

**BAY OF QUINTE TOURIST COUNCIL
(O/A BAY OF QUINTE REGIONAL MARKETING BOARD)
FINANCIAL STATEMENTS
AS AT MARCH 31, 2021**

**BAY OF QUINTE TOURIST COUNCIL
(O/A BAY OF QUINTE REGIONAL MARKETING BOARD)
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AS AT MARCH 31, 2021**

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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 statement of financial position as at March 31, 2021 and the statements of changes in net assets, operations 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, 2021, 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.

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.

Wilkinson + Company LLP

TRENTON, Canada
February 17, 2022

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, 2021**

| | 2021 | 2020 |
|---|----------------|----------------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash | 202,885 | 107,855 |
| Accounts receivable | 129,267 | 113,145 |
| Prepaid expenses | 1,804 | 1,804 |
| HST recoverable | 8,587 | - |
| | 342,543 | 222,804 |
| PROPERTY, PLANT AND EQUIPMENT - Note 3 | 3,328 | 1,756 |
| | 345,871 | 224,560 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | 35,881 | 34,539 |
| Deferred revenue - City of Quinte West per capita | - | 67,544 |
| HST payable | - | 21,515 |
| | 35,881 | 123,598 |
| LONG-TERM | | |
| Canada Emergency Business Account - Note 4 | 40,000 | - |
| | 75,881 | - |
| NET ASSETS | | |
| NET ASSETS | 269,990 | 100,962 |
| | 345,871 | 224,560 |

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, 2021**

| | 2021 | 2020 |
|--|----------------|----------|
| | \$ | \$ |
| NET ASSETS - BEGINNING OF YEAR | 100,962 | (30,957) |
| INCREASE IN NET ASSETS FOR YEAR | 169,028 | 131,919 |
| NET ASSETS - END OF YEAR | 269,990 | 100,962 |

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 OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2021**

| | 2021 | 2020 |
|---|----------------|---------|
| | \$ | \$ |
| REVENUE | | |
| City of Belleville | | |
| Per capita | 78,610 | 78,610 |
| Municipal Accommodation Tax | 216,218 | 340,654 |
| | 294,828 | 419,264 |
| City of Quinte West | | |
| Per capita | 67,544 | 67,544 |
| Municipal Accommodation Tax | 82,877 | 84,427 |
| | 150,421 | 151,971 |
| Mohawks of the Bay of Quinte per capita | 3,915 | 3,915 |
| Municipality of Brighton per capita | 18,358 | 18,358 |
| Quinte Home Builders Association | 5,000 | 5,000 |
| Quinte Restaurant Association | 500 | 5,000 |
| Regional Recovery and Relief Fund | 215,490 | - |
| Other funding | 3,074 | 38,895 |
| | 246,337 | 71,168 |
| | 691,586 | 642,403 |
| EXPENSES | | |
| Amortization | 1,620 | 694 |
| Administrative expenses | 32,243 | 43,271 |
| Bad debts/refunds | 8,500 | 1,379 |
| Marketing expenses | 307,224 | 177,466 |
| Partnership expenses | - | 573 |
| Staff expenses - Note 4 | 172,971 | 287,101 |
| | 522,558 | 510,484 |
| EXCESS OF REVENUE OVER EXPENSES FOR YEAR | 169,028 | 131,919 |

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, 2021**

| | 2021 | 2020 |
|---|----------------|----------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Net earnings for year | 169,028 | 131,919 |
| Adjustment for item which does not affect cash - Amortization of property, plant and equipment | 1,620 | 694 |
| | 170,648 | 132,613 |
| Net change in non-cash working capital - | | |
| (Increase)/decrease in accounts receivable | (16,122) | (40,590) |
| (Increase)/decrease in prepaid expenses | - | (304) |
| (Increase)/decrease in HST recoverable | (8,587) | - |
| Increase/(decrease) in accounts payable and accrued liabilities | 1,342 | (24,589) |
| Increase/(decrease) in deferred revenue | (67,544) | - |
| Increase/(decrease) HST payable | (21,515) | 9,822 |
| CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES | 58,222 | 76,952 |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (3,192) | (364) |
| CASH FLOWS USED IN INVESTING ACTIVITIES | (3,192) | (364) |
| FINANCING ACTIVITIES | | |
| Increase in government assistance repayable | 40,000 | - |
| CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES | 40,000 | - |
| NET INCREASE IN CASH AND CASH EQUIVALENTS FOR YEAR | 95,030 | 76,588 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 107,855 | 31,267 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | 202,885 | 107,855 |

