

Financial Statements of  
**WEST SHORE CHAMBER  
OF COMMERCE**

December 31, 2022

**INDEX**

Review Engagement Report  
Statement of Financial Position  
Statement of Operations  
Statement of Changes in Net Assets  
Statement of Cash Flows  
Notes to Financial Statements

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**FLEMING & COMPANY**  
CHARTERED PROFESSIONAL ACCOUNTANT

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**INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

To the Members of West Shore Chamber of Commerce

I have reviewed the accompanying financial statements of West Shore Chamber of Commerce that comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, as well as 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 causing me to believe that the financial statements do not present fairly, in all material respects, the financial position of West Shore Chamber of Commerce as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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Chartered Professional Accountant  
Victoria, British Columbia  
June 7, 2023

**WEST SHORE CHAMBER OF COMMERCE**  
**Statement of Financial Position**  
**December 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 110,975	\$ 161,881
Accounts receivable (Note 3 & 7)	11,406	14,598
Prepaid expenses	1,886	3,093
	124,267	179,572
<b>CAPITAL ASSETS (Note 4)</b>	40,398	42,111
	\$ 164,665	\$ 221,683
<b>Liabilities and Net Assets</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	6,338	5,402
Accrued payroll liabilities	897	1,469
Unearned revenue (Note 6)	60,854	107,172
Due to government agencies	5,099	5,949
Current portion of long term debt (Note 9)	40,000	-
	113,188	119,992
<b>LONG TERM DEBT (Note 9)</b>	-	40,000
	113,188	159,992
<b>NET ASSETS</b>		
Invested in capital assets	40,398	42,111
Unrestricted	11,079	19,580
	51,477	61,691
	\$ 164,665	\$ 221,683

Approved on behalf of the Board

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

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**WEST SHORE CHAMBER OF COMMERCE**  
**Statement of Changes in Net Assets**  
**Year ended December 31, 2022**

	Invested in capital assets	General fund	Total
Balance, December 31, 2021	\$ 42,111	\$ 19,580	\$ 61,691
Excess (shortfall) of revenue over expenses	(2,871)	(7,343)	(10,214)
Purchase of capital assets	1,158	(1,158)	-
Balance, December 31, 2022	\$ 40,398	\$ 11,079	\$ 51,477

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

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**WEST SHORE CHAMBER OF COMMERCE**  
**Statement of Operations**  
**Year ended December 31, 2022**

	2022	2021
<b>Revenue</b>		
Advertising revenue	\$ 17,544	\$ 89
Corporate partner program	4,500	4,500
Donations and grants	54,250	250
Fees for services	36,501	41,044
Membership dues	118,854	100,260
Member events	48,221	18,160
Rental revenue	12,200	12,200
Trade shows, insurance fee, and other	23,157	22,964
	<b>315,227</b>	<b>199,467</b>
<b>Cost of activities</b>		
Advertising and awards	65,590	5,496
Amortization	2,871	5,984
Contract services	27,817	21,084
Forfeited deposit (recovery)	(2,000)	2,000
Insurance and dues	14,068	11,270
Interest and bank charges	4,224	3,274
Lunches, meetings, and member events	26,334	7,703
Office	12,100	11,461
Personnel costs	150,406	142,940
Professional development	2,344	960
Professional fees	12,290	8,488
Publishing	80	60
Repairs and maintenance	3,200	7,616
Telephone and utilities	8,108	7,803
Travel	1,678	258
	<b>329,110</b>	<b>236,397</b>
Excess (shortfall) of revenue over expenses	(13,883)	(36,930)
<b>Other income</b>		
Wage subsidy	3,669	26,516
CEBA forgiveness amount (Note 9)	-	10,000
Excess (shortfall) of revenue over expenses	<b>\$ (10,214)</b>	<b>\$ (414)</b>

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

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**WEST SHORE CHAMBER OF COMMERCE**  
**Statement of Cash Flows**  
**December 31, 2022**

