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Financial Statements of
OTTAWA BOARD OF TRADE
December 31, 2021

May 11, 2022

INDEPENDENT AUDITOR'S 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, 2021, 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, 2021, 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 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 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 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 ^{LLP}

HENDRY WARREN LLP
Chartered Professional Accountants
Licensed Public Accountants
Ottawa, Ontario

OTTAWA BOARD OF TRADE

Statement of Financial Position

December 31, 2021, with comparative figures for 2020

	2021	2020
Assets		
Current assets		
Cash	\$ 654,010	\$ 128,023
Accounts receivable	56,194	158,933
Prepaid expenses	7,864	7,025
Due from limited partnership (Note 2)	764	-
	718,832	293,981
Long-term investments (Note 3)	100	100
	\$ 718,932	\$ 294,081
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 170,566	\$ 27,156
Due to limited partnership (Note 2)	-	4,418
Deferred revenue (Note 5)	208,869	151,128
	379,435	182,702
Long-term debt (Note 6)	40,000	-
	419,435	182,702
Net assets		
Unrestricted	149,497	111,379
Internally restricted (Note 7)	150,000	-
	299,497	111,379
	\$ 718,932	\$ 294,081

Approved on behalf of the Board:

Director

Director

OTTAWA BOARD OF TRADE

Statement of Operations and Changes in Net Assets

Year ended December 31, 2021, with comparative figures for 2020

	2021	2020
Revenue		
Program contributions (Note 8)	\$ 384,644	\$ -
Membership fees (Note 5)	356,143	418,043
Insurance administration fees	115,160	104,361
Government assistance	93,480	94,073
Income from limited partnership	79,919	58,467
Membership development	17,056	41,210
Program revenue	18,443	-
Advertising and commissions	14,366	4,656
Sponsorship	10,025	-
	1,089,236	720,810
Expenses		
Salaries and employee benefits	462,159	410,433
Postage, telephone and communication	252,765	43,301
Professional fees	98,894	40,995
Member events and development	17,481	19,911
Travel	16,375	1,544
Membership fees	16,302	14,521
Bank fees and credit card charges	12,398	10,271
Office	10,361	17,634
Rent and occupancy costs	7,047	57,109
Insurance	6,327	7,761
Promotion and publications	898	-
Hospitality	111	1,599
	901,118	625,079
Excess of revenues over expenses	188,118	95,731
Net assets, beginning of year	111,379	15,648
Net assets, end of year	\$ 299,497	\$ 111,379

OTTAWA BOARD OF TRADE

Cash Flow Statement

Year ended December 31, 2021, with comparative figures for 2020

	2021	2020
Operating activities		
Excess of revenues over expenses	\$ 188,118	\$ 95,731
Changes in non-cash working capital balances (Note 9)	297,869	(47,254)
Cash provided by operating activities	485,987	48,477
Financing activities		
Advance of CEBA loan	40,000	-
Cash provided by financing activities	40,000	-
Increase in cash	525,987	48,477
Cash, beginning of year	128,023	79,546
Cash, end of year	\$ 654,010	\$ 128,023

OTTAWA BOARD OF TRADE

Notes to the Financial Statements

December 31, 2021, with comparative figures for 2020

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 primary role is advocacy and economic development activities while creating opportunities for education and networking.

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.

Program revenue is recognized as revenue in the year in which the related expenses are incurred

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.

Government assistance consists of the Canada Emergency Wage Subsidy, the Canada Emergency Rent Subsidy and the forgivable portion of the Canada Emergency Business Account loan. The revenue is recognized in the period in which the Association qualified for the subsidy.

Cash

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

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 collectibility of accounts receivable, the completeness of accounts payable and accrued liabilities and the qualification and calculation of government subsidy programs.

OTTAWA BOARD OF TRADE

Notes to the Financial Statements

December 31, 2021, with comparative figures for 2020

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 any write-down is recognized in the excess of revenues and expenses. Any 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 any impairment not been recognized previously. The amount of any reversal is recognized in the excess of revenues over expenses.

Transaction costs

The Board of Trade recognizes its transaction costs in the excess of revenues over 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.

