

**Northwest Territories Tourism**

**Financial Statements**

**March 31, 2016**

---

## Northwest Territories Tourism

### Financial Statements

---

For the period April 1, 2015 to March 31, 2016

Page

Independent Auditors' Report	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to Financial Statements	8-13
Schedule 1 – Revenue by Source	14
Schedule 2 – Call Centre	14
Schedule 3 – Consumer Show Program	14
Schedule 4 – Project Management	14
Schedule 5 – Communications and Public Relations	14
Schedule 6 – General Marketing	15
Schedule 7 – Board of Directors	15
Schedule 8 – Conference	15
Schedule 9 – Wages and Benefits	16
Schedule 10 – Administration	16

## Independent Auditors' Report

### To the Board of Directors of Northwest Territories Tourism

We have audited the accompanying financial statements of Northwest Territories Tourism, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in net assets and cash flows 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.

#### *Auditors' 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 auditors' 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 auditors consider 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 Northwest Territories Tourism as at March 31, 2016, 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.



Yellowknife, Canada  
June 14, 2016

Chartered Accountants

---

## Northwest Territories Tourism

### Statement of Operations

---

For the year ended March 31,	2016	2015
<b>Revenues</b>		
Marketing	\$ 3,647,115	\$ 3,599,437
Administration	1,031,455	961,455
Membership, fees, goods and services	181,163	168,123
Interest income	4,961	6,342
	<hr/>	<hr/>
	4,864,694	4,735,357
<b>Expenses</b>		
Call centre (Schedule 2)	72,100	83,529
Consumer show program (Schedule 3)	81,189	76,093
Project management (Schedule 4)	277,461	341,329
Communications and public relations (Schedule 5)	196,942	194,897
General marketing (Schedule 6)	2,855,610	2,829,586
Board of directors (Schedule 7)	41,349	35,595
Conference (Schedule 8)	150,005	94,977
Wages and benefits (Schedule 9)	884,190	735,684
Administration (Schedule 10)	276,605	307,043
	<hr/>	<hr/>
	4,835,451	4,698,733
<b>Excess of revenues over expenses</b>	<hr/>	<hr/>
	\$ 29,243	\$ 36,624

## Northwest Territories Tourism

### Statement of Changes in Net Assets

For the year ended March 31, 2016

	Unrestricted net assets	Internally Restricted - Industry Fund	Scholarship Fund	Tangible Capital Assets Fund	Reserve Fund for 20th Anniversary AGM	Total 2016	Total 2015
<b>Balance, beginning of year</b>	\$ 31,545	\$ 311,389	\$ 1,500	\$ 16,536	\$ -	\$ 360,970	\$ 324,346
Excess (deficiency) of revenues over expenses	30,743	-	(1,500)	-	-	29,243	36,624
Acquisition of tangible capital assets	(9,765)	-	-	9,765	-	-	(6,249)
Transfer to scholarship fund	(1,500)	-	1,500	-	-	-	6,249
Amortization of tangible capital assets	9,358	-	-	(9,358)	-	-	-
Transfer to reserve fund	-	(20,000)	-	-	20,000	-	-
<b>Balance, end of year</b>	<b>\$ 60,381</b>	<b>\$ 291,389</b>	<b>\$ 1,500</b>	<b>\$ 16,943</b>	<b>\$ 20,000</b>	<b>\$ 390,213</b>	<b>\$ 360,970</b>

---

## Northwest Territories Tourism

### Statement of Financial Position

---

March 31, 2016 2015

---

#### Assets

##### Current

Cash	\$ 509,021	\$ 421,651
Short term investments (note 3)	400,000	400,000
Accounts receivable (note 4)	105,182	104,032
Goods and services tax rebate recoverable	71,628	79,582
Inventory	32,337	30,287
Prepaid expenses	8,471	26,292

---

1,126,639

1,061,844

##### Tangible capital assets (note 5)

---

16,943

16,536

---

\$ 1,143,582

\$ 1,078,380

#### Liabilities

##### Current

Accounts payable and accrued liabilities (note 6)	\$ 705,560	\$ 673,535
Salaries payable	31,428	30,375
Prepaid memberships	16,381	13,500

---

753,369

717,410

#### Net Assets

Unrestricted Net Assets	60,381	31,545
Internally Restricted - Industry Fund	291,389	311,389
Scholarship Fund	1,500	1,500
Tangible Capital Assets Fund	16,943	16,536
Reserve Fund for 20th Anniversary AGM	20,000	-

