

**Canadian Naval Memorial Trust**  
**Financial Statements**  
*December 31, 2020*

# Canadian Naval Memorial Trust Contents

*For the year ended December 31, 2020*

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To the Trustees of Canadian Naval Memorial Trust:

## Qualified Opinion

We have audited the financial statements of Canadian Naval Memorial Trust (the "Trust"), which comprise the statement of financial position as at December 31, 2020, and the statements of fund operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects, if any, described in the Basis for Qualified Opinion Section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Qualified Opinion

In common with many charitable organizations, the Trust derives revenue from donations, including admissions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Trust and we were not able to determine whether any adjustments might be necessary to donation and admission revenue, excess (deficiency) of revenues over expenditures, assets and trust surplus.

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 report. We are independent of the Trust 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 qualified 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 Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust'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 these 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 Trust'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 Trust'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 Trust 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.

We 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.

Dartmouth, Nova Scotia

May 21, 2021

*MNP* LLP

Chartered Professional Accountants

**Canadian Naval Memorial Trust**  
**Statement of Financial Position**  
 As at December 31, 2020

	Operating Fund	Preservation Fund	Canadian Naval Memorial Project Fund	Endowment Fund	2020	2019
<b>Assets</b>						
<b>Current</b>						
Cash	462,788	52,950	10,082	-	525,820	785,395
Accounts receivable (including government refunds of \$44,416; 2019 - \$14,424)	44,322	-	-	-	44,322	17,834
Inventories	21,084	-	-	-	21,084	24,082
Prepaid expenses	8,157	-	-	-	8,157	7,570
Due from Funds (Note 5)	-	-	6,565	-	6,565	133,769
	536,351	52,950	16,647	-	605,948	968,650
<b>Capital assets (Note 6)</b>	2,976,292	-	-	-	2,976,292	2,568,264
<b>Artifacts (Note 6)</b>	12,517	-	-	-	12,517	12,517
<b>Long-term investments (Note 7)</b>	-	2,096,426	447,495	93,476	2,637,397	2,278,335
	3,525,160	2,149,376	464,142	93,476	6,232,154	5,827,766
<b>Liabilities</b>						
<b>Current</b>						
Accounts payable and accrued liabilities	538,038	4,255	-	-	542,293	15,642
Deferred contributions related to ship refit (Note 8)	2,537,914	-	-	-	2,537,914	2,884,558
Deferred revenue	13,000	-	-	-	13,000	13,000
Due to Funds (Note 5)	6,565	-	-	-	6,565	133,769
	3,095,517	4,255	-	-	3,099,772	3,046,969
<b>Trust surplus</b>	429,643	2,145,121	464,142	93,476	3,132,382	2,780,797
	3,525,160	2,149,376	464,142	93,476	6,232,154	5,827,766

Approved on behalf of the Board of Directors

 Director  FCAA FCAA

The accompanying notes are an integral part of these financial statements

**Canadian Naval Memorial Trust**  
**Statement of Operations and Changes In Operating Fund**  
*For the year ended December 31, 2020*

	2020	2019
<b>Revenues</b>		
Donations - General and Trustees	117,368	133,097
Donations - Life memberships	6,600	16,700
Donations - Memorials	5,133	18,944
Special donations	18,385	35,596
Admission	707	56,148
Miscellaneous revenue	-	8,605
Grant revenue (Note 9)	21,625	7,672
Canada Emergency Wage Subsidy grant (Note 11)	61,569	-
Endowment fund administration fee	813	710
Gift shop	850	7,769
Sackville Mess	1,012	12,419
Deferred contributions related to ship refit (Note 8)	346,644	615,442
	<b>580,706</b>	913,102
<b>Expenditures</b>		
<b>Ship operations</b>		
Amortization - ship refit	346,644	615,442
Miscellaneous	3,911	904
Repairs and maintenance	9,418	9,015
Summer employment	24,480	12,243
Wages	49,683	43,413
	<b>434,136</b>	681,017
<b>Administration</b>		
Bank charges	3,673	3,252
Amortization	25,232	28,274
Insurance	18,284	19,208
Postage	1,219	455
Memberships	4,229	1,701
Miscellaneous	6,300	4,651
Professional fees	13,150	15,069
Office	6,258	6,730
Office supplies	1,928	1,897
Telephone	4,280	3,830
Travel	15,297	26,050
Stipend and wages	76,623	73,593
	<b>176,473</b>	184,710

