

**NIAGARA-ON-THE-LAKE CHAMBER OF COMMERCE
(TOURISM NIAGARA-ON-THE-LAKE)
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

Draft for discussion purposes only

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Niagara-on-the-Lake Chamber of Commerce (Tourism Niagara-on-the-Lake)

We have reviewed the accompanying financial statements of Niagara-on-the-Lake Chamber of Commerce, Tourism Niagara-on-the-Lake, (the organization) that comprise the statement of financial position as at December 31, 2024, and the statements of changes in net assets (deficiency), revenues and expenses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations and consistent with prior years, the Chamber charges assets of a capital nature against operations and does not amortize all capitalized assets over their useful life. The effects of this departure from Canadian accounting standards for not-for-profit organizations on the unaudited financial statements have not been determined (see Note 2e).

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Niagara-on-the-Lake Chamber of Commerce as at December 31, 2024, 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 (ASNPO)

Niagara-on-the-Lake, Ontario

PROFESSIONAL CORPORATION
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

NIAGARA-ON-THE-LAKE CHAMBER OF COMMERCE
(TOURISM NIAGARA-ON-THE-LAKE)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT		
Cash	\$ 482,925	\$ -
Accounts receivable	1,647	31,009
MAT distribution receivable (Note 4)	-	819,654
Prepaid expenses	3,853	13,397
Harmonized sales tax recoverable	<u>16,380</u>	<u>-</u>
	504,805	864,060
CAPITAL ASSETS (Note 2)	<u>1</u>	<u>1</u>
	<u>\$ 504,806</u>	<u>\$ 864,061</u>
LIABILITIES AND NET ASSETS (DEFICIENCY)		
CURRENT		
Bank indebtedness (Note 5)	\$ -	\$ 78,245
Accounts payable and accrued liabilities	25,184	102,923
Employee withholding taxes payable	14,850	83,246
Harmonized sales tax payable	-	6,065
CEBA Loan (Note 7)	-	60,000
Deferred revenue (Note 6)	<u>-</u>	<u>118,871</u>
	40,034	449,350
NET ASSETS (DEFICIENCY)	<u>464,772</u>	<u>414,711</u>
	<u>\$ 504,806</u>	<u>\$ 864,061</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

NIAGARA-ON-THE-LAKE CHAMBER OF COMMERCE
(TOURISM NIAGARA-ON-THE-LAKE)
STATEMENT OF CHANGES IN NET ASSETS (DEFICIENCY)
YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
NET ASSETS (DEFICIENCY) - BEGINNING OF YEAR	\$ 414,711	\$ (77,443)
Excess (deficiency) of revenues over expenses	<u>50,061</u>	<u>492,154</u>
NET ASSETS (DEFICIENCY) - END OF YEAR	<u>\$ 464,772</u>	<u>\$ 414,711</u>

NIAGARA-ON-THE-LAKE CHAMBER OF COMMERCE
(TOURISM NIAGARA-ON-THE-LAKE)
STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
REVENUES		
MAT distribution (<i>Note 4</i>)	\$ 675,917	\$ 618,904
Chamber events and promotions	465,216	446,817
Memberships	59,215	71,400
Publications and advertising	55,685	41,400
Group insurance commission	21,583	16,527
CEBA loan forgiveness	20,000	-
Town fee for service	-	118,207
	<u>1,297,616</u>	<u>1,313,255</u>
EXPENSES		
Salaries and wages	482,169	390,610
Chamber events and promotions	421,620	314,234
Marketing	156,676	20,133
Office supplies and general	71,067	14,459
Rent	37,983	36,595
Professional fees	36,925	16,669
Interest and bank charges	16,273	9,346
Insurance	10,785	9,849
Memberships and associations	5,580	571
Telephone and internet	4,641	4,821
Bad debts	3,836	3,814
	<u>1,247,555</u>	<u>821,101</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 50,061</u>	<u>\$ 492,154</u>

NIAGARA-ON-THE-LAKE CHAMBER OF COMMERCE
(TOURISM NIAGARA-ON-THE-LAKE)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 50,061	\$ 492,154
Changes in non-cash working capital:		
Accounts receivable	29,362	(26,102)
Harmonized sales tax recoverable	(22,445)	9,132
Tourism grants receivable	-	42,498
MAT distribution receivable	819,654	(618,904)
Prepaid expenses	9,544	1,511
Accounts payable and accrued liabilities	(77,739)	(320)
Employee withholding taxes payable	(68,396)	61,996
Deferred revenue	(118,871)	68,100
	571,109	(462,089)
	621,170	30,065
FINANCING ACTIVITIES		
Proceeds from short term note payable	-	(20,000)
Repayment of CEBA loan	(60,000)	-
	(60,000)	(20,000)
INCREASE IN CASH	561,170	10,065
Deficiency - beginning of year	(78,245)	(88,310)
Cash (deficiency) - end of year	\$ 482,925	\$ (78,245)

NIAGARA-ON-THE-LAKE CHAMBER OF COMMERCE
(TOURISM NIAGARA-ON-THE-LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

1. PURPOSE OF THE ORGANIZATION

Niagara-on-the-Lake Chamber of Commerce (the "Chamber") is a not-for-profit organization of Ontario, and is exempt from the payment of income taxes under subsection 149(1) of the Income Tax Act.

