

**Brockville and District Chamber of Commerce**  
**Financial Statements**  
*December 31, 2019*  
*(Unaudited)*

## Independent Practitioner's Review Engagement Report

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To the Members of Brockville and District Chamber of Commerce:

We have reviewed the accompanying financial statements of Brockville and District Chamber of Commerce that comprise the statement of financial position as at December 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.

### *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.

### *Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Brockville and District Chamber of Commerce as at December 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.

Brockville, Ontario  
June 23, 2020

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

**Brockville and District Chamber of Commerce  
Statement of Financial Position**

*As at December 31, 2019  
(Unaudited)*

	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash	235,494	162,392
Accounts receivable (Note 3)	30,710	36,775
Prepaid expenses	44,473	24,122
Merchandise inventory	22,149	20,438
	<b>332,826</b>	<b>243,727</b>
<b>Capital assets (Note 4)</b>	<b>20,886</b>	<b>27,070</b>
	<b>353,712</b>	<b>270,797</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	34,398	26,421
Deferred revenue (Note 6)	54,114	36,677
Deferred contributions for expenses of future periods (Note 7)	85,000	15,650
	<b>173,512</b>	<b>78,748</b>
<b>Deferred capital contributions (Note 8)</b>	<b>10,095</b>	<b>13,352</b>
	<b>183,607</b>	<b>92,100</b>
<b>Net Assets</b>		
Investment in capital assets (Note 9)	10,791	13,718
Internally restricted (Note 10)	64,139	64,139
Internally restricted - Young Professionals (Note 11)	3,197	4,655
Unrestricted - General	91,978	96,185
	<b>170,105</b>	<b>178,697</b>
	<b>353,712</b>	<b>270,797</b>

Approved on behalf of the Board

  
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Director

  
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Director

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

# Brockville and District Chamber of Commerce Statement of Operations

For the year ended December 31, 2019  
(Unaudited)

	2019	2018
<b>Revenue</b>		
Tourism services		
City of Brockville contract for tourism program	195,996	192,153
City of Brockville allocation of Municipal Accommodation Tax funding (Note 7)	109,350	-
Cooperative marketing program and tourism guides	71,029	75,007
Merchandise sales	67,372	48,700
Special events	55,900	27,091
Wage subsidies	24,826	12,181
Map	14,295	15,515
Brochures promotion and special projects	4,088	10,063
Tourism strategy plan grants (Note 7)	725	39,350
Functions and networking events	132,483	111,908
Membership fees	85,471	88,048
Insurance commissions	8,502	10,493
Chamber events banner	7,000	6,650
Amortization of deferred capital contributions (Note 8)	3,257	2,297
Ontario Chamber of Commerce dues	3,140	3,370
Electronic mass mail fees	1,200	1,200
Other	2,650	2,381
	<b>787,284</b>	<b>646,407</b>
<b>Expenses</b>		
Salaries, wages and benefits	313,854	276,098
Advertising and promotion	108,446	4,884
Functions and networking events	93,341	76,525
Cooperative marketing program and tourism guides	73,621	84,672
Tourism special events and trade shows	54,414	28,322
Cost of merchandise sold	46,804	35,815
Accounting services	24,171	23,573
Telephone, office and administrative supplies	21,842	19,316
Map and events banner	8,504	10,503
Visitor services and brochures distribution	8,086	5,891
Amortization of capital assets	7,453	8,109
Bank and credit card charges	6,700	6,034
Dues and fees	5,826	4,189
Professional fees	4,673	4,594
Rent	4,441	4,293
Insurance	4,187	4,015
Meetings, conferences and travel	4,087	4,600
Direct marketing	2,539	1,622
Member services	1,485	1,120
Website development	1,023	3,557
Bad debts	379	816
Tourism strategy plan	-	39,510
	<b>795,876</b>	<b>648,058</b>
<b>Deficiency of revenue over expenses</b>	<b>(8,592)</b>	<b>(1,651)</b>

The accompanying notes are an integral part of these financial statements

## Brockville and District Chamber of Commerce Statement of Changes in Net Assets

*For the year ended December 31, 2019  
(Unaudited)*

	<i>Investment in capital assets (Note 9)</i>	<i>Internally restricted (Note 10)</i>	<i>Internally restricted - Young Professionals (Note 11)</i>	<i>Unrestricted - General</i>	<b>2019</b>	<b>2018</b>
<b>Balance, beginning of year</b>	13,718	64,139	4,655	96,185	178,697	180,348
<b>Deficiency of revenue over expenses (Note 9)</b>	(4,196)	-	-	(4,396)	(8,592)	(1,651)
<b>Net change in investment in capital assets (Note 9)</b>	1,269	-	-	(1,269)	-	-
<b>Transfers between funds</b>	-	-	(1,458)	1,458	-	-
<b>Balance, end of year</b>	10,791	64,139	3,197	91,978	170,105	178,697

