

Financial Statements of

The Peterborough and the Kawarthas Chamber of Commerce

For the year ended December 31, 2023

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Independent Auditor's Report

To the Members of The Peterborough and the Kawarthas Chamber of Commerce

Opinion

We have audited the financial statements of The Peterborough and the Kawarthas Chamber of Commerce, which comprise the statement of financial position as at December 31, 2023, and the statements of changes in fund balances, operations 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 Organization as at December 31, 2023, 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 report. We are independent of the Organization 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 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.

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:

Independent Auditor's Report — continued

- ♦ 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.

Inclusive Accounting Professional Corporation - Kawartha

Authorized to practise public accounting by the Chartered Professional Accountants of Ontario

Peterborough, Ontario
March 18, 2024

The Peterborough and the Kawarthas Chamber of Commerce

Statement of Financial Position

As at December 31	2023	2022
Assets		
Current assets		
Cash	\$ 333,872	\$ 236,332
Short term investments (note 3)	194,190	264,922
Accounts receivable	34,263	30,199
Prepaid expenses	5,760	7,465
	568,085	538,918
Property and equipment (note 4)	708,926	755,079
	\$ 1,277,011	\$ 1,293,997
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 37,204	\$ 56,850
Deferred revenue (note 7)	84,300	62,345
Current portion of long-term debt	-	30,000
	121,504	149,195
Fund balances		
Investment in capital assets	708,926	755,079
Operating	446,581	389,723
	1,155,507	1,144,802
	\$ 1,277,011	\$ 1,293,997

On behalf of the Board

Director

Director

The Peterborough and the Kawarthas Chamber of Commerce

Statement of Changes in Fund Balances

For the year ended December 31, 2023

	Investment in Capital Assets	Operating	2023	2022
Balance, beginning of year	\$ 755,079	\$ 389,723	\$ 1,144,802	\$ 1,348,533
Excess (deficiency) of revenue over expenditures for the year	(52,695)	63,400	10,705	(203,731)
Acquisition of capital assets	6,542	(6,542)	-	-
Balance, end of year	\$ 708,926	\$ 446,581	\$ 1,155,507	\$ 1,144,802

The Peterborough and the Kawarthas Chamber of Commerce

Statement of Operations

For the year ended December 31	2023	2022
Revenue		
Membership fees	\$ 363,675	\$ 356,955
Special events, programs and projects	246,165	142,907
MTO commissions	152,321	162,132
Digital service squad - funded by OBIAA grant	114,000	109,330
Service Ontario compensation	113,198	103,241
Group insurance	72,347	69,189
Rental	68,053	64,950
Advertising and publications	27,689	32,475
Volunteer Peterborough revenue	20,184	-
Other revenue	17,154	21,994
Employment grants	16,848	8,793
Interest income	10,684	4,522
	1,222,318	1,076,488
Expenditures		
Salaries and related benefits	703,084	763,739
Digital service squad expenses	114,000	105,526
Special events, programs and projects	87,486	66,407
Office and administration	85,096	99,806
Occupancy	75,916	78,661
Amortization	48,266	42,548
Memberships, fees and dues	22,648	22,729
Volunteer Peterborough expense	20,184	-
Advertising and publications	14,906	19,750
Interest and bank charges	12,993	10,468
Board meetings, conferences and travel	10,704	13,555
Professional fees	10,000	36,366
Business centre	1,901	2,492
Bad debts	-	172
	1,207,184	1,262,219
Excess (deficiency) of revenue over expenditures from operations	15,134	(185,731)
Other expenses		
Loss on disposal of property and equipment	4,429	-
Capital asset impairment loss (note 8)	-	18,000
	4,429	18,000
Excess (deficiency) of revenue over expenditures for the year	\$ 10,705	\$ (203,731)

The Peterborough and the Kawarthas Chamber of Commerce

Statement of Cash Flows

For the year ended December 31	2023	2022
Cash provided from (used for)		
Operating activities		
Excess (deficiency) of revenue over expenditures	\$ 10,705	\$ (203,731)
Items not involving cash		
Amortization	48,266	42,548
Loss on disposal of property and equipment	4,429	-
	<u>63,400</u>	<u>(161,183)</u>
Changes in non-cash working capital items:		
Accounts receivable	(4,064)	39,736
Prepaid expenses	1,705	177
Accounts payable and accrued liabilities	(19,646)	15,948
Deferred revenue	21,955	(49,471)
	<u>(50)</u>	<u>6,390</u>
Cash flows from operating activities	<u>63,350</u>	<u>(154,793)</u>
Investing activities		
Redemption of short-term investments	264,922	262,857
Purchase of and re-investment of interest in short-term investments	(194,190)	(264,922)
Purchase of property and equipment	(6,542)	(116,671)
Cash flows from investing activities	<u>64,190</u>	<u>(118,736)</u>
Financing activity		
Repayment of long-term debt	(30,000)	-
Net increase (decrease) in cash position	97,540	(273,529)
Cash position, beginning of year	236,332	509,861
Cash position, end of year	\$ 333,872	\$ 236,332

The Peterborough and the Kawarthas Chamber of Commerce

Notes to Financial Statements

For the year ended December 31, 2023

1. Nature of operations

The Peterborough and the Kawarthas Chamber of Commerce (the "Organization") is a not-for-profit organization registered under the Board of Trade Act (Canada) that promotes commercial, industrial, agricultural, tourism and civic welfare of the Greater Peterborough region and eastern region of the Kawartha Lakes District.

