



**HENDRY
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CHARTERED PROFESSIONAL ACCOUNTANTS

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Financial Statements of

OTTAWA BOARD OF TRADE

December 31, 2022



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April 19, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members 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, 2022, 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, 2022, 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.



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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, 2022, with comparative figures for 2021

	2022	2021
Assets		
Current assets		
Cash	\$ 319,053	\$ 654,010
Term deposits	151,840	-
Accounts receivable	36,656	56,194
Prepaid expenses	3,985	7,864
Due from limited partnership (Note 2)	5,423	764
	516,957	718,832
Long-term investments (Note 3)	100	100
	\$ 517,057	\$ 718,932
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 51,487	\$ 170,566
Deferred revenue (Note 5)	178,274	208,869
Current portion of long-term debt (Note 6)	40,000	-
	269,761	379,435
Long-term debt (Note 6)	-	40,000
	269,761	419,435
Net assets		
Unrestricted	97,296	149,497
Internally restricted (Note 7)	150,000	150,000
	247,296	299,497
	\$ 517,057	\$ 718,932

Approved on behalf of the Board:

Director

Director

OTTAWA BOARD OF TRADE

Statement of Operations and Changes in Net Assets

Year ended December 31, 2022, with comparative figures for 2021

	2022	2021
Revenue		
Membership fees (Note 5)	\$ 363,923	\$ 356,143
Program contributions (Note 8)	189,497	384,644
Insurance administration fees	139,968	115,160
Income from limited partnership	76,126	79,919
Membership development	24,157	17,056
Government assistance	18,369	93,480
Advertising and commissions	13,234	14,366
Interest revenue	1,891	-
Sponsorship	-	10,025
Program revenue	-	18,443
	827,165	1,089,236
Expenses		
Salaries and employee benefits	512,108	462,159
Advocacy and economic development	105,397	37,390
Communications	79,531	170,749
Professional fees	42,747	98,894
Travel	28,175	16,375
Technological maintenance	26,021	38,555
Office	19,754	9,194
Member events and development	17,894	17,481
Bank fees and credit card charges	15,218	12,398
Membership fees	10,261	16,302
Postage and telephone	7,347	7,238
Rent and occupancy costs	4,213	7,047
Promotion and publications	4,083	898
Hospitality	3,655	111
Insurance	2,962	6,327
	879,366	901,118
(Deficiency) excess of revenues over expenses	(52,201)	188,118
Net assets, beginning of year	299,497	111,379
Net assets, end of year	\$ 247,296	\$ 299,497

See accompanying notes to the financial statements.

OTTAWA BOARD OF TRADE

Cash Flow Statement

Year ended December 31, 2022, with comparative figures for 2021

	2022	2021
Operating activities		
(Deficiency) excess of revenues over expenses	\$ (52,201)	\$ 188,118
Changes in non-cash working capital balances (Note 9)	(130,916)	297,869
Cash (used in) provided by operating activities	(183,117)	485,987
Investing activities		
Acquisition of temporary investments	(151,840)	-
Cash used in investing activities	(151,840)	-
Financing activities		
Advance of CEBA loan	-	40,000
Cash provided by financing activities	-	40,000
Increase in cash	(334,957)	525,987
Cash, beginning of year	654,010	128,023
Cash, end of year	\$ 319,053	\$ 654,010

OTTAWA BOARD OF TRADE

Notes to the Financial Statements

December 31, 2022, with comparative figures for 2021

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.

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.

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

Income from insurance administration fees, limited partnership, membership development, advertising and commissions and program revenue 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 various Covid-19 related government subsidies. The revenue is recognized in the period in which the Board of Trade 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.

Term deposit

Term deposit is Guaranteed Investment Certificate (GIC) and is measured at cost plus accrued interest, which approximates its fair market value.

OTTAWA BOARD OF TRADE

Notes to the Financial Statements

December 31, 2022, with comparative figures for 2021

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.

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 (deficiency) 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 (deficiency) excess of revenues over expenses.

Transaction costs

The Board of Trade recognizes its transaction costs in the statement of operations 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, 2022, with comparative figures for 2021

2. Due from limited partnership

During the year, the Board of Trade paid the salary of certain staff on behalf of the Limited Partnership, whose time is split between the two organizations. The total amount paid was \$20,931 (2021: \$5,181). At year end, there is a balance receivable from the Limited Partnership of \$5,423 (2021: \$764).

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

	2022	2021
Trade and accrued liabilities	\$ 42,887	\$ 181,513
Government remittances payable (receivable)	8,600	(10,947)
	\$ 51,487	\$ 170,566

OTTAWA BOARD OF TRADE

Notes to the Financial Statements

December 31, 2022, with comparative figures for 2021

5. Deferred revenue

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

	2022	2021
Deferred revenue, beginning of year	\$ 208,869	\$ 151,128
Add: corporate partnerships received in year for future periods	5,000	-
Add: membership fees received in year for future periods	406,186	336,026
Add: program contributions received in year for future events	-	77,858
Less: program contributions recognized as revenue in the year	(77,858)	-
Less: membership fees recognized as revenue in the year	(363,923)	(356,143)
Deferred revenue, end of year	\$ 178,274	\$ 208,869

6. Long-term debt

	2022	2021
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. The \$20,000 forgivable portion was recognized in revenue in 2021 as it is managements intention to pay back the loan	\$ -	\$ 40,000
Current portion of long-term debt	40,000	-
	\$ 40,000	\$ 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 \$Nil (2021: \$150,000) to the operating fund.

OTTAWA BOARD OF TRADE

Notes to the Financial Statements

December 31, 2022, with comparative figures for 2021

8. Program contributions

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

	2022	2021
Workforce Confidence	\$ 75,000	\$ -
Provincial Antigen Screening Program (PASP)	65,500	68,513
Shop Local	36,596	214,500
Canada Summer Jobs	9,401	13,503
LMS Project	3,000	4,000
Magnet Student Work Placement Program (SWPP)	-	32,187
Digital Main Streets	-	27,432
Other funding	-	24,509
	<u>\$ 189,497</u>	<u>\$ 384,644</u>

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

9. Changes in non-cash working capital balances

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

	2022	2021
Accounts receivable	\$ 19,538	\$ 102,739
Due from limited partnership	(4,659)	(764)
Prepaid expenses	3,879	(839)
Accounts payable and accrued liabilities	(119,079)	143,410
Due to limited partnership	-	(4,418)
Deferred revenue	(30,595)	57,741
	<u>\$ (130,916)</u>	<u>\$ 297,869</u>

OTTAWA BOARD OF TRADE

Notes to the Financial Statements

December 31, 2022, with comparative figures for 2021

10. Bank line of credit and credit card

At December 31, 2022, the Board of Trade has an available authorized bank line of credit in the amount of \$100,000 (2021: \$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 two corporate credit cards, with a combined limit of \$10,000 (2021: \$10,000). At December 31, 2022, there was \$Nil (2021: \$Nil) outstanding under this line of credit and \$3,802 (2021: \$1,738) 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, 2022.

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 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.

It is management's opinion that the risk exposure and concentrations have not changed from the prior year.

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, \$5,000 (2021: \$6,700) of goods and services were acquired through membership exchange, which has been reflected in the statement of operations and changes in net assets.

13. Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year's financial statement presentation.