

GABRIOLA ISLAND CHAMBER OF COMMERCE
Financial Statements
Year Ended October 31, 2017
(Unaudited)

GABRIOLA ISLAND CHAMBER OF COMMERCE

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Year Ended October 31, 2017

(Unaudited)

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REVIEW ENGAGEMENT REPORT

To the Directors of Gabriola Island Chamber of Commerce

We have reviewed the statement of financial position of Gabriola Island Chamber of Commerce as at October 31, 2017 and the statements of receipts and expenditures, changes in net assets and cash flow 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.

Johnston Johnston & Associates

Nanaimo, BC
December 12, 2017

JOHNSTON, JOHNSTON & ASSOCIATES LTD.
CHARTERED PROFESSIONAL ACCOUNTANTS

A Professional Corporation

GABRIOLA ISLAND CHAMBER OF COMMERCE

Statement of Financial Position

October 31, 2017

(Unaudited)

	2017	2016
ASSETS		
CURRENT		
Cash - note 2	\$ 1,927	\$ 14,580
Accounts receivable	21,059	9,052
Prepaid expenses	1,166	1,180
	<u>24,152</u>	<u>24,812</u>
PROPERTY, PLANT AND EQUIPMENT - notes 2 and 3	1,817	2,360
	<u>\$ 25,969</u>	<u>\$ 27,172</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Bank indebtedness - notes 2 and 4	\$ -	\$ 5,000
Accounts payable and accrued liabilities	7,491	2,447
	<u>7,491</u>	<u>7,447</u>
DEFERRED INCOME - notes 2 and 6	23,874	18,548
	<u>31,365</u>	<u>25,995</u>
NET ASSETS	<u>(5,396)</u>	<u>1,177</u>
	<u>\$ 25,969</u>	<u>\$ 27,172</u>

LEASE COMMITMENTS - note 7

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, 2017
(Unaudited)

	2017	2016
NET ASSETS - BEGINNING OF YEAR		
As previously reported	\$ 939	\$ 4,968
Prior period adjustments - <i>note 10</i>	238	-
As restated	1,177	4,968
DEFICIENCY OF RECEIPTS OVER EXPENDITURES	(6,573)	(3,791)
NET ASSETS - END OF YEAR	\$ (5,396)	\$ 1,177

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

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GABRIOLA ISLAND CHAMBER OF COMMERCE

Statement of Receipts and Expenditures

Year Ended October 31, 2017

(Unaudited)

	2017	2016
RECEIPTS - note 2		
Grants	\$ 60,567	\$ 21,583
Visitor guide revenues	33,003	32,377
Memberships	18,828	18,049
Advertising revenue	2,005	2,092
Chamber events and workshops	905	925
Commission income	536	512
	<u>115,844</u>	<u>75,538</u>
EXPENDITURES		
Accounting and legal fees	2,800	-
Advertising and promotion	1,507	935
Amortization - notes 2 and 3	544	918
Business taxes, licences and memberships	1,433	1,104
Computer related expense	434	329
Delivery, freight and express	38	45
Insurance	1,365	556
Interest and bank charges	834	814
Office	1,857	1,243
Project expenses	45,456	7,443
Rental - note 7	5,292	5,292
Salaries and wages	6,422	5,980
Sub-contracts	27,083	29,193
Telephone	1,910	1,420
Travel	180	250
Visitor guide expenses	23,179	21,980
Visitor info centre expenses	1,629	653
Workshops	490	1,201
	<u>122,453</u>	<u>79,356</u>
DEFICIENCY OF RECEIPTS OVER EXPENDITURES FROM OPERATIONS	(6,609)	(3,818)
OTHER INCOME	<u>36</u>	<u>27</u>
DEFICIENCY OF RECEIPTS OVER EXPENDITURES	<u>\$ (6,573)</u>	<u>\$ (3,791)</u>

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

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GABRIOLA ISLAND CHAMBER OF COMMERCE

Statement of Cash Flow

Year Ended October 31, 2017

(Unaudited)

	2017	2016
OPERATING ACTIVITIES		
Deficiency of receipts over expenditures	\$ (6,573)	\$ (3,791)
Item not affecting cash:		
Amortization of property, plant and equipment	544	918
	<u>(6,029)</u>	<u>(2,873)</u>
Changes in non-cash working capital:		
Accounts receivable	(12,007)	3,508
Accounts payable and accrued liabilities	5,043	(1,002)
Prepaid expenses	14	(1,180)
Deferred income	5,326	(5,676)
	<u>(1,624)</u>	<u>(4,350)</u>
Cash flow used by operating activities	<u>(7,653)</u>	<u>(7,223)</u>
INVESTING ACTIVITY		
Community Futures line of credit	<u>(5,000)</u>	<u>5,000</u>
DECREASE IN CASH FLOW	<u>(12,653)</u>	<u>(2,223)</u>
Cash - beginning of year	<u>14,580</u>	<u>16,803</u>
CASH - END OF YEAR	<u>\$ 1,927</u>	<u>\$ 14,580</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, 2017

(Unaudited)

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. 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 follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the general operating fund in the period which they relate.

Cash and cash equivalents

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

(continues)

GABRIOLA ISLAND CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended October 31, 2017

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets

Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year and are available for general purposes. At this time there are no restricted funds established.

Property, plant and equipment

Property, plant and equipment is stated at 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	45%	declining balance method
Computer software	100%	declining balance method

In the year of acquisition, amortization is taken at one-half of the above rates. Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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

Contributions or grants are recognized as revenue in the year in which the related expenses are incurred.

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.

Seminar fees are recognized as revenue when the seminars are held.

GABRIOLA ISLAND CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended October 31, 2017

(Unaudited)

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Equipment	\$ 6,610	\$ 4,952	\$ 1,658	\$ 2,072
Computer equipment	1,443	1,284	159	288
Computer software	477	477	-	-
	<u>\$ 8,530</u>	<u>\$ 6,713</u>	<u>\$ 1,817</u>	<u>\$ 2,360</u>

4. BANK INDEBTEDNESS

	2017	2016
Community Futures	<u>\$ -</u>	<u>\$ 5,000</u>

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%.

5. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX

Government remittances (other than income taxes) include payroll taxes, and WorksafeBC insurance premiums. No government remittances were payable at year end.

6. DEFERRED REVENUE

	2017	2016
Village Vision Joint Project Fund	\$ (86)	\$ (26)
Memberships	-	297
Web Enhancements	-	39
Visitor Guide	17,085	18,238
RDN Marketing Plan	6,875	-
	<u>\$ 23,874</u>	<u>\$ 18,548</u>

GABRIOLA ISLAND CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended October 31, 2017

(Unaudited)

7. LEASE COMMITMENTS

The organization leases premises under a long term lease that expires on June 30, 2018. 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 two successive renewal options to renew the lease for a period of three years.

8. FINANCIAL INSTRUMENTS

(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. An allowance for doubtful accounts is established based upon credit risk of specific identification. 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. The organization is exposed to interest rate risk primarily through its floating interest rate bank on the Community Futures credit facility.

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

9. COMPARATIVE FIGURES

The prior year comparative figures were compiled internally by the organization. Some of the comparative figures have been reclassified to conform to the current year's presentation and prior period adjustments were recorded as required.

10. PRIOR PERIOD ADJUSTMENT

A prior period adjustments were made which resulted in a net increase of \$238 to the prior year net deficiency of receipts over expenditures. Prior year adjustments made were to report amortization expense on capital assets of \$918, accrue WCB expenses of \$24, and reduce insurance and licences and due expense by \$1,180 to reflect to prepaid amounts.