

TOURISM FERNIE SOCIETY

DBA TOURISM FERNIE

Financial Statements

For the Year Ended December 31, 2025

TOURISM FERNIE
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December 31, 2025

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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.

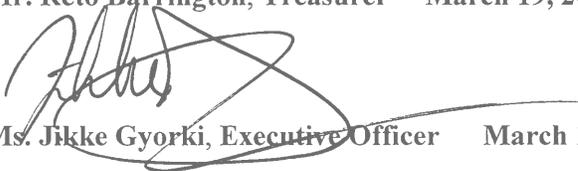
The ultimate responsibility for the financial statements lies with the Board of Directors. The Board reviewed the financial statements with management in detail and the Board approved the financial statements for release.

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. Reto Barrington, Treasurer March 19, 2026



Ms. Jikke Gyorki, Executive Officer March 19, 2026

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, 2025 and December 31, 2024, 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, 2025 and December 31, 2024, 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.

gpi

Chartered Professional Accountants
March 19, 2026
Fernie, B.C.

TOURISM FERNIE
Statement of Financial Position
As at December 31, 2025

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash	\$ 125,394	\$ 144,585
Short Term Investments (note 3)	167,544	327,238
Accounts Receivable	105,623	35,634
MRDT Receivable	179,290	194,945
GST Recoverable	8,835	5,725
Prepaid	<u>36,744</u>	<u>18,421</u>
	623,430	726,548
Capital Assets (note 4)	<u>68,688</u>	<u>92,775</u>
	<u>\$ 692,118</u>	<u>\$ 819,323</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Liabilities	\$ 175,817	\$ 80,315
Credit Card Payable (note 5)	8,608	
Deferred Revenue (note 6)	115,507	114,358
Deferred Capital Contributions (note 7)	<u>55,043</u>	<u>79,624</u>
	<u>354,975</u>	<u>274,297</u>

NET ASSETS

Investment in Equipment and Vehicle	13,644	13,150
Restricted Net Assets	110,128	212,605
Operating Reserve	106,371	104,271
Unrestricted Net Assets	<u>107,000</u>	<u>215,000</u>
	<u>337,143</u>	<u>545,026</u>
	<u>\$ 692,118</u>	<u>\$ 819,323</u>

Approved on behalf of the board



TOURISM FERNIE
Statement of Operations
For the Year Ended December 31, 2025

	<u>2025</u>	<u>Unaudited Budget 2025</u>	<u>2024</u>
Revenue			
MRDT - Traditional	\$ 966,513	\$ 990,000	\$ 970,205
MRDT - OAP (AirBnB/VRBO/Other)	383,049	375,000	357,144
Stakeholder & Co-op Marketing	46,952	50,000	69,654
Membership Fees	2,200	1,000	2,200
Destination Management Grants (note 8)	431,300	721,000	493,525
Transportation/Shuttles	91,215	90,000	91,328
Interest Income	5,321	12,000	14,229
Other revenue	<u>150</u>	<u> </u>	<u> </u>
	<u>1,926,700</u>	<u>2,239,000</u>	<u>1,998,285</u>
Expenses			
Marketing Initiatives	910,115	960,381	925,375
Destination Management Initiatives (note 8)	882,970	1,246,339	751,135
Local Ski Shuttle Operations	118,154	120,000	143,691
Administration (note 9)	124,766	121,034	122,637
Provincial Tourism Events Program Fees	89,404	87,000	87,739
MRDT Ministry of Finance Fees	<u>9,174</u>	<u>12,300</u>	<u>11,924</u>
	<u>2,134,583</u>	<u>2,547,054</u>	<u>2,042,501</u>
Planned Overspending / Use of Reserves	<u>\$ (207,883)</u>	<u>\$ (308,054)</u>	<u>\$ (44,216)</u>

For details refer to Tourism Fernie's 2025 Fiscal Report.²

TOURISM FERNIE
Statement of Changes in Net Assets
For the Year Ended December 31, 2025

	<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>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 13,150	\$ 104,271	\$ 212,605	\$ 215,000	\$ 545,026	\$ 589,242
Excess (deficiency) of operations			(207,883)		(207,883)	(44,216)
Purchase of capital assets	4,172		(4,172)			
Amortization of capital assets	(28,259)		28,259			
Deferred capital contributions	24,581		(24,581)			
Interest earned on operating reserve		2,100	(2,100)			
Transfers from unrestricted net assets	_____	_____	108,000	(108,000)	_____	_____
Balance, end of year	<u>\$ 13,644</u>	<u>\$ 106,371</u>	<u>\$ 110,128</u>	<u>\$ 107,000</u>	<u>\$ 337,143</u>	<u>\$ 545,026</u>

