

GABRIOLA ISLAND CHAMBER OF COMMERCE
Financial Statements
Year Ended October 31, 2020

GABRIOLA ISLAND CHAMBER OF COMMERCE

Index to Financial Statements

Year Ended October 31, 2020

	Page
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2 - 3
Statement of Changes in Net Assets	4
Statement of Revenues and Expenditures	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12
Expenditures (<i>Schedule 1</i>)	13
Restricted Funds (<i>Schedule 2</i>)	14



INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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, 2020, 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, 2020, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Johnston Johnston & Associates

Nanaimo, BC
January 29, 2021

JOHNSTON, JOHNSTON & ASSOCIATES LTD.
CHARTERED PROFESSIONAL ACCOUNTANTS

A Professional Corporation

GABRIOLA ISLAND CHAMBER OF COMMERCE
Statement of Financial Position
October 31, 2020

	General Fund	Restricted Fund <i>(Schedule 2)</i>	RDN Economic Development Fund	Total 2020	Total 2019
ASSETS					
CURRENT					
Cash	\$ 117,071	\$ -	\$ -	\$ 117,071	\$ 59,517
Term deposits	15,935	-	-	15,935	15,000
Accounts receivable	1,903	12,225	-	14,128	19,400
Goods and services tax recoverable	1,642	-	-	1,642	2,731
Prepaid expenses	1,063	2,500	-	3,563	1,046
	137,614	14,725	-	152,339	97,694
PROPERTY, PLANT AND EQUIPMENT <i>(Net of accumulated amortization) - note 3</i>	875	-	-	875	1,109
LONG TERM INVESTMENTS - <i>note 4</i>	500	-	-	500	-
INTERFUND TRANSFERS	(152,105)	90,737	61,368	-	-
	\$ (13,116)	\$ 105,462	\$ 61,368	\$ 153,714	\$ 98,803

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

Page 2

GABRIOLA ISLAND CHAMBER OF COMMERCE
Statement of Financial Position
October 31, 2020

	General Fund	Restricted Fund <i>(Schedule 2)</i>	RDN Economic Development Fund	Total 2020	Total 2019
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable and accrued liabilities	\$ 7,369	\$ -	\$ -	\$ 7,369	\$ 13,452
Wages payable	1,145	-	-	1,145	-
Deferred revenue - <i>note 6</i>	-	104,837	27,083	131,920	76,136
	8,514	104,837	27,083	140,434	89,588
NET ASSETS (DEBT)	(21,630)	625	34,285	13,280	9,215
	\$ (13,116)	\$ 105,462	\$ 61,368	\$ 153,714	\$ 98,803

LEASE COMMITMENTS - *note 7*

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

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

Page 3

GABRIOLA ISLAND CHAMBER OF COMMERCE
Statement of Changes in Net Assets
Year Ended October 31, 2020

	General Fund	Restricted Fund <i>(Schedule 2)</i>	RDN Economic Development Fund	Total 2020	Total 2019
NET ASSETS - BEGINNING OF YEAR					
As previously reported	\$ (24,322)	\$ 66,146	\$ 43,527	\$ 85,351	\$ 111,271
Prior period adjustments to correct deferred revenues - <i>note 10</i>	-	(76,136)	-	(76,136)	(91,110)
NET ASSETS - AS RESTATED	(24,322)	(9,990)	43,527	9,215	20,161
Excess of revenues over expenditures	3,808	(391)	648	4,065	(10,946)
Interfund transfers <i>(Schedule 2)</i>	(1,116)	11,006	(9,890)	-	-
NET ASSETS - END OF YEAR	\$ (21,630)	\$ 625	\$ 34,285	\$ 13,280	\$ 9,215

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

GABRIOLA ISLAND CHAMBER OF COMMERCE
Statement of Revenues and Expenditures
Year Ended October 31, 2020

