

Dunnville Chamber of Commerce News: June 25, 2019



Dear Chamber Members:

The Dunnville Chamber of Commerce is pleased to report that a full financial audit, has been completed and has found the Chamber in compliance with accepted accounting practices. Aside from some procedural questions related to signing authorities and delegation of duties, Chamber books are in good order.

In the process of ensuring our bylaws were in good order, the Chamber identified that our current bylaws are simply not clear and that some are even contradictory. We need them clarified and amended in order to achieve best practices in Chamber governance.

A small committee was formed to look at these issues, struck between Dunnville Chamber of Commerce Board members, several interested community members, and representatives from the Ontario Chamber of Commerce.

The above subcommittee has recommended to the Board, and the Board has approved, that bylaw revision and ratification occurs before an annual general meeting. To that end, this subcommittee will present amended bylaws to the Chamber membership for ratification, after which time the Board will announce nomination procedures and timelines for presentation of a slate of officers for election as well as a date for the 2019 Annual General Meeting.

The Dunnville Chamber of Commerce Board of Directors is committed to these steps in order to ensure professionalism, transparency, and accountability to its members.

The Dunnville Chamber of Commerce promotes and maintains the economic, civil and social wellbeing of the community and its businesses.

Please see below for a full copy of the Auditor's Report.

INDEPENDENT AUDITOR'S REPORT

To the Members of Dunnville Chamber of Commerce:

Qualified Opinion

We have audited the financial statements of Dunnville Chamber of Commerce (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of changes in net assets, operations and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, sponsorships, fundraising and Mudcat Festival, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, current assets and net assets. As well, the Organization's financial statements for the year ended December 31, 2017, are unaudited. The opening net assets of the accompanying financial statements are not susceptible to satisfactory audit verification. Therefore, we were not able to determine whether any adjustments might be necessary to net assets as at December 31, 2017, and December 31, 2018.

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 Organization 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Matter

The financial statements of the Organization for the year ended December 31, 2017, were neither audited or reviewed.

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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

Millard, Rouse & Rosebrugh LLP

June 24, 2019
Simcoe, Ontario

Chartered Professional Accountants
Licensed Public Accountants

Dunnville Chamber of Commerce

Statement of Financial Position

As at December 31, 2018

	2018	2017 (Unaudited)
ASSETS		
Current		
Cash	\$ 99,564	\$ 84,511
Canada savings bond	10,000	10,000
Accounts receivable	1,031	4,744
Prepaid expenses	-	54
	\$ 110,595	\$ 99,309
LIABILITIES AND NET ASSETS		
Current		
Accounts payable	\$ 159	\$ 233
Net assets		
General fund	22,015	17,778
Mudcat Festival fund	88,421	81,298
	110,436	99,076
	\$ 110,595	\$ 99,309

See accompanying notes

Dunnville Chamber of Commerce

Statement of Changes in Net Assets

Year ended December 31, 2018

	General fund	Mudcat Festival fund	2018	2017 (Unaudited)
Net assets - beginning of year	\$ 17,778	\$ 81,298	\$ 99,076	\$ 80,321
Excess of revenue over expenses	4,237	7,123	11,360	18,755
NET ASSETS - END OF YEAR	\$ 22,015	\$ 88,421	\$ 110,436	\$ 99,076

See accompanying notes

Dunnville Chamber of Commerce

Statement of Operations

Year ended December 31, 2018

	2018	2017 (Unaudited)
REVENUE		
Christmas Lightup	\$ 15,350	\$ 15,845
Membership fees	14,162	15,214
Rental	8,100	7,650
Group insurance commissions	6,570	6,204
Grants - Haldimand County	4,000	4,000
Movie Night	1,750	-
Residual - 1st Data Canada	278	238
Interest	50	50
Mudcat Festival - net (Schedule 1)	7,123	16,650
	57,383	65,851
Expenses		
Advertising and promotion	212	1,883
Bank charges and interest	320	181
Bookkeeping	400	400
Bursaries and awards	-	458
Candidate's Night	40	-
Chamber association dues	1,352	1,044
Christmas Lightup	13,546	18,664
Equipment	2,000	2,800
Insurance	3,283	2,317
Meetings	581	1,208
Movie Night	1,277	-
Office co-ordinator contract	2,000	2,000
Office rental	9,763	9,763
Office supplies, printing and postage	2,557	1,032
Summer student	3,907	2,655
Utilities	3,132	2,691
Website	1,653	-
	46,023	47,096
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 11,360	\$ 18,755

