

**SOUTHERN GEORGIAN BAY
CHAMBER OF COMMERCE**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS AND MEMBERS OF THE SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE

Report on the Financial Statements

Opinion

We have audited the financial statements of **SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE** (the Entity), which 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 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 Entity as at December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNFPO).

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 Entity 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 ASNFPO, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the Entity'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 Entity'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 Entity'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 Entity 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.

MIDLAND, ONTARIO
June 1, 2023


BRABANT & KRETZSCHMANN
Chartered Professional Accountants
Licensed Public Accountants

SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	2022	2021
	\$	\$
ASSETS		
CURRENT		
Cash and Cash Equivalents	55,935	75,075
Short Term Investments - Unrestricted (Note 2)	54,194	53,285
Short Term Investments - Internally Restricted (Note 2)	53,714	53,714
Accounts Receivable	9,315	10,810
Government Remittances Receivable	-	2,617
Prepaid Expenses and Deposits	1,622	1,576
	<u>174,780</u>	<u>197,077</u>
NON CURRENT		
Land, Building and Equipment (Note 3)	242,423	129,232
Intangible Assets (Note 4)	1,759	3,266
	<u>244,182</u>	<u>132,498</u>
TOTAL ASSETS	418,962	329,575
LIABILITIES		
CURRENT		
Accounts Payable and Accruals	34,963	22,969
Government Remittances Payable	6,683	-
Deferred Revenue (Notes 1b and 5)	3,012	34,681
Current Portion of Long Term Debt (Note 8)	40,000	-
	<u>84,658</u>	<u>57,650</u>
LONG TERM		
CEBA Loan - net of forgivable portion (Note 8)	-	40,000
Deferred Contributions Relating to Capital Assets (Note 6)	102,836	-
	<u>102,836</u>	<u>40,000</u>
TOTAL LIABILITIES	187,494	97,650
NET ASSETS		
NET ASSETS INVESTED IN CAPITAL ASSETS	141,346	132,499
INTERNALLY RESTRICTED NET ASSETS (Note 9)		
Capital Technology Fund	8,080	8,080
Special Projects Fund	31,634	31,634
Operations Contingency Fund	14,000	14,000
UNRESTRICTED NET ASSETS	36,408	45,712
TOTAL NET ASSETS	231,468	231,925
TOTAL LIABILITIES AND NET ASSETS	418,962	329,575

Auditors Report and Notes to the Financial Statements form an Integral Part of this Report

Approved on Behalf of the Board

_____ Director

_____ Director

SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

NET ASSETS	Invested in Capital Assets	Internally Restricted (Note 9)			Unrestricted	Total 2022	Total 2021
		Capital Technology Fund	Special Projects Fund	Operations Contingency Fund			
	\$	\$	\$	\$	\$	\$	
Balance, Beginning of Year	132,499	8,080	31,634	14,000	45,712	231,925	259,361
Excess/(Deficiency) of Revenues over Expenses	(7,433)	-	-	-	6,976	(457)	(27,436)
Net Invested in Capital and Intangible Assets	120,617	-	-	-	(120,617)	-	-
Less Capital Contributions Received	(104,337)	-	-	-	104,337	-	-
Balance, End of Year	141,346	8,080	31,634	14,000	36,408	231,468	231,925

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SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	\$	\$
REVENUE		
Membership Fees	74,357	70,983
Other - Promotional Sales and Services	36,463	1,112
- Member Events and Programs	4,978	2,469
- Group Insurance Administration	14,701	13,853
- Rent	15,961	18,098
- Publications and Advertising	-	303
- Interest	1,903	852
- Grants and Government Assistance (note 7)	111,349	104,972
- Amortization of Restricted Capital Contributions	1,501	-
	261,213	212,642
EXPENSES		
Salaries and Benefits	183,641	152,143
Advertising and Marketing	47,806	33,201
Publication Costs	-	1,490
Member Events and Program Costs	1,865	2,633
Travel and Parking	100	42
Insurance	3,846	3,737
Property Tax	6,097	6,229
Utilities	3,229	3,416
Maintenance and Repairs	5,091	7,675
Office Supplies and Postage	3,579	2,424
Computer Related Expenses	1,779	3,838
Equipment Leasing and Maintenance (Note 10)	2,098	2,017
Telecommunications	5,572	4,343
Professional Fees	16,960	8,152
Bank Charges, Interest and Penalties	6,067	1,501
Amortization of Capital Assets	8,934	7,237
	296,664	240,078
EXCESS/(DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	(35,451)	(27,436)
Gain on Sale of Land	34,994	-
EXCESS/(DEFICIENCY) OF REVENUE OVER EXPENSES	(457)	(27,436)

