

Surrey Tourism & Convention Association (DBA) Discover Surrey
Financial Statements
For the year ended December 31, 2021

Surrey Tourism & Convention Association (DBA) Discover Surrey Contents

For the year ended December 31, 2021

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Independent Auditor's Report

To the Members of Surrey Tourism & Convention Association (DBA) Discover Surrey:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Surrey Tourism & Convention Association (DBA) Discover Surrey (the "Association"), which comprise the statement of financial position as at December 31, 2021, and the statements of 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021, 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.

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- 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.

Other Matter

As required by the Societies Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the previous year.

Surrey, British Columbia

July 15, 2022

MNP LLP

Chartered Professional Accountants

Surrey Tourism & Convention Association (DBA) Discover Surrey

Statement of Financial Position

As at December 31, 2021

	2021	2020
Assets		
Current		
Cash	706,414	296,693
Guaranteed Investment Certificates (Note 3)	431,786	426,325
Contributions receivable	318,346	154,761
Prepaid expenses	1,579	12,930
	1,458,125	890,709
Capital assets (Note 4)	966	2,622
	1,459,091	893,331
Liabilities		
Current		
Accounts payable and accruals (Note 5)	196,539	128,735
Deferred contributions (Note 6)	69,213	67,133
	265,752	195,868
Canada Emergency Business Account (Note 7)	40,000	30,000
	305,752	225,868
Credit facility (Note 8)		
Commitments (Note 9)		
Net Assets		
Unrestricted	1,152,373	664,841
Invested in capital assets	966	2,622
	1,153,339	667,463
	1,459,091	893,331

Approved on behalf of the Board

e-Signed by Julia Barreiros
2022-07-15 16:03:58:58 GMT

Director

e-Signed by Philip Aguirre
2022-07-15 23:05:47:47 GMT

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, 2021

	2021	<i>2020</i> <i>Unaudited</i>
<hr/>		
Revenue		
Hotel room tax	799,106	283,013
Tourism White Rock	70,338	50,912
Grants	106,000	96,700
Other revenue	52,259	32,138
Interest on guaranteed investment certificates	5,461	7,429
Co-op Advertising	3,573	22,000
Recognition of deferred contributions related to capital assets	-	8,400
	<hr/>	<hr/>
	1,036,737	500,592
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Expenses		
Marketing and promotion	301,813	110,704
Tourism White Rock	70,338	50,912
Wages and benefits	100,619	66,710
Facility operations	22,869	56,332
Professional fees	30,439	11,916
Office and miscellaneous	15,141	15,668
Meetings	4,545	504
Insurance	3,441	5,616
Amortization	1,656	48,724
	<hr/>	<hr/>
	550,861	367,086
<hr/>		
Excess of revenue over expenses before other items	485,876	133,506
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Other items (Note 11)		
Impairment of capital assets	-	(657,735)
Recognition of deferred contributions related to capital assets	-	117,600
Canada Emergency Wage Subsidy	-	3,602
	<hr/>	<hr/>
	-	(536,533)
<hr/>		
Excess (deficiency) of revenue over expenses	485,876	(403,027)
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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, 2021

	<i>Unrestricted</i>	<i>Invested in capital assets</i>	<i>2021</i>	<i>2020</i>
Net assets, beginning of year	664,841	2,622	667,463	1,070,490
Excess (deficiency) of revenue over expenses	487,532	(1,656)	485,876	(403,027)
Net assets, end of year	1,152,373	966	1,153,339	667,463

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, 2021

	2021	<i>2020</i> <i>Unaudited</i>
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	485,876	(403,027)
Amortization	1,656	48,724
Recognition of deferred contributions related to capital assets	-	(126,000)
Loss on impairment of capital assets	-	657,735
Forgivable portion of CEBA loan	(10,000)	(10,000)
	477,532	167,432
Changes in working capital accounts		
Contributions receivable	(163,585)	(154,761)
Prepaid expenses	11,351	(6,121)
Accounts payable and accruals	67,804	116,007
Deferred contributions	2,080	24,462
	395,182	147,019
Financing		
Advances of CEBA loan	20,000	40,000
Investing		
Purchase of capital assets	-	(3,311)
Proceeds on maturity of guaranteed investment certificates	329,872	481,593
Purchases of guaranteed investment certificates	(335,333)	(422,713)
	(5,461)	55,569
Increase in cash resources	409,721	242,588
Cash resources, beginning of year	296,693	54,105
Cash resources, end of year	706,414	296,693

