

**CALEDONIA REGIONAL
CHAMBER OF COMMERCE**

**FINANCIAL STATEMENTS
For the year ended December 31, 2022**

Draft

**CALEDONIA REGIONAL
CHAMBER OF COMMERCE**

For the year ended December 31, 2022

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of
Caledonia Regional Chamber of Commerce

We have reviewed the accompanying financial statements of Caledonia Regional Chamber of Commerce that comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many non-profit organizations, Caledonia Regional Chamber of Commerce derives revenue from committee and special projects, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Caledonia Regional Chamber of Commerce. Therefore, we were not able to determine whether any adjustments might be necessary to special projects revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2022 and December 31, 2021, current assets as at December 31, 2022 and December 31, 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our review conclusion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Caledonia Regional Chamber of Commerce as at December 31, 2022, 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.

Approval Date
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

CALEDONIA REGIONAL CHAMBER OF COMMERCE

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at December 31	2022	2021
ASSETS		
Unrestricted fund		
Cash and bank - unrestricted	64,330	98,663
Accounts receivable	284	-
HST receivable	2,585	-
Payroll taxes recoverable	-	389
Prepaid expenses - unrestricted	1,611	1,678
Due from internally restricted fund	1,340	2,499
	70,150	103,229
Internally Restricted Funds		
Cash and bank - internally restricted	28,224	41,931
	98,374	145,160
LIABILITIES AND FUND BALANCES		
Unrestricted fund		
Accounts payable	4,103	4,101
Payroll taxes payable	3,323	-
HST payable	-	3,874
Unearned membership dues revenue	8,226	14,811
	15,652	22,786
Long Term Liability (Note 6)	40,000	40,000
	55,652	62,786
Unrestricted net assets	14,498	40,443
	70,150	103,229
Internally Restricted Funds		
Due to unrestricted fund	1,340	2,499
Net assets internally restricted (Note 4)	26,884	39,432
	28,224	41,931
	98,374	145,160

Approved on behalf of the Board of Directors

..... Director

..... Director

See accompanying notes

CALEDONIA REGIONAL CHAMBER OF COMMERCE

STATEMENT OF OPERATIONS (UNAUDITED)

For the year ended December 31	2022	2021
Revenue - Unrestricted		
Membership dues	22,100	38,539
Insurance administration	5,515	5,875
Other income	-	20,000
Grants	6,701	-
Directory advertising	-	3,920
Special events and fundraising	12,833	13,429
Interest earned	81	76
	47,230	81,839
Revenue - Internally Restricted (Note 4)		
Special Projects	3,915	9,880
Victoria Day Fireworks	19,467	-
Canada Day	53,866	320
	77,248	10,200
Total Revenue	124,478	92,039
Expenses - Unrestricted (Page 4)	77,174	58,947
Expenses - Internally Restricted (Page 4)	89,797	9,180
Excess of Expenses over Revenue Before Undernoted Items	(42,493)	23,912
Revitalization Program Funding	4,000	60
Revitalization Program Expenditures	-	(179)
Excess of Expenses over Revenue	(38,493)	23,793

STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)

For the year ended December 31	Internally Restricted	Unrestricted	Total 2022	Total 2021
Balance - Beginning of Year	39,432	40,443	79,875	56,082
Excess of expenses over revenue	-	(38,493)	(38,493)	23,793
Internally restricted expenses over revenue (Note 4)	11,790	(11,790)	-	-
Net interfund transfers (Note 4)	(24,338)	24,338	-	-
Balance - End of Year	26,884	14,498	41,382	79,875

See accompanying notes

CALEDONIA REGIONAL CHAMBER OF COMMERCE

SCHEDULE OF EXPENSES - UNRESTRICTED (UNAUDITED)

For the year ended December 31	2022	2021
Salaries and benefits	11,789	-
Executive director expense and benefits	35,247	22,856
Rent and utilities	2,288	1,302
Insurance	3,891	3,307
Office equipment repairs and maintenance	1,722	1,064
Directory expense	-	1,920
Special events and fundraising	6,865	8,061
Telephone and telecommunications	528	976
Stationery and supplies	4,399	4,822
Postage and delivery	227	1,225
Advertising	1,506	701
Membership affiliations	1,663	8,278
Professional fees	6,550	4,250
Interest and bank charges	499	185
	77,174	58,947

SCHEDULE OF EXPENSES - INTERNALLY RESTRICTED (Note 4) (UNAUDITED)

For the year ended December 31	2022	2021
Special Projects	28,350	9,180
Victoria Day Fireworks	19,261	-
Canada Day	42,186	-
	89,797	9,180

