Calgary Hotel Association and Destination Marketing Fund

Financial Statements

December 31, 2025

To the Members of Calgary Hotel Association and Destination Marketing Fund:

Opinion

We have audited the financial statements of Calgary Hotel Association and Destination Marketing Fund (the "Association"), which comprise the statement of financial position as at December 31, 2025, and the statements of revenue, expenses and surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. These financial statements have been prepared using the basis of accounting disclosed in Note 2 to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting disclosed in Note 2 to the financial statements.

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 Association 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.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 of the financial statements, which describes the basis of accounting. These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian accounting standards for not-for-profit organizations, are solely for the information and use of the members of Calgary Hotel Association and Destination Marketing Fund. As a result, the financial statements may not be suitable for another purpose. The financial statements are not intended to be and should not be used by anyone other than specified users or for any other purpose.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting disclosed in Note 2 to the financial statements, 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

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 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 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

Calgary, Alberta

MNP LLP

May 5, 2026

Chartered Professional Accountants

MNP

Calgary Hotel Association and Destination Marketing Fund
Statement of Financial Position
As at December 31, 2025

	2025	*2024*
Assets		
Current		
Cash	**21,571,562**	13,509,075
Accounts receivable	**1,456,526**	1,671,218
Marketable securities	**-**	619,311
	23,028,088	15,799,604
Reserve fund *(Note 3)*	**5,416,296**	4,562,906
Capital assets	**30,674**	2,553
	28,475,058	20,365,063
Liabilities		
Current		
Accounts payable and accruals	**394,167**	143,210
Deferred revenue *(Note 4)*	**25,517,871**	16,685,171
	25,912,038	16,828,381
Reserve *(Note 3)*	**-**	1,600,000
	25,912,038	18,428,381
Commitments *(Note 5)*		
Surplus	**2,563,020**	1,936,682
	28,475,058	20,365,063

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

Calgary Hotel Association and Destination Marketing Fund
Statement of Revenue, Expenses and Surplus
For the year ended December 31, 2025

	2025	*2024*
Revenue		
Deferred revenue recognized	**18,247,296**	12,547,235
Interest income	**384,464**	554,518
Investment income	**241,875**	356,322
Membership revenue	**-**	7,500
	18,873,635	13,465,575
Direct expenses		
Tourism Calgary	**11,000,005**	5,000,000
Meetings, convention and IT	**4,410,500**	6,412,610
Marketing program costs	**1,250,871**	346,217
Sponsorships	**295,000**	250,000
	16,956,376	12,008,827
Excess of revenue over direct expenses	**1,917,259**	1,456,748
Operating expenses		
Salaries and benefits	**598,796**	382,374
Professional fees	**290,781**	185,717
Office	**125,502**	71,273
Trustee	**77,820**	70,865
Membership expenses	**57,609**	65,369
Committee	**48,721**	10,765
Rent	**29,806**	31,285
Scholarships and sponsorship	**20,650**	27,865
Investment management fees	**14,122**	16,532
Bank charges	**13,576**	875
Amortization	**10,429**	-
Insurance	**3,109**	13,742
Bad debts	**-**	10,514
	1,290,921	887,176
Excess of revenue over expenses	**626,338**	569,572
Surplus, beginning of year	**1,936,682**	1,367,110
Surplus, end of year	**2,563,020**	1,936,682

The accompanying notes are an integral part of these financial statements

Calgary Hotel Association and Destination Marketing Fund
Statement of Cash Flows
For the year ended December 31, 2025

	2025	*2024*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**626,338**	569,572
Non-cash items		
Amortization	**10,429**	-
	636,767	569,572
Changes in working capital accounts		
Accounts receivable	**214,692**	(217,553)
Accounts payable and accruals	**250,957**	(41,995)
Deferred revenue	**8,832,700**	1,809,539
	9,935,116	2,119,563
Investing		
Purchase of capital assets	**(38,550)**	(1,576)
Increase in reserve fund	**(2,453,390)**	(1,728,852)
Redemption of marketable securities	**619,311**	1,389,889
	(1,872,629)	(340,539)
Increase in cash resources	**8,062,487**	1,779,024
Cash resources, beginning of year	**13,509,075**	11,730,051
Cash resources, end of year	**21,571,562**	13,509,075

The accompanying notes are an integral part of these financial statements

1. Nature of operations

The Destination Marketing Fund (the "Fund") is an operating program of the Calgary Hotel Association (the "Association"). The Calgary Hotel Association is registered as a not-for-profit organization under the Societies' Act of Alberta and is exempt from income taxes.

