

Thunder Bay Chamber of Commerce
Financial Statements
For the year ended October 31, 2018

Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Schedule 1 - Programs and Special Events	12

Independent Auditor's Report

To the Board of Directors of Thunder Bay Chamber of Commerce

We have audited the accompanying financial statements of Thunder Bay Chamber of Commerce, which comprise the statement of financial position as at October 31, 2018 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.

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, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Thunder Bay Chamber of Commerce as at October 31, 2018 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
January 15, 2019

**Thunder Bay Chamber of Commerce
Statement of Financial Position**


October 31	2018	2017
Assets		
Current		
Cash	\$ 125,173	\$ 87,341
Short term investments (Note 2)	244,602	142,664
Accounts receivable	27,958	5,845
Government remittances	11,885	5,472
Prepaid expenses	450	16,850
	<u>410,068</u>	<u>258,172</u>
Long term investments (Note 2)	-	102,348
Capital assets (Note 3)	8,388	4,096
	<u>8,388</u>	<u>4,096</u>
	<u>\$ 418,456</u>	<u>\$ 364,616</u>

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 22,181	\$ 18,049
Deferred revenue (Note 4)	3,057	23,858
	<u>25,238</u>	<u>41,907</u>
Net Assets		
Operating		
Internally restricted (Note 5)	224,681	221,949
Unrestricted	168,537	100,760
	<u>393,218</u>	<u>322,709</u>
	<u>\$ 418,456</u>	<u>\$ 364,616</u>

On behalf of the Board:


 _____ Director


 _____ Director

Thunder Bay Chamber of Commerce Statement of Operations

For the year ended October 31	2018	2017
Revenue		
Membership	\$ 325,855	\$ 315,434
Interest	3,511	2,289
Administration	50,710	16,343
Northern Ontario Heritage Fund/Youth Internship Funding	6,773	21,192
Donations - economic development	22,232	22,787
Commissions and advertising	57,158	53,997
Programs and special events (Schedule 1)	249,433	216,323
	<u>715,672</u>	<u>648,365</u>
Expenditure		
Affiliation fees	9,068	12,305
Amortization	2,124	2,057
Bank charges	8,125	8,680
Board activities	13,519	8,233
Computer training and supplies	12,496	11,610
Conventions	3,799	6,543
Economic development	19,500	22,000
General office expenses	26,320	31,810
Insurance	8,784	8,689
Marketing and promotions	19,819	16,163
Programs and special events (Schedule 1)	137,487	93,233
Rent	33,871	32,568
Salaries and employee benefits	347,784	380,237
Staff professional development	2,467	3,880
	<u>645,163</u>	<u>638,008</u>
Excess of revenue over expenditure	\$ 70,509	\$ 10,357

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					2018	2017
	Operating					
			Internally Restricted			
	Unrestricted	Lease Contingency	Economic Development	Membership Contingency	Total	Total
Net assets, beginning of year	\$ 100,760	\$ 53,000	\$ 43,949	\$ 125,000	\$ 322,709	\$ 312,352
Excess of revenue over expenses for the year	70,509	-	-	-	70,509	10,357
Transfer to (from) internally restricted	(2,732)	-	2,732	-	-	-
Net assets, end of year	\$ 168,537	\$ 53,000	\$ 46,681	\$ 125,000	\$ 393,218	\$ 322,709

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	2018	2017
Cash flows from operating activities		
Excess of revenue over expenditures for the year	\$ 70,509	\$ 10,357
Item not involving cash:		
Amortization	2,124	2,057
	<u>72,633</u>	<u>12,414</u>
Changes in non-cash working capital balances		
Accounts receivable	(28,526)	37,837
Prepaid expenses	16,400	(4,486)
Accounts payable	4,132	(15,795)
Deferred revenue	(20,801)	(5,663)
	<u>43,838</u>	<u>24,307</u>
Cash flows from (used in) investing activities		
Purchases of capital assets	(6,416)	-
Purchase of investments	(217,254)	(67,102)
Disposal of investments	217,664	66,008
	<u>(6,006)</u>	<u>(1,094)</u>
Increase in cash	37,832	23,213
Cash, beginning of year	87,341	64,128
Cash, end of year	\$ 125,173	\$ 87,341

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

Thunder Bay Chamber of Commerce Notes to Financial Statements

October 31, 2018

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

Capital assets purchased are stated at cost less accumulated amortization. Amortization based on estimated useful life of the assets is as follows:

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.

Amortization on computer hardware and software is recorded at a rate of 100% in the year of acquisition.

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.

Thunder Bay Chamber of Commerce Notes to Financial Statements

October 31, 2018

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, 2018

2. Investments

	2018	2017
Guaranteed investment certificates	\$ 244,602	\$ 245,012

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

Short Term Investments	\$ 244,602	\$ 142,664
Long Term Investments	-	102,348
	\$ 244,602	\$ 245,012

The guaranteed investment certificates are all cashable with fixed interest rates of 1.5% to 1.95% (October 31, 2017 - 0.995% to 1.15%) and mature between December 2018 and June 2019.

3. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 80,915	\$ 72,527	\$ 74,499	\$ 70,841
Computer hardware	7,564	7,564	7,564	7,564
Leasehold improvements	1,657	1,657	1,657	1,219
	\$ 90,136	\$ 81,748	\$ 83,720	\$ 79,624
Net book value		\$ 8,388		\$ 4,096

Thunder Bay Chamber of Commerce Notes to Financial Statements

October 31, 2018

4. Deferred Revenue

	2018	2017
After Business	\$ 100	\$ 800
Tis the Season	-	3,888
Business Awards	-	9,000
Special meetings	312	-
Canadian Chamber of Commerce Annual General Meeting	-	4,425
Other	2,645	5,745
	\$ 3,057	\$ 23,858

5. Internally Restricted Net Assets

	2018	2017
Economic Development Fund	\$ 46,681	\$ 43,949
Membership Contingency	125,000	125,000
Lease Contingency	53,000	53,000
Balance, end of year	\$ 224,681	\$ 221,949

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 2018 was \$18,000 (2017 - \$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, 2018

7. Lease Commitment

The Chamber has a lease for its premises at \$2,876 per month, expiring in June 2019.

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 (2017 - \$100,000) on this line of credit.

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

For the year ended October 31										2018	2017
	Canadian Chamber of Commerce AGM	Annual General Meeting	Special Meetings/ Seminars	Business Awards	Leadercast	Golf Tournament	After Business	Tis the Season	Total	Total	
Revenue	\$ 81,689	\$ 10,630	\$ 18,938	\$ 57,156	\$ 22,807	\$ 27,547	\$ 12,446	\$ 18,220	\$ 249,433	\$ 216,323	
Expenditures	51,450	5,056	6,322	28,987	17,165	13,204	135	15,168	137,487	93,233	
Excess of revenue over expenditures for the year	\$ 30,239	\$ 5,574	\$ 12,616	\$ 28,169	\$ 5,642	\$ 14,343	\$ 12,311	\$ 3,052	\$ 111,946	\$ 123,090	

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