

Financial Statements of
Greater Peterborough Chamber of Commerce
For the year ended December 31, 2019

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Independent Auditor's Report

To the Members of Greater Peterborough Chamber of Commerce

Opinion

We have audited the financial statements of Greater Peterborough Chamber of Commerce, which comprise the statement of financial position as at December 31, 2019, and the statements of changes in fund balances, operations, cash flows and the notes to financial statements for the year then ended, 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, 2019, 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.

Other Matter

The financial statements of the Organization for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 19, 2019.

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.

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 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.

Inclusive Accounting Professional Corporation

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

Peterborough, Ontario

March 17, 2020

Greater Peterborough Chamber of Commerce Statement of Financial Position

December 31	2019	2018
Assets		
Current assets		
Cash	\$ 103,052	\$ 121,935
Short term investments (note 3)	261,427	259,427
Accounts receivable	18,654	16,693
Prepaid expenses	9,673	17,868
	392,806	415,923
Property and equipment (note 4)	651,155	653,690
	\$ 1,043,961	\$ 1,069,613
 Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 25,693	\$ 27,414
Deferred revenue (note 6)	76,223	63,695
Current portion of long-term debt (note 7)	9,770	10,600
	111,686	101,709
Long-term liabilities		
Long-term debt (note 7)	-	9,770
 Fund balances		
Investment in capital assets	649,687	633,320
Operating	282,588	324,814
	932,275	958,134
	\$ 1,043,961	\$ 1,069,613

On behalf of the Board

_____ Director

_____ Director

Greater Peterborough Chamber of Commerce Statement of Changes in Fund Balances

Year ended December 31, 2019

	Investment in Capital Assets	Operating	Total 2019	Total 2018
Balance, beginning of year	\$ 633,320	\$ 324,814	\$ 958,134	\$ 933,021
Excess (deficiency) of revenue over expenditures for the year	(20,581)	(5,278)	(25,859)	25,113
Capital asset additions	26,348	(26,348)	-	-
Repayment of long term debt	10,600	(10,600)	-	-
Balance, end of year	\$ 649,687	\$ 282,588	\$ 932,275	\$ 958,134

Greater Peterborough Chamber of Commerce Statement of Operations

Year ended December 31	2019	2018
Revenue		
Membership fees	\$ 316,855	\$ 309,102
Special events, programs and projects	164,889	219,564
Rental	69,725	70,400
Group insurance	57,846	59,964
Advertising and publications	30,919	26,596
Solar MicroFIT	8,245	7,901
Other revenue	4,794	4,735
Interest income	3,427	2,575
	<u>656,700</u>	<u>700,837</u>
Expenditures		
Salaries and related benefits	405,257	378,896
Special events, programs and projects	70,398	97,876
Office and administration	55,917	50,667
Occupancy	55,502	55,855
Amortization	28,884	31,024
Memberships, fees and dues	19,593	17,937
Board meetings, conferences and travel	16,851	13,092
Advertising and publications	11,358	11,687
Interest and bank charges	10,263	9,192
Professional fees	5,275	6,900
Bad debts	619	12
Business centre	2,642	2,586
	<u>682,559</u>	<u>675,724</u>
Excess (deficiency) of revenue over expenditures for the year	<u>\$ (25,859)</u>	<u>\$ 25,113</u>

Greater Peterborough Chamber of Commerce Statement of Cash Flows

Year ended December 31	2019	2018
Cash provided from (used for)		
Operating activities		
Excess (deficiency) of revenue over expenditures	\$ (25,859)	\$ 25,113
Item not involving cash		
Amortization	28,884	31,024
	<u>3,025</u>	<u>56,137</u>
Changes in non-cash working capital items:		
Accounts receivable	(1,961)	5,731
Prepaid expenses	8,195	7,880
Accounts payable and accrued liabilities	(1,722)	(5,800)
Deferred revenue	12,528	(4,510)
	<u>17,040</u>	<u>3,301</u>
Cash flows from operating activities	<u>20,065</u>	<u>59,438</u>
Investing activities		
Short term investments	(2,000)	(1,228)
Purchase of property and equipment	(26,348)	(6,230)
Cash flows from investing activities	<u>(28,348)</u>	<u>(7,458)</u>
Financing activity		
Repayment of long-term debt	(10,600)	(10,600)
Net increase (decrease) in cash position	(18,883)	41,380
Cash position, beginning of year	121,935	80,555
Cash position, end of year	\$ 103,052	\$ 121,935

Greater Peterborough Chamber of Commerce
Notes to Financial Statements
Year ended December 31

1. Nature of operations

Greater Peterborough Chamber of Commerce (the "Organization") is a not-for-profit organization registered under the Board of Trade Act (Canada) that promotes commercial, industrial, agricultural, tourism and civic welfare of the Greater Peterborough region.

