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Financial Statements of

**OTTAWA BOARD OF TRADE**

December 31, 2019



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June 10, 2020

## **INDEPENDENT AUDITORS' REPORT**

To the Member of the Board of Directors of the  
Ottawa Board of Trade:

### *Opinion*

We have audited the accompanying financial statements of Ottawa Board of Trade (the "Board of Trade"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in net assets and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ottawa Board of Trade 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.

### *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 Board of Trade 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 audit opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable financial reporting framework, 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 these financial statements, management is responsible for assessing the Board of Trade's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Board of Trade or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Board of Trade's financial reporting process.

#### *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 Board of Trade'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 Board of Trade'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 Board of Trade 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.



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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.

*Hendry Warren <sup>LLP</sup>*

HENDRY WARREN <sup>LLP</sup>  
Chartered Professional Accountants  
Licensed Public Accountants  
Ottawa, Ontario

# OTTAWA BOARD OF TRADE

## Statement of Financial Position

December 31, 2019, with comparative figures for 2018

	2019	2018
<b>Assets</b>		
Current assets		
Cash	\$ 79,546	\$ 199,119
Accounts receivable	138,882	58,103
Prepaid expenses	12,463	21,305
	<u>230,891</u>	<u>278,527</u>
Long-term investments (Note 3)	100	100
Capital assets (Note 4)	-	2,866
	<u>\$ 230,991</u>	<u>\$ 281,493</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 38,739	\$ 38,676
Payable to limited partnership (Note 2)	152	1,957
Deferred revenue (Note 6)	176,452	134,014
	<u>215,343</u>	<u>174,647</u>
Commitments (Note 7)		
Net assets	<u>15,648</u>	<u>106,846</u>
	<u>\$ 230,991</u>	<u>\$ 281,493</u>

Approved on behalf of the Board:

\_\_\_\_\_  
Director

# OTTAWA BOARD OF TRADE

## Statement of Operations and Changes in Net Assets

Year ended December 31, 2019, with comparative figures for 2018

	2019	2018
Revenue		
Membership fees	\$ 432,104	\$ 377,423
Membership development	140,154	108,732
Income from limited partnership	112,141	87,521
Insurance administration fees	99,314	82,995
Advertising and commissions	4,807	6,537
Contributions	-	387
	<hr/> 788,520	<hr/> 663,595
Expenses		
Salaries and employee benefits	561,130	392,322
Member events and development	107,774	85,773
Rent and occupancy costs	58,704	56,147
Professional fees	37,782	16,639
Postage, telephone and communication	24,349	23,713
Office	15,088	7,467
Bank fees and credit card charges	12,978	10,499
Travel	12,197	11,951
Membership fees	10,809	7,926
Office equipment maintenance and rentals	10,271	16,624
Hospitality	8,466	8,525
Insurance	8,377	6,209
Promotion and publications	7,113	-
Bad debts	2,468	-
Amortization	2,212	1,433
	<hr/> 879,718	<hr/> 645,228
(Deficiency) excess of revenues over expenses from operations	(91,198)	18,367
Merger of Orleans Chamber of Commerce and West Ottawa Board of Trade	-	(43,217)
Deficiency of revenues over expenses	(91,198)	(24,850)
Net assets, beginning of year	106,846	131,696
Net assets, end of year	<hr/> \$ 15,648	<hr/> \$ 106,846

# OTTAWA BOARD OF TRADE

## Cash Flow Statement

Year ended December 31, 2019, with comparative figures for 2018

	2019	2018
Operating activities		
Deficiency of revenues over expenses	\$ (91,198)	\$ (24,850)
Non-cash items:		
Amortization expense	2,212	1,433
Adjustment to capital assets	654	2,238
Changes in working capital balances (Note 8)	(31,241)	17,512
Cash used in operating activities	(119,573)	(3,667)
Investing activities		
Acquisition of capital assets	-	(2,950)
Cash used in investing activities	-	(2,950)
Decrease in cash	(119,573)	(6,617)
Cash, beginning of year	199,119	205,736
Cash, end of year	\$ 79,546	\$ 199,119

# OTTAWA BOARD OF TRADE

Notes to the Financial Statements

December 31, 2019, with comparative figures for 2018

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## Nature of business

The Ottawa Board of Trade (the "Board of Trade") was incorporated as a not-for-profit organization in 1857 to speak on issues affecting business in the Capital and is exempt from income taxes under section 149(1)(e) of the Income Tax Act. Its role includes networking, education, economic development and advancing the interest of the local business community.

## 1. 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 Board of Trade 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 they are 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 period to which they relate. Membership fees received in advance of the membership period are deferred.

Income from limited partnership, Insurance administration fees, advertising, commission revenue and membership development are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

### Cash and cash equivalents

The Board of Trade's policy is to disclose bank balances under cash and cash equivalents, including unrestricted cash and short-term investments with an initial maturity period of three months or less from the date of acquisition.

### Capital assets

Capital assets are accounted for at cost. Amortization is based on the assets' respective useful lives using the following method and durations:

Asset	Method	Duration
Computers	Straight-line	3 years
Office furniture and fixtures	Straight-line	5 years

One-half of the annual amount is claimed in the year of acquisition.



# OTTAWA BOARD OF TRADE

## Notes to the Financial Statements

December 31, 2019, with comparative figures for 2018

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### **Use of estimates**

The preparation of these 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Significant estimates include the completeness of accounts payable and accrued liabilities.

