

Brockville and District Chamber of Commerce
Financial Statements
December 31, 2018
(Unaudited)

Independent Practitioner's Review Engagement Report

To the Members of Brockville and District Chamber of Commerce:

We have reviewed the accompanying financial statements of Brockville and District 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.

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 Brockville and District 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.

Brockville, Ontario
March 26, 2019

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Brockville and District Chamber of Commerce Statement of Financial Position

As at December 31, 2018
(Unaudited)

	2018	2017
Assets		
Current		
Cash	162,392	142,265
Accounts receivable	36,775	32,750
Prepaid expenses	24,122	23,561
Merchandise inventory	20,438	16,850
	243,727	215,426
Capital assets (Note 3)	27,070	16,120
	270,797	231,546
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4)	26,421	15,652
Deferred revenue (Note 5)	36,677	34,605
Deferred contributions for expenses of future periods (Note 6)	15,650	-
	78,748	50,257
Deferred capital contributions (Note 7)	13,352	941
	92,100	51,198
Net Assets		
Investment in capital assets (Note 8)	13,718	15,179
Internally restricted (Note 9)	64,139	64,139
Unrestricted - General	96,185	96,375
Unrestricted - Young Professionals (Note 10)	4,655	4,655
	178,697	180,348
	270,797	231,546

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

Brockville and District Chamber of Commerce Statement of Operations

For the year ended December 31, 2018
(Unaudited)

	2018	2017
Revenue		
Tourism services		
City of Brockville contract for tourism program (Note 11)	192,153	188,386
Cooperative marketing program and tourism guides	75,007	92,798
Merchandise sales	48,700	49,311
Tourism strategy plan grants (Note 6)	39,350	-
Special events	27,091	23,874
Map	15,515	19,488
Wage subsidies	12,181	32,191
Brochures promotion and special projects	10,063	8,243
Direct marketing grant	-	3,744
Event centre	-	1,463
Functions and networking events	111,908	82,256
Membership fees	88,048	89,847
Insurance commissions	10,493	11,876
Chamber events banner	6,650	6,300
Ontario Chamber of Commerce dues	3,370	3,460
Amortization of deferred capital contributions (Note 7)	2,297	582
Interest	1,332	778
Electronic mass mail fees	1,200	3,062
Other	1,049	2,061
	646,407	619,720
Expenses		
Salaries, wages and benefits	276,098	262,169
Cooperative marketing program and tourism guides	84,672	107,271
Functions and networking events	76,525	42,979
Tourism strategy plan	39,510	-
Cost of merchandise sold	35,815	34,253
Tourism special events and trade shows	28,322	30,581
Accounting services	23,573	24,113
Telephone, office and administrative supplies	19,316	20,622
Map and events banner	10,503	12,108
Amortization of capital assets	8,109	6,968
Bank and credit card charges	6,034	5,876
Visitor services and brochures distribution	5,891	5,193
Advertising and promotion	4,884	4,417
Meetings, conferences and travel	4,600	6,714
Professional fees	4,594	4,500
Rent	4,293	3,884
Dues and fees	4,189	4,452
Insurance	4,015	3,405
Website development	3,557	1,973
Direct marketing	1,622	2,274
Member services	1,120	1,270
Bad debts	816	701
	648,058	585,723
Excess of revenue over expenses (expenses over revenue)	(1,651)	33,997

The accompanying notes are an integral part of these financial statements

Brockville and District Chamber of Commerce Statement of Changes in Net Assets

*For the year ended December 31, 2018
(Unaudited)*

	<i>Investment in capital assets</i>	<i>Internally restricted</i>	<i>Unrestricted - General</i>	<i>Unrestricted - Young Professionals</i>	2018	2017
Balance, beginning of year	15,179	64,139	96,375	4,655	180,348	146,351
Excess (deficiency) of revenue over expenses (Note 8)	(5,812)	-	4,161	-	(1,651)	33,997
Net change in investment in capital assets (Note 8)	4,351	-	(4,351)	-	-	-
Balance, end of year	13,718	64,139	96,185	4,655	178,697	180,348

