

PORT HARDY & DISTRICT CHAMBER OF COMMERCE

Financial Statements

Year Ended December 31, 2017

(Unaudited)

PORT HARDY & DISTRICT CHAMBER OF COMMERCE

**Index to Financial Statements
Year Ended December 31, 2017**

(Unaudited)

	Page
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Revenues and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Cash Flow	5
Notes to Financial Statements	6 - 8
Visitor Information Centre <i>(Schedule 1)</i>	9
Chamber of Commerce <i>(Schedule 2)</i>	10

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Port Hardy & District Chamber of Commerce

I have reviewed the accompanying financial statements of Port Hardy & District Chamber of Commerce that comprise the statement of financial position as at December 31, 2017 and the statements of revenues and expenditures, changes in net assets and cash flow 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

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me 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, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that these financial statements do not present fairly, in all material respects, the financial position of Port Hardy & District Chamber of Commerce as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Port Hardy, British Columbia
April 8, 2018

Foster & Company
CHARTERED PROFESSIONAL ACCOUNTANT

PORT HARDY & DISTRICT CHAMBER OF COMMERCE


Statement of Financial Position

December 31, 2017

(Unaudited)

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 24,170	\$ 25,914
Term deposits	50,576	50,000
Accounts receivable	200	3,992
Inventory	4,700	4,700
Goods and services tax recoverable	1,052	-
Prepaid expenses	249	481
	<u>80,947</u>	<u>85,087</u>
PROPERTY, PLANT AND EQUIPMENT (Note 3)	<u>30,055</u>	<u>33,390</u>
	<u>\$ 111,002</u>	<u>\$ 118,477</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 5,961	\$ 9,270
Goods and services tax payable	-	1,244
Provincial sales tax payable	873	1,033
Employee deductions payable	4,162	3,037
Deferred income	-	375
	<u>10,996</u>	<u>14,959</u>
NET ASSETS	<u>100,006</u>	<u>103,518</u>
	<u>\$ 111,002</u>	<u>\$ 118,477</u>

ON BEHALF OF THE BOARD



Director



Director

See notes to financial statements

Foster & Company
Chartered Professional Accountant

PORT HARDY & DISTRICT CHAMBER OF COMMERCE

Statement of Revenues and Expenditures

Year Ended December 31, 2017

(Unaudited)

	2017	2016
REVENUES		
Grants	\$ 80,000	\$ 78,543
Wage subsidies	28,248	24,546
Special projects	25,535	13,998
Membership fees	22,846	26,036
Events and meetings	20,560	10,347
Net sales	7,427	12,646
Other revenues	13,126	7,456
Rental revenue	6,170	8,768
Commissions	4,484	4,408
	<u>208,396</u>	<u>186,748</u>
EXPENSES		
Salaries and wages	129,400	109,891
Office	12,507	11,492
Community events	10,946	7,123
Meetings and conventions	9,252	410
Advertising and promotion	7,561	5,940
Membership Meetings	5,188	4,878
Insurance	4,754	4,894
Telephone	4,020	4,279
Accounting fees	3,920	4,442
Utilities	3,591	3,076
Business taxes, licences and memberships	2,419	2,148
Repairs and maintenance	2,301	10,371
Interest and bank charges	1,468	1,780
Travel	347	700
Bad debts	-	531
	<u>197,674</u>	<u>171,955</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	10,722	14,793
OTHER ITEMS		
Amortization	<u>(4,734)</u>	<u>(4,983)</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 5,988	\$ 9,810

PORT HARDY & DISTRICT CHAMBER OF COMMERCE

Statement of Changes in Net Assets

Year Ended December 31, 2017

(Unaudited)

	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 103,518	\$ 93,708
Special project funding	(9,500)	-
EXCESS OF REVENUES OVER EXPENSES	5,988	9,810
NET ASSETS - END OF YEAR	\$ 100,006	\$ 103,518

PORT HARDY & DISTRICT CHAMBER OF COMMERCE

Statement of Cash Flow

Year Ended December 31, 2017

(Unaudited)

	2017	2016
OPERATING ACTIVITIES		
Cash receipts from funders and customers	\$ 211,813	\$ 185,176
Cash paid to suppliers and employees	(193,426)	(162,613)
Amortization	(4,734)	(4,983)
Interest paid	(1,466)	(1,780)
Goods and services tax	(2,296)	1,457
Provincial sales tax	(160)	529
	<hr/>	<hr/>
Cash flow from operating activities	9,731	17,786
INVESTING ACTIVITY		
Purchase of property, plant and equipment	(1,399)	-
OTHER CASH FLOW ITEMS		
Special project funding	(9,500)	-
	<hr/>	<hr/>
INCREASE (DECREASE) IN CASH FLOW	(1,168)	17,786
Cash - beginning of year	75,914	58,128
	<hr/>	<hr/>
CASH - END OF YEAR	\$ 74,746	\$ 75,914
CASH CONSISTS OF:		
Cash	\$ 24,170	\$ 25,914
Term deposits	50,576	50,000
	<hr/>	<hr/>
	\$ 74,746	\$ 75,914
	<hr/>	<hr/>

