



Financial Statements

Greater Victoria Chamber of Commerce

December 31, 2017

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## Independent Auditors' Report

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To the members of the Greater Victoria Chamber of Commerce

We have audited the accompanying financial statements of the Greater Victoria Chamber of Commerce, which comprise the statement of financial position as at December 31, 2017, 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 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.

### 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Greater Victoria Chamber of Commerce as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Victoria, Canada  
March 20, 2018

*Grant Thornton LLP*

Chartered Professional Accountants

# Greater Victoria Chamber of Commerce

## Statement of Operations

Year Ended December 31	2017	2016
<b>Revenue</b>		
Advertising	\$ 61,692	\$ 77,493
Benefit recovery	141,937	123,729
Contract administration fees	8,778	8,600
Contributions received for WD Foreign Direct Investment Program (Note 7)	58,036	644,355
Fundraising and events	348,535	259,594
Investment income	27,865	26,208
Members' dues and assessments	651,745	652,121
Our vibrant communities committee	-	6,200
	<u>1,298,588</u>	<u>1,798,300</u>
<b>Expenses</b>		
Administration (Note 9)	958,245	887,378
Advertising	31,717	28,276
Amortization	20,119	22,332
Committee activities	5,503	7,672
Fundraising and events	183,667	139,353
Our vibrant communities committee	-	5,360
Contributions received for WD Foreign Direct Investment Program (Note 7)	43,118	688,127
	<u>1,242,369</u>	<u>1,778,498</u>
Excess of revenues over expenses from operations	56,219	19,802
Increase on fair market value of investments	<u>50,688</u>	<u>31,297</u>
Excess of revenue over expenses	<u>\$ 106,907</u>	<u>\$ 51,099</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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	<u>Invested in capital assets</u>	<u>Unrestricted</u>	<u><b>2017 Total</b></u>	<u>2016 Total</u>
Balance, beginning of the year	\$ 39,542	\$ 465,265	\$ <b>504,807</b>	\$ 453,708
Excess (deficiency) of revenue over expenses	(20,119)	127,026	<b>106,907</b>	51,099
Purchase of capital assets	<u>12,073</u>	<u>(12,073)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<b>\$ <u>31,496</u></b>	<b>\$ <u>580,218</u></b>	<b>\$ <u>611,714</u></b>	<b>\$ <u>504,807</u></b>

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See accompanying notes to the financial statements.

# Greater Victoria Chamber of Commerce

## Statement of Financial Position

December 31 2017 2016

### Assets

#### Current

Prepays	\$ 46,965	\$ 16,806
Receivables	22,317	140,980
Investments (Note 3)	<u>875,925</u>	<u>858,901</u>
	<u>945,207</u>	<u>1,016,687</u>

#### Capital assets (Note 4)

<u>31,496</u>	<u>39,542</u>
<u>\$ 976,703</u>	<u>\$ 1,056,229</u>

### Liabilities

#### Current

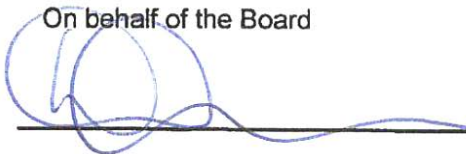
Bank indebtedness (Note 5)	\$ 24,107	\$ 169,729
Payables and accruals	50,655	35,659
Government remittances	3,324	296
Deferred revenue (Note 6)	<u>286,903</u>	<u>345,738</u>
	<u>364,989</u>	<u>551,422</u>

### Net Assets

Invested in capital assets	31,496	39,542
Unrestricted	<u>580,218</u>	<u>465,265</u>
	<u>611,714</u>	<u>504,807</u>
	<u>\$ 976,703</u>	<u>\$ 1,056,229</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

2017

2016

Decrease (increase) in bank indebtedness

### Operating

Excess of revenue over expenses	\$	106,907	\$	51,099
Amortization		20,119		22,332
Increase on fair market value of investments		(50,688)		(31,297)
		<u>76,338</u>		<u>42,134</u>

Change in non-cash operating working capital

Receivables	118,663	3,864
Prepays	(30,159)	12,433
Payables and accruals	14,996	(86,499)
Government remittances	3,028	(3,061)
Deferred revenue	(58,835)	(20,017)
	<u>47,693</u>	<u>(93,280)</u>
	<u>124,031</u>	<u>(51,146)</u>

### Investing

Purchase of capital assets	(12,073)	(3,406)
Purchase of investments	(27,810)	(137,639)
Proceeds on sale of investments	61,474	172,661
	<u>21,591</u>	<u>31,616</u>

Net increase (decrease) in bank indebtedness **145,622** (19,530)

Bank indebtedness, beginning of year (169,729) (150,199)

Bank indebtedness, end of year \$ (24,107) \$ (169,729)

See accompanying notes to the financial statements.



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# Greater Victoria Chamber of Commerce

## Notes to the Financial Statements

December 31, 2017

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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

#### Basis of presentation

The Chamber has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (“ASNPO”).

