

KOOTENAY ROCKIES TOURISM ASSOCIATION
Non-Consolidated Financial Statements
Year Ended March 31, 2023

KOOTENAY ROCKIES TOURISM ASSOCIATION
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Year Ended March 31, 2023

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Chartered
Professional
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Kootenay Rockies Tourism Association

Report on the Non-consolidated Financial Statements

Opinion

I have audited the non-consolidated financial statements of Kootenay Rockies Tourism Association (the Association), which comprise the non-consolidated statement of financial position as at March 31, 2023, and the non-consolidated statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Association as at March 31, 2023, and the non-consolidated results of its operations and non-consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements* section of my report. I am independent of the Association in accordance with ethical requirements that are relevant to my audit of the non-consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Without modifying my opinion, I draw attention to Note 12 to the financial statements, which describes a restatement due to a change in a significant accounting policy.

Other Matter

The non-consolidated financial statements for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on July 7, 2022.

Responsibilities of Management and Those Charged with Governance for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Aspire Professional Corporation

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712 10th Street Unit D, PO Box 2285, Invermere BC V0A 1K0 | www.aspirecpa.ca | (250) 341-5655₁

Independent Auditor's Report to the Members of Kootenay Rockies Tourism Association (*continued*)

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, I report that, in my opinion, the accounting policies applied in preparing and presenting the non-consolidated financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year, with the exception of the changes disclosed in Note 12.

Invermere, British Columbia
July 4, 2023



CHARTERED PROFESSIONAL ACCOUNTANT

KOOTENAY ROCKIES TOURISM ASSOCIATION
Non-Consolidated Statement of Financial Position
March 31, 2023

	2023	2022 <i>Restated</i>
Assets		
Current		
Cash	\$ 839,285	\$ 851,644
Term deposits (Note 4)	203,416	200,000
Accounts receivable (Note 5)	114,704	127,438
Prepaid expenses	27,071	19,552
	1,184,476	1,198,634
Investment in subsidiary (Note 7)	376,548	385,869
	\$ 1,561,024	\$ 1,584,503
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 63,605	\$ 27,530
Deferred revenue (Note 9)	658,070	718,387
	721,675	745,917
Net assets	839,349	838,586
	\$ 1,561,024	\$ 1,584,503

ON BEHALF OF THE BOARD

Mike McPhee _____ Director

Kristy Jahn-Smith _____ Director

See notes to financial statements

KOOTENAY ROCKIES TOURISM ASSOCIATION
Non-Consolidated Statement of Revenues and Expenditures
Year Ended March 31, 2023

	2023	2022 <i>Restated</i>
Revenues		
Destination British Columbia (DBC)	\$ 1,183,185	\$ 1,267,262
Targeted Regional Tourism Development (TRTD)	420,959	1,859,614
Pacific Economic Development Canada	127,390	-
Fee for service	95,715	-
Participant contributions	40,000	81,181
Other revenue	23,910	14,317
	1,891,159	3,222,374
Expenses		
Salaries and wages	773,452	617,062
Destination development	559,020	1,955,803
Contracted services	155,142	125,903
Marketing	133,121	271,535
Travel trade and media	69,263	33,257
AGM and board	34,703	12,967
Audit	10,800	8,000
BC Secretariat	1,373	60,000
Bad debt (recovery)	-	(459)
Bank charges	2,639	2,614
Business fees and licenses	5,174	-
Equipment rentals	7,212	7,222
Memberships	13,710	10,814
Office	18,132	11,389
Rental	36,000	36,000
Repairs and maintenance	25,811	21,428
Telephone	12,413	8,337
Training	10,582	17,377
Vehicle	12,528	8,808
	1,881,075	3,208,057
Excess of revenues over expenses from operations	10,084	14,317
Other income (expenses)		
Income (loss) from subsidiary (<i>Note 7</i>)	(9,321)	5,716
Excess of revenues over expenses for the year	\$ 763	\$ 20,033

