



Financial Statements

Greater Victoria Chamber of Commerce

December 31, 2014

# Contents

	<b>Page</b>
Independent Auditors' Report	1-2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-13

# 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, 2014, 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, 2014, 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 23, 2015



Chartered accountants

# Greater Victoria Chamber of Commerce

## Statement of Operations

Year Ended December 31	2014	2013
Revenue		
Advertising	\$ 29,340	\$ 32,769
Benefit recovery	117,831	110,862
Business awards	67,067	64,047
Contract administration fees	8,400	8,400
Contributions received for Greater Victoria Development Agency (Note 7)	269,321	95,000
Fundraising	64,669	134,669
Investment income	25,776	27,740
Members' dues and assessments	632,045	627,923
Newsletter	57,256	70,829
Programs	87,444	87,666
Rent	532	435
Our vibrant communities committee	32,383	-
Sponsorships	19,150	20,290
	<u>1,411,214</u>	<u>1,280,630</u>
Cost of activities		
Advertising	8,430	6,364
Business awards	47,252	48,056
Committee activities	11,480	16,512
Fundraising	25,157	89,319
Greater Victoria Development Agency (Note 7)	318,292	140,631
Our vibrant communities committee	43,450	-
Newsletter	26,733	30,668
Program expense	58,217	55,878
	<u>539,011</u>	<u>387,428</u>
Excess of revenue over expenses before undernoted item	872,203	893,202
General operations (Note 9)	<u>862,125</u>	<u>896,645</u>
Excess (deficiency) from operations	10,078	(3,443)
Unrealized gain on fair market value adjustment	37,355	59,618
Realized gain (loss) on sale of shares	<u>11,885</u>	<u>(741)</u>
Excess of revenue over expenses	\$ <u>59,318</u>	\$ <u>55,434</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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		Invested in capital assets		Unrestricted		2014 Total		2013 Total
Balance, beginning of the year	\$	48,536	\$	419,520	\$	<b>468,056</b>	\$	412,622
Excess (deficiency) of revenue over expenses		(24,936)		84,254		<b>59,318</b>		55,434
Transfer to net assets invested in capital assets		19,667		(19,667)		-		-
Balance, end of year	<b>\$</b>	<b>43,267</b>	<b>\$</b>	<b>484,107</b>	<b>\$</b>	<b>527,374</b>	<b>\$</b>	<b>468,056</b>

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See accompanying notes to the financial statements.

# Greater Victoria Chamber of Commerce

## Statement of Financial Position

December 31

2014

2013

### Assets

#### Current

Marketable securities, at fair value (Note 3)	\$	852,306	\$	788,299
Receivables		99,469		57,770
Prepays		21,247		26,169
		<u>973,022</u>		<u>872,238</u>

#### Capital assets (Note 4)

		<u>43,267</u>		<u>48,536</u>
	\$	<u>1,016,289</u>	\$	<u>920,774</u>

### Liabilities

#### Current

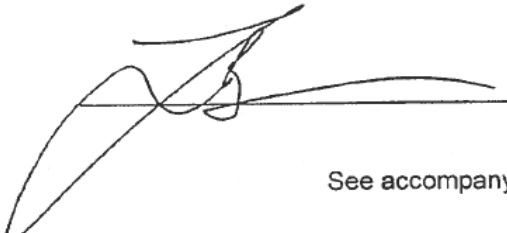

Bank indebtedness (Note 5)	\$	99,528	\$	32,874
Payables and accruals		71,272		52,334
Government remittances		1,405		4,661
Deferred revenue (Note 6)		316,710		362,849
		<u>488,915</u>		<u>452,718</u>

### Net Assets

Invested in capital assets		43,267		48,536
Unrestricted		484,107		419,520
		<u>527,374</u>		<u>468,056</u>
	\$	<u>1,016,289</u>	\$	<u>920,774</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

2014

2013

Increase (decrease) in cash and cash equivalents

### Operating

Excess of revenue over expenses	\$	<b>59,318</b>	\$	55,434
Amortization		<b>24,936</b>		22,463
Unrealized gain on fair market value adjustment		<b>(37,355)</b>		(59,618)
Gain (loss) on sale of investments		<b>(11,885)</b>		741
		<u><b>35,014</b></u>		<u>19,020</u>

Change in non-cash operating working capital

Receivables		<b>(41,699)</b>		33,181
Prepays		<b>4,922</b>		(6,067)
Payables and accruals		<b>18,938</b>		(7,078)
Government remittances		<b>(3,256)</b>		(5,581)
Deferred revenue		<b>(46,139)</b>		6,610
		<u><b>(67,234)</b></u>		<u>21,065</u>
		<u><b>(32,220)</b></u>		<u>40,085</u>

### Investing

Purchase of capital assets		<b>(19,667)</b>		(15,162)
Purchase of investments		<b>(174,939)</b>		(230,042)
Proceeds on sale of investments		<b>160,172</b>		212,652
		<u><b>(34,434)</b></u>		<u>(32,552)</u>

Net (decrease) increase in cash and cash equivalents

**(66,654)** 7,533

Bank indebtedness, beginning of year

**(32,874)** (40,407)

Bank indebtedness, end of year

\$ **(99,528)** \$ (32,874)

See accompanying notes to the financial statements.