2. Summary of significant accounting policies

The significant accounting policies applied by the Organization are summarized below.

(a) *Basis of accounting*

These financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations.

(b) *Fund accounting*

In order to ensure observation of limitations and restrictions placed on the use of the resources available to the Organization, the accounts are maintained in accordance with the principles of Fund Accounting. Under these principles, resources are classified for accounting purposes into funds that are in accordance with particular activities or objectives specified. The funds are classified as follows:

- i) The Operating Fund accounts for the Organization's program delivery and administrative activities.
- ii) The Investment in Capital Assets Fund reports the Organization's funds which have been invested in capital assets, and therefore not available for operating use.

(c) *Revenue recognition*

The Organization 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 are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Recognition policies that the Organization follows for specific revenue items are as follows:

- i) Membership revenue is recognized on a straight-line basis over the period that the membership is valid. Membership payments received in advance are deferred.
- ii) Special events, programs and project revenue is recognized when the event, program or project occurs.
- iii) Rental revenue is recognized on a straight-line basis over the term of the lease.
- iv) Commission and advertising revenue is recognized when the service is performed.

Greater Peterborough Chamber of Commerce
Notes to Financial Statements
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2. Summary of significant accounting policies — continued

(d) *Property and equipment*

Property and equipment are recorded at cost less accumulated amortization. The Organization provides for amortization using the following methods at rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

Building	5% declining balance
Furniture and fixtures	20% declining balance
Computer equipment	30% declining balance
Computer software	30% declining balance
Land improvements	5 years straight-line
Photovoltaic system	20 years straight-line

(e) *Income taxes*

The Organization was incorporated under the Board of Trade Act (Canada) without share capital and qualifies as a non-profit organization as defined by the Federal and Ontario Income Tax Acts. Consequently, the Organization is not subject to corporate income taxes.

(f) *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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Items subject to significant management estimates include the useful lives of capital assets and deferred revenue.

(g) *Financial instruments*

The Organization measures its financial assets and financial liabilities at fair value at the acquisition date, except for financial assets and financial liabilities acquired in related party transactions. Transaction costs related to the acquisition of financial instruments subsequently measured at fair value are recognized in excess (deficiency) of revenue over expenditures when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of the transaction costs directly attributable to the acquisition of the instrument.

The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost.

3. Short term investments

Short term investments consists of Guaranteed Investment Certificates issued by the TD Canada Trust which mature between January 15, 2020 to March 29, 2020 (2018 - February 3, 2019 to March 31, 2019). The interest rates vary from 1.30% to 1.35% (2018 - 1.20% to 1.35%).

Greater Peterborough Chamber of Commerce
Notes to Financial Statements
Year ended December 31

4. Property and equipment

The major categories of capital assets and accumulated amortization are as follows:

	2019		2018	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 296,014	\$ -	\$ 296,014	\$ -
Building	859,594	559,584	835,419	544,430
Photovoltaic system	48,090	20,214	48,090	17,810
Computer equipment	133,411	118,549	131,238	112,645
Furniture and fixtures	128,513	121,030	128,513	119,159
Land improvements	30,679	25,946	30,679	22,471
Computer software	27,595	27,418	27,595	27,343
	<u>1,523,896</u>	<u>872,741</u>	<u>1,497,548</u>	<u>843,858</u>
Net book value		<u>\$ 651,155</u>		<u>\$ 653,690</u>

5. Government remittances payable

Included in accounts payable and accrued liabilities are government remittances payable of \$14,232 (2018 - \$10,923).

6. Deferred revenue

Deferred revenue consists of:

	2019	2018
Memberships	\$ 62,072	\$ 59,407
Events	14,151	4,288
	<u>\$ 76,223</u>	<u>\$ 63,695</u>

Greater Peterborough Chamber of Commerce
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7. Long-term debt

Long-term debt consists of the following:

	2019	2018
Community Futures Peterborough, repayable in principal monthly installments of \$883, non-interest bearing, due on demand, secured by a GIC, matures on June 15, 2020.	\$ 9,770	\$ 20,370
Less: current portion	9,770	10,600
	\$ -	\$ 9,770

Minimum principal repayments are as follows:

2020	9,770
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8. Financial instruments

The Organization is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Company's exposure to these risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relates to its accounts receivable. Accounts receivable are non-interest bearing and are generally due when rendered. The Organization has provided for an allowance in respect of doubtful customer accounts of \$500 (2018 - \$500)

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt agreements. Cash flow from operations provides a substantial portion of the Organization's cash requirements.

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 Organization is not exposed to any significant interest rate risk.

Greater Peterborough Chamber of Commerce
Notes to Financial Statements
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9. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.
