

TOURISM INDUSTRY ASSOCIATION OF NEW BRUNSWICK INC.

Financial Statements

Year Ended March 31, 2022

TOURISM INDUSTRY ASSOCIATION OF NEW BRUNSWICK INC.

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Year Ended March 31, 2022

(Unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Tourism Industry Association of New Brunswick Inc.

We have reviewed the accompanying financial statements of Tourism Industry Association of New Brunswick Inc. which comprise the statement of financial position as at March 31, 2022 and the statements of changes in net assets, revenues and expenditures and cash flow 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.

Practitioner's Responsibility for the Financial Statements

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Tourism Industry Association of New Brunswick Inc. as at March 31, 2022, 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.



Fredericton, New Brunswick
June 8, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

TOURISM INDUSTRY ASSOCIATION OF NEW BRUNSWICK INC.

Statement of Financial Position

March 31, 2022

(Unaudited)

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 62,274	\$ 113,155
Term deposits <i>(Note 5)</i>	228,684	198,166
Accounts receivable <i>(Note 11)</i>	186,461	22,742
Inventory	11,594	6,918
Government remittances recoverable	19,225	8,007
Prepaid expenses	20,797	21,949
	529,035	370,937
RESTRICTED CASH - SCHOLARSHIPS <i>(Note 6)</i>	28,356	31,991
PROPERTY AND EQUIPMENT <i>(Note 4)</i>	14,517	18,860
	\$ 571,908	\$ 421,788
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 21,087	\$ 48,022
Deferred revenue <i>(Note 12)</i>	168,148	24,633
	189,235	72,655
FUNDS IN TRUST - SCHOLARSHIPS	28,356	31,991
	217,591	104,646
NET ASSETS		
Unrestricted	339,800	298,282
Invested in property and equipment	14,517	18,860
	354,317	317,142
	\$ 571,908	\$ 421,788

ON BEHALF OF THE BOARD

_____ *Chief Executive Officer*

_____ *Director*

TOURISM INDUSTRY ASSOCIATION OF NEW BRUNSWICK INC.

Statement of Changes in Net Assets

Year Ended March 31, 2022

(Unaudited)

	Unrestricted	Invested in Property and Equipment	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 298,282	\$ 18,860	\$ 317,142	\$ 309,520
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	42,819	(5,644)	37,175	7,622
INVESTED IN PROPERTY AND EQUIPMENT	(1,301)	1,301	-	-
NET ASSETS - END OF YEAR	\$ 339,800	\$ 14,517	\$ 354,317	\$ 317,142

TOURISM INDUSTRY ASSOCIATION OF NEW BRUNSWICK INC.

Statement of Revenues and Expenditures

Year Ended March 31, 2022

(Unaudited)

	2022	2021
REVENUE		
Contract revenue <i>(Note 8)</i>	\$ 209,092	\$ 323,580
Annual general meeting	101,777	5,200
Training and course material	23,553	16,127
Dues	103,787	14,135
Other	10,576	7,987
COVID-19 funding <i>(Note 7)</i>	186,702	302,943
	<u>635,487</u>	<u>669,972</u>
ADMINISTRATION EXPENSES		
Advertising and promotion	8,666	31,277
Amortization of property and equipment	5,644	4,759
Dues	4,493	3,874
Insurance	2,248	2,135
Interest and bank charges	3,993	1,066
Meetings	3,528	584
Office	10,459	6,977
Professional fees	4,950	14,950
Rent	33,091	36,324
Salaries and subcontracts	348,925	231,893
Telephone and utilities	6,375	5,379
Travel	11,021	4,101
	<u>443,393</u>	<u>343,319</u>
Allocated from administration <i>(Note 10)</i>	<u>(152,955)</u>	<u>(59,392)</u>
	<u>290,438</u>	<u>283,927</u>
	<u>345,049</u>	<u>386,045</u>
EXPENSES		
Annual general meeting	104,503	22,064
Contract expenses <i>(Note 9)</i>	176,601	317,110
Training and course material	26,770	39,249
	<u>307,874</u>	<u>378,423</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 37,175</u>	<u>\$ 7,622</u>

TOURISM INDUSTRY ASSOCIATION OF NEW BRUNSWICK INC.