TOURISM FERNIE
Statement of Cash Flows
For the Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
Operating Activities		
Excess (deficiency) of revenue over expenses	\$ (207,883)	\$ (44,216)
Add items not involving cash:		
Amortization	<u>28,259</u>	<u>34,966</u>
	<u>(179,624)</u>	<u>(9,250)</u>
Change in working capital:		
Change in Accounts Receivable	(69,990)	(12,023)
Change in MRDT Receivable	15,655	(15,136)
Change in GST Recoverable	(3,110)	2,426
Change in Prepaid	(18,323)	587
Change in accounts payable and accrued liabilities	95,501	(67,727)
Change in Credit card payable	8,608	(20,662)
Change in Deferred revenue	<u>(23,431)</u>	<u>(288,755)</u>
	<u>4,910</u>	<u>(401,290)</u>
	<u>(174,714)</u>	<u>(410,540)</u>
Financing Activities		
Short Term Investments	<u>159,694</u>	<u>190,578</u>
Investing Activities		
Purchase of equipment	<u>(4,172)</u>	<u>(27,880)</u>
Increase in cash during the year	(19,192)	(247,842)
Cash - beginning	<u>144,585</u>	<u>392,426</u>
Cash - ending	<u>\$ 125,393</u>	<u>\$ 144,584</u>
Supplemental disclosure of cash flow information		
	<u>2025</u>	<u>2024</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, 2025

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, 2025

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. Items costing less than \$1,500 are expensed in the year of acquisition. 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, 2025

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. MRDT is only collected on short-term stays under twenty-seven nights.

TOURISM FERNIE
Notes to Financial Statements
December 31, 2025

3. Short Term Investments

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

	<u>2025</u>	<u>2024</u>
TD Business Investors Account - surplus and deferred revenues	\$ 62,234	\$ 224,028
TD Business Investors Account - operating reserve	<u>105,310</u>	<u>103,210</u>
	<u>\$ 167,544</u>	<u>\$ 327,238</u>

Of the above amount, \$100,000 plus interest earned is designated for an operating reserve to be used for an orderly winding up of the Society. The balance of the operating reserve is \$106,371 (2024 - \$104,271) is restricted.

4. Capital Assets

	<u>2025</u>		<u>2024</u>
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 1,416	\$ 894	\$ 522
Computer equipment	10,360	4,237	6,123
Leasehold improvements	46,055	28,356	17,699
Computer software	3,201	3,201	
Vehicle	<u>106,469</u>	<u>62,125</u>	<u>44,344</u>
	<u>\$ 167,501</u>	<u>\$ 98,813</u>	<u>\$ 68,688</u>
			<u>2024</u>
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 1,982	\$ 1,330	\$ 652
Computer equipment	16,175	12,493	3,682
Leasehold improvements	46,055	20,963	25,092
Computer software	3,201	3,201	
Show display equipment	6,423	6,423	
Vehicle	<u>106,469</u>	<u>43,120</u>	<u>63,349</u>
	<u>\$ 180,305</u>	<u>\$ 87,530</u>	<u>\$ 92,775</u>

Leasehold improvements consisting of office expansion and renovations were completed during 2019. Leasehold improvements consisting of renovations at the VIC were completed during 2024.

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. When the credit card balance is in a debit balance, the amount is included in Prepaid on the balance sheet.

TOURISM FERNIE
Notes to Financial Statements
December 31, 2025

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>2025</u>	<u>2024</u>
Prepaid Memberships	\$ 200	\$
Deferred Grants for RDEK Sustainable Tourism Projects	72,857	114,358
Deferred Other Destination	24,000	
Deferred Shuttle Revenues	<u>18,450</u>	
	<u>\$ 115,507</u>	<u>\$ 114,358</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 2025, the deferred capital contribution related to the leasehold improvements to the office space of Tourism Fernie in addition to the AmbassadorWILD Ford F150 Lightning Truck acquired from grant revenues. In 2024, the deferred capital contribution related to the addition of leasehold improvements to the office space of Tourism Fernie in addition to the AmbassadorWILD Ford F150 Lightning Truck acquired in 2023 acquired from grant revenues. In 2023, the deferred capital contribution related to the purchase of the AmbassadorWILD Ford F150 Lightning Truck from grant revenues.

