

**CANADIAN INBOUND TOURISM
ASSOCIATION (ASIA PACIFIC)**

FINANCIAL STATEMENTS

31 DECEMBER 2015

CANADIAN INBOUND TOURISM ASSOCIATION (ASIA PACIFIC)

Financial Statements

For the year ended 31 December 2015

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INDEPENDENT AUDITORS' REPORT

To the Members,
Canadian Inbound Tourism Association (Asia Pacific)

Report on the Financial Statements

We have audited the accompanying financial statements of Canadian Inbound Tourism Association (Asia Pacific), which comprise the statement of financial position as at 31 December 2015, and the statements of members' surplus, operations 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 association'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 association'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 qualified audit opinion.

INDEPENDENT AUDITORS' REPORT - Continued

Basis for Qualified Opinion

In common with other non-profit organizations, the Association derives revenue from function activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses for the year, assets, liabilities and members' surplus at the end of the year.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at 31 December 2015 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.

Relfe Benson LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
18 March 2016

CANADIAN INBOUND TOURISM ASSOCIATION (ASIA PACIFIC)
Statement of Financial Position
31 December 2015

	2015	2014
Assets		
Current		
Cash	\$ 143,999	\$ 138,527
Accounts receivable	17,058	2,217
GST receivable	2,004	1,794
Prepaid expenses	1,964	2,062
	<u>165,025</u>	<u>144,600</u>
Intangible assets (Note 3)	<u>1,034</u>	<u>1,113</u>
	<u>\$ 166,059</u>	<u>\$ 145,713</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 20,182	\$ 9,895
Prepaid membership dues	14,608	18,765
	<u>34,790</u>	<u>28,660</u>
Members' Surplus		
Unrestricted	<u>131,269</u>	<u>117,053</u>
	<u>\$ 166,059</u>	<u>\$ 145,713</u>

APPROVED BY THE BOARD:

_____ Director _____ Director

The accompanying notes are an integral part of these financial statements.

CANADIAN INBOUND TOURISM ASSOCIATION (ASIA PACIFIC)
Statement of Members' Surplus
For the year ended 31 December 2015

	2015	2014
Balance - beginning of year	\$ 117,053	\$ 110,392
Excess of revenues over expenses for the year	<u>14,216</u>	<u>6,661</u>
Balance - end of year	\$ 131,269	\$ 117,053

The accompanying notes are an integral part of these financial statements.

CANADIAN INBOUND TOURISM ASSOCIATION (ASIA PACIFIC)
Statement of Operations
For the year ended 31 December 2015

	2015	2014
Revenues		
Function activities	\$ 111,890	\$ 109,490
Membership dues	79,828	77,313
Other revenue	1,641	1,419
	<u>193,359</u>	<u>188,222</u>
Expenses		
Function activities	82,201	83,279
Office	72,789	72,296
Advertising and promotion	8,297	6,190
Meetings	6,336	3,870
Professional fees	5,637	7,167
Telephone and website	2,953	6,109
Committee appreciation	850	1,000
Amortization	80	1,650
	<u>179,143</u>	<u>181,561</u>
Excess of revenues over expenses for the year	\$ 14,216	\$ 6,661

The accompanying notes are an integral part of these financial statements.

CANADIAN INBOUND TOURISM ASSOCIATION (ASIA PACIFIC)
Statement of Cash Flows
For the year ended 31 December 2015

	2015	2014
Cash provided by (used in):		
Operating activities		
Excess of revenues over expenses for the year	\$ 14,216	\$ 6,661
Item not involving cash		
Amortization	<u>80</u>	1,650
	<u>14,296</u>	8,311
Changes in non-cash working capital balances		
Accounts receivable	(14,841)	7,399
GST receivable	(210)	5,619
Prepaid expenses	98	(199)
Accounts payable and accrued liabilities	10,286	(10,802)
Prepaid membership dues	<u>(4,157)</u>	16,865
Net increase in cash	5,472	27,193
Cash - beginning of year	<u>138,527</u>	<u>111,334</u>
Cash - end of year	<u>\$ 143,999</u>	<u>\$ 138,527</u>

The accompanying notes are an integral part of these financial statements.

CANADIAN INBOUND TOURISM ASSOCIATION (ASIA PACIFIC)
Notes to the Financial Statements
For the year ended 31 December 2015

1. Operations

Canadian Inbound Tourism Association (Asia Pacific) (the "Association") was incorporated under the Canada Corporations Act on 10 April 1997. The Association transitioned to the new Canada Not For Profit Corporations Act, effective 8 September 2014. For Canadian income tax purposes, the Association is a not-for-profit organization, which is exempt from income tax. The Association's mandate is to promote Canada as a world class tourism destination in the Asia Pacific region.

2. Summary of 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) Financial instruments

(i) Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value and subsequently measures all of its financial assets and financial liabilities 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 the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable.

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

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(iii) Transaction costs

The Association recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

CANADIAN INBOUND TOURISM ASSOCIATION (ASIA PACIFIC)
Notes to the Financial Statements
For the year ended 31 December 2015

2. Summary of significant accounting policies - Continued

(b) Revenue recognition

Membership dues are recognized over the membership term. Amounts relating to the following year are deferred and shown as prepaid membership dues.

Function revenue is recognized on the accrual basis to match the related function cost.

(c) Intangible assets

Trademark costs are capitalized and amortized over the term of the trademark which is fifteen years, beginning 1 February 2014.

In the year of acquisition, amortization is provided for at one-half the annual rate. No amortization is taken in the year of disposal.

(d) Donations and contributed services

A number of donors and volunteers contribute goods, time and services to the Association each year. Because of the difficulty in determining fair value, these contributions are not recognized in the financial statements.

(e) 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, liabilities, revenues and expenses and disclosures of contingencies at the date of the statement of financial position. Accounts subject to estimate include accounts payable and accrued liabilities. Management believes that the estimates utilized in preparing the financial statements are reasonable; however, actual results could differ.

CANADIAN INBOUND TOURISM ASSOCIATION (ASIA PACIFIC)
Notes to the Financial Statements
For the year ended 31 December 2015

3. Intangible assets

	Cost	Accumulated Amortization	2015 Net	2014 Net
Trademark	\$ 1,193	\$ 159	\$ 1,034	\$ 1,113

The intangible assets are reviewed for impairment when events or changes in circumstances indicate that its carrying value may not be recovered. If estimates of future cash flows expected to result from the use of the assets are less than the carrying value, then the carrying value is written down to its fair value, based on the related estimated discounted future cash flows. No impairment losses were determined by management to be necessary for the year.

4. Financial instruments

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at the statement of financial position date, 31 December 2015.

(a) Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Association manages liquidity risk by maintaining adequate cash and highly liquid investments. There has been no change to the risk exposure from 2014.

(b) Financial risk

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risk arising from these financial instruments.