Statement of Cash Flow

Year Ended March 31, 2022

(Unaudited)

	2022	2021
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 37,175	\$ 7,622
Item not affecting cash:		
Amortization of property and equipment	5,644	4,759
	<u>42,819</u>	<u>12,381</u>
Changes in non-cash working capital:		
Term deposits	(30,518)	(787)
Accounts receivable	(163,719)	15,053
Inventory	(4,676)	(20)
Prepaid expenses	1,152	(14,179)
Accounts payable	(26,935)	26,352
Deferred revenue	143,515	23,608
Government remittances recoverable / payable	(11,218)	(6,586)
	<u>(92,399)</u>	<u>43,441</u>
	<u>(49,580)</u>	<u>55,822</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,301)	(4,120)
Funds in trust - scholarships	(3,635)	(3,925)
	<u>(4,936)</u>	<u>(8,045)</u>
INCREASE (DECREASE) IN CASH	(54,516)	47,777
CASH - BEGINNING OF YEAR	145,146	97,369
CASH - END OF YEAR	\$ 90,630	\$ 145,146
CASH CONSISTS OF:		
Cash	\$ 62,274	\$ 113,155
Restricted cash - scholarships	28,356	31,991
	<u>\$ 90,630</u>	<u>\$ 145,146</u>

TOURISM INDUSTRY ASSOCIATION OF NEW BRUNSWICK INC.

Notes to Financial Statements

Year Ended March 31, 2022

(Unaudited)

1. DESCRIPTION OF OPERATIONS

Tourism Industry Association of New Brunswick Inc. is a not-for-profit organization incorporated without share capital that is exempt from income taxes. Tourism Industry Association of New Brunswick Inc. was formed in 1983 to promote the growth and quality of the tourism and hospitality industry in New Brunswick. The Association was formerly known as Hospitality New Brunswick Inc.

The Association conducts a number of programs, some under contract, with the objectives of fostering health and sustained growth for the New Brunswick tourism industry and serving the interests of its members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and cash equivalents

The Association considers cash on hand, short-term deposits and balances with banks, net of overdrafts as cash or cash equivalents. Bank borrowings are considered to be financing activities.

Financial instruments policy

The Association considers any contracts a financial asset, liability, or equity instrument as a financial instrument, except in certain limited circumstances. The Association accounts for the following as financial instruments:

1. Cash and cash equivalents
2. Trade and other receivables
3. Payables and accruals
4. Term deposits

A financial asset or liability is recognized when the Association becomes party to contractual provisions of the instrument.

The Association initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Association is in the capacity of management in which case they are accounted for in accordance with financial instruments.

The Association subsequently measures its financial assets and financial liabilities at cost or amortized cost less any reduction for impairment.

The Association removes financial liabilities, or a portion of, when the obligation is discharged, cancelled, or expires.

(continues)

TOURISM INDUSTRY ASSOCIATION OF NEW BRUNSWICK INC.

Notes to Financial Statements

Year Ended March 31, 2022

(Unaudited)

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

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Property and equipment is amortized over its estimated useful life at the following rates and methods:

Computer equipment	3 years	straight-line method
Office equipment and fixtures	20%	declining balance method
Leasehold improvements	5 years	straight-line method

The Association regularly reviews its property and equipment to eliminate obsolete items.

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 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. Significant estimates include allowances for doubtful accounts and useful lives of property and equipment. Actual results could differ from these estimates.

Revenue recognition

The Association follows the deferral method of accounting for revenue, whereby revenue received for specific purposes is deferred and recognized as income in the period in which the related expenses are incurred.

Revenue from membership dues is recognized to income on a monthly basis over the membership term.

Allocated administration expenses

Various administration expenses are allocated to contracts and events on a systematic basis that includes factors such as space usage, other usage charges and staff time. The amounts allocated are disclosed on Note 10 to the financial statements.

TOURISM INDUSTRY ASSOCIATION OF NEW BRUNSWICK INC.

Notes to Financial Statements

Year Ended March 31, 2022

(Unaudited)

3. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2022.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, and accounts payable.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 63,858	\$ 60,891	\$ 2,967	\$ 4,251
Office equipment and fixtures	31,930	25,057	6,873	8,061
Leasehold improvements	9,355	4,678	4,677	6,548
	\$ 105,143	\$ 90,626	\$ 14,517	\$ 18,860

5. TERM DEPOSITS

Guaranteed investment certificates are interest bearing at rates between 0.2% and 0.8% (2021 - 0.3% and 0.9%) and mature within one year.

