

**GREATER NANAIMO
CHAMBER OF COMMERCE**

FINANCIAL STATEMENTS

(UNAUDITED)

December 31, 2016

Partners

Grant McDonald, CPA, CA*

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*incorporated



REVIEW ENGAGEMENT REPORT

To the Members

We have reviewed the statement of financial position of the **Greater Nanaimo Chamber of Commerce** as at December 31, 2016, and the statements of operations, changes in net assets, and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures, and discussion related to information supplied to us by the Chamber.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Church Pickard

CHURCH PICKARD
Chartered Professional Accountants

Nanaimo, B.C.
March 27, 2017

(1)

GREATER NANAIMO CHAMBER OF COMMERCE

STATEMENT OF FINANCIAL POSITION as at **December 31, 2016**

(unaudited)

	2016	2015
Assets		
Current		
Cash	\$ 92,782	\$ 119,515
Short-term investments - Note 3	31,871	27,415
Accounts receivable	22,868	5,392
Inventory - Note 4	907	770
Prepaid expenses	<u>2,830</u>	<u>3,781</u>
	151,258	156,873
Investments - Note 3	27,912	31,067
Property and equipment - Note 2	<u>515,767</u>	<u>530,261</u>
	<u>\$ 694,937</u>	<u>\$ 718,201</u>

Liabilities and Equity

Current		
Accounts payable and accrued liabilities	\$ 28,741	\$ 23,702
Deferred revenue - Note 5	<u>53,371</u>	<u>72,201</u>
	82,112	95,903
Deferred capital contributions - Note 7	<u>180,009</u>	<u>185,088</u>
	<u>262,121</u>	<u>280,991</u>
Net assets		
Net investment in property and equipment	335,758	345,173
Internally restricted - Note 8	56,845	56,041
Unrestricted net assets	<u>40,213</u>	<u>35,996</u>
	<u>432,816</u>	<u>437,210</u>
	<u>\$ 694,937</u>	<u>\$ 718,201</u>

Approved:



GREATER NANAIMO CHAMBER OF COMMERCE

STATEMENT OF OPERATIONS

For the year ended **December 31, 2016**

(unaudited)

	2016	2015
Revenue - Schedule 1	\$ 476,050	\$ 492,182
Direct expenses - Schedule 1	<u>177,761</u>	<u>160,569</u>
	<u>298,289</u>	<u>331,613</u>
Expenses		
Wages and benefits	207,728	235,673
Office supplies	27,228	15,547
Property taxes	11,551	11,886
Repairs and maintenance	11,241	10,560
Telephone and utilities	7,421	7,805
Professional fees	7,051	22,376
Advertising and promotion	6,747	4,183
Insurance	5,549	5,537
Interest and bank charges	5,329	5,476
Travel	2,566	4,403
Training	675	1,160
Freight and duty	182	1,090
Bad debts	<u>-</u>	<u>316</u>
	<u>293,268</u>	<u>326,012</u>
Excess of revenue over expenses from operations	<u>5,021</u>	<u>5,601</u>
(Expenses) revenue from premises		
Amortization of property and equipment	(14,494)	(14,676)
Amortization of deferred capital contributions - Note 7	<u>5,079</u>	<u>5,079</u>
	<u>(9,415)</u>	<u>(9,597)</u>
Excess of expenses over revenue	<u>\$ (4,394)</u>	<u>\$ (3,996)</u>

GREATER NANAIMO CHAMBER OF COMMERCE

STATEMENT OF CHANGES IN NET ASSETS

For the year ended **December 31, 2016**

(unaudited)

	Investment in Property and Equipment	Internally Restricted	Unrestricted	Total 2016	Total 2015
	\$ 345,173	\$ 56,041	\$ 35,996	\$ 437,210	\$ 441,206
	<u>(9,415)</u>	<u>804</u>	<u>4,217</u>	<u>(4,394)</u>	<u>(3,996)</u>
Balance, beginning of the year	\$ 335,758	\$ 56,845	\$ 40,213	\$ 432,816	\$ 437,210
(Expenses in excess of revenue) revenue in excess of expenses, net of unrealized gain					
Balance, end of the year					

(Note 7)

GREATER NANAIMO CHAMBER OF COMMERCE

STATEMENT OF CASH FLOWS

For the year ended **December 31, 2016**

(unaudited)