See notes to financial statements

KOOTENAY ROCKIES TOURISM ASSOCIATION
Non-Consolidated Statement of Changes in Net Assets
Year Ended March 31, 2023

	2023	2022 <i>Restated</i>
Net assets - beginning of year		
As previously reported	\$ 838,586	\$ 442,092
Prior period adjustments <i>(Note 14)</i>	-	376,461
As restated	838,586	818,553
Excess of revenues over expenses	763	20,033
Net assets - end of year	\$ 839,349	\$ 838,586

See notes to financial statements

KOOTENAY ROCKIES TOURISM ASSOCIATION
Non-Consolidated Statement of Cash Flows
Year Ended March 31, 2023

	2023	2022 <i>(Restated)</i>
Operating activities		
Excess of revenues over expenses for the year	\$ 763	\$ 20,033
Item not affecting cash:		
(Income) loss from subsidiary	9,321	(5,716)
	10,084	14,317
Changes in non-cash working capital:		
Accounts receivable	12,734	(55,815)
Accounts payable and accrued liabilities	36,075	(31,800)
Deferred revenue	(60,317)	(1,749,876)
Prepaid expenses	(7,519)	(9,916)
	(19,027)	(1,847,407)
Decrease in cash flow	(8,943)	(1,833,090)
Cash - beginning of year	1,051,644	2,884,734
Cash - end of year	\$ 1,042,701	\$ 1,051,644
Cash consists of:		
Cash	\$ 839,285	\$ 851,644
Term deposits	203,416	200,000
	\$ 1,042,701	\$ 1,051,644

See notes to financial statements

KOOTENAY ROCKIES TOURISM ASSOCIATION
Notes to Non-Consolidated Financial Statements
Year Ended March 31, 2023

1. Purpose of the Association

Kootenay Rockies Tourism Association (the "Association") is a Destination Marketing Organization (DMO) incorporated under the Societies Act of British Columbia. As a non-profit organization the Association is exempt from income tax under Section 149(1) of the Income Tax Act.

The Association operates to enhance the regional visitor economy for the benefit of business and communities through destination marketing and management initiatives in southeastern BC known as the Kootenay Rockies region.

2. Basis of presentation

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

3. Summary of significant accounting policies

Cash

Cash is comprised of bank accounts at a Canadian chartered bank.

Term deposits

The term deposits are guaranteed investment certificates issued by a Canadian chartered bank, carried at cost plus accrued interest which approximates fair value.

Investment in subsidiary

The Association's investment in 1113207 B.C. Ltd, of which it owns 100% of the outstanding voting shares and the Association exercises significant influence, is accounted for using the equity method.

Tangible capital assets

Tangible capital assets is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a straight-line basis at the following rates and methods:

Computer equipment	5 years	straight-line method
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The Association regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed services

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

Revenue recognition

The Association 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.

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KOOTENAY ROCKIES TOURISM ASSOCIATION
Notes to Non-Consolidated Financial Statements
Year Ended March 31, 2023

3. Summary of significant accounting policies (continued)

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at amortized cost, and tested for impairment at each reporting date, with the exception of the term deposit which is reported at fair value. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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.

4. Term deposit

	Purchase date	Maturity date	Interest rate %	2023	2022
Non-redeemable GIC	November 14, 2022	November 14, 2023	4.55	\$ 200,000	\$ 200,000
Accrued interest				3,416	-
				\$ 203,416	\$ 200,000

5. Accounts receivable

	2023	2022
Trade receivables	\$ 104,701	\$ 112,242
Government remittances receivable	10,003	15,196
	\$ 114,704	\$ 127,438

6. Tangible capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	\$ 33,699	\$ 33,699	\$ -	\$ -

KOOTENAY ROCKIES TOURISM ASSOCIATION
Notes to Non-Consolidated Financial Statements
Year Ended March 31, 2023

7. Investment in subsidiary

The Association uses the equity method to account for its 100% ownership in 1113207 B.C. Ltd. 1113207 B.C. Ltd. owns the land and building in which the Association operates. For purposes of applying the equity method of accounting, the unaudited financial information for the year ended March 31, 2023 has been used.

