

FINANCIAL STATEMENTS OF

CLARINGTON BOARD OF TRADE

December 31, 2025

CLARINGTON BOARD OF TRADE
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Baker Tilly KDN LLP
1748 Baseline Road West
Suite 200
Courtice, ON
L1E 2T1

D: 905.579.5659
F: 905.579.8563
durham@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the members of
Clarington Board of Trade

Opinion

We have audited the financial statements of Clarington Board of Trade ("the Board"), which comprise the statement of financial position as at December 31, 2025, and the statements of changes in net assets, operations and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2025, 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board'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 will also:

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INDEPENDENT AUDITOR'S REPORT, continued

- ◆ 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 Board'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 Board'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 Board 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Courtice, Ontario
March 25, 2026

CLARINGTON BOARD OF TRADE
STATEMENT OF FINANCIAL POSITION
As at December 31 2025

	2025	2024
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	423 479	291 982
Guaranteed investment certificates (note 3)	196 100	351 768
Accounts receivable		50 531
Prepaid expenses	13 509	12 746
	<u>633 088</u>	<u>707 027</u>
Tangible capital assets (note 4)	<u>4 759</u>	<u>4 061</u>
	<u>637 847</u>	<u>711 088</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	12 452	14 961
Harmonized sales tax payable	5 606	25 556
Current portion of deferred revenue (note 5)	38 115	24 528
	<u>56 173</u>	<u>65 045</u>
Deferred revenue (note 5)	<u>17 811</u>	<u>35 903</u>
	<u>73 984</u>	<u>100 948</u>
Unrestricted net assets	<u>563 863</u>	<u>610 140</u>
	<u>637 847</u>	<u>711 088</u>

Commitment (note 6)

Approved on behalf of the Board

Brenda Mills Director

N. Hargrave Director

The accompanying notes are an integral part of these financial statements

CLARINGTON BOARD OF TRADE
STATEMENT OF CHANGES IN NET ASSETS
 For the year ended December 31, 2025

	2025	2024
	\$	\$
Unrestricted net assets - beginning of year	610,140	568,662
<u>Excess (deficiency) of revenues over expenditures for the year</u>	<u>(46,277)</u>	<u>41,478</u>
Unrestricted net assets - end of year	563,863	610,140

The accompanying notes are an integral part of these financial statements

CLARINGTON BOARD OF TRADE
STATEMENT OF OPERATIONS
For the year ended December 31, 2025

	2025	2024
	\$	\$
Revenues		
Meetings and events (note 7)	184,993	153,348
Economic development (note 8)	141,065	142,410
Membership fees	129,913	106,050
Durham College student membership fees (note 9)	34,985	34,016
Advertising	23,787	17,030
Physician recruitment (note 10)	969	163,191
Insurance administration fees	19,709	18,803
Interest	9,861	31,024
Other income	112	121
	545,394	665,993
Expenditures		
Salaries and wages	343,140	266,935
Meetings and events (note 7)	106,609	88,910
Economic development programming	30,590	4,227
Rental	28,624	25,654
Professional fees	19,765	14,648
Office	14,460	21,098
Cloud computing	12,468	7,672
Interest and bank charges	10,260	7,377
Insurance	5,950	7,380
Utilities	5,438	5,953
Advertising and promotion	3,850	3,720
Telephone and computer	3,825	5,772
Ontario Chamber of Commerce	3,780	3,150
Amortization	2,121	1,644
Bad debts	791	1,644
Physician recruitment (note 10)	-	158,731
	591,671	624,515
Excess (deficiency) of revenues over expenditures for the year	(46,277)	41,478

The accompanying notes are an integral part of these financial statements

CLARINGTON BOARD OF TRADE
STATEMENT OF CASH FLOWS
For the year ended December 31, 2025

