

Brockville and District Chamber of Commerce
Financial Statements

December 31, 2016
(Unaudited)

UNCLASSIFIED FOR RELEASE

Review Engagement Report

To the Members of Brockville and District Chamber of Commerce:

We have reviewed the statement of financial position of Brockville and District 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 inquiry, analytical procedures and discussion related to information supplied to us by the Organization.

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.

Brockville, Ontario

Chartered Professional Accountants

Licensed Public Accountants

Brockville and District Chamber of Commerce
Statement of Financial Position

As at December 31, 2016
(Unaudited)

	2016	2015
Assets		
Current		
Cash	120,879	175,650
Accounts receivable	59,368	54,737
Merchandise inventory	20,383	22,539
Prepaid expenses	27,784	10,916
	228,414	263,842
Capital assets (Note 3)	21,971	29,536
	250,385	293,378
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4)	17,376	17,558
Deferred revenue (Note 5)	85,135	162,214
	102,511	179,772
Deferred contributions related to capital assets (Note 6)	1,523	2,105
	104,034	181,877
Net Assets		
Investment in capital assets (Note 7)	20,448	27,431
Internally restricted (Note 8)	63,361	62,137
Unrestricted - General	58,418	21,933
Unrestricted - Young Professionals (Note 9)	4,124	-
	146,351	111,501
	250,385	293,378

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, 2016

(Unaudited)

	2016	2015
Revenue		
Tourism services		
City of Brockville contract for tourism program (Note 10)	184,692	181,070
Cooperative marketing program and tourism guides	96,026	81,303
Special events	40,691	61,455
Merchandise sales	41,838	63,612
Map	22,140	19,483
Wage subsidies	19,243	39,567
Direct marketing grant	13,490	15,298
Brochures promotion and special projects	11,728	13,423
Marketing sponsorships	-	2,539
Event centre	-	2,590
Membership fees	91,712	96,208
Functions and networking events	87,159	85,011
Insurance commissions	11,839	10,113
Community events banner	6,652	5,200
Ontario Chamber of Commerce dues	3,650	3,810
Electronic mass mail fees	2,400	2,900
Interest	626	760
Amortization of deferred contributions related to capital assets (Note 7)	582	2,256
Other	4,343	7,976
	638,811	694,574
Expenses		
Salaries, wages and benefits	252,572	282,390
Cooperative marketing program and tourism guides	120,240	87,127
Tourism special events and trade shows	46,033	68,610
Functions and networking events	44,530	42,278
Telephone, office and administrative supplies	27,005	29,230
Cost of merchandise sold	29,318	51,526
Accounting services	23,410	23,893
Map and events banner	13,162	13,054
Amortization of capital assets	7,565	12,205
Bank and credit card charges	5,105	4,818
Professional fees	4,950	10,272
Dues and fees	4,728	5,481
Visitor services and brochures distribution	4,483	7,967
Direct marketing	4,118	25,510
Advertising and promotions	3,508	4,169
Insurance	3,330	3,224
Rent	3,284	3,165
Meetings, conferences and travel	2,922	6,965
Member services	2,049	-
Website development	1,732	2,140
Bad debts (recovery)	(745)	16
Other	662	3,381
	603,961	687,421
Excess of revenue over expenses	34,850	7,153

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, 2016
(Unaudited)

	<i>Investment in capital assets</i>	<i>Internally restricted</i>	<i>Unrestricted - General</i>	<i>Unrestricted - Young Professionals</i>	2016	2015
Balance, beginning of year	27,431	62,137	21,933	-	111,501	104,348
Excess (deficiency) of revenue over expenses (Note 7)	(6,983)	-	38,424	3,409	34,850	7,153
Transfers between funds (Note 8), (Note 9)	-	1,224	(1,939)	715	-	-
Balance, end of year	20,448	63,361	58,418	4,124	146,351	111,501

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, 2016

(Unaudited)