The Association has been created by participating Calgary Hotel Association members in part for the purpose of funding the acquisition and/or activation of marketing programs and services that promote Calgary as a destination for leisure and business travel. The Association is maintained and operated under the direction of the Board of Directors.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared by management in accordance with the Trust and Governance Agreement and the Operational Program Participation Agreement. Because the precise determination of many assets, liabilities, revenues and expenses are dependent on future events, the preparation of financial statements for a period necessarily includes the use of estimates and approximations which have been made using careful judgement. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Cash

Cash consists of cash and deposits with banks.

Marketable securities

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. They consist of GIC which are traded in the public markets.

Investments

Long-term investments are portfolio investments recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market. They have been classified as long-term assets in concurrence with the nature of the investment.

Revenue recognition

The Association records marketing fees calculated in accordance with the Operational Program Participation Agreement, based on representations from the member hotels. Marketing fees received are recorded as deferred revenues until the monies are spent on marketing initiatives as outlined in the Operational Program Participation Agreement. The Association recognizes all other revenues on the accrual basis.

Expenditures

The Association contributes various amounts to projects and partners as a part of its nature of operations. As the Association does not have control on how this funding is used after commitment is established, amounts are expensed at the earlier of when the payment is made or the completion of the project.

3. Reserve fund

The reserve fund is composed of the following investments measured at fair value:

	2025	*2024*
Canadian account		
Cash and cash equivalents	**93,603**	-
Fixed income	**2,078,579**	4,562,906
Equity	**1,405,799**	-
	3,577,981	4,562,906
U.S. account		
Cash and cash equivalents	**52,073**	-
Equity	**1,786,242**	-
	1,838,315	-
	5,416,296	4,562,906

The Association requires that no less than the average of six months of accounts payable and twelve months of administrative expenses be set up as a reserve fund. The Board of Directors may require that additional funds be added to the reserve to fund obligations consistent with the Trust and Governance Agreement and the By-laws of the Association.

A reserve fund liability of $1,600,000, was created in 2017 to meet opportunity funding obligations. As that liability has been met, the corresponding amount was transferred back to deferred revenue in the year.

In accordance with the Operational Program Participation Agreement, earnings of the reserve fund investments are for purposes of destination marketing services and are therefore included in general revenues of the Association.

4. Deferred revenue

Deferred revenue consists of unspent funds that the Fund is required to spend on marketing initiatives as outlined in the Operational Program Participation Agreement. Changes in the deferred revenue balance are as follows:

	2025	*2024*
Balance, beginning of year	**16,685,171**	14,875,632
Marketing fees received or receivable from members during the year	**25,479,996**	14,356,774
Transfer of reserve (Note 3)	**1,600,000**	-
Less: amounts recognized as revenue during the year	**(18,247,296)**	(12,547,235)
Balance, end of year	**25,517,871**	16,685,171

At a Special Meeting held on December 10, 2024, a resolution was approved to change the Destination Marketing Fee of the Destination Marketing Fund (DMF) from 3% - 6% effective on April 1, 2025.

5. Commitments

As part of normal operations, the Association has entered into master funding agreements with Tourism Calgary with annual funding commitments. In addition, the Fund regularly enters into a variety of other marketing commitments which extend into future periods.

6. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest rate, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Association is exposed to interest rate cash flow risk with respect to its reserve fund which generates income at variable interest rates.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The Association manages its credit risk by monitoring accounts on a monthly basis and processing allowances for potentially uncollectible accounts receivable.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association enters into transactions to purchase widely-held marketable securities, for which the market price fluctuates. As at December 31, 2025, the Association is exposed to market risk for fluctuating values of its publicly traded marketable securities. The Association has no control over these fluctuations and does not hedge its investments.

Foreign currency risk

Because a portion of the Association's investment portfolio is denominated in foreign currencies, the Association is exposed to fluctuations in those currencies. As at December 31, 2025, the following items are denominated in US Dollar currency:

	2025 CAD$	*2024 CAD$*
Investments	**1,838,315**	-