

**Surrey Tourism & Convention Association
(DBA) Discover Surrey
Financial Statements**
For the year ended December 31, 2024

**Surrey Tourism & Convention Association
(DBA) Discover Surrey
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For the year ended December 31, 2024

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To the Members of Surrey Tourism & Convention Association:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Surrey Tourism & Convention Association (the "Association"), which comprise the statement of financial position as at 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 the Association as at December 31, 2024, and the results of its 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 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.

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 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.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Surrey, British Columbia

April 25, 2025

MNP LLP

Chartered Professional Accountants

MNP

**Surrey Tourism & Convention Association
(DBA) Discover Surrey
Statement of Financial Position**

As at December 31, 2024

	2024	2023
Assets		
Current		
Cash	688,226	886,964
Guaranteed Investment Certificates (Note 3)	478,862	458,228
Contributions receivable	570,343	504,229
Prepaid expenses	1,758	1,948
	1,739,189	1,851,369
Restricted cash (Note 4)	975,000	873,572
	2,714,189	2,724,941
Liabilities		
Current		
Accounts payable and accruals (Note 5)	241,675	280,745
Deferred contributions (Note 6)	-	73,572
Canada Emergency Business Account (Note 7)	-	40,000
	241,675	394,317
Credit facility (Note 8)		
Subsequent event (Note 9)		
Net Assets		
Unrestricted	1,497,514	1,530,624
Internally restricted (Note 4)	975,000	800,000
	2,472,514	2,330,624
	2,714,189	2,724,941
Approved on behalf of the Board		
e-Signed by Kristin Bishop	e-Signed by Tom Doull	
<u>2025-04-25 09:24:42:42 PDT</u>	<u>2025-04-25 09:02:51:51 PDT</u>	
Director	Director	

The accompanying notes are an integral part of these financial statements

Surrey Tourism & Convention Association
(DBA) Discover Surrey
Statement of Operations

For the year ended December 31, 2024

	2024	2023
Revenue		
Hotel room tax	1,886,069	1,901,214
Tourism White Rock	73,572	10,401
Grants	44,034	34,209
Interest on guaranteed investment certificates	20,633	17,047
Other revenue	-	15,503
	2,024,308	1,978,374
Expenses		
Automotive	17,492	19,036
Contracted services	84,384	-
Facility operations	42,230	54,200
Insurance	5,859	5,440
Marketing and promotion	1,179,155	998,704
Meetings	23,440	14,738
Office and miscellaneous	87,100	98,571
Professional fees	63,075	44,262
Tourism White Rock	-	8,481
Travel	3,679	7,252
Visitor services	22,185	9,153
Wages and benefits	353,708	313,560
	1,882,307	1,573,397
Excess of revenue over expenses before other items	142,001	404,977
Other items		
Foreign exchange loss	(3,114)	(1,449)
Recovery of GST claim	3,003	-
Excess of revenue over expenses	141,890	403,528

The accompanying notes are an integral part of these financial statements

Surrey Tourism & Convention Association
(DBA) Discover Surrey)
Statement of Changes in Net Assets
For the year ended December 31, 2024

	<i>Unrestricted</i>	<i>Internally restricted</i>	<i>2024</i>	<i>2023</i>
Net assets, beginning of year	1,530,624	800,000	2,330,624	1,927,096
Excess of revenue over expenses	141,890	-	141,890	403,528
Interfund transfers <i>(Note 4)</i>	(175,000)	175,000	-	-
Net assets, end of year	1,497,514	975,000	2,472,514	2,330,624

The accompanying notes are an integral part of these financial statements

Surrey Tourism & Convention Association
(DBA) Discover Surrey
Statement of Cash Flows
For the year ended December 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	141,890	403,528
Accrued interest on guaranteed investment certificates	(20,634)	-
	121,256	403,528
Changes in working capital accounts		
Contributions receivable	(66,114)	(54,760)
Prepaid expenses	190	857
Accounts payable and accruals	(39,070)	(119,540)
Deferred contributions	(73,572)	(25,904)
	(57,310)	204,181
Financing		
Repayment of long-term debt	(40,000)	-
Investing		
Purchase of guaranteed investment certificates	-	(355,850)
Proceeds on maturity of guaranteed investment certificates	-	338,803
	-	(17,047)
Increase (decrease) in cash resources	(97,310)	187,134
Cash resources, beginning of year	1,760,536	1,573,402
Cash resources, end of year	1,663,226	1,760,536
Cash resources are composed of:		
Unrestricted cash	688,226	886,964
Restricted cash (Note 4)	975,000	873,572
	1,663,226	1,760,536

