

PORT HARDY & DISTRICT CHAMBER OF COMMERCE

Financial Statements

Year Ended December 31, 2020

PORT HARDY & DISTRICT CHAMBER OF COMMERCE

**Index to Financial Statements
Year Ended December 31, 2020**

	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 Flows	5
Notes to Financial Statements	6 - 9

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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 (the organization) that comprise the statement of financial position as at December 31, 2020, and the statements of revenues and expenditures, 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 (ASNPO), 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 the financial statements do not present fairly, in all material respects, the financial position of Port Hardy & District Chamber of Commerce as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.



Port Hardy, British Columbia
June 17, 2021

CHARTERED PROFESSIONAL ACCOUNTANT

PORT HARDY & DISTRICT CHAMBER OF COMMERCE**Statement of Financial Position****December 31, 2020**

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 59,537	\$ 15,628
Term deposits (Note 4)	40,700	40,000
Accounts receivable (Note 6)	8,538	4,672
Inventory	7,982	9,382
Goods and services tax recoverable	2,282	2,857
Prepaid expenses	-	244
	<u>119,039</u>	<u>72,783</u>
TANGIBLE CAPITAL ASSETS (Note 3)	<u>20,924</u>	<u>24,898</u>
	<u>\$ 139,963</u>	<u>\$ 97,681</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable (Note 5)	\$ 20,728	\$ 6,296
Provincial sales tax payable	637	881
Employee deductions payable	4,185	2,408
Deferred Revenue (Note 7)	3,000	-
	<u>28,550</u>	<u>9,585</u>
NET ASSETS	<u>111,413</u>	<u>88,096</u>
	<u>\$ 139,963</u>	<u>\$ 97,681</u>

ON BEHALF OF THE BOARD

Chris Callanan Director

Alexander Higgins Director

PORT HARDY & DISTRICT CHAMBER OF COMMERCE**Statement of Revenues and Expenditures****Year Ended December 31, 2020**

	2020	2019
REVENUES		
Grants	\$ 102,617	\$ 81,100
Wage subsidies	49,515	7,202
Special projects	22,080	24,796
Membership fees	17,852	22,085
Rental revenue	6,600	5,400
Commissions	5,209	6,396
Other revenues	2,609	3,010
Retail sales	1,219	7,325
Events and meetings	1,124	40,010
	<u>208,825</u>	<u>197,324</u>
EXPENSES		
Salaries and wages	127,339	129,692
Office	12,272	11,284
Special projects	10,552	607
Accounting fees	6,205	6,374
Telephone	2,955	3,034
Insurance	2,885	2,613
Utilities	2,885	3,329
Membership Meetings	2,860	4,725
Meetings and conventions	2,584	5,789
Business taxes, licences and memberships	2,436	1,599
Repairs and maintenance	2,192	1,705
Interest and bank charges	1,470	2,722
Community events	1,428	21,894
Travel	70	691
Advertising and promotion	-	361
Bad debts	-	1,070
	<u>178,133</u>	<u>197,489</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	30,692	(165)
OTHER ITEMS		
Amortization	<u>(3,975)</u>	<u>(4,441)</u>
EXCESS (DEFICIENCY) OF TRADE SALES OVER EXPENSES	\$ 26,717	\$ (4,606)

PORT HARDY & DISTRICT CHAMBER OF COMMERCE**Statement of Changes in Net Assets****Year Ended December 31, 2020**

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 88,096	\$ 99,302
Special project contingency	(3,400)	(6,600)
EXCESS OF TRADE SALES OVER EXPENSES	26,717	(4,606)
NET ASSETS - END OF YEAR	\$ 111,413	\$ 88,096

