

St. John's Board of Trade  
Financial Statements  
For the Year Ended December 31, 2020

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For the Year Ended December 31, 2020

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## Independent Auditor's Report

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To the members of St. John's Board of Trade

### Opinion

We have audited the financial statements of St. John's Board of Trade (the "Board"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2020, and its financial performance and 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 Entity 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 opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Board's Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained the Board's Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board'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'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'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 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.

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.

Chartered Professional Accountants

St. John's, Newfoundland and Labrador  
February 10, 2021

St. John's Board of Trade  
Statement of Financial Position

December 31	2020	2019
<b>Assets</b>		
Current		
Cash	\$ 262,515	\$ 424,297
Accounts receivable (Note 2)	130,115	151,773
Short-term investments (Note 3)	117,118	264,409
Prepaid expenses	11,628	24,606
	521,376	865,085
Long-term investments (Note 3)	242,461	137,184
Capital assets (Note 4)	10,917	15,338
	\$ 774,754	\$ 1,017,607
<b>Liabilities and Net Assets</b>		
Current		
Accounts payable and accrued liabilities	\$ 101,930	\$ 228,965
HST payable	4,701	132,396
Deferred revenue (Note 6)	243,375	336,353
	350,006	697,714
Long-term debt (Note 7)	30,000	-
	380,006	697,714
Net Assets		
Unrestricted net assets	117,242	37,966
Investments in capital assets	10,917	15,338
Internally restricted (Note 8)	266,589	266,589
	394,748	319,893
	\$ 774,754	\$ 1,017,607

St. John's Board of Trade  
Statement of Changes in Net Assets

For the year ended December 31	Unrestricted net assets	Investments in capital assets	Internally restricted	2020 Total	2019 Total
Balance, beginning of the year	\$ 37,966	\$ 15,338	\$ 266,589	\$ 319,893	\$ 296,390
Excess of revenues over expenses	81,865	(7,010)	-	74,855	23,503
Investment in capital assets	(2,589)	2,589	-	-	-
Balance, end of the year	\$ 117,242	\$ 10,917	\$ 266,589	\$ 394,748	\$ 319,893

The accompanying notes are an integral part of these financial statements.

## St. John's Board of Trade Statement of Operations

For the year ended December 31	2020	2019
<b>Revenue</b>		
Membership fees	\$ 309,804	\$ 335,203
Board activities (Note 10)	291,802	580,466
Connector program	275,104	301,620
Grant revenue	237,991	106,653
Canada Emergency Wage Subsidy	135,118	-
NLWIC program	101,022	17,302
Other revenue	46,754	41,144
Rental income	10,794	8,720
Interest income	8,014	11,501
Certificates of origin	3,465	5,910
	<u>1,419,868</u>	<u>1,408,519</u>
<b>Expenses</b>		
Wages and benefits	528,356	500,678
Connector program	254,928	284,379
Grant expenses	166,608	52,504
Rental	102,654	114,330
NLWIC program	74,687	13,334
Board activities (Note 10)	63,884	252,911
Professional fees	55,299	17,820
Computers and leased equipment	29,186	32,893
Interest and bank charges	11,596	14,129
Training	9,450	18,863
Bad debts	9,244	454
Memberships and licences	8,102	14,576
Amortization of capital assets	7,010	4,996
Utilities	6,370	7,824
Office	4,769	6,889
Website	4,102	3,570
Luncheons	3,245	8,168
Consulting fees	3,050	20,100
Postage	1,028	1,433
Travel	898	10,502
Miscellaneous	444	2,881
Advertising and promotion	103	1,782
	<u>1,345,013</u>	<u>1,385,016</u>
<b>Excess of revenues over expenses</b>	<u>\$ 74,855</u>	<u>\$ 23,503</u>

The accompanying notes are an integral part of these financial statements.

St. John's Board of Trade  
Statement of Cash Flows

For the year ended December 31	2020	2019
Cash flows from operating activities		
Excess of revenues over expenses	\$ 74,855	\$ 23,503
Items not affecting cash:		
Amortization of capital assets	7,010	4,996
	<u>81,865</u>	<u>28,499</u>
Changes in non-cash working capital:		
Accounts receivable	21,658	44,087
Prepaid expenses	12,978	(9,869)
Accounts payable and accrued liabilities	(127,036)	140,537
Deferred contributions	(92,978)	(27,508)
HST payable (receivable)	(127,695)	119,796
	<u>(231,208)</u>	<u>295,542</u>
Cash flows used in investing activities		
Purchase of investments	-	(238,251)
Proceeds on disposal of investments	42,015	182,417
Acquisition of capital assets	(2,589)	(10,732)
	<u>39,426</u>	<u>(66,566)</u>
Cash flows from financing activities		
Proceeds from long-term debt	30,000	-
	<u>30,000</u>	<u>-</u>
Net (decrease) increase in cash	(161,782)	228,976
Cash, beginning of the year	<u>424,297</u>	<u>195,321</u>
Cash, end of the year	<u>\$ 262,515</u>	<u>\$ 424,297</u>

The accompanying notes are an integral part of these financial statements.

