KOOTENAY ROCKIES TOURISM ASSOCIATION

Non-Consolidated Financial Statements

Year Ended March 31, 2026

KOOTENAY ROCKIES TOURISM ASSOCIATION
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Year Ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Members of Kootenay Rockies Tourism Association

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 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, 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 flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

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 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 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.

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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.

Ocean Breeze Accounting Inc.

Cranbrook, British Columbia
September 17, 2026

OCEAN BREEZE ACCOUNTING PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

KOOTENAY ROCKIES TOURISM ASSOCIATION
Non-Consolidated Statement of Financial Position
March 31, 2026

	2026	2025
ASSETS		
CURRENT		
Cash	**$ 271,583**	$ 286,007
Term deposits *(Note 3)*	**760,588**	815,085
Accounts receivable *(Note 4)*	**43,762**	249,205
Goods and services tax recoverable	**-**	423
Prepaid expenses	**26,565**	73,417
Due from related party	**-**	6,437
	1,102,498	1,430,574
TANGIBLE CAPITAL ASSETS *(Notes 2 and 6)*	**102,544**	109,686
LONG TERM INVESTMENT *(Notes 2 and 7)*	**377,552**	383,035
TOTAL ASSETS	**$ 1,582,594**	$ 1,923,295
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 69,339**	$ 163,007
Goods and services tax payable	**5,880**	-
Wages payable *(Note 8)*	**46,118**	54,159
Employee source deductions payable	**15,853**	16,506
Deferred revenue *(Note 9)*	**381,435**	625,730
Due to related party *(Note 5)*	**5,868**	-
	524,493	859,402
DEFERRED CAPITAL CONTRIBUTIONS *(Note 10)*	**76,644**	75,007
TOTAL LIABILITIES	**601,137**	934,409
NET ASSETS	**981,457**	988,886
TOTAL LIABILITIES AND FUND BALANCES	**$ 1,582,594**	$ 1,923,295

LEASE COMMITMENTS *(Notes 12 and 14)*

APPROVED BY THE DIRECTORS

Meghan Porath
_____ *Director*

_____ *Director*

See notes to the Non-consolidated financial statements

KOOTENAY ROCKIES TOURISM ASSOCIATION
Non-Consolidated Statement of Revenues and Expenditures
Year Ended March 31, 2026

	2026	2025
REVENUES		
Destination British Columbia *(Note 11)*	**$ 1,211,318**	$ 1,269,904
Project revenue	**426,591**	272,381
Other revenue	**2,496**	19,922
Fee for service *(Note 12)*	**11,000**	11,000
Amortization of deferred capital grants	**12,763**	2,273
	1,664,168	1,575,480
EXPENSES		
AGM and board	**10,705**	42,762
Amortization	**15,243**	6,213
Audit fees	**12,790**	13,425
BC Secretariat	**2,031**	501
Bank charges	**2,629**	1,883
Business taxes and licences	**75**	1,890
Consulting fees	**14,650**	-
Destination development	**111,489**	153,988
Equipment rentals	**3,704**	3,148
Insurance	**2,540**	2,453
Marketing	**98,229**	70,986
Memberships	**31,021**	16,753
Office	**11,778**	25,819
Project expenses	**418,735**	229,856
Rental *(Note 12)*	**39,000**	37,800
Repairs and maintenance	**19,246**	30,483
Salaries, wages and benefits		
Other	**815,196**	808,783
Projects	**-**	36,111
Telephone	**13,215**	12,841
Training	**3,206**	295
Travel trade and media	**62,869**	68,031
Vehicle	**3,852**	4,572
	1,692,203	1,568,593
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	**(28,035)**	6,887
OTHER INCOME		
Interest income	**26,089**	30,606
Gain on disposal of tangible capital assets	**-**	8,965
Income (loss) from subsidiary *(Notes 2 and 7)*	**(5,483)**	3,824
	20,606	43,395

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See notes to the Non-consolidated financial statements

KOOTENAY ROCKIES TOURISM ASSOCIATION
Non-Consolidated Statement of Revenues and Expenditures *(continued)*
Year Ended March 31, 2026

	2026	2025
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	**$ (7,429)**	$ 50,282

