THE LAKESHORE CHAPTER OF THE PROJECT MANAGEMENT INSTITUTE

Financial Statements

Year Ended December 31, 2016

ent® | Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of **The Lakeshore Chapter of the Project Management Institute**

We have audited the accompanying financial statements of The Lakeshore Chapter of the Project Management Institute, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

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

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Lakeshore Chapter of the Project Management Institute as at December 31, 2016 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.

Ent Mississauga LLP

Mississauga, Ontario
June 13, 2017

ENT MISSISSAUGA LLP
Chartered Professional Accountants
Licensed Public Accountants

THE LAKESHORE CHAPTER OF THE PROJECT MANAGEMENT INSTITUTE
Statement of Financial Position
December 31, 2016

		2016		2015
ASSETS				
Current				
Cash	$	**344,238**	$	284,383
Accounts receivable		**21,952**		21,584
Inventory		**6,509**		11,362
Other current assets		**-**		2,716
		372,699		320,045
Property, plant and equipment *(Note 7)*		**1,006**		1,038
	$	**373,705**	$	321,083
LIABILITIES AND NET ASSETS				
Current				
Accounts payable and accrued liabilities	$	**17,101**	$	9,211
Government remittances payable		**3,869**		1,789
Unearned revenue		**27,244**		35,198
		48,214		46,198
NET ASSETS				
Net assets invested in property, plant and equipment		**1,006**		1,038
Other net assets		**324,485**		273,847
		325,491		274,885
	$	**373,705**	$	321,083

ON BEHALF OF THE BOARD

_____________________ *Director*

_____________________ *Director*

See notes to financial statements

	2016	2015
REVENUES		
Advertising and sponsorship revenue	$ 13,111	$ 11,073
Training, seminars and events	143,052	102,105
Membership fees	77,753	67,038
Other income	4,251	3,364
	238,167	183,580
EXPENSES		
Amortization	232	163
Bank charges	4,389	3,392
Conferences and travel expenses	20,921	29,159
Marketing expenses	1,424	7,901
Office and general	6,207	5,986
Professional fees	9,997	10,624
Telephone and internet	4,283	7,556
Training, seminars and events	140,108	104,478
	187,561	169,259
Excess of revenues over expenses	$ 50,606	$ 14,321

See notes to financial statements

THE LAKESHORE CHAPTER OF THE PROJECT MANAGEMENT INSTITUTE
Statement of Changes in Net Assets
Year Ended December 31, 2016

	Balance, beginning of year	Excess of revenues over expenses	**2016 Balance, end of year**
Invested in property, plant and equipment	$ 1,038	$ (32)	**$ 1,006**
Other assets	273,847	50,638	**324,485**
	$ 274,885	$ 50,606	**$ 325,491**

	2014 Balance	Excess of revenues over expenses	2015 Balance
Invested in property, plant and equipment	$ 405	$ 633	$ 1,038
Unrestricted	260,159	13,688	273,847
	$ 260,564	$ 14,321	$ 274,885

See notes to financial statements

THE LAKESHORE CHAPTER OF THE PROJECT MANAGEMENT INSTITUTE
Statement of Cash Flow
Year Ended December 31, 2016

	2016	2015
Operating activities		
Excess of revenues over expenses	$ 50,606	$ 14,321
Item not affecting cash:		
Amortization of property, plant and equipment	232	163
	50,838	14,484
Changes in non-cash working capital:		
Accounts receivable	(368)	(3,371)
Inventory	4,853	(3,794)
Accounts payable and accrued liabilities	7,889	(6,044)
Deferred income	(7,954)	4,996
Government remittances payable	2,080	1,380
Other current asset	2,717	(2,267)
	9,217	(9,100)
Cash flow from operating activities	60,055	5,384
Investing activity		
Purchase of property, plant and equipment	(200)	(794)
Net change in cash and cash equivalents during the year	59,855	4,590
Cash and cash equivalents - beginning of year	284,383	279,793
Cash and cash equivalents - end of year	$ 344,238	$ 284,383

