

**GABRIOLA ISLAND CHAMBER OF COMMERCE**

**Financial Statements**

**Year Ended October 31, 2019**

GABRIOLA ISLAND CHAMBER OF COMMERCE

Index to Financial Statements

Year Ended October 31, 2019

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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To the Members of Gabriola Island Chamber of Commerce

We have reviewed the accompanying financial statements of Gabriola Island Chamber of Commerce (the Organization) that comprise the statement of financial position as at October 31, 2019, and the statements of changes in net assets, revenues and expenditures 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*

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 Gabriola Island Chamber of Commerce as at October 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

*Johnston Johnston & Associates*

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JOHNSTON, JOHNSTON & ASSOCIATES LTD.  
CHARTERED PROFESSIONAL ACCOUNTANTS

Nanaimo, BC  
January 6, 2020

**A Professional Corporation**

**GABRIOLA ISLAND CHAMBER OF COMMERCE**

**Statement of Financial Position**

**October 31, 2019**

	General Fund	Restricted Fund <i>(Schedule 2)</i>	RDN Economic Development Fund	Total 2019	Total 2018
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash	\$ 59,517	\$ -	\$ -	\$ 59,517	\$ 49,576
Term deposits	15,000	-	-	15,000	-
Accounts receivable	19,400	-	-	19,400	75,408
Goods and services tax recoverable	2,731	-	-	2,731	1,921
Prepaid expenses	1,048	-	-	1,048	1,191
	97,696	-	-	97,696	128,096
PROPERTY, PLANT AND EQUIPMENT <i>(Net of accumulated amortization) - note 3</i>	1,109	-	-	1,109	1,413
INTERFUND TRANSFERS	(109,673)	66,146	43,527	-	-
	\$ (10,868)	\$ 66,146	\$ 43,527	\$ 98,805	\$ 129,509

The accompanying notes are an integral part of these financial statements.

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**GABRIOLA ISLAND CHAMBER OF COMMERCE**  
**Statement of Financial Position**  
**October 31, 2019**

	General Fund	Restricted Fund <i>(Schedule 2)</i>	RDN Economic Development Fund	Total 2019	Total 2018
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities	\$ 13,453	\$ -	\$ -	\$ 13,453	\$ 8,958
Deferred income - <i>note 5</i>	-	-	-	-	9,279
	13,453	-	-	13,453	18,237
<b>NET ASSETS (DEBT)</b>	<b>(24,321)</b>	<b>66,146</b>	<b>43,527</b>	<b>85,352</b>	<b>111,272</b>
	<b>\$ (10,868)</b>	<b>\$ 66,146</b>	<b>\$ 43,527</b>	<b>\$ 98,805</b>	<b>\$ 129,509</b>

LEASE COMMITMENTS - *note 6*

ON BEHALF OF THE BOARD

\_\_\_\_\_ *Director*

\_\_\_\_\_ *Director*

The accompanying notes are an integral part of these financial statements.

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**GABRIOLA ISLAND CHAMBER OF COMMERCE**

**Statement of Changes in Net Assets**

**Year Ended October 31, 2019**

	General Fund	Restricted Fund <i>(Schedule 2)</i>	RDN Economic Development Fund	Total 2019	Total 2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ (12,941)	\$ 93,987	\$ 30,226	\$ 111,272	\$ (5,395)
Deficiency of revenues over expenditures	(11,380)	(27,841)	13,301	(25,920)	116,667
<b>NET ASSETS - END OF YEAR</b>	<b>\$ (24,321)</b>	<b>\$ 66,146</b>	<b>\$ 43,527</b>	<b>\$ 85,352</b>	<b>\$ 111,272</b>

The accompanying notes are an integral part of these financial statements.

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**GABRIOLA ISLAND CHAMBER OF COMMERCE**  
**Statement of Revenues and Expenditures**  
**Year Ended October 31, 2019**

	General Fund	Restricted Fund <i>(Schedule 2)</i>	RDN Economic Development Fund	Total 2019	Total 2018
<b>REVENUES</b>					
Chamber events and workshops	\$ 2,072	\$ -	\$ -	\$ 2,072	\$ 1,192
Commission income	858	-	-	858	516
Grants	10,000	39,086	65,000	114,086	236,739
Memberships	20,791	-	-	20,791	19,063
Visitor guide revenues	29,351	-	-	29,351	34,670
	63,072	39,086	65,000	167,158	292,180
<b>EXPENDITURES</b> <i>(Schedule 1)</i>	74,639	66,927	51,699	193,265	175,779
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	(11,567)	(27,841)	13,301	(26,107)	116,401
<b>OTHER INCOME</b>					
Interest income	\$ 187	\$ -	\$ -	\$ 187	\$ 266
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ (11,380)	\$ (27,841)	\$ 13,301	\$ (25,920)	\$ 116,667

The accompanying notes are an integral part of these financial statements.

