

**Surrey Tourism & Convention Association
(DBA) Discover Surrey
Financial Statements**
For the year ended December 31, 2023

**Surrey Tourism & Convention Association
(DBA) Discover Surrey**

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For the year ended December 31, 2023

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To the Members of Surrey Tourism & Convention Association:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Surrey Tourism & Convention Association (the "Association"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2023, 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 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Surrey, British Columbia

October 1, 2024

MNP LLP

Chartered Professional Accountants

**Surrey Tourism & Convention Association
(DBA) Discover Surrey
Statement of Financial Position**

As at December 31, 2023

	2023	2022
Assets		
Current		
Cash	886,964	1,473,926
Guaranteed Investment Certificates (Note 3)	458,228	441,181
Contributions receivable	504,229	449,469
Prepaid expenses	1,948	2,805
	1,851,369	2,367,381
Restricted cash (Note 4)	873,572	99,476
	2,724,941	2,466,857
Liabilities		
Current		
Accounts payable and accruals (Note 5)	280,745	400,285
Deferred contributions (Note 6)	73,572	99,476
Canada Emergency Business Account (Note 7)	40,000	40,000
	394,317	539,761
Credit facility (Note 8)		
Commitments (Note 9)		
Subsequent event (Note 11)		
Net Assets		
Unrestricted	1,530,624	1,927,096
Internally restricted (Note 4)	800,000	-
	2,330,624	1,927,096
	2,724,941	2,466,857

Approved on behalf of the Board

e-Signed by Kristin Bishop
2024-10-02 08:46:21:21 PDT
Director

e-Signed by Philip Aguirre
2024-10-02 14:37:09:09 PDT
Director

The accompanying notes are an integral part of these financial statements

Surrey Tourism & Convention Association
(DBA) Discover Surrey
Statement of Operations

For the year ended December 31, 2023

	2023	2022
Revenue		
Hotel room tax	1,901,214	1,525,240
Grants	34,209	17,500
Interest on guaranteed investment certificates	17,047	9,394
Other revenue	15,503	16,673
Tourism White Rock	10,401	60,566
	1,978,374	1,629,373
Expenses		
Amortization	-	966
Automotive	19,036	11,373
Facility operations	54,200	18,569
Insurance	5,440	4,914
Marketing and promotion	998,704	506,901
Meetings	14,738	12,542
Office and miscellaneous	98,571	40,182
Professional fees	44,262	38,868
Tourism White Rock	8,481	60,596
Travel	7,252	-
Visitor services	9,153	-
Wages and benefits	313,560	160,706
	1,573,397	855,617
Excess of revenue over expenses before other items	404,977	773,756
Other items		
Foreign exchange loss	(1,449)	-
Excess of revenue over expenses	403,528	773,756

The accompanying notes are an integral part of these financial statements

**Surrey Tourism & Convention Association
(DBA) Discover Surrey
Statement of Changes in Net Assets**
For the year ended December 31, 2023

	<i>Unrestricted</i>	<i>Internally restricted</i>	2023	2022
Net assets, beginning of year	1,927,096	-	1,927,096	1,153,340
Excess of revenue over expenses	403,528	-	403,528	773,756
Interfund transfers (Note 4)	(800,000)	800,000	-	-
Net assets, end of year	1,530,624	800,000	2,330,624	1,927,096

The accompanying notes are an integral part of these financial statements

Surrey Tourism & Convention Association
(DBA) Discover Surrey
Statement of Cash Flows
For the year ended December 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	403,528	773,756
Amortization	-	966
	403,528	774,722
Changes in working capital accounts		
Contributions receivable	(54,760)	(131,123)
Prepaid expenses	857	(1,226)
Accounts payable and accruals	(119,540)	203,746
Deferred contributions	(25,904)	30,263
	204,181	876,382
Investing		
Purchase of guaranteed investment certificates	(355,850)	(338,604)
Proceeds on maturity of guaranteed investment certificates	338,803	329,210
	(17,047)	(9,394)
Increase in cash resources	187,134	866,988
Cash resources, beginning of year	1,573,402	706,414
Cash resources, end of year	1,760,536	1,573,402
Cash resources are composed of:		
Unrestricted cash	886,964	1,473,926
Restricted cash (Note 4)	873,572	99,476
	1,760,536	1,573,402

