

Indo-Canada Chamber of Commerce
Financial Statements
June 30, 2021

Draft - For Management Only

Indo-Canada Chamber of Commerce
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For the year ended June 30, 2021

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Independent Auditor's Report

To the Members of Indo-Canada Chamber of Commerce:

Qualified Opinion

We have audited the financial statements of Indo-Canada Chamber of Commerce (the "Chamber"), which comprise the statement of financial position as at June 30, 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, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Chamber as at June 30, 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 Qualified Opinion

In common with many not-for-profit organizations, the Chamber derives a significant portion of its revenue in cash, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from these sources was limited to the amounts recorded by the Chamber and we were not able to determine whether any adjustments might be necessary to revenues or (deficiency) excess of revenue over expenses for the years ended June 30, 2021 and 2020, current assets as at June 30, 2021 and 2020 and net assets as at June 30, 2021 and July 1 and June 30 2020.

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 qualified 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 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.

Mississauga, Ontario

Chartered Professional Accountants

Licensed Public Accountants

Indo-Canada Chamber of Commerce Statement of Financial Position

As at June 30, 2021

	2021	2020
Assets		
Current		
Cash	75,669	27,011
Short-term investments (Note 4)	2,779,289	2,800,516
Harmonized sales tax recoverable	-	2,860
Accounts receivable	15,500	36,474
Prepaid expenses	5,433	750
Current portion lease inducement (Note 5)	8,333	10,000
	2,884,224	2,877,611
Restricted cash (Note 3)	63,191	43,140
Capital assets (Note 6)	40,975	51,497
Lease inducement (Note 5)	-	8,333
	2,988,390	2,980,581
Liabilities		
Current		
Accounts payable and accrued liabilities	54,228	23,649
Deferred revenue	21,875	28,958
Deferred membership fees	19,798	40,041
Current portion deferred life membership fees	9,686	8,736
Demand loan (Note 9)	60,000	40,000
Government assistance payable (Note 12)	33,641	-
Harmonized sales tax payable	503	-
	199,731	141,384
Deferred life membership fees (Note 10)	87,465	83,294
	287,196	224,678
Net Assets		
Unrestricted fund	2,663,863	2,708,050
Capital asset fund	37,331	47,853
	2,701,194	2,755,903
	2,988,390	2,980,581

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

Indo-Canada Chamber of Commerce
Statement of Operations
For the year ended June 30, 2021

	2021	2020
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Revenue		
Membership fees <i>(Note 10)</i>	75,586	70,236
Sponsorship	54,583	171,908
Interest	38,112	50,516
Programs and functions	27,510	39,966
	<hr/>	<hr/>
	195,791	332,626
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Expenses		
Professional fees	81,726	82,659
Salaries and wages <i>(Note 12)</i>	75,092	76,514
Programs and functions <i>(Note 7)</i>	26,665	98,942
Office and general	18,266	5,692
Web support and maintenance	11,999	11,500
Occupancy costs	10,000	10,000
Bad debts	8,925	5,699
Interest, bank fees and credit card fees	5,109	6,155
Insurance	4,394	10,080
Utilities	4,319	2,790
Telephone	2,785	3,364
Meeting expenses <i>(Note 7)</i>	172	2,921
Travel <i>(Note 7)</i>	-	699
Amortization	10,522	13,272
	<hr/>	<hr/>
	259,974	330,287
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(Deficiency) excess of revenue over expenses before other items	(64,183)	2,339
Other income		
Recovery of expenses	9,475	36,151
	<hr/>	<hr/>
(Deficiency) excess of revenue over expenses	(54,708)	38,490
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The accompanying notes are an integral part of these financial statements

Indo-Canada Chamber of Commerce
Statement of Changes in Net Assets

For the year ended June 30, 2021

	<i>Unrestricted fund</i>	<i>Capital asset fund</i>	2021	<i>2020</i>
Net assets, beginning of year	2,708,049	47,853	2,755,902	2,717,412
(Deficiency) excess of revenue over expenses	(44,186)	(10,522)	(54,708)	38,490
Net assets, end of year	2,663,863	37,331	2,701,194	2,755,902