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

# Brockville and District Chamber of Commerce

## Statement of Cash Flows

For the year ended December 31, 2019

(Unaudited)

	2019	2018
<b>Cash provided by (used for):</b>		
<b>Operating</b>		
Excess of expenses over revenue	(8,592)	(1,651)
Amortization of capital assets	7,453	8,109
Amortization of deferred capital contributions	(3,257)	(2,297)
	<b>(4,396)</b>	4,161
Changes in working capital accounts		
Accounts receivable	6,065	(4,025)
Prepaid expenses	(20,351)	(561)
Merchandise inventory	(1,711)	(3,588)
Accounts payable and accrued liabilities	7,977	10,769
Deferred revenue	17,437	2,072
Deferred contributions for expenses of future periods	69,350	15,650
	<b>74,371</b>	24,478
<b>Investing</b>		
Purchase of capital assets	(1,269)	(4,351)
<b>Increase in cash</b>	<b>73,102</b>	20,127
<b>Cash, beginning of year</b>	<b>162,392</b>	142,265
<b>Cash, end of year</b>	<b>235,494</b>	162,392

The accompanying notes are an integral part of these financial statements

# Brockville and District Chamber of Commerce

## Notes to the Financial Statements

For the year ended December 31, 2019  
(Unaudited)

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### 1. Formation and nature of the organization

The Brockville and District Chamber of Commerce (the "Chamber") was formed in 1906 and is part of a network of community Chambers of Commerce and Boards of Trade that exist across Canada. The Chamber's mission is, through proactive leadership in advocacy and networking, to support and grow business to build a strong economic community. The Chamber is incorporated under the Ontario Corporations Act as a not-for-profit corporation and is exempt from income taxes, providing certain requirements of the Income Tax Act (Canada) are met.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **Revenue recognition**

The Chamber follows the deferral method of accounting for contributions.

Provincial, municipal and other restricted contributions and wage subsidies are recognized as revenue in the period in which the related expenditures have been 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.

Membership fees are recognized as revenue in the fiscal year encompassing the membership term.

Revenue from the cooperative marketing program, special events, merchandise sales, map, functions and networking events and advertising projects are recognized when the services are provided or the goods are sold.

#### **Merchandise inventory**

Merchandise inventory is valued at the lower of cost and net realizable value. The cost of inventory includes all costs of purchase and other costs incurred in bringing the inventory to its present location and is determined on a first-in, first-out basis. Net realizable value is the estimated selling price of the inventory in the ordinary course of business.

#### **Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repair and maintenance costs are charged to expense. Betterments which extend the estimated life and capacity of an asset are capitalized. When a capital asset no longer contributes to the Chamber's ability to provide services, its carrying amount is written down to its residual value.

Amortization is provided on the straight-line basis using the following annual rates:

Signage	20 %
Event centre equipment	20 %
Office furniture and equipment	10 %
Computer equipment	20 %
Leasehold improvements	20 %
Website and mobile application	33 %

#### **Long-lived assets**

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Chamber determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

# Brockville and District Chamber of Commerce

## Notes to the Financial Statements

For the year ended December 31, 2019  
(Unaudited)

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### 2. Significant accounting policies (Continued from previous page)

#### **Contributed services and materials**

The Chamber records in the financial statements contributions of services and materials when:

- (i) the fair value of the contributions can be reasonably estimated;
- (ii) the contributed services and materials are used in the normal course of operations; and
- (iii) the Chamber would have purchased the services and materials if they had not been contributed.

#### **Financial instruments**

##### *Initial measurement*

The Chamber initially measures its financial assets and financial liabilities at fair value.

##### *Subsequent measurement*

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

Financial assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

##### *Impairment*

The Chamber assesses impairment of all of its financial assets measured at amortized cost. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Chamber determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Chamber reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year deficiency of revenue over expenses.

The Chamber reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the deficiency of revenue over expenses in the year the reversal occurs.

#### **Measurement uncertainty (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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations in the periods in which they become known.