*The accompanying notes are an integral part of these financial statements*

## Canadian Naval Memorial Trust

### Statement of Operations and Changes In Operating Fund

*For the year ended December 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Promotion and publicity</b>		
Action Stations newsletter	7,549	11,906
Advertising and promotion	5,133	41,865
Memorial activities and awards	1,572	8,658
Postage	-	100
Website	2,350	6,123
	<b>16,604</b>	<b>68,652</b>
<b>Gift shop</b>		
Gift shop purchases	-	4,754
Wages	-	7,306
	-	12,060
<b>Sackville Mess</b>		
Bar purchases	376	8,270
Food and supplies	1,215	5,441
	<b>1,591</b>	<b>13,711</b>
<b>Total expenditures</b>	<b>628,804</b>	<b>960,150</b>
<b>(Deficiency) of revenues over expenditures for the year</b>	<b>(48,098)</b>	<b>(47,048)</b>
<b>Operating Fund - beginning of year</b>	<b>401,573</b>	<b>448,621</b>
<b>Transfer from Preservation Fund (Note 5)</b>	<b>76,168</b>	<b>-</b>
<b>Operating Fund - end of year</b>	<b>429,643</b>	<b>401,573</b>

*The accompanying notes are an integral part of these financial statements*

**Canadian Naval Memorial Trust**  
**Statement of Preservation Fund Operations and Changes In Preservation Fund**  
*For the year ended December 31, 2020*

	2020	2019
<b>Revenues</b>		
Donations	2,885	10,053
Dividends	22,833	19,189
Interest	37,493	45,705
Gain (loss) on disposal of investments	4,360	(17,425)
Foreign exchange (loss) gain	(38,791)	23,300
	<b>28,780</b>	<b>80,822</b>
<b>Expenditures</b>		
Investment fees and bank charges	14,552	14,792
Endowment fund administration fee	813	710
	<b>15,365</b>	<b>15,502</b>
<b>Excess of revenue over expenditures for the year before unrealized gain on investments</b>	<b>13,415</b>	<b>65,320</b>
Unrealized gain on investments	43,421	213,738
<b>Excess of revenues over expenditures for the year</b>	<b>56,836</b>	<b>279,058</b>
<b>Preservation Fund - beginning of year</b>	<b>2,164,453</b>	<b>1,885,395</b>
<b>Transfer to Operating Fund (Note 5)</b>	<b>(76,168)</b>	<b>-</b>
<b>Preservation Fund - end of year</b>	<b>2,145,121</b>	<b>2,164,453</b>

*The accompanying notes are an integral part of these financial statements*



**Canadian Naval Memorial Trust**  
**Statement of Canadian Naval Memorial Project Fund Operations and Changes in Canadian Naval Memorial Project Fund**  
*For the year ended December 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Dividends	5,312	5,541
Loss on disposal of investments	(94)	-
Donations	345,250	-
	<b>350,468</b>	<b>5,541</b>
<b>Expenditures</b>		
Bank charges	2	-
Amortization	-	1,511
	<b>2</b>	<b>1,511</b>
<b>Excess of revenue over expenditures before unrealized (loss) gain on investments</b>	<b>350,466</b>	<b>4,030</b>
Unrealized (loss) gain on investments	(19,810)	21,756
<b>Excess of revenue over expenditures for the year</b>	<b>330,656</b>	<b>25,786</b>
<b>Canadian Naval Memorial Project Fund - beginning of year</b>	<b>133,486</b>	<b>107,700</b>
<b>Canadian Naval Memorial Project Fund - end of year</b>	<b>464,142</b>	<b>133,486</b>

*The accompanying notes are an integral part of these financial statements*

**Canadian Naval Memorial Trust**  
**Statement of Endowment Fund Operations and Changes in Endowment Fund**  
*For the year ended December 31, 2020*

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	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Donations	<b>12,191</b>	10,280
<b>Excess of revenue over expenditures for the year</b>	<b>12,191</b>	10,280
<b>Endowment Fund - beginning of year</b>	<b>81,285</b>	71,005
<b>Endowment Fund - end of year</b>	<b>93,476</b>	81,285