	2016	2015
Cash provided (used):		
Operating activities		
Excess of expenses over revenue	\$ (4,394)	\$ (3,996)
Items not involving cash		
Amortization	14,494	14,676
Amortization of deferred contributions related to property and equipment	<u>(5,079)</u>	<u>(5,079)</u>
	5,021	5,601
Changes in non-cash operating accounts		
(Increase) decrease in accounts receivable	(17,476)	6,010
(Increase) decrease in inventory	(137)	507
Decrease in prepaid expenses	952	493
Increase in accounts payable and accrued liabilities	5,038	877
Decrease in deferred revenue	<u>(18,830)</u>	<u>(7,813)</u>
	<u>(25,432)</u>	<u>5,675</u>
Investing activities		
Purchase of property and equipment	<u>-</u>	<u>(1,837)</u>
(Decrease) increase in cash	(25,432)	3,838
Cash, beginning of the year	<u>177,997</u>	<u>174,159</u>
Cash, end of the year	<u>\$ 152,565</u>	<u>\$ 177,997</u>
Cash is defined as:		
Cash	\$ 92,782	\$ 119,515
Short-term investments	31,871	27,415
Long-term investments	<u>27,912</u>	<u>31,067</u>
	<u>\$ 152,565</u>	<u>\$ 177,997</u>

GREATER NANAIMO CHAMBER OF COMMERCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2016**

(unaudited)

Operations of the organization

The Greater Nanaimo Chamber of Commerce was incorporated on March 20, 1889 under the *Federal Board of Trade Act* as a not-for-profit organization. The organization is exempt from the *Income Tax Act* as long as it meets criteria for a not-for-profit organization. Its purpose is to bring together all elements of the business community into a single, influential, and respected voice for the greater Nanaimo region.

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

- Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

- Revenue recognition

The Chamber follows the deferral method of accounting for revenues. Revenues restricted for the purchase of property and equipment, and contributions of depreciable assets that would otherwise be purchased are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related property and equipment. Revenues with external restrictions are recognized as revenue in the year in which the related expenses are incurred. Revenues from events are recognized when the sale of service is provided and when the amount can be reasonably estimated and collection is reasonably assured. Revenues from membership are recognized in the period that the membership covers and when the amount can be reasonably estimated and collection is reasonably assured. Interest and rental revenue is recognized in the period in which it was earned.

- Donated property and equipment, materials, and services

Donated property and equipment, materials, and services are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the organization's operations and would otherwise have been purchased.

- Inventory

Inventory is recorded at the lower of cost and net realizable value.

GREATER NANAIMO CHAMBER OF COMMERCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2016**

(unaudited)

1. Significant accounting policies - cont.

- Property and equipment

Property and equipment is recorded at cost and amortized.

The cost for contributed property and equipment is considered to be fair value at the date of contribution. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful life as follows:

Building	50 years
Highway sign	15 years
Furniture and equipment	5 years
Computer hardware	5 years

In the year of acquisition, amortization is recorded at one-half of these rates.

- Investments

Investments include GICs that are held to maturity.

- Use of estimates

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions, mainly considering values, which affect reported amounts of assets, liabilities, revenue and expenses, and related disclosures. Amounts are based on best estimates, but actual amounts may vary from the amounts recorded. Significant areas requiring the use of management estimates relate to the determination of the amortization of property and equipment, provisions for contingencies, and the valuation of the contributed volunteer hours. Adjustments, if any, will be reflected in operations in the period of settlement.

- Net assets internally restricted

The directors of the Chamber have internally restricted resources to be used for building-related purposes. These funds were transferred from unrestricted net assets. These resources are not available for other purposes without approval of the Board of Directors.

The directors of the Chamber have also internally restricted resources to be used for unbudgeted operating expenditures. These funds were transferred from unrestricted net assets.

- Changes in accounting policies

On April 11, 2016, the directors of the Chamber passed a motion to adopt the deferral method for reporting its operations and financial position, with an effective date of January 1, 2016. Previously, the Chamber presented its operations and financial position using fund accounting. The adoption of this method of presentation had no impact on the balances of any line items on the financial statements, in the current or prior period.