## Brockville and District Chamber of Commerce Notes to the Financial Statements

*For the year ended December 31, 2019  
(Unaudited)*

### 3. Accounts receivable

	2019	2018
Trade receivables	28,295	33,287
Harmonized Sales Tax recoverable	2,415	3,488
	30,710	36,775

### 4. Capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Signage	17,659	5,591	12,068	15,600
Event centre equipment	7,035	3,813	3,222	3,926
Office furniture and equipment	18,473	15,271	3,202	4,098
Computer equipment	27,455	25,214	2,241	2,684
Leasehold improvements	3,046	2,893	153	762
Website and mobile application	10,021	10,021	-	-
	83,689	62,803	20,886	27,070

### 5. Government remittances payable

Included in accounts payable and accrued liabilities are government remittances payable of \$403 (2018 - \$483).

### 6. Deferred revenue

Deferred revenue consists of the following:

	2019	2018
Tourism guides	26,911	23,230
Map	12,590	7,330
Summer travel guide	12,135	5,652
Other tourism services	2,478	465
	54,114	36,677

# Brockville and District Chamber of Commerce Notes to the Financial Statements

For the year ended December 31, 2019  
(Unaudited)

## 7. Deferred contributions for expenses of future periods

Deferred contributions for expenses of future periods consists of unspent contributions externally restricted by the contributors. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contributions balance are as follows:

	<i>Municipal Accommodation Tax</i>	<i>Tourism Strategic Plan</i>	<b>Total 2019</b>	<b>2018</b>
Balance, beginning of year	-	15,650	<b>15,650</b>	-
Amount received during the year	194,350	-	<b>194,350</b>	55,000
Less: Amount repaid during the year	-	(14,925)	<b>(14,925)</b>	-
Less: Amount recognized as revenue during the year	(109,350)	(725)	<b>(110,075)</b>	(39,350)
Balance, end of year	85,000	-	<b>85,000</b>	15,650

The Municipal Accommodation Tax funding recognized as revenue was fully expended on advertising and promotion, salaries, wages and benefits, and dues and fees.

## 8. Deferred capital contributions

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	<b>2019</b>	<b>2018</b>
Balance, beginning of year	<b>13,352</b>	941
Funding received for capital assets	-	14,708
Amounts recognized as revenue during the year	<b>(3,257)</b>	(2,297)
Balance, end of year	<b>10,095</b>	13,352

## 9. Investment in capital assets

(a) Investment in capital assets is calculated as follows:

	<b>2019</b>	<b>2018</b>
Capital assets	<b>20,886</b>	27,070
Deferred capital contributions	<b>(10,095)</b>	(13,352)
	<b>10,791</b>	13,718

# Brockville and District Chamber of Commerce

## Notes to the Financial Statements

*For the year ended December 31, 2019*  
*(Unaudited)*

**9. Investment in capital assets** *(Continued from previous page)*

(b) Change in investment in capital assets is calculated as follows:

	2019	2018
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	3,257	2,297
Amortization of capital assets	<b>(7,453)</b>	<b>(8,109)</b>
	<b>(4,196)</b>	<b>(5,812)</b>
Transfers between funds:		
Purchase of capital assets	<b>1,269</b>	<b>4,351</b>

**10. Internally restricted net assets**

The Board of Directors had approved the internal restriction of \$300 monthly to be used for the development of a long-term office space strategy. The Board of Directors decided to waive this internal transfer beginning in March 2016.

**11. Internally restricted net assets - Young Professionals**

The Board of Directors has approved the internal restriction of the net proceeds from the events and activities of the Young Professionals Committee from the general unrestricted net assets to be used for future Young Professionals events.

**12. Tourism services contract with City of Brockville**

The contract with the City of Brockville to provide various tourism services was extended to December 31, 2020.

**13. Financial instruments**

The Chamber, as part of its operations, carries a number of financial instruments. It is management's opinion that the Chamber is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed. There have been no changes to risk exposures from the prior year.

***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 Chamber provides credit to its members and to non-members in the normal course of operations. The credit risk associated with accounts receivable is managed through the ongoing monitoring of individual receivable balances. It is management's opinion that the Chamber does not have significant credit risk exposure to any individual member or non-member receivable.

***Liquidity risk***

Liquidity risk is the risk that the Chamber will not be able to meet a demand for cash or fund its obligations as they become due. The Chamber meets its liquidity requirements by monitoring cash flows from operations and anticipating financing and investing activities.

# Brockville and District Chamber of Commerce

## Notes to the Financial Statements

*For the year ended December 31, 2019*  
*(Unaudited)*

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### 14. Subsequent event

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent the COVID-19 outbreak may have on the Chamber as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, management anticipates this outbreak will cause reduced customer demand, staff shortages and/or layoffs, increased government regulations and reduced municipal funding, all of which may negatively impact the Chamber's business and financial condition. The Chamber has accessed government programs to provide support.