	2025	2024
	\$	\$
CASH PROVIDED FROM (USED FOR)		
Operating activities		
Excess (deficiency) of revenues over expenditures for the year	(46,277)	41,478
Items not affecting cash		
Amortization of tangible capital assets	2,121	1,644
Accrued interest on guaranteed investment certificates	(6,209)	(16,059)
	(50,365)	27,063
Change in non-cash working capital items		
Decrease in accounts receivable	50,531	1,798
Decrease in harmonized sales tax recoverable	-	6,566
Increase in prepaid expenses	(763)	(2,587)
Decrease in accounts payable and accrued liabilities	(2,509)	(6,955)
Increase (decrease) in harmonized sales tax payable	(19,950)	25,556
Increase in deferred revenue	(4,505)	10,359
	(27,561)	61,800
Investing activities		
Purchase of guaranteed investment certificates	(191,837)	(341,837)
Proceeds on sale of guaranteed investment certificates	353,714	341,837
Purchase of tangible capital assets	(2,819)	(2,919)
	159,058	(2,919)
Increase in cash and cash equivalents	131,497	58,881
Cash and cash equivalents - beginning of year	291,982	233,101
Cash and cash equivalents - end of year	423,479	291,982
Cash and cash equivalents consists of:		
Cash and cash equivalents	322,326	87,531
One-year Cashable GICs	101,153	204,451
	423,479	291,982

The accompanying notes are an integral part of these financial statements

CLARINGTON BOARD OF TRADE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. NATURE OF OPERATIONS

Clarington Board of Trade ("the Board") provides a forum for the business community to develop programs, policies and opportunities that are intended to improve trade and commerce within the Municipality of Clarington. The Board commenced operations on January 1, 1998 and was incorporated without share capital on January 13, 1999. It is a not-for-profit organization under the Income Tax Act and is accordingly exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash balances and a one-year cashable guaranteed investment certificate with an effective interest rate of 2.30%.

(b) Tangible capital assets

Tangible capital assets are recorded at cost. The Board provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Furniture & fixtures	10 years
Computer equipment	3 years

Tangible capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the Board's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amount.

The Board regularly reviews its tangible capital assets to eliminate obsolete items.

(c) Revenue recognition

The Board follows the deferral method of accounting. Revenue from fees, events, grants and contracts are recognized when the services are provided and collectibility is reasonably assured. The revenue from membership fees and funding that have been received prior to December 31, 2025 but relate to future periods are recognized as deferred revenue.

Interest income from guaranteed investment certificates is recognized as revenue when earned, using the straight-line method.

CLARINGTON BOARD OF TRADE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(d) *Contributed services*

The Board and its members benefit from contributed services in the form of volunteer time of many of its members and others in the community. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

(e) *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. Significant items subject to such estimates and assumptions include allowance for uncollectable accounts receivable, the estimated useful lives of tangible capital assets, amortization and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

(f) *Financial instruments*

The Board initially measures its financial assets and financial liabilities at fair value. The Board subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents and guaranteed investment certificates. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net earnings. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in earnings.

(g) *Related parties*

The Board may enter into transactions with board members or their affiliated companies/employers in the normal course of operations. These transactions may include the purchase of goods and services, as well as the sale of memberships and event tickets. All such transactions are conducted on normal commercial terms and conditions and are not separately disclosed, as they are considered part of the Board's regular activities.

(h) *Cloud computing arrangements*

The Board applies the simplification approach to account for expenditures in cloud computing arrangements. The expenditures in the arrangements are expensed as incurred.

CLARINGTON BOARD OF TRADE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

3. **GUARANTEED INVESTMENT CERTIFICATE**

	2025	2024
	\$	\$
Non-redeemable guaranteed investment certificate, bears interest at 2.950% per annum, maturing in October 2026.	196,100	-
Non-redeemable guaranteed investment certificate, redeemed	-	197,093
Non-redeemable guaranteed investment certificate, redeemed	-	154,675
	196,100	351,768

4. **TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
	\$	\$	\$	\$
Furniture & fixtures	26,886	25,509	1,377	1,539
Computer equipment	13,512	10,130	3,382	2,522
	40,398	35,639	4,759	4,061

5. **DEFERRED REVENUE**

The Board has the following deferred revenue:

	Balance, beginning of year	Received	Recognized	Balance, end of year
	\$	\$	\$	\$
Membership fees	2,136	128,173	(129,913)	396
Meetings and events	3,480	190,753	(184,993)	9,240
Durham College student membership fees	54,815	25,460	(34,985)	45,290
Advertising sales	-	24,787	(23,787)	1,000
	60,431	369,173	(373,678)	55,926

Current and long-term portions of deferred revenue are as follows:

CLARINGTON BOARD OF TRADE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

5. **DEFERRED REVENUE, continued**

	2025	2024
	\$	\$
Current	38,115	24,528
Long-term	17,811	35,903
	55,926	60,431

6. **COMMITMENT**

The Board entered into a five year operating lease agreement for office premises commencing August 1, 2025 and expiring July 31, 2030. Lease payments include fixed base rent and additional rent covering the Board's proportionate share of operating costs and realty taxes. The landlord has estimated additional rent for Year 1 at \$865 per month, exclusive of HST.

