

**S.A.L.T.S. SAIL AND LIFE TRAINING SOCIETY**  
**Financial Statements**  
**Year Ended December 31, 2012**

S.A.L.T.S. SAIL AND LIFE TRAINING SOCIETY  
Index to Financial Statements  
Year Ended December 31, 2012

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 13
Schedule of New Ship Fund Capitalized Expenses ( <i>Schedule 1</i> )	14

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of S.A.L.T.S. Sail and Life Training Society

We have audited the accompanying financial statements of S.A.L.T.S. Sail and Life Training Society, which comprise the statement of financial position as at December 31, 2012 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Basis for Qualified Opinion

In common with many not-for-profit organizations, S.A.L.T.S. Sail and Life Training Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of S.A.L.T.S. Sail and Life Training Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2012, current assets and net assets as at January 1, 2012 and December 31, 2012

---

DUNCAN  
823 Canada Ave.  
Duncan, BC V9L 1V2  
Tel: 250.746.4406 | Fax: 250.746.1950

NANAIMO  
30 Front St.  
Nanaimo, BC V9R 5H7  
Tel: 250.753.2544 | Fax: 250.754.1903

VICTORIA  
1000-747 Fort St.  
Victoria, BC V8W 3E9  
Tel: 250.383.8994 | Fax: 250.383.8904

#### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of S.A.L.T.S. Sail and Life Training Society as at December 31, 2012 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.

#### Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that S.A.L.T.S. Sail and Life Training Society adopted Canadian Accounting Standards for Not-for-Profit Organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1, 2011 and the statements of operations, changes in fund balances and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Victoria, BC  
February 14, 2013

*Hayes Stewart Little + Co*

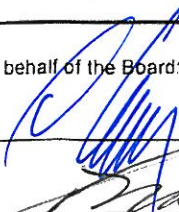
CHARTERED ACCOUNTANTS


**S.A.L.T.S. Sail and Life Training Society**  
**Statement of Financial Position**

For the year ended December 31

	General Fund	Endowment Fund	New Ship Fund	Total 2012	Total 2011	January 1 2011
<b>ASSETS</b>						
<b>Current</b>						
Cash and cash equivalents (Note 5)	\$ 104,879	\$ 22,798	\$ 1,177,127	\$ 1,304,804	\$ 1,524,892	\$ 82,498
Short-term investments (Note 6)	375,121	71,344	42,536	489,001	455,484	787,302
Accounts receivable	11,067	15,000	-	26,067	21,933	14,195
HST receivable	17,102	-	-	17,102	-	13,330
Inventory (Note 3)	540,651	-	949,000	1,489,651	457,557	337,605
Prepaid expenses	20,629	-	3,659	24,288	19,668	17,892
Due from other funds	17,006	-	-	17,006	23,683	1,646
	1,086,455	109,142	2,172,322	3,367,919	2,503,217	1,254,468
Deposits (Note 7)	65,308	-	-	65,308	-	-
Plant and equipment (Note 8)	2,758,582	-	211,618	2,970,200	2,781,147	2,828,115
	\$ 3,910,345	\$ 109,142	\$ 2,383,940	\$ 6,403,427	\$ 5,284,364	\$ 4,082,583
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Current</b>						
Accounts payable and accrued liabilities	\$ 47,878	\$ -	\$ -	\$ 47,878	\$ 20,208	\$ 126,425
Employee deductions	14,507	-	-	14,507	12,736	11,333
HST payable	-	-	-	-	2,621	-
Deferred revenue (Note 10)	409,042	-	-	409,042	436,046	411,472
Due to other funds	-	3,238	13,768	17,006	23,683	1,646
	471,427	3,238	13,768	488,433	495,294	550,876
Loan payable (Note 11)	5,000	-	-	5,000	5,000	5,000
	476,427	3,238	13,768	493,433	500,294	555,876
<b>Fund balances</b>						
Invested in plant and equipment	2,758,582	-	211,618	2,970,200	2,781,147	2,828,115
Externally restricted	-	105,904	2,158,554	2,264,458	1,179,631	47,267
Unrestricted	675,336	-	-	675,336	823,292	651,325
	3,433,918	105,904	2,370,172	5,909,994	4,784,070	3,526,707
	\$ 3,910,345	\$ 109,142	\$ 2,383,940	\$ 6,403,427	\$ 5,284,364	\$ 4,082,583