CALEDONIA REGIONAL CHAMBER OF COMMERCE

STATEMENT OF CASH FLOWS (UNAUDITED)

For the year ended December 31	2022	2021
Cash Flows From Operating Activities		
Excess of expenses over revenue	(38,493)	23,793
Items not impacting cash:		
Recognition of Canada Emergency Business Account loan forgivable portion	-	(20,000)
Net change in non-cash working capital balances related to operations:		
Accounts receivable	(1,054)	(1)
Prepaid expenses	67	(49)
Accounts payable, payroll taxes and HST payable	(1,975)	(193)
Unearned membership dues	(6,585)	(5,108)
	(48,040)	(1,558)
Cash Flows From Financing Activities		
Canadian Emergency Bank Account Loan advance	-	20,000
Net Decrease in Cash and Cash Equivalents	(48,040)	18,442
Opening Cash and Cash Equivalents	140,594	122,152
Closing Cash and Cash Equivalents	92,554	140,594
Composed of:		
Cash and bank - unrestricted	64,330	98,663
Cash and bank - internally restricted	28,224	41,931
	92,554	140,594

CALEDONIA REGIONAL CHAMBER OF COMMERCE

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the year ended December 31, 2022

1. PURPOSE OF THE ORGANIZATION

The Caledonia Regional Chamber of Commerce is a non-profit organization with a mandate to promote the free enterprise system through improved trade and commerce and to enhance the economic prosperity and quality of life in the Caledonia region.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

(a) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(b) Revenue Recognition

The organization follows the deferral method of accounting for contributions. Membership dues and advertising revenue are deferred and amortized over the life of the contract. All other revenue is recognized when the event occurs or the provision of services is delivered. Government assistance is recognized in income provided there is reasonable assurance that the organization has complied and will continue to comply with all the conditions of the government assistance.

(c) Financial Instruments

The organization initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value.

Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

The organization subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets subsequently measured at amortized cost include cash. Financial liabilities measured at amortized cost include the bank loan and accounts payable and accrued liabilities.

(d) Property, Plant and Equipment

In accordance with section 4433.03 of the CPA Canada Handbook, expenditures on property, plant and equipment are charged to current expenditures in the year of acquisition. Property, plant and equipment expensed by the organization are categorized as computer equipment and office furniture and equipment. During the year, office equipment in the amount of \$nil was expensed (2021 - \$nil).

CALEDONIA REGIONAL CHAMBER OF COMMERCE

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the year ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) **Fund Accounting**

The internally restricted funds reflect the activity of the Special Projects, Victoria Day fireworks and Canada Day Committees.

(f) **Income Taxes**

The organization is incorporated as a not-for-profit organization and is exempt from income tax under paragraph 149(1)(e) of the *Income Tax Act*.

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The following analysis presents the organization's exposures to significant risk at December 31, 2022:

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Accounts payable are generally paid within 30 days.

4. INTERNAL RESTRICTIONS ON NET ASSETS

The board of directors of Caledonia Regional Chamber of Commerce has internally restricted \$26,884 (2021 - \$39,432) of unrestricted net assets to be held as follows:

	Special Projects Reserve	Canada Day Reserve	Victoria Day Fireworks	Total
Balance - Beginning of Year	24,433	13,467	1,532	39,432
Fund Revenues	3,916	53,866	19,467	77,249
Fund Expenses	(4,011)	(42,187)	(19,261)	(65,459)
Inter Fund Transfer	(24,338)	-	-	(24,338)
	(24,433)	11,679	206	(12,548)
Balance - End of Year	-	25,146	1,738	26,884

These amounts are not available for other purposes without the approval of the board of directors. These reserves are maintained in order to provide financial stability to the programs.

CALEDONIA REGIONAL CHAMBER OF COMMERCE

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the year ended December 31, 2022

5. COVID-19

During and subsequent to year end, the outbreak of a novel strain of coronavirus has resulted in the global declaration of a pandemic. Measures in place to combat the health threat of the virus have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the outbreak is unknown at this time, as are the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of the measures nor their impact on the future financial results and condition of the organization.

6. GOVERNMENT ASSISTANCE

The organization has received the \$60,000 Canada Emergency Business Account Loan (CEBA). This is an interest free loan that, if repaid on or before December 31, 2023, will result in loan forgiveness of 33 percent (up to \$20,000). Otherwise, and interest rate of 5% will apply to the balance, which will be repayable in monthly blended instalments. The loan is expected to be repaid in full in the December 31, 2023 year end.

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