



Financial Statements

Greater Victoria Chamber of Commerce

December 31, 2013

# Contents

	<b>Page</b>
Independent Auditors' Report	1-2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-12

# Independent Auditors' Report

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To the members of Greater Victoria Chamber of Commerce

We have audited the accompanying financial statements of Greater Victoria Chamber of Commerce, which comprise the statement of financial position as at December 31, 2013, and the statements of operations, changes in net assets and cash flows 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 generally accepted accounting principles 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.

## **Auditors' 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 auditors' 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Victoria Chamber of Commerce as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Victoria, Canada

March 25, 2014

*Grant Thornton LLP*

Chartered accountants

# Greater Victoria Chamber of Commerce

## Statement of Operations

Year Ended December 31	2013	2012
Revenue		
Advertising	\$ 32,769	\$ 35,142
Benefit recovery	110,862	107,383
Business awards	64,047	63,517
Contract administration fees	8,400	8,400
Contributions received for Greater Victoria Development Agency (Note 7)	95,000	90,000
Fundraising	134,669	61,942
Investment income	27,740	22,568
Members' dues and assessments	627,923	610,069
Newsletter	70,829	55,668
Programs	87,666	76,773
Rent	435	680
Sponsorships	20,290	13,200
	<u>1,280,630</u>	<u>1,145,342</u>
Cost of activities		
Advertising	6,364	3,850
Business awards	48,056	39,759
Committee activities	16,512	18,538
Fundraising	89,319	22,060
Greater Victoria Development Agency (Note 7)	140,631	134,331
Newsletter	30,668	32,715
Program expense	55,878	45,644
	<u>387,428</u>	<u>296,897</u>
Excess of revenue over expenses before undernoted items	893,202	848,445
General operations (Note 9)	<u>896,645</u>	<u>905,250</u>
	(3,443)	(56,805)
Unrealized gain on fair market value adjustment	59,618	20,494
Realized (loss) gain on sale of shares	<u>(741)</u>	<u>643</u>
Excess (deficiency) of revenue over expenses	\$ <u>55,434</u>	\$ <u>(35,668)</u>

See accompanying notes to the financial statements.

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## Greater Victoria Chamber of Commerce Statement of Changes in Net Assets

Year Ended December 31

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	Invested in capital assets	Unrestricted	<b>2013 Total</b>	2012 Total
Balance, beginning of the year	\$ 55,837	\$ 356,785	\$ <b>412,622</b>	\$ 448,290
Excess (deficiency) of revenue over expenses	(22,463)	77,897	<b>55,434</b>	(35,668)
Transfer to net assets invested in capital assets	<u>15,162</u>	<u>(15,162)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<b>\$ <u>48,536</u></b>	<b>\$ <u>419,520</u></b>	<b>\$ <u>468,056</u></b>	<b>\$ <u>412,622</u></b>

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See accompanying notes to the financial statements.

# Greater Victoria Chamber of Commerce

## Statement of Financial Position

December 31

2013

2012

### Assets

#### Current

Marketable securities, at fair value (Note 3)	788,299	712,032
Receivables, net of allowance of \$4,307 (2012: \$17,500)	57,770	90,951
Prepays	26,169	20,102
	<u>872,238</u>	<u>823,085</u>

#### Capital assets (Note 4)

48,536	55,837
<u>\$ 920,774</u>	<u>\$ 878,922</u>

### Liabilities

#### Current

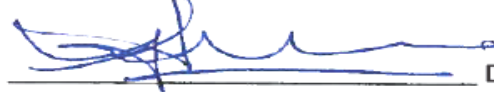
Bank indebtedness (Note 5)	\$ 32,874	\$ 40,407
Payables and accruals	52,334	59,412
Government remittances	4,661	10,242
Deferred revenue (Note 6)	362,849	356,239
	<u>452,718</u>	<u>466,300</u>

### Net Assets

Invested in capital assets	48,536	55,837
Unrestricted	419,520	356,785
	<u>468,056</u>	<u>412,622</u>
	<u>\$ 920,774</u>	<u>\$ 878,922</u>