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**S.A.L.T.S. Sail and Life Training Society**  
**Statement of Operations**

For the year ended December 31

	General Fund	Endowment Fund	New Ship Fund	Total 2012	Total 2011
<b>Revenue</b>					
Boat donations	\$ 489,450	\$ -	\$ 1,003,700	\$ 1,493,150	\$ 515,662
Donations	104,274	58,417	289,260	451,951	1,256,587
Investment income	7,105	1,591	11,961	20,657	21,395
Memberships	9,522	-	-	9,522	9,245
Merchandise sales	42,746	-	-	42,746	40,439
Miscellaneous	8,201	-	-	8,201	9,341
Program fees	1,147,559	-	-	1,147,559	1,089,191
Rental revenue	30,131	-	-	30,131	53,717
	<b>1,838,988</b>	<b>60,008</b>	<b>1,304,921</b>	<b>3,203,917</b>	<b>2,995,577</b>
<b>Expenses</b>					
Advertising	22,413	-	-	22,413	23,096
Amortization	83,353	-	-	83,353	82,481
Bad debts	6,954	-	-	6,954	-
Bank charges and interest	19,628	-	161	19,789	19,510
Boat inventory write-down (Note 12)	10,900	-	54,700	65,600	34,000
Contract services	15,705	-	-	15,705	3,453
Cost of boat sales	62,130	-	-	62,130	81,012
Cost of merchandise sales	19,305	-	-	19,305	23,772
Food and provisions	86,264	-	-	86,264	83,557
Fuel and oil	36,812	-	-	36,812	32,672
Insurance	71,503	-	18,281	89,784	69,898
Miscellaneous	21,368	-	263	21,631	43,155
Moorage	13,759	-	-	13,759	21,308
Office	28,134	-	834	28,968	24,960
Postage and shipping	20,712	-	-	20,712	11,833
Printing	22,883	-	1,277	24,160	18,875
Professional fees	67,389	-	-	67,389	39,948
Rent	148,746	-	1,500	150,246	134,994
Repairs and maintenance	271,375	-	-	271,375	158,474
Scholarships	37,014	-	-	37,014	48,704
Shipyards contract expense	4,355	-	-	4,355	3,731
Telephone	19,452	-	2,385	21,837	14,747
Travel	3,079	-	18,132	21,211	10,509
Wages and employee benefits	795,438	-	34,425	829,863	752,607
	<b>1,888,671</b>	<b>-</b>	<b>131,958</b>	<b>2,020,629</b>	<b>1,737,296</b>
(Deficiency) excess of revenue over expenses before undernoted	(49,683)	60,008	1,172,963	1,183,288	1,258,281
(Gain)/Loss on disposal of equipment	1,820	-	-	1,820	(2,403)
Write down of merchandise and lumber inventory (Note 12)	55,544	-	-	55,544	3,322
(Deficiency) excess of revenue over expenses	\$ (107,047)	\$ 60,008	\$ 1,172,963	\$ 1,125,924	\$ 1,257,362

**HAYES  
STEWART  
LITTLE &  
COMPANY**  
CHARTERED ACCOUNTANTS

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**S.A.L.T.S. Sail and Life Training Society**  
**Statement of Changes in Fund Balances**

For the year ended December 31

	Invested in Plant and Equipment	General		Total	Total		Endowment Fund		New Ship Fund	
		2012	2011		2012	2011	2012	2011	2012	2011
Fund balances, beginning of year	\$ 2,716,082	\$ 823,292	\$ 3,539,374	\$ 3,479,441	\$ 47,487	\$ 47,267	\$ 1,197,209	\$ -		
Excess (deficiency) of revenue over expenses	(83,353)	(23,694)	(107,047)	59,293	60,008	860	1,172,963	1,197,209		
Transfer to General Fund	-	1,591	1,591	640	(1,591)	(640)	-	-		
Transfer from General Fund	125,853	(125,853)	-	-	-	-	-	-		
Fund balances, end of year	\$ 2,758,582	\$ 675,336	\$ 3,433,918	\$ 3,539,374	\$ 105,904	\$ 47,487	\$ 2,370,172	\$ 1,197,209		

