

**BAY OF QUINTE TOURIST COUNCIL
(O/A BAY OF QUINTE REGIONAL MARKETING BOARD)
FINANCIAL STATEMENTS
AS AT MARCH 31, 2020**

DRAFT

**BAY OF QUINTE TOURIST COUNCIL
(O/A BAY OF QUINTE REGIONAL MARKETING BOARD)
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AS AT MARCH 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Report on the Audit of the

Opinion

We have audited the financial statements of Bay of Quinte Tourist Council o/a Bay of Quinte Regional Marketing Board (the Organization), which comprise the balance sheet as at March 31, 2020 and the statements of retained earnings, earnings and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

Other Matter

Prior year financial data has not been audited or reviewed.

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 these financial statements, management is responsible for assessing the Organization'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 Organization, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

TRENTON, Canada

Chartered Professional Accountants
Licensed Public Accountants

**BAY OF QUINTE TOURIST COUNCIL
O/A BAY OF QUINTE REGIONAL MARKETING BOARD
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020**

	2020	Restated 2019
	\$	\$
ASSETS		
CURRENT		
Cash	107,855	31,267
Accounts receivable	113,145	72,555
Prepaid expenses	1,804	1,500
	222,804	105,322
PROPERTY, PLANT AND EQUIPMENT - Note 5	1,756	2,085
	224,560	107,407
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	34,539	59,128
Deferred revenue - City of Quinte West per capita	67,544	67,544
HST payable	21,515	11,692
	123,598	138,364
NET ASSETS		
NET ASSETS	100,962	(30,957)
	224,560	107,407

APPROVED ON BEHALF OF THE BOARD

_____ Director
_____ Director

The accompanying notes form an integral part of these financial statements

**BAY OF QUINTE TOURIST COUNCIL
O/A BAY OF QUINTE REGIONAL MARKETING BOARD**

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2020**

	2020 \$	Restated 2019 \$
DEFICIT- BEGINNING OF YEAR - as previously reported	(23,337)	(11,949)
PRIOR PERIOD RESTATEMENTS - Note 3	(7,620)	-
NET ASSETS - BEGINNING OF YEAR - as restated	(30,957)	(11,949)
INCREASE (DECREASE) IN NET ASSETS FOR YEAR	131,919	(19,008)
NET ASSETS - END OF YEAR	100,962	(30,957)

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**BAY OF QUINTE TOURIST COUNCIL
O/A BAY OF QUINTE REGIONAL MARKETING BOARD**

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2020**

	2020 \$	Restated 2019 \$
REVENUE		
City of Belleville		
Per capita	78,610	65,930
Municipal Accommodation Tax	340,654	-
	419,264	65,930
City of Quinte West		
Per capita	67,544	56,650
Municipal Accommodation Tax	84,427	-
	151,971	56,650
Mohawks of the Bay of Quinte per capita	3,915	3,282
Municipality of Brighton per capita	18,358	-
Quinte Home Builders Association	5,000	22,840
Quinte Restaurant Association	5,000	5,000
Quinte Accommodations & Attractions Association	-	110,000
Other funding	38,895	158,934
	642,403	422,636
EXPENSES		
Amortization	694	783
Administrative expenses	43,271	40,982
Bad debts	1,379	4,391
Marketing expenses	177,466	171,559
Partnership expenses	573	-
Staff expenses	287,101	223,929
	510,484	441,644
EXCESS OF (EXPENSES OVER REVENUE) REVENUE OVER EXPENSES FOR YEAR	131,919	(19,008)

The accompanying notes form an integral part of these financial statements

**BAY OF QUINTE TOURIST COUNCIL
O/A BAY OF QUINTE REGIONAL MARKETING BOARD**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020**

	2020 \$	Restated 2019 \$
OPERATING ACTIVITIES		
Net earnings (loss) for year	131,919	(19,008)
Adjustment for items which do not affect cash -		
Amortization of property, plant and equipment	694	783
	-	-
	-	-
	132,613	(18,225)
Net change in non-cash working capital		
(Increase)/decrease in accounts receivable	(40,590)	(32,416)
(Increase)/decrease in prepaid expenses	(304)	-
Increase/(decrease) in accounts payable and accrued liabilities	(24,589)	9,670
Increase/(decrease) in deferred revenue	-	67,544
Increase/(decrease) HST payable	9,822	12,135
	76,952	38,708
	-	-
	-	-
	-	-
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	76,952	38,708
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(364)	-
	-	-
	-	-
CASH FLOWS PROVIDED FROM (USED IN) INVESTING ACTIVITIES	(364)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS FOR YEAR	76,588	38,708
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	31,267	(7,441)
CASH AND CASH EQUIVALENTS - END OF YEAR	107,855	31,267

The accompanying notes form an integral part of these financial statements

**BAY OF QUINTE TOURIST COUNCIL
O/A BAY OF QUINTE REGIONAL MARKETING BOARD**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

1. NATURE OF BUSINESS

Bay of Quinte Tourist Council o/a Bay of Quinte Regional Marketing Board is a not-for-profit company incorporated under the laws of Ontario, which works to grow tourism and resident attraction with municipalities, First Nations, private organizations and other local stakeholders to benefit the Bay of Quinte area.

2. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective April 1, 2019, the Organization adopted the requirements of Chartered Professional Accountants (CPA) Handbook - Accounting electing to adopt the new accounting framework: Canadian Accounting Standards for Not-For-Profit Organizations ("ASNFP") (Part III). These are the Organization's first financial statements prepared in accordance with Part III and the transitional provisions of Section 1501, First-Time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the significant accounting policy note have been applied in preparing the financial statements for the year ended March 31, 2020, the comparative information for the year ended March 31, 2019 and the opening Part III statement of financial position at April 1, 2018 (the Organization's date of transition).

3. RESTATEMENT OF COMPARATIVE FIGURES

Under previous reporting, the wages were recorded on a cash basis, and thus, were not accrued in the financial statements at fiscal year end.

As a result, accounts payable and accrued liabilities were understated and net assets were overstated. The financial statements for the fiscal year ending March 31, 2019 have been restated as follows:

Financial Position	2019 Previously Reported \$	2020 Revision \$	2020 Restated \$
Accounts payable and accrued liabilities	51,508	7,620	59,128
<hr/>			
Statement of Net Assets	2019 Previously Reported \$	2020 Revision \$	2020 Restated \$
Net Assets	(23,337)	(7,620)	(30,957)

**BAY OF QUINTE TOURIST COUNCIL
O/A BAY OF QUINTE REGIONAL MARKETING BOARD**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

4. ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the company considered to be particularly significant:

(a) Basis of Accounting

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

(b) Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. Significant items subject to such estimates and assumptions include valuation of accounts receivable, inventory, goodwill and pension obligation and the estimated useful life of building and equipment. Actual results could differ from those estimates.

(c) Property, Plant and Equipment and Amortization

Property, plant and equipment are stated at acquisition cost. Gains or losses on the disposal of individual assets are recognized in earnings in the year of disposal. Amortization of property, plant and equipment, which is based on estimated useful life, is calculated on the following bases and at the rates set out below:

Asset	Basis	Rate
Machinery, equipment, furniture and fixtures	Declining balance	20%
Computer hardware	Declining balance	50% and 55%
Computer software	Declining balance	100%

(d) Revenue Recognition

Revenue from community funding is recognized in the fiscal year to which it is earned. Community funding is paid at \$1.55 per capita, based on the most recent Census (currently 2016).

Revenue from Municipal Accommodation Tax is recognized in the fiscal year to which it is earned. Bay of Quinte Toursit Council o/a Bay of Quinte Regional Marketing Board has been designated as the not-for-profit tourist entity for the City of Belleville and City of Quinte West, as per the Municipal Act of Ontario, and as such, retains 50% of the Municipal Accommodation Tax that the municipalities collect, less administrative costs.

(e) Cash and Equivalents

Cash and equivalents consist of an operating bank account.

**BAY OF QUINTE TOURIST COUNCIL
O/A BAY OF QUINTE REGIONAL MARKETING BOARD**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

5. PROPERTY, PLANT AND EQUIPMENT

	2020		2019	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Machinery, equipment, furniture and fixtures	3,922	2,476	3,922	2,115
Computer hardware	4,116	3,989	4,116	3,838
Computer software	605	422	240	240
	8,643	6,887	8,278	6,193
Cost less accumulated amortization	\$ 1,756		\$ 2,085	

6. ECONOMIC DEPENDENCE

The Organization relies on a significant proportion of their funding from the Municipal Accommodation Tax it receives from the City of Belleville (53% of total revenue) and Quinte West (13% of total revenue). The Municipal Accommodation Tax from both municipalities represents 66% of total revenue.

7. COMMITMENTS

In the 2016 fiscal year, the Organization entered into a lease agreement for five years, ending on May 31, 2020. The total amounts payable over five years and thereafter including HST are as follows:

	\$
2021	2,144

**BAY OF QUINTE TOURIST COUNCIL
O/A BAY OF QUINTE REGIONAL MARKETING BOARD**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

8. FINANCIAL RISKS AND CONCENTRATIONS OF RISK

In the normal course of business, the Organization is exposed to a number of risks that can affect its operational performance. These risks are as follows:

(a) Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet all cash outflow obligations as they come due. The Organization is exposed to liquidity risk in the fact that funding from the Municipal Accommodation Tax and per capita partner funding are not always guaranteed, and without this funding, the Organization may not be able to meet their cash outflow obligation.

Each municipality is required under the by-laws to distribute 50% of the Municipal Accommodation to an eligible tourism entity; however, the eligible tourism entity, or entities, that receive this amount is up to the discretion of the municipality. Additionally, the Municipal Accommodations Tax is subject to fluctuations.

The communities that are responsible for the allocating of the per capita partner funding are reconfigured every four years, at which time the allocation of the per capita partner funding is revisited.

9. IMPACT OF COVID-19

The Coronavirus disease COVID-19 developed rapidly in 2020, having a considerable impact, both globally and locally. As a result, measures were taken by various governments to contain the virus, including restrictions impacting the operations of non-essential entities.

Subsequent to year-end, the Municipality of Belleville did not collect any Municipal Accommodation Tax revenue from April 2020 until June 2020. The impact of this decision resulted in approximately \$110,000 in lost revenue for the Organization.