---

390,213

360,970

---

\$ 1,143,582

\$ 1,078,380

Commitments (note 7)

Contingency (note 8)

Approved on behalf of the board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

---

## Northwest Territories Tourism

### Statement of Cash Flows

---

For the year ended March 31,	2016	2015
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Excess of revenues over expenses	\$ 29,243	\$ 36,624
Item not affecting cash		
Amortization	9,358	5,253
	<b>38,601</b>	<b>41,877</b>
Change in non-cash working capital items		
Accounts receivable	(1,150)	(24,391)
Goods and services tax rebate recoverable	7,954	(5,124)
Inventory	(2,050)	8,255
Prepaid expenses	17,821	1,909
Accounts payable and accrued liabilities	32,025	59,564
Salaries payable	1,053	8,935
Prepaid memberships	2,881	11,250
	<b>97,135</b>	<b>102,275</b>
<b>Investing activity</b>		
Purchase of tangible capital assets	(9,765)	-
<b>Increase in cash</b>	<b>87,370</b>	<b>102,275</b>
<b>Cash, beginning of year</b>	<b>421,651</b>	<b>319,376</b>
<b>Cash, end of year</b>	<b>\$ 509,021</b>	<b>\$ 421,651</b>

---

## Northwest Territories Tourism

### Notes to the Financial Statements

---

March 31, 2016

---

#### 1. Nature of operations

Northwest Territories Tourism (the "Organization") is a not-for-profit organization under the *Societies Act* of the Northwest Territories. The mission of the Organization is to support the development of a strong tourism industry in the Northwest Territories. The Organization is exempt from incomes tax under Section 149 (1)(l) of the *Income Tax Act*.

The objectives of Northwest Territories Tourism are:

1. To ensure equal and equitable representation, support and promotion of the tourism industry throughout the Northwest Territories.
2. To represent the tourism industry's direction, priorities and strategies on tourism marketing in the Northwest Territories.
3. To ensure the issues, needs and concerns of the tourism industry are represented and communicated to the appropriate bodies.
4. To ensure the industry is represented in the development or monitoring and enforcement of industry standards, legislation and regulations.
5. To ensure related tourism reflects the needs and priorities of the tourism industry and make any relevant appointments to specific training authorities established to undertake training.

#### 2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

##### (a) Cash equivalents

Cash and cash equivalents consist of cash on hand and bank deposits.

##### (b) Revenue recognition

Membership fees are recognized as revenue in the fiscal year in which the membership fee applies.

Revenue from the sale of goods and provision of services, including co-op advertising is recognized upon delivery of items sold to the purchaser.

Revenue from fundraising activities are recognized in operations at the conclusion of the fundraising event.

Interest revenues are recorded at the same rate as they are earned.

##### Government contracts and contribution agreements

The Organization follows the deferral method of accounting for contributions. Government assistance and government contributions are recognized as revenue in the year in which the related expenditures occur. Conditional government contributions are recognized as revenue in the year in which the defined program is complete and collection in full is reasonably assured.



---

## Northwest Territories Tourism

### Notes to the Financial Statements

---

March 31, 2016

---

#### 2. Significant accounting policies (continued)

##### (c) Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs. The costs of purchase comprise the purchase price, import duties, non-recoverable taxes and transport, handling and other costs directly attributable to the acquisition and inbound delivery of the inventory. Costs are determined using the weighted average method.

##### (d) Tangible capital assets

Tangible capital assets are recorded at cost. The Organization provides for amortization using the declining balance method or the straight-line method at rates designed to amortize the cost of the assets over their estimated useful lives, as set out in note 5.

##### (e) Fund accounting

The Organization uses fund accounting to segregate transactions between its unrestricted net assets, tangible capital asset fund, industry fund, scholarship fund, and reserve fund for the 20th anniversary annual general meeting (AGM). The unrestricted net assets fund accounts for the Organization's operating and administrative activities. The tangible capital asset fund reports the assets, liabilities, revenues and expenses related to capital assets. The industry fund is restricted and accounts for funds to be used for specific projects or may be allocated to on-going operations and is internally restricted. The scholarship fund is restricted and accounts for funds to be used as a scholarship for an Northwest Territories Tourism tourism and hospitality scholarship. The reserve fund for the 20th anniversary AGM is internally restricted and accounts for funds to be used to host an event at the 2016 AGM to celebrate the Organization's 20th year in operation.