	General Fund	Restricted Fund <i>(Schedule 2)</i>	RDN Economic Development Fund	Total 2020	Total 2019
REVENUES					
Chamber events and workshops	\$ 6,556	\$ -	\$ -	\$ 6,556	\$ 2,072
Commission income	1,190	-	-	1,190	858
Grants	10,000	73,248	37,917	121,165	129,060
Memberships	18,907	-	-	18,907	20,791
Visitor guide revenues	24,862	-	-	24,862	29,351
	61,515	73,248	37,917	172,680	182,132
EXPENDITURES <i>(Schedule 1)</i>	58,792	73,639	37,269	169,700	193,265
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	2,723	(391)	648	2,980	(11,133)
OTHER INCOME					
Interest income	\$ 1,085	\$ -	\$ -	\$ 1,085	\$ 187
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 3,808	\$ (391)	\$ 648	\$ 4,065	\$ (10,946)

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

Page 5

GABRIOLA ISLAND CHAMBER OF COMMERCE

Statement of Cash Flows
Year Ended October 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ 4,065	\$ (10,946)
Item not affecting cash:		
Amortization of property, plant and equipment	234	305
	<u>4,299</u>	<u>(10,641)</u>
Changes in non-cash working capital:		
Accounts receivable	5,272	56,006
Prepaid expenses	(2,517)	144
Accounts payable and accrued liabilities	(6,084)	4,494
Wages payable	1,145	-
Goods and services tax payable	1,089	(810)
Deferred revenue	55,785	(24,252)
	<u>54,690</u>	<u>35,582</u>
Cash flow from operating activities	<u>58,989</u>	<u>24,941</u>
INVESTING ACTIVITY		
Long term investment	<u>(500)</u>	<u>-</u>
INCREASE IN CASH FLOW	58,489	24,941
Cash - beginning of year	<u>74,517</u>	<u>49,576</u>
CASH - END OF YEAR	<u>133,006</u>	<u>74,517</u>
CASH CONSISTS OF:		
Cash	\$ 117,071	\$ 59,517
Term deposits	<u>15,935</u>	<u>15,000</u>
	<u>\$ 133,006</u>	<u>\$ 74,517</u>

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

Page 6

GABRIOLA ISLAND CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended October 31, 2020

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 set out on Schedule 2 on page 14.

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.

(continues)

GABRIOLA ISLAND CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended October 31, 2020

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:

Computer equipment	55%	declining balance method
Computer software	100%	declining balance method
Equipment	20%	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, 2020

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 1,443	\$ 1,417	\$ 26	\$ 48
Computer software	477	477	-	-
Equipment	6,610	5,761	849	1,061
	\$ 8,530	\$ 7,655	\$ 875	\$ 1,109

4. LONG TERM INVESTMENTS

	2020	2019
Gabriola Island Community Investment Co-op		
Shares	\$ 500	\$ -

5. BANK INDEBTEDNESS

The organization had a line of credit with Community Futures in the amount of \$10,000, which could be drawn in \$2,500 increments. The line of credit held no security, and bore interest at prime plus 2%. There is currently no balance drawn on the line of credit and the line of credit was not renewed during the year (2019 - nil).

6. DEFERRED REVENUE

Included in deferred revenue are the following amounts application to expenditures to be made in subsequent periods.

	2020	2019
Restricted Fund		
Province of B.C. Rural Dividend Fund - 2018	\$ 4,837	\$ 76,136
Province of B.C. Rural Dividend Fund - 2020	100,000	-
	104,837	76,136
RDN Fund		
RDN Marketing Plan	27,083	-
	\$ 131,920	\$ 76,136

GABRIOLA ISLAND CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended October 31, 2020

7. 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 option to renew the lease for a period of three years.

8. OPERATING SHORTFALL IN UNRESTRICTED FUND

The General Fund has a cumulative operating deficiency of \$21,630 (2019 - \$24,322). The organization is currently funding this shortfall through excess revenues in the Restricted Fund. A plan to improve General Fund profitability is in place to ensure the organization adheres to the Restricted Fund use requirements of each grant.

9. 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, 2020.

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.

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.

Additional risk

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, 2020

10. PRIOR PERIOD ADJUSTMENT

Prior period adjustments were made to correctly report government grants and funding received to the period in which the expenditures were incurred. Adjustments were made as follows to correct receipts and deferred income for the following project funds and years.

