

**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Non-Consolidated Financial Statements**  
**Year Ended March 31, 2025**

**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Index to Non-consolidated**  
**financial Statements**  
**Year Ended March 31, 2025**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The non-consolidated financial statements of Kootenay Rockies Tourism Association have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the non-consolidated financial statements are presented fairly in all material respects.

The integrity and reliability of Kootenay Rockies Tourism Association's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the non-consolidated financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for non-consolidated financial reporting and is ultimately responsible for reviewing and approving the non-consolidated financial statements. The Board meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Board of Directors approves the non-consolidated financial statements. The Board also considers, for approval by the members, the engagement or re-appointment of the external auditors.

The non-consolidated financial statements have been audited on behalf of the members by Ocean Breeze Accounting Inc., Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards.

*Kathy Cooper*

Kathy Cooper (Sep 5, 2025 15:20:39 MDT)

Ms. Kathy Cooper, Chief Executive  
Officer

*Mike Riediger*

Mike Riediger (Sep 5, 2025 13:54:06 PDT)

Mr. Mike Riediger, Acting Chair

Kimberley, B.C.  
September 03, 2025

## INDEPENDENT AUDITOR'S REPORT

To the Members of Kootenay Rockies Tourism Association

### *Qualified Opinion*

We 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, 2025, 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 our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying Non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the organization as at March 31, 2025, 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, 2025. Our audit opinion on the non-consolidated financial statements for the year ended March 31, 2025 was modified accordingly because of the possible effects of this limitation of scope.

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

### *Other Matter*

The financial statements for the year ended March 31, 2024 were audited by another auditor who expressed a qualified opinion on those Non-consolidated financial statements on August 21, 2024 for the reasons described in the *Basis for Qualified Opinion* section.

(continues)



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

### *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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

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

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization 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.

(continues)

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

We 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 we identify during our audit.

*Report on Other Legal and Regulatory Requirements*

As required by the Societies Act of British Columbia, we report that, in our 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.

*Ocean Breeze Accounting Inc.*

Cranbrook, British Columbia  
July 31, 2025

OCEAN BREEZE ACCOUNTING INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS

**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Non-Consolidated Statement of Financial Position**  
**March 31, 2025**

	2025	2024
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 286,007	\$ 404,538
Term deposits (Note 3)	815,085	618,812
Accounts receivable (Note 4)	249,205	63,657
Goods and services tax recoverable	423	-
Prepaid expenses	73,417	97,334
Due from related party (Note 5)	6,437	5,127
	<b>1,430,574</b>	<b>1,189,468</b>
TANGIBLE CAPITAL ASSETS (Notes 2 and 6)	<b>109,686</b>	<b>-</b>
LONG TERM INVESTMENT (Notes 2 and 7)	<b>383,035</b>	<b>379,211</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,923,295</b>	<b>\$ 1,568,679</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 163,007	\$ 100,279
Goods and services tax payable	-	170
Wages payable (Note 8)	54,159	31,813
Employee source deductions payable	16,506	20,433
Deferred revenue (Note 9)	625,730	477,380
	<b>859,402</b>	<b>630,075</b>
DEFERRED CAPITAL CONTRIBUTIONS (Note 10)	<b>75,007</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>934,409</b>	<b>630,075</b>
<b>NET ASSETS</b>	<b>988,886</b>	<b>938,604</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,923,295</b>	<b>\$ 1,568,679</b>
<b>LEASE COMMITMENTS (Notes 12 and 14)</b>		

**APPROVED BY THE DIRECTORS**

Mike Riediger Director  
Mike Riediger (Sep 5, 2025 13:34:06 PDT)

Meghan Porath Director  
Meghan Porath (Sep 11, 2025 11:14:46 PDT)

See notes to the Non-consolidated  
financial statements

**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Non-Consolidated Statement of Revenues and Expenditures**  
**Year Ended March 31, 2025**

	2025	2024
<b>REVENUES</b>		
Destination British Columbia <i>(Note 11)</i>	\$ 1,269,904	\$ 1,313,577
Project revenue	272,381	229,767
Other revenue	19,922	18,968
Fee for service <i>(Note 12)</i>	11,000	11,000
Amortization of deferred capital grants	2,273	-
Targeted Regional Tourism Development (TRTD)	-	13,590
	<u>1,575,480</u>	<u>1,586,902</u>
<b>EXPENSES</b>		
AGM and board	42,762	38,083
Amortization	6,213	-
Audit fees	13,425	14,377
BC Secretariat	501	415
Bank charges	2,659	3,588
Business taxes and licences	1,890	115
Destination development	157,328	133,757
Equipment rentals	3,148	3,295
Insurance	2,453	-
Marketing	70,986	157,814
Memberships	16,204	13,737
Office	25,818	23,371
Project expenses	229,856	122,676
Rental <i>(Note 12)</i>	37,800	36,000
Repairs and maintenance	30,483	20,743
Salaries, wages and benefits		
Other	808,783	806,486
Projects	36,111	-
Telephone	12,841	12,400
Training	295	7,624
Travel trade and media	68,031	98,060
Vehicle	1,006	13,163
	<u>1,568,593</u>	<u>1,505,704</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	<u>6,887</u>	<u>81,198</u>

*(continues)*

See notes to the Non-consolidated  
financial statements

**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Non-Consolidated Statement of Revenues and Expenditures** *(continued)*  
**Year Ended March 31, 2025**

	<b>2025</b>	<b>2024</b>
<b>OTHER INCOME</b>		
Interest income	<b>30,606</b>	15,396
Gain on disposal of tangible capital assets	<b>8,965</b>	-
Income from subsidiary <i>(Notes 2 and 7)</i>	<b>3,824</b>	2,662
	<b>43,395</b>	18,058
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>\$ 50,282</b>	<b>\$ 99,256</b>

See notes to the Non-consolidated  
financial statements

**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Non-Consolidated Statement of Changes in Net Assets**  
**Year Ended March 31, 2025**

	<b>2025</b>	<b>2024</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 938,604</b>	<b>\$ 839,348</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>50,282</b>	<b>99,256</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 988,886</b>	<b>\$ 938,604</b>

