# Red Deer & District Chamber of Commerce

Financial Statements

Year Ended June 30, 2026

## INDEPENDENT AUDITOR'S REPORT

To the Members of Red Deer & District Chamber of Commerce

*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, 2026, 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 Chamber as at June 30, 2026, and its results of 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 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.

*Other Matter*

The financial statements of Chamber for the year ended June 30, 2025 were audited by another auditor who expressed a qualified opinion on those statements on October 3, 2025. That opinion was qualified because the predecessor auditor was unable to obtain sufficient appropriate audit evidence about the adjustments, if any, that might have been necessary had the financial information of the Joint Venture, which is accounted for using the equity method and has a November 30 year end, been conformed to the Chamber's June 30 year end. Our opinion on the current year's financial statements is not modified with respect to this matter.

*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.

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*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 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Chamber as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

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.

RSM Canada LLP

Chartered Professional Accountants
October 30, 2026
Edmonton, Alberta

# Red Deer & District Chamber of Commerce

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Year Ended June 30, 2026


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# Red Deer & District Chamber of Commerce

Statement of Financial Position
As at June 30, 2026

| | 2026 | 2025 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents (note 3) | $ 477,372 | $ 587,381 |
| Accounts receivable | 65,927 | 21,826 |
| Prepaid expenses | 40,088 | 43,580 |
| | 583,387 | 652,787 |
| Restricted cash (note 3) | 237,996 | 43,290 |
| Restricted term deposits (note 3) | 861,918 | 853,869 |
| Loan receivable (note 4) | 90,777 | - |
| Investment in joint venture (note 5) | 50,000 | 50,000 |
| Tangible capital assets (note 6) | 121,406 | 128,112 |
| | $ 1,945,484 | $ 1,728,058 |
| **Liabilities** | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | $ 97,123 | $ 166,694 |
| Wages payable | 44,485 | 31,166 |
| GST payable | 2,109 | - |
| Deferred revenue (note 7) | 173,919 | 108,585 |
| | 317,636 | 306,445 |
| **Net Assets** | | |
| Unrestricted fund | 406,528 | 396,342 |
| Internally restricted fund | 1,099,914 | 897,159 |
| Invested in tangible capital assets | 121,406 | 128,112 |
| | 1,627,848 | 1,421,613 |
| | $ 1,945,484 | $ 1,728,058 |

Approved by the Board,

_____, Director

_____, Director

See accompanying notes to the financial statements.

# Red Deer & District Chamber of Commerce

Statement of Operations
For the Year Ended June 30, 2026

| | 2026 | 2025 |
|---|---|---|
| **Revenues** | | |
| Income from joint venture (note 5) | $ **831,450** | $ 772,908 |
| Membership fees | **187,606** | 238,185 |
| Events | **166,073** | 181,550 |
| Trade show - administration fees (note 9) | **86,463** | 85,000 |
| Grants | **57,552** | 45,500 |
| Administrative | **58,429** | 60,620 |
| Interest income | **23,134** | 29,529 |
| | **1,410,707** | 1,413,292 |
| **Expenses** | | |
| Salaries and wages | **719,238** | 840,928 |
| General and administrative | **156,202** | 186,970 |
| Events | **123,759** | 151,638 |
| Program | **68,435** | 92,590 |
| Building occupancy | **57,124** | 49,804 |
| Professional fees | **49,751** | 27,113 |
| Bank charges | **10,990** | 10,257 |
| Amortization on tangible capital assets | **9,951** | 19,358 |
| Conventions and conferences | **9,372** | 18,412 |
| | **1,204,822** | 1,397,070 |
| **Excess of revenues over expenses before other income** | **205,885** | 16,222 |
| **Gain on sale of tangible capital asset** | **350** | - |
| **Excess of revenues over expenses** | $ **206,235** | $ 16,222 |

See accompanying notes to the financial statements.

# Red Deer & District Chamber of Commerce

Statement of Changes in Net Assets
For the Year Ended June 30, 2026

| | Unrestricted Fund | Internally Restricted Fund | Invested in Tangible Capital Assets | **Total 2026** | Total 2025 |
|---|---|---|---|---|---|
| **Balance - beginning of year** | **$ 396,342** | **$ 897,159** | **$ 128,112** | **$ 1,421,613** | **$ 1,405,391** |
| Excess (deficiency) of revenues over expenses | 216,186 | - | (9,951) | **206,235** | 16,222 |
| Purchase of tangible capital assets | - | (3,245) | 3,245 | - | - |
| Interfund transfers | (206,000) | 206,000 | - | - | - |
| **Balance - end of year** | $ 406,528 | $ 1,099,914 | $ 121,406 | **$ 1,627,848** | $ 1,421,613 |

See accompanying notes to the financial statements.

