

**DESTINATION LABRADOR INC.**

**Financial Statements**

**Year Ended March 31, 2022**

**DESTINATION LABRADOR INC.**

**Index to Financial Statements**

**Year Ended March 31, 2022**

---

	Page
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Revenues and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9

---

## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

---

To the Directors of Destination Labrador Inc.

I have reviewed the accompanying financial statements of Destination Labrador Inc. (the Organization) that comprise the statement of financial position as at March 31, 2022, and the statements of revenues and expenditures, 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 (ASNPO), 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.

### *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 material respects, the financial position of Destination Labrador Inc. as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.



Brian T. Scammell Professional Corporation  
Chartered Professional Accountant

St. John's, NL  
November 7, 2022

DESTINATION LABRADOR INC.

Statement of Financial Position

March 31, 2022

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 188,634	\$ 140,571
Accounts receivable <i>(Note 3)</i>	17,563	25,910
Harmonized sales tax recoverable	1,774	13,288
Prepaid expenses	1,048	812
	209,019	180,581
RESTRICTED CASH <i>(Note 4)</i>	10,003	10,003
CAPITAL ASSETS <i>(Note 5)</i>	2,335	681
	\$ 221,357	\$ 191,265
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 16,270	\$ 9,585
Wages payable	2,317	962
	18,587	10,547
<b>NET ASSETS</b>		
Unrestricted assets	200,435	180,037
Investment in capital assets	2,335	681
	202,770	180,718
	\$ 221,357	\$ 191,265

APPROVED BY THE DIRECTOR

\_\_\_\_\_ Director

See notes to financial statements

**DESTINATION LABRADOR INC.**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2022**

	2022	2021
<b>REVENUES</b>		
Department of Tourism, Culture, Arts and Recreation <i>(Note 10)</i>	\$ 150,000	\$ 150,000
Atlantic Canada Opportunities Agency <i>(Note 10)</i>	23,880	22,902
Other	20,926	2,987
Other Provincial Grants <i>(Note 10)</i>	5,032	7,618
Community Organization Assistance Program <i>(Note 10)</i>	5,000	5,000
	<b>204,838</b>	<b>188,507</b>
<b>EXPENDITURES</b>		
Salaries and benefits	114,688	85,739
Marketing and promotion <i>(Note 6)</i>	40,877	26,774
Professional fees	14,267	15,146
Rent <i>(Note 7)</i>	4,850	4,408
Board travel	2,220	2,609
Insurance	1,754	1,738
Communications	1,338	2,868
Office and other	1,121	2,185
Interest and bank charges	688	595
Amortization	688	566
Miscellaneous	295	-
	<b>182,786</b>	<b>142,628</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 22,052</b>	<b>\$ 45,879</b>

See notes to financial statements

**DESTINATION LABRADOR INC.**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2022**

	Unrestricted Assets	Investment in Capital Assets	<b>2022</b>	2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 180,037	\$ 681	<b>\$ 180,718</b>	\$ 134,839
EXCESS OF REVENUES OVER EXPENDITURES	22,052	-	<b>22,052</b>	45,879
PURCHASE OF CAPITAL ASSETS	202,089	681	<b>202,770</b>	180,718
AMORTIZATION	(2,342)	2,342	-	-
	688	(688)	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 200,435</b>	<b>\$ 2,335</b>	<b>\$ 202,770</b>	<b>\$ 180,718</b>

See notes to financial statements

**DESTINATION LABRADOR INC.****Statement of Cash Flows  
Year Ended March 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 22,052	\$ 45,879
Item not affecting cash:		
Amortization	688	566
	<b>22,740</b>	<b>46,445</b>
Changes in non-cash working capital:		
Accounts receivable	8,347	(13,878)
Accounts payable and accrued liabilities	6,685	2,357
Prepaid expenses	(236)	(47)
Harmonized sales tax payable	11,514	(304)
Wages payable	1,355	962
	<b>27,665</b>	<b>(10,910)</b>
Cash flow from operating activities	<b>50,405</b>	<b>35,535</b>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	(2,342)	-
<b>INCREASE IN CASH FLOW</b>	<b>48,063</b>	<b>35,535</b>
Cash - beginning of year	<b>140,571</b>	<b>105,036</b>
<b>CASH - END OF YEAR</b>	<b>\$ 188,634</b>	<b>\$ 140,571</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest received	\$ -	\$ -
Interest paid	\$ 688	\$ 595
Income taxes paid	\$ -	\$ -

See notes to financial statements

**DESTINATION LABRADOR INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2022**

---

**1. PURPOSE OF THE ORGANIZATION**

Destination Labrador Inc. (the "Organization") is a not-for-profit organization incorporated provincially under the Corporations Act of Newfoundland and Labrador. The Organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The Organization operates to promote Labrador as a world class tourism destination.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of presentation***

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

***Cash***

Cash consists of cash on hand and balances with bank including authorized overdrafts and recurring operating loans. Cash components included in the cash flow statement is detailed thereon.