	2016	2015
Cash provided by (used for):		
Operating		
Excess of revenue over expenses	34,850	7,153
Amortization of deferred contributions related to capital assets	(582)	(2,256)
Amortization of capital assets	7,565	12,205
	41,833	17,102
Changes in working capital accounts		
Accounts receivable	(4,631)	(11,495)
Merchandise inventory	2,156	2,384
Prepaid expenses	(16,868)	2,366
Accounts payable and accrued liabilities	(182)	(2,878)
Increase (decrease) in deferred revenue	(77,079)	16,124
	(54,771)	23,603
Financing		
Funding received for capital assets	-	1,912
Investing		
Additions to capital assets	-	(10,933)
Increase (decrease) in cash	(54,771)	14,582
Cash, beginning of year	175,650	161,068
Cash, end of year	120,879	175,650

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, 2016
(Unaudited)

1. Formation and nature of the organization

The Brockville and District Chamber of Commerce (the "Organization") 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 using the straight-line basis using the following annual rates:

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

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, 2016
(Unaudited)

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

Contributed materials and services

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 or materials recognized in the financial statements for the 2016 or 2015 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 excess of revenue over expenses.

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 excess of revenue and expenses in the periods in which they become known.

3. **Capital assets**

	Cost	Accumulated amortization	2016 Net book value
Computer equipment	46,746	40,407	6,339
Office furniture and equipment	32,602	26,484	6,118
Website and mobile application	12,521	10,321	2,200
Event centre equipment	7,035	1,701	5,334
Leasehold improvements	3,046	1,066	1,980
	101,950	79,979	21,971

Brockville and District Chamber of Commerce
Notes to the Financial Statements

For the year ended December 31, 2016
(Unaudited)

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

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2015 Net book value</i>
Computer equipment	46,746	37,559	9,187
Office furniture and equipment	32,602	24,749	7,853
Telephone systems	9,648	9,446	202
Website and mobile application	12,521	8,854	3,667
Event centre equipment	7,035	997	6,038
Leasehold improvements	3,046	457	2,589
	111,598	82,062	29,536

During the year fully amortized telephone systems no longer in use, with cost and accumulated amortization of \$9,648, were written off.

4. Government remittances payable

Included in accounts payable and accrued liabilities are government remittances payable of \$4,064 (2015 - \$2,192).

5. Deferred revenue

Deferred revenue consists of the following:

	2016	2015
Tourism guides	25,509	19,494
Membership fees	23,259	1,802
Summer travel guide	20,647	9,808
Map	13,944	15,909
Co-op marketing	1,047	22,505
Other tourism services	729	350
City of Brockville funds for tourism services	-	92,346
	85,135	162,214

6. Deferred contributions related to capital assets

Deferred contributions related to capital assets 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:

	2016	2015
Balance, beginning of year	2,105	19,334
Funding received for capital assets	-	1,912
Event centre capital assets transferred to another organization	-	(16,885)
Amount amortized to revenue	(582)	(2,256)
	1,523	2,105

Brockville and District Chamber of Commerce
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7. Investment in capital assets

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

	2016	2015
Capital assets	21,971	29,536
Deferred contributions related to capital assets	(1,523)	(2,105)
	20,448	27,431

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

	2016	2015
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	582	2,256
Amorization of capital assets	(7,565)	(12,205)
	(6,983)	(9,949)
Net change in investment in capital assets:		
Additions to capital assets	-	10,933
Funding received for capital assets	-	(1,912)
	-	9,021

8. Internally restricted net assets

	2016	2015
Transfers to internally restricted net assets:		
Office space strategy	600	3,600
Interest	624	760
	1,224	4,360
Balance, beginning of year	62,137	57,777
Balance, end of year	63,361	62,137

The Board of Directors had approved the internal restriction of \$3,600 annually to be used for the development of a long-term office space strategy. The Board of Directors decided to waive \$3,000 of this internal transfer for the 2016 fiscal year. Interest earned annually by the Chamber is also restricted for that purpose.

Brockville and District Chamber of Commerce
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9. Unrestricted net assets - Young Professionals

During the year, the Board of Directors determined that the net proceeds from the events and activities of the Young Professionals Committee should be segregated from the general unrestricted net assets, as the unrestricted net assets - Young Professionals are intended to be used for future Young Professionals events. The excess of revenue over expenses from the events and activities of the Young Professionals from 2015, in the amount of \$715, has been recorded as an interfund transfer.

10. 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.

11. Financial instruments

The significant financial risks to which the Chamber is exposed relating to its financial instruments are credit and liquidity 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.

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.

Change in risk

There have been no significant changes in the Chamber's risk exposures from the prior year.

12. Comparative figures

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