

**Calgary Hotel Association and Destination Marketing Fund**  
**Financial Statements**  
*December 31, 2023*

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, 2023, and the statements of revenues, 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, 2023, 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.

Edmonton, Alberta

April 18, 2024

*MNP LLP*

Chartered Professional Accountants

# Calgary Hotel Association and Destination Marketing Fund

## Statement of Financial Position

*As at December 31, 2023*

	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash	11,730,051	9,832,932
Marketable securities	1,418,029	-
Accounts receivable	1,453,665	1,599,065
	<b>14,601,745</b>	11,431,997
<b>Marketable securities</b>	<b>591,171</b>	-
<b>Reserve fund (Note 3)</b>	<b>2,834,054</b>	2,587,075
<b>Capital assets</b>	<b>977</b>	977
	<b>18,027,947</b>	14,020,049
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	185,205	260,127
Deferred revenue (Note 4)	14,875,632	11,179,280
CEBA loan	-	40,000
	<b>15,060,837</b>	11,479,407
<b>Reserve (Note 3)</b>	<b>1,600,000</b>	1,600,000
	<b>16,660,837</b>	13,079,407
<b>Commitments (Note 5)</b>		
<b>Surplus</b>	<b>1,367,110</b>	940,642
	<b>18,027,947</b>	14,020,049
<b>Approved on behalf of the Board</b>		
<i>sigend by "Sarah Henshaw"</i>	<i>sigend by "Danny Marshall"</i>	
<b>Director</b>	<b>Director</b>	

*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, 2023*

	2023	2022
<b>Revenue</b>		
Deferred revenue recognized (Note 4)	9,914,207	5,043,178
Interest income	426,140	114,256
Investment income (loss)	338,703	(229,504)
Membership revenue	4,837	9,000
	<b>10,683,887</b>	<b>4,936,930</b>
<b>Direct expenses</b>		
Tourism Calgary	5,000,000	4,000,000
Meetings, convention and IT	4,239,495	222,656
Marketing program costs	396,584	111,796
	<b>9,636,079</b>	<b>4,334,452</b>
<b>Excess of revenue over direct expenses</b>	<b>1,047,808</b>	<b>602,478</b>
<b>Operating expenses</b>		
Salaries and benefits	311,496	272,502
Professional fees	89,548	60,960
Trustee	50,000	50,000
Office	49,420	24,933
Membership expenses	37,449	13,879
Rent	27,641	27,715
Scholarships and sponsorship	22,000	9,500
Investment management fees	15,757	15,870
Insurance	15,121	13,423
Committee	1,678	131
Bank charges	855	229
Bad debts	375	375
	<b>621,340</b>	<b>489,517</b>
<b>Excess of revenue over expenses</b>	<b>426,468</b>	<b>112,961</b>
<b>Surplus, beginning of year</b>	<b>940,642</b>	<b>827,681</b>
<b>Surplus, end of year</b>	<b>1,367,110</b>	<b>940,642</b>

*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, 2023*

	2023	2022
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	426,468	112,961
Changes in working capital accounts		
Accounts receivable	145,400	(711,602)
Accounts payable and accruals	(74,922)	200,615
Deferred revenue	3,696,352	5,196,142
	<b>4,193,298</b>	<b>4,798,116</b>
<b>Financing</b>		
Repayment of CEBA loan	(40,000)	-
<b>Investing</b>		
Increase in reserve fund	(246,979)	-
Decrease in reserve fund	-	246,167
Investment in marketable securities	(2,009,200)	-
	<b>(2,256,179)</b>	<b>246,167</b>
<b>Increase in cash resources</b>	<b>1,897,119</b>	<b>5,044,283</b>
<b>Cash resources, beginning of year</b>	<b>9,832,932</b>	<b>4,788,649</b>
<b>Cash resources, end of year</b>	<b>11,730,051</b>	<b>9,832,932</b>

*The accompanying notes are an integral part of these financial statements*

# Calgary Hotel Association and Destination Marketing Fund

## Notes to the Financial Statements

For the year ended December 31, 2023

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### 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 and the Destination Marketing Fund Committee.

### 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 GICs which are traded in the public markets.

#### ***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 Association requires that no less than 15% of funds collected over a three-year term 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. The reserve fund consists of investments in mutual funds. The corresponding funds initially invested are presented as long-term deferred revenue in the statement of financial position.

The investments are carried at their fair value. 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.

# Calgary Hotel Association and Destination Marketing Fund

## Notes to the Financial Statements

*For the year ended December 31, 2023*

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### 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:

	<b>2023</b>	2022
Balance, beginning of year	<b>11,179,280</b>	5,983,138
Marketing fees received or receivable from members during the year	<b>13,610,559</b>	10,239,320
Less: amount recognized as revenue during the year	<b>(9,914,207)</b>	(5,043,178)
Balance, end of year	<b>14,875,632</b>	11,179,280

### 5. Commitments

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