

TRAVEL
NUNAVUT
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Travel Nunavut Industry Association
Association de l'industrie du voyage du Nunavut
Aulaqniq Nunavut Nanminiqaqtunut Katimayiingit
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2021-2022
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Financial Reporting

**NUNAVUT TOURISM
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022**

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current		
Cash and cash equivalents	\$ 637,467	\$ 516,589
Accounts receivable (Note 3)	274,594	490,358
Prepaid expenses	<u>12,074</u>	<u>13,736</u>
	924,135	1,020,683
Capital assets (Note 4)	<u>2,901</u>	<u>6,677</u>
	<u>\$ 927,036</u>	<u>\$ 1,027,360</u>
<u>Liabilities</u>		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 291,428	\$ 367,246
Deferred revenue (Note 6)	<u>27,773</u>	<u>40,028</u>
	319,201	407,274
Deferred government assistance (Note 7)	<u>2,503</u>	<u>3,173</u>
	<u>321,704</u>	<u>410,447</u>
<u>Net assets</u>		
General fund	561,390	569,865
Invested in capital assets	398	3,504
Asset replacement fund	<u>43,544</u>	<u>43,544</u>
	<u>605,332</u>	<u>616,913</u>
	<u>\$ 927,036</u>	<u>\$ 1,027,360</u>

NUNAVUT TOURISM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
Operating Activities		
Excess expenses over revenue	\$ (11,581)	\$ -
Items not requiring (providing) cash:		
Amortization of capital assets	1,417	1,817
Amortization of deferred government assistance	(670)	(856)
Loss on disposal of capital assets	<u>2,359</u>	<u>-</u>
	(8,475)	961
 Cash provided by (used for) changes in non-cash working capital:		
Accounts receivable	215,764	(243,405)
Prepaid expenses	1,662	2,988
Accounts payable and accrued liabilities	(75,818)	103,827
Deferred revenue	<u>(12,255)</u>	<u>(7,460)</u>
	<u>120,878</u>	<u>(143,089)</u>
 Increase (decrease) in cash and cash equivalents	 120,878	 (143,089)
 Cash and cash equivalents, opening	 <u>516,589</u>	 <u>659,678</u>
 Cash and cash equivalents, closing	 <u>\$ 637,467</u>	 <u>\$ 516,589</u>

Financial Reporting

NUNAVUT TOURISM NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

1. NATURE OF THE SOCIETY

Nunavut Tourism is a not-for-profit society whose mission is to facilitate tourism marketing for Nunavut and to provide support and services to the membership resulting in an increase in tourism visitation to Nunavut. The society commenced operations on September 15, 1995 and is incorporated under the *Societies Act* of Nunavut.

The society is a not-for-profit association and is exempt from income tax under Sec. 149(1)(l) of the *Income Tax Act (Canada)*.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

(a) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of accounts receivable and the estimated useful life of property and equipment. Actual results could differ from those estimates.

(b) Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short term highly liquid investments that are readily convertible to cash.

(c) Financial Instruments

The society initially measures its financial assets and financial liabilities at fair value. The society subsequently measures all its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are measured at fair value.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

It is management's opinion that the society is not exposed to significant interest, currency or credit risks arising from these financial instruments unless otherwise noted.

(d) Fund Accounting

The General Fund accounts for the society's general operating and administrative activities. Invested in Capital Assets contains all the society's capital asset transactions. The Asset Replacement Fund represents the net appropriation of surplus amounts set aside by the Board of Directors for specific purposes.

NUNAVUT TOURISM NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Capital Assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Furniture and equipment	20% declining balance
Computers and audio-visual equipment	30% declining balance
Media displays	30% declining balance
Leasehold improvements	straight-line over the lease term

(f) Deferred Government Assistance

Deferred government contributions represent restricted contributions for the purchase of capital assets and are amortized at the same rates as the assets to which they relate.

(g) Revenue Recognition

The society follows the deferral method of revenue recognition for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions in kind are recorded at their estimated fair value at the date of contribution, where the value can be reasonably estimated. Revenue from merchandise sales is recognized at the point of sale.

(h) Expense Allocations

The society allocates expenses using the following method. Expenses which are wholly attributable to a particular program are charged directly to the appropriate program. Expenses that are attributable to more than one particular program are allocated based on a percentage method at a rate deemed appropriate by management.

(i) Contributed services

Volunteers contribute time to the society in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Government of Nunavut	\$ 205,578	\$ 476,913
Government of Canada	69,016	12,815
Trade receivables	<u>0</u>	<u>630</u>
	<u>\$ 274,594</u>	<u>\$ 490,358</u>

**NUNAVUT TOURISM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value 2022</u>	<u>Net Book Value 2021</u>
Furniture and equipment	\$ 40,015	\$ 37,114	\$ 2,901	\$ 5,852
Computers and audio-visual equipment	-	-	-	331
Leasehold improvements	177,529	177,529	-	-
Media displays	-	-	-	494
	<u>\$ 217,544</u>	<u>\$ 214,643</u>	<u>\$ 2,901</u>	<u>\$ 6,677</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in the accounts payable and accrued liabilities balance is \$14,046 (2021 - \$24,575) of government remittances payable.

6. DEFERRED REVENUE

	<u>2022</u>	<u>2021</u>
Membership Fees	\$ 27,773	\$ 39,000
CanNor Funding	<u>0</u>	<u>1,028</u>
	<u>\$ 27,773</u>	<u>\$ 40,028</u>

7. DEFERRED GOVERNMENT ASSISTANCE

	<u>2022</u>	<u>2021</u>
Deferred government assistance - beginning of year	\$ 3,173	\$ 4,029
Government assistance recognized during year	<u>(670)</u>	<u>(856)</u>
Deferred government assistance - end of year	<u>\$ 2,503</u>	<u>\$ 3,173</u>

Government contributions for capital assets are recognized into income at the same rate as the assets to which they relate are amortized.

**NUNAVUT TOURISM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

8. FINANCIAL DEPENDENCE

The society receives the majority of its funding from the Government of Nunavut. Without the continuing support of the government, the society would be required to find additional financial support or change the operational structure in order to continue operations.

9. EXPENSE BY TYPE

The following is a summary of the expenses reported on the Statement of Operations by the type.

	<u>2022</u>	<u>2021</u>
Amortization	\$ 1,417	\$ 1,817
Bad debt	0	638
Loss on disposal of capital assets	2,359	0
Insurance	18,460	16,724
Marketing	159,272	157,945
Office	259,271	198,147
Professional fees	193,380	156,562
Salaries and benefits	440,740	483,178
Staff training and development	10,630	16,511
Telecommunications	39,510	39,232
Travel and accommodations	57,417	27,190
Workshops	<u>155,365</u>	<u>150,463</u>
	<u>\$ 1,337,821</u>	<u>\$ 1,248,407</u>

10. COMMITMENTS

During the year, the society signed a five-year lease agreement for office space expiring June 30, 2027.

The society also signed a three-year software licence that expires June 30, 2024, with an option to renew for another three-year period.

The total of these commitments is as follows:

2023	\$ 140,274
2024	143,916
2025	137,436
2026	141,284
2027	145,240
Thereafter	<u>36,558</u>
	<u>\$ 744,708</u>

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