See notes to the Non-consolidated  
financial statements

**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Non-Consolidated Statement of Cash Flows**  
**Year Ended March 31, 2025**

	2025	2024
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 50,282	\$ 99,256
Items not affecting cash:		
Amortization of tangible capital assets	6,213	-
Gain on disposal of assets	(8,965)	-
Income from subsidiary	(3,824)	(2,662)
	<u>43,706</u>	<u>96,594</u>
Changes in non-cash working capital:		
Accounts receivable	(185,548)	45,919
Accounts payable and accrued liabilities	62,729	74,837
Deferred revenue	148,350	(180,690)
Prepaid expenses	23,917	(70,263)
Goods and services tax payable	(593)	171
Wages payable	22,346	2,009
Employee source deductions payable	(3,927)	6,945
	<u>67,274</u>	<u>(121,072)</u>
Cash flow from (used by) operating activities	<u>110,980</u>	<u>(24,478)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(135,935)	-
Proceeds on disposal of tangible capital assets	29,000	-
Cash flow used by investing activities	<u>(106,935)</u>	<u>-</u>
<b>FINANCING ACTIVITIES</b>		
Due from related party	(1,310)	5,127
Deferred Capital Contributions	75,007	-
Cash flow from financing activities	<u>73,697</u>	<u>5,127</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<u>77,742</u>	<u>(19,351)</u>
Cash - beginning of year	<u>1,023,350</u>	<u>1,042,701</u>
<b>CASH - END OF YEAR</b>	<u>\$ 1,101,092</u>	<u>\$ 1,023,350</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 286,007	\$ 404,538
Term deposits	815,085	618,812
	<u>\$ 1,101,092</u>	<u>\$ 1,023,350</u>

See notes to the Non-consolidated  
financial statements

**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2025**

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**1. PURPOSE OF THE ORGANIZATION**

Kootenay Rockies Tourism Association (the "organization") is incorporated under the Society Act of British Columbia as a not-for-profit organization. As a non-profit organization the Association is exempt from income tax under Section 149(1) of the Income Tax Act. The Association is a Destination Marketing Organization (DMO) operating in the Kootenay Rockies Region, located in southeastern British Columbia.

The Association plays a crucial role in promoting the Kootenay Rockies Region as an attractive tourist destination. The Association aims to increase visitation, support local economies, and enhance the overall visitor experience by developing and implementing targeted marketing strategies. The Association works to attract both domestic and international travellers, showcasing the unique offerings of Kootenay Rockies Region.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

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

Cash and cash equivalents

Cash consists of bank accounts held with Canadian chartered banks.

Cash equivalents consist primarily of term deposits, held with Canadian chartered banks, with an original maturity date of purchase of twelve months or less. Term deposits are carried at cost plus accrued interest which approximates their fair value - due to the short term maturity of the investments.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Motor vehicle	10 years
Leasehold improvements	5 years

The organization regularly reviews its tangible capital assets to eliminate obsolete items.

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

Investment in subsidiary

The Association owns 100% of the issued shares of 1113207 B.C. Ltd, along with exercising significant influence. The investment is accounted for using the equity method.

*(continues)*



**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2025**

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

Revenue recognition

Kootenay Rockies Tourism 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.

Certain government contracts require surplus repayment, reallocation or retention at the option of the funding agency. The Association records revenue from these contracts as deferred revenue when received and allocates the funds to revenue when expenses related to the contract are incurred.

Contributed services

The operations of the organization depend on the contribution of time by volunteers. The fair value of donated services cannot be reasonably determined and is therefore not reflected in these non-consolidated financial statements.

Measurement uncertainty

When preparing non-consolidated financial statements according to ASNPO, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts, useful lives of capital assets, asset impairments, legal and tax contingencies, employee compensation plans, and employee benefit plans,

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.

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**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2025**

**3. TERM DEPOSITS**

	<b>2025</b>	2024
Royal Bank of Canada, cashable GIC, 4.20%, maturing September 19, 2025	<b>\$ 500,000</b>	\$ -
Royal Bank of Canada, non-redeemable GIC, 4.13%, maturing May 12, 2025	<b>217,125</b>	-
Royal Bank of Canada, cashable GIC, 4.45%, maturing August 13, 2025	<b>81,528</b>	-
Royal Bank of Canada, non-redeemable GIC, 5.15%	-	209,100
Royal Bank of Canada, cashable GIC, 4.00%	-	400,000
Accrued interest	<b>16,432</b>	9,712
	<b>\$ 815,085</b>	\$ 618,812

**4. ACCOUNTS RECEIVABLE**

	<b>2025</b>	2024
Province of British Columbia - Regional Film Sector Economic Development	<b>\$ 191,600</b>	\$ -
Government of Canada - Pacific Economic Development	<b>55,505</b>	18,626
Trade receivables	<b>1,773</b>	8,923
Other	<b>327</b>	-
Province of British Columbia - Rural Dividend Funds	-	28,867
	-	-
Government remittances receivable	-	7,241
	<b>\$ 249,205</b>	\$ 63,657

**5. DUE FROM RELATED PARTY**

Due from 1113207 B.C. Ltd., a wholly owned subsidiary of the Association. The amount is without specified terms of repayment or interest and has such been classified as a current asset. (Notes 7 and 12)

**6. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	<b>2025 Net book value</b>	2024 Net book value
Motor vehicle	\$ 59,911	\$ 1,997	<b>\$ 57,914</b>	\$ -
Leasehold improvements	52,906	1,134	<b>51,772</b>	-
	<b>\$ 112,817</b>	<b>\$ 3,131</b>	<b>\$ 109,686</b>	\$ -

**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2025**

**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 from which the Association carries out operations. Below is the unaudited financial information for the year ended March 31, 2025. (Notes 5 and 12)

	<b>2025</b> <i>(Unaudited)</i>	<b>2024</b> <i>(Unaudited)</i>
<u>Balance Sheet</u>		
Current Assets	\$ 11,017	\$ 20,143
Property	<u>381,027</u>	<u>366,203</u>
	<b>\$ 392,044</b>	<b>\$ 386,346</b>
<u>Balance Sheet</u>		
Current liabilities	\$ 2,572	\$ 2,008
Due to Kootenay Rockies Tourism Association	<u>6,437</u>	<u>5,127</u>
Share capital	1	1
Retained earnings	<u>383,034</u>	<u>379,210</u>
	<b>\$ 392,044</b>	<b>\$ 386,346</b>
<u>Statement of Income</u>		
Revenues	\$ 38,153	\$ 36,330
Expenses	<u>(34,329)</u>	<u>(33,668)</u>
	<b>\$ 3,824</b>	<b>\$ 2,662</b>