	2020	2019
2018 fiscal year		
BC Rural Dividend Fund		
Funding grant received in 2018	\$ -	\$ 100,000
Expenses incurred during fiscal 2018	-	(8,890)
BC Rural Dividend Fund - Deferred Income	-	91,110
2019 fiscal year		
BC Rural Dividend Fund		
Deferred income balance forward	91,110	-
Expenses incurred during fiscal 2019	(23,974)	-
BC Rural Dividend Fund - Deferred Income	67,136	-
BC Rural Dividend Fund - Enterprise Zoning		
Funding grant received in 2019	9,000	-
Expenses incurred during fiscal 2019	-	-
BC Rural Dividend Enterprise Zoning - Deferred Income	9,000	-
Total prior period adjustments recorded to correct deferred income for projects	\$ 76,136	\$ 91,110

GABRIOLA ISLAND CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended October 31, 2020

11. PROJECT EXPENSES

Project specific expenditures incurred during the year were classified as follows:

	2020	2019
Restricted Fund		
Advertising	\$ 9,145	\$ 3,006
Computer related expense	165	-
Consultant	11,649	-
Events	-	4,224
Office expense	1,574	1,818
Partnerships	1,090	7,000
Project costs	-	3,510
Wage expense	21,282	-
Professional fees	2,575	-
Sub-contracts	26,159	29,470
	<u>73,639</u>	<u>49,028</u>
RDN Economic Development Fund		
Advertising	-	1,090
Computer related expense	385	-
Project costs	-	3,627
Rent	2,520	430
Sub-contracts	26,000	44,032
Wages expense	8,364	-
	<u>37,269</u>	<u>49,179</u>
	<u>\$ 110,908</u>	<u>\$ 98,207</u>

GABRIOLA ISLAND CHAMBER OF COMMERCE

Expenditures

(Schedule 1)

Year Ended October 31, 2020

	General Fund	Restricted Fund <i>(Schedule 2)</i>	RDN Economic Development Fund	Total 2020	Total 2019
Accounting and legal fees	\$ 1,400	\$ -	\$ -	\$ 1,400	\$ 5,781
Advertising and promotion	2,211	-	-	2,211	843
Amortization - <i>note 3</i>	234	-	-	234	305
Business taxes, licences and memberships	1,584	-	-	1,584	1,651
Computer related expense	1,050	-	-	1,050	-
Insurance	956	-	-	956	1,365
Interest and bank charges	1,521	-	-	1,521	1,540
Office	706	-	-	706	967
Project expenses - <i>note 11</i>	-	73,639	37,269	110,908	98,207
Rental - <i>note 7</i>	2,520	-	-	2,520	5,040
Salaries and wages	8,364	-	-	8,364	14,161
Sub-contracts	17,748	-	-	17,748	32,823
Telephone	899	-	-	899	2,208
Travel	6	-	-	6	765
Visitor guide expenses	13,785	-	-	13,785	25,229
Visitor info centre expenses	156	-	-	156	1,770
Workshops	5,652	-	-	5,652	610
	\$ 58,792	\$ 73,639	\$ 37,269	\$ 169,700	\$ 193,265

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

Page 13

GABRIOLA ISLAND CHAMBER OF COMMERCE

Restricted Funds

(Schedule 2)

Year Ended October 31, 2020

	Fund balance, beginning of year	Contributions	Expenditures	Transfers and adjustments	Fund balance, end of year
RESTRICTED FUNDS					
	\$ -	\$ -	\$ -	\$ -	\$ -
B.C. Rural Dividend Fund	(100)	62,298	(66,853)	-	(4,655)
ICET Community Profile Grant	(9,890)	(1,775)	2,500	9,890	725
B.C. Rural Dividend Fund Enterprise Zoning	-	9,000	(9,286)	286	-
Canada Summer Jobs Grant	-	3,725	-	830	4,555
Wages allocated to restricted fund management	-	-	-	-	-
RESTRICTED FUNDS total	\$ (9,990)	\$ 73,248	\$ (73,639)	\$ 11,006	\$ 625

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

Page 14