

Greater Summerside Chamber of Commerce

Financial Statements
December 31, 2021

June 28, 2022

Independent Auditor's Report

To the Board of Directors of Greater Summerside Chamber of Commerce

Opinion

We have audited the financial statements of Greater Summerside Chamber of Commerce, which comprise the statement of financial position as at December 31, 2021, 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 Greater Summerside Chamber of Commerce as at December 31, 2021, 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.

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 Greater Summerside Chamber of Commerce 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 audit opinion.

Other Matter

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unqualified opinion on those financial statements on August 12, 2021.

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 Greater Summerside Chamber of Commerce'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 Greater Summerside Chamber of Commerce or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Greater Summerside Chamber of Commerce's financial reporting process.

Member of The AC Group of Independent Accounting Firms

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 Greater Summerside Chamber of Commerce'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 Greater Summerside Chamber of Commerce'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 Greater Summerside Chamber of Commerce 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.

Arsenault Best Cameron Ellis

Chartered Professional Accountants

Greater Summerside Chamber of Commerce

Statement of Financial Position

As at December 31, 2021

	2021	2020
	\$	\$
Assets		
Current assets		
Cash	55,418	2,129
Accounts receivable (note 4)	7,627	7,860
Prepaid expenses	6,323	974
	<u>69,368</u>	<u>10,963</u>
Internally Restricted Funds (note 3)		
Cash	165,585	166,438
Investments - mutual funds, fair market value	79,795	69,140
Investments (note 5)	176,044	176,214
	<u>490,792</u>	<u>422,755</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	12,056	5,411
HST payable	8,266	2,415
Unearned revenue	7,600	1,500
	<u>27,922</u>	<u>9,326</u>
Long-term debt (note 7)	<u>40,000</u>	<u>-</u>
	<u>67,922</u>	<u>9,326</u>
Net Assets - Internally Restricted		
Contingency fund	114,757	105,000
Business Development Fund - Summerside 2030 fund	3,953	3,953
Special project fund	296,714	295,816
Scholarship fund	6,000	8,000
	<u>421,424</u>	<u>412,769</u>
Unrestricted net assets	<u>1,446</u>	<u>660</u>
	<u>422,870</u>	<u>413,429</u>
	<u>490,792</u>	<u>422,755</u>

Approved by the Board of Directors

_____ Director

_____ Director

Greater Summerside Chamber of Commerce

Statement of Changes in Net Assets

For the year ended December 31, 2021

	Unrestricted \$	Contingency Fund \$	Business Development Fund - Summerside 2030 \$	Special Project Fund \$	Scholarship Trust Fund \$	2021 Total \$
Balance - Beginning of year	660	105,000	3,953	295,816	8,000	413,429
Excess revenue (expenses) for the year	786	10,655	-	-	(2,000)	9,441
Transfer between funds	-	(898)	-	898	-	-
Balance - End of year	1,446	114,757	3,953	296,714	6,000	422,870

During the 2021 year, the Contingency Fund transferred \$898 of investment income to the Special Project Fund as required by Chamber's policy.

	Unrestricted \$	Contingency Fund \$	Business Development Fund - Summerside 2030 \$	Special Project Fund \$	Scholarship Trust Fund \$	2020 Total \$
Balance - Beginning of year	17,656	105,000	3,953	294,614	10,000	431,223
Excess revenue (expenses) for the year	(16,996)	1,202	-	-	(2,000)	(17,794)
Transfer between funds	-	(1,202)	-	1,202	-	-
Balance - End of year	660	105,000	3,953	295,816	8,000	413,429

During the 2020 year, the Contingency Fund transferred \$1,202 of investment income to the Special Projects Fund as required by Chamber's policy.

