

# **Aboriginal Tourism Association of British Columbia**

**[dba Indigenous Tourism BC]**

**Financial Statements**

**Year ended 31 March 2020**

**To the Stakeholders of Indigenous Tourism BC***Opinion*

We have audited the financial statements of Indigenous Tourism BC (“the Association”), which comprise the statement of financial position as at 31 March 2020, and the statement of operations and changes in net assets 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 Indigenous Tourism BC as at 31 March 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.

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 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. In preparing these financial statements, management is responsible for assessing the Association’s ability to continue as a going concern, disclosing, as applicable, matters related to a 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 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 combined 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 combined 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 combined 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 combined 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 combined 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.

Culver & Co .

Chartered Professional Accountants  
Vancouver, Canada  
14 July 2020

# Indigenous Tourism BC

## Statement of Financial Position

31 March 2020

	2020	2019
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 2,029,926	\$ 533,714
Contributions and other receivables [note 3]	687,238	381,503
GST receivable	111,837	46,441
Prepaid expenses	9,118	9,118
	<u>\$ 2,838,119</u>	<u>\$ 970,776</u>

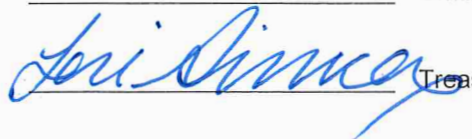
## Liabilities and Net Assets

<b>Current liabilities</b>		
Accounts payable and accruals	\$ 355,093	\$ 267,167
Deferred project funding [note 5]	1,590,000	140,000
	<u>1,945,093</u>	<u>407,167</u>
<b>Net assets</b>		
Unrestricted	593,026	563,609
Contingency Fund	300,000	-
	<u>893,026</u>	<u>563,609</u>
	<u>\$ 2,838,119</u>	<u>\$ 970,776</u>

Approved by the Board:



Chair



Treasurer

# Indigenous Tourism BC

## Statement of Operations and Changes in Net Assets Year ended 31 March 2020

	2020	2019
Revenue		
Contributions [note 6]	\$ 2,682,646	\$ 2,466,156
Indigenous Travel Services	738	6,883
Stakeholder fees	-	4,969
Interest and miscellaneous	17,497	14,766
<b>Total revenue</b>	<b>2,700,881</b>	<b>2,404,774</b>
Expenses		
General and administration [schedule]	195,274	151,256
Marketing and sales [schedule]	769,574	742,097
Experience development [schedule]	668,958	563,844
Partnerships and special projects [schedule]	439,048	362,638
Leadership and organizational excellence [schedule]	298,610	393,602
<b>Total expenses</b>	<b>2,371,464</b>	<b>2,219,437</b>
Excess of revenue over expenses	329,417	272,337
Net assets at beginning of year	563,609	291,272
	893,026	563,609
Transfer to Contingency Fund	(300,000)	-
<b>Net assets at end of year</b>	<b>\$ 593,026</b>	<b>\$ 563,609</b>

# Indigenous Tourism BC

## Schedule of Expenses

Year ended 31 March 2020

	2020	2019
<b>General and administration</b>		
Bank charges	\$ 4,612	\$ 5,842
Office	32,008	6,493
Professional fees and consulting	12,437	12,799
Rent	126,770	121,056
Telecommunications	19,447	13,602
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	\$ 195,274	\$ 157,256
<b>Marketing and sales</b>		
Stakeholder development	\$ 51,571	\$ -
Content themes and sourcing	156,831	107,648
Marketing campaigns	251,866	278,417
Marketing management	254,209	267,504
Travel trade	55,097	88,528
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	\$ 769,574	\$ 742,097
<b>Experience development</b>		
Canadian Experiences Fund	\$ 83,400	\$ -
Destination development	400,156	375,000
Push for market readiness	77,528	108,269
Stakeholder engagement	99,460	20,297
Training and development	8,415	60,278
	<hr/>	<hr/>
	\$ 668,958	\$ 563,844
<b>Partnerships and special projects</b>		
Partnership with IITC/ITBC AGM	\$ 99,194	\$ 44,537
Regional approach	176,762	133,481
Victoria Indigenous Cultural Festival	61,838	61,082
TIC conference	46,447	80,678
Partnerships	54,807	42,860
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	\$ 439,048	\$ 362,638
<b>Leadership and organizational excellence</b>		
Indigenous Travel Services	\$ 247	\$ 33,245
Board engagement	41,326	72,544
Inspire corporate culture	30,056	72,504
Leadership and organizational excellence	62,011	168,341
Tourism research	164,970	49,968
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	\$ 298,610	\$ 393,602