# Red Deer & District Chamber of Commerce

Statement of Cash Flows
Year Ended June 30, 2026

| | 2026 | 2025 |
|---|---|---|
| **Cash provided by (used in):** | | |
| **Operating activities** | | |
| Excess of revenues over expenses | $ 206,235 | $ 16,222 |
| Items not affecting cash: | | |
| Amortization of tangible capital assets | 9,951 | 19,358 |
| Loan discount recognized on initial measurement | 10,883 | - |
| Loan accretion of discount to income | (1,660) | - |
| Gain on sale of tangible capital asset | (350) | - |
| | 225,059 | 35,580 |
| Changes in non-cash working capital | | |
| Accounts receivables | (44,101) | 105 |
| Prepaid expenses | 3,492 | (149) |
| Accounts payable and accrued liabilities | (69,571) | 82,667 |
| Wages payable | 13,319 | 2,775 |
| GST Payable | 2,109 | - |
| Deferred revenue | 65,334 | (38,601) |
| | (29,418) | 46,797 |
| | 195,641 | 82,377 |
| **Investing activities** | | |
| Purchase of tangible capital assets | (3,245) | (39,845) |
| Reinvestment of term deposits | (8,049) | (7,077) |
| Cash advanced on loan receivable | (100,000) | - |
| Proceeds on disposal of tangible capital assets | 350 | - |
| (Increase) decrease in restricted cash | (194,706) | 73,992 |
| | (305,650) | 27,070 |
| **Increase (decrease) in cash flows** | (110,009) | 109,447 |
| Cash and cash equivalents, beginning of year | 587,381 | 477,934 |
| **Cash and cash equivalents, end of year** | $ 477,372 | $ 587,381 |

See accompanying notes to the financial statements.

## 1. Nature of operations

Red Deer & District Chamber of Commerce (the "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, and equitable and just 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

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

### (a) Cash, cash equivalents, and restricted cash

Cash, cash equivalents, and restricted cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

### (b) Term deposits

Term deposits are recorded at cost. Term deposits with maturity dates greater than three months and less than one year are classified as current; those with maturity dates greater than one year are classified as long-term.

### (c) Investment in joint venture

The Chamber's interest in Agri-Trade Equipment Expo Ltd. is a jointly controlled enterprise, as the venture is carried on through a separate corporation and all significant decisions require the approval of both ventures. The Chamber accounts for its interest using the equity method, under which the investment is recorded at cost and adjusted for the Chamber's pro-rata share of the venture's earnings or losses, which is recognized as income. Advances received are considered a return of capital and are accordingly deducted from the carrying value of the investment (Note 5).

### (d) Contributed goods and services

The Chamber recognizes contributed goods at fair value at the date of contribution to the extent that the fair value can be reasonably determined. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

**2. Significant accounting policies** *(continued)*

**(e) Tangible capital assets**

Tangible capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at the fair value at the date of contribution. Tangible capital assets are amortized over their estimated useful lives at the following rates using the straight-line method:

| | |
|---|---|
| Building | 20 years Straight-line method |
| Computer equipment | 3 years Straight-line method |
| Furniture, fixtures, and equipment | 10 years Straight-line method |

Artwork is recorded at cost and is not amortized, as it does not have a determinable useful life.

Tangible capital assets acquired during the year but not available for use are not amortized until they are available for use.

The Chamber regularly reviews the useful life of tangible capital assets.

When conditions indicate a tangible capital asset is impaired, the carrying value of the tangible capital asset is written down to the asset's fair value or replacement cost. The write down of the tangible capital assets is recorded as an expense in the statement of operations. A write down shall not be reversed.

**(f) Estimates**

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current year. Actual results could differ from these estimates. There were no significant estimates identified during the year.

**(g) Financial instruments**

*Measurement*

The Chamber initially measures its financial assets and liabilities at fair value.

The Chamber subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, cash equivalents and restricted cash, term deposits, accounts receivable, and loan receivable.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities, and wages payable.

**2. Significant accounting policies** *(continued)*

**(g) Financial instruments** *(continued)*

*Impairment*

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, 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. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in net income.