PORT HARDY & DISTRICT CHAMBER OF COMMERCE**Statement of Cash Flows
Year Ended December 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of trade sales over expenses	\$ 26,717	\$ (4,606)
Item not affecting cash:		
Amortization of tangible capital assets	3,975	4,441
	<u>30,692</u>	<u>(165)</u>
Changes in non-cash working capital:		
Accounts receivable	(3,866)	(4,422)
Inventory	1,400	(1,449)
Accounts payable	14,431	2,207
Deferred Revenue	3,000	-
Prepaid expenses	244	594
Goods and services tax payable	575	(2,332)
Provincial sales tax payable (recoverable)	(244)	(182)
Employee deductions payable	1,777	(2,791)
	<u>17,317</u>	<u>(8,375)</u>
OTHER CASH FLOW ITEMS		
Special project contingency	(3,400)	(6,600)
	<u>44,609</u>	<u>(15,140)</u>
INCREASE (DECREASE) IN CASH FLOW	44,609	(15,140)
Cash - beginning of year	55,628	70,768
CASH - END OF YEAR	\$ 100,237	\$ 55,628

PORT HARDY & DISTRICT CHAMBER OF COMMERCE**Notes to Financial Statements****Year Ended December 31, 2020****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 POLICIESBasis 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.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Building improvements	30 years	straight-line method
Equipment	10 years	straight-line method
Computer equipment	3 years	straight-line method

The organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets 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.

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.

(continues)

PORT HARDY & DISTRICT CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Project funding

Project funding relating to activities of future periods is reported in the statement of financial position as deferred revenue and recognized as revenue when related project expenses are incurred.

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, 2020.

Financial liabilities measured at amortized cost totalled \$ 25,550 (2019 - \$ 9,585)

Financial assets measured at amortized cost totalled \$ 111,057 (2019 - \$ 63,157)

(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.

PORT HARDY & DISTRICT CHAMBER OF COMMERCE**Notes to Financial Statements****Year Ended December 31, 2020****3. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Building improvements	\$ 81,979	\$ 61,055	\$ 20,924	\$ 23,656
Equipment	14,565	14,565	-	-
Computer equipment	19,994	19,994	-	1,242
	<u>\$ 116,538</u>	<u>\$ 95,614</u>	<u>\$ 20,924</u>	<u>\$ 24,898</u>

4. TERM DEPOSITS

The Chamber holds the following GICs:

	2020	2019
Coastal Community Credit Union - GIC	<u>\$ 40,700</u>	<u>\$ 40,000</u>

Non - Redeemable GIC which matures on December 31, 2021 and carries an annual interest rate of .60%.

5. ACCOUNTS PAYABLE

The following government remittances were included in accounts payable at year end:

	2020	2019
WCB Payable	<u>\$ 57</u>	<u>\$ 128</u>

6. ACCOUNT RECEIVABLE

Accounts receivable are comprised of:

	2020	2019
Accounts Receivable	\$ 3,000	\$ 5,773
Canada Emergency Wage Subsidy Receivable	<u>5,538</u>	-
Subtotal	<u>8,538</u>	<u>5,773</u>
Allowance for Doubtful Accounts	-	(1,101)
	<u>\$ 8,538</u>	<u>\$ 4,672</u>

7. DEFERRED REVENUE

	2020	2019
Project with BC Chamber of Commerce	<u>\$ 3,000</u>	<u>\$ -</u>

PORT HARDY & DISTRICT CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended December 31, 2020

8. IMPACT OF COVID-19

In March of 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

Management has been forthright in undertaking certain strategies and actions to respond to the COVID-19 outbreak. The health and safety of all staff has been reinforced as the priority for the Chamber, and Management invoked a work-from-home regime, suspended travel and events, shifted face-to-face meetings to digital methods, and sought to access Canada Emergency Wage Subsidy ('CEWS') funding. The funding is included in the statement of revenue and expenditures as a wage subsidy of which \$40,525 was received under the CEWS program. Management administered special projects in 2020 and replaced some of its revenue from the administration of grants.

The chamber posted an excess of revenue over expenses from operations of \$30,692. The excess is largely due to two factors, firstly, chamber received \$40,525 from the Canada Emergency Wage Subsidy, and secondly due to additional grants received in 2020.

The chamber lost 97% (\$38,886) of its revenue from cancellation of events and meetings due to COVID-19.

Retail revenue also dropped in 2020 due to COVID-19 related travel restrictions.

The ultimate duration and magnitude of the pandemic's impact on the Chamber's operations and financial position is not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities and changes to the use of accumulated net assets to sustain operations.

We expect the Chamber of Commerce to continue operations.

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