8. Destination Management Grant Revenue and Expenses

In 2025, Destination Management grant revenue and expenses were lower than budget due to recognizing some grant funding that wasn't yet confirmed that were not successful, and some of the planned spending, specifically the Elko Boat Launch Project and Dino Tour Project, as part of the RDEK Area A Sustainable Tourism Projects, being pushed to 2026. Some grants received in 2025 and prior years to support multi-year Destination projects, that were unspent and pushed to 2026, 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 2026 and beyond. In 2025 \$ (2024 \$85,000) of thses funds were utilized.

TOURISM FERNIE
Notes to Financial Statements
December 31, 2025

9. Administration

	<u>2025</u>	<u>2024</u>
Bank, Audit, Bookkeeping & Legal	\$ 19,958	\$ 16,922
Insurance	6,553	6,275
Membership, Governance & AGM	7,519	7,471
Office space & storage	4,611	3,687
Amortization	1,861	2,749
Office Supplies & Admin Software	16,036	14,925
Administration portion of salaries and wages	62,055	61,722
Telephone & IT	<u>6,103</u>	<u>8,886</u>
	<u>\$ 124,696</u>	<u>\$ 122,637</u>

The overall administration cost increased from 2024 due to increased software, audit and storage costs and increased insurance costs from adding cyber insurance to the policy.

10. Total Expenditure by Object

	<u>2025</u>	<u>2024</u>
Salaries, wages and benefits	\$ 533,267	\$ 528,577
External contracts	1,018,998	928,057
Materials, supplies and services	455,481	451,238
Amortization	28,259	34,966
Provincial Tourism Events Program Fees	89,404	87,739
MRDT Ministry of Finance Fees	<u>9,174</u>	<u>11,924</u>
	<u>\$ 2,134,583</u>	<u>\$ 2,042,501</u>

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 17% of total space. The sublet agreement automatically renews and either party may terminate on ninety days notice.

12. Economic Dependence

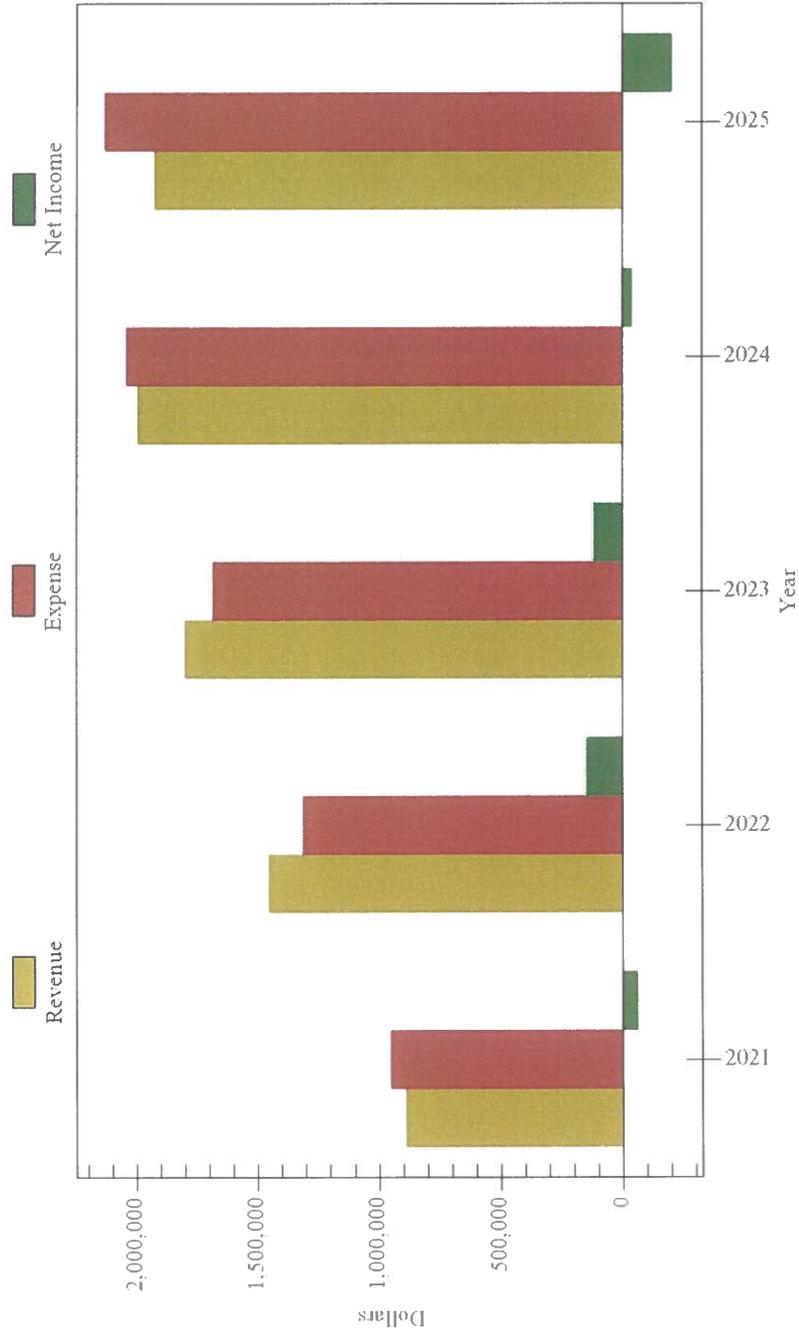
In the fiscal period 70% (2024 - 66%) of the Society's revenue came from the 3% Municipal and Regional District Tax (MRDT) collected by area accommodations. The current 5-year MRDT was renewed in 2024 for another 5-year term that started January 1, 2025 and ends December 31, 2029. The MDT is renewed every five years as required by the Province of BC. The next renewal process will begin in 2028.

