

**St. John's Board of Trade
Financial Statements
For the Year Ended December 31, 2022**

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Financial Statements
For the Year Ended December 31, 2022**

Contents

Independent Auditor's Report	1 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 15



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Independent Auditor's Report

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, 2022, 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, 2022, 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.

BDO Canada LLP

Chartered Professional Accountants

St. John's, Newfoundland and Labrador
February 21, 2023

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

December 31	2022	2021
Assets		
Current		
Cash	\$ 201,621	\$ 305,005
Accounts receivable (Note 2)	170,643	146,404
Short-term investments (Note 3)	109,120	237,531
HST receivable	-	2,155
Prepaid expenses	9,658	9,337
	<u>491,042</u>	<u>700,432</u>
Long-term investments (Note 3)	269,152	134,014
Capital assets (Note 4)	16,635	21,458
	<u>\$ 776,829</u>	<u>\$ 855,904</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 54,680	\$ 125,314
HST payable	201	-
Deferred revenue (Note 6)	241,884	245,747
Current portion of long term debt (Note 7)	30,000	-
	<u>326,765</u>	<u>371,061</u>
Long-term debt (Note 7)	-	30,000
	<u>326,765</u>	<u>401,061</u>
Net Assets		
Unrestricted net assets	166,840	166,796
Investments in capital assets	16,635	21,458
Internally restricted (Note 8)	266,589	266,589
	<u>450,064</u>	<u>454,843</u>
	<u>\$ 776,829</u>	<u>\$ 855,904</u>

**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	2022 Total	2021 Total
Balance, beginning of the year	\$ 166,796	\$ 21,458	\$ 266,589	\$ 454,843	\$ 394,748
Excess (deficiency) of revenues over expenses	3,851	(8,630)	-	(4,779)	60,095
Investment in capital assets	(3,807)	3,807	-	-	-
Balance, end of the year	\$ 166,840	\$ 16,635	\$ 266,589	\$ 450,064	\$ 454,843

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	2022	2021
Revenue		
Board activities (Note 9)	\$ 555,214	\$ 300,474
Membership fees	280,797	304,262
Grant revenue	114,696	140,220
Other revenue	55,053	49,199
NLWIC program	32,618	62,014
Rental income	26,290	10,450
Interest income	6,725	12,087
Certificates of origin	1,530	3,440
Connector program	805	2,157
Canada Emergency Wage Subsidy	-	63,197
	1,073,728	947,500
Expenses		
Wages and benefits	510,910	414,018
Board activities (Note 9)	232,829	86,781
Rental	103,563	114,159
Grant expenses	103,028	126,493
Computers and leased equipment	24,969	23,604
NLWIC program	19,108	47,620
Professional fees	15,025	17,198
Interest and bank charges	14,524	11,384
Memberships and licences	11,264	8,458
Amortization of capital assets	8,630	8,525
Utilities	7,491	6,247
Luncheons	6,015	3,446
Travel	5,360	531
Training	4,975	120
Office	3,908	3,457
Website	2,936	4,644
Bad debts	2,929	2,088
Postage	593	785
Miscellaneous	350	723
Advertising and promotion	100	688
Connector program	-	1,486
Consulting fees	-	4,950
	1,078,507	887,405
Excess (deficiency) of revenues over expenses	\$ (4,779)	\$ 60,095

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	2022	2021
Cash flows (used in) from operating activities		
Excess (deficiency) of revenues over expenses	\$ (4,779)	\$ 60,095
Items not affecting cash:		
Amortization of capital assets	8,630	8,525
	3,851	68,620
Changes in non-cash working capital:		
Accounts receivable	(24,239)	(16,289)
Prepaid expenses	(321)	2,291
Accounts payable and accrued liabilities	(70,635)	23,384
Deferred contributions	(3,863)	2,372
HST receivable	2,356	(6,856)
	(92,851)	73,522
Cash flows used in investing activities		
Purchase of investments	(135,137)	(129,084)
Proceeds on disposal of investments	128,411	117,118
Acquisition of capital assets	(3,807)	(19,066)
	(10,533)	(31,032)
Net (decrease) increase in cash	(103,384)	42,490
Cash, beginning of the year	305,005	262,515
Cash, end of the year	\$ 201,621	\$ 305,005

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

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

December 31, 2022

1. Significant Accounting Policies

Nature and Purpose of Organization

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.

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.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).

Revenue Recognition

Membership fee revenue is deferred and taken into income evenly over the twelve month term of the membership contract, and any unearned portion is included in deferred revenue. Some elements of revenue are estimated at fair market value and recognized as services are delivered.

