

Indo-Canada Chamber of Commerce
Financial Statements
June 30, 2022

Draft - For Management Only

Indo-Canada Chamber of Commerce
Contents

For the year ended June 30, 2022

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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, 2022 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, 2022, 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, 2022 and 2021, current assets as at June 30, 2022 and 2021 and net assets as at June 30, 2022 and July 1 and June 30 2021.

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, 2022

| | 2022 | 2021 |
|---|------------------|-----------|
| Assets | | |
| Current | | |
| Cash | 31,259 | 41,709 |
| Short-term investments (Note 4) | 2,779,707 | 2,779,289 |
| Harmonized sales tax recoverable | 7,456 | - |
| Accounts receivable | 1,483 | 15,500 |
| Prepaid expenses | 19,269 | 5,433 |
| Lease inducement (Note 5) | - | 8,333 |
| | 2,839,174 | 2,850,264 |
| Restricted cash (Note 3) | 63,250 | 97,151 |
| Capital assets (Note 6) | 32,625 | 40,975 |
| | 2,935,049 | 2,988,390 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | 22,644 | 54,228 |
| Deferred revenue (Note 9) | 83,096 | 21,875 |
| Deferred membership fees | 17,945 | 19,798 |
| Current portion deferred life membership fees (Note 10) | 10,608 | 9,686 |
| Bank loan (Note 11) | 60,000 | 60,000 |
| Government assistance payable (Note 13) | 39,923 | 33,641 |
| Harmonized sales tax payable | - | 503 |
| | 234,216 | 199,731 |
| Deferred life membership fees (Note 10) | 89,760 | 87,465 |
| | 323,976 | 287,196 |
| Net Assets | | |
| Unrestricted fund | 2,582,093 | 2,663,863 |
| Capital asset fund | 28,980 | 37,331 |
| | 2,611,073 | 2,701,194 |
| | 2,935,049 | 2,988,390 |

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, 2022

| | 2022 | 2021 |
|---|-----------------|-------------|
| <hr/> | | |
| Revenue | | |
| Grant (Note 9) | 97,158 | - |
| Membership fees (Note 10) | 71,766 | 75,586 |
| Programs and functions | 45,256 | 27,510 |
| Interest | 34,833 | 38,112 |
| Sponsorship (Note 9) | 29,375 | 54,583 |
| | <hr/> | <hr/> |
| | 278,388 | 195,791 |
| <hr/> | | |
| Expenses | | |
| Salaries and wages (Note 13) | 125,368 | 75,092 |
| Grant | 95,812 | - |
| Programs and functions (Note 7) | 56,276 | 26,665 |
| Office and general | 28,000 | 18,266 |
| Professional fees | 18,501 | 81,726 |
| Web support and maintenance | 8,527 | 11,999 |
| Occupancy costs | 8,333 | 10,000 |
| Utilities | 6,738 | 4,319 |
| Insurance | 4,966 | 4,394 |
| Interest, bank fees and credit card fees | 4,200 | 5,109 |
| Telephone | 2,270 | 2,785 |
| Meeting expenses (Note 7) | 1,167 | 172 |
| Bad debts | - | 8,925 |
| Amortization | 8,351 | 10,522 |
| | <hr/> | <hr/> |
| | 368,509 | 259,974 |
| <hr/> | | |
| Deficiency of revenue over expenses before other items | (90,121) | (64,183) |
| <hr/> | | |
| Other income | | |
| Recovery of expenses | - | 9,475 |
| <hr/> | | |
| Deficiency of revenue over expenses | (90,121) | (54,708) |
| <hr/> | | |

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, 2022

| | <i>Unrestricted fund</i> | <i>Capital asset fund</i> | 2022 | <i>2021</i> |
|--|------------------------------|-------------------------------|------------------|-------------|
| Net assets, beginning of year | 2,663,863 | 37,331 | 2,701,194 | 2,755,902 |
| Deficiency of revenue over expenses | (81,770) | (8,351) | (90,121) | (54,708) |
| Net assets, end of year | 2,582,093 | 28,980 | 2,611,073 | 2,701,194 |

