

**GREATER NANAIMO  
CHAMBER OF COMMERCE**

**FINANCIAL STATEMENTS**

**(UNAUDITED)**

**December 31, 2018**

*Partners*

Grant McDonald, CPA, CA\*  
Lee-Anne Harrison, CPA, CA\*  
Anna Jones, CPA, CA\*  
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\*incorporated



## REVIEW ENGAGEMENT REPORT

To the Members

We have reviewed the accompanying financial statements of the **Greater Nanaimo Chamber of Commerce** that 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 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.

### **Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

# REVIEW ENGAGEMENT REPORT

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the Greater Nanaimo Chamber of Commerce as at December 31, 2018, 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.



**CHURCH PICKARD**

Chartered Professional Accountants

Nanaimo, B.C.  
March 27, 2019

# GREATER NANAIMO CHAMBER OF COMMERCE

STATEMENT OF FINANCIAL POSITION as at **December 31, 2018**

(unaudited)

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 64,331	\$ 35,271
Accounts receivable	31,195	17,748
Prepaid expenses	<u>-</u>	<u>2,829</u>
	95,526	55,848
<b>Investments - Note 3</b>	33,519	32,607
<b>Internally restricted investments - Notes 3 and 8</b>	28,598	28,598
<b>Property and equipment - Note 2</b>	<u>488,629</u>	<u>502,263</u>
	<u>\$ 646,272</u>	<u>\$ 619,316</u>

## Liabilities and Equity

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 31,206	\$ 30,193
Bursaries and scholarships - Note 4	16,510	11,761
Deferred revenue - Note 5	<u>80,306</u>	<u>46,501</u>
	128,022	88,455
<b>Deferred capital contributions - Note 7</b>	<u>169,851</u>	<u>174,930</u>
	<u>297,873</u>	<u>263,385</u>
<b>Net assets</b>		
Net investment in property and equipment	318,778	327,333
Internally restricted - Note 8	28,598	28,598
Unrestricted	<u>1,023</u>	<u>-</u>
	<u>348,399</u>	<u>355,931</u>
	<u>\$ 646,272</u>	<u>\$ 619,316</u>

Approved:

# GREATER NANAIMO CHAMBER OF COMMERCE

## STATEMENT OF OPERATIONS

For the year ended **December 31, 2018**

(unaudited)

	<b>2018</b>	<b>2017</b>
<b>Revenue</b> - Schedule 1	\$ 506,677	\$ 436,899
<b>Direct expenses</b> - Schedule 1	<u>157,745</u>	<u>141,757</u>
	<u>348,932</u>	<u>295,142</u>
<b>Expenses</b>		
Wages and benefits	260,720	268,395
Office	19,247	21,274
Utilities, telephone, and Internet	12,067	8,859
Property taxes	11,877	11,804
Interest and credit card collection charges	9,544	8,390
Repairs and maintenance	9,023	6,830
Professional fees	8,175	8,900
Promotions and public relations	4,221	14,797
Board and volunteer expenses	4,063	1,739
Insurance	3,705	4,380
Conferences and travel	3,404	6,553
Dues and membership fees	1,863	1,426
Bad debts	<u>-</u>	<u>2,000</u>
	<u>347,909</u>	<u>365,347</u>
<b>Excess of revenue over expenses (expenses over revenue) before other items</b>	<u>1,023</u>	<u>(70,205)</u>
<b>Other items</b>		
Amortization of property and equipment	(13,634)	(14,203)
Amortization of deferred capital contributions - Note 7	<u>5,079</u>	<u>5,079</u>
	<u>(8,555)</u>	<u>(9,124)</u>
<b>Excess of expenses over revenue</b>	<u>\$ (7,532)</u>	<u>\$ (79,329)</u>

# GREATER NANAIMO CHAMBER OF COMMERCE

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended **December 31, 2018**

(unaudited)

	<b>Investment in Property and Equipment</b>	<b>Internally Restricted</b>	<b>Unrestricted</b>	<b>Total 2018</b>	<b>Total 2017</b>
<b>Balance, beginning of the year</b>	\$ 327,333	\$ 28,598	\$ -	\$ 355,931	\$ 435,259
<b>Excess of (expenses over revenue) revenue over expenses, net of unrealized gain</b>	<u>(8,555)</u>	<u>-</u>	<u>1,023</u>	<u>(7,532)</u>	<u>(79,329)</u>
<b>Balance, end of the year</b>	<u>\$ 318,778</u>	<u>\$ 28,598</u>	<u>\$ 1,023</u>	<u>\$ 348,399</u>	<u>\$ 355,930</u>

(Note 8)

# GREATER NANAIMO CHAMBER OF COMMERCE

## STATEMENT OF CASH FLOWS

For the year ended **December 31, 2018**

(unaudited)

	<b>2018</b>	<b>2017</b>
<b>Cash provided (used):</b>		
<b>Operating activities</b>		
Excess of expenses over revenue	\$ (7,532)	\$ (79,329)
Items not involving cash		
Amortization	13,634	14,203
Amortization of deferred contributions related to property and equipment	<u>(5,079)</u>	<u>(5,079)</u>
	1,023	(70,205)
Changes in non-cash operating accounts		
(Increase) decrease in accounts receivable	(13,447)	5,120
Decrease in inventory	-	907
Decrease in prepaid expenses	2,829	1
Increase in accounts payable and accrued liabilities	5,761	13,215
(Increase) decrease in deferred revenue	<u>33,805</u>	<u>(4,428)</u>
	29,971	(55,390)
<b>Investing activities</b>		
Purchase of property and equipment	<u>-</u>	<u>(699)</u>
<b>Increase (decrease) in cash</b>	29,971	(56,089)
<b>Cash, beginning of the year</b>	<u>96,476</u>	<u>152,565</u>
<b>Cash, end of the year</b>	<u>\$ 126,447</u>	<u>\$ 96,476</u>
<b>Cash is defined as:</b>		
Unrestricted cash and investments	\$ 97,849	\$ 67,878
Internally restricted cash and investments	<u>28,598</u>	<u>28,598</u>
	<u>\$ 126,447</u>	<u>\$ 96,476</u>

# GREATER NANAIMO CHAMBER OF COMMERCE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2018**

(unaudited)

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### 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 are recognized in the period in which they were 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.