**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2025**

7. INVESTMENT IN SUBSIDIARY *(continued)*

Statement of Cash Flows

Net income for the year	\$ 3,824	\$ 2,662
Items not affecting cash:		
Amortization	5,284	-
Changes in non-cash working capital:		
Accounts receivable	(67)	(21)
Accounts payable and accrued liabilities	566	308
Prepaid Expenses	(890)	-
Investing activities		
Purchase of fixed assets	(20,109)	-
Financing activities		
Due to Kootenay Rockies Tourism Association	1,309	5,127
Increase in cash	(10,083)	8,076
Cash, beginning of year	20,039	11,963
Cash, end of year	\$ 9,956	\$ 20,039

8. WAGES PAYABLE

	2025	2024
Wages payable	\$ 47,018	\$ 31,538
Vacation pay payable	7,141	275
	\$ 54,159	\$ 31,813

**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2025**

9. DEFERRED REVENUE

Changes to deferred revenue are as follows:

	Opening balance	Funds received or receivable during the year	Transferred to revenue	Ending balance
Columbia River Heritage Tourism	\$ 269,571	\$ 75,000	\$ 75,073	\$ 269,498
Province of British Columbia	100,000	30,000	56,597	73,403
Rural Dividend Fund	43,572	-	-	43,572
Targeted Regional Tourism Development	36,599	-	36,599	-
Destination British Columbia	24,313	1,251,000	1,269,904	5,409
YXC Funds	3,325	-	3,325	-
Tourism Growth Program	-	55,505	24,731	30,774
Regional Tourism Experience Development Programming & Implementation	-	51,604	41,550	10,054
Supporting the Ride Share Economy.	-	25,000	23,580	1,420
Regional Film Sector Economic Growth	-	191,600	-	191,600
	<u>\$ 477,380</u>	<u>\$ 1,679,709</u>	<u>\$ 1,531,359</u>	<u>\$ 625,730</u>

Regional Tourism Experience Development Programming & Implementation funds received during the year includes \$15,000 from the Association's DBC funding.

**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2025**

**10. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions represents the unamortized and unspent amounts of grants received for the purchase of tangible capital assets. The grants are amortized on a straight-line basis to match the amortization duration of the tangible capital asset purchased.

	2024	Contributions received during the year	Amortized to revenue during the year	2025
Columbia Basin Trust - plug-in hybrid vehicle	\$ -	\$ 39,280	\$ 1,309	\$ 37,971
Government of Canada - plug-in hybrid vehicle	-	5,000	167	4,833
Province of British Columbia - plug- in hybrid vehicle	-	1,500	50	1,450
Columbia Basin Trust - heat pump	-	22,409	747	21,662
Columbia Basin Trust - rooftop solar array panels	-	9,091	-	9,091
	<u>\$ -</u>	<u>\$ 77,280</u>	<u>\$ 2,273</u>	<u>\$ 75,007</u>

**11. ECONOMIC DEPENDENCE**

The Association is dependent upon Destination British Columbia (DBC), a Provincially fund, industry-led Crown Corporation. The Association received approximately 81% (2024: 82%) of its income from DBC.

The Association has a Shared Cost Arrangement with DBC for April 1, 2024 to March 31, 2027, with a two year renewal option at the mutual consent of both parties.

**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2025**

**12. RELATED PARTY TRANSACTIONS**

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

	<u>2025</u>	<u>2024</u>
1113207 B.C. Ltd.		
<i>(Wholly owned subsidiary) (Notes 5 and 7)</i>		
Real estate rental paid	\$ 37,800	\$ 36,000
Management fees received	<u>6,000</u>	<u>6,000</u>
	<u>\$ 43,800</u>	<u>\$ 42,000</u>

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

The Association leases premises from 1113207 B.C. Ltd. on a month by month basis for \$3,150 per month.

**13. COST RECOVERIES**

The following cost recoveries and related costs have been netted on the non-consolidated statement of revenue and expenditures:

	<u>2025</u>	<u>2024</u>
Recoverable costs - revenue	\$ 40,602	\$ 13,023
Recoverable costs - expenses	<u>(40,602)</u>	<u>(13,023)</u>
	<u>\$ -</u>	<u>\$ -</u>

**14. CONTRACTUAL AND LEASE COMMITMENTS**

The Association has a contract for IT support, for the period of April 1, 2025 to March 31, 2026, for \$1,154 per month - before applicable taxes.

The Association leases a photocopier with an annual commitment of \$2,171 per year - before applicable taxes. The lease expires in 2026.

**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2025**

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**15. REMUNERATION - DIRECTORS, EMPLOYEES AND SUBCONTRACTORS**

The Societies Act of British Columbia requires the disclosure of certain remuneration to directors, employees, and subcontractors:

- a) Directors, regardless of the amount of remuneration.
- b) Employees with remuneration of \$75,000 or more.
- c) Contractors with remuneration of \$75,000 or more.

The following is a listing of these remunerated amounts for 2025:

	<u>2025</u>
Employees (four)	<u>\$ 469,709</u>

---

**16. CREDIT FACILITIES**

The Association has a credit facility with the Royal Bank of Canada, which includes an approved operating line that can be drawn upon to a maximum of \$100,000, which bears interest at prime plus 1.30% and is secured by a general security agreement and assignment of accounts receivable. At the non-consolidated statement of financial position date, the amount owing, which is due on demand, was \$Nil (2024: \$Nil).

The Association has a credit facility with the Royal Bank of Canada, which includes credits cards with a cumulative limit of \$112,000, which bears interest at 19.99% per annum, secured by a general security agreement and assignment of accounts receivable. At the non-consolidated statement of financial position date, the amount owing was \$23,848 (2024: \$16,686).

