

**Tourism Prince George**  
**Financial Statements**  
*December 31, 2020*

**Tourism Prince George**  
**Contents**  
*For the year ended December 31, 2020*

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# Independent Auditor's Report

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To the Members of Tourism Prince George:

## Opinion

We have audited the financial statements of Tourism Prince George (the "Society"), which comprise the statement of financial position as at December 31, 2020, 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 Society as at December 31, 2020, 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 Society 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

Prince George, British Columbia

March 17, 2021

*MNP LLP*

Chartered Professional Accountants

**Tourism Prince George**  
**Statement of Financial Position**  
*As at December 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
<b>Current</b>		
Unrestricted cash	534,702	208,552
Accounts receivable	274,784	291,651
Inventory	17,389	8,692
Prepaid expenses and deposits	16,759	106,864
	<b>843,634</b>	<b>615,759</b>
<b>Restricted investments (Note 3)</b>	<b>558,301</b>	<b>353,005</b>
<b>Tangible capital assets (Note 4)</b>	<b>40,276</b>	<b>52,057</b>
<b>Intangible assets (Note 5)</b>	<b>131,509</b>	<b>74,778</b>
	<b>1,573,720</b>	<b>1,095,599</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	97,585	96,601
Government remittance payable	42,971	52,383
Deferred contributions (Note 6)	69,315	48,345
	<b>209,871</b>	<b>197,329</b>
<b>Commitments (Note 7)</b>		
<b>Net Assets</b>		
Invested in tangible capital and intangible assets	171,782	126,832
Internally restricted (Note 8)	558,301	353,005
Unrestricted	633,766	418,433
	<b>1,363,849</b>	<b>898,270</b>
	<b>1,573,720</b>	<b>1,095,599</b>

Approved on behalf of the Board

E-SIGNED by Doug Bell

Director

E-SIGNED by Jamie Valcourt

Director

The accompanying notes are an integral part of these financial statements

**Tourism Prince George**  
**Statement of Operations**  
For the year ended December 31, 2020

	<b>2020</b>	<b>2019</b>
<b>Revenue</b>		
Hotel room tax grant	963,549	1,264,761
City of Prince George - Service agreement	327,000	327,000
Province of British Columbia	95,282	66,092
Advertising	47,610	51,566
Partnership programs	14,707	61,509
Merchandise sales	13,778	29,541
Federal government	11,416	18,244
Sales commission	729	2,638
	<b>1,474,071</b>	<b>1,821,351</b>
<b>General and administrative expenses</b> (Schedule 1)	<b>1,325,301</b>	<b>1,701,227</b>
	<b>148,770</b>	<b>120,124</b>
<b>Other income (expense)</b>		
CEWS funding (Note 9)	174,488	-
DMO relief funding (Note 9)	167,600	-
Miscellaneous	5,471	3,088
Consulting fees	(30,750)	-
	<b>316,809</b>	<b>3,088</b>
<b>Excess of revenue over expenses</b>	<b>465,579</b>	<b>123,212</b>

The accompanying notes are an integral part of these financial statements

**Tourism Prince George**  
**Statement of Changes in Net Assets**  
*For the year ended December 31, 2020*

	<i>Invested in tangible capital and intangible assets</i>	<i>Internally restricted</i>	<i>Unrestricted</i>	<b>2020</b>	2019
<b>Net assets, beginning of year,</b>	<b>126,832</b>	<b>353,005</b>	<b>418,433</b>	<b>898,270</b>	775,058
<b>Excess of revenue over expenses</b>	-	-	<b>465,579</b>	<b>465,579</b>	123,212
<b>Interfund transfers</b>	-	<b>200,000</b>	<b>(200,000)</b>	-	-
<b>Interest earned on restricted investments</b>	-	<b>5,296</b>	<b>(5,296)</b>	-	-
<b>Acquisition of tangible capital assets</b>	<b>14,415</b>	-	<b>(14,415)</b>	-	-
<b>Amortization of tangible capital assets</b>	<b>(26,196)</b>	-	<b>26,196</b>	-	-
<b>Intangible assets additions funded by operations</b>	<b>66,766</b>	-	<b>(66,766)</b>	-	-
<b>Amortization of intangible assets</b>	<b>(10,035)</b>	-	<b>10,035</b>	-	-
<b>Net assets, end of year</b>	<b>171,782</b>	<b>558,301</b>	<b>633,766</b>	<b>1,363,849</b>	898,270

