

**RED DEER & DISTRICT CHAMBER OF
COMMERCE**

Financial Statements

Year Ended June 30, 2024

RED DEER & DISTRICT CHAMBER OF COMMERCE
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Year Ended June 30, 2024

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Independent Auditor's Report

To the Members of Red Deer & District Chamber of Commerce

Opinion

We have audited the statement of financial position as at June 30, 2024, and the statement of operations, statement of changes in net assets and cash flow statement 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 Chamber as at June 30, 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 report. We are independent of the Chamber 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 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.

In preparing the financial statements, management is responsible for assessing the Chamber'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 Chamber or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Chamber'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.

Independent Auditor's Report (continued)

- 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 Chamber'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 Chamber'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 Chamber 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.


Red Deer, Alberta
September 20, 2024

BDO Canada LLP
Chartered Professional Accountants

RED DEER & DISTRICT CHAMBER OF COMMERCE
Statement of Financial Position
June 30, 2024

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 595,216	\$ 600,350
Accounts receivable	21,930	26,812
Prepaid expenses	43,431	37,747
	660,577	664,909
Term deposits (Note 3)	846,792	870,628
Investment in Agri-Trade	50,000	50,000
Capital assets (Note 5)	107,625	83,857
	\$ 1,664,994	\$ 1,669,394
LIABILITIES		
Current liabilities		
Accounts payable and accruals	\$ 84,026	\$ 24,718
Wages payable	28,391	19,712
Callable debt due in one year (Note 7)	-	49,610
Deferred revenue (Note 8)	147,186	110,911
Short term debt	-	40,000
	259,603	244,951
Callable debt due thereafter (Note 7)	-	96,019
	259,603	340,970
NET ASSETS		
Invested in capital assets	107,625	83,857
Internally restricted (Note 9)	964,074	881,608
Unrestricted	333,692	362,959
	1,405,391	1,328,424
	\$ 1,664,994	\$ 1,669,394

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

See notes to financial statements

RED DEER & DISTRICT CHAMBER OF COMMERCE

Statement of Operations

For the Year Ended June 30, 2024

	2024	2023
Revenues		
Income from Agri-Trade Joint Venture	\$ 773,094	\$ 716,111
Membership fees	235,532	221,730
Events	159,559	223,774
Trade show - Agri-Trade - admin fees	85,000	70,000
Administrative	68,272	64,348
Investment income	34,010	31,867
	<u>1,355,467</u>	<u>1,327,830</u>
Expenses		
Salaries and wages	664,436	649,339
Administrative	226,893	186,979
Events	162,585	211,219
Conventions/conferences	48,337	10,190
Building occupancy costs	49,821	42,800
Amortization on capital assets	17,708	15,633
Bank charges	13,627	19,342
Bad debts	25	585
Economic development	-	10,000
	<u>1,183,432</u>	<u>1,146,087</u>
Excess of revenues over expenses from operations	<u>172,035</u>	<u>181,743</u>
Other income (expenses)		
Alberta Jobs Now Program grant	-	6,722
Red Deer Polytechnic grant	31,200	-
Business Enterprise Centre project costs (Note 11)	(62,400)	-
Homeless Task Force expenses	(63,874)	-
	<u>(95,074)</u>	<u>6,722</u>
Excess of revenues over expenses	<u>\$ 76,961</u>	<u>\$ 188,465</u>

See notes to financial statements

RED DEER & DISTRICT CHAMBER OF COMMERCE
Statement of Changes in Net Assets
Year Ended June 30, 2024

	Unrestricted Fund	Internally Restricted Fund	Invested in Capital Assets	2024	2023
NET ASSETS -					
BEGINNING OF YEAR	\$ 362,965	\$ 881,608	\$ 83,857	\$ 1,328,430	\$ 1,139,959
Excess (deficiency) of revenues over expenses	96,824	-	(19,863)	76,961	188,465
Purchase of capital assets	(41,476)	-	41,476	-	-
Interfund Transfer	(84,621)	82,466	2,155	-	-
NET ASSETS - END OF YEAR	\$ 333,692	\$ 964,074	\$ 107,625	\$ 1,405,391	\$ 1,328,424

See notes to financial statements

RED DEER & DISTRICT CHAMBER OF COMMERCE**Statement of Cash Flow****Year Ended June 30, 2024**

