

TOURISM FERNIE

ANNUAL GENERAL MEEETING

Thursday, April 4, 2024

Best Western PLUS Fernie Mountain Lodge

Agenda for Formal AGM Portion



12:45pm- 1:15pm

- Welcome & Call to Order – Reto Barrington, Chair
- Introduction of Voting Procedures: Green means ‘in favour’ and Red means ‘not in favour.’
 - *Please hold up cards high for staff to see and document numbers.*
- MOTION to approve the 2024 Agenda
- MOTION to approve minutes of the 2023 AGM
- Presentation and Motion to approve the 2023 Annual Report
- Introduce Gerald Price from GPI Accounting – Mark Ormandy, Treasurer
- Presentation of the Audited Financial Statements by Gerald Price - GPI Accounting
- MOTION to approve 2023 audited financial statements
- Nominations & Election Process for Board of Directors - Graham Nunn - Rockies Law, Electoral Officer
- Introduction of the new 2024-2025 Board of Directors
- MOTION to approve the 2024-2025 Tourism Fernie Board of Directors
- Announcements & Recognitions
- MOTION to adjourn the AGM

Tourism Fernie Annual General Meeting

Tuesday, April 4, 2023

Cast Iron Grill, Fernie Golf Club

12:54pm- 1:15pm



MINUTES

Present:

Jikke Gyorki – EO, Tourism Fernie Brona Kekenakova – Tourism Fernie Rebecca Hall – Tourism Fernie (Minutes) Christine Grimble – Tourism Fernie Kirby Brown – Sea to Sky Gondola/Tourism Squamish Danielle Spooner & D Jehn – Basecamp Resorts Deputy Mayor Kevin McIlsac – City of Fernie Councillor Troy Nixon – City of Fernie Councillor Tracey Audia Kelly – City of Fernie Councillor Kyle Hamilton – City of Fernie CAO Michael Boronowski – City of Fernie Director Brett Logan – City of Fernie Director Jeff McConnell – City of Fernie Jacqui Hill – City of Fernie Director Thomas McDonald - RDEK Teresa Sydenham – TC Energy Andrew Wilhelm – Fernie Alpine Resort Mark Ormandy – Fernie Alpine Resort Sadie & Joe Howse – Raging Elk Adventure Lodging Alan Young – Alan D. Young Personal Real Dave Hozjan – Elk River Mountain Homes Sydney Salvador – The Chopstick Truck Wendy McDougall – Fernie Chamber of Commerce Jess Eberts – Fernie Chamber of Commerce Taylor Jenkins – Elk Valley Employment Initiative Graeme Nunn – Rockies Law Ruby Burditt – Blackstone B&B Scott & Penny Cook – Cast Iron Grill Anita Palmer – College of the Rockies Kelsey LaRoque – Fernie Wilderness Adventures Deb Sedrovic – Fernie Wilderness Adventures Josh Stolz & Presley Peacock – Happy Cow Asha King – Tunnel49 Kylie Rogers-Walker – Wakita Brian Larsen – Bow River Guiding Co. Scott Tibballs – Photographer Sandeep Nagidi – Stanford Resort Barrie Elliot – Fernie Catering Co Nick Nault – Photographer Max Sherwood – Fernie Golf Club	Jason Burt & Veronique Roy – Snow Valley Lodging/Annex House Jon Ward – Red Tree Lodge Dave Richards - Nonstop Wendy & Simon Howse – The Fernie Taphouse/The Tipple/Parastone Doug Cassidy - Parastone George Greene – Elk River Alliance Kurt Saari – Nevados Kirsten Madsen – Island Lake Lodge Jaime Hanson – Foresight Accounting Mike Delich – Fernie Lodging Company Sandra Abadzisova – Fernie Lodging Company Annie Fournier – Fernie Lodging Company Jeremiah & Marina Pauw – Fernie Fox Hotel Dan Savage – Savage Marketing Vince Mo – Photographer Erin Luna – Chilango/Elk Valley Pizza Shoppe Randal Macnair – Wildsight Jill Rutherford – Fernie Distillers Alesha Thompson – Lilac Media/Munter Design + Build Marilyn & Martin Brock – Marilyn Brock Realtor Katlyn Corak & Kealy Shultze – Stemhouse Floral Studio Mike Palamarek – Fernie & District Historical Society/Fernie Museum Jill Barclay – Goldstar Cleaning Jeff Johnson – Ski Base/Fernie Mountain Sanctuary Ben Martin – Fernie Trails Alliance Matthieu Corriveau – Fernie Nordic Society Reto & Shelly Barrington – Fernie RV Resort Dana Barrons – Fernie RV Resort Bobby Singh – Himalayan Spice Bistro Karl Leathly – Himalayan Spice Bistro Scott Gilmet – Park Place Lodge F&B/Spirits Store/Cornerstone Lodge/Griz Inn Gordon Sombrowski – Park Place Lodge Adam Kemsley – Park Place Lodge Bertand Deschamps – Le Bon Pain C'est La Vie Bakery Oyunaa Gankhuyag – Sushiwood Mark Hatch – Tunnel49 Diane Thomson – New Dawn Developments Michelle Dauphinee – Twin Meadows Animal Rescue Society Keenan Cannady – Avalanche Canada Foundation
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88 in attendance (63 active member businesses/organisations represented)

