

KOOTENAY ROCKIES TOURISM ASSOCIATION
Non-Consolidated Financial Statements
Year Ended March 31, 2024

KOOTENAY ROCKIES TOURISM ASSOCIATION
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Year Ended March 31, 2024

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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,

Qualified 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, 2024, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying non-consolidated financial statements, present fairly, in all material respects, the non-consolidated financial position of the Association as at March 31, 2024, 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 Qualified Opinion

The Association owns 100% of the outstanding shares of 1113207 B.C. Ltd. however the financial information of the subsidiary has not been audited for the year ended March 31, 2024, presenting a scope limitation for the audit of the group under Canadian Audit Standard 600.

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 qualified audit opinion.

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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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.

Invermere, British Columbia
August 21, 2024



CHARTERED PROFESSIONAL ACCOUNTANT

KOOTENAY ROCKIES TOURISM ASSOCIATION
Non-Consolidated Statement of Financial Position
March 31, 2024

	2024	2023
Assets		
Current		
Cash	\$ 404,538	\$ 839,285
Term deposits (Note 4)	618,812	203,416
Accounts receivable (Note 5)	68,785	114,704
Prepaid expenses	97,334	27,071
	1,189,469	1,184,476
Investment in subsidiary (Note 7)	379,211	376,549
	\$ 1,568,680	\$ 1,561,025
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 152,696	\$ 63,607
Deferred revenue (Note 9)	477,380	658,070
	630,076	721,677
Net assets	938,604	839,348
	\$ 1,568,680	\$ 1,561,025

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, 2024

	2024	2023
Revenues		
Destination British Columbia (DBC)	\$ 1,313,577	\$ 1,183,185
Project revenue	229,767	136,142
Other revenue	18,968	10,338
Targeted Regional Tourism Development (TRTD)	13,590	420,959
Fee for service	11,000	95,715
Participant contributions	-	40,000
	1,586,902	1,886,339
Expenditures		
Salaries and wages	806,486	773,452
Marketing	157,814	133,121
Destination development	133,757	559,020
Contracted services	111,208	155,142
Travel trade and media	98,060	69,263
AGM and board	38,083	34,703
Rental	36,000	36,000
Office	23,371	18,132
Repairs and maintenance	20,743	25,811
Audit	14,377	10,800
Memberships	13,737	13,710
Vehicle	13,163	12,528
Telephone	12,400	12,413
Project expenses	11,468	-
Training	7,624	10,582
Bank charges	3,588	2,639
Equipment rentals	3,295	7,212
BC Secretariat	415	1,373
Business fees and licenses	115	5,174
	1,505,704	1,881,075
Excess of revenues over expenditures from operations	81,198	5,264
Other income (expenses)		
Interest income	15,396	4,820
Income (loss) from subsidiary	2,662	(9,321)
	18,058	(4,501)
Excess of revenues over expenditures	\$ 99,256	\$ 763

See notes to financial statements

KOOTENAY ROCKIES TOURISM ASSOCIATION
Non-Consolidated Statement of Changes in Net Assets
Year Ended March 31, 2024

	2024	2023
Net assets - beginning of year	\$ 839,348	\$ 838,585
Excess of revenues over expenditures	99,256	763
Net assets - end of year	\$ 938,604	\$ 839,348

KOOTENAY ROCKIES TOURISM ASSOCIATION
Non-Consolidated Statement of Cash Flows
Year Ended March 31, 2024

	2024	2023
Operating activities		
Excess of revenues over expenditures for the year	\$ 99,256	\$ 763
Item not affecting cash:		
Income (loss) from subsidiary	(2,662)	9,321
	96,594	10,084
Changes in non-cash working capital:		
Accounts receivable	45,919	12,734
Accounts payable and accrued liabilities	89,089	36,075
Deferred revenue	(180,690)	(60,317)
Prepaid expenses	(70,263)	(7,519)
	(115,945)	(19,027)
Decrease in cash flow	(19,351)	(8,943)
Cash - beginning of year	1,042,701	1,051,644
Cash - end of year	\$ 1,023,350	\$ 1,042,701
Cash flows supplementary information		
Interest received	\$ (15,396)	\$ (4,820)
Cash consists of:		
Cash	\$ 404,538	\$ 839,285
Term deposits	618,812	203,416
	\$ 1,023,350	\$ 1,042,701