Long-term investments

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

OTTAWA BOARD OF TRADE

Notes to the Financial Statements

December 31, 2021, with comparative figures for 2020

2. Due to/from limited partnership

During the year, the Limited Partnership collected \$Nil (2020: \$70,454) of membership fees and \$20,176 (2020: \$5,012) of event registrations on behalf of the Board of Trade. The Board of Trade 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 (reimbursed) was \$5,181 (2020: (\$4,266)). At year end, there is a balance receivable (payable) to the Limited Partnership of \$764 (2020: (\$4,418)).

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

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.

4. Accounts payable and accrued liabilities

	2021	2020
Trade and accrued liabilities	\$ 181,513	\$ 20,673
Government remittances (receivable) payable	(10,947)	6,483
	\$ 170,566	\$ 27,156

5. Deferred revenue

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

	2021	2020
Deferred revenue, beginning of year	\$ 151,128	\$ 176,452
Less: amounts recognized as revenue in the year	(356,143)	(418,043)
Add: membership fees received in year for future periods	336,026	392,719
Add: event revenue received for future events	47,858	-
Deferred revenue, end of year	\$ 178,869	\$ 151,128

OTTAWA BOARD OF TRADE

Notes to the Financial Statements

December 31, 2021, with comparative figures for 2020

6. Long-term debt

	2021	2020
Canada Emergency Business Account loan, non-interest bearing, \$20,000 of the loan is eligible for complete forgiveness if \$40,000 is fully repaid on or before December 31, 2023	\$ 40,000	\$ -

7. Internally restricted net assets

The Ottawa Board of Trade's Board of Directors has approved amounts to be internally restricted for the operating fund.

The operating fund was established to mitigate the risk of unexpected expenses. The target balance is equal to three months of operating costs. During the year, the Board approved a transfer of \$150,000 (2020: \$Nil) to the operating fund.

8. Program contributions

The following is a summary of program contributions recognized as revenue in the year:

	2021	2020
Shop Local	\$ 214,500	\$ -
Provincial Antigen Screening Program (PASP)	68,513	-
Digital Main Streets	27,432	-
Magnet Student Work Placement Program (SWPP)	32,187	-
Other funding	42,012	-
	\$ 384,644	\$ -

The program expenses related to the program contributions above have been presented in salaries and employee benefits, postage, telephone and communications and professional fees in the Statement of Operations.

OTTAWA BOARD OF TRADE

Notes to the Financial Statements

December 31, 2021, with comparative figures for 2020

9. Changes in non-cash working capital balances

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

	2021	2020
Accounts receivable	\$ 102,739	\$ (20,051)
Due from limited partnership	(764)	-
Prepaid expenses	(839)	5,438
Accounts payable and accrued liabilities	143,410	(11,583)
Due to limited partnership	(4,418)	4,266
Deferred revenue	57,741	(25,324)
	<u>\$ 297,869</u>	<u>\$ (47,254)</u>

10. Bank line of credit and credit card

At December 31, 2021, the Board of Trade has available an authorized bank line of credit in the amount of \$100,000 (2020: \$100,000) 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 two corporate credit cards, with a combined limit of \$10,000 (2020: \$10,000). At December 31, 2021, there was \$Nil (2020: \$Nil) outstanding under this line of credit and \$1,738 (2020: \$1,045) outstanding on the credit cards.

11. 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 December 31, 2021.

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.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Board of Trade is exposed to this risk mainly in respect to its accounts payable and accrued liabilities and long-term debt. The Board of Trade is not exposed to significant liquidity risk.

OTTAWA BOARD OF TRADE

Notes to the Financial Statements

December 31, 2021, with comparative figures for 2020

12. 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, \$6,700 (2020: \$4,875) of goods and services were acquired through membership exchange, which has been reflected in the statement of operations and changes in net assets.

13. Impact of Covid-19

The outbreak of the COVID-19 virus has spread across the globe and is continuing to impact worldwide economic activity. Conditions surrounding the COVID-19 virus are continuing to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Board of Trade's business activities. The extent to which the COVID-19 virus may continue to impact the Board of Trade's business activities will depend on future developments, such as the ultimate geographical spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Board of Trade cannot determine their financial impact at this time.