At December 31, 2025, the future base rent payment under this operating lease are as follows:

	\$
2026	22,100
2027	22,642
2028	23,400
2029	23,400
2030	13,650
	105,192

7. **MEETINGS AND EVENTS**

	Golf Tournament \$	AGM \$	Other \$	Total 2025 \$	2024 \$
Sponsorship revenue	19,500	10,500	6,000	36,000	66,557
Ticket sale revenue	22,293	21,890	104,810	148,993	86,791
	41,793	32,390	110,810	184,993	153,348
Expenses	20,689	23,049	62,871	106,609	88,910
	21,104	9,341	47,939	78,384	64,438

CLARINGTON BOARD OF TRADE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

8. ECONOMIC DEVELOPMENT

The Board had a contract with The Municipality of Clarington ("Municipality") that began on January 1, 2022 to take primary responsibility in the areas of business attraction and business retention in the Municipality. The contract with the Municipality was renewed on January 1, 2025 with an ending date of December 31, 2026. Under this arrangement, the Board will receive \$150,000 annually (inclusive of their Municipality's membership dues) from the Municipality for economic development services, sponsorship, membership and events throughout 2025-2026. Although the current contract ends in December 2026, there is a verbal agreement between both parties for an extension until December 31, 2027.

9. DURHAM COLLEGE STUDENT MEMBERSHIP FEES

In 2021, Durham College (DC) announced a region-wide partnership between the college's School of Business, IT & Management (BITM) and the eight Chambers of Commerce and Boards of Trade located in Durham Region. Launched in Fall 2021, this partnership provides every first-year BITM diploma student a membership in all Durham Region Chambers and Boards of Trade for the duration of their studies, plus an additional year following graduation. The term of the agreement is five years commencing August 1, 2021 unless otherwise renewed or terminated. Amounts will be received each new semester as new students receive membership.

Under this agreement, the Board received \$25,460 (2024 - \$40,004). Restricted contributions for expenses of one or more future periods are deferred and recognized as revenue in the same period. As the amount received provides students membership for the duration of their studies, which have been estimated at 24 months, plus an additional 12 months after graduation, the \$25,460 (2024 - \$40,004) has been deferred and recognized as revenue evenly over 36 months. The deferred portion is included in deferred income (note 5).

10. PHYSICIAN RECRUITMENT

In 2023, the Council of the Regional Municipality of Durham ("the Region") passed a resolution approving funding to the Board for physician recruitment program development and services. The Region transferred a total of \$270,000 between 2023 and 2024. The contract ended between both parties on December 31, 2024 with a unanimous agreement not to extend.

During the year, despite expiration of the contract, the Board received \$20,000 that aimed to aid the transition of the physician recruitment program to the Durham Ontario Health Team under the revised program Docs for Durham. Effective for the year ended December 31, 2025, the Board concluded that its role under this new arrangement had changed from that of a principal to that of an agent. As a result, revenue related to the transition of the physician recruitment program was recognized on a net basis, representing the commission or fee earned, rather than on a gross basis as in prior periods.

This change affects the presentation of revenue and related costs but does not affect net income.

CLARINGTON BOARD OF TRADE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

11. **FINANCIAL INSTRUMENTS**

The Board 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 Board's risk exposure and concentration as of December 31, 2025.

(a) *Interest rate risk*

The Board's guaranteed investment certificates bear interest at fixed rates, and as such are subject to interest rate price risk resulting from changes in fair value from market fluctuations in interest rates.

Unless otherwise noted, it is management's opinion that the Board is not exposed to significant credit, currency, liquidity, or other price risks arising from these financial instruments.