See notes to financial statements

KOOTENAY ROCKIES TOURISM ASSOCIATION
Notes to Non-Consolidated Financial Statements
Year Ended March 31, 2024

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 short-term, highly liquid 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 declining balance 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 organization depend on both 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, 2024

3. Summary of significant accounting policies (continued)

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. 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 deposits

	Purchase date	Maturity date	Interest rate %	2024	2023
Non-redeemable GIC	November 14, 2023	August 12, 2024	5.15	\$ 209,100	\$ 200,000
Cashable GIC	November 24, 2023	November 25, 2024	4.00	400,000	-
Accrued interest				9,712	3,416
				\$ 618,812	\$ 203,416

5. Accounts receivable

	2024	2023
Trade receivables	\$ 61,544	\$ 104,701
Government remittances receivable	7,241	10,003
	\$ 68,785	\$ 114,704

Trade receivables includes \$5,128 owing from the subsidiary, 1113207 B.C. Ltd.

6. Tangible capital assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computer equipment	\$ 33,699	\$ 33,699	\$ -	\$ -

KOOTENAY ROCKIES TOURISM ASSOCIATION
Notes to Non-Consolidated Financial Statements
Year Ended March 31, 2024

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, 2024 has been used.

	2024 <i>(Unaudited)</i>	2023 <i>(Unaudited)</i>
Financial information		
Current assets	\$ 20,143	\$ 12,046
Property and plant	366,203	366,203
	\$ 386,346	\$ 378,249
Current liabilities	\$ 7,135	\$ 1,700
Share capital	1	1
Retained earnings	379,210	376,548
	\$ 386,346	\$ 378,249

Current liabilities includes \$5,128 owed to the Association at March 31, 2024.

Operations		
Revenues	\$ 36,330	\$ 36,194
Expenses	(33,668)	(45,515)
	\$ 2,662	\$ (9,321)

Cash Flows		
Net income (loss) for the year	\$ 2,662	\$ (9,321)
Change in non-cash working capital		
Accounts receivable	(21)	22
Accounts payable and accrued liabilities	5,435	1,700
Increase (decrease) in cash	8,076	(7,599)
Cash, beginning of year	11,963	19,562
Cash, end of year	\$ 20,039	\$ 11,963

8. Accounts payable and accrued liabilities

	2024	2023
Trade payables and accruals	\$ 100,280	\$ 33,344
Accrued wages and vacation payable	31,813	29,804
Government remittances payable	20,603	459
	\$ 152,696	\$ 63,607

KOOTENAY ROCKIES TOURISM ASSOCIATION
Notes to Non-Consolidated Financial Statements
Year Ended March 31, 2024

9. Deferred revenue

Deferred revenue consists of:

	2024	2023
Columbia River Treaty Heritage Tourism Province of British Columbia	\$ 269,571	\$ 256,038
Rural Dividend Fund	100,000	-
Targeted Regional Tourism Development	43,572	23,263
Destination British Columbia	36,599	50,190
YXC funds	24,313	325,254
	3,325	3,325
	\$ 477,380	\$ 658,070

10. Lease commitments

	Monthly Commitment	Expiry	2025	Thereafter
Photocopier	\$ 181	March 31, 2025	\$ 2,171	\$ -
Postage machine	407	August 31, 2026	4,889	6,919
IT support	1,443	April 30, 2025	17,315	1,443
	\$ 2,031		\$ 24,375	\$ 8,362
				\$ 32,737

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 three (2023 - four) employees in excess of \$75,000 for an aggregate total of \$305,058 (2023 - \$383,326). No compensation was paid to any Directors of the Association during the year.

13. Economic dependence

The Association received approximately 83% (2023 - 63%) 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, 2024

14. 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, 2024.

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.

15. Comparative figures

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