

Brockville and District Chamber of Commerce
Financial Statements
December 31, 2017
(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, 2017, 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, 2017, and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Brockville, Ontario
March 27, 2018

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Brockville and District Chamber of Commerce

Statement of Financial Position

As at December 31, 2017
(Unaudited)

	2017	2016
Assets		
Current		
Cash	142,265	120,879
Accounts receivable	32,750	59,368
Prepaid expenses	23,561	27,784
Merchandise inventory	16,850	20,383
	215,426	228,414
Capital assets (Note 3)	16,120	21,971
	231,546	250,385
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4)	15,652	17,376
Deferred revenue (Note 5)	34,605	85,135
	50,257	102,511
Deferred capital contributions (Note 6)	941	1,523
	51,198	104,034
Net Assets		
Investment in capital assets (Note 7)	15,179	20,448
Internally restricted (Note 8)	64,139	63,361
Unrestricted - General	96,375	58,418
Unrestricted - Young Professionals (Note 9)	4,655	4,124
	180,348	146,351
	231,546	250,385

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, 2017
(Unaudited)

	2017	2016
Revenue		
Tourism services		
City of Brockville contract for tourism program (Note 10)	188,386	184,692
Cooperative marketing program and tourism guides	92,798	96,026
Merchandise sales	49,311	41,838
Wage subsidies	32,191	19,243
Special events	23,874	40,691
Map	19,488	22,140
Brochures promotion and special projects	8,243	11,728
Direct marketing grant	3,744	13,490
Event centre	1,463	-
Membership fees	89,847	91,712
Functions and networking events	82,256	87,159
Insurance commissions	11,876	11,839
Chamber events banner	6,300	6,652
Ontario Chamber of Commerce dues	3,460	3,650
Electronic mass mail fees	3,062	2,400
Other	2,061	4,343
Interest	778	626
Amortization of deferred capital contributions (Note 6)	582	582
	619,720	638,811
Expenses		
Salaries, wages and benefits	262,169	252,572
Cooperative marketing program and tourism guides	107,271	120,240
Functions and networking events	42,979	44,530
Cost of merchandise sold	34,253	29,318
Tourism special events and trade shows	30,581	46,033
Accounting services	24,113	23,410
Telephone, office and administrative supplies	20,622	27,005
Map and events banner	12,108	13,162
Visitor services & brochures distribution	5,193	4,483
Amortization of capital assets	6,968	7,565
Meetings, conferences and travel	6,714	2,922
Bank and credit card charges	5,876	5,105
Professional fees	4,500	4,950
Dues and fees	4,452	4,728
Advertising and promotion	4,417	3,508
Rent	3,884	3,284
Insurance	3,405	3,330
Direct marketing	2,274	4,118
Website development	1,973	1,732
Member services	1,270	2,049
Bad debts (recovery)	701	(745)
Other	-	662
	585,723	603,961
Excess of revenue over expenses	33,997	34,850

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, 2017
(Unaudited)*

	<i>Investment in capital assets</i>	<i>Internally restricted</i>	<i>Unrestricted - General</i>	<i>Unrestricted - Young Professionals</i>	2017	2016
Balance, beginning of year	20,448	63,361	58,418	4,124	146,351	111,501
Excess (deficiency) of revenue over expenses (Note 7)	(6,386)	-	40,383	-	33,997	34,850
Transfers between funds (Note 8), (Note 9)	1,117	778	(2,426)	531	-	-
Balance, end of year	15,179	64,139	96,375	4,655	180,348	146,351

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, 2017

(Unaudited)

	2017	2016
Cash provided by (used for):		
Operating		
Excess of revenue over expenses	33,997	34,850
Amortization of capital assets	6,968	7,565
Amortization of deferred capital contributions	(582)	(582)
	40,383	41,833
Changes in working capital accounts		
Accounts receivable	26,618	(4,631)
Merchandise inventory	3,533	2,156
Prepaid expenses	4,223	(16,868)
Accounts payable and accrued liabilities	(1,724)	(182)
Deferred revenue	(50,530)	(77,079)
	22,503	(54,771)
Investing		
Purchase of capital assets	(1,117)	-
Increase (decrease) in cash	21,386	(54,771)
Cash, beginning of year	120,879	175,650
Cash, end of year	142,265	120,879

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, 2017
(Unaudited)

1. Formation and nature of the organization

The Brockville and District Chamber of Commerce (the "Chamber") 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 %
Event centre equipment	33 %
Website and mobile application	20 %
Leasehold improvements	10 %

Impairment of long-lived assets

When the Chamber determines that a capital 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, 2017
(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 2017 or 2016 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	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

Brockville and District Chamber of Commerce Notes to the Financial Statements

For the year ended December 31, 2017
(Unaudited)

3. Capital assets (Continued from previous page)

	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
Event centre equipment	7,035	1,701	5,334
Website and mobile application	12,521	10,321	2,200
Leasehold improvements	3,046	1,066	1,980
	101,950	79,979	21,971

During the year fully amortized computer equipment, website and mobile application, and office furniture no longer in use, with-cost and accumulated amortization of \$21,961, \$2,500 and \$15,246 respectively, were written off.

4. Government remittances payable

Included in accounts payable and accrued liabilities are government remittances payable of \$775 (2016 - \$4,064).

5. Deferred revenue

Deferred revenue consists of the following:

	2017	2016
Tourism guides	14,966	25,509
Summer travel guide	9,709	20,647
Map	8,770	13,944
Co-op marketing	300	1,047
Other tourism services	860	729
Membership fees	-	23,259
	34,605	85,135

6. 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:

	2017	2016
Balance, beginning of year	1,523	2,105
Amount amortized to revenue	(582)	(582)
	941	1,523

Brockville and District Chamber of Commerce Notes to the Financial Statements

*For the year ended December 31, 2017
(Unaudited)*

7. Investment in capital assets

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

	2017	2016
Capital assets	16,120	21,971
Deferred capital contributions	(941)	(1,523)
	15,179	20,448

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

	2017	2016
Excess of expenses over revenue:		
Amortization of deferred capital contributions	582	582
Amortization of capital assets	(6,968)	(7,565)
	(6,386)	(6,983)
Net change in investment in capital assets:		
Additions to capital assets	1,117	-
	1,117	-

8. Internally restricted net assets

	2017	2016
Transfers to internally restricted net assets:		
Office space strategy	-	600
Interest	778	624
	778	1,224
Balance, beginning of year	63,361	62,137
Balance, end of year	64,139	63,361

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.

Brockville and District Chamber of Commerce

Notes to the Financial Statements

For the year ended December 31, 2017
(Unaudited)

9. 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.

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 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 2016.

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.