### **Financial instruments**

#### Measurement of financial instruments

The Board of Trade initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions which are measured at the exchange amount.

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

#### Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the deficiency of revenues and expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the deficiency of revenues over expenses.

#### Transaction costs

The Board of Trade recognizes its transaction costs in the deficiency of revenues and expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

### **Contributed goods and services**

The Board of Trade receives contributed goods and services from various members. These items are recorded in the financial statements only when fair value can be reasonably determined.

## **2. Payable to limited partnership**

During the year, the Limited Partnership collected \$256,871 (2018: \$7,415) of membership fees and \$50,303 (2018: \$296,123) of event registrations on behalf of the Board of Trade. The Board of Trade also paid the salary of the office manager on behalf of the Limited Partnership, whose time is split between the two organizations. The total amount paid and reimbursed was \$1,906 (2018: \$11,000). At year end, there is a balance receivable from the Limited Partnership of \$80,460.

The Board of Trade also provides space in their office building to the Limited Partnership at no cost.

# OTTAWA BOARD OF TRADE

Notes to the Financial Statements

December 31, 2019, with comparative figures for 2018

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### 3. Long-term investments and related party

In 2014, the Board of Trade acquired 50 Class B units, representing a 50% interest, in Ottawa Business Events Limited Partnership, for a capital contribution of \$50. The Ottawa Board of Trade has two representatives on the Board of Directors of the Limited Partnership, representing 50% of the votes. The other 50% interest in the Limited Partnership is held by a private company.

The Board of Trade also acquired 50 Common shares of OBE Inc., representing a 50% interest in the incorporated company. The other 50% interest of OBE Inc. is held by a private company.

The Board of Trade accounts for its interests in the Limited Partnership and OBE Inc. using the cost method.

These transactions are recorded at the exchange amount and are considered to be in the normal course of operations.

### 4. Capital assets

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			2019	2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computers	\$ -	\$ -	\$ -	\$ 2,448
Office furniture and fixtures	16,597	16,597	-	418
	\$ 16,597	\$ 16,597	\$ -	\$ 2,866

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### 5. Accounts payable and accrued liabilities

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			2019	2018
Trade and accrued liabilities			\$ 38,739	\$ 35,369
Government remittances payable			-	3,307
			\$ 38,739	\$ 38,676

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# OTTAWA BOARD OF TRADE

## Notes to the Financial Statements

December 31, 2019, with comparative figures for 2018

### 6. Deferred revenue

Deferred revenue related to membership fees that are recognized in future periods are as follows:

	2019	2018
Deferred revenue, beginning of year	\$ 134,014	\$ 108,650
Less: amounts recognized as revenue in the year	(134,014)	(108,650)
Add: membership fees received in year for future periods	176,452	134,014
Deferred revenue, end of year	\$ 176,452	\$ 134,014

### 7. Commitments

Future minimum rental payments required under operating leases for premises and equipment that have initial lease terms in excess of one year at December 31, 2019 are as follows:

	Premises	Equipment	Total
2020	\$ 61,162	\$ 7,179	\$ 68,341
2021	4,400	-	4,400
	\$ 65,562	\$ 7,179	\$ 72,741

### 8. Changes in working capital balances

Changes in working capital balances have provided (used) cash as follows:

	2019	2018
Accounts receivable	\$ (80,779)	\$ (47,691)
Receivable from limited partnership	-	26,335
Prepaid expenses	8,842	(6,285)
Accounts payable and accrued liabilities	63	17,832
Payable to limited partnership	(1,805)	1,957
Deferred revenue	42,438	25,364
	\$ (31,241)	\$ 17,512

# OTTAWA BOARD OF TRADE

## Notes to the Financial Statements

December 31, 2019, with comparative figures for 2018

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### 9. Bank line of credit and credit card

At December 31, 2019, the Board of Trade has available an authorized bank line of credit in the amount of \$70,000 that is secured by a general security agreement. Outstanding amounts are due on demand and bear interest at the bank prime rate plus 1.5% per annum. In addition, the Board of Trade has a corporate credit card with a limit of \$3,000. At December 31, 2019, there was \$Nil (2018: \$Nil) outstanding under this line of credit and \$1,846 (2018: \$1,684) outstanding on the credit card.

### 10. Financial instruments

#### Risk and concentrations

The Board of Trade is exposed to various risks through its financial instruments. The following analysis provides a measure of the risk exposures and concentrations at the statement of financial position date, December 31, 2019.

#### Credit risk

The Board of Trade is exposed to this risk mainly in respect to its accounts receivable. The Board of Trade is not exposed to significant credit risk.

Subsequent to year-end, the credit risk related to the receivable could increase due to the impact of Covid-19.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Ottawa Board of Trade is exposed to this risk mainly in respect to its accounts payable and accrued liabilities.

Subsequent to year-end, the liquidity risk related to the payables and accrued liabilities could increase due to the impact of Covid-19.

### 11. Non-monetary transactions

The Board of Trade acquires some goods and services from members in non-monetary transactions. In certain cases, the Board of Trade acquires these goods and services in exchange for membership to the Board of Trade. During the year, \$3,750 (2018: \$3,250) of goods and services were acquired through this exchange, which has been reflected in the statement of operations and changes in net assets.

# OTTAWA BOARD OF TRADE

Notes to the Financial Statements

December 31, 2019, with comparative figures for 2018

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## 12. Subsequent event

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Board of Trade’s financial condition, liquidity, and future results of operations considering the importance of membership, event and partnership revenues. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Board of Trade is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.