12:54 PM – Call to Order: Acting Board Chair, Mark Ormandy

Mark welcomed everyone to the AGM and called the meeting to order, noting that cards would be utilized for voting procedures, with green indicating 'in favour' and red/pink means 'not in favour.'

MOTION to Approve the 2023 Agenda by Mike Delich

Seconded by Jon Ward

All in favour; CARRIED

MOTION to Approve the Minutes of the 2022 AGM by Jeremiah Pauw
Seconded by Sydney Salvador
All in favour; CARRIED

The Annual Report was presented by Tourism Fernie Staff EO Jikke Gyorki, Brona Kekenakova and Christine Grimble prior to the formal AGM.

MOTION to Approve the 2022 Annual Report by Randal MacNair
Seconded by Sadie Howse
All in favour; CARRIED

Presentation of the 2021 Audited Financial Statements by Reto Barrington – Treasurer

MOTION to Approve the 2022 Audited Financial Statements by Mike Delich
Seconded by Alan Young
All in Favour; CARRIED

Presentation of the 2023-2024 Board of Directors – Graeme Nunn, Rockies Law

Graeme Nunn gave an overview of the nomination process and noted that the same number of nominees was received as the six seats available, and presented the new directors for acclamation:

The two nominees in the Accommodator (MRDT Collecting with 4+ Units) Category were:

- Mark Ormandy – Fernie Alpine Resort & Slopeside Lodge (returning)
- Jeremiah Pauw – Fernie Fox Hotel

The four nominees in the Member-at-Large/Non-Accommodator Category were:

- Andrew Hayden – Fernie Distillers (returning for 1 year term)
- Sydney Salvador – The Chopstick Truck (returning for 1 year term)
- Alan D Young – Personal Real Estate Corporation
- Dave Hozjan – Elk River Mountain Homes

Graeme Nunn listed the Board of Directors for 2023-2024:

MRDT Accommodator Seats (5):

- Reto Barrington – Fernie RV Resort
- Jeremiah Pauw – Fernie Fox Hotel
- Mark Ormandy – Slopeside Lodge
- Sadie Howse – Raging Elk Adventure Lodging
- Andrew Wilhelm – Lizard Creek Lodge

Non- Accommodator/Member-at-Large Seats (4):

- Andrew Hayden – Fernie Distillers
- Sydney Salvador – The Chopstick Truck
- Alan D Young – Personal Real Estate Corporation
- Dave Hozjan – Elk River Mountain Homes

MOTION to Approve the Board of Directors for 2023-2024 by Jon Ward
Seconded by Mike Palamarek
All in favour; CARRIED

Announcements & Recognitions

Mark Ormandy noted the following and thanked them for their contributions to Tourism Fernie:

- Chris Mullin, FCR, Board of Directors 2021-2023
- Steven Szelej, Parastone, Board of Directors 2022
- Pam Peters, Earths Own Naturals, Board of Directors 2022
- Kurt Saari, Nevados, Board of Directors 2022-2023 (filled a vacancy till AGM)
- Vince Mo, Tourism Fernie Staff Photographer and Social Media Co-ordinator, 2016-2023
- Andrew Hayden, Fernie Distillers, Tourism Fernie Board Chair
- Jikke, Brona, Christine & Rebecca – Tourism Fernie Staff

MOTION to adjourn the AGM by Reto Barrington

The formal AGM was followed by presentations by guest speakers:

- Kirby Brown – Sea to Sky Gondola & Tourism Squamish
- Darlene Jehn & Danielle Spooner – Basecamp Resorts

A Tourism Social was held at The Fernie Taphouse following the event, from 4:30 – 6:30pm.

