



Financial Statements

Hamilton Halton Brant Regional Tourism Association

March 31, 2017

Contents

	Page
Independent auditor's report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 9

Independent auditor's report

Grant Thornton LLP
33 Main Street East
Hamilton, ON
L8N 4K5
T +1 905 523 7732
F +1 905 572 9333
www.GrantThornton.ca

To the Directors of Hamilton Halton Brant Regional Tourism Association

We have audited the accompanying financial statements of Hamilton Halton Brant Regional Tourism Association (the "Association"), which comprise the statement of financial position as at March 31, 2017, the statement of operations and changes in net assets 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hamilton Halton Brant Regional Tourism Association as at March 31, 2017, and the results of its operations and changes in net assets for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Grant Thornton LLP

Hamilton, Canada
June 28, 2017

Chartered Professional Accountants
Licensed Public Accountants

Hamilton Halton Brant Regional Tourism Association

Statement of Financial Position

Year Ended March 31

2017

2016

Assets

Current

Cash and cash equivalents	\$ 182,326	\$ 280,843
Accounts receivable (Note 3)	100,279	96,636
Inventory	-	7,569
Prepays	<u>3,907</u>	<u>4,208</u>
	286,512	389,256

Capital assets (Note 4)

	<u>26,941</u>	<u>35,319</u>
--	---------------	---------------

	<u>\$ 313,453</u>	<u>\$ 424,575</u>
--	--------------------------	--------------------------

Liabilities

Current

Accounts payable and accrued liabilities	\$ 95,206	\$ 195,711
Deferred revenue	<u>-</u>	<u>15,699</u>
	95,206	211,410

Net assets

	<u>218,247</u>	<u>213,165</u>
--	----------------	----------------

	<u>\$ 313,453</u>	<u>\$ 424,575</u>
--	--------------------------	--------------------------

Commitments (Note 5)

On behalf of the Board

_____	Director	_____	Director
-------	----------	-------	----------

See accompanying notes to the financial statements.

Hamilton Halton Brant Regional Tourism Association

Statement of Operations

Year Ended March 31	2017	2016
Revenue		
Provincial grant – TPA Funding	\$ 1,302,185	\$ 1,370,000
Partnership Funding	176,207	173,237
Special Projects	63,000	-
Other	<u>87,363</u>	<u>1,117</u>
	<u>1,628,755</u>	<u>1,544,354</u>
Expenditures		
Marketing	574,282	445,369
General and administrative	532,424	558,271
Product development	166,485	182,722
Industry project expenditures	329,515	318,073
Non-TPA expenditures	7,574	-
Workforce development	12,732	8,195
Investment attraction expenditures	661	130
Cost of merchandise sales	<u>-</u>	<u>1,382</u>
Total expenditures	<u>1,623,673</u>	<u>1,514,142</u>
Excess of revenue over expenditures	5,082	30,212
Net assets, beginning of year	<u>213,165</u>	<u>182,953</u>
Net assets, end of year	<u>\$ 218,247</u>	<u>\$ 213,165</u>

See accompanying notes to the financial statements.

Hamilton Halton Brant Regional Tourism Association

Statement of Cash Flows

Year ended March 31	2017	2016
Excess of revenue over expenditures	\$ 5,082	\$ 30,212
Operating activities		
Items not affecting cash:		
Depreciation	8,380	5,550
Changes in:		
Accounts receivable	(3,643)	8,585
Inventory	7,567	1,381
Prepays	301	-
Accounts payable and accrued liabilities	(100,505)	(61,185)
Deferred revenue	(15,699)	15,699
	(98,517)	242
Capital activities		
Purchase of capital assets	-	(34,878)
Decrease in cash and cash equivalents	(98,517)	(34,636)
Cash and cash equivalents, beginning of year	280,843	315,479
Cash and cash equivalents, end of year	\$ 182,326	\$ 280,843

See accompanying notes to the financial statements.

Hamilton Halton Brant Regional Tourism Association

Notes to the Financial Statements

Year ended March 31, 2017

1. Nature of operations

Hamilton Halton Brant Regional Tourism Association (“the Association”) is an incorporated not-for-profit Association. The fiscal year ended March 31, 2017 represents “Year 7” of the funding agreement with the Ministry of Tourism, Culture and Sport. The Association was incorporated on December 31, 2010.

