Financial Statements of

SASKATOON DESTINATION MARKETING HOTELS INC.

And Independent Auditor's Report thereon

Year ended December 31, 2024

KPMG LLP
500-475 2nd Avenue South
Saskatoon Saskatchewan S7K 1P4
Canada
Tel (306) 934-6200
Fax (306) 934-6233

INDEPENDENT AUDITOR'S REPORT

To the Directors of Saskatoon Destination Marketing Hotels Inc.

Opinion

We have audited the financial statements of Saskatoon Destination Marketing Hotels Inc. (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations and its 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 auditor's 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 the 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 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 the 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 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 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.

- 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.

KPMG LLP

Chartered Professional Accountants
Saskatoon, Canada
March 27, 2025

SASKATOON DESTINATION MARKETING HOTELS INC.

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	$ 15,931	$ 295,646
Accounts receivable (note 2)	639,656	490,689
Investment (note 3)	209,781	–
	865,368	786,335
	$ 865,368	$ 786,335
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	$ –	$ 26,055
Destination Marketing Program payable (note 6)	645,750	550,000
	645,750	576,055
Net assets:		
Restricted	$ 200,000	$ 200,000
Unrestricted	19,618	10,280
	219,618	210,280
	$ 865,368	$ 786,335

See accompanying notes to financial statements.

On behalf of the Board:

Adam Peterson Director

Vanessa Kosteroski Director

SASKATOON DESTINATION MARKETING HOTELS INC.
Statements of Operations

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Destination Marketing Agreement contributions (note6)	$ 3,903,483	$ 3,694,893
Investment income	15,544	5,726
Restricted contributions	–	200,000
	3,919,027	3,900,619
Expenses:		
Destination Marketing Program disbursements (note 6)	$ 3,825,000	$ 3,656,496
Hotel memberships (note 6)	34,627	33,504
Legal and professional fees	29,426	–
Trustee fees (note 6)	20,000	–
Bank charges	636	339
	3,909,689	3,690,339
Excess of revenues over expenses	$ 9,338	$ 210,280

See accompanying notes to financial statements

SASKATOON DESTINATION MARKETING HOTELS INC.

Statement of Changes in Net Assets

Year ended December 31, 2024, with comparative information for 2023

	Restricted	Unrestricted	2024 total	2023 total
Balance, beginning of year	$ 200,000	$ 10,280	$ 210,280	$ –
Excess of revenues over expenses	–	9,338	9,338	210,280
Balance, end of year	200,000	$ 19,618	$ 219,618	210,280

See accompanying notes to financial statements.

SASKATOON DESTINATION MARKETING HOTELS INC.

Statements of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	$ 9,338	$ 210,280
Change in non-cash operating working capital		
Accounts receivable	(148,967)	(490,689)
Accounts payable and accrued liabilities	(26,055)	26,055
Destination Marketing Program payable	95,750	550,000
	(69,934)	295,646
Financing Activities:		
Purchase of investment	(209,781)	–
Net increase in cash and cash equivalents	(279,715)	295,646
Cash and cash equivalents, beginning of year	295,646	–
Cash and cash equivalents, end of year	$ 15,931	$ 295,646

See accompanying notes to financial statements.

Saskatoon Destination Marketing Hotels Inc. (the "Organization") incorporated on August 28, 2019 under the *Non-Profit Corporations Act of Saskatchewan*. The Organization has Destination Marketing Agreements effective January 1, 2023 with its twenty-four participating members for the purpose of marketing Saskatoon to potential visitors, including the attractions, entertainment, and special events associated with the Saskatoon area.

The Organization signed an agreement effective January 1, 2023 to December 31, 2025 with Saskatoon Visitor & Convention Bureau Inc. (the "Bureau"), to increase total overnight visitation and expenditures in Saskatoon. Under the agreement, the Organization provides funding to the Bureau as the service provider of the Destination Marketing Program and the Bureau provides destination marketing services to the Organization.

On January 1, 2023, the organization commenced administration of the Destination Marketing Program agreement under the operating name of Saskatoon Destination Marketing Hotels Inc.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Standards in Part III of the CICA Handbook.

(a) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

(b) Financial instruments:

Financial assets and liabilities, including cash and cash equivalents, accounts receivable, investment, accounts payable and accrued liabilities and Destination Marketing Program payable are initially recognized at fair value and their subsequent measurement is recorded at amortized cost. Instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

1. Significant accounting policies (continued):

(b) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Bureau expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(c) Net assets:

Unrestricted net assets represent amounts available for ongoing operation of the Organization.

Restricted net assets represent the reserve fund the Organization is required to maintain under the Destination Marketing Program for the purpose of paying for any accrued but unpaid costs incurred by the service provider, the Bureau, in providing services prior to the expiry or termination of the agreement.

(d) Revenue recognition:

The Organization recognizes revenue from contributions from its participating members as earned based on the terms of the Destination Marketing Agreement between the Organization and its members.

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.

Unrestricted investment income is recognized as revenue when earned.

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of accounts receivable and accrued liabilities. Actual results could differ from those estimates.

2. Accounts receivable:

	2024	2023
Destination Marketing Agreement receivables (note 6)	$ 606,853	$ 456,899
GST and PST receivable	27,575	–
Other	5,228	33,790
	$ 639,656	$ 490,689

3. Investment:

Investment, which is carried at amortized cost, consists of a term deposit with a major Canadian financial institution which bear interest at a rate of 5.25% with a maturity date of January 25, 2025.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $nil (2023 - $26,055), which includes amounts payable for GST and PST.

5. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2023.

5. Financial risks and concentration of credit risk (continued):

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss. The Organization is exposed to credit risk with respect to accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. Credit risk related to cash and investments is minimized by dealing with financial institutions that have strong credit ratings. There has been no change to the risk exposure from 2023.

(c) Interest rate risk:

The Organization is exposed to interest rate risk arising from fluctuation in interest rates on amounts invested in interest bearing accounts. Risk exposure is limited due to the short-term duration of cash and investments. There has been no change to the risk exposure from 2023.

(d) Fair value:

The carrying value of the Organization's financial assets and liabilities, including cash and cash equivalents, accounts receivable, investment, accounts payable and accrued liabilities and Destination Marketing Program payable approximate fair value due to the short-term maturity of these items.

6. Related entities:

During the year the Organization received Destination Marketing Agreement contributions of $3,903,483 (2023 - $3,694,893) from members of the Organization. At December 31, 2024 $606,853 (2023 - $456,899) is included in accounts receivable from these members.

By virtue of the signed agreement between the Bureau and the Organization, the Bureau is a related entity.

During the year the Organization paid Destination Marketing Program disbursements of $3,825,000 (2023 - $3,656,496), memberships of $34,267 (2023 - $33,504) and Trustee fees of $20,000 (2023 – $nil) to the Bureau. At December 31, 2024 $ 645,750 (2023 - $550,000) is included in Destination Marketing Program payable to the Bureau.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2024 financial statements.