GREATER NANAIMO CHAMBER OF COMMERCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2016**

(unaudited)

2. Property and equipment

	Cost	Accumulated Amortization	Net 2016	Net 2015
Land	\$ 108,765	\$ -	\$ 108,765	\$ 108,765
Building	523,729	130,019	393,710	404,185
Highway sign	24,918	15,780	9,138	10,799
Furniture and equipment	84,159	81,365	2,794	4,217
Computer hardware	<u>25,391</u>	<u>24,031</u>	<u>1,360</u>	<u>2,295</u>
	<u>\$ 766,962</u>	<u>\$ 251,195</u>	<u>\$ 515,767</u>	<u>\$ 530,261</u>

3. Investments

The investments consist of short-term and long-term investments in GICs. The short-term investments consist of a GIC with an interest rate of 2.55%, maturing on May 10, 2017. The long-term investments consist of a GIC with an interest rate of 1.78%, maturing on March 13, 2018.

	2016	2015
Short-term investments	\$ 31,871	\$ 27,415
Long-term investments	<u>27,912</u>	<u>31,067</u>
	<u>\$ 59,783</u>	<u>\$ 58,482</u>

4. Inventory

During the fiscal year ended December 31, 2016, the amount of inventories recognized as cost of goods sold totalled \$1,068 (2015 - \$2,627).

5. Deferred revenue

	2016	2015
Balance, beginning of the year	\$ 72,201	\$ 80,014
Amount received relating to the following year	53,371	72,201
Amount recognized as revenue during the year	<u>(72,201)</u>	<u>(80,014)</u>
	<u>\$ 53,371</u>	<u>\$ 72,201</u>

GREATER NANAIMO CHAMBER OF COMMERCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2016**

(unaudited)

6. Government remittances

The Chamber has the following amounts owing for government remittances at December 31, 2016. These amounts are included in accounts payable and accrued liabilities.

	2016	2015
Worksafe BC	\$ 238	\$ 16
GST	\$ 3,250	\$ 3,766

7. Deferred capital contributions

Deferred capital contributions represent contributions received which are restricted for the building. The changes in the deferred capital contributions balance for the year are as follows:

	Cash	In-Kind	2016	2015
Balance, beginning of year	\$ 51,796	\$ 133,292	\$ 185,088	\$ 190,167
Amounts amortized to revenue	<u>(1,422)</u>	<u>(3,657)</u>	<u>(5,079)</u>	<u>(5,079)</u>
Balance, end of year	<u>\$ 50,374</u>	<u>\$ 129,635</u>	<u>\$ 180,009</u>	<u>\$ 185,088</u>

8. Internally restricted

	2016	2015
Building reserve	\$ 31,871	\$ 31,067
Contingency reserve	<u>24,974</u>	<u>24,974</u>
	<u>\$ 56,845</u>	<u>\$ 56,041</u>

9. Financial risks and concentration of risk

Unless otherwise noted, the Chamber is not expected to be exposed to any significant financial risks.

10. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

GREATER NANAIMO CHAMBER OF COMMERCE

Schedule 1

SCHEDULE OF REVENUE AND DIRECT EXPENSES

For the year ended **December 31, 2016**

	2016			Budget Net	2015 Actual Net
	Actual		Net		
	Revenue	Expense			
Membership	\$ 196,594	\$ 42,939	\$ 153,655	\$ 174,000	\$ 166,826
Luncheons	69,443	31,962	37,481	18,000	26,938
Group insurance commission	33,666	-	33,666	36,000	33,152
Business expo	38,800	19,884	18,916	20,000	18,340
Highway signage	12,000	-	12,000	12,000	10,000
Other projects	17,761	5,957	11,804	19,500	12,204
Business achievement awards	15,424	5,593	9,831	16,000	21,283
Golf tournament	17,818	8,749	9,069	9,500	8,651
Rental income	8,384	-	8,384	3,500	8,417
E-mail blast	4,716	-	4,716	6,500	6,045
Worldhost	13,042	9,779	3,263	5,200	5,810
Business Handbook/Roster	8,356	6,423	1,933	10,000	3,523
Interest income	1,779	-	1,779	550	1,778
Christmas auction and luncheon	16,146	15,393	753	20,000	3,312
Seminars and workshops	-	-	-	4,000	3,312
Feastival	22,121	31,082	(8,961)	10,000	2,022
	<u>\$ 476,050</u>	<u>\$ 177,761</u>	<u>\$ 298,289</u>	<u>\$ 364,750</u>	<u>\$ 331,613</u>