

Financial Statements

**WINDSOR-ESSEX REGIONAL
CHAMBER OF COMMERCE**

And Independent Auditor's Report thereon

Year ended June 30, 2023



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Windsor-Essex Regional Chamber of Commerce

Opinion

We have audited the financial statements of the Windsor-Essex Regional Chamber of Commerce (the "Chamber"), which comprise:

- the balance sheet as at June 30, 2023
- the statement of revenue and expenses for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Chamber as at June 30, 2023, and its results of operations and changes in net assets, 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 auditor's 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 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 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 the 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.



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- 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

November 29, 2023

WINDSOR-ESSEX REGIONAL CHAMBER OF COMMERCE

Balance Sheet

June 30, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 935,145	\$ 827,012
Accounts receivable (note 2)	117,442	125,642
Prepaid expenses	25,894	18,887
	<u>1,078,481</u>	<u>971,541</u>
Capital assets (note 3)	356,431	347,119
Less accumulated amortization	<u>302,846</u>	<u>292,686</u>
	53,585	54,433
	<u>\$ 1,132,066</u>	<u>\$ 1,025,974</u>

Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 87,489	\$ 88,101
Canada Emergency Business Account loan	<u>60,000</u>	<u>60,000</u>
	147,489	148,101
Deferred contributions (note 5):		
Expenses of future periods	279,480	302,214
Capital assets	<u>100</u>	<u>125</u>
	279,580	302,339
Net assets:		
Net assets invested in capital assets (note 6)	53,485	54,308
Net assets internally restricted for future expenditures	<u>651,512</u>	<u>521,226</u>
	704,997	575,534
Commitment (note 8)		
	<u>\$ 1,132,066</u>	<u>\$ 1,025,974</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

WINDSOR-ESSEX REGIONAL CHAMBER OF COMMERCE

Statement of Revenue and Expenses

Year ended June 30, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Projects and other activities	\$ 532,558	\$ 470,624
Memberships	334,209	323,569
Gold Circle memberships	81,250	77,500
Affinity	61,460	52,650
Interest income	19,565	5,221
Advertising and other revenue	3,104	8,001
Grants	-	30,257
	1,032,146	967,822
Expenses:		
Salaries and benefits	439,961	437,035
Projects and other activities	266,583	190,893
Office maintenance and property taxes	33,881	31,990
Rent and utilities	33,320	33,689
Membership dues and subscriptions	22,646	25,893
Professional fees	15,724	6,414
Printing and stationery	15,019	19,866
Equipment rent	13,850	12,197
Bank and credit card charges	12,432	9,873
Amortization, net (note 6)	10,135	9,363
Automotive expense	7,321	12,744
Advertising and promotion	7,139	5,549
Telephone	6,282	6,402
Miscellaneous	6,189	6,765
Insurance	5,036	4,700
Travel and conferences	4,798	2,044
Postage	2,367	5,012
	902,683	820,429
Excess of revenue over expenses	\$ 129,463	\$ 147,393

See accompanying notes to financial statements.

WINDSOR-ESSEX REGIONAL CHAMBER OF COMMERCE

Statement of Changes in Net Assets

Year ended June 30, 2023, with comparative information for 2022

				2023	2022	
	Invested in capital assets	Internally restricted for future expenditures	Unrestricted net assets	Total	Total	
Balance, beginning of year	\$ 54,308	\$ 521,226	\$ -	\$ 575,534	\$	428,141
Excess (deficiency) of revenue over expenses	(10,135)	-	139,598	129,463		147,393
Purchase of capital assets (note 6)	9,312	-	(9,312)	-		-
Appropriations between funds	-	130,286	(130,286)	-		-
Balance, end of year	\$ 53,485	\$ 651,512	\$ -	\$ 704,997	\$	575,534

See accompanying notes to financial statements.

WINDSOR-ESSEX REGIONAL CHAMBER OF COMMERCE

Statement of Cash Flows

Year ended June 30, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 129,463	\$ 147,393
Item not involving cash:		
Amortization, net of related deferred capital contributions amortization	10,135	9,363
Change in non-cash operating working capital:		
Decrease in accounts receivable	8,200	60,940
(Increase) decrease in prepaid expenses	(7,007)	1,569
Decrease in accounts payable and accrued liabilities	(612)	(17,874)
Decrease in deferred contributions - expenses of future periods	(22,734)	(40,091)
	<u>117,445</u>	<u>161,300</u>
Investing activities:		
Purchase of capital assets	(9,312)	(21,700)
Increase in cash and cash equivalents	108,133	139,600
Cash and cash equivalents, beginning of year	827,012	687,412
Cash and cash equivalents, end of year	<u>\$ 935,145</u>	<u>\$ 827,012</u>

See accompanying notes to financial statements.

WINDSOR-ESSEX REGIONAL CHAMBER OF COMMERCE

Notes to Financial Statements

Year ended June 30, 2023

Purpose of organization:

The Windsor-Essex Regional Chamber of Commerce (the “Chamber”) is a vehicle through which business and professional people work together for the common good of the community. The Chamber was incorporated on September 29, 1917 under the provisions of the Boards of Trade Act for Canada. The Chamber is exempt from income taxes under Paragraph 149(1)(e) of the Income Tax Act.