The Board 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.

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.

All other revenue is recognized at the time services are provided and collection is reasonably assured.

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

December 31, 2022

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 prior 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, 2023.

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.

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

December 31, 2022

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.

2. Accounts Receivable

	<u>2022</u>	<u>2021</u>
Trade accounts receivable	\$ 123,736	\$ 132,827
Grants receivable	51,151	24,700
Allowance for bad debts	(4,244)	(11,123)
	<u>\$ 170,643</u>	<u>\$ 146,404</u>

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

December 31, 2022

3. Investments

The carrying amounts of investments are comprised of the following:

	2022	2021
Guaranteed investment certificate, matured on February 20, 2022 earning interest at 2.50% per annum	\$ -	\$ 65,003
Guaranteed investment certificate, matured on December 30, 2022 earning interest at 0.95% per annum	\$ -	\$ 59,840
Guaranteed investment certificate, maturing on November 1, 2023 earning interest at 4.26% per annum	\$ 58,370	\$ -
Guaranteed investment certificate, matured on November 1, 2022 earning interest at 0.60% per annum	\$ -	\$ 58,021
Guaranteed investment certificate, matured on January 28, 2022 earning interest at 2.25% per annum	-	54,667
Guaranteed investment certificate, maturing on August 26, 2023 earning interest at 2.10% per annum	50,750	-
	109,120	237,531
Guaranteed investment certificate, maturing on April 10, 2024 earning interest at 4.00% per annum	87,680	84,308
Guaranteed investment certificate, maturing on February 20, 2026 earning interest at 1.20% per annum	65,747	-
Guaranteed investment certificate, maturing on December 30, 2027 earning interest at 3.79% per annum	60,410	-
Guaranteed investment certificate, maturing on January 28, 2025 earning interest at 1.10% per annum	55,315	-
Guaranteed investment certificate, maturing on August 26, 2023 earning interest at 2.10% per annum	-	49,706
	269,152	134,014
Total long-term investments	269,152	134,014
Total investments	\$ 378,272	\$ 371,545

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

December 31, 2022

4. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 62,042	\$ 49,917	\$ 62,042	\$ 46,104
Computer	173,769	169,259	169,962	164,442
	235,811	219,176	232,004	210,546
		\$ 16,635		\$ 21,458

5. Bank Indebtedness

The Board provides a general security for a \$10,000 operating line of credit with TD Bank. As at December 31, 2022 the line of credit was unutilized. When utilized, the line of credit bears interest at TD Bank's prime rate plus 2.50%.

6. Deferred Revenue

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.

	2022	2021
Sponsorship revenue	\$ 114,083	\$ 109,036
Membership revenue	\$ 113,497	\$ 99,890
Other grant/subsidy revenue	-	20,061
Deferred capital contributions	14,304	16,760
	\$ 241,884	\$ 245,747

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

December 31, 2022

7. Long-term Debt

	2022	2021
<p>Toronto-Dominion Bank loan, repayable portion of Canada Emergency Business Account, non-interest bearing until December 31, 2023. The Board has recognized government assistance related to this loan and will repay the loan on or before December 31, 2023. Accordingly, the full amount of the loan has been presented as current. If the outstanding balance of the loan is not repaid by this date, it is converted to a term loan bearing interest at 5% per annum, interest payments due monthly with principal required to be fully repaid by December 31, 2025.</p>	\$ 30,000	\$ 30,000
<p>Less current portion</p>	(30,000)	-
<p>Long-term portion of debt</p>	\$ -	\$ 30,000

8. Internal Restrictions on Net Assets

The Board's board of directors internally restricted \$266,589 (2021 - \$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.

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

December 31, 2022

9. Board Activities

	Revenues	Expenses (recoveries)	2022	2021
Sponsorships	\$ 191,247	\$ -	\$ 191,247	\$ 115,747
Business conference	138,546	98,058	40,488	18,915
Electronic advertising	6,000	-	6,000	19,800
Golf tournament	40,418	18,136	22,282	22,092
Business awards	103,088	72,785	30,303	22,026
Business news	-	-	-	8,165
Other events	75,915	43,850	32,065	5,198
	\$ 555,214	\$ 232,829	\$ 322,385	\$ 211,943

10. Lease Commitments

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

2023	\$	78,459	
2024	\$	84,134	
2025	\$	88,140	
2026	\$	76,045	
 Total		\$ 326,778	

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

December 31, 2022

11. 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.

There was no significant change in credit risk during the year.