Commitments (Note 8)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

# Greater Victoria Chamber of Commerce

## Statement of Cash Flows

Year Ended December 31

2013

2012

Increase (decrease) in cash and cash equivalents

### Operating

Excess (deficiency) of revenue over expenses	\$	55,434	\$	(35,668)
Amortization		22,463		15,579
Loss on sale of capital assets		-		1,361
Unrealized gain on fair market value adjustment		(59,618)		(20,494)
Loss (gain) on sale of investments		741		(643)

19,020 (39,865)

Change in non-cash operating working capital

Receivables	33,181	(41,787)
Prepays	(6,067)	23,883
Payables and accruals	(7,078)	(2,300)
Government remittances	(5,581)	919
Deferred revenue	6,610	59,700

21,065 40,415

40,085 550

### Investing

Purchase of capital assets	(15,162)	(42,230)
Sale of capital asset	-	843
Purchase of investments	(230,042)	(22,568)
Proceeds on sale and maturity of investments (Note 3)	212,652	60,508

(32,552) (3,447)

Net increase (decrease) in cash and cash equivalents 7,533 (2,897)

Bank indebtedness, beginning of year (40,407) (37,510)

Bank indebtedness, end of year \$ (32,874) \$ (40,407)

See accompanying notes to the financial statements.



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# Greater Victoria Chamber of Commerce

## Notes to the Financial Statements

December 31, 2013

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### 1. Purpose of the organization

The Greater Victoria Chamber of Commerce (the “Chamber”) is incorporated under the Board of Trade Act of Canada and its principal activity is to promote and improve trade and commerce and the economic, civic, and social welfare of Greater Victoria.

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### 2. Summary of significant accounting policies

#### Revenue recognition

The Chamber 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.

All other revenues are recognized as earned.

#### Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of the contribution. Capital assets are amortized on a straight line basis over their estimated useful life as follows:

Furniture and equipment	20%, straight-line basis
Computer hardware and software	30%, straight-line basis
Leasehold improvements	straight-line basis over the lesser of useful life and lease term

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with financial institutions.

#### Use of estimates

In preparing the Chamber's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

#### Impairment of long-lived assets

The Chamber regularly reviews the carrying value of long-lived assets and continually makes estimates regarding future cash flows and other factors to determine the fair value of the respective assets. If these estimates or their related assumptions change in the future, the Chamber may be required to record impairment charges for these assets.

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# Greater Victoria Chamber of Commerce

## Notes to the Financial Statements

December 31, 2013

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value with changes in fair value recorded in the statement of operations. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Chamber has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Chamber determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Chamber expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

#### Price risk

Price risk is comprised of currency risk, interest rate risk and market risk.

#### Currency risk

Currency risk relates to the possibility that the investments will change in value due to fluctuations in US, Euro and other international foreign exchanges rates.

#### Interest rate risk

Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Duration is an appropriate measure of interest rate risk for fixed-income funds as a rise in interest rates will cause a decrease in bond prices – the longer the duration, the greater the effect.

#### Market risk

Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices. This risk is reduced by the investment policy provisions approved by management for a structured asset mix to be followed by the investment managers, the requirement for diversification of investments within each asset class and credit quality constraints on fixed income instruments. Market risk can be measured in terms of volatility, i.e., the standard deviation of change in the value of a financial instrument within a specific time horizon.

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# Greater Victoria Chamber of Commerce

## Notes to the Financial Statements

December 31, 2013

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### 2. Summary of significant accounting policies (continued)

#### Contributed materials and services

Donated property, equipment and services are recorded at fair value when received, if obtainable. If the fair market value cannot be determined, such items are not recognized in the financial statements.

The Chamber is dependent on the voluntary service of many members and others. Since these services are not normally purchased by the Chamber and, because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

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### 3. Marketable securities, at fair value

Marketable securities have a cost of \$729,326 (2012: \$711,327) with a market value of \$788,299 (2012: \$712,032). The funds are managed by BMO Harris Investment Management Inc., an external professional manager, in accordance with the Chamber's investment guidelines and consist of:

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 15,903	\$ 9,873
Fixed Income	302,405	303,407
Equities	<u>469,991</u>	<u>398,752</u>
	<u>\$ 788,299</u>	<u>\$ 712,032</u>

Included in marketable securities are \$197,150 of foreign securities, of which \$125,326 are US investments and \$71,824 are investments in other countries.