1. Significant accounting policies:

The financial statements of the Chamber have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

(a) Revenue recognition:

The Chamber follows the deferral method of accounting for contributions. Externally restricted contributions, including government assistance payments, are recognized as revenue in the year in which the related expenses are recognized. 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.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

(c) Capital assets:

Capital assets are recorded at cost and amortization is provided utilizing the declining-balance method over the estimated useful lives of the assets at the following annual rates:

Asset	Rate
Furniture and fixtures	20%
Computer hardware	20%
Computer software	50%

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

Any gains or losses on the disposal of capital assets are recorded in the year of disposal.

WINDSOR-ESSEX REGIONAL CHAMBER OF COMMERCE

Notes to Financial Statements (continued)

Year ended June 30, 2023

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Chamber has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Chamber determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Chamber expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) Use of estimates:

The preparation of the financial statements in conformity with 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for accounts receivable and the carrying amount of capital assets. Actual results could differ from those estimates.

2. Accounts receivable:

Included in accounts receivable is an allowance for doubtful accounts of \$6,633 (2022 - \$7,000).

WINDSOR-ESSEX REGIONAL CHAMBER OF COMMERCE

Notes to Financial Statements (continued)

Year ended June 30, 2023

3. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 175,116	\$ 153,366	\$ 21,750	\$ 26,226
Computer hardware	135,184	118,713	16,471	14,446
Computer software	31,448	30,400	1,048	2,306
Leasehold improvements	1,592	367	1,225	1,361
Assets in progress	13,091	-	13,091	10,094
	<u>\$ 356,431</u>	<u>\$ 302,846</u>	<u>\$ 53,585</u>	<u>\$ 54,433</u>

Assets in process are not amortized until they are placed in use.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$911 (2022 - \$10,251) which includes amounts payable for HST and payroll related taxes.

5. Deferred contributions:

(a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent resources restricted for specific functions or future expenditures.

	2023	2022
Balance, beginning of year	\$ 302,214	\$ 342,305
Less: amount recognized as revenue	(299,736)	(339,911)
Add: amount received related to future periods	277,002	299,820
Balance, end of year	<u>\$ 279,480</u>	<u>\$ 302,214</u>

WINDSOR-ESSEX REGIONAL CHAMBER OF COMMERCE

Notes to Financial Statements (continued)

Year ended June 30, 2023

5. Deferred contributions (continued):

(a) Expenses of future periods (continued):

The ending balance consists of:

	2023	2022
Membership dues	\$ 189,043	\$ 187,378
Gold Circle membership	42,083	46,667
Events and other	48,354	68,169
	\$ 279,480	\$ 302,214

(b) Capital assets:

Deferred contributions related to capital assets represent the unamortized amount of contributions received for the purchase of capital assets. The amortization of capital contributions is netted against capital asset amortization in the statement of revenue and expenses.

	2023	2022
Balance, beginning of year	\$ 125	\$ 157
Less: amount amortized	25	32
Balance, end of year	\$ 100	\$ 125

6. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2023	2022
Capital assets	\$ 53,585	\$ 54,433
Amounts financed by deferred contributions	(100)	(125)
	\$ 53,485	\$ 54,308

WINDSOR-ESSEX REGIONAL CHAMBER OF COMMERCE

Notes to Financial Statements (continued)

Year ended June 30, 2023

6. Invested in capital assets (continued):

(b) Change in net assets invested in capital assets is calculated as follows:

	2023	2022
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	\$ 25	\$ 32
Amortization of capital assets	(10,160)	(9,395)
	(10,135)	(9,363)
Other changes:		
Capital assets acquired	9,312	21,700
Net change in net assets invested in capital assets	\$ (823)	\$ 12,337

7. Canada Emergency Business Account loan:

	2023	2022
CEBA term loan bearing interest at a fixed rate of 0.00% to January 18, 2024, and at a fixed rate of 5.00% thereafter	\$ 60,000	\$ 60,000

Principal repayments on account of the CEBA term loan are discretionary on the Chamber's behalf over the term of the loan. The CEBA term loan also contains a clause where if \$40,000 of the loan balance is repaid during the interest-free period, the remaining balance will be forgiven.

8. Commitment:

The Chamber currently leases its premises under a ten-year lease with monthly payments of \$2,327 which expires June 30, 2031. Under the lease agreement, monthly payments increase to \$2,558 on July 1, 2026 and \$2,789 on July 1, 2028. The Chamber is responsible for maintenance fees and property taxes.

WINDSOR-ESSEX REGIONAL CHAMBER OF COMMERCE

Notes to Financial Statements (continued)

Year ended June 30, 2023

9. Financial instruments:

(a) Credit risk:

The Chamber earns its revenue from a broad base of customers located principally in Windsor-Essex. No single customer would account for revenue or an accounts receivable balance in excess of 10% of the respect reported balances. There have been no changes to the risk exposure from 2022.

(b) Liquidity risk

The Chamber believes that it is not exposed to significant liquidity risk as all investments are cashable and can be disposed of to settle commitments. There have been no changes to the risk exposure from 2022.

10. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial presentation adopted for the current year.