The accompanying notes are an integral part of these financial statements

Surrey Tourism & Convention Association
(DBA) Discover Surrey
Notes to the Financial Statements
For the year ended December 31, 2023

1. Incorporation and nature of the organization

Surrey Tourism & Convention Association (the "Association") was incorporated on January 11, 2001 under the Society Act of British Columbia and is registered as a not-for-profit organization and thus is exempt from income taxes under Section 149 of the Income Tax Act ("the Act"). In order to maintain its status as a registered not-for-profit organization under the Act, the Association must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Association's purpose is to assist with travel planning and tourism reservations and supporting the convention and visitors industry in the City of Surrey.

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:

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized as revenue when earned.

Revenue from other sources are recorded when services are provided.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a declining balance basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

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.

Contributions receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Surrey Tourism & Convention Association
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Notes to the Financial Statements
For the year ended December 31, 2023

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

The Association recognizes financial instruments when the Association becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Association has not made such an election during the year.

The Association subsequently measures its financial assets and liabilities at amortized cost.

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 excess of revenues over expenses. 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

The Association assesses impairment of all its financial assets measured at cost or amortized cost. The Association groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

3. Marketable securities/Portfolio investments

The Association's Guaranteed Investment Certificates bear interest of 4.50% (2023 - 4.50%) with maturity dates in October 2025.

4. Internally restricted funds

Internally restricted net assets

The internally restricted fund balance includes funds which are intended for ongoing initiatives related to the delivery of the Association's operations as approved by the board of directors (the "Board"). During the year, the Board approved transfers totaling \$800,000 (2022 - \$NIL) from unrestricted net assets to internally restricted net assets. Internally restricted funds have been classified as restricted cash on the balance sheet.

These internally restricted amounts are not available for other purposes without approval of the Board.

5. Accounts payable and accruals

Included in accounts payable and accruals at December 31, 2023 is \$11,908 (2022 - \$7,828) of remittances payable to government agencies.

Surrey Tourism & Convention Association
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Notes to the Financial Statements
For the year ended December 31, 2023

6. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for specified expenses. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2023	2022
Balance, beginning of year	99,476	69,213
Amount received during the year	-	90,828
Less: Amount recognized as revenue during the year	(25,904)	(60,565)
Balance, end of year	73,572	99,476

7. Government assistance

Canada Emergency Business Account (CEBA)

The Association received \$60,000 in Canada Emergency Business Account financing that became available due to COVID-19. The loan is non-interest bearing until after December 31, 2023, with interest of 5% per annum thereafter. Principal repayments are not required during the term of the loan. The loan was repaid subsequent to year-end and \$20,000 of the loan was forgiven.

8. Credit facility

The Association has an available operating line of credit in the amount of \$50,000 (2022 - \$50,000), due on demand and bearing interest at 8.20% per annum (2022 - 7.70%). As at December 31, 2023, the operating facility was not drawn upon (2022 - \$NIL).

9. Commitments

The Association has entered into a premises lease through November 2024, subject to renewal every two years. The lease commitment through expiry is:

<u>2024</u>	<u>37,389</u>
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10. Financial instruments

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

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates. .

Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations. The Association's main credit risk relates to its financial assets.

Surrey Tourism & Convention Association
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Notes to the Financial Statements
For the year ended December 31, 2023

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

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Association is exposed to interest rate cash flow risk with respect to its Guaranteed Investment Certificates, available credit facility and Canada Emergency Business Account loan.

11. Subsequent event

During the year ended December 31, 2023, the Association incurred \$32,191 of sport tourism expenses on behalf of Surrey Hotel & Motel Association ("SHMA"). Subsequent to year-end, SHMA and the Association agreed to the reimbursement of these expenses. As such, the recovery of these expenses is recorded in the year ended December 31, 2024.

12. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.