

STRATFORD TOURISM ALLIANCE

FINANCIAL STATEMENTS

DECEMBER 31, 2023

DRAFT

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, 2023** 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, 2023** 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and surplus as at January 1 and December 31 for both the 2023 and 2022 year ends. Our audit opinion on the financial statements for the year ended December 31, 2022 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.

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.

Stratford, Ontario
April 24, 2024

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

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Stratford Tourism Alliance
Balance Sheet
As at December 31, 2023

ASSETS

		2023	2022
Current Assets			
Bank - operating	\$ 168,508		\$ 451,516
Accounts receivable - trade	172,295		12,688
Accounts receivable - Lights On Stratford (Note 7)	18,860		18,226
HST receivable	-		17,923
Prepaid expenses	1,109		1,164
Current and cashable portion of investments	<u>149,279</u>		<u>134,508</u>
		\$ 510,051	<u>636,025</u>
Investments - at fair value			
Investment savings account	41,025		30,260
Guaranteed Investment Certificate - 2.75%, payable upon maturity, due March, 2023	-		104,248
Guaranteed Investment Certificate - 4.00%, payable upon maturity, due April, 2024	<u>108,254</u>		<u>-</u>
	149,279		134,508
Less: Current and cashable portion	<u>149,279</u>		<u>134,508</u>
		-	<u>-</u>
Property, Plant and Equipment - at cost			
Furniture and fixtures	19,817		19,817
Computer equipment	54,905		54,905
Website development	194,450		194,450
Leasehold improvements	2,892		-
Property, plant and equipment not in use	<u>-</u>		<u>225,855</u>
	272,064		495,027
Less: Accumulated amortization	<u>257,203</u>		<u>247,747</u>
		<u>14,861</u>	<u>247,280</u>
		\$ <u>524,912</u>	\$ <u>883,305</u>

Approved on Behalf of the Board:

Director

Director

(See Accompanying Notes to the Financial Statements)

Stratford Tourism Alliance
Balance Sheet
As at December 31, 2023

LIABILITIES

		2023	2022
Current Liabilities			
Accounts payable and accrued liabilities	\$ 19,554		\$ 218,410
Payroll remittances payable	7,308		7,475
HST payable	<u>5,220</u>		<u>-</u>
		\$ 32,082	<u>225,885</u>
Deferred Capital Contributions (Note 4)		<u>1,545</u>	<u>229,345</u>
		33,627	<u>455,230</u>

SURPLUS

Restricted Surplus	149,279		134,508
Unrestricted Surplus	<u>342,006</u>		<u>293,567</u>
		<u>491,285</u>	<u>428,075</u>
		\$ <u>524,912</u>	\$ <u>883,305</u>

(See Accompanying Notes to the Financial Statements)

Stratford Tourism Alliance
Statement of Surplus
For the year ended December 31, 2023

		2023	2022
Balance - beginning of year	\$ 428,075		\$ 382,421
Excess of revenue over expenditures for the year	<u>63,210</u>		<u>45,654</u>
Balance - end of year		<u>\$ 491,285</u>	<u>\$ 428,075</u>

(See Accompanying Notes to the Financial Statements)

Stratford Tourism Alliance
Statement of Operations
For the year ended December 31, 2023

		2023	2022
Revenue			
Municipal funding	\$ 595,000		\$ 580,000
Municipal Accommodation Tax apportionment	158,621		-
Stratford Tourism Supplement	16,506		39,519
Marketing sales	1,939		19,830
Culinary trails	153,304		120,350
Partnership funding (Note 5)	95,384		76,925
Amortization of deferred capital contributions (Note 4)	663		947
Administration fees - Lights On Stratford (Note 7)	15,000		15,000
Other	<u>4,776</u>		<u>1,579</u>
		\$ 1,041,193	<u>854,150</u>
Expenditures			
Marketing - general	247,152		240,678
Marketing - Lights On Stratford (Note 7)	125,000		-
Event - general	5,795		4,209
Salaries and benefits	513,269		473,209
Project management and implementation	15,795		15,940
Professional fees	23,844		24,954
Office	12,482		16,362
Repairs and maintenance	1,591		-
Insurance	5,487		5,291
Interest and bank charges	2,180		2,709
Telephone and telecommunications	15,932		15,365
Amortization of property, plant and equipment	<u>9,456</u>		<u>9,779</u>
		<u>977,983</u>	<u>808,496</u>
Excess of revenue over expenditures for the year		\$ <u>63,210</u>	\$ <u>45,654</u>

(See Accompanying Notes to the Financial Statements)

Stratford Tourism Alliance
Statement of Cash Flows
For the year ended December 31, 2023