See notes to financial statements

1. PURPOSE OF THE ORGANIZATION

The Lakeshore Chapter of the Project Management Institute (the organization) provides professionals in the field of project management, opportunities to interact with their peers through networking, meetings and by providing training opportunities supporting certifications. The Chapter also promotes the mission and objective of the Project Management Institute by developing a growing and committed membership through providing valuable services and promoting these services in the community

The organization is a Non-profit organization and is exempt under the Income Tax Act (Canada)

2. INCORPORATION

The organization was incorporated by letters patent on May 15,2001 as a corporation without share capital under the laws of the province of Ontario.

3. GOING CONCERN

The accompanying financial statements have been prepared on the going concern assumption that the organization will be able to realize its assets and discharge its liabilities in the normal course of business.

4. BASIS OF PRESENTATION

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Measurement uncertainty</u>

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.

<u>Property, plant and equipment</u>

Property, plant and equipment is stated at cost less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Furniture, fixtures and equipment	20%	declining balance method
Computer equipment	45%	declining balance method

The organization regularly reviews its property, plant and equipment to eliminate obsolete items.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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

Impairment of Long Lived Assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Revenue recognition

The Lakeshore Chapter of the Project Management Institute follows the deferral method of accounting.

i) 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.

ii) Membership fee revenue is prorated over the membership period (generally one year) and recognized as earned.

iii) Training,seminar and event revenues are recognized as revenue when the training courses, seminars are events are held.

iv) Advertising and sponsorship revenue is recognized during the period the advertisements are published and when sponsored events occur.

The organization and its members benefit from the services of member-volunteers. No cost value is ascribed to these services and therefore no amounts are recorded in the financial statements for the value of these services. Travel and other costs incurred by volunteers in furtherance of the organization's mission are reimbursed by the organization.

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

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.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

6. INVENTORY

The organization maintains an inventory of plaques, pins and awards. These are valued at cost

	2016	2015
Inventory	$ 6,509	$ 11,362

7. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Furniture, fixtures and equipment	$ 6,840	$ 5,834	$ 1,006	$ 1,033
Computer equipment	1,617	1,617	-	5
	$ 8,457	$ 7,451	$ 1,006	$ 1,038

8. INCOME TAXES

The organization operates as a Not-for-profit and hence no provision for income tax is required.

9. GOVERNMENT REMITTANCES PAYABLE

Government remittances payable represent harmonized sales taxes payable. The following government remittances were payable at year end:

	2016	2015
	$ -	$ -
	-	-
HST taxes payable	3,869	1,789

10. NET ASSETS

Net assets of the organization are not restricted and can be used at the discretion of the Board of Directors. Net assets include investment in property, plant and equipment $ 1,006 (2015 - $ 1,038)

11. RELATED PARTY TRANSACTIONS

The organization reimbursed its Directors expenses incurred for activities of the Chapter measured at actual cost of expenses incurred. Thes expenses were in the nature of travel, telephone and meals.

12. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments consisting of cash, accounts receivable and accounts payable and accrued liabilities. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2016.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from cash deposits in banks. The organization has sought to manage this risk by depositing cash with reputable financial institutions, however the Canada Deposit Insurance Corporation (Cdic) covers deposits upto a maximum of $100,000 per institution, consequently, only $ 200,000 of the organization's cash balance is protected by Cdic.

Organizations are usually exposed to risk of collection of accounts receivable balances. PMI is not exposed to this risk since the receivable balances have been subsequently collected in its entirety.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. However due to the quantum of cash available as compared to the accounts payable and accrued liabilities, the organization is not subject to this risk.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization does not have any financial instruments which fluctuate with market prices.

(d) Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is exposed to foreign currency exchange risk on its accounts receivable balances which are held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

(e) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The organization is not liable for any indebtedness or loans and is therefore not subject to this risk.

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is not exposed to other price risk.

13. COMPARATIVE FIGURES

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