Greater Summerside Chamber of Commerce

Statement of Operations

For the year ended December 31, 2021

	2021 Budget (unaudited) \$	2021 \$	2020 \$
Revenue			
Membership dues	71,005	77,334	75,852
Government assistance - wage subsidies	17,650	20,646	31,874
Insurance commissions	20,000	19,746	19,377
Rental income	9,360	9,870	4,056
Interest income	-	2,308	2,722
Administrative recovery and commissions	4,000	4,174	526
	<hr/>	<hr/>	<hr/>
	122,015	134,078	134,407
Expenses			
Advertising and promotion	5,000	7,775	4,747
Bookkeeping	5,000	9,463	10,400
Dues and fees	3,000	3,510	3,415
Electricity	800	711	682
Equipment purchased	1,000	-	1,156
Insurance	2,100	2,009	1,972
Interest and bank charges	4,500	4,540	4,945
Meetings, conference and travel	2,000	2,268	1,546
Office expenses	9,500	9,258	9,392
Professional development	2,000	631	217
Professional fees	5,000	5,350	4,792
Rental	9,669	9,669	9,669
Salaries and wages	110,763	104,009	95,258
Telecommunications	3,000	2,427	3,558
Vehicle expenses	2,612	2,505	-
	<hr/>	<hr/>	<hr/>
	165,944	164,125	151,749
Operating loss	<hr/>	<hr/>	<hr/>
	(43,929)	(30,047)	(17,342)
Other income (expense)			
Project income (note 9)	31,100	63,256	11,120
Project expenses (note 9)	-	(52,423)	(10,774)
Scholarships awarded	(2,000)	(2,000)	(2,000)
Income - Contingency Fund (note 8)	-	10,655	1,202
Government assistance	20,000	20,000	-
	<hr/>	<hr/>	<hr/>
	49,100	39,488	(452)
Excess revenue (expenses) for the year	<hr/>	<hr/>	<hr/>
	5,171	9,441	(17,794)

Greater Summerside Chamber of Commerce

Statement of Cash Flows

For the year ended December 31, 2021

	2021	2020
	\$	\$
Cash provided by (used in)		
Operating activities		
Excess revenue (expenses) for the year	9,441	(17,794)
Net change in non-cash working capital items		
Decrease in accounts receivable	233	27,840
Increase in prepaid expenses	(5,349)	(597)
Increase (decrease) in accounts payable and accrued liabilities	6,646	(17,435)
Increase in HST payable	5,851	9,133
Increase in unearned revenue	6,100	1,500
	<u>22,922</u>	<u>2,647</u>
Financing activity		
Increase in long-term debt	<u>40,000</u>	<u>-</u>
Investing activities		
Increase in mutual funds	(10,656)	(1,203)
Decrease in term deposits	170	104
	<u>(10,486)</u>	<u>(1,099)</u>
Increase in net cash	52,436	1,548
Net cash - Beginning of year	<u>168,567</u>	<u>167,019</u>
Net cash - End of year	<u>221,003</u>	<u>168,567</u>
Net cash consists of		
Cash - unrestricted	55,418	2,129
Cash - restricted	<u>165,585</u>	<u>166,438</u>
	<u>221,003</u>	<u>168,567</u>

Greater Summerside Chamber of Commerce

Notes to Financial Statements

December 31, 2021

1 Purpose of the organization

The Greater Summerside Chamber of Commerce is a not-for-profit organization that acts as a lobby group on behalf of its members in the greater Summerside area. The Chamber is exempt from tax under Section 149(1)(I) of the *Income Tax Act*.

2 Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements include the following significant accounting policies:

Cash

Cash consists of cash on hand and balances with financial institutions.

Restricted cash and investments

Any cash and investments that are legally restricted from use is recorded in restricted cash and investments. Cash and investments are considered restricted when they are subject to contingent rights of third parties. The Board has internally restricted funds for the Contingency fund, Business Development fund - Summerside 2030, Scholarship fund, and the Special Projects fund.

Capital assets

In common with many not-for-profit organizations with average annual revenues in the current and prior year of less than \$500,000, expenditures for capital assets are expended as incurred rather than capitalized and amortized over their useful lives.

Capital assets expended in the year are as follows:

	2021	2020
	\$	\$
Computer including warranty	-	1,156

Greater Summerside Chamber of Commerce

Notes to Financial Statements

December 31, 2021

Internally restricted and unrestricted funds

Internally restricted funds are funds restricted by the board for specific purposes and include the following:

Contingency Fund:

The Contingency fund is to provide the Chamber with operating funds when required in those years where there is an excess of expenditures over revenue. The Board must approve any withdrawals from the fund. During 2017, the membership approved that the Contingency fund balance be set at \$105,000 to represent approximately nine months of operating expenses with any realized investment income during the year being transferred to the Special Projects fund. (note 8)

Business Development Fund - Summerside 2030:

The Business Development Fund - Summerside 2030 is to provide operating funds, when required, for new member engagement events. The Board must approve withdrawals from the fund. Investment income earned on the Business Development Fund - Summerside 2030 is recorded as income in the General Fund.