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**17. FINANCIAL INSTRUMENTS**

The organization 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 organization's risk exposure and concentration as of March 31, 2025.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources and accounts payable.

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. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its short term investments and banking credit facility.

*(continues)*



**KOOTENAY ROCKIES TOURISM ASSOCIATION**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2025**

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17. FINANCIAL INSTRUMENTS *(continued)*

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

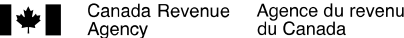
Unless otherwise noted, it is management's opinion that the Association's risk is not significantly different from prior years

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18. COMPARATIVE FIGURES

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

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Information Return for Corporations Filing Electronically

- Do not send this form to the Canada Revenue Agency (CRA) unless we ask for it. We will not keep or return this form.
- Fill out this return for every initial and amended T2 Corporation Income Tax Return electronically filed with the CRA on your behalf.
- By filling out Part 2 and signing Part 3, you acknowledge that, under the federal Income Tax Act, you have to keep all records used to prepare your T2 return and provide this information to us on request.
- Part 4 must be filled out by either you or the electronic transmitter of your T2 return.
- Give the signed original of this return to the transmitter and keep a copy in your own records for six years.
- We are responsible for ensuring the confidentiality of your electronically filed tax information only after we have accepted your return.

Part 1 – Identification

Corporation's name Kootenay Rockies Tourism Association			Business number 10681 2142 RC0001		
Tax year start	Year Month Day 2024-04-01	Tax year-end	Year Month Day 2025-03-31	Is this an amended return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

Email address: \_\_\_\_\_

Most notices and other correspondence are delivered electronically to My Business Account by default, except when a corporation has changed its delivery preference to receive paper mail. By providing an email address, you are **registering** the corporation to receive email notifications from the CRA. The CRA will notify the corporation at the email address provided when new correspondence is available in My Business Account and may require immediate attention. For more information, see [canada.ca/cra-business-email-notifications](https://canada.ca/cra-business-email-notifications).

Part 2 – Declaration

Enter the following amounts, if applicable, from the T2 return for the tax year noted in Part 1:

Net income or loss for income tax purposes from Schedule 1, financial statements, or General Index of Financial Information (GIFI) (line 300)	47,528
Part I tax payable (line 700)	
Part II.2 tax payable (line 705)	
Part III.1 tax payable (line 710)	
Part IV tax payable (line 712)	
Part IV.1 tax payable (line 716)	
Part VI tax payable (line 720)	
Part VI.1 tax payable (line 724)	
Part XIV tax payable (line 728)	
Net provincial and territorial tax payable (line 760)	
Total tax payable (line 770)	

– Part 3 – Certification and authorization

I, Cooper Kathy CEO,  
Last name First name Position, office, or title

am an authorized signing officer of the corporation. I certify that I have examined the *T2 Corporation Income Tax Return*, including accompanying schedules and statements, and that the information given on the T2 return and this T183 Corp information return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

I authorize the transmitter identified in Part 4 to electronically file the *T2 Corporation Income Tax Return* identified in Part 1. The transmitter can also modify the information originally filed in response to any errors Canada Revenue Agency identifies. This authorization expires when the Minister of National Revenue accepts the electronic return as filed.

Kathy Cooper  
Kathy Cooper (Sep 5, 2025 15:20:39 MDT)  
Signature of an authorized signing officer of the corporation  
(250) 427-4838                       
Telephone number Year Month Day  
                      
HH MM SS

The CRA will accept an electronic signature if it is applied in accordance with the guidance specified by the CRA.

– Part 4 – Transmitter identification

The following transmitter has electronically filed the T2 return of the corporation identified in Part 1.

Ocean Breeze Accounting Inc. AU856  
Name of person or firm Electronic filer number

– Privacy notice

Personal information is collected and used to administer or enforce the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be disclosed to other federal, provincial, territorial, aboriginal or foreign government institutions to the extent authorized by law. Failure to provide this information may result in paying interest or penalties, or in other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, and to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 047 and CRA PPU 211 on Info Source at **canada.ca/cra-info-source**.

Prepared by	Reviewed by
PV 7/02/25	KM 7/16/25

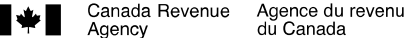
**Objective:** To document misstatements identified during the audit and to evaluate:

- The effect of identified misstatements (including those in qualitative financial statement disclosures) on the audit.
- The effect of uncorrected misstatements, if any, on the financial statements.  
(Refer to Vol. 1, Ch. 37, *Completing the File*, Vol. 2, Ch. 18, *Step 8 – Perform Planned Procedures*, Vol. 2, Ch. 19, *Step 9 – Evaluate Evidence Obtained*, Vol. 2, Ch. 21, *Step 10 – Communicate the Results*, and Vol. 2, Ch. 22, *Step 11 – Complete the File*, for further guidance.)

PSC = Procedure successfully completed.  
TCWG = Those charged with governance.

Performance materiality: \$18,000 Trivial misstatements under \$1,200 need not be recorded below.

Description	Circumstances of occurrence	Amount of over (under) misstatement in the financial statements before making any adjustment for the effect of income taxes					Corrected? Yes/No
		W/P ref.	Assets	Liabilities	Pre-tax income	Equity	
Difference in VP Payable	Difference in VP payable recorded at YE	BB-8	-	(4,627)	(4,627)	4,627	No
Possible AR from The Spa At Halcyon	Possible AR The Spa Halcyon - difference between grant given and funds spent	42	(768)	-	768	(768)	No
Classification of Deferred Revenue entry	Deferral of DBC Core Funding for Regional Tourism Experience Development Programming & Implementation	40	-	-	15,000	15,000	No
Classification of Deferred Revenue entry	Deferral of DBC Core Funding for Regional Tourism Experience Development Programming & Implementation		-	-	(15,000)	(15,000)	No
<b>Total of identified misstatements during the audit</b>			(768)	(4,627)	(3,859)	3,859	
Misstatements corrected by management			-	-	-	-	
<b>Total uncorrected misstatements</b>			(768)	(4,627)	(3,859)	3,859	
Effect of uncorrected misstatements on income taxes					-	-	
Effect of uncorrected misstatements from prior periods					(3,751)	5,941	
Uncorrected misstatements to be carried forward					(7,610)	9,800	