GABRIOLA ISLAND CHAMBER OF COMMERCE

Statement of Cash Flows  
Year Ended October 31, 2019

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues	\$ (25,920)	\$ 116,667
Item not affecting cash:		
Amortization of property, plant and equipment	305	403
	<u>(25,615)</u>	<u>117,070</u>
Changes in non-cash working capital:		
Accounts receivable	56,008	(54,349)
Accounts payable and accrued liabilities	4,493	1,468
Prepaid expenses	144	(24)
Goods and services tax payable	(810)	(1,921)
Deferred income	(9,279)	(14,595)
	<u>50,556</u>	<u>(69,421)</u>
<b>INCREASE IN CASH FLOW</b>	24,941	47,649
Cash - beginning of year	<u>49,576</u>	<u>1,927</u>
<b>CASH - END OF YEAR</b>	<u>74,517</u>	<u>49,576</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 59,517	\$ 49,576
Term deposits	<u>15,000</u>	<u>-</u>
	<u>\$ 74,517</u>	<u>\$ 49,576</u>

The accompanying notes are an integral part of these financial statements.

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# GABRIOLA ISLAND CHAMBER OF COMMERCE

## Notes to Financial Statements

Year Ended October 31, 2019

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### 1. PURPOSE OF THE ORGANIZATION

Gabriola Island Chamber of Commerce (the "organization") is a not-for-profit organization incorporated federally under the Boards of Trade Act - Part II as a not-for-profit organization on June 11, 1984. As a board of trade, the organization is exempt from the payment of income tax under Section 149(1)(e) of the Income Tax Act. In order to maintain the tax exempt status, the organization must meet the criteria of a not-for-profit organization. It is the opinion of management that these requirements have been met.

The organization operates to facilitate economic growth and the common good of the Gabriola Island community by providing services, support and networking opportunities for businesses to succeed.

### 2. 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).

#### 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, liabilities, revenues and expenses during the period. Areas requiring management estimates include amortization expense and deferred revenues. 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.

#### Fund accounting

Gabriola Island Chamber of Commerce adopted the restricted fund method of accounting for contributions and maintains three funds: General, Restricted and the RDN Economic Development Funds.

The General Fund accounts for the organization's day to day operational and administrative activities. This fund reports unrestricted resources available for immediate purposes.

The Restricted Fund reports grants contributed by various funders for purposes restricted by the conditions of those grants. The specific projects included in the Restricted Fund are enumerated on Schedule 2 on page 13.

The RDN Economic Development Fund reports grant funding by the RDN and expenses related to economic development and tourism marketing activities for RDN Electoral Area B. This year the specific projects included Projects 08-2017 and 02-2018.

*(continues)*

# GABRIOLA ISLAND CHAMBER OF COMMERCE

## Notes to Financial Statements

Year Ended October 31, 2019

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Cash and cash equivalents

Cash and cash equivalents consist of highly liquid cash on hand and held in deposit at a financial institution.

#### Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Equipment	20%	declining balance method
Computer equipment	55%	declining balance method
Computer software	100%	declining balance method

The organization regularly reviews its property, plant and equipment to eliminate obsolete items.

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

#### Net assets

Net assets comprise the excess of revenue over expenses accumulated by the organization each year, net of transfers and are available for specific purposes.

#### Donated goods and contributed services

Donated goods and contributed services are recorded in the financial statements when their fair market value can reasonably be determined and they are used in the normal course of operations and would otherwise have been purchased.

#### Revenue recognition

Gabriola Island Chamber of Commerce follows the restricted fund method of accounting for contributions.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

RDN Economic Development grants are recognized as revenue of the RDN Economic Development Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

## GABRIOLA ISLAND CHAMBER OF COMMERCE

### Notes to Financial Statements

Year Ended October 31, 2019

#### 3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Equipment	\$ 6,610	\$ 5,549	\$ 1,061	\$ 1,326
Computer equipment	1,443	1,395	48	87
Computer software	477	477	-	-
	<u>\$ 8,530</u>	<u>\$ 7,421</u>	<u>\$ 1,109</u>	<u>\$ 1,413</u>

#### 4. BANK INDEBTEDNESS

The organization has a line of credit with Community Futures in the amount of \$10,000, which can be drawn in \$2,500 increments. The line of credit holds no security, and bears interest at prime plus 2%. There is currently no balance drawn on the line of credit. (2018 - \$ -)

#### 5. DEFERRED REVENUE

Included in deferred revenue are the following amounts available for expenditures.

