

Financial Statements of

**GREATER VICTORIA  
CHAMBER OF COMMERCE**

And Independent Auditor's Report thereon

Year ended December 31, 2023



**KPMG LLP**

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## **INDEPENDENT AUDITOR'S REPORT**

To the members of Greater Victoria Chamber of Commerce

### ***Opinion***

We have audited the financial statements of Greater Victoria Chamber of Commerce (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for profit organization.

### ***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 auditor's report.

We are independent of the Entity 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.

### ***Other Matter - Comparative Information***

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 28, 2023.



### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for profit organization, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

### ***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 the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Entity'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 Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Victoria, Canada

March 26, 2024

# GREATER VICTORIA CHAMBER OF COMMERCE

## Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash (note 2)	\$ 63,473	\$ 43,629
Receivables	66,939	78,431
Investments and marketable securities (note 3)	1,496,417	1,417,787
Prepaid expenses	26,226	33,179
	<u>1,653,055</u>	<u>1,573,026</u>
Tangible capital assets (note 4)	20,954	18,081
	<u>\$ 1,674,009</u>	<u>\$ 1,591,107</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 110,877	\$ 75,694
Deferred revenue (note 6)	390,859	432,149
	<u>501,736</u>	<u>507,843</u>
Long-term debt (note 7)	-	30,000
	<u>501,736</u>	<u>537,843</u>
Net assets:		
Internally restricted	900,000	900,000
Unrestricted	251,319	135,183
Invested in tangible capital assets	20,954	18,081
	<u>1,172,273</u>	<u>1,053,264</u>
Commitments (note 10)		
	<u>\$ 1,674,009</u>	<u>\$ 1,591,107</u>

See accompanying notes to financial statements.

On behalf of the Board:

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# GREATER VICTORIA CHAMBER OF COMMERCE

## Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Members' dues and assessments	\$ 678,240	\$ 655,285
Event sponsorships	345,585	349,600
Benefits and other income	224,025	213,761
Programs and administration fees	204,167	134,767
Advertising	33,261	33,665
Investment income	10,892	14,381
	<u>1,496,170</u>	<u>1,401,459</u>
Expenses:		
Salaries and benefits	903,692	882,903
Office and general	300,145	264,802
Events	187,997	269,286
Marketing and support	81,561	196,005
Amortization	8,862	16,206
	<u>1,482,257</u>	<u>1,629,202</u>
Excess (deficiency) of revenue over expenses from operations	13,913	(227,743)
Unrealized gain (loss) on investments	99,103	(54,858)
Excess (deficiency) of revenue over expenses	<u>\$ 113,016</u>	<u>\$ (282,601)</u>

See accompanying notes to financial statements.

# GREATER VICTORIA CHAMBER OF COMMERCE

## Statement of Changes in Net Assets

Year ended December 31, 2023, with comparative information for 2022

	Internally restricted	Unrestricted	Invested in tangible capital assets	Total 2023	Total 2022
Balance, beginning of year	\$ 900,000	\$ 135,183	\$ 18,081	\$ 1,053,264	\$ 1,335,865
Excess (deficiency) of revenue over expenses	-	121,878	(8,862)	113,016	(282,601)
Purchase of tangible capital assets	-	(11,735)	11,735	-	-
Merger of Family Business Association (note 8)	-	5,993	-	5,993	-
Balance, end of year	\$ 900,000	\$ 251,319	\$ 20,954	\$ 1,172,273	\$ 1,053,264

See accompanying notes to financial statements.

# GREATER VICTORIA CHAMBER OF COMMERCE

## Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 113,016	\$ (282,601)
Items not involving cash:		
Amortization	8,862	16,206
Unrealized loss (gain) on investments	(99,103)	54,858
Changes in non-cash operating working capital:		
Decrease in receivables	26,565	63,472
Decrease in prepaid expenses	6,953	141,133
Increase (decrease) in accounts payable and accrued liabilities	35,182	(37,506)
Decrease in deferred revenue	(74,955)	(228,855)
	16,520	(273,293)
Financing:		
Repayment of long-term debt	(30,000)	-
Investing:		
Purchase of tangible capital assets	(11,735)	(1,982)
Proceeds on sale of investments	181,669	70,204
Purchases of investments	(161,196)	(66,832)
	8,738	1,390
Cash transferred from the Family Business Association	24,586	-
Increase (decrease) in cash	19,844	(271,903)
Cash, beginning of year	43,629	315,532
Cash, end of year	\$ 63,473	\$ 43,629

See accompanying notes to financial statements.



# GREATER VICTORIA CHAMBER OF COMMERCE

Notes to Financial Statements

Year ended December 31, 2023

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## **Nature of operations:**

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.

