

**GRAND BEND AND AREA CHAMBER OF COMMERCE**  
**Financial Statements**  
**Year Ended October 31, 2014**

**GRAND BEND AND AREA CHAMBER OF COMMERCE**  
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**Year Ended October 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Grand Bend and Area Chamber of Commerce

I have audited the accompanying financial statements of Grand Bend and Area Chamber of Commerce, which comprise the statement of financial position as at October 31, 2014 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, Grand Bend and Area Chamber of Commerce derives revenue from operating and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Grand Bend and Area Chamber of Commerce. Therefore, I was not able to determine whether any adjustments might be necessary to operating and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended October 31, 2014, current assets and net assets as at November 1, 2013 and October 31, 2014.

*(continues)*

Independent Auditor's Report to the Members of Grand Bend and Area Chamber of Commerce  
(continued)

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Grand Bend and Area Chamber of Commerce as at October 31, 2014 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



London, Ontario  
February 16, 2015

Chartered Professional Accountant  
Licensed Public Accountant

GRAND BEND AND AREA CHAMBER OF COMMERCE

Statement of Financial Position

October 31, 2014

	2014	2013
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 48,184	\$ 44,579
Accounts receivable	16,349	20,881
Prepaid expenses	2,271	2,424
	<u>\$ 66,804</u>	<u>\$ 67,884</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 7,115	\$ 6,706
Harmonized sales tax payable	3,122	8,310
Employee deductions payable	247	923
Deferred income	44,657	46,344
	<u>55,141</u>	<u>62,283</u>
<b>NET ASSETS</b>		
General fund	<u>11,663</u>	<u>5,601</u>
	<u>\$ 66,804</u>	<u>\$ 67,884</u>

ON BEHALF OF THE BOARD

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

(See accompanying notes)

**GRAND BEND AND AREA CHAMBER OF COMMERCE**

**Statement of Changes in Net Assets**

**Year Ended October 31, 2014**

	2014	2013
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 5,601</b>	<b>\$ 11,690</b>
Excess (deficiency) of revenue over expenses	<u><b>6,062</b></u>	<u><b>(6,089)</b></u>
<b>NET ASSETS - END OF YEAR</b>	<u><b>\$ 11,663</b></u>	<u><b>\$ 5,601</b></u>

(See accompanying notes)

# GRAND BEND AND AREA CHAMBER OF COMMERCE

## Statement of Revenues and Expenditures

Year Ended October 31, 2014

	2014	2013
<b>REVENUE</b>		
Business awards	\$ 2,030	\$ 3,015
Donations	2,061	2,009
Membership dues (Note 5)	34,650	37,427
Government and municipal support	25,618	29,446
Visitor guide	27,572	26,937
Other	17,111	10,900
Golf	15,940	12,378
Christmas comes early	4,248	2,945
Webervations	3,131	3,479
	<u>132,361</u>	<u>128,536</u>
<b>COST OF SALES</b>		
Visitor guide	24,875	24,513
Business awards	2,228	2,498
Golf	7,408	6,846
Other direct costs	1,690	8,458
Webervations	2,616	3,154
Christmas comes early	4,413	3,349
Advertising and promotion	2,372	6,877
Geomapping	-	3,000
	<u>45,602</u>	<u>58,695</u>
<b>GROSS PROFIT (66%; 2013 - 54%)</b>	<u>86,759</u>	<u>69,841</u>
<b>EXPENSES</b>		
Bad debts	6,889	-
Donations	200	50
Insurance	2,030	1,895
Interest and bank charges	628	423
Travel, meetings and conventions	1,446	2,026
Memberships	1,584	1,975
Office	3,516	3,562
Professional fees	4,927	5,338
Repairs and maintenance	1,806	2,065
Salaries and wages	53,740	54,813
Telephone	1,321	1,353
Utilities	2,616	2,431
	<u>80,703</u>	<u>75,931</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	6,056	(6,090)
<b>OTHER INCOME</b>	<u>6</u>	<u>1</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 6,062</u>	<u>\$ (6,089)</u>

(See accompanying notes)

GRAND BEND AND AREA CHAMBER OF COMMERCE

Statement of Cash Flow

Year Ended October 31, 2014

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Cash receipts from members and customers	\$ 128,317	\$ 129,390
Cash paid to suppliers and employees	(118,903)	(131,733)
Interest received	6	1
Interest paid	(628)	(423)
Harmonized sales tax	(5,187)	1,950
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>3,605</b>	<b>(815)</b>
Cash - beginning of year	44,579	45,394
<b>CASH - END OF YEAR</b>	<b>\$ 48,184</b>	<b>\$ 44,579</b>

(See accompanying notes)



# GRAND BEND AND AREA CHAMBER OF COMMERCE

## Notes to Financial Statements

Year Ended October 31, 2014

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

#### Incorporation and operations

Grand Bend and Area Chamber of Commerce, "the Association", was incorporated under the Ontario Business Corporations Act on October 31, 1975. The Association's principal business activity is to promote and improve local trade and commerce to the betterment of the entire area's economic, civic and social benefit through member events and services. The Association also provides travel and information services to area visitors.

#### 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.

#### Cash equivalents

Highly liquid investments with maturities of one year or less at date of purchase are classified as cash equivalents.