	2024	2023
OPERATING ACTIVITIES		
Cash received from members and other	\$ 1,328,512	\$ 1,263,265
Cash paid for salaries and benefits	(655,758)	(680,674)
Cash paid for materials and services	(477,303)	(463,926)
Interest received	16,311	19,863
Interest paid	(13,627)	(19,342)
	<hr/>	<hr/>
Cash flow from operating activities	198,135	119,186
INVESTING ACTIVITIES		
Purchase of capital assets	(41,476)	(33,492)
Reinvestment of term deposits	23,836	12,004
	<hr/>	<hr/>
Cash flow used by investing activities	(17,640)	(21,488)
FINANCING ACTIVITY		
Repayment of financing	(185,629)	(48,198)
	<hr/>	<hr/>
INCREASE (DECREASE) IN CASH FLOW	(5,134)	49,500
Cash and cash equivalents - beginning of year	600,350	550,850
	<hr/>	<hr/>
Cash and cash equivalents - end of year	\$ 595,216	\$ 600,350
	<hr/>	<hr/>

See notes to financial statements

RED DEER & DISTRICT CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended June 30, 2024

1. Nature of Operations

Red Deer & District Chamber of Commerce ("Chamber") is registered under the Federal Boards of Trade Act, Section 42, and is exempt from income tax under Section 149(1)(e) of the Income Tax Act. The objectives of the Chamber are as follows:

To advance the civic, commercial, industrial and agricultural progress of the City of Red Deer and District.

To promote integrity, good faith, just and equitable principles in business.

To work for efficient administration and sound legislation at all levels of Government.

To make available sources of information to its members respecting matters affecting business, industry and agriculture.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The significant policies are detailed as follows:

Measurement uncertainty

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 at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Significant areas requiring the use of estimates include: allowance for doubtful accounts and estimated useful lives of capital assets. Actual results may differ from management's best estimates as additional information becomes available in the future.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, bank balances and term deposits with a maturity date of less than 3 months at acquisition, which are highly liquid and readily convertible to cash. Cash equivalents exclude amounts designated as internally restricted to fund certain net asset balances.

Investment in Agri-Trade

Investments subject to significant influence are accounted for using the equity method. Under the equity method, the Chamber's pro-rata share of earnings is recorded as income and added to its carrying value of the investment shown on the statement of financial position. Advances received are considered a return of capital, and are accordingly deducted from the carrying value of the investment.

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RED DEER & DISTRICT CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended June 30, 2024

2. Significant Accounting Policies *(continued)*

Capital assets

Donated land was recorded at its fair value when it was contributed.

Capital assets are recorded at cost. Amortization is provided using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. Amortization rates are as follows:

Building	20 years
Computer equipment	3 years
Furniture, fixture and equipment	10 years

A full year of amortization is recorded in the year of acquisition and none is recorded in the year of disposition.

Contributed goods and services

Contributed assets and services are recognized when the fair value can be reasonably estimated.

Financial instruments

The Chamber measures its financial instruments initially at fair value and subsequently at amortized cost, and tested for impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed for those items re-measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Revenue recognition

The Chamber 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 reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when earned.

Membership fees are deferred and taken into income evenly over the term of the membership.

Administrative, trade shows and events revenue is recognized as the services are provided.

RED DEER & DISTRICT CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended June 30, 2024

3. Cash, Restricted Cash and Restricted Term Deposits

The internally restricted funds of \$964,074 is made up of \$846,792 in term deposits and \$117,282 in cash and cash equivalents.

Certain cash and term deposits balances have been restricted by the board to be used for internally restricted net assets and future contingencies and as such, have been classified as long-term.

Term deposits include Guaranteed Investment Certificates with a face value of \$539,108 bearing interest at a rate of 1.4% (2023 - \$531,664 - 1.4%) and maturing on August 24, 2024 and one for \$300,000 bearing interest at a rate of 2.5% (2023 - \$331,828 - 1.4%) and maturing on April 29, 2025.

The Chamber has available an overdraft agreement with Servus Credit Union which can be drawn to a maximum of \$300,000. The overdraft bears interest at the bank's prime lending rate plus 0.5% per annum, effectively 2024 - 7.45% (2023 - 7.7%). The balance currently drawn for 2024 is \$Nil (2023 - \$Nil)

4. Investment in Agri-Trade

	<u>2024</u>	<u>2023</u>
Equity - beginning of the year	\$ 50,000	\$ 20,000
Share of Agri-Trade net income	773,094	716,110
Less: Drawing from Agri-Trade	<u>(773,094)</u>	<u>(686,110)</u>
Equity - end of the year	<u>\$ 50,000</u>	<u>\$ 50,000</u>

The Chamber is economically dependent on Agri-Trade's revenue to maintain its own operations. If income from the trade show was not received, its operations would be significantly reduced.

The reporting period covered for the financial information above comes from Agri-Trade's financial year end dated November 30, 2023.