See accompanying notes

Dunnville Chamber of Commerce**Mudcat Festival****(Schedule 1)****Year ended December 31, 2018**

	2018	2017 (Unaudited)
REVENUE		
Beer tent	\$ 46,353	\$ 46,536
Sponsors - festival	37,179	42,085
Blues Crawl / Taste Dunnville	10,252	-
Grants - Haldimand County	10,000	10,000
Midway	7,660	6,885
Banners - veterans	6,900	8,200
Vendors	4,845	8,320
Fireworks	2,613	2,643
T-shirts and merchandise	1,520	2,959
Strong Man	1,450	1,570
Fundraiser - kick off	1,240	-
Sponsors - fireworks	1,135	575
Car show	1,100	1,100
Parade	850	600
Sponsors - band	700	600
Beer fridge raffle	550	-
Movie Night	-	3,194
	134,347	135,267
Expenses		
Advertising	13,016	13,291
Awards and donations	300	773
Bands - Parade	7,150	6,550
Bank charges and interest	381	549
Banners - veterans	1,748	4,453
Beer tent	23,459	25,378
Blues Crawl / Taste Dunnville	7,360	-
Bookkeeping	1,000	1,000
Co-ordinator's contract	17,500	17,162
Computer	416	1,463
Fireworks	30,000	22,600
Insurance	-	1,000
Merchandise	2,788	2,557
Movie Night	-	1,643
Office	497	423
Park entertainment	11,132	9,518
Summer student	1,113	1,773
Rentals	5,501	4,661
Strong Man	1,033	735
Supplies	681	25
Utilities	306	1,425
Volunteer appreciation	987	905
Website	856	733
	127,224	118,617
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 7,123	\$ 16,650

See accompanying notes

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See accompanying notes

Dunnville Chamber of Commerce

Statement of Cash Flow Year ended December 31, 2018

	2018	2017 (Unaudited)
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 11,360	\$ 18,755
Changes in non-cash working capital:		
Accounts receivable	3,713	1,867
Accounts payable	(74)	57,475
Prepaid expenses	54	-
	3,693	59,342
INCREASE IN CASH FLOW	15,053	78,097
Cash - beginning of year	94,511	16,414
CASH - END OF YEAR	\$ 109,564	\$ 94,511
CASH CONSISTS OF:		
Cash	\$ 99,564	\$ 84,511
Canada savings bond	10,000	10,000
	\$ 109,564	\$ 94,511

See accompanying notes

Dunnville Chamber of Commerce

Notes to Financial Statements

Year ended December 31, 2018

1. PURPOSE OF THE ORGANIZATION

Dunnville Chamber of Commerce (the "Organization") is a not-for-profit organization incorporated provincially under the Not-for-Profit Corporations Act of Ontario. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act. The Organization is engaged in the operation of a chamber of commerce for the Town of Dunnville. Its main sources of revenue are from membership fees, municipal grants, and fundraising activities.

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 (ASNFPO). The financial statements are those of the Organization and do not include other assets, liabilities, income, or expenses of the members or of any other business in which they may hold interest.

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.

Equipment

The Organization expenses all capital expenditures in the year of acquisition in equipment or office expense. The Organization does not own any land or buildings. The capital assets held by the Organization consist of office equipment, furniture and movie equipment. In the current year, the Organization expensed \$2,000 of equipment purchases (2017 - \$2,800).

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Under this method, restricted contributions are recognized in the year the corresponding expense is incurred and unrestricted contributions are recognized in the year they are received.

The Organization recognizes revenue from membership fees at the time the invoice is rendered. Sponsorships for chamber events are recognized once the event has occurred. All other revenue is recognized when received.

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.

3. COMPARATIVE FIGURES

The comparative prior year figures were not subject to a review or audit.