	2019	2018
Visitor Guide	<u>\$ -</u>	<u>\$ 9,279</u>

#### 6. LEASE COMMITMENTS

The organization leases premises under a long term lease that expires on June 30, 2021. Under the lease, the organization is required to pay a base rent of \$5,040 plus GST for the three-year term. All other costs, such as utilities, insurance, and municipal tax costs are covered at the organizations expense.

The lease contains one successive renewal options to renew the lease for a period of three years.

#### 7. OPERATING SHORTFALL IN UNRESTRICTED FUND

The General Fund has a cumulative operating deficiency of \$24,321 (2018 - \$12,941). The organization is currently funding this shortfall through excess revenues in the Restricted Fund. A line of credit with Community Futures and a plan to improve General Fund profitability are in place to ensure the organization adheres to the Restricted Fund use requirements of each grant.

## GABRIOLA ISLAND CHAMBER OF COMMERCE

### Notes to Financial Statements

Year Ended October 31, 2019

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#### 8. 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 October 31, 2019.

##### *(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. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

##### *(b) Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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

GABRIOLA ISLAND CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended October 31, 2019

9. PROJECT EXPENSES

Project expenditures during the year were classified as follows:

	<u>2019</u>
<b>Restricted Fund</b>	
Advertising	\$ 3,006
Events	4,224
Office expense	1,818
Partnerships	7,000
Project costs	3,510
Sub-contracts	<u>29,470</u>
	<u>49,028</u>
<b>RDN Economic Development Fund</b>	
Advertising	1,090
Project costs	3,627
Rent	430
Sub-contracts	<u>44,032</u>
	<u>49,179</u>
	<u>\$ 98,207</u>

**GABRIOLA ISLAND CHAMBER OF COMMERCE**

**Expenditures**

*(Schedule 1)*

**Year Ended October 31, 2019**

	General Fund	Restricted Fund <i>(Schedule 2)</i>	RDN Economic Development Fund	Total 2019	Total 2018
Accounting and legal fees	\$ 1,948	\$ 3,833	\$ -	\$ 5,781	\$ 3,780
Advertising and promotion	843	-	-	843	672
Amortization - <i>note 3</i>	305	-	-	305	403
Business taxes, licences and memberships	1,651	-	-	1,651	1,506
Computer related expense	-	-	-	-	470
Insurance	1,365	-	-	1,365	1,365
Interest and bank charges	1,540	-	-	1,540	979
Office	967	-	-	967	1,900
Project expenses - <i>note 9</i>	-	49,028	49,179	98,207	86,980
Rental - <i>note 6</i>	2,520	-	2,520	5,040	5,145
Salaries and wages	95	14,066	-	14,161	11,715
Sub-contracts	32,823	-	-	32,823	29,696
Telephone	2,208	-	-	2,208	1,951
Travel	765	-	-	765	1,285
Visitor guide expenses	25,229	-	-	25,229	25,255
Visitor info centre expenses	1,770	-	-	1,770	1,837
Workshops	610	-	-	610	840
	<b>\$ 74,639</b>	<b>\$ 66,927</b>	<b>\$ 51,699</b>	<b>\$ 193,265</b>	<b>\$ 175,779</b>

The accompanying notes are an integral part of these financial statements.

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**GABRIOLA ISLAND CHAMBER OF COMMERCE**

**Restricted Fund**

*(Schedule 2)*

**Year Ended October 31, 2019**

	Unspent funds, beginning of year	Contributions	Expenditures	Unspent funds, end of year
<b>2019</b>				
	\$ -	\$ -	\$ -	\$ -
01-2018 ICET Governance Grant	(760)	2,020	(1,260)	-
03-2018 B.C. Rural Dividend Fund	91,010	-	(23,974)	67,036
05-2018 ICET Community Profile Grant	3,737	14,000	(27,627)	(9,890)
01-2019 B.C. Rural Dividend Fund Enterprise Zoning	-	9,000	-	9,000
02-2019 Canada Summer Jobs Grant	-	14,066	(14,066)	-
	-	-	-	-
<b>2019 total</b>	<b>\$ 93,987</b>	<b>\$ 39,086</b>	<b>\$ (66,927)</b>	<b>\$ 66,146</b>

The Island Coastal Economic Trust grant received in 2019 was for up to 50% of the expenses relating to the website project to a maximum of \$14,000.