Non-Profit Organization (NPO) Information Return

- This return is for:
  - non-profit organizations (NPOs) described in paragraph 149(1)(l) of the Income Tax Act
  - organizations described in paragraph 149(1)(e) of the Act (agricultural organizations, boards of trade or chambers of commerce)
- An organization has to file this return if one of the following applies:
  - it received or is entitled to receive taxable dividends, interest, rentals or royalties totalling more than \$10,000 in the fiscal period
  - it owned assets valued at more than \$200,000 at the end of the immediately preceding fiscal period
  - it had to file an NPO information return for a previous fiscal period
- To determine if the organization you represent has to complete this return, see T4117, Income Tax Guide to the Non-Profit Organization (NPO) Information Return
- Mail your completed return to:  
Jonquière Tax Centre, T1044 Program, PO Box 1300 LCD Jonquière, Jonquière QC G7S 0L5

Do not use this area

Part 1 – Identification

Fiscal period From 2024-04-01	Year Month Day to 2025-03-31	Business number, if any 10681 2142 RC0001	
Name of organization Kootenay Rockies Tourism Association		Trust number, T3, if any.	
Mailing address 1905 Warren Avenue		Is this the final return to be filed by this organization? If yes, attach an explanation. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
City Kimberley	Province BC	Postal code V1A 1S2	Type of organization (see guide T4117) 30
Name and title of person to contact Sid Ralhan			Telephone number (604) 885-0366

Part 2 – Amounts received during the fiscal period

Membership dues, fees, and assessments	100	
Federal, provincial, and municipal grants and payments	101	1,542,285
Interest, taxable dividends, rentals, and royalties	102	30,606
Proceeds of disposition of capital property	103	29,000
Gross sales and revenues from organizational activities	104	30,922
Gifts	105	
Other receipts (specify) Amort Def Grants	106	2,273
Total receipts (add lines 100 to 106)	107	1,635,086

Part 3 – Statement of assets and liabilities at the end of the fiscal period

Assets		
Method used to record assets		
Cash and short-term investments	108	1,101,092
Amounts receivable from members	109	
Amounts receivable from all others (not included on line 109)	110	249,205
Prepaid expenses	111	73,417
Inventory	112	
Long-term investments	113	383,035
Fixed assets	114	109,686
Other assets (specify) GST & Due to/from RP	115	6,860
Total assets (add lines 108 to 115)	116	1,923,295
Liabilities		
Amounts owing to members	117	
Amounts owing to all others (specify) AP & Deferred Rev	118	859,402
Total liabilities (add lines 117 and 118)	119	859,402

#### Part 4 – Remuneration

Total remuneration and benefits paid to all employees and officers	120	844,894
Total remuneration and benefits paid to employees and officers who are members	121	0
Other payments to members (specify)	122	0
Number of members in the organization		850
Number of members who received remuneration or other amounts		0

#### Part 5 – The organization's activities

Briefly describe the activities of the organization. If this is the organization's first year filing this return, attach a copy of the organization's Mission Statement.

Are any of the organization's activities carried on outside of Canada? Yes ☐ No ☐

If yes, indicate where:

#### Part 6 – Location of books and records

Leave this area blank if the information is the same as in Part 1.

Name of person to contact

Mailing address

City

Province

Postal code

Telephone number

#### Part 7 – Certification

I certify that the information given on this return and in any attached documents is correct and complete.

Kathy Cooper

CEO

Name of authorized officer

Position

Kathy Cooper

2025-09-03

Kathy Cooper (Sep 5, 2025 15:20:39 MDT)

Authorized officer's signature

Date (YYYY/MM/DD)

**Language of correspondence**  
Indicate the language of your choice

**Langue de correspondance**  
Indiquer la langue de votre choix

English ☒

Français ☐

#### Privacy notice

Personal information is collected and used to administer or enforce the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be disclosed to other federal, provincial, territorial, aboriginal or foreign government institutions to the extent authorized by law. Failure to provide this information may result in paying interest or penalties, or in other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 047 on Information about Programs and Information Holdings at [canada.ca/cra-information-about-programs](https://canada.ca/cra-information-about-programs).



824 1st St S  
Cranbrook, B.C. V1C 7H5  
Tel: 604-885-0366, 250-426-8277  
Fax: 205-426-4109  
[www.oceanbreeze.ca](http://www.oceanbreeze.ca)

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July 31, 2025

Client Number: 2276

Kootenay Rockies Tourism Association  
1905 Warren Avenue  
Kimberley B.C. V1A 1S2

Attention: Kathy Cooper, Chief Executive Officer

Dear Kathy:

Re: March 31, 2026 year end

### **The Objective and Scope of the Audit**

You have requested that we audit the Non-consolidated financial statements of Kootenay Rockies Tourism Association (the "organization"), which comprise the non-consolidated statement of financial position as at March 31, 2026, and the non-consolidated statements of revenues and expenditures, changes in fund balances and cash flows for the year then ended, and notes to the Non-consolidated financial statements (including a summary of significant accounting policies).

The purpose of this letter is to outline the terms of our engagement to audit the Non-consolidated financial statements of Kootenay Rockies Tourism Association for the year ending March 31, 2026.

We are pleased to confirm our acceptance and our understanding of the nature, scope and terms of this audit engagement, and all services related thereto, by means of this letter (the "Engagement").

The objectives of our audit 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 our 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.

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a. 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 our 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.

- b. 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the Non-consolidated financial statements that we have identified during the audit.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. 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 's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the to cease to continue as a going concern.
- e. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

### **Form and Content of Audit Opinion**

Unless unanticipated difficulties are encountered, our report will be substantially in the following form contained in Appendix A to this letter.

### **The Responsibilities of Management**

Our audit will be conducted on the basis that management and, where appropriate, those charged with governance / oversight acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the Non-consolidated financial statements in accordance with ASNPO.
- b. For the design and implementation of 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.
- c. To provide us with timely:
  - i. Access to all information of which management is aware that is relevant to the preparation of the Non-consolidated financial statements, such as records, documentation and other matters;
  - ii. Information about all known or suspected fraud, any allegations of fraud or suspected fraud and any known or probable instances of non-compliance with legislative or regulatory requirements;
  - iii. Additional information that we may request from management for the purpose of the audit; and
  - iv. Unrestricted access to persons within Kootenay Rockies Tourism Association from whom we determine it necessary to obtain audit evidence.

