

ST. JOHN'S BOARD OF TRADE

Financial Statements

Year Ended December 31, 2023

ST. JOHN'S BOARD OF TRADE
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Year Ended December 31, 2023

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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, 2023, and the statements of revenues and expenditures, 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, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

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 in accordance with 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 Matter

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on February 21, 2023.

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 ASNPO, 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.

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Independent Auditor's Report to the Members of St. John's Board of Trade *(continued)*

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, NL
February 22, 2024

ST. JOHN'S BOARD OF TRADE
Statement of Financial Position
December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 253,971	\$ 201,621
Accounts receivable (Note 4)	70,486	170,643
Short-term investments (Note 5)	88,614	109,120
Prepaid expenses	2,352	9,658
	415,423	491,042
LONG TERM INVESTMENTS (Note 5)	293,629	269,152
CAPITAL ASSETS (Note 6)	10,249	16,635
	\$ 719,301	\$ 776,829
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 76,025	\$ 54,680
HST payable	289	201
Deferred revenue (Note 8)	152,259	241,884
Current portion of long term debt (Note 9)	-	30,000
	228,573	326,765
LEASE COMMITMENTS (Note 12)		
NET ASSETS		
Unrestricted net assets	213,890	166,840
Invested in capital assets	10,249	16,635
Internally restricted (Note 10)	266,589	266,589
	490,728	450,064
	\$ 719,301	\$ 776,829

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

ST. JOHN'S BOARD OF TRADE
Statement of Revenues and Expenditures
Year Ended December 31, 2023

	2023	2022
REVENUES		
Board activities <i>(Note 11)</i>	\$ 625,537	\$ 555,213
Membership fees	310,348	280,797
Other revenue	69,160	55,053
Grant revenue	66,793	148,119
Rental income	36,600	26,290
Interest income	11,220	6,725
Certificates of origin	3,300	1,530
	1,122,958	1,073,727
EXPENDITURES		
Wages and benefits	523,123	510,910
Board activities <i>(Note 11)</i>	259,040	232,829
Premises cost	107,039	103,563
General office expenses	81,201	52,149
Computers, website and leased equipment	31,290	27,905
Grant expenses	30,500	122,135
Consulting fees	20,104	-
Professional fees	14,227	15,025
Travel	9,384	5,360
Amortization	6,386	8,630
	1,082,294	1,078,506
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 40,664	\$ (4,779)

See notes to financial statements

ST. JOHN'S BOARD OF TRADE
Statement of Changes in Net Assets
Year Ended December 31, 2023

	Unrestricted net assets	Invested in capital assets	Internally restricted	2023	2022
Balance, beginning of year	\$ 166,840	\$ 16,635	\$ 266,589	\$ 450,064	\$ 454,843
Excess (deficiency) of revenues over expenditures	47,050	(6,386)	-	40,664	(4,779)
Balance - end of year	\$ 213,890	\$ 10,249	\$ 266,589	\$ 490,728	\$ 450,064

ST. JOHN'S BOARD OF TRADE
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 40,664	\$ (4,779)
Item not affecting cash:		
Amortization of capital assets	6,386	8,630
	47,050	3,851
Changes in non-cash working capital:		
Accounts receivable	100,157	(24,239)
Accounts payable and accrued liabilities	21,345	(70,634)
HST payable	88	2,356
Deferred revenue	(89,625)	(3,863)
Prepaid expenses	7,306	(321)
	39,271	(96,701)
Cash flow from (used by) operating activities	86,321	(92,850)
INVESTING ACTIVITIES		
Purchase of capital assets	-	(3,807)
Proceeds on disposal of investments	20,506	128,411
Purchase of investments	(24,477)	(135,138)
Cash flow used by investing activities	(3,971)	(10,534)
FINANCING ACTIVITY		
Repayment of long term debt	(30,000)	-
INCREASE IN CASH	52,350	(103,384)
Cash - beginning of year	201,621	305,005
CASH - END OF YEAR	\$ 253,971	\$ 201,621

See notes to financial statements

ST. JOHN'S BOARD OF TRADE
Notes to Financial Statements
Year Ended December 31, 2023

1. NATURE AND PURPOSE OF ORGANIZATION

St. John's Board of Trade (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 significance 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash

Cash includes cash on hand and balances with financial institutions, net of overdrafts.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	3 years	straight-line method
Furniture and equipment	5 years	straight-line method

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

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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, any unearned portion is included in deferred revenue.