13. Current Period and Comparative Period Numbers

Certain comparative numbers have been reclassified to conform with the presentation adopted for 2025.

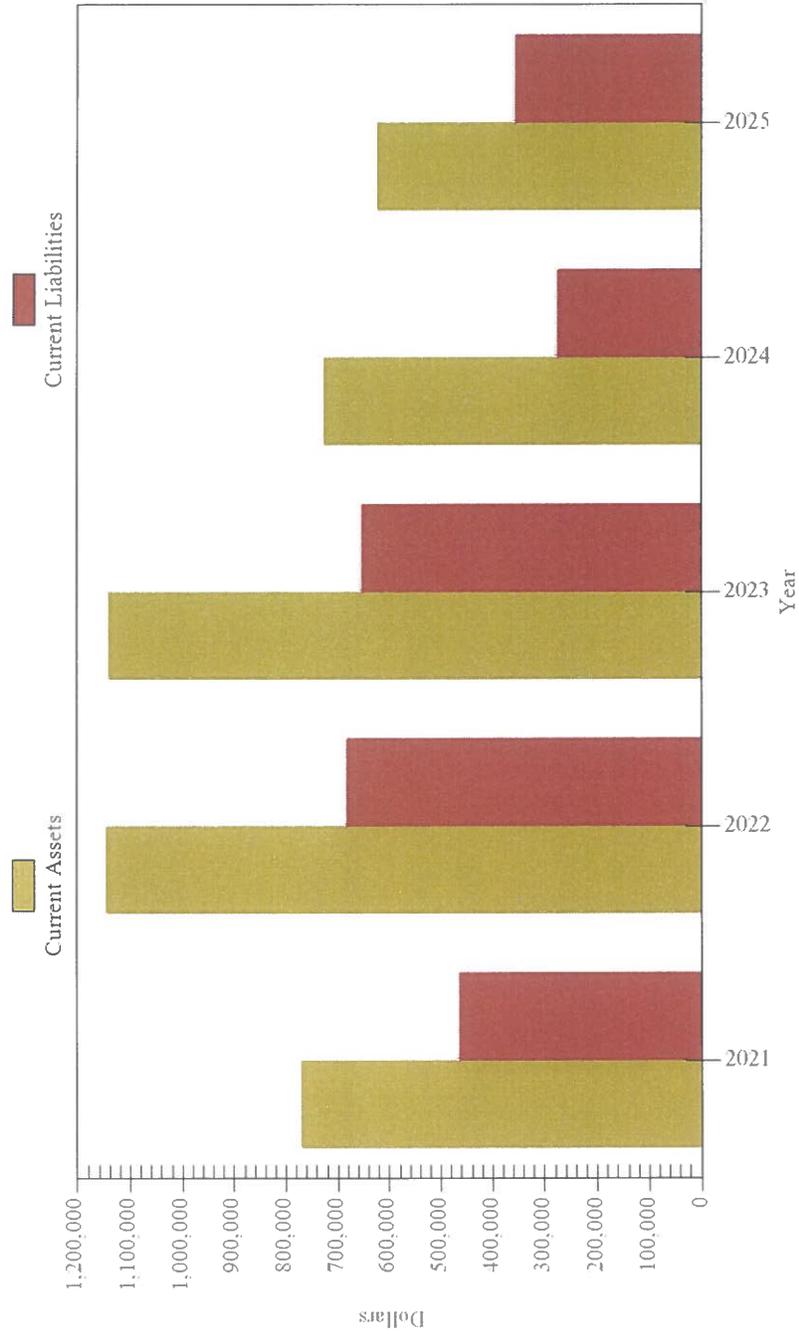
TOURISM FERNIE
Graphs of Selected Financial Information
December 31, 2025

