

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

Financial Information

For The Year Ended August 31, 2023

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

Financial Statements

For The Year Ended August 31, 2023

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Independent Practitioner's Review Engagement Report

To The Board of Directors

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

We have reviewed the accompanying financial statements of **Medicine Hat & District Chamber of Commerce** that comprise the statement of financial position as at August 31, 2023, and the statements of changes in net assets, operations 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 enterprises, 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.

Conclusion

Based on our review, 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 **Medicine Hat & District Chamber of Commerce** as at August 31, 2023, 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 enterprises.

Johnston Morrison Hunter & Co. Professional Corporation

Johnston Morrison Hunter & Co. Professional Corporation
Chartered Professional Accountants

Medicine Hat, Alberta
November 15, 2023

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**Statement of Financial Position
 August 31, 2023**

(Unaudited)

	2023	2022
	\$	\$
Assets		
Current		
Cash and cash equivalents	181,484	314,921
Short-term investments (Note 3)	421,367	206,666
Accounts receivable (Note 4)	10,702	12,812
Prepaid expenses and other current assets (Note 5)	<u>35,265</u>	<u>16,618</u>
	648,818	551,017
Capital Assets (Note 6)	<u>293,531</u>	<u>334,780</u>
	<u><u>942,349</u></u>	<u><u>885,797</u></u>
Liabilities		
Current		
Accounts payable and accrued liabilities	22,496	22,673
Goods and services tax payable	1,973	1,800
Deferred revenue (Note 7)	<u>228,346</u>	<u>133,747</u>
	252,815	158,220
Long-Term Debt (Note 8)	<u>60,000</u>	<u>60,000</u>
	<u>312,815</u>	<u>218,220</u>
Net Assets		
Invested in Capital Assets	293,531	334,780
Unrestricted	<u>336,003</u>	<u>332,797</u>
	<u>629,534</u>	<u>667,577</u>
	<u><u>942,349</u></u>	<u><u>885,797</u></u>

Approved by the Board

Director:

Director:

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**Statement of Changes in Net Assets
For The Year Ended August 31, 2023**

(Unaudited)

	Invested In Capital Assets	Unrestricted	Total 2023	Total 2022
	\$	\$	\$	\$
Balance , beginning of year	334,780	332,797	667,577	669,402
Deficiency of revenue over expenses for the year	-	(38,043)	(38,043)	(1,825)
Amortization of capital assets	<u>(41,249)</u>	<u>41,249</u>	<u>-</u>	<u>-</u>
Balance , end of year	<u><u>293,531</u></u>	<u><u>336,003</u></u>	<u><u>629,534</u></u>	<u><u>667,577</u></u>

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**Statement of Operations
For The Year Ended August 31, 2023**

(Unaudited)

	Direct Revenue	Direct Expenses	2023	2022
	\$	\$	\$	\$
Revenue and Direct Expenses				
Agribusiness	-	3,701	(3,701)	(1,339)
Annual general meeting	939	5,611	(4,672)	(5,968)
Board	-	40,736	(40,736)	(28,434)
Bow Island	583	438	145	(1,139)
Business advocacy	-	82,030	(82,030)	(55,949)
Business awards	61,460	51,076	10,384	(2,312)
Business builders	18,892	28,422	(9,530)	(15,224)
Cluster signs	44,671	3,033	41,638	38,212
Communication	1,280	29,923	(28,643)	(27,747)
Conference	17,822	47,111	(29,289)	-
Downtown	9,317	27,588	(18,271)	(8,712)
Membership	239,185	108,195	130,990	153,108
Other events & initiatives	6,199	17,601	(11,402)	(4,052)
Spring trade show	209,934	140,853	69,081	44,203
Urban development industry	3,875	4,962	(1,087)	2,282
Other committees	-	4,489	(4,489)	(3,195)
	<u>614,157</u>	<u>595,769</u>	<u>18,388</u>	<u>83,734</u>
General and Administrative Expenses				
General and administrative expenses, Schedule "A"			162,693	171,946
Amortization			41,249	35,361
Interest and bank charges			728	2,083
			<u>204,670</u>	<u>209,390</u>
Deficiency of Revenue Over Expenses Before Other Revenue			<u>(186,282)</u>	<u>(125,656)</u>
Other Revenue				
Canada emergency wage subsidy			-	19,119
Grants			13,635	18,225
Group insurance			109,945	94,817
Investment (loss) income			14,938	(14,699)
Other administrative revenue			4,596	1,786
Rental			5,125	4,583
			<u>148,239</u>	<u>123,831</u>
Deficiency of Revenue Over Expenses For The Year			<u>(38,043)</u>	<u>(1,825)</u>