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Indo-Canada Chamber of Commerce Statement of Cash Flows

For the year ended June 30, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
(Deficiency) excess of revenue over expenses	(54,708)	38,490
Amortization of capital assets	10,522	13,272
Amortization of lease inducement	10,000	10,000
Deferred life membership fees	5,121	(3,817)
	(29,065)	57,945
Net changes in non-cash working capital		
Harmonized sales tax payable	3,363	(513)
Accounts receivable	20,974	40,430
Prepaid expenses	(4,683)	2,680
Accounts payable and accrued liabilities	30,579	(59,995)
Deferred revenue	(7,083)	(109,909)
Deferred membership fees	(20,244)	9,154
Government assistance payable	33,641	-
	27,482	(60,208)
Financing		
Advances of demand loan	20,000	40,000
Investing		
Purchase of short-term investments	(2,779,289)	(2,800,516)
Proceeds on disposal of short-term investments	2,800,516	-
Repayments of restricted cash	-	(873)
Receipt of restricted cash	(20,051)	-
	1,176	(2,801,389)
Increase (decrease) in cash	48,658	(2,821,597)
Cash, beginning of year	27,011	2,848,608
Cash, end of year	75,669	27,011

The accompanying notes are an integral part of these financial statements

Indo-Canada Chamber of Commerce

Notes to the Financial Statements

For the year ended June 30, 2021

1. Incorporation and nature of the chamber

Indo-Canada Chamber of Commerce (the "Chamber") was incorporated in 1995 without share capital under the Canada Not-for-Profit Corporations Act, and is therefore exempt from income taxes while meeting certain requirements of the Income Tax Act.

The Chamber promotes the business, professional and general well being of people originating from India who have immigrated to Canada from all over the world or who are Canadian citizens. The Chamber also assists members with business related issues by drawing on the available expertise and resources within the association; provides recognition for the achievements of youths, business professionals and community leaders who originated from India; and fosters international commerce between Canada and Indian sub-continent as well as other countries around the world.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

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 received can be reasonably estimated and collection is reasonably assured.

Membership fees are recognized over the membership term. Membership fees that relate to the following year are deferred and included in revenue in the following year. Life membership fees are deferred and taken into income over 15 years, the term of the life membership. Sponsorship revenue is recognized in accordance with the terms of the sponsorship agreement and when collection is reasonably assured. Revenue from programs and functions is recognized in the year in which the programs and functions are held.

Description of funds

The unrestricted fund accounts for the Chamber's program delivery and administrative activities. This fund reports unrestricted resources and excess of revenue over expenses. The capital asset fund reports the amounts invested in the capital assets

Contributed services

Contributions of services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Chamber's operations and would otherwise have been purchased.

Volunteers contribute an indeterminate number of hours during the year to assist the Chamber in carrying out its services. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

Short-term investments

Short-term investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

Indo-Canada Chamber of Commerce

Notes to the Financial Statements

For the year ended June 30, 2021

2. Significant accounting policies (Continued from previous page)

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the following method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	declining balance	30 %
Furniture and fixtures	declining balance	20 %

Financial instruments

The Chamber recognizes its financial instruments when the Chamber becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 Related Party Transactions.

At initial recognition, the Chamber may irrevocably elect to subsequently measure any financial instrument at fair value. The Chamber has not made such an election during the year.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in (deficiency) excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial assets measured at amortized cost include cash, restricted cash, and accounts receivable. Financial liabilities at amortized cost include accounts payable and accrued liabilities and demand loan.

Financial asset impairment

The Chamber assesses impairment of all of its financial assets measured at cost or amortized cost. The Chamber groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers several factors in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Chamber determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Chamber reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenues over expenses.

The Chamber reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenues over expenses in the year the reversal occurs.