Auditors Report and Notes to the Financial Statements form an Integral Part of this Report

SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Excess/(Deficiency) of Revenue Over Expenses	(457)	(27,436)
Adjusted for Non-Cash Items:		
Gain on Sale of Land	(34,994)	-
Amortization of Restricted Capital Contributions	(1,501)	-
Amortization of Capital Assets	8,934	7,237
	<u>(28,018)</u>	<u>(20,199)</u>
Change in Non-Cash Working Capital Balances Related to Operations:		
Decrease/(Increase) in Accounts Receivable	4,112	(4,028)
Decrease/(Increase) in Prepaid Expense and Deposits	(46)	(46)
Increase/(Decrease) in Accounts Payable and Accruals	18,677	12,787
Increase/(Decrease) in Deferred Revenue	(31,669)	30,556
	<u>(36,944)</u>	<u>19,070</u>
CASH FLOW FROM (TO) FINANCING ACTIVITIES		
Proceeds/(Repayment) of CEBA Loan	-	10,000
Deferred Capital Contributions Received	104,337	-
	<u>104,337</u>	<u>10,000</u>
CASH FLOW FROM (TO) INVESTING ACTIVITIES		
Investment in Capital Assets	(139,116)	-
Proceeds on Sale of Capital Assets	53,492	-
	<u>(85,624)</u>	<u>-</u>
INCREASE/(DECREASE) IN CASH	(18,231)	29,070
CASH, Beginning of Period	182,074	153,004
CASH, End of Period	163,843	182,074
CASH comprised of:		
Cash and Cash Equivalents	55,935	75,075
Short Term Investments - Unrestricted (Note 2)	54,194	53,285
Short Term Investments - Internally Restricted (Note 2)	53,714	53,714
	<u>163,843</u>	<u>182,074</u>

Auditors Report and Notes to the Financial Statements form an Integral Part of this Report

SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

ORGANIZATION

The Southern Georgian Bay Chamber of Commerce is a not for profit organization formed under the Federal Boards of Trades Act and is not subject to income tax. The object of the organization is to promote and improve the commercial, professional, industrial, agricultural, economic, civic and social well being of the district encompassing the municipalities of Midland, Penetanguishene, Tay and Tiny.

1 SIGNIFICANT ACCOUNTING POLICIES

a) Basis for Accounting

The financial statements are prepared in accordance with Canadian Accounting Standards for Not for Profit Organizations and are in accordance with Canadian generally accepted accounting principles.

b) Revenue Recognition

Member dues are recognized in revenue over the related membership period.

Advertising revenue is recognized on date of publication.

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 received can be reasonably estimated and collection is reasonably assured.

Deferred contributions restricted for the acquisition of capital assets are recognized as revenue in amounts that match the amortization of the related capital assets.

c) Amortization

Capital and Intangible Assets are recorded at cost when purchased and recorded at estimated fair market value if contributed and are amortized on a straight-line basis over their estimated useful lives at the annual rates set out below:

<u>Asset</u>	<u>Annual Rate</u>
Building	2-1/2%
Office Furnishings and Equipment	10%
Computer Equipment	15%
Website/Software Apps	20%

d) Donated Services and Goods

Donated services and goods are recorded only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of business and would otherwise have been purchased. Board members are elected, but are not remunerated for their services, and no record of the value of such services are reflected in the Statement of Income.

e) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Auditors Report and Notes to the Financial Statements form an Integral Part of this Report

SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

f) **Use of Estimates**

The preparation of financial statements in accordance 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 revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates and assumptions may be used when accounting for such items as determination of useful life of capital assets, realization of accounts receivables and accruals for future events. By their nature these estimates, along with other estimates made by management, are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods is unknown.

2 RESTRICTED CASH AND SHORT-TERM INVESTMENTS

The Chamber has set aside cash and investments to cover its internally restricted funds (Note 9).

The funds are held as a part of a short term investment consisting of a GIC, maturing within 1 year, earning interest of 3.55%.