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*The accompanying notes are an integral part of these financial statements*

# Canadian Naval Memorial Trust

## Statement of Cash Flows

*For the year ended December 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	351,585	268,076
Amortization	371,876	645,227
(Gain) loss on disposal of investments	(4,360)	17,425
Unrealized gain on investments	(23,611)	(235,494)
Deferred contributions related to ship refit	(346,644)	(615,442)
Contributed artifact	-	(6,500)
Stock donations	(273,797)	-
	<b>75,049</b>	<b>73,292</b>
Changes in working capital accounts		
Accounts receivable	(26,488)	273,504
Inventories	2,998	(1,618)
Prepaid expenses	(587)	1,274
Accounts payable and accrued liabilities	526,648	1,470
Deferred revenue	-	5,000
	<b>577,620</b>	<b>352,922</b>
<b>Investing</b>		
Acquisition of capital assets	(779,904)	(31,869)
Acquisition of long-term investments	(80,813)	(355,957)
Proceeds on disposal of long-term investments	23,522	275,719
	<b>(837,195)</b>	<b>(112,107)</b>
<b>(Decrease) increase in cash resources</b>	<b>(259,575)</b>	<b>240,815</b>
<b>Cash resources, beginning of year</b>	<b>785,395</b>	<b>544,580</b>
<b>Cash resources, end of year</b>	<b>525,820</b>	<b>785,395</b>

*The accompanying notes are an integral part of these financial statements*

# Canadian Naval Memorial Trust

## Notes to the Financial Statements

For the year ended December 31, 2020

### 1. Incorporation and nature of the organization

The objectives of the Canadian Naval Memorial Trust are to sustain appreciation of our national heritage through the preservation and promotion of the contributions made by Canada's Navy; to honour those who sacrificed their lives and to remember those who served in the naval service of Canada; to produce, operate and maintain an Interpretation Centre of Canadian Naval and associated maritime history, with HMCS Sackville as the symbol of national achievement in the Second World War; to acquire by way of grant, gift, purchase, bequest, devise, or otherwise, real and personal property and to use and apply such property to the realization of the objects of the Trust; and to buy, own, hold, lease, mortgage, sell and convey such real and personal property as may be necessary or desirable in the carrying out of the objects of the Trust.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### **Cash and cash equivalents**

The company's policy is to disclose bank balances under cash and cash equivalents, including balances held at a financial institution.

#### **Inventory**

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

#### **Capital assets**

Purchased capital assets are recorded at cost.

Amortization is provided using the following rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Computers	declining balance	55 %
Equipment and furniture	declining balance	20 %
Website	straight-line	5 years
Ship refit	straight-line	10 years

#### **Artifacts**

The collection of artifacts is recognized in the statement of financial position. Purchase of collection items are accounted for at cost when cost approximates fair value. Contributions of collection items are accounted for at fair value or nominal value based on appraisals by independent appraisers.

When events or circumstances indicate that the carrying value of a collection or a collection item may exceed its fair value, the collection or collection item is written down to its fair value or replacement cost as determined on an item-by-item basis.

#### **Long-lived assets**

Long-lived assets consist of capital assets and artifacts. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Trust writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Trust's ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Trust determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value and the impairment is recognized in the Statement of Operations for the Operating Fund.

#### **Financial instruments**

The Trust recognizes its financial instruments when the Trust becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, except for certain non-arm's length transactions, which are measured at the exchange amount.

**2. Significant Accounting Policies** *(Continued from previous page)*

The Trust subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recorded through the statements of Preservation Fund operations and Canadian Naval Memorial Project Fund operations.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

**Financial asset impairment:**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in the statement of operations. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in the statement of operations in the year the reversal occurs.

***Deferred contributions related to ship refit***

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Trust's ship refit. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

***Revenue recognition***

Fund Accounting

The Trust follows the restricted fund method of accounting for donations.

Operating Fund

Donation revenue received for the regular operations is recorded on a cash basis. Amounts received for life memberships are recognized as revenue in the operating fund. Donations of shares are recorded at the fair market value of the shares at their donation date. Interest income is recorded using the accrual method of accounting. Revenue from the gift shop, Sackville Mess and ticket sales is recognized on the date the goods are sold. Revenue from grants is recorded in the operating fund based on the terms of the underlying grant.