- 80 guests attended, including 17 new guests who did not attend the daytime event.
- Industry updates were provided by:
 - Kirsten Madsen – Island Lake Lodge
 - Jon Levesque – Tunnel49
 - Bill Pittman – Fernie Rotary Ribfest

TOURISM FERNIE SOCIETY

DBA TOURISM FERNIE

Financial Statements

For the Year Ended December 31, 2023

TOURISM FERNIE
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Management's Responsibility For Financial Reporting

The financial statements of Tourism Fernie presented to the members have been prepared by society management which has responsibility for their preparation, integrity and objectivity. The financial statements including notes, have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

In fulfilling its reporting responsibilities, management has maintained internal control systems and procedures designed to provide reasonable assurance that the society's assets are safeguarded, that transactions are executed in accordance with appropriate authorization and that accounting records may be relied upon to properly reflect the society's transactions. The effectiveness of the control systems is supported by the selection and training of qualified personnel, an organizational structure that provides an appropriate division of responsibility and a budgetary system of control.

The ultimate responsibility for the financial statements lies with the Board of Directors. The Board reviewed the financial statements with management in detail and the Board approved the financial statements for release.

The Board appoints external auditors to audit the financial statements and meets with the auditors to review their findings. The external auditors have full and free access to society records.

To the best of our knowledge and belief, these financial statements reflect, in all material respects, the financial position and results of operations and cash flows for the year in accordance with Canadian accounting standards for not-for-profit organizations.

Mr. Mark Ormandy, Treasurer March 14, 2024



Ms. Jikke Gyorki, Executive Officer March 14, 2024



Independent Auditors' Report

To the Members of Tourism Fernie

Opinion

We have audited the accompanying financial statements of Tourism Fernie, which comprise the statement of financial position as at December 31, 2023 and December 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tourism Fernie as at December 31, 2023 and December 31, 2022, 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.

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 Entity in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organization have been applied on a basis consistent with that of the preceding year.

Chartered Professional Accountants
March 14, 2024
Fernie, B.C.

TOURISM FERNIE
Statement of Financial Position
As at December 31, 2023

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash	\$ 392,426	\$ 95,726
Short term investments (note 3)	517,816	520,614
Accounts receivable	23,611	331,594
MRDT receivable	179,810	161,221
GST recoverable	8,151	7,723
Prepaid	<u>19,009</u>	<u>30,240</u>
	1,140,823	1,147,118
Capital assets (note 4)	<u>99,860</u>	<u>8,483</u>
	<u>\$ 1,240,683</u>	<u>\$ 1,155,601</u>

LIABILITIES AND NET ASSETS

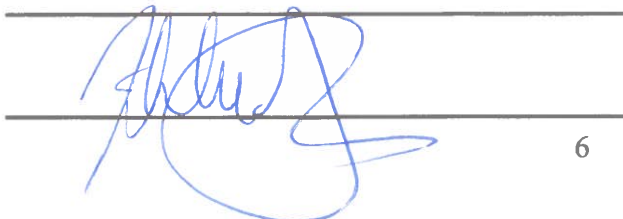
Current Liabilities		
Accounts payable and accrued liabilities	\$ 148,042	\$ 196,312
Credit card payable (note 5)	20,662	18,751
Deferred revenue (note 6)	392,238	467,220
Deferred capital contributions (note 7)	<u>90,499</u>	<u> </u>
	<u>651,441</u>	<u>682,283</u>

NET ASSETS		
Investment in equipment and vehicle	9,361	8,483
Restricted net assets (note 2)	178,389	261,231
Operating reserve (note 2)	101,492	53,604
Unrestricted net assets (note 2)	<u>300,000</u>	<u>150,000</u>
	<u>589,242</u>	<u>473,318</u>
	<u>\$ 1,240,683</u>	<u>\$ 1,155,601</u>