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Indo-Canada Chamber of Commerce

Notes to the Financial Statements

For the year ended June 30, 2021

2. Significant accounting policies *(Continued from previous page)*

Government assistance

Government grants and assistance are recognized where there is a reasonable assurance that the grants and assistance will be received and conditions will be complied with. Government grants and assistance are recorded as a reduction in the related cost over the periods in which the Chamber recognizes expenses which the grants and assistance are intended to compensate.

3. Restricted cash

The Chamber by-laws require an amount of cash to be set aside equal to the amount of deferred life membership fees. A separate bank account has been established and will be added to as funds are available to meet this requirement. At June 30, 2020, the amount transferred to the separate account is \$63,191 and as such there is a shortfall of \$33,960 to be transferred once funds are available.

4. Short-term investments

Short-term investments consists of Guaranteed Investment Certificates earning interest at the following rates. the carrying value of the investments approximates their fair value at year end.

	<i>2021</i>	<i>2020</i>
Maturing August 23, 2021, 1.25% per annum	2,349,763	2,367,709
Maturing August 23, 2021, 1.25% per annum	429,526	432,807
	2,779,289	2,800,516

5. Lease inducement

Lease inducements received in the form of free rent periods have been deferred and are being amortized on a straight-line basis over the term of the leases as follows:

	<i>2021</i>	<i>2020</i>
Lease inducements	8,333	18,333
Less: current portion	(8,333)	(10,000)
	-	8,333

6. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>	<i>2020 Net book value</i>
Computer equipment	52,065	50,506	1,559	2,227
Furniture and fixtures	165,344	125,928	39,416	49,270
	217,409	176,434	40,975	51,497

7. Related party transactions

During the year, directors have been reimbursed for expenses incurred relating to travel, programs and functions and meeting expenses in pursuit of the mandate of the Chamber in the amount of \$nil (2020 - \$3,000).

Indo-Canada Chamber of Commerce

Notes to the Financial Statements

For the year ended June 30, 2021

8. Line of credit

In the current year, the Chamber entered into a new facility agreement, with an initial credit limit of \$400,000 and bearing interest at 2.00%. The organization has granted the bank issuing the facility a first priority security interest in deposits of \$425,000. The facility is repayable on the earlier of demand by the bank or August 23, 2021.

9. Demand loan

During the year, the Chamber received an additional \$20,000 under the Canada Emergency Business Account ("CEBA") program funded by the Government of Canada, bringing the total CEBA loan to \$60,000 (2020 - \$40,000). The CEBA loan is non-interest bearing and can be repaid at any time without penalty. If 75% of the CEBA loan has been repaid on or before December 31, 2022, then repayment of the remaining 25% shall be forgiven. Alternatively, on December 31, 2022 the Chamber may exercise the option for a 3-year term extension bearing interest at 5% on any balance remaining.

10. Deferred life membership fees

Life membership fees are being amortized over a period of 15 years.

	2021	2020
Opening balance	92,030	95,847
Funds received	14,250	10,500
Recognized in income during the year	(9,129)	(14,317)
Current portion	(9,686)	(8,736)
	87,465	83,294

11. Environmental risk

The global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Chamber as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced revenue, supply chain disruptions, and increased government regulations, all of which may negatively impact the Chamber's operations and financial condition.

12. Government assistance

The Organization for Employers programs related to COVID-19, has claimed government assistance in the form of the Canada Emergency Wage Subsidy (CEWS) in the amount of \$38,387 (2020 - \$7,583). In order to access the CEWS and subsidy for the CEWS periods covering July 1, 2020 to June 30, 2021, the Organization had to experience the specified revenue reduction for each respective period as indicated by the CRA. The revenue drop is calculated by comparing eligible revenue in that month to that same month in the previous year or the average revenue from the months of January and February 2020. As at June 30, 2021, the Chamber has overclaimed CEWS by \$33,641, resulting in a net government assistance of \$4,746 for the year.