



Financial Statements

Greater Victoria Chamber of Commerce

December 31, 2021

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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, 2021, 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, 2021, 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 29, 2022



Chartered Professional Accountants

Greater Victoria Chamber of Commerce

Statement of Operations

Year Ended December 31	2021	2020
Revenue		
Advertising	\$ 20,866	\$ 19,442
Benefits and other income	211,566	241,380
Programs and administration fees	130,568	24,799
Events	150,842	133,882
Investment income	10,883	7,464
Members' dues and assessments	648,554	636,785
	<u>1,173,279</u>	<u>1,063,752</u>
Expenses		
Administration (Note 9)	1,025,577	979,655
Advertising	27,429	15,565
Amortization	10,839	13,375
Committee activities	3,671	966
Events	74,182	52,486
	<u>1,141,698</u>	<u>1,062,047</u>
Excess (deficiency) of revenues over expenses from operations	31,581	1,705
Increase on fair market value of investments	86,569	113,997
Government COVID-19 subsidies (Note 13)	159,050	217,518
Other income	245,619	331,515
Excess of revenue over expenses	<u>\$ 277,200</u>	<u>\$ 333,220</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 tangible capital assets	Unrestricted	Internally restricted	2021 Total	2020 Total
Balance, beginning of the year	\$ 36,129	\$ 122,536	\$ 900,000	\$ 1,058,665	\$ 725,445
Excess (deficiency) of revenue over expenses	(10,839)	288,039	-	277,200	333,220
Purchase of tangible capital assets	7,015	(7,015)	-	-	-
Transfer to internally restricted	-	-	-	-	-
Balance, end of year	\$ 32,305	\$ 403,560	\$ 900,000	\$ 1,335,865	\$ 1,058,665

See accompanying notes to the financial statements.

Greater Victoria Chamber of Commerce

Statement of Financial Position

December 31 2021 2020

Assets

Current

Cash and cash equivalents	\$ 315,532	\$ 187,970
Prepays	174,312	153,200
Receivables	141,903	185,045
Investments (Note 3)	<u>1,476,016</u>	<u>1,088,027</u>
	2,107,763	1,614,242

Tangible capital assets (Note 4)

<u>32,305</u>	<u>36,129</u>
\$ 2,140,068	\$ 1,650,371

Liabilities

Current

Payables and accruals	\$ 103,269	\$ 29,216
Government remittances	9,930	6,002
Deferred revenue (Note 6)	<u>661,004</u>	<u>526,488</u>
	774,203	561,706

Long term debt (Note 7)

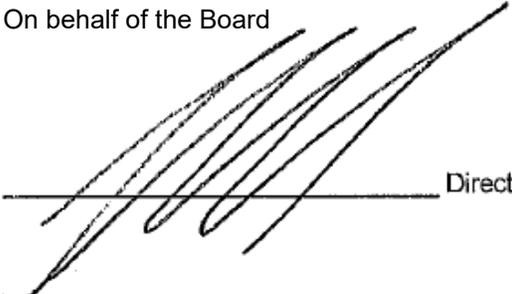
<u>30,000</u>	<u>30,000</u>
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Net Assets

Invested in tangible capital assets	32,305	36,129
Restricted	900,000	900,000
Unrestricted	<u>403,560</u>	<u>122,536</u>
	1,335,865	1,058,665
	\$ 2,140,068	\$ 1,650,371

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

2021

2020

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$	277,200	\$	333,220
Amortization		10,839		13,375
Increase on fair market value of investments		(86,569)		(113,997)
		<u>201,470</u>		<u>232,598</u>

Change in non-cash operating working capital

Receivables		43,142		(153,760)
Prepays		(21,112)		(118,835)
Payables and accruals		74,053		(14,585)
Government remittances		3,928		2,440
Deferred revenue		134,516		219,898
		<u>234,527</u>		<u>(64,842)</u>
		<u>435,997</u>		<u>167,756</u>

Investing

Purchase of tangible capital assets		(7,015)		(28,040)
Purchase of investments		(437,440)		(180,600)
Proceeds on sale of investments		136,020		184,921
		<u>(308,435)</u>		<u>(23,719)</u>

Financing

Proceeds of long term debt		-		40,000
Loan forgiveness		-		(10,000)
		<u>-</u>		<u>30,000</u>

Net increase in cash		127,562		174,037
Cash, beginning of year		<u>187,970</u>		<u>13,933</u>
Cash, end of year	\$	<u>315,532</u>	\$	<u>187,970</u>

See accompanying notes to the financial statements.

