

Southern Georgian Bay Chamber of Commerce

FINANCIAL STATEMENTS
Year Ending 2016

**THE SOUTHERN GEORGIAN BAY
CHAMBER OF COMMERCE
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS AND MEMBERS OF THE SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE

Report on the Financial Statements

We have audited the accompanying financial statements of **SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE**, which comprise the balance sheet as at December 31, 2016, and the statements of changes in net assets, revenues and expenses, 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 organization'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 organization'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 **SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE** as at December 31, 2016, and the results of its financial performance and its cash flows for the year then ended, in accordance with Canadian Accounting Standards for Not for Profit Organizations.

MIDLAND, ONTARIO
March 2, 2017



BRABANT & KRETZSCHMANN
Chartered Professional Accountants
Licensed Public Accountants

SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE
BALANCE SHEET
DECEMBER 31, 2016

	2016	2015
	\$	\$
ASSETS		
CURRENT		
Cash and Cash Equivalents	67,337	89,039
Short Term Investments - Unrestricted	41,462	-
Short Term Investments - Internally Restricted (Note 2)	58,714	58,714
Accounts Receivable	4,935	4,985
Government Remittances Receivable	5,555	2,934
Inventory (Note 1d)	11,392	17,972
Prepaid Expenses and Deposits	2,761	2,259
	<u>192,156</u>	<u>175,903</u>
NON CURRENT		
Land, Building and Equipment (Note 3)	148,636	150,213
Intangible Assets (Note 4)	4,352	4,080
	<u>152,988</u>	<u>154,293</u>
TOTAL ASSETS	<u>345,144</u>	<u>330,196</u>
LIABILITIES		
CURRENT		
Accounts Payable and Accruals	14,880	13,797
Deferred Revenue (Notes 1b and 5)	23,890	11,318
TOTAL LIABILITIES	<u>38,770</u>	<u>25,115</u>
NET ASSETS		
NET ASSETS INVESTED IN CAPITAL ASSETS	152,990	154,295
INTERNALLY RESTRICTED NET ASSETS (Note 6)		
Capital Technology Fund	8,080	8,080
Special Projects Fund	36,634	36,634
Operations Contingency Fund	14,000	14,000
UNRESTRICTED NET ASSETS	<u>94,670</u>	<u>92,072</u>
TOTAL NET ASSETS	<u>306,374</u>	<u>305,081</u>
TOTAL LIABILITIES AND NET ASSETS	<u>345,144</u>	<u>330,196</u>

Auditors Report and Notes to the Financial Statements form an Integral Part of this Report

Approved on Behalf of the Board

_____ Director

_____ Director

SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

NET ASSETS	Invested in Capital Assets	Internally Restricted (Note 6)			Unrestricted	Total 2016	Total 2015
		Capital Technology Fund	Special Projects Fund	Operations Contingency Fund			
	\$	\$	\$	\$	\$	\$	
Balance, Beginning of Year	154,295	8,080	36,634	14,000	92,072	305,081	290,015
Excess/(Deficiency) of Revenues over Expenses	(9,746)	-	-	-	11,039	1,293	15,066
Net Investment in Capital and Intangible Assets	8,441	-	-	-	(8,441)	-	-
Balance, End of Year	152,990	8,080	36,634	14,000	94,670	306,374	305,081

Auditors Report and Notes to the Financial Statements form an Integral Part of this Report

SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	\$	\$
REVENUE		
Membership Fees	84,616	86,532
Other - Publications and Advertising	90,987	110,292
- Member Events and Programs	57,902	59,844
- Group Insurance Administration	8,418	7,247
- Promotional Sales and Services	1,311	1,554
- Rent	17,596	16,815
- Interest	1,293	858
	262,123	283,142
EXPENSES		
Salaries and Benefits	143,512	142,696
Advertising, Conferences, Trade Shows and Meetings	5,395	8,066
Publication Costs	30,883	37,290
Member Events and Program Costs	19,598	23,300
Travel and Parking	1,063	973
Insurance	3,502	3,486
Property Tax	6,193	6,212
Utilities	6,686	5,170
Maintenance and Repairs	5,126	3,300
Office Supplies and Postage	6,592	5,555
Computer Related Expenses	6,849	7,336
Equipment Leasing and Maintenance (Note 7)	3,536	4,187
Telecommunications	3,821	4,480
Professional Fees	5,700	5,700
Bank Charges and Interest	2,628	2,375
	251,084	260,126
EXCESS OF REVENUE OVER EXPENSES		
BEFORE AMORTIZATION	11,039	23,016
Amortization of Capital Assets	(9,746)	(7,950)
EXCESS OF REVENUE OVER EXPENSES	1,293	15,066

Auditors Report and Notes to the Financial Statements form an Integral Part of this Report

SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Excess/(Deficiency) of Revenue Over Expenses	1,293	15,066
Adjusted for Non-Cash Items:		
Amortization Expense	9,746	7,950
	<u>11,039</u>	<u>23,016</u>
Change in Non-Cash Working Capital Balances Related to Operations:		
Decrease/(Increase) in Accounts Receivable	(2,571)	(2,161)
Decrease/(Increase) in Inventory	6,580	664
Decrease/(Increase) in Prepaid Expense and Deposits	(502)	(63)
Increase/(Decrease) in Accounts Payable and Accruals	1,083	(8,916)
Increase/(Decrease) in Deferred Revenue	12,572	(30,754)
	<u>28,201</u>	<u>(18,214)</u>
CASH FLOW FROM FINANCING ACTIVITIES	-	-
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in Capital Assets	(8,441)	(12,410)
	<u>19,760</u>	<u>(30,624)</u>
INCREASE/(DECREASE) IN CASH	<u>19,760</u>	<u>(30,624)</u>
CASH, Beginning of Period	<u>147,753</u>	<u>178,377</u>
CASH, End of Period	<u>167,513</u>	<u>147,753</u>
CASH comprised of:		
Cash and Cash Equivalents	67,337	89,039
Short Term Investments - Unrestricted	41,462	-
Short Term Investments - Internally Restricted (Note 2)	58,714	58,714
	<u>167,513</u>	<u>147,753</u>

Auditors Report and Notes to the Financial Statements form an Integral Part of this Report

SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

ORGANIZATION

The Southern Georgian Bay Chamber of Commerce is a not for profit organization formed under the Federal Boards of Trades Act and is not subject to income tax. The object of the organization is to promote and improve the commercial, professional, industrial, agricultural, economic, civic and social well being of the district encompassing the municipalities of Midland, Penetanguishene, Tay and Tiny.

1 SIGNIFICANT ACCOUNTING POLICIES

a) Basis for Accounting

The financial statements are prepared in accordance with Canadian Accounting Standards for Not for Profit Organizations and are in accordance with Canadian generally accepted accounting principles.

b) Revenue Recognition

Member dues are recognized in revenue over the related membership period.

Advertising revenue is recognized on date of publication.

The Chamber 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.

Deferred contributions restricted for the acquisition of capital assets are recognized as revenue in amounts that match the amortization of the related capital assets.

c) Amortization

Capital and Intangible Assets are recorded at cost when purchased and recorded at estimated fair market value if contributed and are amortized on a straight-line basis over their estimated useful lives at the annual rates set out below:

<u>Asset</u>	<u>Annual Rate</u>
Building	2-1/2%
Office Furnishings and Equipment	10%
Computer Equipment	15%
Website	20%

d) Inventory

Inventory represents the work in progress to produce the 2017 Visitor Guide Book, which will be distributed in 2017 at no charge and is measured at the lower of cost and current replacement cost.

e) Donated Services and Goods

Donated services and goods are recorded only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of business and would otherwise have been purchased. Board members are elected, but are not remunerated for their services, and no record of the value of such services are reflected in the Statement of Income.

SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

f) **Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

g) **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 expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates and assumptions may be used when accounting for such items as determination of useful life of capital assets, realization of accounts receivables and accruals for future events. By their nature these estimates, along with other estimates made by management, are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods is unknown.

2 RESTRICTED CASH AND SHORT-TERM INVESTMENTS

The Chamber has set aside cash and investments to match its internally restricted funds (Note 6).

	2016	2015
	\$	\$
Cash	-	7,331
GIC maturing within 1 year, earning 1.5% interest	58,714	51,383
	58,714	58,714

3 LAND, BUILDING AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2016	Net Book Value 2015
	\$	\$	\$	\$
Vacant Land – Penetanguishene	18,500	-	18,500	18,500
Building – Midland	176,008	60,166	115,842	113,073
Office Furnishings and Equipment	47,084	39,200	7,884	9,404
Computer Equipment	19,743	13,333	6,410	9,236
	261,335	112,699	148,636	150,213

4 INTANGIBLE ASSETS

	Cost	Accumulated Amortization	Net Book Value 2016	Net Book Value 2015
	\$	\$	\$	\$
Website	\$5,440	\$1,088	\$4,352	\$4,080

SOUTHERN GEORGIAN BAY CHAMBER OF COMMERCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

5 DEFERRED REVENUE

Deferred Revenue relates to receipts in the current year which are not yet earned as revenue. The receipts are being deferred and will be recognized in revenue in the subsequent year when the related services are provided.

	<u>2016</u>	<u>2015</u>
	\$	\$
Deferred Membership Fees	10,785	1,580
Deferred Visitor Guidebook Deposits	12,005	8,638
Deferred Rent and Deposits	1,100	1,100
	<u>23,890</u>	<u>11,318</u>

6 INTERNALLY RESTRICTED NET ASSETS

The organization's Board of Directors have set aside and put restrictions on a portion of the organization's net assets in the following funds:

Capital Technology Fund: internally restricted for the purchase of computer hardware, peripherals and software.

Special Projects Fund: internally restricted for special projects as directed by the Board.

Operations Contingency Fund: internally restricted to cover possible future funding shortfalls and unanticipated expenditures.

These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

7 LEASE COMMITMENTS

The Chamber leases the land on which its building is located from the Town of Midland for an annual rental of \$1. The lease agreement signed in 1985 provides for a 100-year lease renewable in 10-year terms. The current renewal term expires in July 2024.

Office equipment is leased with lease commitments as follows:

	\$
2016	2,976
2017	2,976
2018	1,488
	<u>7,440</u>

8 FINANCIAL RISKS

The significant financial risk to which the organization is exposed is 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 is exposed to credit risk in connection to its accounts receivables. The organization does not obtain collateral, or other security, to support the accounts receivable subject to credit risk, but mitigates this risk by only dealing with what management believes financially sound counterparties and accordingly, does not anticipate significant loss for non-collection.