**S.A.L.T.S. Sail and Life Training Society**  
**General Fund Statement of Cash Flows**

For the year ended December 31

	2012	2011
<b>Increase (decrease) in cash from</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	\$ (107,047)	\$ 59,293
Items not involving cash		
Amortization	83,353	82,481
Unrealized (gain)/loss on investments	(2,686)	612
Boat and in kind donations	(508,687)	(477,275)
Cost of boat sales	62,130	74,125
Bad debts	6,954	-
Inventory write-down	66,444	34,000
(Gain)/Loss on disposal of capital assets	1,820	(2,403)
	<u>(397,719)</u>	<u>(229,167)</u>
Changes in non-cash working capital balances, net		
Accounts receivable	3,910	(7,736)
Inventory	(4,031)	10,128
Prepaid expenses and deposits	(69,927)	(1,776)
Accounts payable and accrued liabilities	27,670	(106,217)
Employee deductions	1,771	1,403
HST payable	(19,723)	15,950
Deferred revenue	(27,004)	24,574
Due (to)/from other funds	(37,397)	22,037
Sale of boats	308,950	270,570
	<u>(213,500)</u>	<u>(234)</u>
<b>Net cash (decrease) increase from operating activities</b>	<u>(213,500)</u>	<u>(234)</u>
<b>Investing activities</b>		
Funds transfer		640
Purchase of plant and equipment	(118,516)	(16,094)
Proceeds on disposal of plant and equipment	400	48,050
Redemption/(purchase) of short-term investments	19,735	301,900
	<u>(98,381)</u>	<u>334,496</u>
<b>Net cash increase (decrease) from investing activities</b>	<u>(98,381)</u>	<u>334,496</u>
<b>Increase (decrease) in cash during the year</b>	(311,881)	334,262
<b>Cash, beginning of year</b>	416,760	82,498
<b>Cash, end of year</b>	<u>\$ 104,879</u>	<u>\$ 416,760</u>
<b>Represented by</b>		
Cash and cash equivalents	<u>\$ 104,879</u>	<u>\$ 416,760</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.



# S.A.L.T.S. SAIL AND LIFE TRAINING SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2012

---

### 1. PURPOSE OF THE SOCIETY

To develop the spiritual, relational, and physical potential of young people through sail training, shipboard life, and associated activities in a Christian environment.

### 2. FIRST TIME ADOPTION OF CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the Society adopted Canadian accounting standards for not-for-profit organizations. These financial statements are the first prepared in accordance with these standards. The adoption of Canadian Accounting Standards for Not-for-Profits had no impact on net assets as at January 1, 2011 or operations or cash flows for the year ended December 31, 2011 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Fund accounting

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

The General Fund accounts for the Society's program delivery, plant and equipment, and administrative activities. This fund reports unrestricted resources, and restricted and unrestricted donations.

The New Ship Fund (formerly the Capital Campaign) reports the revenue, expenses, assets and liabilities related to the construction of a new sail training vessel.

The Endowment Fund reports resources contributed for endowment. Investment income earned on resources of the Endowment Fund is transferred to the General Fund and is used to fund scholarships.

#### Revenue recognition

Revenue is recognized after services/programs have been provided when the amount of revenue can be determined, and has been received or collectability is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

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

Contributions for the New Ship Fund (formerly the Capital Campaign) are recognized as revenue in the New Ship Fund (formerly the Capital Campaign).

Contributions for endowment are recognized as revenue in the Endowment Fund.

*(continues)*

S.A.L.T.S. SAIL AND LIFE TRAINING SOCIETY

Notes to Financial Statements

Year Ended December 31, 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is measured at the lower of average cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business.

Inventory for donated boats is determined using specific identification and recorded at appraised values and adjusted annually to net realizable value where necessary.

The cost of inventory for merchandise is determined on a weighted average basis.