Scholarship Trust Fund:

The Scholarship Trust fund provides scholarship to high school students who are associated with the Chamber. The amount is approved in the budget each year. Investment income earned on the Scholarship Fund is recorded as income in the General Fund.

Special Project Fund:

The Special Project fund was originally established to provide funds for website development, advertising and office renovations/relocation. As a result of 2017 receipts to the fund, the purpose was expanded to include supporting the "Forward Summerside" initiative and other priorities established by the Board and/or membership. The Board must approve any withdrawals from the fund. Investment income earned on the Special Project Fund is recorded as income in the General Fund.

Contributed services

The Chamber relies on volunteers to assist in carrying out its mandate. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Revenue recognition

The Greater Summerside Chamber of Commerce follows the deferral fund method of accounting for contributions. Restricted contributions are recognized in the year the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collections is reasonably assured.

Membership dues are recorded on the cash basis as membership in the organization is voluntary. Rental revenue is recognized in the month due.

Greater Summerside Chamber of Commerce

Notes to Financial Statements

December 31, 2021

Contributions from governments are recorded as revenue when the related expenses are incurred. Insurance commissions are reported when received or when the amount can reasonably be determined.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Since January 31, 2020, the outbreak of COVID-19 (coronavirus) has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown, and global equity markets have experienced significant volatility. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the outcome of government and central bank interventions.

In management's estimation, these events have not had a material impact on the carrying value of assets and liabilities reported in these financial statements as at December 31, 2021. The duration and impact of the COVID-19 pandemic remains unclear at this time. Therefore, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Chamber for future periods.

Financial instruments

(a) Measurement of financial instruments

Greater Summerside Chamber of Commerce's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities and long-term debt.

The Chamber initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. This fair value amount is then deemed to be the amortized cost of the financial instrument.

The Chamber subsequently measures all its financial assets and financial liabilities at amortized cost, except for mutual funds quoted in an active market which are measured at fair value. Changes in fair value are recognized in excess revenue (expenses).

Greater Summerside Chamber of Commerce

Notes to Financial Statements

December 31, 2021

(b) Impairment

For financial assets measured at cost or amortized cost, the Chamber determines whether there are indications of possible impairment. When there is an indication of impairment, and the Chamber determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess revenue (expenses) for the year. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 excess revenue (expenses).

(c) Risks

Transacting in financial instruments exposes the Chamber to certain financial risks and uncertainties. These risks include:

- i) Credit risk: The Chamber is exposed to credit risk in connection with the collection of its accounts receivable. The Chamber mitigates this risk by performing continuous evaluation of its accounts receivables.
- ii) Liquidity risk: The Chamber's exposure to liquidity risk is dependent on the collection of accounts receivable or raising of funds to meet commitments and sustain operations. The Chamber controls liquidity risk by management of working capital, cash flows and availability of borrowing facilities.
- iii) Market risk: The Chamber's investment in publicly traded securities exposes the Chamber to market risk since these equity investments are subject to price fluctuations in the open market.

Greater Summerside Chamber of Commerce

Notes to Financial Statements

December 31, 2021

3 Restricted cash and investments

Cash and investments are considered to be restricted when it is subject to contingent rights of a third party, customer, projects, vendors or government agency. Internally restricted funds include the Contingency Fund, Scholarship Fund, Special Projects Fund and Business Development Fund - Summerside 2030. Disbursements of these funds require board approval. The Board has restricted cash and investments as follows:

	2021	2020
	\$	\$
Cash	165,585	166,438
Investments - mutual funds, fair market value	79,795	69,140
Investments (note 5)	176,044	176,214
	<hr/>	<hr/>
	421,424	411,792
	<hr/>	<hr/>

4 Accounts receivable

	2021	2020
	\$	\$
Trade accounts receivable - sponsorships and events	3,754	2,023
Government contributions receivable	3,873	5,837
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	7,627	7,860
	<hr/>	<hr/>