*Transaction costs*

The Chamber's financial assets and liabilities are subsequently measured at cost or amortized cost. These instruments are adjusted by the transaction costs and financing fees directly attributable to their origination, issuance or assumption. Loan receivable is adjusted for any premium or discount arising on initial recognition. The Chamber uses the effective interest method to amortize these adjustments over the term of the related financial instrument.

**(h) Revenue recognition**

The Chamber follows the deferral method of accounting for contributions. Restricted contributions, including grants, 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.

Interest income is recognized as revenue when earned.

Membership fees are deferred and taken into income evenly over the term of the membership.

Administrative, trade show, and events revenue is recognized as the services are provided.

**(i) Cloud computing arrangements**

The Chamber applies the simplification method, and software service fees and other expenses related to cloud computing arrangements are expensed as incurred.

### 3. Cash, restricted cash and restricted term deposits

The internally restricted funds of $1,099,914 (2025 - $897,159) is made up of $861,918 (2025 - $853,869) in restricted term deposits and $237,996 (2025 - $43,290) in restricted cash.

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 $554,308 bearing 2 interest at a rate of 1.40% (2025 - $546,655 - 1.40%) and maturing on August 24, 2026 and one for $300,000 bearing interest at a rate of 2.00% (2025 - $300,000 - 1.40%) and maturing on April 29, 2027.

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 0.50% per annum, effectively 2026 - 4.95% (2025 - 5.45%). No balance has been drawn in current or prior period.

### 4. Loan receivable

On April 1, 2025, the Chamber entered into an agreement to advance up to $100,000, interest-free, to the Homeless Foundation for Red Deer Region, repayable by June 30, 2028. The funds were advanced in three installments during the year and totaled $100,000 as at March 31, 2026.

As the loan bears no interest, it was initially recognized at its present value of $89,117 using a discount rate of 4.95%, representing the Chamber's borrowing rate at the date the loan was advanced. The resulting discount of $10,883 was recognized as a program expenditure, reflecting the concessional nature of the financing provided.

During the year, the carrying amount of the loan increased by $1,660 through the accretion of the initial discount. This non-cash accounting adjustment reflects the measurement of the loan receivable at its repayment amount on maturity and does not represent interest charged to the borrower.
The carrying amount of the loan receivable at June 30, 2026 was $90,777. Management expects full recovery of the principal amount of $100,000 at maturity.

### 5. Investments in joint venture

| | 2026 | 2025 |
|---|---|---|
| Equity beginning of the year | $ 50,000 | $ 50,000 |
| Net Income share from Joint venture | 831,450 | 772,908 |
| Withdrawal during the year | (831,450) | (772,908) |
| | $ 50,000 | $ 50,000 |

The Chamber is economically dependent on the Joint Venture's revenue to maintain its operations; if income from the trade show were not received, its operations would be significantly reduced. The Red Deer & District Chamber of Commerce and The Westerner Exposition Association each hold a 50% interest in, and joint control over, the Joint Venture under an agreement between the two organizations.

## 5. Investments in joint venture *(continued)*

The Joint Venture has a November 30 fiscal year end while the Chamber has a June 30 fiscal year end. Accordingly, the Chamber records its share of the Joint Venture's earnings and net assets based on the Joint Venture's most recently available audited financial statements. The Chamber's share of the Joint Venture's financial position and results of operations for the year ended November 30, 2025 is as follows:

| | Venture total | Chamber's 50% share |
|---|---|---|
| Total assets | $2,133,166 | $1,066,583 |
| Total liabilities | $2,033,166 | $1,016,583 |
| Net assets (ventures' capital) | $100,000 | $50,000 |
| | | |
| Revenues | $3,147,503 | $1,573,752 |
| Expenses | $1,484,603 | $742,302 |
| Net income | $1,662,900 | $831,450 |
| | | |
| Cash flows from operating activities | $1,597,612 | $798,806 |
| Cash flows from financing activities | $(1,045,815) | $(522,908) |
| Cash flows from investing activities | nil | nil |

The Joint Venture prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations to meet the internal reporting needs of its ventures; there are no significant differences between its accounting policies and those of the Chamber.

The Joint Venture's principal event is held annually in November. The $831,450 due to the Chamber at November 30, 2025 was received before June 30, 2026, and management has determined that activity in the intervening period has no material impact on the Chamber's net income or financial position.

