

FINANCIAL STATEMENTS

**RED DEER & DISTRICT
CHAMBER OF COMMERCE**

Year Ended June 30, 2025

RED DEER & DISTRICT CHAMBER OF COMMERCE
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Year Ended June 30, 2025

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**RED DEER & DISTRICT CHAMBER OF
COMMERCE**

Financial Statements

Year Ended June 30, 2025



INDEPENDENT AUDITOR'S REPORT

To the Members of Red Deer & District Chamber of Commerce

Qualified Opinion

We have audited the financial statements of Red Deer & District Chamber of Commerce ("the Chamber"), which comprise the statement of financial position as at June 30, 2025, 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Chamber as at June 30, 2025, and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

As disclosed in Note 4, the financial statements include the Chamber's investment in the Joint Venture, which is accounted for using the equity method. The Joint Venture has a fiscal year end of November 30. Accordingly, the Chamber has recorded its share of the net assets and results of the Joint Venture only up to November 30, for each of the years ended June 30, 2025, and 2024. Canadian accounting standards for not-for-profit organizations require that, when the equity method is applied, the investor's share of the investee's results substantially coincide with the reporting period of the investor, or adjusted for the effects of significant transactions and events occurring between the different reporting dates. We were not able to obtain sufficient appropriate audit evidence about the adjustments that might have been necessary had the financial information of the Joint Venture been conformed to the Chamber's June 30 year end for both the current year and the prior year.

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 ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 cease operations, or has realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of 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 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

October 3, 2025

BDO Canada LLP
Chartered Professional Accountants

RED DEER & DISTRICT CHAMBER OF COMMERCE**Statement of Financial Position****June 30, 2025**

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 630,214	\$ 595,216
Accounts receivable	20,383	21,930
Prepaid expenses	43,580	43,431
	<u>694,177</u>	<u>660,577</u>
Term deposits (Note 3)	853,869	846,792
Investment in Joint Venture	50,000	50,000
Capital assets (Note 5)	<u>128,112</u>	<u>107,625</u>
	<u>\$ 1,726,158</u>	<u>\$ 1,664,994</u>
LIABILITIES		
Current liabilities		
Accounts payable and accruals	\$ 164,793	\$ 84,026
Wages payable	31,166	28,391
Deferred revenue (Note 6)	108,585	147,186
	<u>304,544</u>	<u>259,603</u>
NET ASSETS		
Invested in capital assets	128,112	107,625
Internally restricted (Note 7)	897,159	964,074
Unrestricted	<u>396,343</u>	<u>333,692</u>
	<u>1,421,614</u>	<u>1,405,391</u>
	<u>\$ 1,726,158</u>	<u>\$ 1,664,994</u>

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, 2025

	2025	2024
Revenues		
Income from Joint Venture	\$ 772,908	\$ 773,094
Membership fees	238,185	235,532
Events	181,550	159,559
Trade show - admin fees	85,000	85,000
Administrative	60,620	68,270
Investment income	29,529	34,010
	<u>1,367,792</u>	<u>1,355,465</u>
Expenses		
Salaries and wages	851,708	664,436
Administrative	202,792	226,895
Events	151,638	162,585
Conventions/conferences	18,412	48,337
Building occupancy costs	50,314	49,821
Amortization on capital assets	19,358	17,708
Bank charges	10,257	13,627
Bad debts	-	25
	<u>1,304,479</u>	<u>1,183,434</u>
Excess of revenues over expenses from operations	<u>63,313</u>	<u>172,031</u>
Other income (expenses)		
Red Deer Polytechnic grant	36,400	31,200
Business Enterprise Centre project costs (Note 9)	(65,520)	(62,400)
Homeless Task Force expenses	(27,070)	(63,874)
Women Leading Change grant	9,100	-
	<u>(47,090)</u>	<u>(95,074)</u>
Excess of revenues over expenses	<u>\$ 16,223</u>	<u>\$ 76,957</u>

See notes to financial statements

RED DEER & DISTRICT CHAMBER OF COMMERCE
Statement of Changes in Net Assets
Year Ended June 30, 2025

	Unrestricted Fund	Internally Restricted Fund	Invested in Capital Assets	2025	2024
NET ASSETS -					
BEGINNING OF YEAR	\$ 333,692	\$ 964,074	\$ 107,625	\$ 1,405,391	\$ 1,328,430
Excess (deficiency) of revenues over expenses	35,581	-	(19,358)	16,223	76,957
Purchase of capital assets	-	(39,845)	39,845	-	-
Interfund Transfer	27,070	(27,070)	-	-	-
NET ASSETS - END OF YEAR	\$ 396,343	\$ 897,159	\$ 128,112	\$ 1,421,614	\$ 1,405,387

See notes to financial statements

RED DEER & DISTRICT CHAMBER OF COMMERCE**Statement of Cash Flow**
Year Ended June 30, 2025