3 LAND, BUILDING AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2022	Net Book Value 2021
	\$	\$	\$	\$
Vacant Land – Penetanguishene	-	-	-	18,500
Building – Midland	325,838	90,386	235,452	108,974
Office Furnishings and Equipment	51,959	46,172	5,787	1,719
Computer Equipment	21,023	19,839	1,184	39
	398,820	156,397	242,423	129,232

4 INTANGIBLE ASSETS

	Cost	Accumulated Amortization	Net Book Value 2022	Net Book Value 2021
	\$	\$	\$	\$
Website/Software Apps	12,978	11,219	1,759	3,267

SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

5 DEFERRED REVENUE

Deferred Revenue relates to receipts which are not yet earned as revenue. The receipts are being deferred and will be recognized in revenue when the related services are provided and/or contribution restrictions are met.

	\$
Balance - Beginning of Year	34,681
Restricted Contributions Received in Year	79,680
Restricted Contributions Used in Year	<u>(111,349)</u>
Balance - End of Year	<u>3,012</u>

The deferred revenue as at year-end relate to the following:

	<u>2022</u>	<u>2021</u>
	\$	\$
Membership Fees	3,012	1,350
Event Sponsorships	-	1,675
Rent Deposits	-	1,100
Shop Local Initiative Grant	-	30,556
	<u>3,012</u>	<u>34,681</u>

6 DEFERRED CONTRIBUTIONS RELATING TO CAPITAL ASSETS

Deferred contributions relating to capital assets consist of grants restricted for and used to acquire capital assets. The contributions are amortized and taken into income on the same basis as the amortization of the capital assets they relate to.

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance, Beginning of Year	-	-
Contributions Restricted and used for Capital Assets	104,337	-
Amounts Amortized to Revenue	<u>(1,501)</u>	-
Balance, End of Year	<u>102,836</u>	-

	Amortization	<u>2022</u>	<u>2021</u>
	Rate	\$	\$
Balance is Comprised of Deferred Contributions Relating To:			
Building	2-1/2%	98,475	-
Office Furnishings and Equipment	10%	3,473	-
Computer Equipment	15%	888	-
		<u>102,836</u>	<u>-</u>

SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

7 GRANTS AND GOVERNMENT FUNDING

The following grants and government funding were recognized in revenue during the year:

	2022	2021
	\$	\$
Ontario Chamber of Commerce - Shop Local Initiative	40,556	36,944
Ontario Chamber of Commerce - Provincial Antigen Screening Program	45,494	28,566
Canada Emergency Business Account (CEBA) Loan Forgiveness	-	10,000
Canada Emergency Wage Subsidy (CEWS)	-	22,126
Canada Jobs Employment Grant	9,192	4,456
Town of Penetanguishene - Wage Share Grant	15,015	2,880
Canada Community Revitalization Fund	1,092	-
	111,349	104,972

8 CEBA LOAN

A \$60,000 loan was taken out with the CIBC Bank under the federal government's Canada Emergency Business Account (CEBA) program for businesses and non profit organizations as economic support in response to the COVID-19 pandemic.

The CEBA program provides a \$60,000 loan with the following terms:

- 0% interest until December 31, 2023.
- No principal repayments required until December 31, 2023.
- Principal repayments can be voluntarily made at any time without fees or penalties.
- \$20,000 loan forgiveness is available, provided \$40,000 is paid back prior to December 31, 2023.
- If the balance is not paid by December 31, 2023, the remaining balance will be converted to a 2-year term loan at 5% annual interest, paid monthly, effective January 1, 2024.
- The full balance must be repaid by no later than December 31, 2025.

Given the organization's current financial position to be able to pay back the loan, the forgivable portion had been recognized in income in prior years and the remaining loan has been presented as a current liability.

SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

9 INTERNALLY RESTRICTED NET ASSETS

The organization's Board of Directors have set aside and put restrictions on a portion of the organization's net assets in the following funds:

Capital Technology Fund: internally restricted for the purchase of computer hardware, peripherals and software.

Special Projects Fund: internally restricted for special projects as directed by the Board.

Operations Contingency Fund: internally restricted to cover possible future funding shortfalls and unanticipated expenditures.

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

10 LEASE COMMITMENTS

The Chamber leases the land on which its building is located from the Town of Midland for an annual rental of \$1. The lease agreement signed in 1985 provides for a 100-year lease renewable in 10-year terms. The current renewal term expires in July 2024.

Office equipment is leased with future lease commitments as follows:

2023	\$	863
2024	\$	495
2025	\$	495
2026	\$	495
2027	\$	495

11 FINANCIAL RISKS

The significant financial risk to which the organization is exposed is 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 is exposed to credit risk in connection to its accounts receivables. The organization does not obtain collateral, or other security, to support the accounts receivable subject to credit risk, but mitigates this risk by only dealing with what management believes financially sound counterparties and accordingly, does not anticipate significant loss for non-collection.