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, 2021**

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. 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 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. Significant items subject to such estimates and assumptions include valuation of accounts receivable, and the estimated useful life of tangible capital assets. Actual results could differ from those estimates.

(c) Tangible Capital Assets

Tangible capital assets 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 tangible capital assets, 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) Government Assistance

Government assistance in the form of non-repayable subsidies and forgivable loans were accounted for using the cost reduction approach, whereby the cost of operating expense is reduced by the assistance received; if assistance received is not for a specific expenditure, the assistance is recorded as revenue. Government assistance is recognized in the period where all conditions of the non-repayable subsidies and forgivable loans are met.

**BAY OF QUINTE TOURIST COUNCIL
O/A BAY OF QUINTE REGIONAL MARKETING BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

2. ACCOUNTING POLICIES - Cont'd

(e) 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 Tourist 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.

(f) Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized costs except for equities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include accounts receivable, prepaid expenses and government remittances receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(g) Cash and Equivalents

Cash and equivalents consist of an operating bank account.

3. PROPERTY, PLANT AND EQUIPMENT

| | 2021 | | 2020 | |
|---|-----------------|-----------------------------------|------------|-----------------------------------|
| | Cost \$ | Accumulated amortization \$ | Cost \$ | Accumulated amortization \$ |
| Machinery, equipment, furniture and fixtures | 4,222 | 2,795 | 3,922 | 2,476 |
| Computer hardware | 5,882 | 4,544 | 4,116 | 3,989 |
| Computer software | 1,731 | 1,168 | 605 | 422 |
| | 11,835 | 8,507 | 8,643 | 6,887 |
| Cost less accumulated amortization | \$ 3,328 | | \$ 1,756 | |

**BAY OF QUINTE TOURIST COUNCIL
O/A BAY OF QUINTE REGIONAL MARKETING BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

4. GOVERNMENT ASSISTANCE

During the year, the Organization received government assistance in the form of the Canadian Employment Wage Subsidy (CEWS), the Canada Emergency Business Account (CEBA), and the Regional Relief and Recovery Fund (RRRF). These sources of funds were measures introduced by the government in response to the challenges faced by entities due to the global pandemic caused by COVID-19.

The CEWS was intended to subsidize employee wage costs for entities impacted by COVID-19. The Organization earned \$123,590 in CEWS during the year. As of March 31, 2021, \$72,086 is considered receivable. The \$123,590 has been reflected as a reduction in staff costs in these financial statements.

The CEBA was intended to subsidize non-deferrable operating expenses for entities impacted by COVID-19. The Organization received \$40,000 from the government. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of \$10,000.

The RRRF was intended to provide assistance to businesses that require additional support to cope with and recover from COVID-19. The Organization recognized \$215,490 as revenues.

5. 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.

6. COMMITMENTS

In the 2021 fiscal year, the Organization entered into a lease agreement for five years, ending on April 31, 2025. The total amounts payable over five years and thereafter including HST are as follows:

| | | |
|------------|----|--------|
| | \$ | |
| 2022 | | 12,866 |
| 2023 | | 12,920 |
| 2024 | | 13,509 |
| 2025 | | 13,509 |
| Thereafter | | 1,126 |
| | | 53,930 |

**BAY OF QUINTE TOURIST COUNCIL
O/A BAY OF QUINTE REGIONAL MARKETING BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

7. 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.

8. 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.

The organization was impacted by reduced Municipal Accommodations Tax during the year. Any impact subsequent to year-end cannot be fully measured at this time.