The organization operates as a community leading business advocate, committed to promoting economic growth and commercial achievement while providing information, resources, networking and learning opportunities necessary for its members to succeed. The Chamber also operates as Tourism Niagara-on-the-Lake.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Revenue recognition

Niagara-on-the-Lake Chamber of Commerce 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, memberships, and services are recognized as revenue when services are provided to members or customers, the amount to be received can be reasonably estimated, and collection is reasonably assured.

Membership fees, events, and projects are recognized in the period to which they relate, providing collection is reasonably assured. Receipts in the current year relating to future periods are recorded as deferred revenue.

Cash and cash equivalents

Cash is defined as cash in bank net of outstanding transactions and cash on hand.

Prepaid supplies and promotional literature

Sundry prepaid supplies and promotional literature are expensed as incurred.

Capital assets

Capital assets are recorded at a nominal charge. The cost of additions are charged to expenses at the time of purchase. Canadian accounting standards for not-for-profit organizations require the capitalization and amortization of assets over their useful life, however the Chamber does not own significant capital assets.

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NIAGARA-ON-THE-LAKE CHAMBER OF COMMERCE
(TOURISM NIAGARA-ON-THE-LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

3. COMMITMENTS

The Chamber is committed under a long-term lease for premises which was renewed on March 28, 2022 for a five year term, with option to renew for five years thereafter. Annual rent of \$32,875 plus HST is increased each year at the lesser rate of 3% or the Statistics Quarterly, Consumer Price Index.

4. MAT DISTRIBUTION

The Municipal Accommodation Tax (MAT) is applied to short term accommodations after July 1, 2022. The Town of Niagara-on-the-Lake (the Town) administers and collects the MAT. As the local Destination Marketing Organization (DMO), the Chamber, operating as Tourism Niagara-on-the-Lake, is entitled to 50% of the funds collected from the MAT.

All of the 2024 MAT distribution was received from the Town Sept 2024.

5. BANK OVERDRAFT

The organization's PenFinancial Credit Union banking facility provides for a maximum \$100,000 line of credit. The facility contains covenants specifying that a debt service coverage ratio be maintained at not less than 1.20:1 at all times. The Chamber was in compliance for 2024.

Borrowings under the PenFinancial credit line are payable on demand and bears interest at 1% over prime, payable monthly.

As security for this overdraft, the organization has provided a General Security Agreement representing a first fixed and floating charge over all of the assets and undertakings of the organization.

The bank overdraft was not used at December 31, 2024.

NIAGARA-ON-THE-LAKE CHAMBER OF COMMERCE
(TOURISM NIAGARA-ON-THE-LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

6. DEFERRED REVENUE

The deferred revenue reported on the balance sheet represents memberships and funding for events occurring in the subsequent year.

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 118,871	\$ 50,771
Less amounts refunded during the year	-	-
Less amounts recognized as revenue during the year	(118,871)	(50,771)
Add amounts received for the subsequent year	-	118,871
Balance, end of year	<u>\$ -</u>	<u>\$ 118,871</u>

7. CANADA EMERGENCY BUSINESS ACCOUNT

The Canada Emergency Business Account provides an interest-free loan of up to \$60,000 to small businesses to help them cover their operating costs during a period where their revenues have been temporarily reduced due to the economic impacts of the COVID-19 virus.

The loan is interest-free until January 18, 2024 at which point any outstanding amounts will be converted to an interest bearing term loan. Repaying \$40,000 of the \$60,000 loan before December 31, 2023 will result in a loan forgiveness grant for the remaining \$20,000.

The loan was repaid prior to January 18, 2024, resulting in a forgivable grant of \$20,000 which has been recorded as revenue.

8. TOURISM GRANTS

	<u>2024</u>	<u>2023</u>
The Niagara Tourism Relief Fund administered by the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) providing assistance to businesses in the tourism sector to recover from the impacts of the pandemic and seize new market opportunities through enhanced or new products and services.		
. No Tourism grants were qualified for in 2024 (or 2023).		

9. SUBSEQUENT EVENTS

The following events occurred subsequent to the fiscal year end:

Division of the organization

During the 2025 year, Tourism Niagara-on-the-Lake split off from the Niagara-on-the-Lake Chamber of Commerce. This will be reflected in the 2025 financial statements. Management is evaluating the effects of this split.

NIAGARA-ON-THE-LAKE CHAMBER OF COMMERCE
(TOURISM NIAGARA-ON-THE-LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

10. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2024. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments, and the risks and management thereof have not changed in the past year.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. The organization has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and accounts payable.

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. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.