The accompanying notes are an integral part of these financial statements

Surrey Tourism & Convention Association
(DBA) Discover Surrey
Notes to the Financial Statements
For the year ended December 31, 2024

1. Incorporation and nature of the organization

Surrey Tourism & Convention Association (the "Association") was incorporated on January 11, 2001 under the Society Act of British Columbia and is registered as a not-for-profit organization and thus is exempt from income taxes under Section 149 of the Income Tax Act ("the Act"). In order to maintain its status as a registered not-for-profit organization under the Act, the Association must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Association's purpose is to assist with travel planning and tourism reservations and supporting the convention and visitors industry in the City of Surrey.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Revenue recognition

The Association 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.

Unrestricted investment income is recognized as revenue when earned.

Revenue from other sources are recorded when services are provided.

Contributed materials

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Association's operations and would otherwise have been purchased. Contributions of services are not recognized in these financial statements due to the difficulty in determining their fair values.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a declining balance basis, over their estimated useful lives estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

Surrey Tourism & Convention Association

Notes to the Financial Statements

For the year ended December 31, 2024

2. Significant accounting policies (Continued from previous page)

Measurement uncertainty (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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Contributions receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Financial instruments

The Association recognizes financial instruments when the Association becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Association has not made such an election during the year.

The Association subsequently measures its financial assets and liabilities at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Association assesses impairment of all its financial assets measured at cost or amortized cost. The Association groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

Surrey Tourism & Convention Association

Notes to the Financial Statements

For the year ended December 31, 2024

3. Guaranteed Investment Certificates

The Association's Guaranteed Investment Certificates bear interest of 4.50% (2023 - 4.50%) with maturity dates in October 2025.

4. Internally restricted funds

Internally restricted net assets

The internally restricted fund balance includes funds which are intended for ongoing initiatives related to the delivery of the Association's operations as approved by the board of directors (the "Board"). During the year, the Board approved transfers totaling \$175,000 (2023 - \$800,000) from unrestricted net assets to internally restricted net assets. Internally restricted funds have been classified as restricted cash on the balance sheet.

These internally restricted amounts are not available for other purposes without approval of the Board.

5. Accounts payable and accruals

Included in accounts payable and accruals at December 31, 2024 is \$2,632 (2023 - \$11,908) of remittances payable to government agencies.

6. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for specified expenses. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2024	2023
Balance, beginning of year	73,572	99,476
Less: Amount recognized as revenue during the year	(73,572)	(25,904)
Balance, end of year	-	73,572

7. Government assistance

Canada Emergency Business Account (CEBA)

The Association received \$60,000 in Canada Emergency Business Account financing that became available due to COVID-19. The loan was non-interest bearing until after December 31, 2023, with interest of 5% per annum thereafter. Principal repayments were not required during the term of the loan. The loan was fully repaid in 2024, of which \$20,000 of the loan was forgiven.

8. Credit facility

The Association has an available operating line of credit in the amount of \$50,000 (2023 - \$50,000), due on demand and bearing interest at 6.45% per annum (2023 - 8.20%). As at December 31, 2024, the operating facility was not drawn upon (2023 - no amounts drawn).

9. Subsequent event

Subsequent to year end, the United States government announced new tariffs on imported goods. This has caused significant economic uncertainty and the effects on the Association are currently uncertain.

Surrey Tourism & Convention Association

Notes to the Financial Statements

For the year ended December 31, 2024

10. 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, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates. .

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's main credit risk relates to its financial assets.

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 Guaranteed Investment Certificates and available credit facility.