

Thunder Bay Chamber of Commerce
Financial Statements
For the year ended October 31, 2019

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Independent Auditor's Report

To the Board of Directors of Thunder Bay Chamber of Commerce

Opinion

We have audited the accompanying financial statements of Thunder Bay Chamber of Commerce (the Organization), which comprise the statement of financial position as at October 31, 2019 and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at October 31, 2019 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 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.

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.

Independent Auditor's Report

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 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 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.

BDO Canada LLP


Chartered Professional Accountants, Licensed Public Accountants

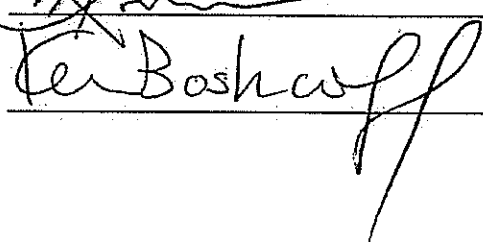
Thunder Bay, Ontario
January 14, 2020

Thunder Bay Chamber of Commerce Statement of Financial Position

October 31	2019	2018
Assets		
Current		
Cash	\$ 94,826	\$ 125,173
Short term investments (Note 2)	100,000	244,602
Accounts receivable	16,602	27,958
Government remittances	10,936	11,885
Prepaid expenses	-	450
	222,364	410,068
Long term investments (Note 2)	125,000	-
Capital assets (Note 3)	67,946	8,388
	\$ 415,310	\$ 418,456
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 14,554	\$ 22,181
Deferred revenue (Note 4)	12,008	3,057
	26,562	25,238
Net Assets		
Operating		
Internally restricted (Note 5)	260,400	224,681
Unrestricted	128,348	168,537
	388,748	393,218
	\$ 415,310	\$ 418,456

On behalf of the Board:


 _____ Director


 _____ Director

Thunder Bay Chamber of Commerce Statement of Operations

For the year ended October 31	2019	2018
Revenue		
Membership	\$ 312,533	\$ 325,855
Interest	5,168	3,511
Administration	3,819	50,710
Northern Ontario Heritage Fund/Youth Internship Funding	33,022	6,773
Donations - economic development	22,499	22,232
Commissions and advertising	52,741	57,158
Programs and special events (Schedule 1)	190,049	249,433
	<u>619,831</u>	<u>715,672</u>
Expenditure		
Affiliation fees	9,013	9,068
Amortization	2,382	2,124
Bank charges	9,104	8,125
Board activities	5,877	13,519
Computer training and supplies	13,431	12,496
Conventions	5,107	3,799
Economic development	35,500	19,500
General office expenses	23,620	26,320
Insurance	8,297	8,784
Marketing and promotions	13,821	19,819
Professional fees	1,068	-
Programs and special events (Schedule 1)	94,796	137,487
Rent	19,438	33,871
Salaries and employee benefits	379,717	347,784
Staff professional development	3,130	2,467
	<u>624,301</u>	<u>645,163</u>
Excess (deficiency) of revenue over expenditure	\$ (4,470)	\$ 70,509

The accompanying notes are an integral part of these financial statements.

**Thunder Bay Chamber of Commerce
Statement of Changes in Net Assets**

For the year ended October 31	2019		2018		
	Operating				
	Internally Restricted				
	Unrestricted	Lease Contingency	Economic Development	Membership Contingency	Total
	Contingency	Development	Contingency	Total	Total
Net assets, beginning of year	\$ 168,537	\$ 53,000	\$ 46,681	\$ 125,000	\$ 393,218
Excess (deficiency) of revenue over expenses for the year	(4,470)	-	-	-	(4,470)
Transfer to (from) internally restricted	(35,719)	48,720	(13,001)	-	-
Net assets, end of year	\$ 128,348	\$ 101,720	\$ 33,680	\$ 125,000	\$ 388,748
					\$ 393,218

The accompanying notes are an integral part of these financial statements.

Thunder Bay Chamber of Commerce Statement of Cash Flows

For the year ended October 31	2019	2018
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ (4,470)	\$ 70,509
Items not involving cash:		
Amortization	2,382	2,124
Gain on disposal of capital assets	(468)	-
	<u>(2,556)</u>	<u>72,633</u>
Changes in non-cash working capital balances		
Accounts receivable	11,356	(22,113)
Government remittances	949	(6,413)
Prepaid expenses	450	16,400
Accounts payable	(7,627)	4,132
Deferred revenue	8,951	(20,801)
	<u>11,523</u>	<u>43,838</u>
Cash flows from (used in) investing activities		
Proceeds from sale of capital assets	2,000	-
Purchases of capital assets	(63,472)	(6,416)
Purchase of investments	(225,000)	(217,254)
Disposal of investments	244,602	217,664
	<u>(41,870)</u>	<u>(6,006)</u>
Increase (decrease) in cash	(30,347)	37,832
Cash, beginning of year	125,173	87,341
	<u>125,173</u>	<u>125,173</u>
Cash, end of year	\$ 94,826	\$ 125,173

The accompanying notes are an integral part of these financial statements.