#### 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.

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# Greater Victoria Chamber of Commerce

## Notes to the Financial Statements

December 31, 2017

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

#### 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.

#### 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.

#### Contributed materials and services

Donated property, equipment and services are recorded at fair value when received, if obtainable and significant. If the fair market value cannot be determined or is trivial, 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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## Greater Victoria Chamber of Commerce

### Notes to the Financial Statements

December 31, 2017

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#### 3. Investments

Investments have a cost of \$728,899 (2016: \$754,327) with a market value of \$875,925 (2016: \$858,901). 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>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 11,755	\$ 51,611
Fixed Income	332,175	326,389
Equities	<u>531,995</u>	<u>480,901</u>
	<u>\$ 875,925</u>	<u>\$ 858,901</u>

Included in investments are \$265,892 of foreign securities, of which \$170,019 are U.S. investments and \$95,873 are investments in other countries.

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#### 4. Capital assets

			<u>2017</u>	<u>2016</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 69,309	\$ 59,036	\$ 10,273	\$ 15,543
Computer hardware and software	91,661	70,438	21,223	22,367
Leasehold Improvements	<u>22,381</u>	<u>22,381</u>	<u>-</u>	<u>1,632</u>
	<u>\$ 183,351</u>	<u>\$ 151,855</u>	<u>\$ 31,496</u>	<u>\$ 39,542</u>

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#### 5. Bank indebtedness

The Chamber has a line of credit authorized to \$100,000. Advances bear interest at prime plus 1.00% 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, 2017

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### 7. The Greater Victoria Development Agency

In 2014 the Chamber entered into an agreement with Western Economic Diversification Canada (WD) to undertake the three year Foreign Direct Investment project (FDI) to assist regional Small and Medium-Size Enterprises, educational institutions, and the Greater Victoria Airport Authority to expand their international business activity (including research and development partnerships) and foreign investment attraction.

The following is a summary of the final revenue and expenses for the WD Foreign Direct Investment Program.

	<u>2017</u>	<u>2016</u>
Revenue		
FDI Program	\$ 13,934	\$ 633,405
Corporate	44,002	10,750
Municipal	100	200
	<u>58,036</u>	<u>644,355</u>
Expenses		
FDI Program	43,118	583,234
Wages and benefits	-	78,150
Lease	-	12,000
Office	-	7,568
Professional fees	-	6,175
Insurance	-	1,000
	<u>43,118</u>	<u>688,127</u>
Contribution to (from) Greater Victoria Chamber of Commerce	<u>\$ 14,918</u>	<u>\$ (43,772)</u>

The Chamber's responsibilities have been transferred to the South Island Prosperity Project. The transition took place over the period ending March 31, 2016. The Chamber delivered the WD program in cooperation with the new agency until March 31, 2017.

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# Greater Victoria Chamber of Commerce

## Notes to the Financial Statements

December 31, 2017

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### 8. Commitments

The Chamber leases its office under an operating lease which expires on January 31, 2021. The lease includes minimum annual rent payments of \$37,766 and 18.88% of applicable common area costs. Annual payments of minimum rent over the remainder of the lease term are:

2018	37,766
2019	37,766
2020	37,766
2021	3,148
	<u>116,445</u>
	\$ <u>116,445</u>

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### 9. Administration

	<u>2017</u>	<u>2016</u>
Affiliation and association dues	\$ 16,703	\$ 18,788
Interest	1,136	1,236
Membership expenses	2,941	4,123
Occupancy costs	99,849	85,265
Office	74,249	69,712
Postage	4,034	4,115
Professional fees	16,627	43,885
Salaries and employee costs	725,330	637,103
Telephone	10,800	11,010
Travel and convention	6,576	12,141
	<u>\$ 958,245</u>	<u>\$ 887,378</u>

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### 10. Related party transactions

During the year, there were payments made in the amount of \$4,645 (2016: \$1,362) to companies owned by members of the board of directors. The amounts were paid in exchange for office supplies, marketing services, courier service, and programming and fundraising expenses in the normal course of operations and represent the fair value of services rendered.

During the year, there were advertising, events, and sponsorship revenues received totalling \$29,614 (2016: \$33,501) from related parties.

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# Greater Victoria Chamber of Commerce

## Notes to the Financial Statements

December 31, 2017

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### 11. Financial instrument risks

In the normal course of business, the Chamber is exposed to credit risk, liquidity risk, interest rate risk, market risk and currency 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 Chamber's main credit risks relate to its accounts receivable.

#### *Liquidity risk*

Liquidity risk is the risk that the Chamber cannot meet a demand for cash or fund its obligations as they come due. The Chamber is exposed to this risk mainly in respect of its payables and accruals and government remittances.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Chamber is exposed to interest rate fluctuations on its credit facilities as outlined in note 5 to the financial statements. The Chamber is also exposed to interest rate risk on its fixed rate investments and the possibility that they will change in value due to future fluctuations in market interest rates.

#### *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. The Chamber is exposed to market risk through its investments quoted in an active market.

#### *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. The Chamber does not perform significant transactions in foreign currencies and is not exposed to significant currency risk.

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### 12. Comparative figures

Certain 2016 comparative figures have been reclassified to conform to the presentation adopted in the current year.

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