	2023 <i>(Unaudited)</i>	2022 <i>(Unaudited)</i>
Financial information		
Current assets	\$ 12,045	\$ 19,666
Property and plant	366,203	366,203
	\$ 378,248	\$ 385,869
Current liabilities	\$ 1,700	\$ -
Share capital	1	1
Retained earnings	376,547	385,868
	\$ 378,248	\$ 385,869
Operations		
Revenues	\$ 36,194	\$ 36,027
Expenses	(45,515)	(30,311)
	\$ (9,321)	\$ 5,716
Cash Flows		
Net income (loss) for the year	\$ (9,321)	\$ 5,716
Change in non-cash working capital		
Accounts receivable	22	(27)
Accounts payable and accrued liabilities	1,700	737
Increase (decrease) in cash	(7,599)	6,426
Cash, beginning of year	19,562	13,136
Cash, end of year	\$ 11,963	\$ 19,562

8. Accounts payable and accrued liabilities

	2023	2022
Trade payables and accruals	\$ 62,083	\$ 25,369
Vacation payable	1,063	1,917
Worksafe BC payable	459	244
	\$ 63,605	\$ 27,530

KOOTENAY ROCKIES TOURISM ASSOCIATION
Notes to Non-Consolidated Financial Statements
Year Ended March 31, 2023

9. Deferred revenue

Deferred revenue consists of:

	2023	2022
Destination British Columbia	\$ 325,254	\$ 19,738
Columbia River Treaty Heritage Tourism	256,038	224,176
Targeted Regional Tourism Development	50,190	471,148
Other project revenue	23,263	-
YXC funds	3,325	3,325
	\$ 658,070	\$ 718,387

10. Lease commitments

	Monthly Commitment	Expiry	2024	Thereafter	Total
Vehicle	\$ 568	March 31, 2024	\$ 6,814	\$ -	\$ 6,814
Photocopier	181	March 10, 2026	2,171	4,342	6,513
Postage machine	407	September 30, 2023	4,889	-	4,889
Building rental	3,000	March 31, 2024	36,000	36,000	72,000
IT support	1,384	April 30, 2024	16,609	1,384	17,993
	\$ 5,540		\$ 66,483	\$ 41,726	\$ 108,209

11. Related party transactions

The Association pays rent of \$36,000 each year to its subsidiary, 1113207 B.C. Ltd. The Association receives a management fee of \$6,000 each year from its subsidiary to cover bookkeeping and administration services. The 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.

12. Remuneration of employees

During the year, the Association compensated four (2022 - three) employees in excess of \$75,000 for an aggregate total of \$383,326 (2022 - \$278,323). No compensation was paid to any Directors of the Association during the year.

13. Economic dependence

The Association received approximately 63% (2022 - 39%) of its income from the DBC and accordingly is economically dependent on the DBC for a significant portion of its revenue.

KOOTENAY ROCKIES TOURISM ASSOCIATION
Notes to Non-Consolidated Financial Statements
Year Ended March 31, 2023

14. Change in accounting policies

In 2021, the Association revised their accounting policy regarding the investment in 1113207 B.C. Ltd. retroactively to 2017, when the investment was made. The adjustment was made directly to net assets in error and has been corrected as a prior period adjustment. The following line items were affected:

	2022 <i>Restated</i>	2022 <i>As previously reported</i>
Investment in subsidiary	\$ 385,869	\$ 9,409
Net assets	838,586	462,125

In 2023, an updated capitalization policy was implemented. The capitalization policy has been applied retroactively and tangible capital assets were adjusted for accordingly. As the tangible capital assets are fully amortized, no adjustments to the financial statements is necessary.

15. Financial instruments

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2023.

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 receipt of funds from its funders and other related sources, and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Association is exposed to interest rate risk due to the possibility that changes in interest rates will affect the value of the term deposit.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

16. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