## **1. Significant accounting policies:**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Chamber's significant accounting policies are as follows:

### **(a) Income taxes:**

The Chamber is not liable for any federal or provincial income taxes under the provisions of the Income Tax Act (the "Act") as long as it continues to meet requirements under the Act.

### **(b) 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.

### **(c) Cash and cash equivalents:**

Cash and cash equivalents include cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition.

# GREATER VICTORIA CHAMBER OF COMMERCE

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (d) Tangible capital assets:

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of the contribution.

Tangible capital assets are amortized on a straight line basis using the following annual rates:

Asset	Rate
Furniture and equipment	20%
Computer hardware and software	30%

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

Leasehold improvements are amortized on straight-line basis over the lesser of useful life and lease term.

### (e) Impairment of long-lived assets:

Long-lived assets, including tangible capital assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the asset's carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Chamber uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

# GREATER VICTORIA CHAMBER OF COMMERCE

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (f) 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:

1. 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.
2. 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.
3. 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.
4. 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.

### (g) Leases:

Leases are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the Chamber are accounted for as capital leases. At the inception of the capital lease, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Equipment recorded under capital leases is amortized on the same basis as described above. Payments under operating leases are expensed as incurred.

### (h) Contributed services:

Donated materials and services are recognized in the financial statements when a fair value can be reasonably established and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

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 Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. 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 year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (j) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Items subject to such estimates and assumptions include the carrying amounts of tangible capital assets and provisions for impairment of receivables. Actual results could differ from those estimates.

### (k) Comparative figures:

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

# GREATER VICTORIA CHAMBER OF COMMERCE

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 2. Cash:

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.

## 3. Investments and marketable securities:

Investments have a cost of \$1,315,249 (2022 - \$1,314,473). The funds are managed in accordance with the Chamber's investment guidelines and consist of:

	2023	2022
Cash and cash equivalents	\$ 260,883	\$ 648,173
Fixed income	470,711	140,964
Equities and others	764,823	628,650
	<u>\$ 1,496,417</u>	<u>\$ 1,417,787</u>

Included in investments are \$401,383 (2022 - \$123,086) of foreign securities, of which \$243,506 (2022 - \$196,272) are U.S. investments and \$157,877 (2022 - \$113,568) are investments in other countries.

## 4. Tangible capital assets:

		2023	2022
	Cost	Accumulated amortization	Net book value
Computer hardware and software	\$ 56,963	\$ 36,009	\$ 20,954
			<u>\$ 18,081</u>

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2023 are government remittances payable of \$7,421 (2022 - \$6,614) relating to federal and provincial sales taxes, payroll taxes, health taxes and workers' safety insurance.

# GREATER VICTORIA CHAMBER OF COMMERCE

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 6. Deferred revenue:

	2023	2022
Members	\$ 313,285	\$ 324,183
Programs	64,130	88,217
Events	13,444	16,599
Other	-	3,150
	<u>\$ 390,859</u>	<u>\$ 432,149</u>

## 7. Long-term debt:

The Canada Emergency Business Account was repaid in full during the year.

## 8. Family Business Association:

Effective June 30, 2023, the Chamber merged with the Family Business Association Vancouver Island. Under accounting standards for not-for-profit organizations, the transaction was accounted for as an acquisition. The purpose of the transaction was to further promote family enterprise in southern Vancouver Island by accessing additional resources available from the Chamber. As a result of the transaction, the Chamber launched a new Family Business Committee.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed:

Assets:	
Cash	\$ 24,586
Other current assets	15,072
	<u>39,658</u>
Liabilities:	
Current liabilities	33,665
	<u></u>
Net assets assumed	<u>\$ 5,993</u>

The difference between the fair values of assets acquired and liabilities assumed has been recognized as an increase in net assets.

# GREATER VICTORIA CHAMBER OF COMMERCE

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 9. Related party transactions:

During the year, there were advertising, events, and sponsorship revenues received totalling \$31,375 (2022 - \$36,554) from companies owned or controlled by members of the Board of Directors. The Chamber paid \$24,470 (2022 - \$14,332) in services to companies owned or controlled by Board of Directors.

## 10. Commitments:

During the year the Chamber renewed its operating lease its 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:

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2024	\$	50,724
2025		51,095
2026		4,258
		<hr/>
		\$ 106,077

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## 11. Financial risks and concentration of risk:

### (a) Currency risk:

The Chamber is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates on its investments. The Chamber does not currently enter into forward contracts to mitigate this risk. There has been no change to the risk exposure from 2022.

### (b) 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.

# GREATER VICTORIA CHAMBER OF COMMERCE

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 11. Financial risks and concentration of risk (continued):

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Chamber deals with creditworthy counterparties to mitigate the risk of financial loss from defaults.

(d) Liquidity risk:

Liquidity risk is the risk that the Chamber will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Chamber manages its liquidity risk by monitoring its operating requirements. The Chamber prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no change to the risk exposures from 2022.