The accompanying notes are an integral part of these financial statements

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**Statement of Cash Flows
For The Year Ended August 31, 2023**

(Unaudited)

	2023	2022
	\$	\$
Cash Flows From Operating Activities		
Deficiency of revenue over expenses for the year	(38,043)	(1,825)
Non-Cash Items		
Amortization	<u>41,249</u>	<u>35,361</u>
	3,206	33,536
Changes in Non-Cash Working Capital		
Accounts receivable	2,110	105,849
Goods and services tax receivable	-	1,105
Prepaid expenses and other current assets	(18,647)	(9,995)
Accounts payable and accrued liabilities	(177)	(17,893)
Goods and services tax payable	173	1,800
Deferred revenue	<u>94,599</u>	<u>(225,112)</u>
	<u>81,264</u>	<u>(110,710)</u>
Cash Flows From Investing Activities		
Acquisition of capital assets	-	(35,280)
(Acquisition)/disposal of short-term investments	<u>(214,701)</u>	<u>14,953</u>
	<u>(214,701)</u>	<u>(20,327)</u>
Cash and Cash Equivalents (Decrease)	(133,437)	(131,037)
Cash and Cash Equivalents, beginning of year	<u>314,921</u>	<u>445,958</u>
Cash and Cash Equivalents, end of year	<u><u>181,484</u></u>	<u><u>314,921</u></u>

Cash and Cash Equivalents Consist of Cash on Hand.

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**General and Administrative Expenses
For The Year Ended August 31, 2023**

Schedule "A"

(Unaudited)

	2023	2022
	\$	\$
Advertising and promotion	-	31
Dues and memberships	1,879	1,500
Equipment rental	251	1,121
Honorariums	80	80
Insurance	6,368	3,324
Meetings	978	1,674
Office supplies	2,960	5,860
Merchant charges	668	3,264
Professional fees	22,050	22,313
Repairs and maintenance	22,747	22,121
Salaries, wages and benefits	91,313	97,891
Telephone, fax and internet	5,875	5,518
Travel and convention	944	1,437
Utilities	<u>6,580</u>	<u>5,812</u>
	<u><u>162,693</u></u>	<u><u>171,946</u></u>

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**Notes to the Financial Statements
 For The Year Ended August 31, 2023**

(Unaudited)

1. Nature of Operations

The Medicine Hat and District Chamber of Commerce ("the Chamber") is an incorporated, non-profit organization, which provides business development, and support services for its members and organizes various events for the business and professional community of Medicine Hat and District. The Chamber is exempt from income taxes under Section 149 of the Income Tax Act.

2. Significant Accounting Policies

Cash and Cash Equivalents

The Chamber's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate from being positive to overdrawn and temporary investments with a maturity period of three months or less from the date of acquisition.

Short-Term Investments

Short-term investments are carried at fair value with any changes in fair value recognized in net income in the year incurred.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is recorded on a straight-line basis at rates designed to amortize the cost of the capital assets over their estimated useful lives. In the year of acquisition one-half of the normal rate is applied. Amortization rates are as follows:

Buildings	25 years
Parking lot	20 years
Computer equipment	3 years
Computer software	3 years
Furniture and fixtures	10 years
Signs	5 years

Impairment of Long-Lived Assets

The Chamber conducts a review for possible impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying values of specific long-lived assets, or group of assets, may not be recoverable. Impairment of assets arise when the fair value, or the expected undiscounted cash flows from future use or eventual disposition of those assets, is less than the assets' carrying values. Impairment losses, if any, are measured as the amount by which the assets' carrying value exceeds their fair value. Based on its review, management does not believe impairment of long-lived assets has occurred.

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**Notes to the Financial Statements
For The Year Ended August 31, 2023**

(Unaudited)

2. Significant Accounting Policies (Continued)

Revenue Recognition

Unrestricted contributions are recognized as revenue in the period they are receivable.