Approved on behalf of the board



March 14th 2023



TOURISM FERNIE
Statement of Operations
For the Year Ended December 31, 2023

	<u>2023</u>	<u>Unaudited Budget 2023</u>	<u>2022</u>
Revenue			
MRDT - Traditional	\$ 799,374	\$ 720,000	\$ 687,519
MRDT - OAP (AirBnB/VRBO/Other)	338,265	210,000	215,511
TC Energy (note 8)	150,000		150,000
Stakeholder & Co-op marketing	87,309	82,500	178,787
Membership fees	28,600	28,000	27,119
Destination Management Grants (note 9)	349,103	656,400	157,776
Transportation/Shuttles	36,966	30,000	34,550
Interest income	<u>12,874</u>	<u>3,000</u>	<u>4,739</u>
	<u>1,802,491</u>	<u>1,729,900</u>	<u>1,456,001</u>
Expenses			
Marketing initiatives	930,112	840,250	873,971
Destination management & development initiatives (note 9)	516,425	709,414	271,835
Transportation/Shuttle Subsidy	51,170	62,000	5,902
Administration (note 10)	101,830	84,533	88,146
Provincial tourism events program fees	75,084	72,000	59,430
MRDT ministry of finance fees	<u>11,946</u>	<u>13,000</u>	<u>12,023</u>
	<u>1,686,567</u>	<u>1,781,197</u>	<u>1,311,307</u>
Excess of revenues over expenses	<u>\$ 115,924</u>	<u>\$ (51,297)</u>	<u>\$ 144,694</u>

For details refer to Tourism Fernie's 2023 Fiscal Report.²

TOURISM FERNIE
Statement of Changes in Net Assets
For the Year Ended December 31, 2023

	<u>Investment</u> <u>in</u> <u>equipment</u> <u>& vehicle</u>	<u>Operating</u> <u>reserve</u>	<u>Restricted</u> <u>net assets</u>	<u>Unrestricted</u> <u>net assets</u>	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 8,483	\$ 53,604	\$ 261,231	\$ 150,000	\$ 473,318	\$ 328,624
Excess (deficiency) of operations			(34,076)	150,000	115,924	144,694
Purchase of equipment and vehicle	112,657		(112,657)			
Amortization of equipment and vehicle	(21,280)		21,280			
Deferred capital contributions	(90,499)		90,499			
Interest earned on operating reserve		1,492	(1,492)			
Transfers from restricted net assets	_____	46,396	(46,396)	_____	_____	_____
Balance, end of year	\$ <u>9,361</u>	\$ <u>101,492</u>	\$ <u>178,389</u>	\$ <u>300,000</u>	\$ <u>589,242</u>	\$ <u>473,318</u>

TOURISM FERNIE
Statement of Cash Flows
For the Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
Operating Activities		
Excess (deficiency) of revenue over expenses	\$ 115,924	\$ 144,694
Add items not involving cash:		
Amortization	<u>21,280</u>	<u>4,645</u>
	<u>137,204</u>	<u>149,339</u>
Change in working capital:		
Change in Accounts receivable	307,982	(297,752)
Change in MRDT receivable	(18,588)	(33,425)
Change in GST recoverable	(428)	(897)
Change in Prepaid	11,232	(22,481)
Change in accounts payable and accrued liabilities	(48,271)	135,136
Change in Credit card payable	1,911	3,803
Change in Deferred revenue	<u>15,517</u>	<u>80,350</u>
	<u>269,355</u>	<u>(135,266)</u>
	<u>406,559</u>	<u>14,073</u>
Financing Activities		
Short term investments	<u>2,798</u>	<u>(4,332)</u>
Investing Activities		
Purchase of equipment	<u>(112,657)</u>	<u> </u>
Increase in cash during the year	296,700	9,741
Cash - beginning	<u>95,726</u>	<u>85,985</u>
Cash - ending	<u>\$ 392,426</u>	<u>\$ 95,726</u>
 Supplemental disclosure of cash flow information		
	<u>2023</u>	<u>2022</u>
Amount of interest paid in year	\$ NIL	\$ NIL
Amount of income taxes paid in year	NIL	NIL

TOURISM FERNIE
Notes to Financial Statements
December 31, 2023

1. Nature of Operations

Tourism Fernie Society is incorporated under the British Columbia Society Act as a not for profit organization, and as such is exempt from income taxes.