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# St. John's Board of Trade Notes to Financial Statements

December 31, 2020

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## 1. Significant Accounting Policies

Nature and Purpose of Organization	<p>The Board is a not-for-profit organization incorporated without share capital in July 1970 under the Canadian Board of Trades Act. The Board is principally an advocate for the business community on economic issues and matters of significant to businesses, as well as manages a range of activities to enhance opportunities for members to improve their ability to do business.</p> <p>The Board is registered as a not-for-profit organization with CRA and, as such, is exempt from income taxes under the Income Tax Act.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).</p>
Revenue Recognition	<p>Membership fee revenue is deferred and taken into income evenly over the twelve month term of the membership contract and any unearned portion related to services unperformed is included in deferred revenue. Some elements of revenue are estimated at fair market value and recognized as services are delivered.</p> <p>The Board follows the deferral method of accounting for contributions.</p> <p>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.</p> <p>Sponsorship revenues are deferred and taken into income evenly over the twelve month term of the sponsorship, and any unearned portion is included in deferred revenue.</p> <p>All other revenue is recognized at the time services are provided and collection is reasonably assured.</p>

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# St. John's Board of Trade Notes to Financial Statements

December 31, 2020

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## 1. Significant Accounting Policies (continued)

**Government Assistance** Grant/subsidy revenue represents government assistance received during the year for current expenses and revenues is included in the determination of net income for the year. Government assistance related to capital expenditures is shown as a reduction of the cost of such assets.

In the current year, the Board recognized government assistance on the forgivable portion of the Canada Emergency Business Account loan as the Board expects the repayable portion of the loan will be repaid in full on or before December 31, 2022.

Government assistance related to the Canada Emergency Wage Subsidy is recognized when there is reasonable assurance that the Board will comply or continue to comply with the conditions attached to the assistance.

**Capital Assets** Capital assets are stated at cost less accumulated amortization.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Furniture and equipment	Straight-line	5 years
Computer	Straight-line	3 years

The Board regularly reviews its capital assets to eliminate obsolete items.

**Financial Instruments** Financial instruments are recorded at fair value at initial recognition.

In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument.

Financial assets are tested for impairment when indicators of impairment exist.

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## St. John's Board of Trade Notes to Financial Statements

December 31, 2020

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### 1. Significant Accounting Policies (continued)

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 amount 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 period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. The estimates used by management include the provisions for impairment of trade accounts receivable, amortization on and the estimated useful lives of capital assets, and the allocation for tiered membership to its various categories.
Contributed Services	Volunteers contribute many hours per year to assist the Board in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
Jointly Controlled Operation	The Board accounts for the operations of joint arrangements by recognizing its share of the revenues and expenses. Assets and liabilities under the ownership and control of the Board are reflected in the statement of financial position with the partner interest recorded in accounts payable and accrued liabilities.

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### 2. Accounts Receivable

	2020	2019
Trade accounts receivable	\$ 94,569	\$ 108,483
Grants receivable	51,418	43,768
Accounts receivable - Obama	-	13,972
Allowance for bad debts	(15,872)	(14,450)
	\$ 130,115	\$ 151,773

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St. John's Board of Trade  
Notes to Financial Statements

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3. Investments

The carrying amounts of investments are comprised of the following:

	2020	2019
Guaranteed investment certificate, maturing on December 30, 2021 earning interest at 0.60% per annum	\$ 59,483	\$ -
Guaranteed investment certificate, maturing on October 29, 2021 earning interest at 0.67% per annum	57,635	-
Guarantee investment certificate, matured during the year	-	58,893
Guaranteed investment certificate, matured during the year	-	56,660
Guaranteed investment certificate, matured during the year	-	51,283
Guaranteed investment certificate, matured during the year	-	50,308
Guaranteed investment certificate, matured during the year	-	47,265
Total short-term investments	<u>117,118</u>	<u>264,409</u>
Guaranteed investment certificate, maturing on April 10, 2024 earning interest at 4.00% per annum	78,777	-
Guaranteed investment certificate, maturing on February 20, 2024 earning interest at 2.50% per annum	62,980	-
Guaranteed investment certificate, maturing on January 28, 2022 earning interest at 2.25% per annum	52,373	-
Guaranteed investment certificate, maturing on August 26, 2023 earning interest at 2.10% per annum	48,331	75,740
Guaranteed investment certificate, matured during the year	-	61,444
Total long-term investments	<u>242,461</u>	<u>137,184</u>
Total investments	<u>\$ 359,579</u>	<u>\$ 401,593</u>

