

HOPE BUSINESS AND DEVELOPMENT SOCIETY

UNAUDITED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2020

CM KELLEY INC

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of
Hope Business & Development Society

I have reviewed the accompanying financial statements of **Hope Business & Development Society** that comprise the statement of financial position as at **December 31, 2020**, and the statements of financial activities and change in net assets, cash flows for the year then ended, and a summary of significant 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 non-profit entities, and for such 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.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all respects, the financial position of **Hope Business & Development Society** as at **December 31, 2020**, the results of its financial activities and change in net assets, and cash flows for the year then ended in accordance with Canadian accounting standards for non-profit entities.

CM Kelley Inc
CHARTERED PROFESSIONAL ACCOUNTANT

April 9, 2021
Hope, BC
Canada

HOPE BUSINESS AND DEVELOPMENT SOCIETY
(operating as ADVANTAGE HOPE)
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current Assets		
Cash	\$ 274,958	\$ 66,285
Accounts receivable	10,103	23,679
Prepaid items	5,925	4,000
Inventory for resale	15,776	17,627
Total Current Assets	\$ 306,762	\$ 111,591
Intangible Assets (Note 2)	8,028	8,028
Total Assets	\$ 314,790	\$ 119,619
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 24,179	\$ 8,215
Government remittances	10,632	1,735
Unearned revenue (Note 3)	0	0
Total Current Liabilities	\$ 34,811	\$ 9,950
Deferred Contributions (Note 4)	69,991	0
Total Liabilities (Contingency Note 7)	\$ 104,802	\$ 9,950
Total Members' Net Assets (Debt)	209,988	109,669
Total Liabilities and Net Assets (Debt)	\$ 314,790	\$ 119,619

Approved on behalf of the Society:

Director

Director

HOPE BUSINESS AND DEVELOPMENT SOCIETY**(operating as ADVANTAGE HOPE)****UNAUDITED STATEMENT OF FINANCIAL ACTIVITIES & CHANGE IN NET ASSETS****FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<u>REVENUE</u>		
Grant Revenue		
District of Hope	\$ 320,000	\$ 302,917
Province of BC	141,588	380,517
Government of Canada	2,531	10,365
Other	9,622	20,293
Retail sales	8,398	61,863
Advertising and sponsorships	0	1,395
Donations and sundry	4	1,081
Total Receipts	\$ 482,143	\$ 778,431
<u>DISBURSEMENTS</u>		
Advertising and promotions	\$ 74,320	\$ 55,934
Bank charges	2,325	1,824
Cost of retail sales	2,289	30,419
Insurance, licenses and dues	6,325	6,365
Office, postage and sundry	2,239	3,673
Project expenses	72,268	351,650
Professional fees	7,565	10,644
Subcontracted services	0	92,620
Supplies	7,931	4,302
Telephone and utilities	5,607	6,016
Wages and benefits	200,955	125,280
Total Disbursements	\$ 381,824	\$ 688,727
<u>EXCESS (DEFICIENCY) FOR THE YEAR</u>	\$ 100,319	\$ 89,704
<u>NET ASSETS, beginning of year</u>	109,669	19,965
<u>NET ASSETS, end of year</u>	\$ 209,988	\$ 109,669

HOPE BUSINESS AND DEVELOPMENT SOCIETY
(operating as ADVANTAGE HOPE)
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
<u>OPERATING ACTIVITIES</u>		
Excess (Deficiency) for the year	\$ 100,319	\$ 89,704
Changes to operations not involving cash:		
Deferred contributions	69,991	52,918
Accounts receivable	13,576	81,622
Prepaid expenses	(1,925)	(1,853)
Inventory	1,851	4,764
Accounts payable and accruals	15,964	(6,000)
Government remittances	8,897	(5,479)
Unearned revenue	0	(314,619)
Total from operating activities	<u>\$ 208,673</u>	<u>\$ (98,943)</u>
<u>INVESTING ACTIVITIES</u>		
Increase (decrease) in restricted cash	<u>\$ 0</u>	<u>\$ (52,918)</u>
Total from investing activities	<u>\$ 0</u>	<u>\$ (52,918)</u>
<u>INCREASE (DECREASE) IN CASH DURING THE YEAR</u>	<u>\$ 208,673</u>	<u>\$ (151,861)</u>
<u>CASH, beginning of year</u>	<u>66,285</u>	<u>218,146</u>
<u>CASH, end of year</u>	<u><u>\$ 274,958</u></u>	<u><u>\$ 66,285</u></u>

HOPE BUSINESS AND DEVELOPMENT SOCIETY
(operating as ADVANTAGE HOPE)
UNAUDITED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1: **ACCOUNTING POLICIES AND SIGNIFICANT INFORMATION**

The Hope Business & Development Society (the Society), operating as Advantage Hope, was incorporated under the Society Act of British Columbia to serve the needs of area residents and business by promoting the community, creating a receptive environment for business development, advocating for new and improved local infrastructure and establishing programs and partnerships that contribute to a sustainable and diversified economy.

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the Chartered Professional Accountants of Canada handbook and include the following accounting policies.

The Society is exempt from income taxes pursuant to subsection 149(1)(l) of the Income Tax Act of Canada.

a) **Basis of accounting**

The Society receives funding from the local municipality, the District of Hope, as well as other governments and their agencies. The Society does not believe there is any reason the funding will not continue into the foreseeable future and as such, have presented the financial statements on a going concern basis.

b) **Revenue Recognition**

Revenue is recognized using the deferral method. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection can be reasonably assured.