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## Greater Victoria Chamber of Commerce

### Notes to the Financial Statements

December 31, 2013

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#### 4. Capital assets

			<u>2013</u>	<u>2012</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 68,425	\$ 62,511	\$ 5,914	\$ 10,295
Computer hardware and software	71,497	36,038	35,459	36,746
Leasehold Improvements	<u>21,306</u>	<u>14,143</u>	<u>7,163</u>	<u>8,796</u>
	<u>\$ 161,228</u>	<u>\$ 112,692</u>	<u>\$ 48,536</u>	<u>\$ 55,837</u>

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#### 5. Bank indebtedness

The Chamber has a line of credit authorized to \$75,000. Advances bear interest at prime plus 1% and are due on demand. A general security agreement has been provided in support of the line of credit.

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#### 6. Deferred revenue

Deferred revenue represents the unearned portion of membership fees received or receivable in advance and other fees and sponsorships received in advance of the related event.

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# Greater Victoria Chamber of Commerce

## Notes to the Financial Statements

December 31, 2013

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### 7. The Greater Victoria Development Agency

The Greater Victoria Development Agency (GVDA) is a committee of the GVCC and was formed to help develop, retain and attract businesses to the Greater Victoria region. They are an industry led initiative, and in collaboration with other sector partners, strive to help build the best possible economic environment for local entrepreneurs and businesses in which to operate.

In accordance with Canadian generally accepted accounting principles, the Chamber has recognized contributions to the GVDA to the extent of related costs incurred to December 31, 2013. The deficit (chamber contribution) for the GVDA will increase to the extent that additional costs are incurred subsequent to the year-end that are not supported by contributions. The following is a summary of the revenue and expenses for the GVDA:

	<u>2013</u>	<u>2012</u>
Revenue		
Municipal	\$ 80,000	\$ 80,000
Federal	5,000	-
Corporate	<u>10,000</u>	<u>10,000</u>
	<u>95,000</u>	<u>90,000</u>
Expenses		
Affiliation dues	805	3,350
Convention and travel	143	4,486
Hosting groups	944	-
Insurance	1,000	1,000
Lease	9,000	9,000
Marketing	1,800	3,660
Office	8,437	7,830
Postage and courier	740	176
Professional fees	1,530	2,980
Staff expenses	3,935	341
Subcontract	9,825	782
Telephone	1,965	1,755
Wages and benefits	<u>100,507</u>	<u>98,971</u>
	<u>140,631</u>	<u>134,331</u>
Deficit (contribution from Greater Victoria Chamber of Commerce)	<u>\$ (45,631)</u>	<u>\$ (44,331)</u>

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# Greater Victoria Chamber of Commerce

## Notes to the Financial Statements

December 31, 2013

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### 8. Commitments

The Chamber leases its office under an operating lease which expires on January 31, 2016. The lease includes minimum annual rent payments of \$35,544 and 18.88% of applicable common area costs. Annual payments of minimum rent over the next three years are:

2014	\$	35,544
2015		35,544
2016		<u>2,962</u>
	\$	<u>74,050</u>

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### 9. General operations

	<u>2013</u>	<u>2012</u>
Affiliation and association dues	\$ 18,009	\$ 16,188
Amortization	22,463	15,579
Interest	848	698
Loss on disposal of assets	-	1,361
Membership expenses	5,771	6,864
New image project	-	35,686
Occupancy costs	89,204	86,785
Office	77,144	85,661
Postage	12,276	13,455
Professional fees	10,505	12,745
Salaries and employee costs	636,539	605,974
Telephone	14,635	13,190
Travel and convention	<u>9,251</u>	<u>11,064</u>
	<u>\$ 896,645</u>	<u>\$ 905,250</u>

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### 10. Related party transactions

During the year, there were payments made in the amount of \$24,055 to companies owned by members of the board of directors. The amounts were paid in exchange for office supplies, marketing services, courier service, and temporary employment services in the normal course of operations and represent the fair value of services rendered.

During the year, there were advertising and sponsorship revenues received totalling \$22,728 from related parties.

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