## 6. Tangible capital assets

| | Cost | Accumulated Amortization | Net Book Value 2026 | Net Book Value 2025 |
|---|---|---|---|---|
| Land | $ 7,979 | $ - | $ 7,979 | $ 7,979 |
| Building | 707,197 | 609,819 | 97,378 | 104,239 |
| Furniture and fixtures | 48,443 | 47,638 | 805 | 1,127 |
| Office equipment | 34,738 | 22,444 | 12,294 | 13,865 |
| Computer equipment | 93,689 | 91,527 | 2,162 | 114 |
| Art work | 788 | - | 788 | 788 |
| | $ 892,834 | $ 771,428 | $ 121,406 | $ 128,112 |

## 7. Deferred revenue

| | 2026 | 2025 |
|---|---|---|
| Membership fees | $ 119,686 | $ 99,060 |
| Events | 52,233 | 9,525 |
| Grants | 2,000 | - |
| | $ 173,919 | $ 108,585 |

A grant of $59,552 was received during the year from Red Deer County and the Government of Alberta to support the Labour Market Partnerships (LMP) – Helping Central Alberta Businesses Prepare for the

**7. Deferred revenue** *(continued)*

Future of Work project. As the majority of the project activities were completed by June 30, 2026, $57,552 of the funding was recognized as grant revenue during the year, with the remaining unspent portion included in deferred revenue at year-end.

**8. Net assets internally restricted**

| | Capital Asset Replacement Reserve | Project Initiative Reserve | Contingency Reserve | |
|---|---|---|---|---|
| Balance, beginning of year | $ 580,149 | $ 317,010 | $ - | $ 897,159 |
| Purchase of tangible capital assets | (3,245) | - | - | (3,245) |
| Interfund transfers | 50,000 | 50,000 | 106,000 | 206,000 |
| Balance, end of year | $ 626,904 | $ 367,010 | $ 106,000 | **$ 1,099,914** |

The Capital Asset Replacement Reserve is established to provide funding for the replacement, major maintenance, or enhancement of capital assets. The reserve is intended to ensure that adequate financial resources are available to address future capital requirements and to mitigate the impact of significant capital expenditures on annual operations.

The Project Initiative Reserve is established to fund strategic projects and initiatives that further the organization's mission and long-term objectives.

The Contingency Reserve is established to provide funding for unforeseen events, risks, or circumstances that may adversely affect the organization's operations or financial position. The reserve is intended to support operational continuity and financial stability in the event of unexpected expenditures or revenue shortfalls.

**9. Related party transactions**

The Chamber received fees and reimbursements of expenses from the Joint Venture in addition to its share of the trade show (note 5). Fees and reimbursements received are as follows:

| | 2026 | 2025 |
|---|---|---|
| Administration fee | **$ 86,463** | $ 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.

**10. Software services**

During the year, the Chamber incurred $31,952 (2025 - $39,373) of software service fees which are included in the statement of operations.

## 11. Financial instruments

The Chamber's financial instruments consist of cash, cash equivalents, restricted cash, accounts receivable, loan receivable, term deposits, accounts payable and accruals, and wages payable. Other than liquidity risk, there has been no changes to the risk exposure of the Chamber during the year.

The following analysis provides information about the Chamber's risk exposure and concentration as of June 30, 2026.

### Credit risk

The Chamber is exposed to credit risk on its accounts receivable and its loan receivable. Accounts receivable arise from credit granted to members in the normal course of business; to mitigate this risk the Chamber regularly reviews its accounts receivable listing and will stop granting credit and revoke memberships for members who have not made regular payments. The loan receivable (Note 4) is due from the Homeless Foundation for Red Deer Region and represents the Chamber's largest single credit exposure and a concentration of credit risk with a single counterparty outside the membership base.

### Liquidity risk

Liquidity risk is the risk that the Chamber will encounter difficulty in meeting obligations associated with financial liabilities. The Chamber is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

### Interest rate risk

The Chamber's term deposits bear interest at fixed rates and its loan receivable (Note 4) is non-interest-bearing. As the loan receivable is held at amortized cost, changes in market interest rates do not affect their carrying amounts or future cash flows, and the term deposits are held at fixed rates, thus reducing the interest rate risk. The overdraft facility (Note 3) was undrawn during the current and prior period.

## 12. Comparative information

Certain comparative figures have been reclassified to conform with the current year's presentation. Program costs and professional fees, previously presented within other expenses and general and administrative, respectively, have been separated and are presented as two distinct captions in the current year. These reclassifications did not affect the previously reported excess of revenue over expenses or net assets.

## 13. Government remittances

Accounts payable and accrued liabilities includes payroll remittances and Goods and Services Tax of $NIL (2025 - $NIL).