

Hamilton Beach Rescue Unit Inc.

Financial Statements

December 31, 2023



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August 19, 2024

Independent Auditor's Report

To the Directors of Hamilton Beach Rescue Unit Inc.

Opinion

We have audited the financial statements of Hamilton Beach Rescue Unit Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statement of operations and changes in fund balances and 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 Organization as at December 31, 2023, and its results of 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

PETTINELLI MASTROLUISI LLP

CHARTERED PROFESSIONAL ACCOUNTANTS



Independent Auditor's Report, continued

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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Organization 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.

Pettinelli Mastroluisi LLP

Chartered Professional Accountants
Licensed Public Accountants

Hamilton, Ontario

Hamilton Beach Rescue Unit Inc.

(Incorporated without share capital under the laws of Ontario)

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>2023 Total</u>	<u>2022 Total</u>
Assets				
Current assets				
Cash	\$ 131,391	\$ 105,778	\$ 237,169	\$ 210,652
Short-term investments (Note 2)	-	150,000	150,000	125,000
Accounts receivable	-	5,320	5,320	-
Due from related party (Note 3)	11,311	-	11,311	11,311
GST/HST Public Service Bodies' rebate receivable	5,983	16,259	22,242	9,086
Prepaid expenses and deposits	11,374	250	11,624	134,432
Due from Operating Fund	-	9,839	9,839	1,280
	<u>\$ 160,059</u>	<u>\$ 287,446</u>	<u>\$ 447,505</u>	<u>\$ 491,761</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 23,023	\$ -	\$ 23,023	\$ 22,758
Deferred contributions	-	-	-	129,424
Due to Capital Fund	9,839	-	9,839	1,280
	<u>32,862</u>	<u>-</u>	<u>32,862</u>	<u>153,462</u>
Fund balances				
Unrestricted	127,197	-	127,197	96,703
Restricted	-	287,446	287,446	241,596
	<u>127,197</u>	<u>287,446</u>	<u>414,643</u>	<u>338,299</u>
	<u>\$ 160,059</u>	<u>\$ 287,446</u>	<u>\$ 447,505</u>	<u>\$ 491,761</u>

See accompanying notes to financial statements.

APPROVED BY THE BOARD:

_____ Director

_____ Director

Hamilton Beach Rescue Unit Inc.

(Incorporated without share capital under the laws of Ontario)

Statement of Operations and Changes in Fund Balances

Year ended December 31, 2023, with comparative information for 2022

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>2023 Total</u>	<u>2022 Total</u>
Revenues				
City of Hamilton	\$ 78,052	\$ 210,365	\$ 288,417	\$ 68,611
Rescue unit operations	61,520	-	61,520	41,570
Nevada income	-	22,962	22,962	17,578
Interest income	-	4,673	4,673	538
Donations	-	-	-	521
	<u>139,572</u>	<u>238,000</u>	<u>377,572</u>	<u>128,818</u>
Expenses				
Capital expenditures	-	184,829	184,829	741
Repairs, maintenance and security	27,698	-	27,698	44,037
Insurance	20,082	-	20,082	18,480
Supplies	16,853	-	16,853	11,876
Rent (Note 4)	12,360	-	12,360	13,602
Professional fees	11,312	-	11,312	10,658
Utilities	8,572	-	8,572	55
Retailer and license fees	-	5,452	5,452	7,471
Office and general	4,086	-	4,086	2,716
Telephone, internet and pager	3,709	-	3,709	6,806
Uniforms	2,042	-	2,042	-
Ticket purchases	-	1,701	1,701	5,499
Bank charges and interest	587	168	755	290
Dues, subscriptions and permits	646	-	646	1,558
Advertising and promotion	621	-	621	3,151
Training and seminars	510	-	510	2,250
	<u>109,078</u>	<u>192,150</u>	<u>301,228</u>	<u>129,190</u>
Excess (deficiency) of revenues over expenses for the year	30,494	45,850	76,344	(372)
Fund balances at the beginning of the year	<u>96,703</u>	<u>241,596</u>	<u>338,299</u>	<u>338,671</u>
Funds balances at the end of the year	<u>\$ 127,197</u>	<u>\$ 287,446</u>	<u>\$ 414,643</u>	<u>\$ 338,299</u>

See accompanying notes to financial statements.

Hamilton Beach Rescue Unit Inc.

(Incorporated without share capital under the laws of Ontario)

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Operations		
Excess (deficiency) of revenue over expenses for the year	\$ 76,344	\$ (372)
Changes in non-cash working capital balances		
Increase in accounts receivable	(6,320)	-
Increase in due from related party	-	(7,546)
Increase in GST/HST Public Service Bodies' rebate receivable	(13,156)	(4,883)
Decrease (increase) in prepaid expenses and deposits	122,808	(60,244)
Increase in accounts payable and accrued liabilities	265	13,330
(Decrease) increase in deferred contributions	(129,424)	59,259
	<u>(24,827)</u>	<u>(84)</u>
Cash flow from operations	<u>51,517</u>	<u>(456)</u>
Cash provided by (used for) investing activities		
Proceeds from the sale of short-term investments	125,000	150,000
Purchase of short-term investments	(150,000)	(125,000)
	<u>(25,000)</u>	<u>25,000</u>
Increase in cash during the year	26,517	24,544
Cash at beginning of the year	<u>210,652</u>	<u>186,108</u>
Cash at end of the year	<u>\$ 237,169</u>	<u>\$ 210,652</u>

See accompanying notes to financial statements.