PORT HARDY & DISTRICT CHAMBER OF COMMERCE

**Notes to Financial Statements
Year Ended December 31, 2017**

(Unaudited)

PURPOSE OF THE CHAMBER

Port Hardy & District Chamber of Commerce (the "organization") is incorporated under the Federal Corporations Act. The organization's principal activity is as a Chamber of Commerce and Visitor Centre to promote business and tourism in the Port Hardy area.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life on a straight-line basis at the following rates and methods:

Buildings	30 years	straight-line method
Equipment	10 years	straight-line method
Computer equipment	3 years	straight-line method

The organization regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Revenue recognition

The organization recognizes revenues when they are earned, specifically when all the following conditions are met:

- Government grant funding is recognized when received or, in the case of revenue for specific projects, when the project is undertaken;
- Membership fees are recognized when due;
- Retail sales revenue is recognized when the customer takes possession of the item;
- Rental revenue is recognized when the facility is booked

(continues)

PORT HARDY & DISTRICT CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended December 31, 2017

(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Income taxes

The organization is exempt from corporate income taxes under section p.149(1)(l), so no provision for income taxes is prepared.

2. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2017.

Financial liabilities measured at amortized cost totalled \$ 10,994 (2016 - \$ 14,583)

Financial assets measured at amortized cost totalled \$ 75,998 (2016 - \$ 79,906)

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers; however, most customers pay by cash or credit card, thereby reducing the organization's credit risk. The organization has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources, and accounts payable.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Buildings	\$ 81,979	\$ 52,857	\$ 29,122	\$ 31,854
Equipment	14,565	14,565	-	1,335
Computer equipment	16,267	15,334	933	201
	<u>\$ 112,811</u>	<u>\$ 82,756</u>	<u>\$ 30,055</u>	<u>\$ 33,390</u>

PORT HARDY & DISTRICT CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended December 31, 2017

(Unaudited)

4. DEFERRED REVENUE

Deferred revenue consists of membership fees paid prior to the end of the previous fiscal year and funding received for projects not undertaken or complete by the end of the fiscal year. In the prior year, deferred revenue consists only of membership fees paid early.

PORT HARDY & DISTRICT CHAMBER OF COMMERCE

Visitor Information Centre

(Schedule 1)

Year Ended December 31, 2017

(Unaudited)

	2017	2016
REVENUES		
Grants	\$ 80,000	\$ 78,543
Wage recovery	11,527	17,413
Other income	9,486	4,920
Special projects	7,625	13,998
Commissions	451	387
Retail Sales Revenue	18,570	23,039
Cost of sales	<u>(11,143)</u>	<u>(10,393)</u>
	116,516	127,907
EXPENSES		
Salaries and wages	78,510	76,969
Advertising and promotion	7,158	4,573
Office	8,284	6,000
Insurance	3,228	2,584
Utilities	2,990	1,756
Meetings and conventions	2,261	375
Telephone	2,752	3,060
Accounting fees	2,610	2,556
Repairs and maintenance	1,680	9,617
Interest and bank charges	1,020	1,009
Travel	137	-
Community events	131	968
Sponsor Organization Fee	<u>-</u>	<u>18,684</u>
	110,761	128,151
INCOME (LOSS) FROM OPERATIONS	\$ 5,755	\$ (244)

PORT HARDY & DISTRICT CHAMBER OF COMMERCE

Chamber of Commerce

(Schedule 2)

Year Ended December 31, 2017

(Unaudited)

	2017	2016
FEES		
Membership fees	\$ 22,846	\$ 26,036
Events and meetings	20,560	10,347
Special Project funding	17,910	-
Wage recovery	16,721	7,133
Rental revenue	6,170	8,768
Commissions	4,033	4,021
Other income	3,640	2,536
Sponsor Organization fee revenue	-	18,684
	<u>91,880</u>	<u>77,525</u>
EXPENSES		
Salaries and wages	50,890	32,922
Community events	10,816	6,155
Office	4,223	5,492
Meetings and conventions	6,991	35
Membership meetings	5,188	4,878
Business taxes and licences	2,419	2,148
Accounting fees	1,310	1,886
Telephone	1,269	1,219
Insurance	1,526	2,310
Repairs and maintenance	620	754
Utilities	602	1,321
Interest and bank charges	446	771
Advertising and promotion	402	1,367
Travel	211	700
Bad debts	-	531
	<u>86,913</u>	<u>62,489</u>
INCOME FROM OPERATIONS	<u>\$ 4,967</u>	<u>\$ 15,036</u>