On January 1, 2022, The Greater Peterborough Chamber of Commerce combined with Kawartha Lakes Chamber of Commerce, Eastern Region, to collectively improve operational efficiencies and enhance their programs. The combined entity retained the name Peterborough and the Kawarthas Chamber of Commerce.

2. Summary of significant accounting policies

The Organization follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

(a) *Basis of accounting*

These financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations.

(b) *Revenue recognition*

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

Recognition policies the Organization follows for specific revenue items are as follows:

(i) Commission revenue is recognized when the service is provided.

(ii) Membership revenue is recognized on a straight-line basis over the period that the membership is valid. Member payments received in advance are deferred.

(iii) Fundraising and other revenues are recognized as revenue when received or receivable.

(iv) Investment income is recognized as revenue when earned.

(v) Volunteer Peterborough donations and contributions are recognized as revenue in the same period that the expenses occur.

(c) *Property and equipment*

Property and equipment are recorded at cost. The Organization provides for amortization using the following methods at rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

The Peterborough and the Kawarthas Chamber of Commerce

Notes to Financial Statements

For the year ended December 31, 2023

2. Summary of significant accounting policies — continued

(c) *Property and equipment — continued*

Building	5% declining balance
Furniture and fixtures	20% declining balance
Computer equipment	30% declining balance
Computer software	30% declining balance
Land improvements	5 years straight-line
Photovoltaic system	20 years straight-line

(d) *Impairment of capital assets*

Property and equipment are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value and is included in amortization of property and equipment, when applicable.

(e) *Income taxes*

The Organization was incorporated under the Board of Trade Act (Canada) without share capital and qualifies as a non-profit organization as defined by the Federal and Ontario Income Tax Acts. Consequently, the Organization is not subject to corporate income taxes.

The Peterborough and the Kawarthas Chamber of Commerce

Notes to Financial Statements

For the year ended December 31, 2023

2. Summary of significant accounting policies — continued

(f) *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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) *Financial instruments*

The Organization measures its financial assets and financial liabilities at fair value at the acquisition date, except for financial assets and financial liabilities acquired in related party transactions. Transaction costs related to the acquisition of financial instruments subsequently measured at fair value are recognized in excess (deficiency) of revenue over expenditures when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of the transaction costs directly attributable to the acquisition of the instrument.

The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost.

3. Short term investments

Short term investments consists of Guaranteed Investment Certificates issued by the TD Canada Trust which mature between January 18, 2024 to March 26, 2024 (2022 - January 25, 2023 to March 28, 2023). The interest rates vary from 3.50% to 4.00% (2022 - 2.15% to 3.30%).

The Peterborough and the Kawarthas Chamber of Commerce
Notes to Financial Statements
For the year ended December 31, 2023

4. Property and equipment

The major categories of property and equipment, and accumulated amortization are as follows:

	2023		2022	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 296,014	\$ -	\$ 296,014	\$ -
Building	951,164	656,127	951,164	640,598
Furniture and fixtures	43,888	35,107	138,431	127,740
Computer equipment	56,895	30,572	179,765	144,085
Computer software	10,570	5,950	38,165	31,565
Land improvements	113,864	53,971	113,864	38,998
Photovoltaic system	48,090	29,832	48,090	27,428
	<u>\$ 1,520,485</u>	<u>\$ 811,559</u>	<u>\$ 1,765,493</u>	<u>\$ 1,010,414</u>
Net book value		<u>\$ 708,926</u>		<u>\$ 755,079</u>

5. Government remittances payable

Included in accounts payable and accrued liabilities are government remittances as follows:

	2023	2022
Government remittances payable	<u>\$ 21,739</u>	<u>\$ 30,418</u>

6. Due to Volunteer Peterborough

In 2023, The Peterborough and the Kawarthas Chamber of Commerce entered into an arrangement with Volunteer Peterborough, where The Peterborough and the Kawarthas Chamber of Commerce would receive donations on behalf of Volunteer Peterborough and pay the wages, advertising, and internet expenses incurred by Volunteer Peterborough. The excess of donations received and expenses incurred are included in accounts payable and accrued liabilities. The excess of donations received over expenses incurred as at December 31, 2023 is \$3,672.

The Peterborough and the Kawarthas Chamber of Commerce

Notes to Financial Statements

For the year ended December 31, 2023

7. Deferred revenue

Deferred revenue consists of:

	2023	2022
Memberships	\$ 45,530	\$ 26,685
Events	38,770	35,660
	<u>\$ 84,300</u>	<u>\$ 62,345</u>

8. Capital asset impairment loss

In 2022, the Peterborough and the Kawarthas Chamber of Commerce contracted an organization to complete a new website for the merged entity. It was determined that the website was not performing as expected and would have to be replaced. The website has a current fair market value of \$0 and therefore, an impairment loss was recognized in 2022 for \$18,000.

9. Financial instruments

The Organization is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Company's exposure to these risks.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt agreements. Cash flow from operations provides a substantial portion of the Organization's cash requirements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relates to its accounts receivable. Accounts receivable are non-interest bearing and are generally due when rendered. The Organization has provided for an allowance in respect of doubtful customer accounts of \$500 (2022 - \$500).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is not exposed to any significant interest rate risk.

The Peterborough and the Kawarthas Chamber of Commerce
Notes to Financial Statements
For the year ended December 31, 2023

10. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.
