



Financial Statements

Greater Victoria Chamber of Commerce

December 31, 2018

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Independent Auditors' Report

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To the members of the Greater Victoria Chamber of Commerce

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Greater Victoria Chamber of Commerce as at December 31, 2018, and its results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related 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.

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.

Victoria, Canada
March 26, 2018



Chartered Professional Accountants

Greater Victoria Chamber of Commerce

Statement of Operations

Year Ended December 31

2018

2017

	2018	2017
Revenue		
Advertising	\$ 22,539	\$ 61,692
Benefits and other income	192,405	150,930
Contract administration fees	9,740	8,778
Contributions received for WD Foreign Direct Investment Program	-	58,036
Events	400,465	339,542
Investment income	10,135	27,865
Members' dues and assessments	660,186	651,745
	<u>1,295,470</u>	<u>1,298,588</u>
Expenses		
Administration (Note 8)	986,575	958,245
Advertising	22,525	31,717
Amortization	19,145	20,119
Committee activities	2,638	5,503
Events	249,061	183,667
Contributions received for WD Foreign Direct Investment Program	-	43,118
	<u>1,279,944</u>	<u>1,242,369</u>
Excess of revenues over expenses from operations	15,526	56,219
Increase on fair market value of investments	8,950	50,688
Excess of revenue over expenses	<u>\$ 24,476</u>	<u>\$ 106,907</u>

See accompanying notes to the financial statements.

Greater Victoria Chamber of Commerce

Statement of Changes in Net Assets

Year Ended December 31

	Invested in capital assets	Unrestricted	2018 Total	2017 Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance, beginning of the year	\$ 31,496	\$ 580,218	\$ 611,714	\$ 504,807
Excess (deficiency) of revenue over expenses	(19,145)	43,621	24,476	106,907
Purchase of capital assets	<u>18,545</u>	<u>(18,545)</u>	<u>-</u>	<u>-</u>
Balance, end of year	\$ <u>30,896</u>	\$ <u>605,294</u>	\$ <u>636,190</u>	\$ <u>611,714</u>

See accompanying notes to the financial statements.

Greater Victoria Chamber of Commerce

Statement of Financial Position

December 31 2018 2017

Assets

Current

Cash and cash equivalents	\$	5,463	\$	-
Prepays		29,370		46,965
Receivables		43,545		22,317
Investments (Note 3)		889,183		875,925
		967,561		945,207

Capital assets (Note 4)

		30,896		31,496
	\$	998,457	\$	976,703

Liabilities

Current

Bank indebtedness (Note 5)	\$	-	\$	24,107
Payables and accruals		52,939		50,655
Government remittances		4,546		3,324
Deferred revenue (Note 6)		304,782		286,903
		362,267		364,989


Net Assets

Invested in capital assets		30,896		31,496
Unrestricted		605,294		580,218
		636,190		611,714
	\$	998,457	\$	976,703

Commitments (Note 7)

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

2018

2017

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$	24,476	\$	106,907
Amortization		19,145		20,119
Increase on fair market value of investments		(8,950)		(50,688)
		<u>34,671</u>		<u>76,338</u>

Change in non-cash operating working capital

Receivables	(21,228)	118,663
Prepays	17,595	(30,159)
Payables and accruals	2,285	14,996
Government remittances	1,222	3,028
Deferred revenue	17,879	(58,835)
	<u>17,753</u>	<u>47,693</u>
	<u>52,424</u>	<u>124,031</u>

Investing

Purchase of capital assets	(18,545)	(12,073)
Purchase of investments	(892,833)	(27,810)
Proceeds on sale of investments	888,524	61,474
	<u>(22,854)</u>	<u>21,591</u>

Net increase in cash

29,570 145,622

Bank indebtedness, beginning of year

(24,107) (169,729)

Cash, end of year

\$ 5,463 \$ (24,107)

See accompanying notes to the financial statements.

Greater Victoria Chamber of Commerce

Notes to the Financial Statements

December 31, 2018

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.

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.

Greater Victoria Chamber of Commerce

Notes to the Financial Statements

December 31, 2018

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.

Greater Victoria Chamber of Commerce

Notes to the Financial Statements

December 31, 2018

3. Investments

Investments have a cost of \$892,614 (2017: \$728,899) with a market value of \$889,183 (2017: \$875,925). The funds are managed in accordance with the Chamber's investment guidelines and consist of:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 191,140	\$ 11,755
Fixed Income	261,052	332,175
Equities	<u>436,991</u>	<u>531,995</u>
	<u>\$ 889,183</u>	<u>\$ 875,925</u>

Included in investments are \$216,790 of foreign securities, of which \$114,538 are U.S. investments and \$102,252 are investments in other countries.

4. Capital assets

			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 69,309	\$ 64,306	\$ 5,003	\$ 10,273
Computer hardware and software	100,716	74,823	25,893	21,223
Leasehold Improvements	<u>22,381</u>	<u>22,381</u>	<u>-</u>	<u>-</u>
	<u>\$ 192,406</u>	<u>\$ 161,510</u>	<u>\$ 30,896</u>	<u>\$ 31,496</u>

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.

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.

Greater Victoria Chamber of Commerce

Notes to the Financial Statements

December 31, 2018

7. 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:

2019	37,766
2020	37,766
2021	3,148
	<u>\$ 78,679</u>

8. Administration

	<u>2018</u>	<u>2017</u>
Affiliation and association dues	\$ 16,492	\$ 16,703
Interest	59	1,136
Membership expenses	1,209	2,941
Occupancy costs	103,447	99,849
Office	76,567	74,249
Postage	3,671	4,034
Professional fees	16,912	16,627
Salaries and employee costs	746,929	725,330
Telephone	10,090	10,800
Travel and convention	11,198	6,576
	<u>\$ 986,574</u>	<u>\$ 958,245</u>

9. Related party transactions

During the year, there were payments made in the amount of \$6,572 (2017: \$4,645) 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 \$29,542 (2017: \$29,614) from companies owned by members of the Board of Directors.

Greater Victoria Chamber of Commerce

Notes to the Financial Statements

December 31, 2018

10. 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.

11. Comparative figures

Certain 2017 comparative figures have been reclassified to conform to the presentation adopted in the current year.