*The accompanying notes are an integral part of these financial statements*

**Tourism Prince George**  
**Statement of Cash Flows**  
*For the year ended December 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	465,579	123,212
Amortization - tangible capital assets	26,196	31,421
Amortization - intangible assets	10,035	13,613
	<b>501,810</b>	<b>168,246</b>
Changes in working capital accounts		
Accounts receivable	16,867	38,991
Inventory	(8,697)	(5,290)
Prepaid expenses and deposits	90,105	(45,302)
Accounts payable and accruals	984	37,174
Government remittance payable	(9,412)	21,948
Deferred contributions	20,970	(3,346)
	<b>612,627</b>	<b>212,421</b>
<b>Investing</b>		
Purchase of tangible capital assets funded by operations	(14,415)	-
Purchase of intangible assets funded by operations	(66,766)	(67,922)
Purchase of restricted investments	(200,000)	(52,876)
Interest earned on restricted investments	(5,296)	-
	<b>(286,477)</b>	<b>(120,798)</b>
<b>Increase in unrestricted cash resources</b>	<b>326,150</b>	<b>91,623</b>
<b>Unrestricted cash resources, beginning of year</b>	<b>208,552</b>	<b>116,929</b>
<b>Unrestricted cash resources, end of year</b>	<b>534,702</b>	<b>208,552</b>

*The accompanying notes are an integral part of these financial statements*



**1. Incorporation and nature of the organization**

The purpose of the Tourism Prince George Society (the "Society") is to promote and market tourism in the Prince George area. The Society evaluates, develops, and implements marketing programs on behalf of various industry stakeholders. The Society is also responsible for visitor services activities within the Prince George area. The Society is incorporated under the Society Act (British Columbia) and is a non-profit organization pursuant to Section 149(1)(l) of the Income Tax Act.

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 Society's operations were impacted by COVID-19 due to the restrictions on travel, reduction in access to destination taxes collected from hotels, cancellation of events and overall decline in the tourism industry as a result of the pandemic. The impact of COVID-19 has been partially offset by available Government programs for which the Society was eligible. The Society has received wage subsidies from March 2020 to the date of completion of these financial statements and has received additional relief funding from the Province of BC to support the organization's operating costs from May to October 2020. Further details of these programs is described in Note 9 Government Assistance. Eligibility requirements under these programs have evolved since first announced and can be subject to changes in legislation or administrative positions, further, there is significant uncertainty of the period of time into the future that the Government will continue these programs. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Society as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced revenues from hotel taxes, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Society's operations and financial condition.

**2. Significant accounting policies**

The financial statements of the Society have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant policies:

***Restricted investments***

Restricted investments are stated at fair value and consist of short-term guaranteed investment certificates ("GIC's"). In determining fair values, adjustments have not been made for transaction costs. The difference between the fair value and cost of investments at the beginning and end of each year is reflected under internally restricted in the statement of changes in net assets.

***Inventory***

Inventory is valued at the lower of cost and net realizable value, with cost determined on a first-in, first-out basis. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

***Tangible capital assets***

The Society has established a threshold for each class of assets to determine what amount is to be capitalized. Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Amortization is determined at the following annual rates:

	<b>Rate</b>
Automotive	30 %
Computer equipment	55 %
Furniture and fixtures	20 %

***Impairment of tangible capital assets***

When a tangible capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value should be recognized as an expense in the statement of operations. A write-down should not be reversed.

***Intangible assets***

Separately acquired intangible assets are recorded at cost which includes all amounts that are directly attributable to the purchase and preparation of the asset for its intended use. Amortization is recognized straight-line over the asset's useful life. The useful life of the brand asset is estimated to be 7 years.

***Impairment of intangible assets***

When an intangible asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value should be recognized as an expense in the statement of operations. A write-down should not be reversed.

***Revenue recognition***

Unrestricted sources of income are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated or collection is reasonably assured. Contributions restricted internally or by donors for specific purposes are deferred to the extent that they are unexpended at the year-end. When expenditures are made in subsequent years, related deferred contributions are amortized and recorded as revenue in the statement of operations.

***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.

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 material. 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.

***Financial instruments***

Restricted investments are recorded at fair value on initial recognition and are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

**3. Restricted investments**

Restricted investments at December 31, 2020 consisted of four guaranteed investment certificates which mature between December 5-23, 2021 at a rate of 0.45% (1.50% in 2019) and valued at fair value. This investment is internally restricted by the Board of Directors.

**Tourism Prince George**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2020*

**4. Tangible capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020 Net book value</i>	<i>2019 Net book value</i>
Automotive	43,522	42,029	1,493	2,133
Computer equipment	74,410	68,280	6,130	9,108
Furniture and fixtures	174,688	142,035	32,653	40,816
	<b>292,620</b>	<b>252,344</b>	<b>40,276</b>	<b>52,057</b>

**5. Intangible assets**

	<i>2020</i>	<i>2019</i>
Website	-	6,856
Brand development	131,509	67,922
	<b>131,509</b>	<b>74,778</b>

Amortization of \$15,757 (2019 – \$13,613) related to intangible asset, is included in current year earnings.

**6. Deferred contributions**

Deferred contributions consist of unspent contributions externally restricted for the purpose of specific projects. 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:

	<i>2020</i>	<i>2019</i>
Balance, beginning of year	48,345	51,691
Pre-Sale of Visitor Guide	-	48,345
Destination BC - Route 16	36,815	-
Partnership Income - Route 16	32,500	-
Less: Amount recognized as revenue during the year	(48,345)	(51,691)
Balance, end of year	<b>69,315</b>	<b>48,345</b>

**7. Commitments**

The Society has entered into an operating lease commitment for office equipment which expires April 30, 2022.