Thunder Bay Chamber of Commerce Notes to Financial Statements

October 31, 2019

1. Significant Accounting Policies

Basis of Accounting	These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations. These standards use the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.
Nature and Purpose of Organization	Thunder Bay Chamber of Commerce is a non-profit organization incorporated without share capital under the laws of Ontario and is exempt from income taxes under The Income Tax Act (Canada). The purpose is to bring the collective voice of the business community in an effective manner to all levels of government on matters affecting business and industry in Thunder Bay and Northwestern Ontario.
Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. All guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.
Capital Assets	<p>Capital assets purchased are stated at cost less accumulated amortization. Amortization based on estimated useful life of the assets is as follows:</p> <p>Amortization on furniture and equipment is recorded on a straight line basis over five years with half being taken in the first year and half in the last year.</p> <p>Amortization on computer hardware and software is recorded at a rate of 100% in the year of acquisition.</p> <p>Amortization on leasehold improvements is recorded on a straight line basis over the current term of the lease plus one fixed rate renewal term if such an option exists in the lease. Amortization is calculated monthly beginning in the month the leasehold improvement is made.</p>

Thunder Bay Chamber of Commerce Notes to Financial Statements

October 31, 2019

1. Significant Accounting Policies (cont'd)

Revenue Recognition

The Chamber of Commerce follows the deferral method of accounting for contributions, which include Government Grants. Membership fees and Events and Shows revenue are recognized as income to the extent that the related services are provided within the fiscal year of the Chamber of Commerce.

Revenue is recognized when earned on the accrual basis. Where funds have been received for special projects, programs or events, and the funds have not been expended, the revenue is deferred into the subsequent year and will be recognized in the same period as the actual expenditures are incurred.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted investment income is recognized as revenue when earned.

Contributed Materials and Services

Contributed materials and services which are used in the normal course of the Chamber of Commerce operations and would otherwise have been purchased are disclosed in the notes to the financial statements at their fair value during the year of contribution if fair value can be reasonably estimated.

Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates used in the preparation of these financial statements include the useful life of capital assets and accruals.

Thunder Bay Chamber of Commerce Notes to Financial Statements

October 31, 2019

2. Investments

	2019	2018
Guaranteed investment certificates	\$ 225,000	\$ 244,602

Investments are split between short term and long term as follows:

Short term investments	\$ 100,000	\$ 244,602
Long term investments	125,000	-
	\$ 225,000	\$ 244,602

The guaranteed investment certificates are all cashable with fixed interest rates of 1.5% to 2.25% (October 31, 2018 - 1.5% to 1.95%) and mature between January 2020 and December 2020.

3. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 86,858	\$ 71,057	\$ 80,915	\$ 72,527
Computer hardware	7,564	7,564	7,564	7,564
Leasehold improvements	54,082	1,937	1,657	1,657
	\$ 148,504	\$ 80,558	\$ 90,136	\$ 81,748
Net book value		\$ 67,946		\$ 8,388

Thunder Bay Chamber of Commerce Notes to Financial Statements

October 31, 2019

4. Deferred Revenue

	2019	2018
After Business	\$ 100	\$ 100
Business Awards	9,500	-
Special meetings	-	312
Other	2,408	2,645
	\$ 12,008	\$ 3,057

5. Internally Restricted Net Assets

	2019	2018
Economic Development Fund	\$ 33,680	\$ 46,681
Membership Contingency	125,000	125,000
Lease Contingency	101,720	53,000
	\$ 260,400	\$ 224,681

Economic Development Fund

A directors' resolution has been approved to establish an Economic Development Fund. Voluntary donations are collected from the membership during the fiscal period. These donations are held for and distributed to applicants from the community who meet the criteria to receive funding from the Economic Development Fund.

Membership Contingency Fund

During 1988, the Board of Directors passed a resolution establishing a membership contingency fund. In November 2012, the Board of Directors passed a resolution to set the contingency reserve fund at \$125,000.

Lease Contingency Fund

During 2016, the Board of Directors passed a resolution establishing a lease contingency reserve fund.

6. Contributed Goods and Services

The audit fee for 2019 was \$18,000 (2018 - \$18,000). Numerous other organizations contributed goods and services, the value of which cannot be readily quantified.

Thunder Bay Chamber of Commerce Notes to Financial Statements

October 31, 2019

7. Lease Commitment

The Chamber has a lease for its premises at \$2,175 per month, expiring in October 2024.

8. Financial Instruments

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Chamber of Commerce is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated GIC investments.

b) Currency and Market Rate Risks

It is management's opinion that the Chamber of Commerce is not exposed to significant currency or market risk arising from financial instruments.

c) Credit Risk

Credit risk is the risk of financial loss to the Chamber of Commerce if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Organization's membership receivables. As a result, the Organization is exposed to credit risk from its members, which is mitigated through proactive credit management practices.

d) Liquidity Risk

Liquidity risk is the risk that the Chamber of Commerce encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Chamber of Commerce will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable. Management feels they are not exposed to significant liquidity risk.

9. Credit Facilities

The Chamber has a \$100,000 operating line of credit with the Royal Bank of Canada that bears interest at the Royal Bank prime lending rate plus 1.3% (5.25% at year end) and is secured by a general security agreement. At year end, the Organization had an undrawn capacity of \$100,000 (2018 - \$100,000) on this line of credit.

**Thunder Bay Chamber of Commerce
Schedule 1 - Programs and Special Events**

	For the year ended October 31										2019	2018
	Aboriginal Partnership Exchange	Annual General Meeting	Special Meetings/ Seminars	Business Awards	Leadercast Tournament	Golf	After Business	Choose TBay First	Prosperity Northwest	Total	Total	Total
Revenue	\$ 6,535	\$ 10,370	\$ 29,617	\$ 54,755	\$ 27,275	\$ 28,270	\$ 9,972	\$ 4,800	\$ 18,455	\$ 190,049	\$ 249,433	
Expenditures	2,784	3,711	12,851	29,565	21,575	13,733	210	-	10,367	94,796	137,487	
Excess of revenue over expenditures for the year	\$ 3,751	\$ 6,659	\$ 16,766	\$ 25,190	\$ 5,700	\$ 14,537	\$ 9,762	\$ 4,800	\$ 8,088	\$ 95,253	\$ 111,946	

The accompanying notes are an integral part of these financial statements.