

Indo-Canada Chamber of Commerce
Financial Statements
June 30, 2023

Draft - For Management Only

Indo-Canada Chamber of Commerce
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For the year ended June 30, 2023

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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, 2023 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, 2023, 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 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 of revenue over expenses for the years ended June 30, 2023 and 2022, current assets as at June 30, 2023 and 2022 and net assets as at June 30, 2023 and July 1 and June 30 2022.

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, 2023

	2023	2022
Assets		
Current		
Cash	88,294	31,259
Short-term investments (Note 4)	2,799,361	2,779,707
Harmonized sales tax recoverable	36,459	7,456
Accounts receivable	17,500	1,483
Prepaid expenses	8,247	19,269
	2,949,861	2,839,174
Restricted cash (Note 3)	29,665	63,250
Capital assets (Note 6)	25,990	32,625
	3,005,516	2,935,049
Liabilities		
Current		
Accounts payable and accrued liabilities	149,533	22,644
Deferred revenue (Note 9)	41,277	83,096
Deferred membership fees	18,606	17,945
Current portion deferred life membership fees (Note 10)	11,888	10,608
Bank loan (Note 11)	60,000	60,000
Government assistance payable (Note 13)	39,923	39,923
	321,227	234,216
Deferred life membership fees (Note 10)	95,793	89,760
	417,020	323,976
Contingencies (Note 14)		
Net Assets		
Unrestricted fund	2,566,150	2,582,093
Capital asset fund	22,346	28,980
	2,588,496	2,611,073
	3,005,516	2,935,049

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, 2023

	2023	2022
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Revenue		
Grant (Note 9)	752,390	97,158
Membership fees (Note 10)	87,977	71,766
Programs and functions	51,915	45,256
Interest	74,093	34,833
Sponsorship (Note 9)	29,375	29,375
	<hr/>	<hr/>
	995,750	278,388
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Expenses		
Grant	751,424	95,812
Programs and functions (Note 7)	90,557	56,276
Salaries and wages (Note 13)	70,405	125,368
Professional fees	41,613	18,501
Office and general	24,398	28,000
Web support and maintenance	12,306	8,527
Utilities	5,242	6,738
Insurance	5,071	4,966
Interest, bank fees and credit card fees	4,426	4,200
Meeting expenses (Note 7)	2,873	1,167
Telephone	1,895	2,270
Bad debts	1,483	-
Occupancy costs	-	8,333
Amortization	6,634	8,351
	<hr/>	<hr/>
	1,018,327	368,509
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Deficiency of revenue over expenses	(22,577)	(90,121)
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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, 2023

	<i>Unrestricted fund</i>	<i>Capital asset fund</i>	2023	<i>2022</i>
Net assets, beginning of year	2,582,093	28,980	2,611,073	2,701,194
Deficiency of revenue over expenses	(15,943)	(6,634)	(22,577)	(90,121)
Net assets, end of year	2,566,150	22,346	2,588,496	2,611,073

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The accompanying notes are an integral part of these financial statements

Indo-Canada Chamber of Commerce
Statement of Cash Flows
For the year ended June 30, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	(22,577)	(90,121)
Amortization of capital assets	6,635	8,351
Amortization of lease inducement	-	8,333
Deferred life membership fees	(11,888)	(10,608)
	(27,830)	(84,045)
Net changes in non-cash working capital		
Harmonized sales tax recoverable	(29,003)	(7,960)
Accounts receivable	(16,017)	14,017
Prepaid expenses	11,022	(13,836)
Accounts payable and accrued liabilities	126,891	(31,584)
Deferred revenue	(41,819)	61,221
Deferred membership fees	661	(1,853)
Deferred life membership fees	19,200	13,825
Government assistance payable	-	6,282
	43,105	(43,933)
Investing		
Purchase of short-term investments	(2,799,361)	(2,779,707)
Proceeds on maturity of short-term investments	2,779,707	2,779,289
Receipt of restricted cash	33,584	33,901
	13,930	33,483
Increase (decrease) in cash	57,035	(10,450)
Cash, beginning of year	31,259	41,709
Cash, end of year	88,294	31,259

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, 2023

1. Incorporation and nature of the chamber

Indo-Canada Chamber of Commerce (the "Organization") 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.