Plant and equipment

Plant and equipment are stated at cost or deemed cost less accumulated amortization. Contributed assets are recorded at fair value at the date of contribution. Plant and equipment are amortized over their estimated useful lives on a declining balance basis at the following rates:

Vessels	2.5%
Vehicles	15%
Tools and machinery	10%
Office furniture and equipment	15%
Charts and publications	20%
Floating dock	10%
Computer equipment	55%

The Society regularly reviews its plant and equipment to eliminate obsolete items.

Plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed materials and services

Donated property and equipment are recorded at fair value when received, if the property and equipment would have normally been purchased by the Society.

The Society is dependent on the voluntary service of many members and others. Since these services are not normally purchased by the Society, and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

Capitalized costs

Capitalized costs include development costs, administrative and general expenses incurred in connection with the development and construction of a tall ship. These costs are detailed in Schedule 1.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant estimates include collectability of receivables, accrual of liabilities and useful life of property and equipment.

S.A.L.T.S. SAIL AND LIFE TRAINING SOCIETY

Notes to Financial Statements

Year Ended December 31, 2012

---

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Statement of Cash Flow

A statement of cash flow has not been presented for the Endowment Fund and New Ship Fund (formerly the Capital Campaign) because it would not provide any additional meaningful information that is not readily determinable from information presented in the other financial statements.

4. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The Society's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable, accounts payable and accrued liabilities and loans payable. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2012.

Other price risk

Other 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 Society is exposed to other price risk through its investment in quoted shares and its boat inventory which are both susceptible to fluctuating fair market values beyond the control of the Society.

The Society is not exposed to significant foreign exchange, credit or interest rate risk. The Society regularly reviews the collectability of receivables, and feels that it has made adequate provisions to protect itself against credit risk.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Endowment Fund consists of a GIC bearing interest at 1.40% and maturing on March 15, 2013. The balance of cash is held in segregated money market savings accounts and current accounts.

Cash and cash equivalents in the New Ship Fund (formerly the Capital Campaign) consist of a GIC bearing interest at 1.40% and maturing on March 15, 2013. The balance of cash is held in segregated money market savings accounts and current accounts.

S.A.L.T.S. SAIL AND LIFE TRAINING SOCIETY

Notes to Financial Statements

Year Ended December 31, 2012

---

**6. SHORT-TERM INVESTMENTS AND ENDOWMENT FUNDS**

Short-term investments in the General Fund consist of equity investments and cash with a market value of \$375,121 (2011 - \$404,376) and a book value of \$374,424 (2011 - \$406,365).

The Society has established Endowment Funds. The purpose of these funds is to hold investments to which the interest will be used in the General Fund to pay for annual scholarship(s) meeting the following criteria:

- a) an individual trainee to participate in one of the Society's trips. The Endowment investment known as "The Martyn J. Clark Seafarer Award Fund" consists of a guaranteed investment certificate in the amount of \$20,000 which matures December 16, 2015, and earns annual interest at 3.2%. Other Endowment investments consist of an investment in a money market mutual fund with a market and book value of \$29,328
- b) up to two young people age 13-25 who have been diagnosed with type 1 diabetes to sail on a 10-day summer sailing trip with the Society. The investment consists of a bond with a market value of \$21,374 and book value of \$16,000, earning interest at 9.976% and maturing on June 30, 2108.

Short-term investments in the New Ship Fund (formerly the Capital Campaign) consist of equity investments with a market value of \$42,536 (2011 - \$1,975) and a book value of \$42,969 (2011 - \$2,070).

**7. DEPOSITS**

Deposits relating to leased premises consist of \$20,000, held in trust for the Society, but available to the landlord in the event the Society defaults on its lease. The balance of deposits are prepayments of rents to be applied at the end of the term of the leases.