##### (f) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Organization subsequently measures the following financial assets and financial liabilities at amortized cost:

Financial assets measured at amortized cost include cash, short term investments, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities, and salaries payable.

---

## Northwest Territories Tourism

### Notes to the Financial Statements

---

March 31, 2016

---

#### 2. Significant accounting policies (continued)

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

#### (g) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

#### 3. Short term investments

	2016	2015
Guaranteed investment certificates, bearing interest at 0.65% maturing February 4, 2017	\$ 400,000	\$ 400,000

#### 4. Accounts receivable

	2016	2015
Membership and other receivable	\$ 35,182	\$ 46,374
Holdback receivable (note 8)	80,000	80,000
	115,182	126,374
Less: Allowance for doubtful accounts	10,000	22,342
	\$ 105,182	\$ 104,032

---

---

## Northwest Territories Tourism

### Notes to the Financial Statements

---

March 31, 2016

---

#### 5. Tangible capital assets

			2016		2015
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	30% Declining balance	\$ 38,339	\$ 37,636	\$ 703	\$ 1,300
Leasehold improvements	SL 5 years	28,171	22,976	5,195	8,662
Computer equipment	30% Declining balance	83,617	72,572	11,045	6,574
Photo library	SL 3 years	207,523	207,523	-	-
Tourism database	SL 3 years	15,519	15,519	-	-
Video library	SL 3 years	60,608	60,608	-	-
		<b>\$ 433,777</b>	<b>\$ 416,834</b>	<b>\$ 16,943</b>	<b>\$ 16,536</b>

#### 6. Accounts payable and accrued liabilities

	2016	2015
Trade payables	\$ 676,776	\$ 653,192
Government remittances	28,784	20,343
	<b>\$ 705,560</b>	<b>\$ 673,535</b>

#### 7. Commitments

The Organization has a premises lease contract commencing on June 1, 2016. The lease requires fixed monthly payments of \$11,002 and expires May 31, 2021. The lease contract contains contributions toward the estimated costs of common costs including heating fuel and property tax.

The Organization has a photocopier lease contract which requires fixed quarterly payments of \$2,433 expiring October 31, 2021.

The Organization has a lease for telecommunications equipment which requires fixed monthly payments of \$173 for 48 months spanning from May 1, 2016 to April 30, 2020.

---

## Northwest Territories Tourism

### Notes to the Financial Statements

---

March 31, 2016

---

**8. Contingency**

**Holdback receivable**

Contributions from the Government of Canada are subject to operational evaluation and to a set of conditions which are normal to operations and which include the preparation of audited financial statements. The Organization has earned and recovered all holdback amounts from the year ended March 31, 2015. Further, no demands for refund have occurred. Management expects that all similar recoveries in the amount of \$80,000 will be made for the year ended March 31, 2016.

**9. Pension Plan**

The Organization participates in the Manulife Security Investment Services group pension plan which is a defined contribution plan. All employees are eligible to participate upon hiring at the Organization.

The contribution percentage to the plan is between 6% and 10% of each employee's salary from the employer. The employee is also able to contribute at their discretion.

During the year contributions made by the Organization to the Manulife Security Investment Services pension plan totaled \$55,378 (2015 - \$44,624).

**10. Internally restricted – industry funds**

The industry fund includes funds generated by the Organization. These funds may be used for specific projects or may be allocated to on-going operations at the discretion of the Northwest Territories Tourism Board of Directors.

**11. Financial instruments**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

**(a) Credit risk**

The Organization does have credit risk in accounts receivable of \$105,182 (2015 - \$104,032). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

The Organization holds its cash with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the even of default, the Organization's cash is insured up to \$100,000.

There has been no change to this risk from the previous year.

---

## Northwest Territories Tourism

### Notes to the Financial Statements

---

March 31, 2016

---

**11. Financial Instruments (continued)**

(b) Liquidity risk

The Organization does have a liquidity risk in the accounts payable and accrued liabilities of \$705,560 (2015 - \$673,535). Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. There has been no change to this risk from the previous year.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization's interest-bearing financial instruments include fixed rate guaranteed investment certificates. There has been no change to this risk from the previous year.

