

**STRATFORD TOURISM ALLIANCE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Stratford Tourism Alliance  
Stratford, Ontario

### Qualified Opinion

We have audited the financial statements of **Stratford Tourism Alliance**, which comprise the balance sheet as at **December 31, 2022** and the statements of operations, surplus and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of **Stratford Tourism Alliance** as at **December 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

### Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of **Stratford Tourism Alliance** 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

In common with many not-for-profit organizations, the organization derives cash revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and surplus as at January 1 and December 31 for both the 2022 and 2021 year ends. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.



## **INDEPENDENT AUDITORS' REPORT - continued**

### **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 the financial statements, management is responsible for assessing the entity'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 entity, cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over seeing the entity's financial reporting process.

### **Auditors' 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 auditors' 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:

- (a) 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.
- (b) 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 entity's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of the entity'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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- (e) 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.

## INDEPENDENT AUDITORS' REPORT - continued

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.

Fanne & Co

Professional Corporation  
Chartered Professional Accountants  
*Authorized to practise public accounting by  
the Chartered Professional Accountants of Ontario*

Stratford, Ontario  
May 10, 2023

**Stratford Tourism Alliance**  
**Balance Sheet**  
As at December 31, 2022

**ASSETS**

	2022	2021
<b>Current Assets</b>		
Bank - operating	\$ 451,516	\$ 314,097
Accounts receivable - trade	12,688	3,411
Accounts receivable - Lights On Stratford (Note 7)	18,226	17,858
HST receivable	17,923	11,269
Prepaid expenses	1,164	14,888
Current and cashable portion of investments	<u>134,508</u>	<u>122,962</u>
	<b>\$ 636,025</b>	<b>484,485</b>
<b>Investments - at fair value</b>		
Investment savings account	30,260	20,073
Guaranteed Investment Certificate - 0.25%, payable upon maturity, due January, 2022	-	102,889
Guaranteed Investment Certificate - 2.75%, payable upon maturity, due March, 2023	<u>104,248</u>	<u>-</u>
	134,508	122,962
Less: Current and cashable portion	<u>134,508</u>	<u>122,962</u>
	-	-
<b>Property, Plant and Equipment - at cost</b>		
Furniture and fixtures	19,817	19,817
Computer equipment	54,905	102,955
Website development	194,450	194,450
Property, plant and equipment not in use	<u>225,855</u>	<u>-</u>
	495,027	317,222
Less: Accumulated amortization	<u>247,747</u>	<u>292,693</u>
	<u>247,280</u>	<u>24,529</u>
	<b>\$ 883,305</b>	<b>\$ 509,014</b>

Approved on Behalf of the Board:



Director



Director

(See Accompanying Notes to the Financial Statements)



**Stratford Tourism Alliance**  
**Balance Sheet**  
As at December 31, 2022

**LIABILITIES**

	2022	2021
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 218,410	\$ 86,976
Payroll remittances payable	7,475	6,199
Deferred grant revenue	<u>-</u>	<u>30,263</u>
	\$ 225,885	<u>123,438</u>
<b>Deferred Capital Contributions (Note 4)</b>	<u>229,345</u>	<u>3,155</u>
	<u>455,230</u>	<u>126,593</u>

**SURPLUS**

<b>Restricted Surplus</b>	134,508	122,962
<b>Unrestricted Surplus</b>	<u>293,567</u>	<u>259,459</u>
	<u>428,075</u>	<u>382,421</u>
	<u>\$ 883,305</u>	<u>\$ 509,014</u>

(See Accompanying Notes to the Financial Statements)

**Stratford Tourism Alliance**  
**Statement of Surplus**  
For the year ended December 31, 2022

	2022	2021
<b>Balance - beginning of year</b>		
<b>As originally stated</b>	\$ 391,834	\$ 397,959
Prior period adjustment (Note 8)	<u>(9,413)</u>	<u>(8,304)</u>
<b>As restated</b>	382,421	389,655
Excess of revenue over expenditures		
(expenditures over revenue) for the year	<u>45,654</u>	<u>(7,234)</u>
<b>Balance - end of year</b>	<u><u>\$ 428,075</u></u>	<u><u>\$ 382,421</u></u>

(See Accompanying Notes to the Financial Statements)

