595) to 50 (2019 - 54) 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.

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, 2020 was $48 (December 29, 2019 - $47) and is recorded in interest and sundry revenue in the statement of operations.

As at December 31, 2020, the funds had a total market value of $1,297 (December 20, 2019 - $1,241) and cost of $755 (December 29, 2019 - $753). The Association has no access to the capital of these funds and, accordingly, the funds are not reflected in these consolidated financial statements.

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

14. Ocean Wise Conservation Foundation:

The Foundation is incorporated under the Canada Not-for-profit Corporations Act and is a registered charity under the Income Tax Act operating under common management as the Association. The majority of its Board members are current or past members of the Association's Board of Directors. Its purpose is to provide funding to charitable organizations (including the Association) involved in the advancement of aquatic education, research and conservation activities and hence the Association has an economic interest in the Foundation. The Foundation has not been consolidated in the Association's financial statements.

The summarized unaudited financial position, operating results and cash flows as at and for the year ended December 31, 2020, the latest fiscal year end of the Foundation, are as follows:

Financial position		2020		2019
Assets	$	3,264	$	3,001
Liabilities		8		7
Net assets	$	3,256	$	2,994

Results of operations		2020		2019
Revenues	$	388	$	520
Expenses		126		173
Excess of revenue over expenses	$	262	$	347

Cash flows		2020		2019
Cash from operations and investing, a net decrease in cash	$	(40)	$	47

In the period ending December 27, 2020, the Foundation made a $94 (December 29, 2019 - $90) grant to the Association.

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

15. Discontinued operations and subsequent event:

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.

Accordingly, the operating results of the aquarium have been classified as discontinued operations for both current and prior fiscal years ending and the related assets are reported as assets held for sale.

The deficiency of revenues over expenses from discontinued operations consists of the following:

	2020	2019
Revenues	$ 26,460	$ 38,133
Expenses	(24,730)	(32,465)
Impairment of assets held for sale	(10,472)	-
Excess (deficiency) of revenues over expenses from discontinued operations	$ (8,742)	$ 5,668

Subsequent to year-end, on April 14, 2021, the Association entered into an agreement to sell the Aquarium and Marine Mammal Rescue operations and related assets. Closing the transaction is pending and conditional on satisfaction of certain closing conditions.

The sale of the aquarium operations is structured through an Asset Purchase Agreement (“APA”) on a ‘cash-free, debt-free’ basis, whereby all of the aquarium-related rights, tangible and intangible properties and assets will be transferred to the Purchaser, including assigned contracts and permits. Such assignment and assumption of contracts and permits include, but not limited to the license agreement with the Park Board (note 8).

16. Commitments:

The Association is committed to minimum annual payments under various operating leases for office space, vehicles, and equipment as follows:

2021	$ 97
2022	9
Thereafter	3
	$ 109

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%. As at December 27, 2020 the outstanding balance on the credit facility was nil (2019 – 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. Due to the significant financial impact of the COVID-19 pandemic on the Association's aquarium operations, management is closely monitoring its budget and cashflow forecasts, while accessing available COVID-19 relief grants (note 10) and subsidies to provide additional cashflows for operations, and taking cost control and other measures as required (notes 1 and 15) to manage the Association's liquidity.

(b) 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. The Association's fixed-rate short term investment (note 2) is subject to fair value risk while its floating rate bank loan payable (note 7) is subject to cash flow risk. There has been no significant change to the risk exposure from the previous period.

(c) 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 amounts receivable. Management monitors the collectability of its receivables and makes allowance provisions as required. There has been no change to the risk exposure from the previous period.

(d) 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$112 outstanding as at December 27, 2020 (December 29, 2019 - USD$35). In addition, the Association's investment in Avanqua is denominated in Euros and hence subject to foreign currency fluctuation.

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