

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

Financial Information

For The Year Ended August 31, 2020

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

Financial Statements

For The Year Ended August 31, 2020

	Page
Independent Practitioner's Review Engagement Report	1
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Statement of Cash Flows	5
General and Administrative Expenses, Schedule "A"	6
Notes to the Financial Statements	7 - 13

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, 2020, 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, 2020, 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
October 21, 2020


MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**Statement of Financial Position
 August 31, 2020**

(Unaudited)

	2020	2019
	\$	\$
Assets		
Current		
Cash and cash equivalents	61,077	193,880
Short-term investments (Note 3)	220,000	250,000
Accounts receivable (Note 4)	128,938	5,545
Prepaid expenses and other current assets (Note 5)	<u>20,931</u>	<u>59,997</u>
	430,946	509,422
Capital Assets (Note 6)	<u>370,939</u>	<u>372,317</u>
	<u><u>801,885</u></u>	<u><u>881,739</u></u>
Liabilities		
Current		
Accounts payable and accrued liabilities	73,226	82,066
Goods and services tax payable	2,717	11,322
Deferred revenue (Note 7)	106,295	343,517
Current portion of obligation under capital lease (Note 8)	<u>2,557</u>	<u>2,493</u>
	184,795	439,398
Long-Term Debt (Note 9)	40,000	-
Obligation Under Capital Lease (Note 8)	-	2,557
Unamortized Expended Capital Contributions	<u>3,582</u>	<u>8,672</u>
	<u>228,377</u>	<u>450,627</u>
Commitment (Note 10)		
Net Assets		
Invested in Capital Assets	364,800	358,595
Unrestricted	<u>208,708</u>	<u>72,517</u>
	<u>573,508</u>	<u>431,112</u>
	<u><u>801,885</u></u>	<u><u>881,739</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, 2020**

(Unaudited)

	Invested In Capital Assets	Unrestricted	Total 2020	Total 2019
	\$	\$	\$	\$
Balance , beginning of year	358,595	72,517	431,112	378,402
Excess of revenue over expenses for the year	-	142,396	142,396	52,710
Net addition of capital assets	39,968	(39,968)	-	-
Amortization of capital assets	<u>(33,763)</u>	<u>33,763</u>	<u>-</u>	<u>-</u>
Balance , end of year	<u><u>364,800</u></u>	<u><u>208,708</u></u>	<u><u>573,508</u></u>	<u><u>431,112</u></u>

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**Statement of Operations
 For The Year Ended August 31, 2020**

(Unaudited)

	Direct Revenue	Direct Expenses	2020	2019
	\$	\$	\$	\$
Revenue and Direct Expenses				
Board	-	35,809	(35,809)	(41,338)
Business advocacy	-	64,867	(64,867)	(64,586)
Membership	245,233	91,700	153,533	141,217
Fall trade show	188,657	152,977	35,680	38,420
Spring trade show	233,189	169,456	63,733	76,256
Business builders	19,249	34,891	(15,642)	(17,063)
Business awards	68,217	68,577	(360)	(5,611)
Annual general meeting	22	6,614	(6,592)	(9,840)
Cluster signs	42,725	4,813	37,912	43,838
Communication	630	59,553	(58,923)	(29,938)
E-Zine	1,685	6,331	(4,646)	(4,391)
Agribusiness	-	7,385	(7,385)	(3,235)
Urban development industry	3,136	3,136	-	(36)
Other events	-	4,773	(4,773)	-
	<u>802,743</u>	<u>710,882</u>	<u>91,861</u>	<u>123,693</u>
General and Administrative Expenses				
General and administrative expenses, Schedule "A"			107,111	118,058
Amortization			33,763	34,514
Interest and bank charges			1,515	1,122
Interest on obligation under capital lease			131	194
			<u>142,520</u>	<u>153,888</u>
Excess (Deficiency) of Revenue Over Expenses Before Other Revenue			<u>(50,659)</u>	<u>(30,195)</u>
Other Revenue				
Canada emergency wage subsidy			97,280	-
(Loss) on disposal of capital assets			-	(550)
Group insurance			80,784	77,594
Affinity partner commission			2,622	-
Interest and investment			8,058	1,575
Rental			4,311	4,286
			<u>193,055</u>	<u>82,905</u>
Excess of Revenue Over Expenses For The Year			<u><u>142,396</u></u>	<u><u>52,710</u></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, 2020**

(Unaudited)

	2020	2019
	\$	\$
Cash Flows From Operating Activities		
Excess of revenue over expenses for the year	142,396	52,710
Non-Cash Items		
Amortization	33,763	34,514
Loss on disposal of capital assets	<u>-</u>	<u>550</u>
	176,159	87,774
Changes in Non-Cash Working Capital		
Accounts receivable	(123,393)	2,122
Prepaid expenses and other current assets	39,065	10,157
Accounts payable and accrued liabilities	(8,840)	21,549
Goods and services tax payable	(8,605)	1,555
Deferred revenue	<u>(237,221)</u>	<u>3,352</u>
	<u>(162,835)</u>	<u>126,509</u>
Cash Flows From Investing Activities		
Acquisition of capital assets	(37,475)	(103,998)
Disposal (acquisition) of short-term investments	30,000	(100,000)
Proceeds from long-term debt	<u>40,000</u>	<u>-</u>
	<u>32,525</u>	<u>(203,998)</u>
Cash Flows From Financing Activities		
Payments on capital lease obligations	<u>(2,493)</u>	<u>(2,429)</u>
Cash and Cash Equivalents (Decrease)	(132,803)	(79,918)
Cash and Cash Equivalents, beginning of year	<u>193,880</u>	<u>273,798</u>
Cash and Cash Equivalents, end of year	<u><u>61,077</u></u>	<u><u>193,880</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, 2020**