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 %

Government grants and 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 are recognized as revenue and Government 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.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

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

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

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 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.

Related party financial instruments

The Organization initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

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

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received (Note 7).

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Organization has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in deficiency of revenue over expenses.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization 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 Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization 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 at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year deficiency of revenue over expenses.

The Organization 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 deficiency of revenue 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, 2023

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, 2023, the amount in the restricted bank account is \$29,665 (2022 - \$63,250) and as such there is a shortfall of \$78,016 (2022 - \$37,118) to be transferred as the funds are in another bank account used for day to day operations.

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.

	2023	2022
Maturing March 1, 2024, 5.4% per annum	2,366,965	-
Maturing March 1, 2024, 5.4% per annum (Note 8)	432,396	-
Maturing March 1, 2023, 1.30% per annum	-	2,350,116
Maturing March 1, 2023, 1.30% per annum (Note 8)	-	429,591
	2,799,361	2,779,707

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:

	2023	2022
Lease inducements	-	8,333
Less: recognized during the year	-	(8,333)
	-	-

6. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	52,065	51,301	764	1,092
Furniture and fixtures	165,344	140,118	25,226	31,533
	217,409	191,419	25,990	32,625

Indo-Canada Chamber of Commerce Notes to the Financial Statements

For the year ended June 30, 2023

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 (2022 - 1,900).

8. Line of credit

The Chamber has renewed the facility agreement subsequent to the year end, with an approved credit limit of \$400,000 (2022 - \$400,000) and bearing a fixed rate of interest at 5.40% (2022 - 2.30%) . The facility is secured by a first priority security interest in deposits of \$425,000 (2022 - \$425,000). The facility is repayable on the earlier of demand by the bank or March 1, 2024.

9. Deferred revenue

Deferred revenue represents restricted contributions received in advance for expenditures that are provided in future years. Changes in the deferred contribution balance are as follows:

	2023	2022
Balance, beginning of year	83,096	21,875
Amount received during the year	685,571	175,254
Less: Amount recognized as revenue during the year	(727,390)	(114,033)
	41,277	83,096

10. Deferred life membership fees

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

	2023	2022
Opening balance	100,368	97,151
Funds received	19,201	13,825
Less: Amount recognized as revenue during the year	(11,888)	(10,608)
Less: Current portion	(11,888)	(10,608)
	95,793	89,760

11. Bank loan

Bank loan in the amount of \$60,000, non-interest bearing, received under the Canada Emergency Business Account ("CEBA") program funded by the Government of Canada. The loan shall be considered repaid in full if the Chamber repays at \$40,000 of the principal amount on or before the termination date of January, 18 2024 ("Forgiveness Benefit"). If this loan amount is not repaid by this date, the Forgiveness Benefit will not be available to the Chamber and the loan will be extended for a term of three years until December 31, 2025, with interest-only payments of 5% per annum due monthly.

12. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Organization is exposed to interest rate risk primarily relating to its short-term investments. The cash flow risk is managed by entering into fixed rate deposits. The risk and its management has not changed significantly from the prior year.

Credit concentration

As at June 30, 2023, 2 customers (2022 - 3 customer) accounted for 100% (2022 – 100%) of the accounts receivable. The Chamber believes that there is no unusual exposure associated with the collection of the receivable. The Chamber performs regular review of its customer receivables and provides allowances for potentially uncollectible accounts receivable.

13. 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 \$nil (2022 - \$6,282) given this subsidy program ended effective October 23, 2021. The Chamber has overclaimed CEWS by \$39,923 (2022 - \$39,923) which is payable as at year-end.

14. Contingencies

One of the Ex-Directors has filed a claim against five existing Directors of the Chamber. The claim is ongoing and the outcome of the legal claim cannot be determined. Accordingly a contingent liability, if any for the Chamber cannot be determined.