Canadian Naval Memorial Project Fund

The Canadian Naval Memorial Project Fund is an internally restricted fund that has been established by the Trust for the promotion and development of a long-term conservation solution for the ship. Donations received for the Canadian Naval Memorial Project Fund are recognized as revenue in that fund. Revenue from grants is recorded in the Canadian Naval Memorial Project Fund based on the terms of the underlying grant. Investment income is recorded using the accrual method of accounting.

Preservation Fund

An internally restricted Preservation Fund has been established by the Trust for the purpose of preservation of the ship. The income earned on the Preservation Fund investments is being used from time to time as the Board of Directors determines it is necessary for the on-going preservation of the vessel. Donations and bequests are recorded as income in the Preservation Fund in the period they are received. Donations of shares are recorded at the fair market value of the shares at their donation date. Investment income is recorded using the accrual method of accounting.

Endowment Fund

An externally restricted endowment fund has been established by the Trust. The income earned on the Endowment Fund investments is recognized in the Preservation Fund. Donations and bequests are recorded as income in the Endowment Fund in the period they are received. Donations of shares are recorded at the fair market value of the shares at their donation date. The Endowment Fund is subject to an administration fee as determined by the Board of Trustees.

All revenue is recorded when collection is reasonably assured.

**2. Significant Accounting Policies** *(Continued from previous page)*

**Government assistance**

Government assistance is recorded on the financial statements when there is reasonable assurance that the Trust has complied with, and will continue to comply with, all conditions necessary to obtain the assistance. Capital asset grants are recorded as deferred contributions and amortized as revenue at the same rate as depreciation of the asset. Operational grants are accounted for as grant revenue in the year the related expense is incurred.

**Restoration expenses**

The costs of HMCS Sackville's restoration are expensed as incurred.

**Trust surplus**

The Canadian Naval Memorial Trust allocates its surplus based on expected future use as follows:

- (i) Operating Fund - available for annual operations and maintenance and general use of the Trust;
- (ii) Preservation Fund - available for the preservation of the ship.
- (iii) Canadian Naval Memorial Project Fund - available for the long-term conservation of the ship.
- (iv) Endowment Fund - available for the long-term conservation of the ship.

**Contributed services**

Volunteers contribute services to the Trust. Because of the difficulty in determining fair value, contributed services are not recognized in these financial statements.

**Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of operations in the periods in which they become known.

**3. Change in accounting estimate**

Effective December 31, 2020, the Trust revised the estimated useful life of ship refit from 5 years to 10 years. This change in useful life was applied prospectively and prior year results have not been restated.

**4. Financial instruments**

The Trust, as part of its operations, carries a number of financial instruments. It is management's opinion that the Trust is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

**Credit risk**

The Trust is exposed to credit risk on the accounts receivable from its members. In order to reduce its credit risk, the Trust has adopted credit policies which include the regular review of their members' credit limits. The Trust does not have a significant exposure to any individual member or counterpart. The Trust has not incurred any bad debt expense for the last three years.

The Trust is exposed to concentration risk on its cash as it is held at one institution. This risk is mitigated as the institution is a major financial institution in Canada.

**Canadian Naval Memorial Trust**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2020*

**3. Financial instruments** (Continued from previous page)

**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. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Trust is mainly exposed to currency risk and price risk.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Trust enters into transactions to purchase and sell marketable securities denominated in US Dollar currency for which the related revenues, expenses are subject to exchange rate fluctuations. As at December 31, 2020, the following items are denominated in US Dollar currency:

	<b>2020</b>	<b>2019</b>
	<b>CAD\$</b>	<b>CAD\$</b>
Marketable securities	<b>1,378,896</b>	1,307,403

At the end of the year, year the foreign exchange rate from US to Canadian dollars was 1.27 (2019 - 1.30).

**Other price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Trust is exposed to other price risk through its traded investments that are quoted in an active market.

**5. Interfund transactions**

During the year, the Trust transferred \$76,168 (2019- nil) from the Preservation Fund to the Operating Fund.

At year-end there are amounts outstanding from the Operating Fund to the Canadian Naval Memorial Project Fund. These advances are non-interest bearing and have no set terms of repayment.