6. RESTRICTED CASH - SCHOLARSHIPS

Restricted cash - scholarships includes \$23,473 (2021 - \$23,473) applicable to the Pioneer Legacy Scholarship administered on behalf of the New Brunswick Restaurant and Food Association.

During the year, the scholarship fund generated \$414 (2020 - \$75) from fundraising and paid scholarships of \$4,049 (2021 - \$4,000).

7. REVENUE - COVID-19 FUNDING

	2022	2021
Membership fees subsidy - ACOA	\$ 166,646	\$ 163,994
Training subsidy - ACOA	-	50,000
Wage subsidies - CEWS	20,056	88,949
	\$ 186,702	\$ 302,943

TOURISM INDUSTRY ASSOCIATION OF NEW BRUNSWICK INC.

Notes to Financial Statements

Year Ended March 31, 2022

(Unaudited)

8. CONTRACT REVENUE

	2022	2021
Clean it Right	\$ 6,852	\$ 59,584
Customer Experience Fund	9,000	7,525
Destination Employment Program	-	15,000
Labour Force Adjustment Committee	-	175,691
NB Service Excellence	11,385	-
Regional Relief and Recovery Fund	6,655	-
Responsible Beverage	49,250	-
Tourism Hospitality Emergency Recovery	12,500	-
Video Training Modules for Restaurants	-	54,780
Work Force Development Plan	113,450	11,000
	\$ 209,092	\$ 323,580

9. CONTRACT EXPENSES

	2022	2021
Clean it Right	\$ 950	\$ 34,297
Customer Experience Fund	9,000	-
Labour Force Adjustment Committee	-	145,917
NB Service Excellence	960	-
Non-recoverable HST	2,147	17,704
Responsible Beverage	2,804	-
Other	1,440	-
Video Training Modules for Restaurants	-	49,800
Work Force Development Plan	6,345	10,000
	23,646	257,718
Subtotal	23,646	257,718
Allocated administrative expense	152,955	59,392
	\$ 176,601	\$ 317,110

TOURISM INDUSTRY ASSOCIATION OF NEW BRUNSWICK INC.

Notes to Financial Statements

Year Ended March 31, 2022

(Unaudited)

10. EXPENSES ALLOCATED FROM ADMINISTRATION

	<u>2022</u>	<u>2021</u>
Clean it Right	\$ 6,122	\$ 392
Destination Employment Program	-	14,000
Labour Force Adjustment Committee	-	45,000
NB Service Excellence	7,443	-
Regional Relief and Recovery Fund	6,000	-
Tourism Hospitality Emergency Recovery	12,000	-
Responsible Beverage	46,305	-
Work Force Development Plan	75,085	-
	<u>\$ 152,955</u>	<u>\$ 59,392</u>

11. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Training	\$ 1,633	\$ -
Contracts	184,596	-
Events	86	9,741
Dues	146	-
Wage subsidies (CEWS)	-	13,001
	<u>\$ 186,461</u>	<u>\$ 22,742</u>

12. DEFERRED REVENUE

	<u>2022</u>	<u>2021</u>
Dues	\$ 6,669	\$ 2,125
Events	75	-
Contracts	161,404	22,508
	<u>\$ 168,148</u>	<u>\$ 24,633</u>

13. GOVERNMENT ASSISTANCE

Contract revenue includes \$120,105 (2021 - \$186,691) from Atlantic Canada Opportunities Agency (ACOA), \$76,487 (2021 - \$121,889) from Province of New Brunswick - Department of Post Secondary Education, and \$12,500 from Ontario Tourism Education Corporation (2021 - \$15,000 from Province of Nova Scotia - Heritage Research Council).

Annual general meeting revenue includes \$60,000 from sponsors and \$41,775 from ticket sales. (2021 - \$5,000 from Province of New Brunswick - Tourism, Heritage and Culture).

Government funding relating to COVID-19 includes \$20,056 from Canada Emergency Wage Subsidy (2021 - \$88,949) for wage subsidies and \$166,646 from Atlantic Canada Opportunities Agency (ACOA) (2021 - \$213,994) for training and membership fee subsidies.

TOURISM INDUSTRY ASSOCIATION OF NEW BRUNSWICK INC.

Notes to Financial Statements

Year Ended March 31, 2022

(Unaudited)

14. SIGNIFICANT EVENT

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial assets and condition of the Association in future periods.