Revenue Expense and Net Income



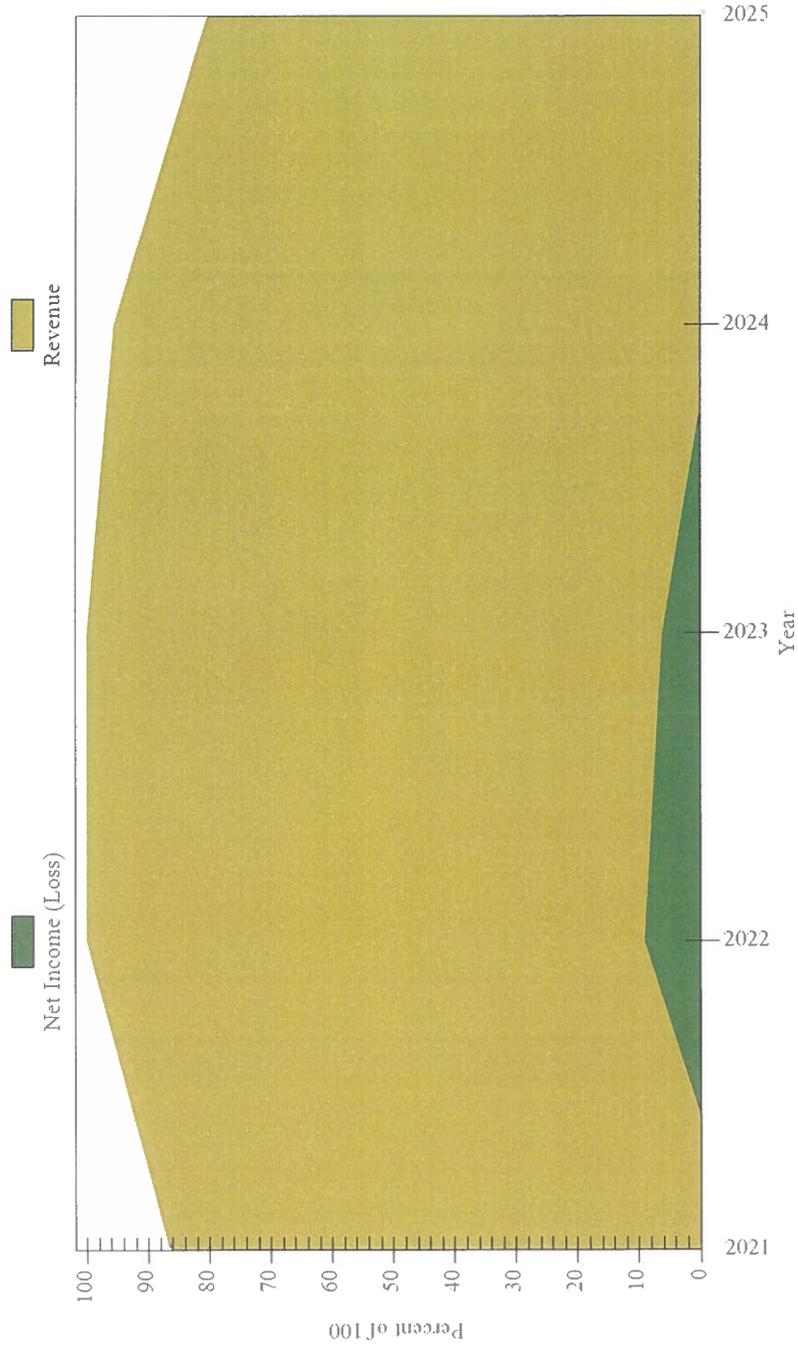
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Graphs of Selected Financial Information
December 31, 2025

Comparative Working Capital



TOURISM FERNIE
Graphs of Selected Financial Information
December 31, 2025

Net Income As a Percentage of Revenue



TOURISM FERNIE
Graphs of Selected Financial Information
December 31, 2025

Comparative Summarized Balance Sheet