There have been no significant transactions between November 30, 2023 to the report date.

The Red Deer & District Chamber of Commerce and The Westerner Exposition Association both hold a 50% ownership interest in Agri-Trade Equipment Expo Ltd. The Agri-Trade investment is held together by a joint venture agreement between these organizations.

5. Capital Assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Land	\$ 7,979	\$ -	\$ 7,979	\$ 7,979
Buildings	682,159	596,096	86,063	50,196
Computer equipment	90,444	79,727	10,717	22,404
Furniture and fixtures	79,426	76,560	2,866	3,278
	<u>\$ 860,008</u>	<u>\$ 752,383</u>	<u>\$ 107,625</u>	<u>\$ 83,857</u>

RED DEER & DISTRICT CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended June 30, 2024

6. Bank Indebtedness

The Chamber has available an overdraft agreement with Servus Credit Union which can be drawn to a maximum of \$300,000. The overdraft bears interest at the bank's prime lending rate plus 0.5% per annum (2024 - 7.45%, 2023 - 7.7%).

The overdraft is secured by an Account Set Off agreement allowing interests to be charged through deposit held in Servus Credit Union with a balance of \$300,000.

7. Callable Debt

	<u>2024</u>	<u>2023</u>
Servus Credit Union callable loan paid off in the year.	\$ -	\$ 145,629
	-	
Less: Callable debt due in one year	-	(49,610)
Callable debt due thereafter (i)	<u>\$ -</u>	<u>\$ 96,019</u>

Principal repayment terms are approximately:

(i) Canadian generally accepted accounting principles require loans that the lender can require to be repaid on demand be classified as current liabilities.

8. Deferred Revenue

	<u>2024</u>	<u>2023</u>
Membership fees	\$ 89,811	\$ 99,061
Events	23,575	11,850
Red Deer Polytechnic Grant	33,800	-
	<u>\$ 147,186</u>	<u>\$ 110,911</u>

A grant of \$67,600 was received from Red Deer Polytechnic to be used to pay for half of the proposed costs from Stantec Engineering LLP for the Enterprise Business Center project.

RED DEER & DISTRICT CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended June 30, 2024

9. Net Assets Internally Restricted

	Capital Asset Replacement Fund	Project Initiatives Reserve	
Balance, beginning of the year	\$ 619,994	\$ 261,614	\$ 881,608
Interest income of restricted funds	-	-	-
Prior year amortization - annual transfer	-	-	-
Transfer of restricted funds to the general fund	-	82,466	82,466
Balance, end of year	\$ 619,994	\$ 344,080	\$ 964,074

The transfer of funds to the Project Initiatives Reserve is to be used to cover Stantec's final invoice and to finish funding the Homeless Task Force project to be completed in January, 2025. These projects are approved by the board during the budget process.

10. Related Party Transactions

The Chamber received fees and reimbursements of expenses from the Agri-Trade partnership in addition to its share of the trade show. Fees and reimbursements received are as follows:

	2024	2023
Administration fee	\$ 85,000	\$ 70,000
Printing, postage, telephone, advertising	-	3,703
	\$ 85,000	\$ 73,703

Included in the accounts receivable is a balance of \$NIL (2023 - \$343) due from Agri-Trade at year end related to the outstanding portion of the amounts noted above.

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. The Chamber exercises significant influence over the Agri-Trade partnership through its role on the board of directors.

11. Other Commitments

The Chamber has entered into an agreement with Stantec Engineering LLP "Stantec" for them to provide an assessment review and design of an Enterprise Business Centre, a hub for business service providers to collaborate and centralize operations in Red Deer.

Costs related to this project are anticipated to be \$135,200 of which \$62,400 was invoiced during the year. The remaining amount on the agreement of \$72,800 is expected to be invoiced in the next fiscal year.

RED DEER & DISTRICT CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended June 30, 2024

12. Financial Instruments

The Chamber's financial instruments consist of cash, accounts receivable, restricted cash and term deposits, investments in tradeshows, and accounts payable and accruals. It is management's opinion that the Chamber is not exposed to significant interest, currency, liquidity, market or credit risk arising from these financial instruments except as follows:

Credit risk

The Chamber is exposed to credit risk as it grants credit to its members in the normal course of business. To mitigate this risk the Chamber regularly reviews its accounts receivable list, and will stop granting credit and revoke memberships for members who have not made regular payments.

Interest rate risk

The Chamber is exposed to interest rate price risk as term deposits bear interest at fixed interest rates. The Chamber is also exposed to interest rate price risk as its callable debt bears interest at the prime rate plus 0.5%. As the prime rate fluctuates, the interest on callable debt also fluctuates.