	2023	2022
Cash Provided By (Used In):		
Operating Activities		
Excess of revenue over expenditures for the year	\$ 63,210	\$ 45,654
Items not requiring cash		
Amortization of property, plant and equipment	9,456	9,779
Amortization of deferred capital contributions	(663)	(947)
Net changes in non-cash current operating accounts		
Decrease (increase) in accounts receivable	(160,241)	(9,645)
Decrease (increase) in HST receivable	23,143	(6,654)
Decrease (increase) in prepaid expenses	55	13,724
Increase (decrease) in accounts payable and accrued liabilities	(198,856)	131,434
Increase (decrease) in payroll remittances payable	(167)	1,276
Increase (decrease) in deferred grant revenue	<u>-</u>	<u>(30,263)</u>
	\$ (264,063)	<u>154,358</u>
Financing Activities		
Capital contribution funding	270,551	<u>227,137</u>
Investing Activities		
Purchase of property, plant and equipment	(274,725)	(232,530)
Increase in investment savings	(10,765)	(10,187)
Purchase of Guaranteed Investment Certificate	<u>(4,006)</u>	<u>(1,359)</u>
	<u>(289,496)</u>	<u>(244,076)</u>
Increase (decrease) in cash and cash equivalents	(283,008)	137,419
Cash and cash equivalents - beginning of year	<u>451,516</u>	<u>314,097</u>
Cash and cash equivalents - end of year	\$ <u>168,508</u>	\$ <u>451,516</u>
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents comprise the following balance sheet amounts:		
Bank - operating	\$ <u>168,508</u>	\$ <u>451,516</u>

(See Accompanying Notes to the Financial Statements)

Stratford Tourism Alliance
Notes to the Financial Statements
For the year ended December 31, 2023

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 and collection is reasonably assured.

Revenue from the Municipal Accommodation Tax is recognized in the year in which it is received by the individual accommodation provider and collection is reasonably assured.

(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.

Amortization of leasehold improvements is calculated using the straight-line method over the term of the lease 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.

Stratford Tourism Alliance
Notes to the Financial Statements
For the year ended December 31, 2023

2. Summary of Significant Accounting Policies (continued)

(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.

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.

Upon completion of construction in the year ended December 31, 2023, funding related to the Boathouse public washroom project received in the years ended December 31, 2022 and December 31, 2023 were reallocated to the Schedule of Property, Plant and Equipment in the December 31, 2023 financial statements.

	2023	2022
Opening balance	\$ 229,345	\$ 3,155
Amounts received	270,551	227,137
Allocation of amounts to property, plant and equipment	(497,688)	-
Amounts amortized to revenue	<u>(663)</u>	<u>(947)</u>
Closing balance	\$ <u>1,545</u>	\$ <u>229,345</u>

5. Partnership Funding

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

	2023	2022
Downtown Stratford - Business Improvement Area	\$ 45,000	\$ 45,000
National Trust for Canada	7,624	2,625
Government of Canada	4,340	4,200
Regional organizations	<u>38,420</u>	<u>25,100</u>
	\$ <u>95,384</u>	\$ <u>76,925</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, 2023

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, 2024 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, 2023 are not incorporated in the Balance Sheet of Stratford Tourism Alliance.

	2023	2022
Bank	\$ 159,816	\$ 241,523
HST receivable	15,314	15,268
Accounts payable and accrued liabilities	(26,635)	(45,023)
Accounts payable - Stratford Tourism Alliance	<u>(18,860)</u>	<u>(18,226)</u>
	<u>\$ 129,635</u>	<u>\$ 193,542</u>

Stratford Tourism Alliance provided funding of \$ 125,000 (2022 - \$ nil) using funds from unrestricted surplus towards Lights On Stratford, which is reported in Expenditures on the Statement of Operations. Stratford Tourism Alliance also received fees of \$ 15,000 (2022 - \$ 15,000) for staff, administration, and other services provided to Lights On Stratford, which is reported in Revenue on the Statement of Operations.

Stratford Tourism Alliance
Schedule of Property, Plant and Equipment and Amortization
For the year ended December 31, 2023

	As at December 31, 2022									As at December 31, 2023		
	Cost	Accum. Amort.	Unamort. Bal.							Cost	Accum. Amort.	Unamort. Bal.
Furniture and fixtures	19,817	15,271	4,546				4,546	20	909	19,817	16,180	3,637
Computer equipment	54,905	48,988	5,917				5,917	40	2,367	54,905	51,355	3,550
Website development	194,450	183,488	10,962				10,962	30	3,289	194,450	186,777	7,673
Leasehold Improvements				500,580	497,688		2,892	s.l.	2,892	2,892	2,892	
Property, plant and equipment not in use	225,855		225,855	(225,855)								
	495,027	247,747	247,280	274,725	497,688		24,317		9,457	272,064	257,204	14,860

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