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, 2021

1. Incorporation and nature of the organization

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

Impact on operations of COVID-19 (Coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (Coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Association's operations have been adversely affected due to COVID-19 due to a decline in travel, and therefore, impacting contributions for hotel room tax for the first half of 2021. The Association anticipates that COVID-19 restrictions will ease in fiscal 2022, and hotel room tax to normalize, though gradually to pre-pandemic levels.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") 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.

Government assistance

The portion of loans from the government that are forgivable are recognized as income in the year in which the criteria for forgiveness is determined to likely be met.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian ASNPO 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. 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 deficiency over expenses in the periods in which they become known.

Surrey Tourism & Convention Association (DBA) Discover Surrey

Notes to the Financial Statements

For the year ended December 31, 2021

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, with transaction costs and financing fees added to the carrying amount of the Association's financial instruments.

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 there are numerous assets affected by the same factors. Management considers whether the issuer is having significant financial difficulty 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 revenue 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 revenue over expenses in the year the reversal occurs.

Capital assets

Purchased capital assets are initially recorded at cost.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Years
Computer equipment	2 years

3. Guaranteed investment certificates

The Association's Guaranteed Investment Certificates bear interest between 0.70% and 2.40% with maturity dates between January and October 2022.

4. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	11,623	10,657	966	2,622
	11,623	10,657	966	2,622

Surrey Tourism & Convention Association (DBA) Discover Surrey

Notes to the Financial Statements

For the year ended December 31, 2021

5. Accounts payable and accruals

Included in accounts payable and accruals at December 31, 2021 is \$1,727 (2020 - \$Nil) of remittances payable to government agencies.

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:

	2021	2020
Balance, beginning of year	67,133	42,671
Amount received during the year	116,501	118,956
Less: Amount recognized as revenue during the year	(114,421)	(94,494)
Balance, end of year	69,213	67,133

7. Government assistance

Canada Emergency Business Account (CEBA)

During the year ended December 31, 2021, the Association received \$20,000 (2020 - \$40,000) in Canada Emergency Business Account financing that became available due to COVID-19. The loan is non-interest bearing until December 31, 2023, with interest of 5% per annum thereafter. Principal repayments are not required during the term of the loan. The loan must be repaid by December 31, 2025. If the loan is repaid by December 31, 2023, \$20,000 of the loan will be forgiven. As it is expected that \$10,000 of the current year's loan will be forgiven, it has been recorded as other revenue (2020 - \$10,000).

8. Credit facility

The Association has an available operating line of credit in the amount of \$50,000 (2020 - \$50,000), due on demand and bearing interest at 3.45% per annum. As at December 31, 2021, the operating facility was not drawn upon (2020 - \$Nil).

9. Commitments

The Association has entered into a premises lease of \$18,000 annually through June 2022, subject to annual renewal. The lease commitment through expiry is \$9,000.

10. Deferred contributions related to capital assets

	2021	2020
Balance, beginning of year	-	126,000
Less: Amounts recognized as revenue during the year	-	(8,400)
Less: Recognition on impairment of capital assets	-	(117,600)
Balance, end of year	-	-

Surrey Tourism & Convention Association (DBA) Discover Surrey

Notes to the Financial Statements

For the year ended December 31, 2021

11. Other items

During the year ended March 31, 2020, the Association vacated their building, and as such, incurred an impairment allowance on capital assets of \$657,735 and recognized deferred contributions associated with the capital assets that were vacated of \$117,600.

12. 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 that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risk relates to its financial assets.

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 risk on its Guaranteed Investment Certificates, available credit facility and Canada Emergency Business Account loan.