

**BELLEVILLE CHAMBER OF COMMERCE**

**FINANCIAL STATEMENTS**

December 31, 2020

*Draft for discussion purposes only*

## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of  
**BELLEVILLE CHAMBER OF COMMERCE**

We have reviewed the accompanying financial statements of **BELLEVILLE CHAMBER OF COMMERCE** which comprise the statement of financial position as at December 31, 2020, and the statements of operations and 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 **BELLEVILLE CHAMBER OF COMMERCE** as at December 31, 2020, 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.

Belleville, Ontario  
Date to be determined

CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

**BELLEVILLE CHAMBER OF COMMERCE**  
*(Incorporated under the laws of Ontario)*  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 205,779	\$ 85,409
Accounts receivable	2,285	21,132
Prepaid expenses	<u>16,700</u>	<u>1,500</u>
	224,764	108,041
<b>CAPITAL ASSETS - note 4</b>	<u>5,396</u>	<u>8,993</u>
	<u>\$ 230,160</u>	<u>\$ 117,034</u>

**NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 15,935	\$ 11,214
Government remittances payable	31,234	12,511
Deferred revenue	<u>28,420</u>	<u>-</u>
	75,589	23,725
<b>LONG-TERM DEBT - note 5</b>	<u>26,255</u>	<u>-</u>
	101,844	23,725
<b>NET ASSETS</b>	<u>128,316</u>	<u>93,309</u>
	<u>\$ 230,160</u>	<u>\$ 117,034</u>

Approved by the Board of Directors:

\_\_\_\_\_ Member  
 \_\_\_\_\_ Member

*(Unaudited)*  
*(See accompanying notes)*

**BELLEVILLE CHAMBER OF COMMERCE**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2020**

	2020	2019
<b>REVENUES</b>		
Advertising	\$ 1,380	\$ 6,480
Event revenues	32,375	149,666
City of Belleville contract	225,000	215,000
Other income	17,401	18,560
Grants	8,424	4,547
Memberships	110,325	77,857
Sponsorships	26,652	140,596
Government assistance - note 7	18,095	-
	439,652	612,706
<b>EXPENSES</b>		
Advertising and promotion	36,508	47,649
Amortization	3,597	1,799
Bad debts	8,821	17,939
Computer expense	8,253	8,579
Events	45,238	284,732
Insurance	4,115	4,918
Interest and bank charges	3,434	2,836
Memberships	3,373	11,186
Office and administration	17,454	32,715
Professional fees	11,600	11,739
Occupancy costs	14,186	19,425
Salaries and benefits	248,066	224,909
	404,645	668,426
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	35,007	(55,720)
<b>NET ASSETS, beginning of year</b>	93,309	149,029
<b>NET ASSETS, end of year</b>	\$ 128,316	\$ 93,309

(Unaudited)  
(See accompanying notes)

**BELLEVILLE CHAMBER OF COMMERCE**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 35,007	\$ (55,720)
Adjustment for:		
Amortization	3,597	1,799
	38,604	(53,921)
Change in non-cash working capital components:		
Accounts receivable	18,847	16,018
Prepaid expenses	(15,200)	-
Accounts payable and accrued liabilities	4,721	(3,944)
Government remittances payable	18,723	13,063
Deferred revenue	28,420	-
	94,115	(28,784)
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchase of capital assets	-	(10,792)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Increase in long-term debt	26,255	-
<b>INCREASE (DECREASE) IN CASH</b>	120,370	(39,576)
<b>CASH, beginning of year</b>	85,409	124,985
<b>CASH, end of year</b>	\$ 205,779	\$ 85,409

*(Unaudited)*  
*(See accompanying notes)*

**BELLEVILLE CHAMBER OF COMMERCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**1. NATURE OF OPERATIONS**

Belleville Chamber of Commerce is a non-profit organization incorporated without share capital under the laws of Ontario for the purpose of bringing a collective voice of the business community in an effective manner to all levels of government on matters affecting business and industry in the Belleville area.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

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

**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.

Membership fees are recognized as revenue proportionately over the fiscal year to which they relate.

Revenue from operation of events and the associated event costs are included in the Statement of Operations upon completion of the event.

**Income taxes**

The Organization is a not-for-profit organization under the Income Tax Act and as such is exempt from income taxes.

**Capital assets**

Capital assets are recorded at cost. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives.