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St. John's Board of Trade  
Notes to Financial Statements

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4. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 42,976	\$ 42,976	\$ 42,976	\$ 42,957
Computer	169,962	159,045	167,373	152,054
	212,938	202,021	210,349	195,011
		\$ 10,917		\$ 15,338

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5. Bank Indebtedness

The Board provides a general security for a \$10,000 operating line of credit with TD Bank. As at December 31, 2020 the line of credit was unutilized. When utilized, the line of credit bears interest at TD Bank's prime rate plus 2.50%.

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6. Deferred Revenue

Connector program revenue, advocacy patron program revenue and other grant/subsidy revenue is restricted by the funder and recognized in the year in which related expenses are incurred. Membership and sponsorship revenues are deferred until performance is met at the end of the twelve-month period.

	2020	2019
Membership revenue	\$ 131,900	\$ 163,398
Other grant/subsidy revenue	54,774	67,390
Sponsorship revenue	31,300	25,600
Connector program revenue	25,401	79,965
	\$ 243,375	\$ 336,353

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St. John's Board of Trade  
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7. Long-term Debt

	<u>2020</u>	<u>2019</u>
Toronto-Dominion Bank loan, repayable portion of Canada Emergency Business Account, non-interest bearing until December 31, 2022 at which time the outstanding balance of the loan is converted to a term loan. The term loan will bear interest at 5% per annum, interest payments due monthly with principal required to be fully repaid by December 31, 2025.	\$ 30,000	\$ -

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8. Internal Restrictions on Net Assets

The Board's board of directors internally restricted \$266,589 (2019 - \$266,589) of unrestricted net assets to be held as a reserve for future events as identified and approved by the board of directors. Any transfers to or from the reserve requires approval from the Board. Surplus funds are to be invested prudently and in guaranteed interest bearing vehicles that are readily available such as GIC's or other investment vehicles approved by the Board. It is the Board's intention to not exceed 6 months operating expenses in reserve at any time. The internally restricted net assets are only to be used in the following circumstances: wind-up of operations, significant decline in cash, catastrophic event or any other item(s) that the board of directors deem appropriate.

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9. Related Party Transaction

The Board is under common control with various entities by virtue of common directors. During the year, the Board paid \$9,557 (2019 - \$2,429) for professional services performed by a related party. These transactions were carried out in the normal course of operations and are recorded at fair value. At year end, the Board owed \$nil (2019 - \$nil) to a related party as a result of these transactions.

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St. John's Board of Trade  
Notes to Financial Statements

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10. Board Activities

	Revenues	Expenses	2020	2019
Sponsorships	\$ 91,233	\$ -	\$ 91,233	\$ 98,900
Business development summit	112,901	38,726	74,175	49,752
Electronic advertising	22,725	-	22,725	21,024
Golf tournament	20,175	7,376	12,799	34,399
Business excellence awards	23,955	12,710	11,245	24,690
Business news	11,600	836	10,764	4,271
Seminars	9,213	4,236	4,977	14,852
Conversation with Barack Obama Luncheons	-	-	-	43,956
Advocacy patrons	-	-	-	11,992
Trade mission	-	-	-	71
	<u>\$ 291,802</u>	<u>\$ 63,884</u>	<u>\$ 227,918</u>	<u>\$ 327,555</u>

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11. Lease Commitments

The Board's total obligations for the next year, under various operating leases for occupied premises, exclusive of realty taxes and other occupancy charges, are as follows:

2021	<u>\$ 69,890</u>
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## St. John's Board of Trade Notes to Financial Statements

December 31, 2020

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### 12. Financial Instruments

The Board's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and investments. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant liquidity or interest rate risk.

#### 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 is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Board's financial instruments that are exposed to concentrations of credit risk are primarily its accounts receivables.

The risk has decreased from the prior year due to a decrease in accounts receivables during the year.

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### 13. Impacts due to COVID-19

As the impacts of COVID-19 continue, management is actively monitoring the effect on its members' and the Board's financial condition, liquidity, operations, suppliers, industry, and workforce. Management anticipates a temporary decline in revenues generated and expenses incurred from Board activities, as many events were either cancelled, reduced in capacity or moved to an online platform. In 2020, the entity mitigated this reduction by evaluating their budget and reducing expenses where possible. Given the daily evolution of COVID-19 and the local responses to curb its spread, the Board is not able to fully estimate its impact on operations, financial condition, or liquidity at this time.

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