**12. Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

---

## Northwest Territories Tourism

### Schedules of Statement of Operations

---

For the year ended March 31, 2016 2015

---

#### Schedule 1 - Revenue by source

Contributions - Government of Canada	\$ 700,000	\$ 700,000
Contributions - Government of the Northwest Territories	3,978,570	3,860,892
Memberships, Fees, Sale of Goods and Services	130,878	126,797
Co-op advertising	50,285	41,326
Interest	4,961	6,342

---

**\$ 4,864,694** **\$ 4,735,357**

---

#### Schedule 2 - Call centre

Mail and delivery	\$ 58,380	\$ 63,020
Service supplies	-	902
Toll free Telephone	8,130	9,237
Upgrades to system	5,590	10,370

---

**\$ 72,100** **\$ 83,529**

---

#### Schedule 3 - Consumer show program

Shipping freight and courier	\$ 3,126	\$ 3,832
Show fees and services	52,823	56,255
Supplies and materials	1,525	-
Travel	23,715	16,006

---

**\$ 81,189** **\$ 76,093**

---

#### Schedule 4 - Project management

Asia-Pacific	\$ 101,317	\$ 38,643
Europe	70,346	70,000
North America	105,798	232,686

---

**\$ 277,461** **\$ 341,329**

---

#### Schedule 5 - Communications and public relations

Media events and promotion	\$ 4,217	\$ 4,651
Media familiarization	140,120	139,346
Media shows	4,905	6,099
Newsletters and publications	1,587	2,082
Photography	29,593	22,248
Supplies and materials	12,252	15,396
Travel	4,268	5,075

---

**\$ 196,942** **\$ 194,897**

---

---

## Northwest Territories Tourism

### Schedules of Statement of Operations

---

For the year ended March 31, 2016 2015

---

#### Schedule 6 - General marketing

Advertising print	\$ 433,953	\$ 507,434
Advertising promotional	1,180,371	773,001
Advertising web	379,524	393,418
Brochure development	214,805	172,272
Business meeting	2,426	3,260
Promotional materials	31,428	58,944
Research and exit survey	122,665	131,207
Scholarships	1,500	1,500
Travel	110,945	125,955
Travel tradeshow and marketplaces	73,089	81,315
Travel trade familiarization	71,447	121,873
Website upgrade and maintenance	233,457	459,407
	<b>\$ 2,855,610</b>	<b>\$ 2,829,586</b>

---

#### Schedule 7 - Board of directors

Administration	\$ 189	\$ 119
Business planning	-	3,959
Events	5,915	8,707
Insurance	2,862	3,636
Meetings	6,914	4,197
Special projects	5,699	-
Travel	19,770	14,977
	<b>\$ 41,349</b>	<b>\$ 35,595</b>

---

#### Schedule 8 - Conference

Advertising	\$ 5,135	\$ 5,846
Awards	1,487	651
Logistics	37,090	17,870
Speaker fees	18,994	15,617
Speaker travel	16,056	7,978
Travel	17,469	6,811
Venue conference and trade show	53,774	40,204
	<b>\$ 150,005</b>	<b>\$ 94,977</b>

---

---

## Northwest Territories Tourism

### Schedules of Statement of Operations

---

For the year ended March 31,	2016	2015
<b>Schedule 9 - Wages and benefits</b>		
Canada pension - employer portion	\$ 23,050	\$ 22,994
Employment Insurance	10,581	10,843
Group retirement savings plan	55,378	44,624
Travel allowance	26,190	23,999
Wages and salaries	734,620	600,818
Workers' Safety and Compensation Commission	4,024	3,269
	<b>853,843</b>	<b>706,547</b>
Employee benefits	30,347	29,137
	<b>\$ 884,190</b>	<b>\$ 735,684</b>

---

### Schedule 10 - Administration

Advertising and promotion	\$ 535	\$ 1,443
Amortization	9,358	5,253
Bad debts	-	22,342
Bank charges and interest	3,461	3,641
Casual labour	1,033	2,353
Courier and postage	2,577	2,545
Credit card charges	3,881	3,375
Donations	-	-
Equipment lease	14,486	11,237
Insurance	1,527	2,946
Internet support	15,822	12,713
Memberships and licences	3,704	2,541
Office lease	129,582	137,053
Office supplies	9,962	8,779
Professional development	4,637	5,843
Professional fees - audit	14,992	12,911
Professional fees - legal	2,447	9,635
Recruiting and relocation	4,194	12,992
Repairs and maintenance	2,733	52
Telephone	13,880	13,842
Travel	7,677	15,609
Webstore	30,117	19,938
	<b>\$ 276,605</b>	<b>\$ 307,043</b>

---