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

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ST. JOHN'S BOARD OF TRADE
Notes to Financial Statements
Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government assistance

Grant/subsidy revenue represents government assistance received during the year for current expenses and revenue is included in the determination of net income for the year. Government assistance related to capital expenditures is included in deferred revenue and is amortized on the same basis, and according to the same rates as the related capital assets.

Contributed services

The operations of the Board depend on the contribution of time by volunteers. The fair value of contributed services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

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. Actual results could differ from these estimates. Examples of significant estimates include: the amortization of capital assets including the estimated useful lives of capital assets, the allowance for doubtful accounts, recoverability of investments, and the allocation for tiered membership to its various categories.

3. 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; or of financial obligations which have similar economic conditions. The Board's financial instruments that are exposed to concentrations of credit risk are primarily its accounts receivable.

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

4. ACCOUNTS RECEIVABLE

	2023	2022
Trade accounts receivable	\$ 71,504	\$ 123,736
Other accounts receivable	6,106	51,151
Allowance for bad debts	(7,124)	(4,244)
	\$ 70,486	\$ 170,643

ST. JOHN'S BOARD OF TRADE
Notes to Financial Statements
Year Ended December 31, 2023

5. INVESTMENTS

The carrying amounts of investments are comprised of the following:

	2023	2022
Guaranteed investment certificate, matured on November 1, 2023 earning interest at 4.26% per annum	\$ -	\$ 58,370
Guaranteed investment certificate, matured on August 26, 2023 earning interest at 2.10% per annum	-	50,750
Guaranteed investment certificate, maturing on April 10, 2024 earning interest at 4.00% per annum	88,614	-
Total short-term investments	88,614	109,120
Guaranteed investment certificate, maturing on February 20, 2026 earning interest at 1.20% per annum	65,856	65,747
Guaranteed investment certificate, maturing on November 1, 2028 earning interest at 4.97% per annum	60,856	-
Guaranteed investment certificate, maturing on December 30, 2027 earning interest at 3.79% per annum	60,409	60,410
Guaranteed investment certificate, maturing on April 10, 2024 earning interest at 4.00% per annum	-	87,680
Guaranteed investment certificate, maturing on January 28, 2025 earning interest at 1.10% per annum	55,632	55,315
Guaranteed investment certificate, maturing on August 26, 2028 earning interest at 5.00% per annum	50,876	-
Total long-term investments	293,629	269,152
Total investments	\$ 382,243	\$ 378,272

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	\$ 173,769	\$ 171,831	\$ 1,938	\$ 4,510
Furniture and equipment	62,042	53,731	8,311	12,125
	\$ 235,811	\$ 225,562	\$ 10,249	\$ 16,635

ST. JOHN'S BOARD OF TRADE
Notes to Financial Statements
Year Ended December 31, 2023

7. CREDIT FACILITY

The Board has a credit facility with Toronto-Dominion Bank, which includes an approved operating line that can be drawn upon to a maximum of \$10,000, which bears interest at prime plus 2.5%. At the balance sheet date, the amount owing, which is due on demand, was \$Nil (2022: \$Nil).

8. 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.

	2023	2022
Sponsorship and projects revenue	\$ 30,898	\$ 114,083
Membership revenue	111,822	113,497
Deferred capital contribution	9,539	14,304
	\$ 152,259	\$ 241,884

9. LONG TERM DEBT

	2023	2022
Toronto-Dominion Bank loan, repaid during the year.	\$ -	\$ 30,000
Amounts payable within one year	-	(30,000)
	\$ -	\$ -

10. INTERNAL RESTRICTIONS ON NET ASSETS

The Board's Board of Directors internally restricted \$266,589 (2022 - \$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 GICs 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.

11. BOARD ACTIVITIES

	Revenues	Expenses (recoveries)	2023	2022
Sponsorships	\$ 202,954	\$ -	\$ 202,954	\$ 191,248
Business conference	128,001	80,581	47,420	40,488
Business awards	117,890	82,825	35,065	30,303
Other events	87,334	53,635	33,699	16,454
Golf tournament	40,973	21,089	19,884	22,281
State of the Province Address	39,260	20,910	18,350	15,611
Electronic advertising	9,125	-	9,125	6,000
	\$ 625,537	\$ 259,040	\$ 366,497	\$ 322,385

ST. JOHN'S BOARD OF TRADE
Notes to Financial Statements
Year Ended December 31, 2023

12. LEASE COMMITMENTS

The Board leases equipment, with an expiry date of August 2026. The Board also leases premises under a long-term lease that expires October 31, 2026. Under the lease, the Board is required to pay annual base rent plus operating costs. Future minimum lease payments are as follows:

2024	\$	119,384
2025		123,390
2026		<u>105,482</u>
	\$	<u>348,256</u>