As part of our audit process:

- a. We will make inquiries of management about the representations contained in the Non-consolidated financial statements. At the conclusion of the audit, we will request from management [and, where appropriate, those charged with governance] written confirmation concerning those representations. If such representations are not provided in writing, management acknowledges and understands that we would be required to disclaim an audit opinion.
- b. We will communicate any misstatements identified during the audit other than those that are clearly trivial. We request that management correct all the misstatements communicated.



## **Use of Information**

It is acknowledged that we will have access to all information about identified individuals ("personal information") in your custody that we require to complete our Engagement. Our services are provided on the basis that:

- a. You represent to us that management has obtained any required consents for our collection, use, disclosure, storage, transfer and process of personal information required under applicable privacy legislation and professional regulation; and
- b. We will hold all personal information in compliance with our Privacy Statement.

## **File Inspections**

In accordance with professional regulations (and by our firm's policy), our client files may be periodically reviewed by practice inspectors and by other engagement file reviewers to ensure that we are adhering to our professional and firm standards. File reviewers are required to maintain confidentiality of client information.

## **Confidentiality**

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Each professional accountant must preserve the secrecy of all confidential information that becomes known during the practice of the profession. Accordingly, we will not provide any third party with confidential information concerning the affairs of Kootenay Rockies Tourism Association unless:

- a. We have been specifically authorized with prior consent;
- b. We have been ordered or expressly required by law or by the British Columbia *Code of Professional Conduct/Code of Ethics*; or
- c. The information requested is (or enters into) public domain.

## **Use and Distribution of Our Report**

The examination of the Non-consolidated financial statements and the issuance of our audit report are solely for the use of Kootenay Rockies Tourism Association and those to whom our report is specifically addressed by us. We make no representations or warranties of any kind to any third party in respect of these Non-consolidated financial statements or our audit report, and we accept no responsibility for their use by any third party or any liability to anyone other than Kootenay Rockies Tourism Association.

For greater clarity, our audit will not be planned or conducted for any third party or for any specific transaction. Accordingly, items of possible interest to a third party may not be addressed and matters may exist that would be assessed differently by a third party, including, without limitation, in connection with a specific transaction. Our audit report should not be circulated (beyond Kootenay Rockies Tourism Association) or relied upon by any third party for any purpose, without our prior written consent.

You agree that our name may be used only with our prior written consent and that any information to which we have attached a communication be issued with that communication, unless otherwise agreed to by us in writing.

## **Reproduction of Auditor's Report**

If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to us in sufficient time for our review and approval in writing before the publication or posting process begins.

Management is responsible for the accurate reproduction of the Non-consolidated financial statements, the auditor's report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either full or summarized Non-consolidated financial statements that we have audited.

We are not required to read the information contained in your website or to consider the consistency of other information in the electronic site with the original document.

## **Communications**

In performing our services, we will send messages and documents electronically. As such communications can be intercepted, misdirected, infected by a virus or otherwise used or communicated by an unintended third party, we cannot guarantee or warrant that communications from us will be properly delivered only to the addressee. Therefore, we specifically disclaim, and you release us from, any liability or responsibility whatsoever for interception or unintentional disclosure of communications transmitted by us in connection with the performance of this Engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from such communications, including any that are consequential, incidental, direct, indirect, punitive, exemplary or special damages (such as loss of data, revenues, or anticipated profits).

If you do not consent to our use of electronic communications, please notify us in writing.

## **Ownership**

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the Engagement are the property of our firm, constitute our confidential information and will be retained by us in accordance with our firm's policies and procedures.

During the course of our work, we may provide, for your own use, certain software, spreadsheets and other intellectual property to assist with the provision of our services. Such software, spreadsheets and other intellectual property must not be copied, distributed or used for any other purpose. We also do not provide any warranties in relation to these items and will not be liable for any lost or corrupted data or other damage or loss suffered or incurred by you in connection with your use of them.

We retain the copyright and all intellectual property rights in any original materials provided to you.

## **Other Services**

In addition to the audit services referred to above, we will, as allowed by the British Columbia *Code of Professional Conduct/Code of Ethics*, prepare other regulatory forms required by the organization as agreed upon. Unless expressly agreed in a separate engagement letter, we will have no involvement with or responsibility for the preparation or filing of GST returns or any other (including foreign) information returns, source deductions, information returns, slips, elections, designations, certificates or reports. Management will, on a timely basis, provide the information necessary to complete the regulatory forms and will review and file them with the appropriate authorities on a timely basis.

## **Governing Legislation**

This engagement letter is subject to, and governed by, the laws of the Province of British Columbia. The Province of British Columbia will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum or to claim that those courts do not have jurisdiction.

## **Accounting Advice**

Except as outlined in this letter, this Engagement does not contemplate the provision of specific accounting advice or opinions or the issuance of a written report on the application of accounting standards to specific transactions and to the facts and circumstances of the entity. Such services, if requested, would be provided under a separate engagement letter.

## **Dispute Resolution**

You agree that any dispute that may arise regarding the meaning, performance or enforcement of this Engagement will, prior to resorting to litigation, be submitted to mediation.

## **Indemnity**

Kootenay Rockies Tourism Association hereby agrees to indemnify, defend (by counsel retained and instructed by us) and hold harmless our firm (and its partners, agents and employees) from and against any and all losses, costs (including solicitors' fees), damages, expenses, claims, demands and liabilities arising out of (or in consequence of):

- a. The breach by Kootenay Rockies Tourism Association, or its directors, officers, agents or employees, of any of the covenants or obligations of Kootenay Rockies Tourism Association herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of, our engagement report or the Non-consolidated financial statements in reference to which the engagement report is issued, or any other work product made available to you by our firm.
- b. The breach by Kootenay Rockies Tourism Association, or its directors, officers, agents or employees, of any of the covenants made by Kootenay Rockies Tourism Association herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of the Non-consolidated financial statements, or any other work product made available to you by our firm.
- c. A misrepresentation by a member of your management or the board of directors.