See notes to the Non-consolidated financial statements

KOOTENAY ROCKIES TOURISM ASSOCIATION
Non-Consolidated Statement of Changes in Net Assets
Year Ended March 31, 2026

	2026	2025
NET ASSETS - BEGINNING OF YEAR	**$ 988,886**	$ 938,604
EXCESS OF REVENUES OVER EXPENDITURES	**(7,429)**	50,282
NET ASSETS - END OF YEAR	**$ 981,457**	$ 988,886

See notes to the Non-consolidated financial statements

KOOTENAY ROCKIES TOURISM ASSOCIATION
Non-Consolidated Statement of Cash Flows
Year Ended March 31, 2026

	2026	2025
OPERATING ACTIVITIES		
Excess of revenues over expenditures	**$ (7,429)**	$ 50,282
Items not affecting cash:		
Amortization of tangible capital assets	**15,243**	6,213
Gain on disposal of assets	**-**	(8,965)
Income (loss) from subsidiary	**5,483**	(3,824)
	13,297	43,706
Changes in non-cash working capital:		
Accounts receivable	**205,443**	(185,548)
Accounts payable and accrued liabilities	**(93,669)**	62,729
Deferred revenue	**(244,295)**	148,350
Prepaid expenses	**46,852**	23,917
Goods and services tax payable	**6,303**	(593)
Wages payable	**(8,041)**	22,346
Employee source deductions payable	**(653)**	(3,927)
	(88,060)	67,274
Cash flow from (used by) operating activities	**(74,763)**	110,980
INVESTING ACTIVITIES		
Purchase of tangible capital assets	**(8,100)**	(135,935)
Proceeds on disposal of tangible capital assets	**-**	29,000
Cash flow used by investing activities	**(8,100)**	(106,935)
FINANCING ACTIVITIES		
Advances from related parties	**5,868**	-
Due from related party	**6,437**	(1,310)
Deferred Capital Contributions	**1,637**	75,007
Cash flow from financing activities	**13,942**	73,697
INCREASE (DECREASE) IN CASH FLOW	**(68,921)**	77,742
Cash - beginning of year	**1,101,092**	1,023,350
CASH - END OF YEAR	**$ 1,032,171**	$ 1,101,092
CASH CONSISTS OF:		
Cash	**$ 271,583**	$ 286,007
Term deposits	**760,588**	815,085
	$ 1,032,171	$ 1,101,092

See notes to the Non-consolidated financial statements

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 the payment of income tax under Subsection 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 the Kootenay Rockies Region.

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 (ASNFPO).

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 months or less. Terms 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 or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Motor vehicle	10 years	straight-line method
Leasehold improvements	5 years	straight-line method

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.

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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.

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

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

3. MARKETABLE SECURITIES

	2026	2025
Royal Bank of Canda, cashable GIC, 4.20%, matured September 19, 2025	**$ -**	$ 500,000
Royal Bank of Canada, non-redeemable GIC, 4.13%, matured May 12, 2025	**-**	217,125
Royal Bank of Canada, cashable GIC, 4.45%, matured August 13, 2025	**-**	81,528
Royal Bank of Canada, prime-linked cashable GIC, 2.95%, maturing May 13, 2026	**744,140**	-
Accrued Interest	**16,448**	16,432
	$ 760,588	$ 815,085

4. ACCOUNTS RECEIVABLE

	2026	2025
Province of British Columbia - Regional Film Sector Economic Development	**$ -**	$ 191,600
Government of Canada - Pacific Economic Development	**17,143**	55,505
Trade receivables	**-**	1,773
Other	**369**	327
Destination British Columbia	**26,250**	-
	43,762	249,205
	$ 43,762	$ 249,205

5. DUE TO/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 liability. *(Notes 7 and 12)*

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	**2026 Net book value**	2025 Net book value
Motor vehicle	$ 59,911	$ 5,488	**$ 54,423**	$ 57,914
Leasehold improvements	61,006	12,885	**48,121**	51,772
	$ 120,917	$ 18,373	**$ 102,544**	$ 109,686