# GREATER NANAIMO CHAMBER OF COMMERCE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2018**

(unaudited)

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### 1. Significant accounting policies - cont.

#### - Inventory

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

#### - 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

Short-term and long-term investments consisting of GICs are recorded initially and subsequently measured at fair value. Changes in fair value are recognized in net income in the period incurred.

#### - 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.

The directors of the Chamber have also internally restricted resources to be used for unbudgeted operating expenditures.

# GREATER NANAIMO CHAMBER OF COMMERCE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2018**

(unaudited)

### 2. Property and equipment

	Cost	Accumulated Amortization	Net 2018	Net 2017
Land	\$ 108,765	\$ -	\$ 108,765	\$ 108,765
Building	523,729	150,969	372,760	383,235
Highway sign	24,918	19,102	5,816	7,477
Furniture and equipment	7,717	6,676	1,041	2,043
Computer hardware	<u>3,687</u>	<u>3,440</u>	<u>247</u>	<u>743</u>
	<u>\$ 668,816</u>	<u>\$ 180,187</u>	<u>\$ 488,629</u>	<u>\$ 502,263</u>

### 3. Internally restricted investments

The internally restricted investments consist of GICs with interest rates of 1.71% and 2.5%, maturing on June 10, 2020 and March 13, 2020.

### 4. Bursaries and scholarships

	2018	2017
Balance, beginning of the year	\$ 11,761	\$ 14,166
Donations received during the year	9,319	10,095
Donations paid out during the year	<u>(4,570)</u>	<u>(12,500)</u>
	<u>\$ 16,510</u>	<u>\$ 11,761</u>

### 5. Deferred revenue

	2018	2017
Balance, beginning of the year	\$ 46,501	\$ 50,929
Amount received relating to the following year	80,306	46,501
Amount recognized as revenue during the year	<u>(46,501)</u>	<u>(50,929)</u>
	<u>\$ 80,306</u>	<u>\$ 46,501</u>

# GREATER NANAIMO CHAMBER OF COMMERCE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2018**

(unaudited)

### 6. Government remittances

The Chamber has the following amounts owing (receivable) for government remittances at December 31, 2018. These amounts are included in accounts payable and accrued liabilities.

	2018	2017
Worksafe BC	\$ -	\$ 251
GST	\$ (903)	\$ 839

### 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	2018	2017
Balance, beginning of year	\$ 48,952	\$ 125,978	\$ 174,930	\$ 180,009
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>\$ 47,530</u>	<u>\$ 122,321</u>	<u>\$ 169,851</u>	<u>\$ 174,930</u>

### 8. Internally restricted

	2018	2017
Building reserve	<u>\$ 28,598</u>	<u>\$ 28,598</u>

# GREATER NANAIMO CHAMBER OF COMMERCE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2018**

(unaudited)

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### **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.

### **11. Prior period adjustment**

During 2018, the Chamber discovered that accounts payable were overstated by \$100 and deferred revenue was understated by \$8,009. The 2017 comparatives have been restated to show a decrease in accounts payable, an increase in deferred revenue, and a decrease in net assets of \$7,908.

# GREATER NANAIMO CHAMBER OF COMMERCE

## SCHEDULE OF REVENUE AND DIRECT EXPENSES

For the year ended **December 31, 2018**

	2018			Budget Net	2017 Actual Net
	Actual		Net		
	Revenue	Expenses			
				(Unaudited)	
Membership	\$ 169,362	\$ -	\$ 169,362	\$ 175,000	\$ 152,177
Group insurance	37,120	-	37,120	39,000	36,394
Business expo	40,659	12,849	27,810	27,500	22,861
Golf tournament	23,310	9,224	14,086	12,000	8,675
Business Achievement Awards	26,015	12,228	13,787	15,500	3,622
Luncheons	44,218	31,541	12,677	15,000	12,330
Business handbook	23,177	11,103	12,074	14,000	2,714
Highway signage	11,800	-	11,800	12,000	12,000
Commercial Street Night Market	48,315	38,420	9,895	35,000	-
Christmas auction and luncheon	26,475	16,765	9,710	20,000	11,573
E-Blast!	7,592	-	7,592	6,500	5,843
Rental income	7,190	-	7,190	10,000	7,123
Other revenue	5,559	-	5,559	5,000	5,160
Business before/after business	2,703	-	2,703	2,750	-
Seminars and workshops	2,600	191	2,409	6,500	3,255
Other events	11,480	9,194	2,286	3,000	1,511
Interest earned	971	-	971	-	1,922
Superhost	5,085	4,120	965	6,000	2,653
BC Chamber of Commerce	8,476	7,540	936	-	-
Bathtub Days	-	-	-	-	5,329
Bursaries and scholarships	4,570	4,570	-	-	-
	<u>\$ 506,677</u>	<u>\$ 157,745</u>	<u>\$ 348,932</u>	<u>\$ 404,750</u>	<u>\$ 295,142</u>