Greater Summerside Chamber of Commerce

Notes to Financial Statements

December 31, 2021

5 Investments

	2021	2020
	\$	\$
Current investments		
Term deposit, 2.50%, matures March 17, 2022	14,717	-
Term deposit, 1.85%, matures March 20, 2022	20,000	-
Term deposit, 0.65%, matures October 31, 2022	5,000	-
Term deposit, 1.75%, matured during the year	-	10,000
Term deposit, 1.75%, matured during the year	-	5,000
Term deposit, 2.25%, matured during the year	-	2,159
Term deposit, 0.75%, matured during the year	-	5,000
Term deposit, 1.75%, matured during the year	-	18,377
Scotiabank - cash and savings accelerator account	32,275	32,271
Accrued interest receivable on investments	1,524	1,698
	<hr/>	<hr/>
Total current investments in term deposits	73,516	74,505
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Long-term investment in term deposits		
Term deposit, 0.75%, matures March 20, 2023	2,159	-
Term deposit, 2.25%, matures April 19, 2023	10,000	10,000
Term deposit, 2.25%, matures April 19, 2023	13,000	13,000
Term deposit, 1.40%, matures June 17, 2023	11,300	11,300
Term deposit, 0.90%, matures September 30, 2023	16,832	16,832
Term deposit, 0.90%, matures September 30, 2023	5,860	5,860
Term deposit, 1.10%, matures February 10, 2024	18,377	-
Term deposit, 1.40%, matures June 1, 2025	10,000	10,000
Term deposit, 1.40%, matures March 17, 2026	10,000	-
Term deposit, 1.40%, matures March 30, 2026	5,000	-
Term deposit, 2.50%, transferred to current investments in 2021	-	14,717
Term deposit, 1.85%, transferred to current investments in 2021	-	20,000
	<hr/>	<hr/>
Long-term investments in term deposits	102,528	101,709
	<hr/>	<hr/>
	176,044	176,214
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Notes to Financial Statements

December 31, 2021

6 Accounts payable and accrued liabilities

	2021	2020
	\$	\$
Trade accounts payable	7,857	1,652
Wages payable	3,665	2,477
Source deductions payable	534	1,282
	<hr/>	<hr/>
	12,056	5,411
	<hr/>	<hr/>

7 Long-term debt

	2021	2020
	\$	\$
0% loan, due in full December 2023, after such time the loan will automatically be converted to a 5% term loan, due December 31, 2023, with interest payments due monthly, unsecured	60,000	-
Less: government assistance portion	20,000	-
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	40,000	-
	<hr/>	<hr/>

The aggregate amount of principal payments required in each of the next two years to meet retirement provisions is as follows:

	\$
Year ended December 31, 2022	-
2023	40,000

8 Contingency fund

	2021	2020
	\$	\$
Interest income	898	837
Unrealized gain on investments	9,757	365
	<hr/>	<hr/>
	10,655	1,202
	<hr/>	<hr/>

Greater Summerside Chamber of Commerce

Notes to Financial Statements

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9 Project income and expenses

	Income	Expenses	Net 2021	Net 2020
	\$	\$	\$	\$
Projects:				
Golf Tournament	19,105	11,099	8,006	-
Business Excellence Awards	4,200	2,588	1,612	-
Simply Cast	35,581	35,581	-	-
Business Mixer	50	466	(416)	-
State of the City	720	636	84	-
Breakfast with the Premier	3,600	2,053	1,547	910
President's Dinner	-	-	-	3,088
Business Week and Business Builders	-	-	-	(3,652)
	<hr/> 63,256	<hr/> 52,423	<hr/> 10,833	<hr/> 346

10 Lease commitments

The Chamber leased a photocopier with required total annual payments of \$1,092 plus HST, which started in November 2018. Subsequent to year end the Chamber replaced this photocopier lease with a new lease with the same payment terms and the new lease expires in November 2027. Lease payments are included in office supplies on the statement of operations.

The Chamber also leases a vehicle for use in its operations. Lease requirements are \$150 monthly including HST and expires December 2022.

The future minimum lease payments over the remaining terms of the agreements are as follows:

	\$
Year ending December 31, 2022	2,892
2023	1,092
2024	1,092
2025	1,092
2026	1,092
2027	1,001

11 Comparative figures

Certain comparative figures presented for the 2020 fiscal year have been restated to conform with the financial statement presentation adopted in the current year.