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# Greater Victoria Chamber of Commerce

## Notes to the Financial Statements

December 31, 2014

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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, 2014

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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. If the fair market value cannot be determined, 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, 2014

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#### 3. Marketable securities, at fair value

Marketable securities have a cost of \$751,352 (2013: \$729,326) with a market value of \$852,306 (2013: \$788,299). 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>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 19,620	\$ 15,903
Fixed Income	366,093	302,405
Equities	<u>466,593</u>	<u>469,991</u>
	<u>\$ 852,306</u>	<u>\$ 788,299</u>

Included in marketable securities are \$172,012 of foreign securities, of which \$112,316 are US investments and \$59,696 are investments in other countries.

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#### 4. Capital assets

			<u>2014</u>	<u>2013</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 78,698	\$ 65,826	\$ 12,872	\$ 5,914
Computer hardware and software	76,561	51,199	25,362	35,459
Leasehold Improvements	<u>21,306</u>	<u>16,273</u>	<u>5,033</u>	<u>7,163</u>
	<u>\$ 176,565</u>	<u>\$ 133,298</u>	<u>\$ 43,267</u>	<u>\$ 48,536</u>

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#### 5. Bank indebtedness

The Chamber has a line of credit authorized to \$300,000. Advances bear interest at prime plus 1.25% 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, 2014

### 7. The Greater Victoria Development Agency

The Greater Victoria Development Agency (“GVDA”) is a committee of the Chamber and was formed to help develop, retain and attract businesses to the Greater Victoria region. They are an industry led initiative, and in collaboration with other sector partners, strive to help build the best possible economic environment for local entrepreneurs and businesses in which to operate.

In accordance with Canadian accounting standards for not-for-profit organizations, the Chamber has recognized contributions to the GVDA to the extent of related costs incurred to December 31, 2014. The chamber contribution for the GVDA will increase to the extent that additional costs are incurred subsequent to the year-end that are not supported by contributions. The following is a summary of the revenue and expenses for the GVDA:

	<u>2014</u>	<u>2013</u>
Revenue		
Corporate	\$ 16,645	\$ 10,000
Federal	7,500	5,000
Municipal	80,000	80,000
FDI Program	165,176	-
	<u>269,321</u>	<u>95,000</u>
Expenses		
Affiliation dues	3,649	805
Convention and travel	1,296	143
Hosting groups	-	944
ICCI project	7,500	-
Insurance	1,000	1,000
Lease	9,000	9,000
Marketing	400	1,800
Office	6,849	8,437
Postage and courier	566	740
Professional fees	2,210	1,530
Staff expenses	5,358	3,935
Subcontract	-	9,825
Telephone	1,777	1,965
Wages and benefits	119,673	100,507
FDI Program	159,014	-
	<u>318,292</u>	<u>140,631</u>
Contribution from Greater Victoria Chamber of Commerce	<u>\$ (48,971)</u>	<u>\$ (45,631)</u>

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## Greater Victoria Chamber of Commerce

### Notes to the Financial Statements

December 31, 2014

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#### 7. The Greater Victoria Development Agency (continued)

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.

Under the agreement, WD has committed \$898,000 from 2014 to 2017 to assist with project costs. Additional cash and in-kind funding totalling \$660,500 has been committed in combination by the Department of Foreign Affairs and Trade Development, Camosun College, Royal Roads University, the University of Victoria, the Greater Victoria Airport Authority, Stantec and the Greater Victoria Chamber of Commerce over the same time period.

The following is a summary of the revenue and expenses (included in GVDA revenue and expenses) for the FDI project:

	<u>2014</u>	<u>2013</u>
Revenue		
Federal contributions	\$ 72,042	\$ -
Partner contributions	19,571	-
Partner in-kind contributions	73,563	-
	<u>165,176</u>	<u>-</u>
Expenses		
Export development and expansion	16,589	-
In-kind export development and expansion	5,563	-
In-kind marketing and FDI attraction	16,329	-
In-kind site visit and new market development trade	51,671	-
Marketing and FDI attraction	28,546	-
Project co-ordination and administration	39,541	-
Site visit and new market development trade	775	-
	<u>159,014</u>	<u>-</u>
Excess of revenues over expenditures from FDI program	\$ <u>6,162</u>	\$ <u>-</u>

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# Greater Victoria Chamber of Commerce

## Notes to the Financial Statements

December 31, 2014

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### 8. Commitments

The Chamber leases its office under an operating lease which expires on January 31, 2016. The lease includes minimum annual rent payments of \$35,544 and 18.88% of applicable common area costs. Annual payments of minimum rent over the next two years are:

2015	\$	35,544
2016		<u>2,962</u>
	\$	<u>38,506</u>

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### 9. General operations

	<u>2014</u>	<u>2013</u>
Affiliation and association dues	\$ 18,145	\$ 18,009
Amortization	24,936	22,463
Interest	1,325	848
Membership expenses	3,090	5,771
Occupancy costs	93,736	89,204
Office	72,545	77,144
Postage	5,342	12,276
Professional fees	10,231	10,505
Salaries and employee costs	598,114	636,539
Telephone	16,749	14,635
Travel and convention	<u>17,912</u>	<u>9,251</u>
	\$ <u>862,125</u>	\$ <u>896,645</u>

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### 10. Related party transactions

During the year, there were payments made in the amount of \$19,236 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 and sponsorship revenues received totalling \$38,647 from related parties.

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# Greater Victoria Chamber of Commerce

## Notes to the Financial Statements

December 31, 2014

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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.

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