**Stratford Tourism Alliance**  
**Statement of Operations**  
For the year ended December 31, 2022

	2022	2021
<b>Revenue</b>		
Municipal funding	\$ 580,000	\$ 540,000
Stratford Tourism Supplement	39,519	11,827
Marketing sales	19,830	20,846
Culinary trails	120,350	90,142
Partnership funding (Note 5)	76,925	191,067
Amortization of deferred capital contributions (Note 4)	947	1,352
Administration fees - Lights On Stratford (Note 7)	15,000	15,000
Other	<u>1,579</u>	<u>326</u>
	\$ 854,150	<u>870,560</u>
<b>Expenditures</b>		
Marketing	240,678	303,676
Marketing - Lights On Stratford (Note 7)	-	15,000
Event - general	4,209	4,054
Salaries and benefits	473,209	429,622
Project management and implementation	15,940	64,181
Professional fees	24,954	16,986
Office	16,362	15,473
Repairs and maintenance	-	430
Insurance	5,291	4,341
Interest and bank charges	2,709	2,380
Telephone and telecommunications	15,365	11,394
Amortization of property, plant and equipment	<u>9,779</u>	<u>10,257</u>
	<u>808,496</u>	<u>877,794</u>
<b>Excess of revenue over expenditures (expenditures over revenue) for the year</b>	\$ <u>45,654</u>	\$ <u>(7,234)</u>

(See Accompanying Notes to the Financial Statements)



**Stratford Tourism Alliance**  
**Statement of Cash Flows**  
For the year ended December 31, 2022

	2022	2021
<b>Cash Provided By (Used In):</b>		
<b>Operating Activities</b>		
Excess of revenue over expenditures		
(expenditures over revenue) for the year	\$ 45,654	\$ (7,234)
Items not requiring cash		
Amortization of property, plant and equipment	9,779	10,257
Amortization of deferred capital contributions	(947)	(1,352)
Net changes in non-cash current operating accounts		
Decrease (increase) in accounts receivable	(9,645)	47,696
Decrease (increase) in HST receivable	(6,654)	14,403
Decrease (increase) in prepaid expenses	13,724	(7,458)
Increase (decrease) in accounts payable and accrued liabilities	131,434	57,928
Increase (decrease) in payroll remittances payable	1,276	(809)
Increase (decrease) in deferred grant revenue	<u>(30,263)</u>	<u>30,263</u>
	\$ 154,358	<u>143,694</u>
<b>Financing Activities</b>		
Capital contribution funding	227,137	<u>-</u>
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(232,530)	-
Increase in investment savings	(10,187)	(40)
Purchase of Guaranteed Investment Certificate	<u>(1,359)</u>	<u>(283)</u>
	<u>(244,076)</u>	<u>(323)</u>
<b>Increase in cash and cash equivalents</b>	<b>137,419</b>	<b>143,371</b>
<b>Cash and cash equivalents - beginning of year</b>	<b><u>314,097</u></b>	<b><u>170,726</u></b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ <u>451,516</u></b>	<b>\$ <u>314,097</u></b>
<b>Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents comprise the following balance sheet amounts:</b>		
Bank - operating	\$ <u>451,516</u>	\$ <u>314,097</u>

(See Accompanying Notes to the Financial Statements)

**Stratford Tourism Alliance**  
**Notes to the Financial Statements**  
For the year ended December 31, 2022

**1. Purpose of Organization**

The objective of the Stratford Tourism Alliance is to be the leading marketing organization for Stratford aimed at increasing overnight visitors and tourism spending to Stratford and area. The organization is incorporated in Ontario without share capital and is a not-for-profit organization and thus, exempt from income tax under Section 149(1)(1) of the Income Tax Act.

**2. Summary of Significant Accounting Policies**

These financial statements have been prepared from information available within the guidelines of Canadian accounting standards for not-for-profit organizations summarized below:

(a) Revenue Recognition

Operational funding and grant revenue is recognized in the year in which it is receivable from the funder and collection is reasonably assured. Funding towards capital contributions are deferred and recognized as revenue at the same time as amortization expense of the related asset.

Grant and other revenue received for specific events and projects is recognized in the year in which the event occurs and collection is reasonably assured.

Revenue from the Stratford Tourism Supplement is recognized in the year in which it is received by the individual accommodation provider.

(b) Use of Estimates

Preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that could affect amounts reported as assets, liabilities, revenues and expenditures. Due to measurement uncertainty, results could differ from those estimates.

(c) Financial Instruments

A financial asset is any asset that is cash; a contractual right to receive cash from another party; or an equity instrument of another entity. A financial liability is any liability that is a contractual obligation to deliver cash to another party.

Financial assets and liabilities are initially measured at fair value, except for certain non-arm's length transactions. Subsequently, financial assets and financial liabilities are measured at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenditures.

(d) Amortization

Amortization of property, plant and equipment is calculated using the declining balance method at the annual rates reflected in the accompanying schedule of property, plant and equipment and amortization.

(e) Contributed Services

Volunteers contribute significant hours to the organization annually. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

(f) Investments in GIC's

Investments in GIC's are recorded at fair market value. Interest income is accrued on these investments to year-end, wherein the principal plus accrued interest approximates fair value.