Schedule "A"

(Unaudited)

	2020	2019
	\$	\$
Dues and memberships	3,129	3,596
Equipment rental	251	314
Honorariums	80	80
Insurance	5,064	5,311
Meetings	2,014	3,592
Office supplies	3,488	4,356
Merchant charges	995	1,081
Repairs and maintenance	18,347	17,905
Salaries, wages and benefits	61,708	72,946
Telephone, fax and internet	5,016	2,812
Travel and convention	2,285	1,708
Utilities	<u>4,734</u>	<u>4,357</u>
	<u><u>107,111</u></u>	<u><u>118,058</u></u>

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**Notes to the Financial Statements
 For The Year Ended August 31, 2020**

(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	3-5 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, 2020**

(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, 2020**

(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.

Measurement Uncertainty

The preparation of financial statements, in accordance with Canadian generally accepted accounting principles, 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 date of the financial statements and reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. Short-Term Investments

	2020	2019
	\$	\$
Term deposit, bearing interest at 2.02% maturing on February 22, 2021	100,000	100,000
Term deposit, bearing interest at 1.55% maturing on December 9, 2020	70,000	100,000
Term deposit, bearing interest at 2.21% maturing on January 21, 2021	<u>50,000</u>	<u>50,000</u>
	<u>220,000</u>	<u>250,000</u>

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**Notes to the Financial Statements
For The Year Ended August 31, 2020**

(Unaudited)

4. Accounts Receivable

	2020	2019
	\$	\$
Accounts receivable	14,306	5,545
Canada emergency wage subsidy	<u>114,632</u>	<u>-</u>
	<u><u>128,938</u></u>	<u><u>5,545</u></u>

5. Prepaid Expenses and Other Current Assets

	2020	2019
	\$	\$
Direct expenses	17,835	55,295
Insurance	<u>3,096</u>	<u>4,702</u>
	<u><u>20,931</u></u>	<u><u>59,997</u></u>

6. Capital Assets

	Cost	Accumulated Amortization	Net Book Value	
	\$	\$	2020	2019
	\$	\$	\$	\$
Land	50,370	-	50,370	50,370
Buildings	351,419	135,229	216,190	220,047
Parking lot	49,460	12,674	36,786	39,259
Computer equipment	39,498	25,534	13,964	11,913
Computer software	18,101	12,701	5,400	8,672
Furniture and fixtures	40,014	18,025	21,989	25,164
Signs	<u>65,833</u>	<u>39,593</u>	<u>26,240</u>	<u>16,892</u>
	<u><u>614,695</u></u>	<u><u>243,756</u></u>	<u><u>370,939</u></u>	<u><u>372,317</u></u>

Included in the above are assets under capital leases as follows:

	Cost	Accumulated Amortization	Net Book Value	
	\$	\$	2020	2019
	\$	\$	\$	\$
Computer equipment	<u>12,155</u>	<u>10,230</u>	<u>1,925</u>	<u>4,356</u>

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**Notes to the Financial Statements
For The Year Ended August 31, 2020**

(Unaudited)

7. Deferred Revenue

	2020	2019
	\$	\$
Cluster signs	9,045	32,227
Memberships	49,516	164,814
Trade shows	20,831	98,852
Rent	-	3,381
Urban development industry	-	1,750
Sponsorships	<u>26,903</u>	<u>42,493</u>
	<u><u>106,295</u></u>	<u><u>343,517</u></u>

8. Obligations Under Capital Leases

	2020	2019
	\$	\$
Secured by a photocopier (carrying value \$1,925). Repayable in annual instalments of \$2,624 principal and interest, with interest calculated at 2.60% per annum, due June 2021.	2,557	5,050
Portion repayable within one year	<u>(2,557)</u>	<u>(2,493)</u>
	<u><u>-</u></u>	<u><u>2,557</u></u>

9. Long-Term Debt

	2020	2019
	\$	\$
Bank loan, interest at 0.00% per annum, no principal and interest payments, maturing December 2022.	<u>40,000</u>	<u>-</u>

10. Commitment

The Chamber is committed under an agreement for information technology services. Total annual payment under this agreement, is as follows:

	\$
2021	4,225

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**Notes to the Financial Statements
For The Year Ended August 31, 2020**

(Unaudited)

11. Related Party Transactions

The following is summary of the Chamber's related party transactions with directors or directors' companies which are included in the statement of operations:

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 related parties.

	2020	2019
	\$	\$
Revenue:		
Event admission / sponsorship	6,001	4,538
Membership	3,092	2,153
General and Administrative Expenses:		
Other	640	756

12. 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 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 there is no requirement for an allowance for doubtful accounts.

MEDICINE HAT & DISTRICT CHAMBER OF COMMERCE

**Notes to the Financial Statements
For The Year Ended August 31, 2020**

(Unaudited)

13. Subsequent Events

On March 11, 2020, the World Health Organization assessed the COVID-19 outbreak as a pandemic. The pandemic has had a significant impact on global financial markets and will have significant accounting, disclosure, and internal control implications for many entities.

Some of the key impacts include, but are not limited to, interruptions of production, changes in personnel, reductions in revenue, decline in value of financial investments, disruptions in non-essential travel, and the closure of facilities and businesses, as well as the cancellation or changes in the delivery of events.

The future impact on the Chamber is not determinable at this time.

14. Comparative Figures

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