

LETHBRIDGE DESTINATION MANAGEMENT ORGANIZATION SOCIETY
Financial Statements
Year Ended December 31, 2023

LETHBRIDGE DESTINATION MANAGEMENT ORGANIZATION SOCIETY
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Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Lethbridge Destination Management Organization Society

Qualified Opinion

We have audited the financial statements of Lethbridge Destination Management Organization Society (the organization), which comprise the statement of financial position as at December 31, 2023, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

The Organization's financial statements from 2018 included a period when the funds were controlled by the City of Lethbridge. We were unable to satisfy ourselves concerning the possibility of material misstatements in the opening balances for certain property and net assets. As a result, we were unable to determine whether any adjustments might have been found necessary. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the 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 qualified audit opinion.

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 ASNPO, 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report to the Members of Lethbridge Destination Management Organization
Society (continued)

Those charged with governance are responsible for overseeing the organization'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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

Moriyama Wolsey LLP

Lethbridge, Alberta
March 22, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

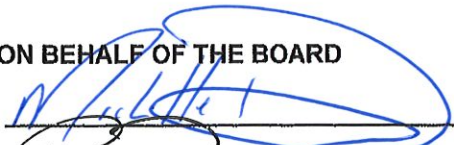
LETHBRIDGE DESTINATION MANAGEMENT ORGANIZATION SOCIETY


Statement of Financial Position

December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 338,741	\$ 352,589
Accounts receivable	13,338	513
Goods and services tax recoverable	14,250	8,521
Prepaid expenses	19,880	21,695
	386,209	383,318
CAPITAL ASSETS (Note 4)	27,710	39,504
	\$ 413,919	\$ 422,822
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 52,183	\$ 49,745
Employee deductions payable	8,467	7,444
Deferred grant income	76,000	36,775
Covid grant liability (Note 6)	-	60,000
	136,650	153,964
NET ASSETS		
Unrestricted	249,559	229,354
Invested in capital assets	27,710	39,504
	277,269	268,858
	\$ 413,919	\$ 422,822

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

See notes to financial statements

LETHBRIDGE DESTINATION MANAGEMENT ORGANIZATION SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2023

	Unrestricted		Invested in Capital Assets		2023	2022
NET ASSETS - BEGINNING OF YEAR	\$	229,354	\$	39,504	\$	268,858
EXCESS OF REVENUES OVER EXPENSES		8,411		-	8,411	22,252
Net additions to capital assets		(2,694)		2,694	-	-
Amortization of capital assets		14,488		(14,488)	-	-
NET ASSETS - END OF YEAR	\$	249,559	\$	27,710	\$	277,269

See notes to financial statements

LETHBRIDGE DESTINATION MANAGEMENT ORGANIZATION SOCIETY**Statement of Revenues and Expenditures****Year Ended December 31, 2023**

	2023	2022
REVENUES		
Fees	\$ 732,400	\$ 630,892
Grants	726,844	330,675
	1,459,244	961,567
EXPENSES		
Salaries and wages	456,171	496,714
Contract services	316,803	46,309
Marketing expenses	265,435	186,185
Public Relations & Hosting	206,926	77,625
Computer-related expenses	71,531	15,256
Travel	48,963	31,469
Premise expenses	36,454	35,469
Professional fees	11,946	17,660
Office	11,079	5,869
Telephone & internet	6,847	7,053
Special initiatives	5,000	1,750
Insurance	2,777	2,628
Meeting expenses	2,152	1,004
Interest and bank charges	799	640
Amortization	14,488	16,192
	1,457,371	941,823
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	1,873	19,744
OTHER INCOME	6,538	2,508
EXCESS OF REVENUES OVER EXPENSES	\$ 8,411	\$ 22,252

See notes to financial statements

LETHBRIDGE DESTINATION MANAGEMENT ORGANIZATION SOCIETY**Statement of Cash Flows****Year Ended December 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 8,411	\$ 22,252
Item not affecting cash:		
Amortization of capital assets	14,488	16,192
	22,899	38,444
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	2,438	36,781
Accounts receivable	(12,825)	33,459
Prepaid expenses	1,815	(11,601)
Goods and services tax payable	(5,729)	(199)
Deferred grant income	39,225	(11,000)
Employee deductions payable	1,023	(1,130)
Covid grant liability	(60,000)	-
	(34,053)	46,310
Cash flow from (used by) operating activities	(11,154)	84,754
INVESTING ACTIVITY		
Purchase of capital assets	(2,694)	-
INCREASE (DECREASE) IN CASH FLOW	(13,848)	84,754
Cash - beginning of year	352,589	267,835
CASH - END OF YEAR	\$ 338,741	\$ 352,589
CASH CONSISTS OF:		
Cash	\$ 338,741	\$ 352,589

See notes to financial statements

LETHBRIDGE DESTINATION MANAGEMENT ORGANIZATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

1. PURPOSE OF THE ORGANIZATION

The Organization is a non-profit organization incorporated without share capital under the Societies Act of Alberta. The organization promotes Lethbridge, Alberta as a destination. The Association is exempt from income taxes under section 149(1)(l) of the Canadian Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue recognition

Lethbridge Destination Management Organization Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from fees for service are recognized when the services are provided. Amounts received for the following years work is deferred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, held by financial institutions in operating accounts, cheques issued in excess of cash on deposit.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis or straight-line at the following rates and methods:

Computer equipment	55%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	5 years	straight-line method

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Net assets

- a) Net assets invested in capital assets represents the unamortized portion of capital assets purchased with unrestricted resources, less debt, less unamortized deferred contributions.
- b) Unrestricted net assets represents the Organization's accumulated surplus.

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LETHBRIDGE DESTINATION MANAGEMENT ORGANIZATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

3. ECONOMIC DEPENDENCE

The Association is economically dependent on the City of Lethbridge for funds to operate. 50% (62% - 2022) of the revenue is from the City of Lethbridge.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	\$ 23,767	\$ 22,654	\$ 1,113	\$ 2,473
Furniture and fixtures	18,885	11,483	7,402	6,222
Leasehold improvements	58,070	38,875	19,195	30,809
	\$ 100,722	\$ 73,012	\$ 27,710	\$ 39,504

5. GOING CONCERN

The Association's income mostly comes from the City of Lethbridge and Travel Alberta in the form of fundings and grants. The absence of a confirmed contract poses a risk to future operational stability.

The contract with the City of Lethbridge expired on December 31, 2022, and as of March 22, 2024, there is no new contracts signed. The Travel Alberta fundings are on an annual basis.

LETHBRIDGE DESTINATION MANAGEMENT ORGANIZATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

6. COVID-19 GRANT

In October 2020, the organization received a \$60,000 COVID-19 grant from Travel Alberta to cover qualifying operational expenses enabling them to continue operations during the period June 1, 2020 to December 31, 2020. The organization should be receiving reduced or limited funding and revenue. One of the objectives of the grant as per the Partnership Agreement was to cover these operational expenses that cannot be covered within existing funds or through alternative relief funding programs. In the prior year, the organization still did not meet these criteria as all its expenses were fully covered by the City of Lethbridge fee for service. As such, none of the grant proceeds was recognized as income.

In January 24, 2023, a letter from Travel Alberta was received regarding the amendments of the objectives of the grant. This grant is recognized as revenue this period.

7. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2023.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from the City of Lethbridge.