Retail revenue is recognized, net of trade discounts and allowances, on a point of sale basis when the goods or services are provided.

c) **Inventory**

Inventory is carried at the lower of cost or net realizable value. Cost is calculated using the specific cost inventory method applied on a periodic basis.

d) **Financial Instruments**

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Handbook Section 3840 - Related Party Transactions.

It is management's opinion that the Society is not exposed to significant interest, currency, credit, or other risks arising from financial instruments.

e) **Measurement Uncertainty (use of estimates)**

In preparing these financial statements in conformity with Canadian Accounting Standards for Not-For-Profit Organizations management has made estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates are reviewed periodically and as adjustments become necessary they are reported in revenues and expenses in the periods in which they become known.

Note 1: **ACCOUNTING POLICIES AND SIGNIFICANT INFORMATION (continued)**

f) **Intangible asset**

Specified intangible assets are recognized and reported apart from goodwill.

When an intangible asset no longer contributes to the Society's ability to provide services, its carrying amount is written down to residual value, if any.

Note 2: **INTANGIBLE ASSET**

Intangible asset with indefinite life
Internet domain name

2020	2019
\$ 8,028	\$ 8,028

Note 3: **UNEARNED REVENUE**

Unearned revenue consists of payments received from various funding partners in relation to contractual agreements and project grants.

Changes in unearned revenue are as follows:

	2020	2019
Balance, beginning of year	\$ 0	\$ 314,619
Add: Amounts received during the year	0	0
Less: Amounts recognized as revenue during the year	0	(314,619)
Balance, end of year (Statement A)	\$ 0	\$ 0

Note 4: **DEFERRED CONTRIBUTIONS**

Deferred contributions consist of unspent contributions externally restricted for specified operating purposes. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. During the current calendar year the District of Hope, together with electoral areas A, B and D and Manning Park Resort was established as participating area for the Municipal and Regional District Tax (MRDT). The MRDT will be provided to Advantage Hope to spend on tourism marketing, programs or projects to increase local tourism, visitation and economic benefits.

Changes in deferred contributions are as follows:

	2020	2019
Balance, beginning of year	\$ 0	\$ 52,918
Add: Amounts received during the year	169,010	623
Less: Amounts recognized as revenue during the year	(99,019)	(53,541)
Balance, end of year (Statement A)	\$ 69,991	\$ 0

Note 5: **EXECUTIVE DIRECTOR COMPENSATION**

Executive Director fees	2020	2019
Contracted	\$ 0	\$ 38,000
Employment Agreement	75,529	0
Total for the year	<u>\$ 75,529</u>	<u>\$ 38,000</u>

Note 6: **ECONOMIC DEPENDENCE**

The Society's primary source of funding is from the District of Hope. This funding can be cancelled if the Society does not adhere to certain established guidelines. The Society's ability to continue viable operations is dependent on adherence to these guidelines. As at the date of these financial statements the Society believes it is in compliance with the guidelines.

Note 7: **CONTINGENT LIABILITY**

The Society is a defendant in litigation in the Supreme Court of British Columbia. The Society's insurance provider has taken responsibility for defending the Society in this litigation. No outcome can be determined at this time.

ADVANTAGE HOPE
SCHEDULE OF PROGRAM FUNDING AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Economic Development Services	Visitor Info Centre	MRDT Revenue	DBC & Other Grants	2020	2019
REVENUES						
Program grants and partner funding						
District of Hope	\$ 220,000	100,000	-	-	320,000	\$ 302,917
Province of BC	-	-	99,019	42,569	141,588	380,517
Government of Canada	2,531	-	-	-	2,531	10,365
Other	9,622	-	-	-	9,622	20,293
Retail sales	-	8,398	-	-	8,398	61,863
Advertising and sponsorships	-	-	-	-	-	1,395
Donations and sundry	4	-	-	-	4	1,081
	<u>\$ 232,157</u>	<u>108,398</u>	<u>99,019</u>	<u>42,569</u>	<u>482,143</u>	<u>\$ 778,431</u>
EXPENSES						
Advertising and promotions	\$ 642	482	73,196		74,320	55,934
Bank charges	148	2,177	-	-	2,325	1,824
Cost of retail sales	-	2,289	-	-	2,289	30,419
Insurance, licenses & fees	6,325	-	-	-	6,325	6,365
Office, postage and sundry	2,239	-	-	-	2,239	3,673
Project expenses	23,347	398	25,823	22,700	72,268	351,650
Professional fees	7,565	-	-	-	7,565	10,644
Subcontracted services						
Executive Director	-	-	-	-	-	38,000
Economic Development	-	-	-	-	-	34,040
Events & Outreach	-	-	-	-	-	20,580
Supplies	6,107	1,824	-	-	7,931	4,302
Telephone and utilities	5,607	-	-	-	5,607	6,016
Wages and benefits						
Executive Director	75,529	-	-	-	75,529	-
Economic Development	48,263	-	-	-	48,263	-
Staff	-	77,163	-	-	77,163	125,280
	<u>\$ 175,772</u>	<u>\$ 84,333</u>	<u>\$ 99,019</u>	<u>\$ 22,700</u>	<u>\$ 381,824</u>	<u>\$ 688,727</u>
EXCESS (DEFICIENCY) FOR THE YEAR	\$ 56,385	\$ 24,065	\$ 0	\$ 19,869	\$ 100,319	\$ 89,704
OPENING BALANCE, Member's Net Assets	28,290	97,364	0	(15,985)	109,669	19,965
ENDING BALANCE, Member's Net Assets	\$ 84,675	\$ 121,429	\$ 0	\$ 3,884	\$ 209,988	\$ 109,669