### **Limitation of Liability**

Our aggregate liability for all claims, losses, liabilities and damages in connection with this Engagement, whether as a result of breach of contract, tort (including negligence), or otherwise, regardless of the theory of liability, is limited to \$10,000. Our liability shall be several and not joint and several. We shall only be liable for our proportionate share of any loss or damage, based on our contribution relative to the others' contributions and only if your claim is commenced within 24 months or less of the date Kootenay Rockies Tourism Association should have been aware of the potential claim. In addition, we will not be liable in any event for consequential, incidental, indirect, punitive, exemplary, aggravated or special damages, including any amount for loss of profit, data or goodwill, whether or not the likelihood of such loss or damage was contemplated.

### **Time Frames**

We will use all reasonable efforts to complete the Engagement within time frames as described in the Request for Proposal.

However, we shall not be liable for failures or delays in performance that arise from causes beyond our reasonable control, including any delays in the performance by Kootenay Rockies Tourism Association of its obligations.

### **Quoted Fees**

The quoted fees for these services will be \$14,500 for the audit, compilation of 1113207 B.C. Ltd. financial information, filing of T1044 and T2 the information returns, inclusive of disbursement. The fee quoted does not include GST. This fee estimate is based on:

- a. The anticipated cooperation from all your personnel in preparing the requested information on a timely basis;
- b. The ongoing assistance of personnel throughout the Engagement; and
- c. The assumption that unexpected circumstances will not be encountered.

Fees will be rendered as work progresses and are payable on presentation.

### **Billing**

Our fees and costs will be billed monthly and are payable upon receipt. Invoices unpaid 30 days past the billing date may be deemed delinquent and are subject to an interest charge of 1.50% per month. We reserve the right to suspend our services or to withdraw from this Engagement in the event that any of our invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for our costs of collection, including lawyers' fees.

### **Costs of Responding to Government or Legal Processes**

In the event we are required to respond to a subpoena, court order, government agency or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this Engagement, you agree to compensate us at our normal hourly rates for the time we expend in connection with such response and to reimburse us for all of our out-of-pocket costs (including applicable GST) incurred.

### **Termination**

Management acknowledges and understands that failure to fulfill its obligations as set out in this engagement letter will result, upon written notice, in the termination of the Engagement.

Either party may terminate this agreement for any reason upon providing written notice to the other party [*not less than 30 calendar days before the effective date of termination*]. If early termination takes place, Kootenay Rockies Tourism Association shall be responsible for all time and expenses incurred up to the termination date.

If we are unable to complete the audit or are unable to form, or have not formed, an opinion on the Non-consolidated financial statements, we may withdraw from the audit before issuing an auditor's report, or we may disclaim an opinion on the Non-consolidated financial statements. If this occurs, we will communicate the reasons and provide details.

### **Survival of Terms**

This engagement letter will continue in force for subsequent audits unless terminated by either party by written notice prior to the commencement of the subsequent audit.

### **Consequential Loss**

Our firm and its partners, officers or employees will not be responsible for any consequential loss, injury or damages suffered by the client including but not limited to loss of use, earnings and business interruption, or the unauthorized distribution of any confidential document or report prepared by or on behalf of our firm, including the partners, officers or employees of the accounting firm for the exclusive use of the client.

### **Foreign Reporting**

It is understood and agreed that the organization is aware of the foreign reporting rules effective for tax years starting in 1996, and we are relying on the organization to provide us with the necessary information. The organization may be required to file information returns to comply with these rules if it has:

1. One or more controlled and not-controlled foreign affiliates (Form T1134). Form T1134 is due no later than 10 months after the end of your taxation year or fiscal period.
2. Transferred or loaned property to a non-resident/off-shore trust any time after 1990 (Form T1141). Filing deadline is 6 months after the end of the taxation year.
3. Received distributions from or is indebted to a non-resident trust (Form T1142). Filing deadline is 6 months after the end of the taxation year.
4. Foreign property with a total cost of more than Cdn \$100,000 (Form T1135). Form T1135 is not required if the foreign property (such as shares of a foreign affiliate, an interest in an offshore trust) is reported on one of the other foreign reporting forms above. The filing deadline is six months after the end of the taxation year.

Failure to comply may result in significant penalties that are not deductible for income tax purposes. There are more penalties to those persons who make or participate in the making of a false statement or omission on the new information returns. Therefore, we must impress upon you the importance of carrying out due diligence to file these returns accurately and completely.

### **Conclusion**

This engagement letter includes the relevant terms that will govern the Engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements, and if the above terms are acceptable to you, please sign the attached copy of this letter in the space provided and return it to us.

We appreciate the opportunity of continuing to be of service to your organization.

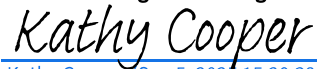
Yours truly,

Ocean Breeze Accounting Inc.



Kanhaiya Mittal, CPA

Acknowledged and agreed to on behalf of Kootenay Rockies Tourism Association by:



[Kathy Cooper \(Sep 5, 2025 15:20:39 MDT\)](#)

Ms. Kathy Cooper, Chief Executive  
Officer

July 31, 2025

Date signed

## Appendix A - Expected Form of Report

To the Members of Kootenay Rockies Tourism Association

### *Report on the Non-consolidated Financial Statements*

#### *Qualified Opinion*

We have audited the Non-consolidated financial statements of Kootenay Rockies Tourism Association (the "organization"), which comprise the non-consolidated statement of financial position as at March 31, 2026, and the non-consolidated statements of revenues and expenditures, changes in fund balances and cash flows for the year then ended, and notes to the Non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying Non-consolidated financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2026, and the results of its operations and cash flow for the period 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, 2025. Our audit opinion on the non-consolidated financial statements for the year ended March 31, 2025 was modified accordingly because of the possible effects of this limitation of scope.

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

#### *Other Matter*

The financial statements for the year ended March 31, 2025 were audited by another auditor who expressed a qualified opinion on those Non-consolidated financial statements on for the following reasons....

Enter details of other matter here....

#### *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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

## **Appendix A** *(continued)*

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

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization 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.

We 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 we identify during our audit.