***Financial instruments***

Financial instruments are initially recorded at fair value when acquired or issued, except for certain non-arms length transactions. In subsequent periods, equity investments with actively traded markets are reported at fair value. Changes in fair values are reported in income.

All other financial instruments are reported at amortized cost, and tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement provided it is no greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs on the acquisition, sale, or issue of financial instruments are recognized in net income in the period incurred.

***Harmonized sales tax recoverable***

Contributed materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense.

***Capital assets***

The equity of the Organization in its capital assets is represented by an equity account, "Investment in Capital Assets". Capital assets disposed of are removed from the Investment in Capital Assets account at original cost. Amortization is charged against the investment in capital assets and is amortized over the estimated useful lives of the capital assets on a straight-line basis at the following rates and methods:

Computer equipment	5 years	straight-line method
Furniture and fixtures	5 years	straight-line method

*(continues)*



**DESTINATION LABRADOR INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2022**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Net assets*

- a) Net assets invested in capital assets represents the Organization's net investment in capital assets..
- b) Internally restricted net assets are funds which have been designated for a specific purpose by the Organization's Board of Directors.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Organization each year, not of transfers, and are available for general purposes.

*Contributed services*

The operations of the Organization depend on both the contribution of time by volunteers from various sources. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements.

*Revenue recognition*

Destination Labrador Inc. follows the deferral method of accounting for contributions.

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 to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

*Measurement uncertainty*

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**3. ACCOUNTS RECEIVABLE**

	2022	2021
Trade	\$ 4,930	\$ 1,500
Atlantic Canada Opportunities Agency	3,649	3,012
Department of Tourism, Culture, Arts and Recreation	8,984	21,398
	<b>\$ 17,563</b>	<b>\$ 25,910</b>

**4. RESTRICTED CASH**

Restricted cash consists of a term deposit at 0.60% per annum used to secure a VISA credit card with a \$10,000 credit line. As at March 31, 2022, the balance of restricted cash was \$10,003.

**DESTINATION LABRADOR INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2022**

**5. CAPITAL ASSETS**

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 2,342	\$ 234	\$ 2,108	\$ -
Furniture and fixtures	25,797	25,570	227	681
	\$ 28,139	\$ 25,804	\$ 2,335	\$ 681

**6. MARKETING AND PROMOTION**

	2022	2021
Other advertising	\$ 17,946	\$ -
Trade shows	7,597	-
Travel	6,530	2,115
Media FAM Tour	2,850	-
Product development	2,461	5,611
Travel Trade Show	1,763	(904)
Website	1,453	957
Photoshoot	277	8,026
Media FAM Tour	-	10,066
Newsletter	-	903
	\$ 40,877	\$ 26,774

**7. RELATED PARTY TRANSACTIONS**

The following is a summary of the Organization's related party transactions:

	2022	2021
Randy Letto <i>(Executive Director)</i>		
Rent	\$ 4,850	\$ -
	\$ 4,850	\$ -

The Organization's previous office space located at 174 Hamilton River Road closed as of July 30, 2020. The Organization's current office is now a located in an office space based in the home of the Executive Director.

Beginning at the start of the current fiscal period, the Organization began making quarterly to the Executive Director for the use of this space.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**DESTINATION LABRADOR INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2022**

---

**8. ECONOMIC DEPENDENCE**

The Organization receives funding from the Department of Tourism, Culture, Arts and Recreation (formerly Department of Tourism, Culture, Industry and Innovation), as well as the Atlantic Canada Opportunities Agency. Funding is limited to specific time frames and is subject to compliance with specific terms and conditions. Funding from the Atlantic Canada Opportunities Agency has been approved up to March 31, 2022. Provincial funding is approved annually.

**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Organization carries various forms of financial instruments. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Cash, receivables and payables are reported at their fair values on the statement of financial position. The fair values are the same as the carrying values due to their short-term nature.

**10. GOVERNMENT ASSISTANCE**

The Organization received a grant of \$150,000 in "Core Funding" from the Government of Newfoundland and Labrador via the Department of Tourism, Culture, Arts and Recreation (formerly Department of Tourism, Culture, Industry and Innovation). This amount has been recognized in income for the year ended March 31st, 2022 (2021 - \$150,000).

The Organization received payments of \$23,880 from the Federal Government of Canada via the Atlantic Canada Opportunities Agency under the Business Development Program. This amount has been recognized in income for the year ended March 31st, 2022 (2021 - \$22,902).

The Organization received payments of \$5,032 from the Government of Newfoundland and Labrador via the Department of Tourism, Culture, Arts and Recreation (formerly Department of Tourism, Culture, Industry and Innovation) to support operations of the Organization. This amount has been recognized in income for the year ended March 31st, 2022 (2021 - \$7,618).

The Organization received a payment of \$5,000 from the Government of Newfoundland and Labrador under the Community Organization Assistance Program. This amount has been recognized in income for the year ended March 31st, 2022 (2021 - \$5,000).

Grants towards current expenses, including salaries, are recognized as revenue in the period during which these expenses are incurred, as there is reasonable assurance that the Organization has complied and will continue to comply with all the conditions of the assistance.