The Society has entered into an agreement for the lease of their premises including repairs and maintenance and use of signs expiring December 31, 2021. The agreement also provides for the payment of additional rent based on a certain percentage of the operating expenses of the lessor.

The minimum lease and office equipment lease payments in the next year is:

2021	54,792
2022	340
	<b>55,132</b>

**8. Internally restricted**

Restricted reserve funds provide an operational and organizational contingency for a defined period and can also be used for one-time usage on special projects, programs, and operational needs as prioritized in the strategic plan of Tourism Prince George for the specific goal of driving visitor revenue and economic growth to the City of Prince George.

During the year, the Directors resolved to transfer \$200,000 from the unrestricted fund to the restricted fund.

**9. Government Assistance - COVID 19**

*Canada Emergency Wage Subsidy ("CEWS")*

CEWS provides eligible employers who have suffered a prescribed decrease in revenue with a wage subsidy that covers a percentage (up to 75%) of wages paid to eligible employees during specified claim periods, to a maximum. Further, employers who are eligible for the CEWS are also entitled to receive a 100% refund for certain employer contributions to Employment Insurance, the Canada Pension Plan paid in respect of employees who are on leave with pay for full weeks during claim periods. The CEWS claim is reduced by the amount claimed or intended to be claimed under the 10% Temporary Wage Subsidy, and amounts received as a work-sharing benefit under the Employment Insurance Act for the claim period.

CEWS was approved into law on April 11, 2020, and has undergone changes as the COVID-19 outbreak in Canada has progressed. Claim periods 1 through 9 are from March 15, 2020 to November 21, 2020. An eligible employer files a claim for each period separately after the period has ended, with funds received from Canada Revenue Agency via direct deposit or cheque. The Society has applied for and received CEWS grants totalling \$174,488 (2019 - \$nil).

*Province of British Columbia - Community Destination Marketing Organization (CDMO) Relief Funding*

In recognition of the impact of COVID 19 on the tourism industry in British Columbia, and on CDMO's, the Province of BC provided emergency relief funding to cover operating costs from May to October, 2020 in the amount of \$167,600. It is unknown at this time if further relief will be available for operation costs beyond October 2020 while the pandemic and resulting travel based restrictions are ongoing.

**10. Economic dependence**

The Society is dependent upon the provision of operations funding from the City of Prince George and the allocation of the hotel room tax grants from the City of Prince George as they are the Society's primary sources of revenue. The loss of this relationship would have a significant impact on the Society's operations.

**11. Financial instruments**

Financial assets

The Society's financial assets consist of cash, restricted investments and accounts receivable. All of these financial assets except restricted investments are measured at amortized cost. Restricted investments are measured at fair value.

Credit risk

The Society has a long history of dealing with its diverse client base and does not believe it is exposed to an unusual level of credit risk with respect to its accounts receivable.

Interest rate risk

The Society is exposed to interest rate risk on its fixed rate financial instruments due to changes in fair value and changes in interest cash flows. The maturity date of the fixed rate guaranteed investment certificates included in restricted investments is annual but within one month of year end. Interest income is not a material source of revenue for the Society. The exposure to interest rate risk is therefore minimal.

Liquidity risk

The Society's objective is to have sufficient liquidity to meet its liabilities when due. The Society monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2020, the most significant financial liabilities are accounts payable and accrued liabilities.

Market risk

The Society's revenue is derived from government grants, which are subject to approval from funding agencies. Decrease in funding received would have a negative impact upon revenue and affect the Society's ability to operate.

**Tourism Prince George Society**  
**Schedule 1 –Schedule of Expenses**  
For the year ended December 31, 2020

	2020	2019
<b>Operating</b>		
Amortization – tangible capital assets	26,196	31,421
Amortization – intangible assets	10,035	13,613
Bank charges and interest	4,301	4,886
Board expenses	2,167	48,981
Insurance	6,093	6,217
Internet and computer services	6,555	8,722
Merchandise purchases	10,301	10,644
Office expenses	28,530	18,291
Professional fees	22,461	18,860
Rent	55,110	47,933
Repairs and maintenance	54,304	81,237
Telephone	7,512	13,777
Vehicle expenses	4,555	6,763
Visitor service program	2,067	16,780
	<b>240,187</b>	<b>328,125</b>
<b>Salaries</b>		
Training and professional development	6,840	18,046
Wages and benefits	619,829	663,541
	<b>626,669</b>	<b>681,587</b>
<b>Marketing</b>		
Advertising	236,832	448,837
Business and community development	50,690	45,149
Marketing memberships	4,705	4,310
Print, video, and photo	64,965	73,895
Tradeshaw, sales and meetings	85,013	112,744
Website	16,240	6,580
	<b>458,445</b>	<b>691,515</b>
	<b>1,325,301</b>	<b>1,701,227</b>