**Contributed services**

Directors, committee members and owners volunteer their time to assist in the corporation's activities. While these services benefit the corporation considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

*(Unaudited)*

**BELLEVILLE CHAMBER OF COMMERCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments**

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or financial liability is subsequently measured at amortized cost. The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost.

**Government assistance**

Government assistance received is recorded as revenue in the period for which eligible expenditures are incurred. Government assistance related to interest free loans is recorded as revenue over the interest free period based on the present value of the loan. Government assistance related to loan forgiveness is recorded as revenue in the period that it is determined the forgivable portion of the loan will be forgiven.

**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. Management makes accounting estimates when determining the estimated useful life of the Organization's capital assets and the amount of accrued liabilities. Actual results could differ from those estimates.

**3. FINANCIAL INSTRUMENTS**

**Credit risk**

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Organization's maximum exposure to credit risk represents the sum of the carrying value of its cash and cash equivalents and its accounts receivable. The Organization's cash is deposited with a Chartered bank and as a result management believes the risk of loss on these items to be remote. The Organization manages credit risk by reviewing accounts receivable regularly and following up on outstanding amounts. Management has assessed the allowance for doubtful accounts at December 31, 2020 to be \$Nil (2019- \$Nil).

*(Unaudited)*

**BELLEVILLE CHAMBER OF COMMERCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**3. FINANCIAL INSTRUMENTS (continued)**

**Liquidity risk**

Liquidity risk is the risk that the Organization cannot repay its obligations when they become due. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the Organization low and is not material.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

**Currency risk**

Currency risk is the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. Substantially all of the Organization's transactions occur in Canadian dollars, and therefore, are not subject to currency risk.

**Interest rate risk**

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments fluctuate due to changes in market interest rates. In the opinion of management the interest rate risk exposure to the Organization is low as there are no interest bearing financial instruments.

**Other price risk**

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all similar instruments traded in the market.

**Change in risk**

There were no changes in risk exposure during the year.

*(Unaudited)*



**BELLEVILLE CHAMBER OF COMMERCE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020**

**4. CAPITAL ASSETS**

	<u>2020</u>			<u>2019</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Furniture and fixtures	\$ 15,599	\$ 15,599	\$ -	\$ -
Leasehold improvements	29,273	29,273	-	-
Computer equipment	<u>10,792</u>	<u>5,396</u>	<u>5,396</u>	<u>8,993</u>
	<u>\$ 55,664</u>	<u>\$ 50,268</u>	<u>\$ 5,396</u>	<u>\$ 8,993</u>

**5. LONG-TERM DEBT**

Long-term debt consists of the following:

	<u>2020</u>	<u>2019</u>
Canada Emergency Business Account (CEBA) from TD Canada Trust, interest at 0% during initial term, initial term ending December 31, 2022, interest owing at 5% during extended term ending on December 31, 2025, first interest payment date is January 31, 2023, \$10,000 is forgivable if 75% repaid before initial term date.	<u>\$ 26,255</u>	<u>\$ -</u>

The book value of the Canada Emergency Business Account (CEBA) at December 31, 2020 is \$40,000. The loan has been discounted to reflect the below market interest over the interest free period at a rate of 5%. The fair value adjustment on the loan is \$4,837 and is included in revenue as government assistance. The loan forgiveness adjustment is \$10,000 and is included in revenue as government assistance.

**6. CITY OF BELLEVILLE CONTRACT**

The breakdown of funds received from the City of Belleville is as follows:

	<u>2020</u>	<u>2019</u>
Contract revenues	<u>\$ 225,000</u>	<u>\$ 215,000</u>

(Unaudited)

**BELLEVILLE CHAMBER OF COMMERCE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020**

**7. UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF THE CORONAVIRUS DISEASE (COVID-19) OUTBREAK**

In mid-March of 2020, the province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of the coronavirus disease.

In March 2020, the Organization's operations were scaled back in response to the quarantine measures implemented by the provincial government to stop the spread of the virus. A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Organization's operations will be impacted. Consequently, at the time of issuance of these financial statements, the effect that the abrupt decline in economic activity will have on the Organization's operations, assets, liabilities, revenues and expenses are not yet known.

During the year, the Organization applied for assistance under the Government of Canada's Temporary Wage Subsidy and CEBA small business loan programs. Amounts recorded into revenues are as follows:

	2020
Temporary Wage Subsidy	\$ 3,257
Canada Emergency Business Account - loan forgiveness	10,000
Canada Emergency Business Account - interest-free loan present value	4,838
	\$ 18,095

*(Unaudited)*