#### Property and equipment

Property and equipment acquired during the course of business are expensed in the year acquired. Major capital assets, expressed as those having a useful life of greater than five years, would normally be capitalized and amortized over their estimated useful life.

Major categories of property and equipment not currently recognized on the Statement of Financial Position are:

- a) Buildings - consists of the office owned and operated by the Association;
- b) Equipment - consists of the equipment used in day-to-day operations by the Association.

Property and equipment expensed in the current fiscal year amounted to \$409 (\$7,447 in 2013).

#### Deferred revenue

Deferred revenue includes 2015 membership dues and other program revenues which will be used during operations in fiscal 2015.

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# GRAND BEND AND AREA CHAMBER OF COMMERCE

## Notes to Financial Statements

Year Ended October 31, 2014

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Fund accounting

Grand Bend and Area Chamber of Commerce follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the General Fund.

#### Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value contributed services are not recognized in the financial statements.

#### Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During the year \$2,061 in goods were donated (\$2,009 in 2013).

#### Non-monetary exchanges

The Association regularly enters into transactions involving the exchange of goods and services for a nominal amount or non-cash consideration. These non-monetary exchanges are recognized when the following conditions are met:

- i) the transaction has commercial substance;
- ii) the goods and services given up or received are reliably measured.

Non-monetary exchanges are recorded at fair value being the more reliably measured of the goods and services given up or received.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

#### Contribution revenue recognition

Grand Bend and Area Chamber of Commerce 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. Endowment contributions are recognized as direct increases in net assets.

Current year internally restricted contributions amount to \$3,146.43.

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# GRAND BEND AND AREA CHAMBER OF COMMERCE

## Notes to Financial Statements

Year Ended October 31, 2014

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Sales revenue recognition

The Association recognizes sales revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers;
- there is clear evidence that an arrangement exists;
- amounts are fixed or can be determined;
- the ability to collect is reasonably assured.

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### 2. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX

Government remittances (other than income taxes) include, for example, federal and provincial sales taxes, payroll taxes, health taxes and workers' safety insurance premiums. The following government remittances were payable at year end:

	<u>2014</u>
Employee deductions payable	\$ 247
HST payable	<u>3,122</u>
	<u>\$ 3,369</u>

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### 3. LEASE COMMITMENTS

The Association leases land under a long-term lease that expires on December 31, 2016. The Association must pay for the utilities, maintenance and other related costs for the leased premises.

2015	\$ 5
2016	<u>5</u>
	<u>\$ 10</u>

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### 4. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of October 31, 2014:

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. In order to reduce its credit risk the Association reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of customers which minimizes concentration of credit risk.

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**GRAND BEND AND AREA CHAMBER OF COMMERCE**

**Notes to Financial Statements**

**Year Ended October 31, 2014**

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**5. MEMBERSHIP DUES**

Weblinks revenue was included in the Membership account for fiscal 2013. Due to increased promotion and initiatives, Weblinks revenue is expected to increase substantially in future years. Membership may not be required to purchase the Weblinks service and, therefore, is now being tracked separately. See comparative figures below:

	<u>2014</u>	<u>2013</u>
Membership dues	\$ 34,650	\$ 37,427
Weblinks	6,649	-
	<u>\$ 41,299</u>	<u>\$ 37,427</u>

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**6. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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**GRAND BEND AND AREA CHAMBER OF COMMERCE****Tourism Services****(Schedule 1)****Year Ended October 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>REVENUE</b>		
Government and municipal support	\$ 25,618	\$ 29,446
Visitor guide	27,572	26,937
Webervations	3,131	3,479
	<u>56,321</u>	<u>59,862</u>
<b>COST OF SALES</b>		
Visitor guide	24,875	24,513
Webervations	2,616	3,154
Advertising and promotion	2,372	6,877
Geomapping	-	3,000
	<u>29,863</u>	<u>37,544</u>
<b>GROSS PROFIT (47%; 2013 - 37%)</b>	<b>26,458</b>	<b>22,318</b>
<b>EXPENSES</b>		
Allocation of overhead expenses	36,907	37,966
<b>LOSS FROM OPERATIONS</b>	<b>\$ (10,449)</b>	<b>\$ (15,648)</b>

(See accompanying notes)

**GRAND BEND AND AREA CHAMBER OF COMMERCE**

**Member Services**

**(Schedule 2)**

**Year Ended October 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>REVENUE</b>		
Business awards	\$ 2,030	\$ 3,015
Christmas comes early	4,248	2,945
Donations	2,061	2,009
Golf	15,940	12,378
Membership dues	34,650	37,427
Other	17,111	10,900
Interest income	6	1
	<u>76,046</u>	<u>68,675</u>
<b>COST OF SALES</b>		
Business awards	2,228	2,498
Christmas comes early	4,413	3,349
Golf	7,408	6,846
Other direct costs	1,690	8,458
	<u>15,739</u>	<u>21,151</u>
<b>GROSS PROFIT (79%; 2013 - 69%)</b>	<u>60,307</u>	<u>47,524</u>
<b>EXPENSES</b>		
Allocation of overhead expenses	36,907	37,966
Bad debt	6,889	-
	<u>43,796</u>	<u>37,966</u>
<b>INCOME FROM OPERATIONS</b>	<u>\$ 16,511</u>	<u>\$ 9,558</u>

(See accompanying notes)