Hamilton Beach Rescue Unit Inc.

Notes to Financial Statements

December 31, 2023

Nature of operations

Hamilton Beach Rescue Unit Inc. (the "Organization") is a not-for-profit organization that is an active unit of the Canadian Marine Rescue Auxiliary that works closely with local police, fire departments and the Canadian Coast Guard. The Organization is active in promoting water safety and performing water rescues on the waters of Lake Ontario and the Hamilton Harbour.

The Organization was incorporated under the Ontario Business Corporations Act and is a registered charity under the Income Tax Act. The Organization is exempt from income tax under the Income Tax Act.

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations as found in Part III of the CPA Canada Handbook. The significant accounting policies are detailed as follows:

Cash

Cash consists of balances held with financial institutions, net of outstanding cheques and deposits.

Short-term investments

Short-term investments are recorded at fair market value and consist of Guaranteed Investment Certificates with maturity dates of one year or less.

Capital expenditures

The Organization expenses its capital assets when purchased. During the current year, \$184,829 (2022 - \$741) in capital expenditures were expensed by the Organization.

Contributed services

Contributed materials and services are not recorded in the financial statements because the fair value is not readily determinable. With the exception of volunteer time, such materials and services are not significant.

Hamilton Beach Rescue Unit Inc.

Notes to Financial Statements

December 31, 2023

1. Significant accounting policies, continued

Fund accounting

The Organization follows the restricted fund method to record contributions. For financial reporting purposes the accounts have been classified into the following funds:

The Operating Fund accounts for the Organization's search and rescue, training and administrative activities. This fund reports unrestricted contributions and restricted contributions to be used for general operations.

The Capital Fund accounts for the Organization's major equipment purchases, building renovations and future expansion of the Organization. Restricted contributions for these purposes are recorded in this fund.

Revenue recognition

Unrestricted contributions or contributions provided for general operating purposes are recognized as revenue of the Operating Fund in the year they are received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to major equipment purchases, building renovations and future expansion of the Organization are recognized as revenue of the Capital Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Use of estimates

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 statement of financial position date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Management has determined that there are no significant management estimates used.

Hamilton Beach Rescue Unit Inc.

Notes to Financial Statements

December 31, 2023

1. Significant accounting policies, continued

Financial instruments

(i) Measurement of financial instruments

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated and exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost. The cost of the financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of a financial asset or liability that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, its cost is determined using the consideration transferred or received by the Organization in the transaction.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for short-term investments. The Organization has designated short-term investments consisting of Guaranteed Investment Certificates to be measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenues over expenses in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable and due from related party.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess (deficiency) of revenues over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 excess (deficiency) of revenues over expenses.

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in excess (deficiency) of revenues over expenses in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in excess of revenues over expenses over the life of the instrument using the straight-line method.

Hamilton Beach Rescue Unit Inc.

Notes to Financial Statements

December 31, 2023

2. Short-term investments

The short-term investments consist of the following:

	2023	2022
Guaranteed Investment Certificates bearing interest at 5.45%, maturing on October 31, 2024	\$ 75,000	\$ -
Guaranteed Investment Certificates bearing interest at 4.05%, matures on December 15, 2024	50,000	-
Guaranteed Investment Certificate bearing interest at 5.45%, matures on November 21, 2024	25,000	-
Guaranteed Investment Certificates matured during the year	<u>-</u>	<u>125,000</u>
	<u>\$ 150,000</u>	<u>\$ 125,000</u>

3. Due from related party

The amount due from related party represents unsecured, non-interest bearing advances to Hamilton Beach Rescue Unit Association with no specific terms of repayment.

4. Related party transactions

The Organization and Hamilton Beach Rescue Unit Association (the "Association") are common control organizations since they have the same board of directors. During the year, the Organization entered into an arrangement to rent its facilities from the Association. During the year rent totalled \$12,360 (2022 - \$12,760). These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

5. Economic dependence

The Organization is economically dependent on funding received from the municipal government.

Hamilton Beach Rescue Unit Inc.

Notes to Financial Statements

December 31, 2023

6. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. It is the Organization's opinion that they are not subject to any currency, market, or liquidity risks.

(a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization is exposed to credit risk with respect to accounts receivable. The Organization reduces its exposure to credit risk by regularly reviewing the balance outstanding and creating an allowance for bad debts when applicable.