The Society was incorporated on November 30, 2007. Tourism Fernie is a Destination Marketing & Management Organization (DMO) with the purpose of sustainably increasing visitation and revenue for stakeholders through tourism marketing and management.¹

2. Significant Accounting Policies

The financial statements of the Society have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook. The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

a) Revenue Recognition

The Society follows the deferral method of accounting for contributions.

Restricted contributions, with the exception of the MRDT funding noted below, are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Accommodators collect taxes on room revenue. Municipal and Regional District Tax (MRDT) of three percent is collected as part of the taxes. This amount of three percent is remitted to the Society via the Province of British Columbia. MRDT revenue is recognized at the end of the month in which the tax was collected.

Effective October 2018 accommodation platforms, like AirBnB, located outside of British Columbia are able to register and collect provincial sales tax and MRDT on purchase of accommodation through their platform. This new form of MRDT is referred to as MRDT Online Accommodation Platform (OAP) revenue. The first MRDT OAP payment was included on the December 2018 remittance. MRDT OAP revenue is recognized at the end of the month in which the tax was collected. MRDT OAP is dispersed quarterly and recognized at the end of the month for the quarter in which the tax was collected.

Voluntary memberships are for the fiscal year ending December 31 of each year. All businesses may apply for membership in the Society and fees are recognized when the application for membership is approved by the board.

Interest income is recognized when the income is earned on the fund balances.

TOURISM FERNIE
Notes to Financial Statements
December 31, 2023

b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash on deposit with financial institutions net of cheques issued and outstanding at the reporting date.

c) Capital Assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution when reasonably determinable and at a nominal amount when not reasonably determinable. Restricted contributions for the purchase of tangible capital assets that are amortized have been deferred and recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital asset. Amortization for equipment is recorded on a declining balance basis at 20% per annum commencing in the year of acquisition. Amortization for computers and vehicles are recorded on a declining balance basis at 30% per annum commencing in the year of acquisition. Leasehold improvements are amortized over five years on a straightline basis. In the year of acquisition the amortization is recorded at half the stated rates.

d) Contributed Materials and Services

Contributed materials and services which are used in the normal course of the Society's operations and would otherwise have been purchased are recorded at their fair value at the date of the contribution if fair value can be reasonably estimated.

Volunteers contribute many hours each year to assist the Society in carrying out its activities. Because of the difficulty in determining their fair value and of the fact that such assistance is generally not otherwise purchased, contributed services of this nature are not recognized on the financial statements.

e) Financial Instruments

The Society's financial instruments consist of various assets and liabilities. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Credit Risk Management

The Society is exposed to credit risk on the accounts receivable from its members. However, because of the large number of members and different suppliers, credit risk concentration is minimal.

Interest Risk

Interest rate risk is the adverse affect a rise in interest rates could have on the Society's earnings. The Society does not have any material amounts to which interest may be applied.

Capital Management

The Society monitors its cash position to ensure funds are available to market Fernie as a tourist destination. The Society prepares an annual budget and monitor actual expenditures to this budget on a regular basis. The Society maintains an operating reserve to ensure if funding sources are reduced funds are available to meet outstanding commitments.

TOURISM FERNIE
Notes to Financial Statements
December 31, 2023

Fair Values

The carrying amount of accounts receivable, GST recoverable, prepaids, accounts payable, credit card payable and deferred revenue approximates their fair value because of the short term maturities of these items.

f) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

g) Budget

Budget numbers are unaudited. Budget numbers were prepared by management prior to the start of the fiscal year for planning purposes. Budget numbers are presented for information purposes only.

h) Operating Reserve

The operating reserve funds have been internally restricted to be used for an orderly winding up of the Society should it be put in a position where revenue is no longer sufficient to meet the Society's objectives.

i) Restricted Net Assets

The restricted net assets represent surplus revenues, primarily MRDT. Use of MRDT funds is restricted to provincial requirements under the MRDT Program and the approved five year business plan and annual tactical plans. For more information visit <https://www.destinationbc.ca/what-we-do/funding-sources/mrdt/>.

j) Unrestricted Net Assets

The unrestricted net assets represent revenues not restricted to any specific type of spending rules such as MRDT or grants tied to specific deliverables. The current revenues under this category were from TC Energy. MRDT is only collected on short-term stays under twenty-seven nights. TC Energy's Foothills Pipeline Project brought hundreds of workers in the valley over a two year period, many of which stayed in commercial accommodations for over twenty-seven nights, making the unit exempt from MRDT and also being unavailable to short-term visitors, especially during peak tourism season. Approximately one third of local commercial accommodation units were utilized for the project. To compensate for the loss in MRDT revenues, TC Energy committed to a calculated amount of \$150,000 for 2022 and another \$150,000 for 2023 to off-set the expected loss in MRDT revenues to Tourism Fernie.