### *Report on Other Legal and Regulatory Requirements*

As required by the Societies Act of British Columbia, we report that, in our 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.

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# KOOTENAY ROCKIES TOURISM ASSOCIATION

1905 Warren Avenue  
Kimberley, B.C.  
V1A 1S2

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July 31, 2025

Client Number: 2276

Ocean Breeze Accounting Inc.  
824 1st St S  
Cranbrook British Columbia V1C 7H5

Attention: Kanhaiya Mittal, CPA

Dear Sir:

Re: March 31, 2025 year end

This representation letter is provided in connection with your audit of the Non-consolidated financial statements of Kootenay Rockies Tourism Association for the year ended March 31, 2025 for the purpose of expressing an opinion as to whether the Non-consolidated financial statements is presented fairly, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm that (to the best of our knowledge and belief):

## **Non-consolidated financial Statements**

We have fulfilled our responsibilities as set out in the terms of the audit engagement dated July 31, 2025 for:

- a. Preparing and fairly presenting the Non-consolidated financial statements in accordance with ASNPO;
- b. Providing you with:
  - i. Access to all information of which we are aware that is relevant to the preparation of the Non-consolidated financial statements, such as:
    - A. Accounting records, supporting data and other relevant documentation,
    - B. Minutes of meetings (such as shareholders, board of directors and audit committees) or summaries of actions taken for which minutes have not yet been prepared, and
    - C. Information on any other matters, of which we are aware, that is relevant to the preparation of the Non-consolidated financial statements;
  - ii. Additional information that you have requested from us for the purpose of the audit; and
  - iii. Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- c. Ensuring that all transactions have been recorded in the accounting records and are reflected in the Non-consolidated financial statements; and
- d. Designing and implementing such internal control as we determined is necessary to enable the preparation of Non-consolidated financial statements that are free from material misstatement, whether due to fraud or error. We have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware.

## **Fraud and Non Compliance**



*(continued)*

We have disclosed to you:

- a. All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity's Non-consolidated financial statements involving:
  - i. Management;
  - ii. Employees who have significant roles in internal control; or
  - iii. Others where the fraud could have a material effect on the Non-consolidated financial statements;
- b. All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others;
- c. All known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the Non-consolidated financial statements;
- d. All known, actual, or possible litigation and claims that should be considered when preparing the Non-consolidated financial statements; and
- e. The results of our risk assessments regarding possible fraud or error in the Non-consolidated financial statements.

#### **Related Parties**

We have disclosed to you the identity of all of the organization's related-party relationships and transactions of which we are aware. All related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of ASNPO.

#### **Estimates**

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the Non-consolidated financial statements in accordance with ASNPO. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. We confirm that the methods, significant assumptions and the data used by us in making accounting estimates and related financial statement disclosures, including those measured at fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with ASNPO.

#### **Subsequent Events**

All events subsequent to the date of the Non-consolidated financial statements and for which ASNPO requires adjustment or disclosure have been adjusted or disclosed.

#### **Commitments and Contingencies**

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the Non-consolidated financial statements. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the Non-consolidated financial statements.

#### **Adjustments**

We have reviewed, approved and recorded all of your proposed adjustments to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.

#### **Misstatements**

The effects of uncorrected misstatements are immaterial, individually and in aggregate, to the Non-consolidated financial statements as a whole. A list of the uncorrected misstatements, including the reasons why they were not corrected, is attached to this letter.

#### **Accounting policies**

All significant accounting policies are disclosed in the Non-consolidated financial statements and are consistent with those used in the previous period.

*(continued)*

### **Contractual compliance**

We have complied with the terms and conditions of all contractual agreements that could have a material effect, in the event of non-compliance, on the Non-consolidated financial statements.

### **Direct liabilities**

We have recorded in the accounts all known liabilities of our organization as at March 31, 2025 except for trivial amounts.

### **Fair values**

We confirm that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the Non-consolidated financial statements are reasonable and appropriate in the circumstances.

### **Future plans**

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the Non-consolidated financial statements.

### **Journal entries**

We have approved all journal entries and other adjustments proposed by you, and they have been included in our Non-consolidated financial statements.

### **Liabilities and contingencies**

All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the Non-consolidated financial statements.

### **Long-term investments**

All long-term investments owned by our organization are recorded in the accounts. The long-term investments are valued using the equity method, and an appropriate impairment loss has been recognized in earnings when a significant adverse change in the expected timing or amount of future cash flows from investments has been identified. When the extent of such an impairment has decreased, a reversal of the previously recognized impairment loss has been recognized in earnings.

All income earned for the period ended March 31, 2025 on those long-term investments has been recorded in the accounts.

### **Receivables**

Receivables recorded in the Non-consolidated financial statements represent valid claims against debtors for sales or other charges arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.

Receivables known to be uncollectible have been written off, and adequate provision has been made for anticipated adjustments or losses in connection with the collection of receivables.

### **Subsequent events**

There have been no events between the balance sheet date and the date of this letter that would require recognition or disclosure in the Non-consolidated financial statements.

There have been no events subsequent to the balance sheet date of the comparative Non-consolidated financial statements that would require adjustment or disclosure in the current Non-consolidated financial statements.

### **Proceeds of Crime (Money Laundering) and Terrorist Financing Act**

We hereby acknowledge that Ocean Breeze Accounting Inc. have made us aware of your legal obligations under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. We hereby acknowledge that we are aware of potential conflict of interest that may arise as a result of your legal obligations under this Act and authorize Ocean Breeze Accounting Inc. to release and disclose information about Kootenay Rockies Tourism Association as required by statute.

### **None of the members were in debt to the organization**

(continued)

None of the members were in debt to the organization, other than in the ordinary course of business at the period-end or at any time during the period.

Acknowledged and agreed on behalf of Kootenay Rockies Tourism Association by:

<u>Kathy Cooper</u> <small>Kathy Cooper (Sep 5, 2025 15:30:38 MDT)</small>	<u>Mike Riediger</u> <small>Mike Riediger (Sep 5, 2025 13:34:06 PDT)</small>
Ms. Kathy Cooper, Chief Executive Officer	Mr. Mike Riediger, Acting Chair
<u>July 31, 2025</u> Date signed	<u>July 31, 2025</u> Date signed