**6. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2020 Net book value</b>	<b>2019 Net book value</b>
Computers	46,941	46,592	349	777
Equipment and furniture	165,358	88,862	76,496	93,999
Website	29,298	23,439	5,859	11,719
Ship refit	3,855,674	962,086	2,893,588	2,461,769
	<b>4,097,271</b>	<b>1,120,979</b>	<b>2,976,292</b>	<b>2,568,264</b>

During the year, the Operating Fund acquired the equipment held by the Canadian Naval Memorial Project Fund for \$6,043, which represented its carrying value at the time of the transaction. For the year-ended December 31, 2020, all of the capital assets are held by the Operating Fund. For the year-ended December 31, 2019, the Canadian Naval Memorial Project Fund held equipment with a net book value of \$6,043.

The original asset value of HMCS Sackville is recorded at \$1 and the asset value of the model HMCS Sackville artifact is recorded at \$12,517 (2019 - \$12,517). During the year, the Trust received a contributed artifact independently appraised for value of \$nil (2019 - \$6,500). These assets are not amortized as they have an indefinite useful life.

**Canadian Naval Memorial Trust**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2020*

**7. Long-term investments**

At December 31, 2020, the long-term investments are comprised of

	Cost 2020	Market value 2020	Cost 2019	Market value 2019
	\$	\$	\$	\$
<b>Preservation fund</b>				
RBC Dominion Securities	234,763	336,666	276,635	409,395
Seamark Asset Management	1,617,649	1,758,096	1,609,392	1,675,559
Cash surrender value of life insurance	1,664	1,664	1,664	1,664
	<b>1,854,076</b>	<b>2,096,426</b>	<b>1,887,691</b>	<b>2,086,618</b>
<b>Canadian Naval Memorial Project Fund</b>				
RBC Dominion Securities	469,512	447,495	112,639	110,432
<b>Endowment Fund</b>				
RBC Dominion Securities	93,476	93,476	81,285	81,285
	<b>2,417,064</b>	<b>2,637,397</b>	<b>2,081,615</b>	<b>2,278,335</b>

Any unrealized gain/loss for the investments held in the Endowment Fund are recognized in the Preservation Fund in the year they occur.

Subsequent to year-end, the investments held in the Preservation Fund, under Seamark Asset Management, were liquidated for approximately \$1,803,000. \$1,355,000 will be used to pay for ship refit costs and \$448,000 will be reinvested.

**8. Deferred contributions related to ship refit**

Deferred capital contributions consist of the unamortized amount of contributions received for the ship refit. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2020	2019
Balance, beginning of year	2,884,558	3,500,000
Less: Amounts recognized as revenue during the year	(346,644)	(615,442)
Balance, end of year	<b>2,537,914</b>	2,884,558

**9. Government assistance**

During the year, the Trust applied for and was awarded a grant from the Canadian Summer Jobs Program in the amount of \$21,625 (2019 - \$7,672). The grant was recognized as revenue in the Operating Fund.

During fiscal year 2018, an agreement was reached between the Trust and the Commander of Royal Canadian Navy relating to the hull refit. The Department of National Defence has provided the Trust with \$3,500,000 to cover the cost of the refit. The refit began during the prior year and has not been completed. The grant has been spent in its entirety as at December 31, 2020.

**10. Commitments**

The Trust entered into an agreement with the Government of Canada for the Trust to provide a commitment up to \$1,000,000 to support the completion of the ship refit which is expected to be completed by March 31, 2021.



**11. COVID - 19**

In December 2019, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Trust as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

In March 2020, the Government of Canada announced the introduction of the 10% Temporary Wage Subsidy (TWS) and in April 2020, the Canada Emergency Wage Subsidy (CEWS) to support employers that are hardest hit by the pandemic and protect jobs Canadians depend on. The subsidy generally covers 75% of an employee's wages (to a maximum) for employers of all sizes and across all sectors who have suffered a drop in gross revenue of at least 15% in March, 30% in April-December and at varying rates from July to December. The Trust determined that it would be eligible for the CEWS and TWS Program and has applied for such assistance from the Government of Canada. At December 31, 2020, the Trust has recognized \$61,569 and \$2,428 (netted against wages expense) in assistance from the CEWS and TWS programs, respectively. The Trust has recorded this government assistance as part of grant revenue in the statement of operations for the Operating Fund.

The Trust will continue to review all programs offered by the Government and ensure it applies for all appropriate support.