The accompanying notes are an integral part of these financial statements

Brockville and District Chamber of Commerce

Statement of Cash Flows

For the year ended December 31, 2018

(Unaudited)

	2018	2017
Cash provided by (used for):		
Operating		
Excess of revenue over expenses (expenses over revenue)	(1,651)	33,997
Amortization of capital assets	8,109	6,968
Amortization of deferred capital contributions	(2,297)	(582)
	4,161	40,383
Changes in working capital accounts		
Accounts receivable	(4,025)	26,618
Merchandise inventory	(3,588)	3,533
Prepaid expenses	(561)	4,223
Accounts payable and accrued liabilities	10,769	(1,724)
Deferred revenue	2,072	(50,530)
Deferred contributions for expenses of future periods	15,650	-
	24,478	22,503
Investing		
Purchase of capital assets	(4,351)	(1,117)
Increase in cash	20,127	21,386
Cash, beginning of year	142,265	120,879
Cash, end of year	162,392	142,265

The accompanying notes are an integral part of these financial statements

Brockville and District Chamber of Commerce

Notes to the Financial Statements

For the year ended December 31, 2018
(Unaudited)

1. Formation and nature of the organization

The Brockville and District Chamber of Commerce (the "Association") was formed in 1906 and is part of a network of community Chambers of Commerce and Boards of Trade that exist across Canada. The Chamber's mission is, through proactive leadership in advocacy and networking, to support and grow business to build a strong economic community. The Chamber is incorporated under the Ontario Corporations Act as a not-for-profit corporation and is exempt from income taxes, providing certain requirements of the Income Tax Act (Canada) are met.

2. Significant accounting policies

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

Revenue recognition

The Chamber follows the deferral method of accounting for contributions.

Provincial and municipal restricted contributions and wage subsidies are recognized as revenue in the period in which the related restrictions have been met.

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.

Membership fees are recognized as revenue in the fiscal year encompassing the membership term.

Revenue from the cooperative marketing program, special events, merchandise sales, map, functions and networking events and advertising projects are recognized when the services are provided or the goods are sold.

Merchandise inventory

Merchandise inventory is valued at the lower of cost and net realizable value. The cost of inventory includes all costs of purchase and other costs incurred in bringing the inventory to its present location and is determined on a first-in, first-out basis. Net realizable value is the estimated selling price of the inventory in the ordinary course of business.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repair and maintenance costs are charged to expense. Betterments which extend the estimated life and capacity of an asset are capitalized. When a capital asset no longer contributes to the Chamber's ability to provide services, its carrying amount is written down to its residual value.

Amortization is provided on the straight-line basis using the following annual rates:

Computer equipment	20 %
Office furniture and equipment	10 %
Event centre equipment	33 %
Website and mobile application	20 %
Leasehold improvements	10 %
Signage	20 %

Impairment of long-lived assets

Long-lived assets consists of capital assets. When the Association determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Vacation pay

Vacation pay is accrued as entitlement to these payments is earned.

Brockville and District Chamber of Commerce

Notes to the Financial Statements

For the year ended December 31, 2018
(Unaudited)

2. Significant accounting policies *(Continued from previous page)*

Contributed services and materials

The Chamber records in the financial statements contributions of services and materials when:

- (i) the fair value of the contributions can be reasonably estimated;
- (ii) the contributed services and materials are used in the normal course of operations; and
- (iii) the Chamber would have purchased the services and materials if they had not been contributed.

There were no contributed services recognized in the financial statements for the 2018 or 2017 fiscal years.

Financial instruments

Initial measurement

The Chamber initially measures its financial assets and financial liabilities at fair value.

Subsequent measurement

The Chamber subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the impairment is recognized in the excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the recovery. The amount of any reversal is recognized in the statement of operations.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations in the periods in which they become known.