Externally restricted non-capital contributions are deferred and are recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributor.

Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested in capital assets are then transferred to unamortized expended capital contributions. Unamortized expended capital contributions are taken into income, as a reduction to amortization expense, in the periods that the related funded capital assets are amortized.

Endowment contributions are recognized as direct increases in net assets.

Membership revenue is recognized in the period to which the fees apply.

Amounts received for trade shows and other events are recognized in the period the event is held.

Canada emergency wage subsidy revenue is recognized in the same period the qualifying wages are expensed.

Contributed Materials and Services

Contributed materials and services are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the Chamber's operations and would otherwise have been purchased.

Leases

Leases are classified as either capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein, rental payments are expensed as incurred. At the inception of a capital lease, an asset and an obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease.

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**Notes to the Financial Statements
For The Year Ended August 31, 2023**

(Unaudited)

2. Significant Accounting Policies (Continued)

Measurement of Financial Instruments

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

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

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue, long-term debt, and obligation under capital lease.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

3. Short-Term Investments

	2023	2022
	\$	\$
Mutual fund	<u>421,367</u>	<u>206,666</u>

4. Accounts Receivable

	2023	2022
	\$	\$
Accounts receivable	12,902	12,812
Allowance for doubtful accounts	<u>(2,200)</u>	<u>-</u>
	<u>10,702</u>	<u>12,812</u>

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**Notes to the Financial Statements
For The Year Ended August 31, 2023**

(Unaudited)

5. Prepaid Expenses and Other Current Assets

	2023	2022
	\$	\$
Direct expenses	29,931	10,774
Insurance	<u>5,334</u>	<u>5,844</u>
	<u><u>35,265</u></u>	<u><u>16,618</u></u>

6. Capital Assets

	Cost	Accumulated Amortization	Net Book Value	
	\$	\$	2023	2022
	\$	\$	\$	\$
Land	50,370	-	50,370	50,370
Buildings	351,419	177,399	174,020	188,077
Parking lot	49,460	20,093	29,367	31,840
Computer equipment	72,309	54,813	17,496	30,899
Computer software	18,101	18,101	-	433
Furniture and fixtures	40,014	27,194	12,820	15,817
Signs	<u>71,022</u>	<u>61,564</u>	<u>9,458</u>	<u>17,344</u>
	<u><u>652,695</u></u>	<u><u>359,164</u></u>	<u><u>293,531</u></u>	<u><u>334,780</u></u>

7. Deferred Revenue

	2023	2022
	\$	\$
Memberships	114,873	58,126
Trade shows	83,521	37,085
Sponsorships	-	30,354
Parking	3,675	3,850
Cluster signs	20,710	3,012
Urban development industry	1,575	1,313
Business builders	-	7
Grants	<u>3,992</u>	<u>-</u>
	<u><u>228,346</u></u>	<u><u>133,747</u></u>

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**Notes to the Financial Statements
For The Year Ended August 31, 2023**

(Unaudited)

8. Long-Term Debt

	2023	2022
	\$	\$
Bank loan, interest free and \$40,000 repayable by January 18, 2024 with \$20,000 forgiven if repaid prior to January 18, 2024.	<u>60,000</u>	<u>60,000</u>

9. Financial Instruments and Risks

The business risks associated with financial instruments are categorized as market (comprised of currency, interest rate, and other price risk), credit and liquidity risks. It is management's opinion that the Chamber is not exposed to significant market (comprised of currency and other price risk), or liquidity risks arising from these financial instruments.

However, the Chamber is exposed to market (consisting of interest rate) and credit risks.

a) Market risk

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market rates of interest. The Chamber is exposed to interest rate risk because of its short-term investments and obligation under capital lease being incurred at a fixed rate and variable rate of interest.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Chamber is exposed to credit risk in relation to accounts receivable. The Chamber's accounts receivable result from business development and support services. Concentrations of credit risk with respect to trade receivables are limited as the Chamber performs ongoing credit evaluations of its customers. Based on management's evaluation of potential credit losses, the Chamber believes its allowance for doubtful accounts is adequate.

10. Comparative Figures

The comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.