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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, 2022

| | 2022 | 2021 |
|---|-----------------|-----------------|
| Cash provided by (used for) the following activities | | |
| Operating | | |
| Deficiency of revenue over expenses | (90,121) | (54,708) |
| Amortization of capital assets | 8,351 | 10,522 |
| Amortization of lease inducement | 8,333 | 10,000 |
| Deferred life membership fees | (10,608) | (9,129) |
| | (84,045) | (43,315) |
| Net changes in non-cash working capital | | |
| Harmonized sales tax recoverable | (7,960) | 3,363 |
| Accounts receivable | 14,017 | 20,974 |
| Prepaid expenses | (13,836) | (4,683) |
| Accounts payable and accrued liabilities | (31,584) | 30,579 |
| Deferred revenue | 61,221 | (7,083) |
| Deferred membership fees | (1,853) | (20,244) |
| Deferred life membership fees | 13,825 | 14,250 |
| Government assistance payable | 6,282 | 33,641 |
| | (43,933) | 27,482 |
| Financing | | |
| Advances of bank loan | - | 20,000 |
| Investing | | |
| Purchase of short-term investments | (2,779,707) | (2,779,289) |
| Proceeds on disposal of short-term investments | 2,779,289 | 2,800,516 |
| Receipt of restricted cash | (59) | (20,051) |
| | (477) | 1,176 |
| Increase (decrease) in cash | (44,410) | 48,658 |
| Cash, beginning of year | 75,669 | 27,011 |
| Cash, end of year | 31,259 | 75,669 |

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, 2022

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, 2022

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 Chamber recognizes financial instruments when the Chamber 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 Chamber may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Chamber has not made such an election during the year.

The Chamber 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 Chamber'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 Chamber 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 Chamber 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 Chamber 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 Chamber assesses impairment of all 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.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, 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 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 Chamber 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 Chamber 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 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 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, 2022

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, 2022, the amount in the restricted bank account is \$63,250 and as such there is a shortfall of \$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.

| | 2022 | 2021 |
|--|------------------|------------------|
| Maturing March 1, 2023, 1.30% per annum | 2,350,116 | - |
| Maturing March 1, 2023, 1.30% per annum (Note 8) | 429,591 | - |
| Matured August 23, 2021, 1.25% per annum | - | 2,349,763 |
| Matured August 23, 2021, 1.25% per annum | - | 429,526 |
| | 2,779,707 | 2,779,289 |

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:

| | 2022 | 2021 |
|----------------------------------|----------|--------------|
| Lease inducements | 8,333 | 18,333 |
| Less: current portion | - | (10,000) |
| Less: recognized during the year | (8,333) | - |
| | - | 8,333 |

6. Capital assets

| | Cost | Accumulated amortization | 2022 Net book value | 2021 Net book value |
|------------------------|----------------|-----------------------------|---------------------------|---------------------------|
| Computer equipment | 52,065 | 50,973 | 1,092 | 1,559 |
| Furniture and fixtures | 165,344 | 133,811 | 31,533 | 39,416 |
| | 217,409 | 184,784 | 32,625 | 40,975 |

Indo-Canada Chamber of Commerce

Notes to the Financial Statements

For the year ended June 30, 2022

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 \$1,900.22 (2021 - \$nil).

8. Line of credit

The Chamber has renewed the facility agreement subsequent to the year end, with an approved credit limit of \$400,000 and bearing a fixed rate of interest at 2.30%. The facility is secured by a first priority security interest in deposits of \$425,000. The facility is repayable on the earlier of demand by the bank or March 1, 2023.

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:

| | 2022 | 2021 |
|--|---------------|---------------|
| Balance, beginning of year | 21,875 | 28,958 |
| Amount received during the year | 175,254 | - |
| Less: Amount recognized as revenue during the year | (114,033) | (7,083) |
| | 83,096 | 21,875 |

10. Deferred life membership fees

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

| | 2022 | 2021 |
|--|---------------|---------------|
| Opening balance | 97,151 | 92,030 |
| Funds received | 13,825 | 14,250 |
| Less: Amount recognized as revenue during the year | (10,608) | (9,129) |
| Less: Current portion | (10,608) | (9,686) |
| | 89,760 | 87,465 |

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 December 31, 2023 ("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, 2026, with interest-only payments of 5% per annum due monthly.

12. Environmental risk

The global outbreak of COVID-19, 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.

Indo-Canada Chamber of Commerce

Notes to the Financial Statements

For the year ended June 30, 2022

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 \$6,282 (2021 - \$38,387). In order to access the CEWS and subsidy for the CEWS periods covering July 1, 2020 to June 30, 2022, 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. The Chamber has overclaimed CEWS by \$39,923 (2021 - \$33,641) which is payable as at year-end.

14. Financial instruments

The Chamber, as part of its operations, carries a number of financial instruments. It is management's opinion that the Chamber 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, 2022, 3 customers (2021 - 1 customer) accounted for 100% (2021 – 65%) 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.