**S.A.L.T.S. SAIL AND LIFE TRAINING SOCIETY**

**Notes to Financial Statements  
Year Ended December 31, 2012**

**8. PLANT AND EQUIPMENT**

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
New Ship Fund (formerly the Capital Campaign)	\$ 211,618	\$ -	\$ 211,618	\$ 65,066
Charts and publications	4,486	3,436	1,050	1,312
Computer equipment	4,847	4,527	320	712
Floating dock	-	-	-	1,372
Leasehold improvements	132,575	27,560	105,015	-
Office furniture and equipment	95,521	78,512	17,009	20,011
Tools and machinery	141,040	96,329	44,711	39,591
Vehicles	50,016	19,604	30,412	26,528
Vessel - Pacific Grace	2,598,416	649,073	1,949,343	1,999,326
Vessel - Pacific Swift	1,075,701	478,332	597,369	612,686
Vessel - Runabouts/Dories	28,436	15,083	13,353	14,544
	<b>\$ 4,342,656</b>	<b>\$ 1,372,456</b>	<b>\$ 2,970,200</b>	<b>\$ 2,781,148</b>

Tools and machinery with a fair market value of \$9,557 (2011 - \$nil) were received as donations in-kind during the year.

The following assets included above are under construction :

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
New Ship Fund (formerly the Capital Campaign)	\$ 211,618	\$ -	\$ 211,618	\$ 65,066

The assets under construction are not being amortized until the date they are available for use. Additions to assets under construction for the year total \$146,552 (2011 - \$65,065). Details of these additions are provided on Schedule 1.

**9. BANK INDEBTEDNESS**

The Society has an operating line of credit facility to a maximum of \$43,000 with HSBC Bank of Canada. Interest at bank prime plus 1.25% is payable monthly. The principal is payable on demand. The loan is secured by a General Security Agreement with a first fixed charge of a marine mortgage in the amount of \$43,000 over the Pacific Swift. At December 31, 2012, the available credit was \$43,000 and the amount outstanding was \$nil (2011 - \$nil).

**10. DEFERRED REVENUE**

Deferred revenue is made up of program deposits of \$409,042 (2011 - \$436,046) received in 2012 for the 2013 season.

**S.A.L.T.S. SAIL AND LIFE TRAINING SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2012**

**11. LOAN PAYABLE**

	2012	2011
A benefactor, non-interest bearing with no fixed terms of repayment.	\$ 5,000	\$ 5,000
Amounts payable within one year	-	-
	\$ 5,000	\$ 5,000

**12. WRITE-DOWN OF INVENTORY**

In the current year, four (2011 - three) donated boats were written down to net realizable value. Merchandise with a cost of \$27,363 and lumber originally valued at \$28,181 have been written off as the items have been determined to no longer have any economic value to the Society.

**13. LEASE COMMITMENTS**

The Society leases premises at 450 Swift Street under a long term lease that expires on September 30, 2017. Under the lease, the Society is required to pay a base rent of \$105,000 for the first three-year period and \$114,000 for the fourth and fifth years of the term. In addition to the above base rent, the Society must pay for its proportionate share of utilities, property taxes, maintenance and other related costs for the leased premises.

The Society leases an additional office under a separate lease that expires on September 30, 2013. The terms of the lease require monthly payments of \$500 plus hydro costs and taxes.

Future minimum lease payments as at year end are as follows:

2013	\$ 109,500
2014	105,000
2015	107,250
2016	114,000
2017	85,500
	\$ 521,250

The Society leases a premises under a five year lease expiring September 30, 2017. The lease requires base rent of \$2,768 per month plus a monthly triple net payment (currently \$1,384).

Future base rent payments required are as follows:

2013	\$ 33,210
2014	33,210
2015	33,210
2016	33,210
2017	24,908
	\$ 157,748

The Society leases its photocopier/printer/fax machine. The terms of the lease require quarterly payments of \$675 plus taxes to July 31, 2013.

Future net lease payments required for 2013 are \$1,350.

**S.A.L.T.S. SAIL AND LIFE TRAINING SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2012**

---

**14. SUBSEQUENT EVENTS**

Subsequent to the year end, management wrote down the value of inventory in the New Ship Fund (formerly the Capital Campaign) by \$100,000.

**15. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

S.A.L.T.S. SAIL AND LIFE TRAINING SOCIETY

Schedule of New Ship Fund Capitalized Expenses

(Schedule 1)

Year Ended December 31, 2012

	2012	2011
<b>Capitalized expenses</b>		
Contract expenses	\$ 118,648	\$ 62,691
Model	15,224	-
Office and sundry	1,534	575
Repairs and maintenance	11,146	1,799
	<u>\$ 146,552</u>	<u>\$ 65,065</u>

See notes to the financial statements