Greater Victoria Chamber of Commerce

Notes to the Financial Statements

December 31, 2021

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.

Internally restricted net assets

Internally restricted net assets total \$900,000. These internally restricted amounts are not available for other purposes without approval of the Board of Directors. Internally restricted assets consist of the following four components.

An amount of \$560,000 reserved to secure amounts for the line of credit and credit card and to fund future insurance deductibles and at minimum of three months of operating costs related to wages (including taxes, health insurance, WCB, etc.), lease agreement, and essential monthly bills should there an interruption of services/funding.

An amount of \$180,000 reserved to fund sponsorship or investment opportunities identified by the CEO and/or board that have a tangible lasting benefit for the membership and/or community or a planned return over a short-term.

An amount of \$80,000 reserved to fund special projects, new initiatives or capital expenditures identified by CEO and/or Board that will provide The Chamber with the tools needed to better provide services to our membership.

An amount of \$80,000 reserved to fund contingency needs due to sustained economic hardships or financial setbacks experienced by The Chamber to cover operating costs.

Greater Victoria Chamber of Commerce

Notes to the Financial Statements

December 31, 2021

2. Summary of significant accounting policies (continued)

Tangible 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.

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, 2021

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.

3. Investments

Investments have a cost of \$1,000,203.27 (2020: \$973,890) with a market value of \$1,176,015.94 (2020: \$1,088,027). The funds are managed in accordance with the Chamber's investment guidelines and consist of:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 651,655	\$ 398,696
Fixed Income	163,443	137,579
Equities	<u>660,918</u>	<u>551,752</u>
	<u>\$ 1,476,016</u>	<u>\$ 1,088,027</u>

Included in investments are \$128,547.61 of foreign securities, of which \$9,753 are U.S. investments and \$118,791 are investments in other countries.

Greater Victoria Chamber of Commerce

Notes to the Financial Statements

December 31, 2021

4. Tangible capital assets

			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer hardware and software	\$ 139,577	\$ 107,272	\$ 32,305	\$ 36,129

5. Credit facility

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.

7. Long term debt

Loan from the Canada Emergency Business Account (CEBA) bearing interest at 0% per annum with no set repayment terms. Repayable on or before December 31, 2023.

8. Commitments

During the year the Chamber renewed its operating lease for the office space. The 5-year lease expires on January 31, 2026. The lease includes minimum annual rent payments plus 18.88% of applicable common area costs. Annual payments of minimum rent over the remainder of the lease term are as follows:

2022	44,245
2023	46,466
2024	50,724
2025	51,095
Thereafter	4,258
	<u>\$ 196,788</u>

Greater Victoria Chamber of Commerce

Notes to the Financial Statements

December 31, 2021

9. Administration

	<u>2021</u>	<u>2020</u>
Affiliation and association dues	\$ 4,859	\$ 4,679
Interest	-	20
Membership expenses	1,440	2,322
Occupancy costs	115,096	103,404
Office	76,285	74,472
Postage	3,499	2,986
Professional fees	24,931	28,824
Salaries and employee costs	790,384	756,023
Telephone	6,369	6,925
Travel and convention	2,714	-
	<u>\$ 1,025,577</u>	<u>\$ 979,655</u>

10. Related party transactions

During the year, there were advertising, events, and sponsorship revenues received totalling \$10,610 (2020: \$17,481) from companies owned by members of the Board of Directors.

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.

Greater Victoria Chamber of Commerce

Notes to the Financial Statements

December 31, 2021

11. Financial instrument risks (continued)

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.

12. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Greater Victoria Chamber of Commerce

Notes to the Financial Statements

December 31, 2021

13. COVID-19 impact on operations

On March 11, 2020 the World Health Organization declared the COVID-19 outbreak a pandemic which has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Management has responded to the pandemic operationally by applying for various government subsidies, restricting building access to the public, reducing discretionary spending, and implementing remote work arrangements for staff in order to reduce the spread of COVID-19. Events that were originally scheduled to occur in person have been moved to a digital delivery model or postponed. Management believes that the pandemic has not to date had a material negative effect on the sustainability of the organization.

During the year the Chamber recognized \$159,050 in funding from the Federal Government under the Canada Emergency Wage Subsidy (CEWS) program. Included in accounts receivable at December 31, 2021 is \$39,870 for the period July 4 to October 23, 2021.

The financial position and results of operations as of, and for the year ended, December 31, 2021 have captured the impact of these events. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Chamber for future periods.