2. Summary of significant accounting policies

Basis of presentation

The Association has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (“ASNPO”).

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and balances with banks, net of overdrafts and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities

Revenue recognition

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

Financial Instruments

Initial measurement

The Association's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Association measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash, investments, accounts receivable, accounts payable and accrued liabilities.

For financial assets measured at cost or amortized cost, the Association regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Association determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Hamilton Halton Brant Regional Tourism Association

Notes to the Financial Statements

Year ended March 31, 2017

2. Summary of significant accounting policies (continued)

Expenditure recognition

Expenditures are recognized in the period goods and services are acquired and a liability is incurred or transfers are due.

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is based on the estimated useful lives of the assets and is recorded at the following rates and basis:

Computer equipment	45%,	straight-line basis
Office furniture	20%,	straight-line basis
Leasehold improvements	5 years,	straight-line basis

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

3. Accounts receivable

Included in accounts receivable are government refunds (other than income taxes) amounting to \$98,414 (2016 - \$89,757).

Hamilton Halton Brant Regional Tourism Association

Notes to the Financial Statements

Year ended March 31, 2017

4. Capital assets

	<u>Computer Equipment</u>	<u>Office Furniture</u>	<u>Leasehold Improvements</u>	2017 <u>Total</u>	2016 <u>Total</u>
<u>Cost</u>					
Opening balance	\$ 12,101	\$ 22,171	\$ 18,528	\$ 52,800	\$ 17,922
Additions	-	-	-	-	34,878
Disposals	-	-	-	-	-
Closing balance	<u>\$ 12,101</u>	<u>\$ 22,171</u>	<u>\$ 18,528</u>	<u>\$ 52,800</u>	<u>\$ 52,800</u>
 <u>Accumulated depreciation</u>					
Opening balance	\$ 8,625	\$ 7,301	\$ 1,555	\$ 17,481	\$ 11,931
Depreciation	1,400	2,974	4,004	8,378	5,550
Disposals	-	-	-	-	-
Closing balance	<u>\$ 10,025</u>	<u>\$ 10,275</u>	<u>\$ 5,559</u>	<u>\$ 25,859</u>	<u>\$ 17,481</u>
 <u>Net book value</u>					
March 31, 2016	\$ 3,475	\$ 14,870	\$ 16,973	\$ 35,319	
March 31, 2017	\$ 2,076	\$ 11,896	\$ 12,969	\$ 26,941	

5. Commitments

The Association is committed to payments under operating leases for premises and equipment as follows:

2018 -	\$ 45,698
2019 -	46,914
2020 -	31,696

Hamilton Halton Brant Regional Tourism Association

Notes to the Financial Statements

Year ended March 31, 2017

6. Financial instruments

(a) Fair value

The carrying values of cash, investments, accounts receivable, accounts payable and accrued approximate their fair values due to the relatively short term nature of these instruments.

(b) Interest rate risk

Interest rate risk is the risk that arises from fluctuations in interest rates and the degree of volatility of these rates. The Association does not use derivative instruments to reduce its exposure to interest rate risk on the investments.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant currency or credit risks arising from these financial instruments.

(c) Liquidity risk

Liquidity risk is the risk that the Association cannot meet a demand for cash or fund obligations as they come due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. Management manages liquidity risk and monitors the cash and funding needs on a daily basis.

(d) Market risk

Market risk is the potential for loss from changes in the value of financial instruments. The value of a financial instrument can be affected by changes in interest rates, foreign exchange rates, equity and commodity prices and credit spreads.

The Association is exposed to market risk in the investments as well as through non-trading activities.

Market risk in investment activities is managed by the senior management of the Association. Every investment transaction is guided by policy and regulatory limitations.

7. Employee retirement savings plan

The Association sponsors a Group RRSP under which the Association contributes up to 6% of the employee's salary (subject to any employment conditions). The RRSP expense for the year was \$18,561 (2016 – \$14,870).