3. Capital assets

	Cost	Accumulated amortization	2018 Net book value
Computer equipment	26,185	23,501	2,684
Office furniture and equipment	18,473	14,375	4,098
Event centre equipment	7,035	3,109	3,926
Website and mobile application	10,021	10,021	-
Leasehold improvements	3,046	2,284	762
Signage	17,659	2,059	15,600
	82,419	55,349	27,070

Brockville and District Chamber of Commerce Notes to the Financial Statements

*For the year ended December 31, 2018
(Unaudited)*

3. Capital assets *(Continued from previous page)*

	Cost	Accumulated amortization	2017 Net book value
Computer equipment	24,785	21,074	3,711
Office furniture and equipment	18,473	12,798	5,675
Event centre equipment	7,035	2,405	4,630
Website and mobile application	10,021	9,288	733
Leasehold improvements	3,046	1,675	1,371
	63,360	47,240	16,120

During the year, capital assets were acquired at an aggregate cost of \$19,059, of which \$4,351 were acquired in cash and \$14,708 were acquired by means of an in-kind contribution.

4. Government remittances payable

Included in accounts payable and accrued liabilities are government remittances payable of \$483 (2017 - \$775).

5. Deferred revenue

Deferred revenue consists of the following:

	2018	2017
Tourism guides	23,230	14,966
Summer travel guide	5,652	9,709
Map	7,330	8,770
Co-op marketing	200	300
Other tourism services	265	860
	36,677	34,605

6. Deferred contributions for expenses of future periods

Deferred contributions for expenses of future periods consists of unspent contributions externally restricted for a tourism strategic plan. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contributions balance are as follows:

Balance, beginning of year	-
Amount received during the year	55,000
Less: Amount recognized as revenue during the year	(39,350)
Balance, end of year	15,650

Brockville and District Chamber of Commerce Notes to the Financial Statements

*For the year ended December 31, 2018
(Unaudited)*

7. Deferred capital contributions

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2018	2017
Balance, beginning of year	941	1,523
Funding received for capital assets	14,708	-
Amount amortized to revenue	(2,297)	(582)
<hr/>		
Balance, end of year	13,352	941

8. Investment in capital assets

(a) Investment in capital assets is calculated as follows:

	2018	2017
Capital assets	27,070	16,120
Deferred capital contributions	(13,352)	(941)
<hr/>		
	13,718	15,179

(b) Change in investment in capital assets is calculated as follows:

	2018	2017
Excess of expenses over revenue:		
Amortization of deferred capital contributions	2,297	582
Amortization of capital assets	(8,109)	(6,968)
<hr/>		
	(5,812)	(6,386)
<hr/>		
Net change in investment in capital assets:		
Purchase of capital assets	4,351	1,117

Brockville and District Chamber of Commerce

Notes to the Financial Statements

*For the year ended December 31, 2018
(Unaudited)*

9. Internally restricted net assets

	2018	2017
Transfers to internally restricted net assets:		
Office space strategy	-	-
Interest	-	778
<hr/>		
	-	778
Balance, beginning of year	64,139	63,361
<hr/>		
Balance, end of year	64,139	64,139
<hr/>		

The Board of Directors had approved the internal restriction of \$300 monthly to be used for the development of a long-term office space strategy. The Board of Directors decided to waive this internal transfer beginning in March 2016. Interest earned annually by the Chamber is also restricted for that purpose.

10. Unrestricted net assets - Young Professionals

The Board of Directors has approved the internal restriction of the net proceeds from the events and activities of the Young Professionals Committee from the general unrestricted net assets to be used for future Young Professionals events.

11. Tourism services contract with City of Brockville

The contract with the City of Brockville to provide various tourism services was extended to December 31, 2020.

12. Financial instruments

The Chamber, as part of its operations, carries a number of financial instruments. It is management's opinion that the Chamber is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed. There have been no changes to risk exposures from 2017.

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.

Credit risk associated with cash is minimized substantially since the Chamber ensures that cash is invested with major financial institutions.

The Chamber provides credit to its members and to non-members in the normal course of operations. The credit risk associated with accounts receivable is managed through the ongoing monitoring of individual receivable balances. It is management's opinion that the Chamber does not have significant credit risk exposure to any individual member or non-member receivable.

Liquidity risk

Liquidity risk is the risk that the Chamber will not be able to meet a demand for cash or fund its obligations as they become due. The Chamber meets its liquidity requirements by monitoring cash flows from operations and anticipating financing and investing activities.