TOURISM FERNIE
Notes to Financial Statements
December 31, 2023

3. Short Term Investments

Short term investments consist of interest bearing deposits at financial institutions.

	<u>2023</u>	<u>2022</u>
TD Business Investors Account - surplus and deferred revenues	\$ 417,385	\$ 470,173
TD Business Investors Account - operating reserve	<u>100,431</u>	<u>50,441</u>
	<u>\$ 517,816</u>	<u>\$ 520,614</u>

In the fiscal period the Board increased its restricted operating reserve to \$100,000 of the short term investments to be used for an orderly winding up of the Society. Of the above amount, the \$100,000 plus interest earned for a total of \$101,492 (2022 - \$53,604) is restricted for this operating reserve.

4. Capital Assets

		<u>2023</u>	<u>2022</u>
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 1,982	\$ 1,149	\$ 833
Computer equipment	16,175	9,926	6,249
Leasehold improvements	18,175	16,358	1,817
Computer software	3,201	3,201	
Show display equipment	6,423	5,961	462
Vehicle	<u>106,469</u>	<u>15,970</u>	<u>90,499</u>
	<u>\$ 152,425</u>	<u>\$ 52,565</u>	<u>\$ 99,860</u>
			<u>2022</u>
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 1,982	\$ 941	\$ 1,041
Computer equipment	9,987	8,575	1,412
Leasehold improvements	18,175	12,723	5,452
Computer software	3,201	3,201	
Show display equipment	<u>6,423</u>	<u>5,845</u>	<u>578</u>
	<u>\$ 39,768</u>	<u>\$ 31,285</u>	<u>\$ 8,483</u>

Leasehold improvements consisting of office expansion and renovations were completed during 2019.

5. Credit Card Payable

Credit card payable is for a TD Canada Trust credit card with an authorized limit of \$20,000. The balance carried on the card is secured by the TD Business Investors Account.

TOURISM FERNIE
Notes to Financial Statements
December 31, 2023

6. Deferred Revenue

Memberships paid in advance of the subsequent fiscal year have been recorded as deferred revenue and will be reported as revenue in accordance the revenue recognition accounting policy in the subsequent period. Partner co-op marketing and shuttle revenues for joint projects and revenues received for special projects spanning two or more fiscal periods have also been prorated based on project completion estimates. Grant revenue funds received for multi year projects that are unexpended during the period have been recorded as deferred revenue. In subsequent periods, as the funds are spent on the project, the funds will be recognized as revenue in the statement of operations in accordance with the revenue recognition accounting policy.

	<u>2023</u>	<u>2022</u>
Prepaid Memberships	\$ 200	\$
Deferred Grants for Marketing	3,350	3,256
Deferred Grants for RDEK Sustainable Tourism Projects	367,506	463,964
Deferred Shuttle Revenues	<u>21,182</u>	<u> </u>
	<u>\$ 392,238</u>	<u>\$ 467,220</u>

7. Deferred Capital Contributions

Deferred capital contributions are restricted contributions used to acquire capital assets with a useful life beyond one year. Deferred capital contributions are recognized as revenue in the statement of operations under destination management grants. The recognition of revenue is at the same rate that the asset acquired with the funds is amortized as an annual expense on the statement of operations. In 2023, the deferred capital contribution related to the purchase of the Ambassador WILD Ford F150 Lightning Truck from grant revenues.

8. TC Energy

MRDT is only collected short term stays under twenty-seven consecutive nights. TC Energy's Foothills Pipeline Project brought hundreds of workers in the valley many of which stayed in commercial accommodations for over twenty-seven nights, making the unit exempt from MRDT and also being unavailable to short-term visitors. Approximately one third of local commercial accommodation units were utilized for the project. To compensate for the loss in MRDT revenues, TC Energy committed to a calculated amount of \$150,000 for 2022 and another \$150,000 for 2023.