**Stratford Tourism Alliance**  
**Notes to the Financial Statements**  
For the year ended December 31, 2022

**3. Lease Commitments**

The organization rents its operating premises from the City of Stratford at a nominal amount.

**4. Deferred Capital Contributions**

Deferred capital contributions represent the balance remaining from funding received for the purchase of property, plant and equipment. The amount of the annual charge to the Statement of Operations is equivalent to the annual amortization expense and any write-offs of the related property, plant and equipment.

	2022	2021
Opening balance	\$ 3,155	\$ 4,507
Amounts received	227,137	-
Amounts amortized to revenue	<u>(947)</u>	<u>(1,352)</u>
Closing balance	<u>\$ 229,345</u>	<u>\$ 3,155</u>

**5. Partnership Funding**

During the year, the organization received funding towards its operations from the following sources:

	2022	2021
Downtown Stratford - Business Improvement Area	\$ 45,000	\$ 35,000
National Trust for Canada	2,625	5,550
Government of Ontario	-	3,724
Government of Canada	4,200	48,519
Regional organizations	<u>25,100</u>	<u>98,274</u>
	<u>\$ 76,925</u>	<u>\$ 191,067</u>

**6. Restricted Surplus**

The restricted surplus represents funds that have been designated for future projects. These amounts have been approved by the Board of Directors and will be revisited on an annual basis.

**Stratford Tourism Alliance**  
**Notes to the Financial Statements**  
For the year ended December 31, 2022

**7. Lights On Stratford**

In August 2020, a committee was formed by certain Partnership organizations in Stratford to monitor Lights On Stratford, a project to safely encourage tourists to Stratford, Ontario during the COVID-19 pandemic. Stratford Tourism Alliance was the oversight organization in administering, planning and running the project.

Final project results and operations for the year ended March 31, 2023 will be reported separately. None of the operations for Lights On Stratford are included in the Statement of Operations for Stratford Tourism Alliance. Any surplus or deficit resulting from the Lights On Stratford project will remain with the Partnership committee for Lights On Stratford.

The following Fund Balances for Lights On Stratford as of December 31, 2022 are not incorporated in the Balance Sheet of Stratford Tourism Alliance.

	2022	2021
Bank	\$ 241,523	\$ 35,279
HST receivable	15,268	11,538
Accounts payable and accrued liabilities	(45,023)	(5,741)
Accounts payable - Stratford Tourism Alliance	<u>(18,226)</u>	<u>(17,858)</u>
	<u>\$ 193,542</u>	<u>\$ 23,218</u>

Stratford Tourism Alliance provided funding of \$ nil (2021 - \$ 15,000) towards Lights On Stratford, which is reported in Expenditures on the Statement of Operations. Stratford Tourism Alliance also received fees of \$ 15,000 (2021 - \$ 15,000) for staff, administration, and other services provided to Lights On Stratford, which is reported in Revenue on the Statement of Operations.

**8. Prior Period Adjustment**

During the year, the organization discovered that accrued wages payable as of December 31, 2020 and December 31, 2021 were understated by \$ 8,304 and \$ 9,413 respectively. Comparative amounts for 2021 have been restated. Opening surplus for 2021 has decreased by \$ 8,304, which is the amount of the adjustment relating to periods prior to 2021. Excess of revenue over expenditures for 2021 has decreased by \$ 1,109.

**Effect on 2021**

Increase in expenditures	\$ <u>1,109</u>	
Decrease in 2021 excess of revenue over expenditures		\$ <u>1,109</u>

**Effect on periods prior to 2021**

Increase in expenditures	<u>8,304</u>	
Decrease in surplus		<u>8,304</u>
Net change in surplus		<u>\$ 9,413</u>
Increase in accounts payable and accrued liabilities	<u>9,413</u>	
<b>Net change in assets and liabilities</b>		<u><u>\$ 9,413</u></u>



**Stratford Tourism Alliance**  
**Schedule of Property, Plant and Equipment and Amortization**  
For the year ended December 31, 2022

	<u>As at December 31, 2021</u>									<u>As at December 31, 2022</u>		
	Cost	Accum. Amort.	Unamort. Bal.							Cost	Accum. Amort.	Unamort. Bal.
Furniture and fixtures	19,817	14,135	5,682				5,682	20	1,136	19,817	15,271	4,546
Computer equipment	102,955	99,768	3,187	6,675			9,862	40	3,945	54,905	48,988	5,917
Website development	194,450	178,790	15,660				15,660	30	4,698	194,450	183,488	10,962
Property, plant and equipment not in use				225,855			225,855			225,855		225,855
	<b>317,222</b>	<b>292,693</b>	<b>24,529</b>	<b>232,530</b>			<b>257,059</b>		<b>9,779</b>	<b>495,027</b>	<b>247,747</b>	<b>247,280</b>