# Indigenous Tourism BC

## Statement of Cash Flows Year ended 31 March 2020

	2020	2019
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 329,417	\$ 27,337
Changes in non-cash working capital items		
Contributions and other receivables	(305,735)	249,576
GST receivable	(65,396)	28,068
Accounts payable and accruals	87,926	31,129
Deferred project funding	1,450,000	(900,000)
<i>Cash provided by (used in) operations</i>	<i>1,496,212</i>	<i>(318,890)</i>
Increase (decrease) in cash position	1,496,212	(318,890)
Cash at beginning of year	533,714	852,604
Cash at end of year	\$ 2,029,926	\$ 533,714

# Indigenous Tourism BC

Notes to Financial Statements  
Year ended 31 March 2020

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## 1. General:

Aboriginal Tourism Association of British Columbia (dba Indigenous Tourism BC) is incorporated under the *Society Act* of British Columbia. Its purpose is to provide training, awareness, product development and marketing to support a sustainable authentic Indigenous culture tourism industry in British Columbia while contributing to cultural preservation and economic development. The Association is a qualifying not-for-profit organization under the *Income Tax Act* and is exempt from income tax.

## 2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following is a summary of significant accounting policies followed by the Association.

### Use of estimates

The preparation of financial statements requires that management make estimates and assumptions that impact the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the recognized amounts of revenues and expenses during the reporting period. Actual amounts may differ from these estimates.

### Revenue recognition

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

### Contingency fund

The Board has established a contingency fund to build working capital and provide the Association with assurance that funds are available when needed due to unforeseen operating shortfalls or for new initiatives. The Board allocates funds each year based on operating results for the year.

## 3. Contributions and other receivables:

	2020	2019
Western Economic Diversification	\$ 376,868	\$ 303,796
Destination British Columbia	150,000	20,000
Government of Canada – Indigenous Services Canada	100,000	-
Province of British Columbia	58,120	6,000
University of Northern BC	-	30,163
Indigenous Tourism Association of Canada	-	20,000
Others	2,250	1,544
	<u>\$ 687,238</u>	<u>\$ 381,503</u>



# Indigenous Tourism BC

Notes to Financial Statements, page 2

Year ended 31 March 2020

## 4. Bank overdraft

The Association has a bank overdraft facility with a maximum limit of \$300,000. At 31 March 2020 the outstanding balance was \$nil [2019 - \$nil].

## 5. Deferred project funding:

	2020	2019
Destination British Columbia	\$ 1,590,000	\$ 100,000
New Relationship Trust	-	40,000
	\$ 1,590,000	\$ 140,000

## 6. Contributions:

	2020	2019
Destination British Columbia	\$ 1,000,000	\$ 920,000
Western Economic Diversification	946,908	830,798
Government of Canada – Indigenous and Northern Affairs Canada	440,000	430,000
Province of British Columbia	122,050	76,968
New Relationship Trust	40,000	-
National Indigenous Day – Victoria	35,000	42,500
Indigenous Tourism Canada	83,575	65,000
Destination Canada	-	40,000
Others	15,113	59,890
	\$ 2,682,646	\$ 2,465,156

## 7. Financial assets and liabilities and risk

The Association has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit, interest rate, and liquidity risk.

### (a) Credit risk

The Association is exposed to credit risk for possible non-payment by its funders or for other accounts receivable. Cash on deposit is held by two major Canadian chartered banks. Management considers that credit risk is minimal.

### (b) Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations for financial liabilities. The Association's ability to meet obligations depends on continued profitable operations and support from its funders.

# Indigenous Tourism BC

Notes to Financial Statements, page 3

Year ended 31 March 2020

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## 8. Commitments:

The Association has entered into an operating lease for office premises which provides for annual minimum lease payments (excluding operating costs) as follows:

2021	\$	77,675
2022		80,065
2023		82,455
2024		84,845
2025		87,235

## 9. Economic dependence

The majority of funding is received from the Federal government and a Provincial crown corporation. Future operations depend on continuance of this funding or replacement from alternate sources.

## 10. COVID-19 uncertainty

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Association to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Association's business or results of operations at this time.