9. Destination Management Grant Revenue and Expenses

In 2023, Destination Management grant revenue and expenses were lower than budget due to some of the planned spending being delayed as some permits and approvals are still going through final approval processes related to the Sustainable Tourism Projects and Elk River Access Improvements Project. The grants were received in 2023 and prior, to support multi-year Destination projects, and any unspent grant revenue are recorded as deferred revenue (see Note 6) on the statement of financial position and will be recognized as revenue when the funds are utilized in 2024 and beyond.

TOURISM FERNIE
Notes to Financial Statements
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10. Administration

	<u>2023</u>	<u>2022</u>
Bank, Audit, Bookkeeping & Legal	\$ 17,883	\$ 18,440
Insurance	4,218	4,927
Membership, Governance & AGM	5,794	1,529
Office lease	1,557	951
Amortization	928	4,645
Office & Dues	20,497	9,478
Administration portion of salaries and wages	42,245	43,259
Telephone & IT	<u>8,708</u>	<u>4,917</u>
	<u>\$ 101,830</u>	<u>\$ 88,146</u>

The overall administration cost increased from 2022 primarily due to the growth of the Tourism Fernie staff team including office space, storage space and equipment, solving an email IT issue early in the year, and the expansion of the AGM event.

11. Commitment

The Society operations are located at the Visitor Information building at 102 Highway 3 Fernie, British Columbia. The building is owned by the City of Fernie and is being sublet to Tourism Fernie by the Fernie Chamber of Commerce. There is no rent on the office space. The costs associated with operating the building are shared on the basis of square footage occupied by Tourism Fernie, which has been determined at 12% of total space. The sublet agreement automatically renews and either party may terminate on 90 days' notice.

12. Economic Dependence

In the fiscal period 63% (2022 - 62%) of the Society's revenue came from the 3% Municipal and Regional District Tax (MRDT) and MRDT OAP. The current MRDT contract expires December 31, 2024. The MRDT is renewed every five years.

13. Current Period and Comparative Period Numbers

Certain comparative numbers have been reclassified to conform with the presentation adopted for 2023.

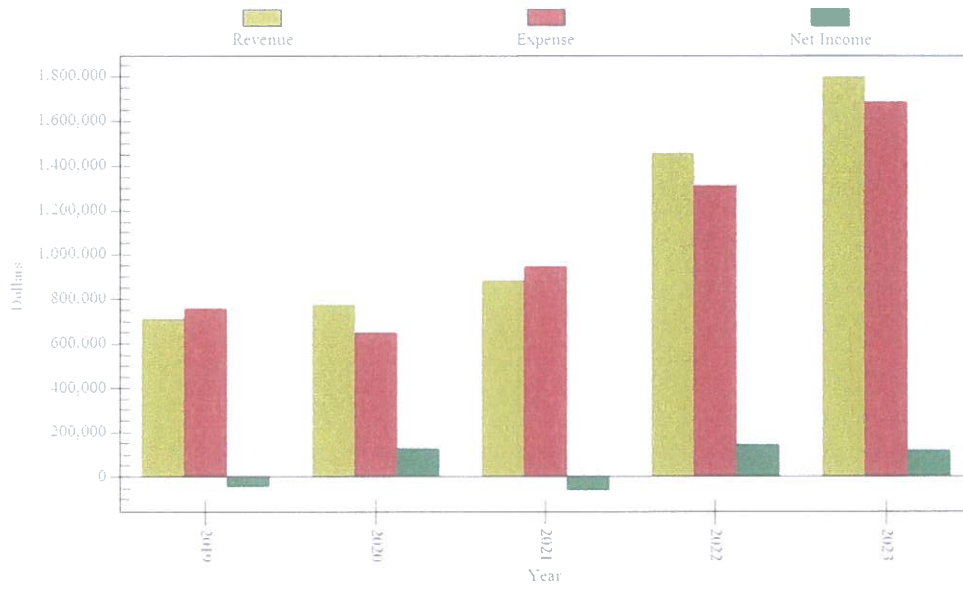
1. <https://tourismfernie.com/stakeholders/about-tourism-fernie>