	2025	2024
OPERATING ACTIVITIES		
Cash received from members and other	\$ 1,305,069	\$ 1,328,512
Cash paid for salaries and benefits	(848,932)	(655,758)
Cash paid for materials and services	(407,643)	(477,303)
Interest received	29,529	16,311
Interest paid	(10,257)	(13,627)
Cash flow from operating activities	<u>67,766</u>	<u>198,135</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(39,845)	(41,476)
Reinvestment of term deposits	<u>7,077</u>	<u>23,836</u>
Cash flow used by investing activities	<u>(32,768)</u>	<u>(17,640)</u>
FINANCING ACTIVITY		
Repayment of financing	<u>-</u>	<u>(185,629)</u>
INCREASE (DECREASE) IN CASH FLOW	34,998	(5,134)
Cash and cash equivalents - beginning of year	<u>595,216</u>	<u>600,350</u>
Cash and cash equivalents - end of year	<u>\$ 630,214</u>	<u>\$ 595,216</u>

See notes to financial statements

RED DEER & DISTRICT CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended June 30, 2025

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 Joint Venture

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, 2025

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, 2025

3. Cash, Restricted Cash and Restricted Term Deposits

The internally restricted funds of \$897,159 is made up of \$853,869 in term deposits and \$43,290 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 \$546,655 bearing interest at a rate of 1.4% (2024 - \$539,108 - 1.4%) and maturing on August 24, 2025 and one for \$300,000 bearing interest at a rate of 1.4% (2024 - \$300,000 - 2.5%) and maturing on April 29, 2026.

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 2025 - 5.45% (2024 - 7.45%). The balance currently drawn for 2025 is \$Nil (2024 - \$Nil)

4. Investment in Joint Venture

	2025	2024
Equity - beginning of the year	\$ 50,000	\$ 50,000
Share of Joint Venture net income	772,908	773,094
Less: Drawing from Joint Venture	(772,908)	(773,094)
Equity - end of the year	\$ 50,000	\$ 50,000

The Chamber is economically dependent on the Joint Venture'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 the Joint Venture's financial year end dated November 30, 2024.

The Red Deer & District Chamber of Commerce and The Westerner Exposition Association both hold a 50% ownership interest in the Joint Venture. The Joint Venture investment is held together by an agreement between these organizations.

5. Capital Assets

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	\$ 7,979	\$ -	\$ 7,979	\$ 7,979
Buildings	707,197	602,958	104,239	86,063
Computer equipment	90,444	90,330	114	10,717
Furniture and fixtures	86,225	70,445	15,780	2,866
	\$ 891,845	\$ 763,733	\$ 128,112	\$ 107,625

RED DEER & DISTRICT CHAMBER OF COMMERCE**Notes to Financial Statements****Year Ended June 30, 2025****6. Deferred Revenue**

	2025	2024
Membership fees	\$ 99,060	\$ 89,811
Events	9,524	23,575
Red Deer Polytechnic Grant	-	33,800
	<u>\$ 108,584</u>	<u>\$ 147,186</u>

A grant of \$67,600 was received in the prior year from Red Deer Polytechnic to be used for the proposed costs from Stantec Engineering LLP for the Enterprise Business Center project. The project was substantially completed by June 2025.

7. Net Assets Internally Restricted

	Capital Asset Replacement Fund	Project Initiatives Reserve	
Balance, beginning of the year	\$ 619,994	\$ 344,080	\$ 964,074
Transfers	(39,845)	(27,070)	(66,915)
Balance, end of year	<u>\$ 580,149</u>	<u>\$ 317,010</u>	<u>\$ 897,159</u>

Capital Asset Replacement Reserves are funds set aside to ensure that when capital assets reach the end of their useful lives or require significant maintenance or upgrades, there are sufficient funds available to cover the costs of replacement or repairs without causing financial strain on the organization.

Project Initiative Reserves are funds set aside to provide financial support for new projects or initiatives that align with the organization's strategic objectives

8. Related Party Transactions

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

	2025	2024
Administration fee	\$ 85,000	\$ 85,000

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 Joint Venture partnership through its role on the board of directors.

RED DEER & DISTRICT CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended June 30, 2025

9. Other Commitments

The Chamber has entered into an agreement with Homeless Foundation for Red Deer Region to provide them with a loan amount of up to \$100,000. Homeless Foundation for Red Deer Region must pursue funds from Third-Party Sources, with the Chamber not exceeding a rate of Two Dollars (\$2.00) for every One Dollar (\$1.00) received from a Third-Party Source. As of October 1, 2025, \$24,000 has been withdrawn subsequent to year end.

10. Financial Instruments

The Chamber's financial instruments consist of cash, accounts receivable, restricted cash and term deposits, investments in tradeshow, 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.

LETTERS