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, 2026. *(Notes 5 and 12)*

	2026	2025
Balance Sheet		
Current Assets	**$ 11,469**	$ 11,017
Property	**368,634**	381,028
	$ 380,103	$ 392,045
Balance Sheet		
Current liabilities	**$ 2,551**	$ 2,573
Due to Kootenay Rockies Tourism Association	**-**	6,437
Share capital	**1**	1
Retained earnings	**377,551**	383,034
	$ 380,103	$ 392,045
Statement of Income		
Revenues	**$ 39,188**	$ 38,153
Expenses	**(44,671)**	(34,329)
	$ (5,483)	$ 3,824

7. INVESTMENT IN SUBSIDIARY *(continued)*

Statement of Cash Flows		
Net income for the year	**$ (5,483)**	$ 3,824
Items not affecting cash:		
Amortization	**12,394**	5,284
Changes in non-cash working capital:		
Accounts receivable	**39**	(67)
Accounts payable and accrued liabilities	**(22)**	566
Prepaid Expenses	**746**	(890)
Investing activities		
Purchase of fixed assets	**-**	(20,109)
Financing activities		
Due to Kootenay Rockies Tourism Association	**(12,305)**	1,309
Increase in cash	**(4,631)**	(10,083)
Cash, beginning of year	**9,956**	20,039
Cash, end of year	**$ 5,325**	$ 9,956

8. WAGES PAYABLE

	2026	2025
Wages payable	**$ 31,578**	$ 47,018
Vacation pay payable	**14,540**	7,141
	$ 46,118	$ 54,159

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	$ 269,498	$ 63,000	$ 177,963	$ 154,535
Province of British Columbia	73,403	-	38,917	34,486
Rural Dividend Fund	43,572	-	1,630	41,942
Destination British Columbia - Tourism Collaboration	-	25,000	-	25,000
Destination British Columbia	5,409	1,251,000	1,211,318	45,091
Tourism Growth Program	30,774	54,495	82,932	2,337
Regional Tourism Experience Development Programming & Implementation	10,054	6,526	16,580	-
Supporting the Ride Share Economy.	1,420	-	1,420	-
Regional Film Sector Economic Growth	191,600	-	113,556	78,044
	$ 625,730	$ 1,400,021	$ 1,644,316	$ 381,435

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.

	2025	Contributions received during the year	Amortized to revenue during the year	2026
Columbia Basin Trust - plug-in hybrid vehicle	$ 37,971	$ -	$ 3,928	$ 34,043
Government of Canada - plug-in hybrid vehicle	4,833	-	500	4,333
Province of British Columbia - plug-in hybrid vehicle	1,450	-	150	1,300
Columbia Basin Trust - heat pump	21,662	-	4,482	17,180
Columbia Basin Trust - rooftop solar array panels	9,091	3,600	1,903	10,788
BC Hydro - rooftop solar array rebate	-	10,800	1,800	9,000
	$ 75,007	$ 14,400	$ 12,763	$ 76,644

11. ECONOMIC DEPENDENCE

The Association is dependent upon Destination British Columbia (DBC), a Provincially fund, industry-led Crown Corporation. The Association received approximately 72% (2025: 81%) 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.

12. RELATED PARTY TRANSACTIONS

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

	2026	2025
1113207 B.C. Ltd.		
(Wholly owned subsidiary) (Notes 5 and 7)		
Real estate rental paid	**$ 39,000**	$ 37,800
Management fees received	**6,000**	6,000
	$ 45,000	$ 43,800

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 $3,250 per month.

13. COST RECOVERIES

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

	2026	2025
Recoverable costs - revenue	**$ 32,313**	$ 40,602
Recoverable costs - expenses	**(32,313)**	(40,602)
	$ -	$ -

14. CONTRACTUAL AND LEASE COMMITMENTS

The Association leases a photocopier with an annual commitment of $2,428.61 per year - before applicable taxes. The lease expires in 2030.

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 2026:

	2026
Employees (five)	**$ 508,483**
Contractors (two)	**182,843**

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 (2025: $Nil).

The Association has a credit facility with the Royal Bank of Canada, which includes credits cards with a cummulative limit of $112,0000, which bears interest at 19.99% per annum, secured by a a general security agreement and assignment of accounts receivable. At the non-consolidated statement of financial position date, the amount owing was $9,895 (2025: $25,928).

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, 2026.

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.

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

18. COMPARATIVE FIGURES

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