2. <https://tourismfernie.com/stakeholders/resources>

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Notes to Financial Statements
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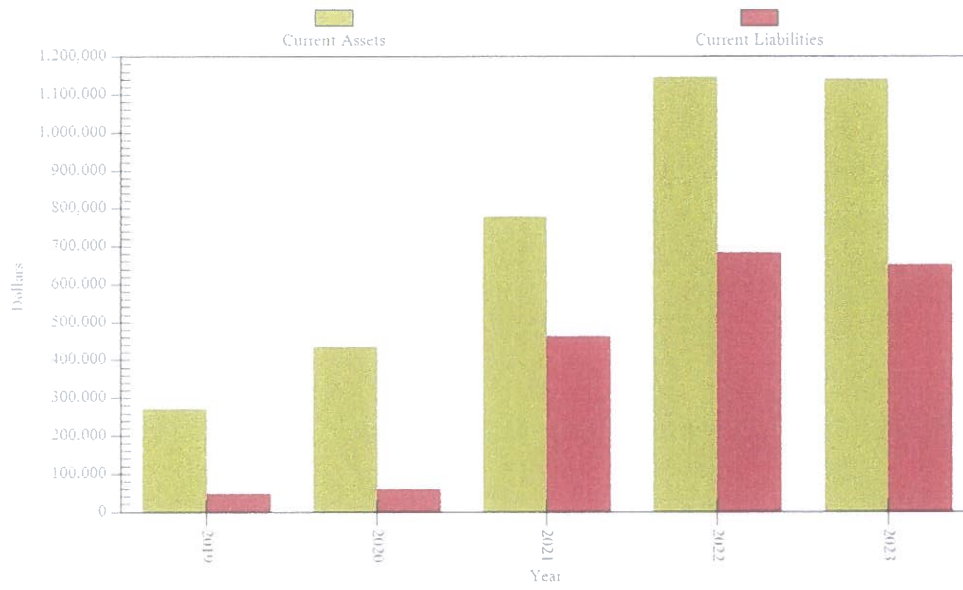
TOURISM FERNIE
Graphs of Selected Financial Information
December 31, 2023

Revenue Expense and Net Income



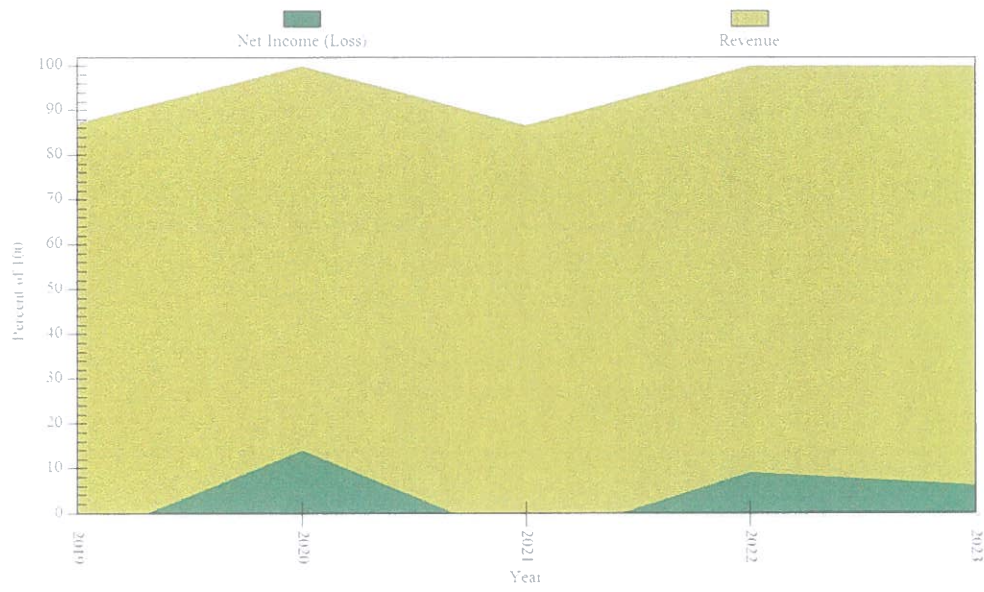
TOURISM FERNIE
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Comparative Working Capital



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Net Income As a Percentage of Revenue



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Graphs of Selected Financial Information
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Comparative Summarized Balance Sheet