	2022	2021
Operating activities		
Excess (shortfall) of revenue over expenses	\$ (10,214)	\$ (414)
Items not affecting cash		
Amortization	2,871	5,984
	(7,343)	5,570
Change in non-cash working capital		
Accounts receivable	3,192	4,248
Prepaid expenses	1,207	930
Accounts payable and accrued payroll liabilities	364	(2,589)
Unearned revenue	(46,318)	57,237
Due to government agencies	(850)	2,535
	(49,748)	67,931
Investing activities		
Purchase of capital assets	(1,158)	-
Financing activities		
Net proceeds of long term debt	-	10,000
Increase (decrease) in cash and cash equivalents, during the year	(50,906)	77,931
Cash and cash equivalents, beginning of year	161,881	83,950
Cash and cash equivalents, end of year	\$ 110,975	\$ 161,881

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

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**WEST SHORE CHAMBER OF COMMERCE**  
**Notes to Financial Statements**  
**December 31, 2022**

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The Chamber is incorporated under the Board of Trade Act of Canada and its principle activity is to promote and improve trade and commerce and the economic, civic, and social welfare of the West Shore region of Greater Victoria. The Chamber is a non-profit entity and is exempt from Part I income tax under paragraph 149(1)(e) of the Income Tax Act.

**1. Summary of significant accounting policies**

**BASIS OF ACCOUNTING**

The Chamber prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

**FUND ACCOUNTING**

The Chamber follows the restricted fund method of accounting for contributions.

The General Fund accounts for all unrestricted contributions and expenses that are not specifically designated under a Restricted Fund.

The Capital Asset Fund reports the assets, liabilities, revenues, and expenses related to the Chamber's capital assets.

**REVENUE RECOGNITION**

Fees for various services are recorded as revenue when the related services have been provided, or a contract for services has been established. Fees for service are contributions to the General Fund.

Membership revenue is recorded annually for each member and adjusted for any unearned portion, depending on the effective dates of the particular membership. Membership revenues are contributions to the General Fund.

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

Restricted contributions are recognized as income to the extent that they can be matched with their specified expense. All other restricted contributions are deferred to the period where the expenses occur.

**CASH AND CASH EQUIVALENTS**

The Chamber classifies high quality liquid investments redeemable in one year or less for fixed values as cash and cash equivalents.

**DONATED ASSETS, MATERIALS AND SERVICES**

The Chamber records donated property, plant and equipment at fair value. Donated services and materials are not recorded due to the difficulty in assessing their fair value.

**WEST SHORE CHAMBER OF COMMERCE**  
**Notes to Financial Statements**  
**December 31, 2022**

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#### RECIPROCAL MEMBERSHIPS

The Chamber has multiple agreements with groups and organizations including other municipal Chambers of Commerce whereby memberships are exchanged. The exchange is not recorded in the Chamber's financial statements as the value of the exchange cannot be reasonably determined.

#### CAPITAL ASSETS

Capital assets are recorded at cost and amortized using the declining balance method at rates sufficient to substantially amortize the cost over their estimated useful lives as follows:

Building	4% declining balance
Leasehold improvements	20% straight line
Furniture and fixtures	20% declining balance
Computer hardware	55% declining balance
Computer software	100% declining balance

Amortization expense is reported in the Capital Asset Fund. Impairment of tangible capital assets is reviewed whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

#### USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenue and expenses. The main estimates include allowance for doubtful accounts, estimated useful lives of tangible capital assets, impairment of long-lived assets, accrued liabilities, and disclosure of contingencies.

## 2. Financial instruments

The Chamber's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and long term debt.

The Chamber is exposed to various risks through its financial instruments without being exposed to concentrations of risk. The following analysis provides a measure of the organization's risk as at December 31, 2022.

#### CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to fulfil an obligation.

The Chamber is exposed to credit risk principally in connection with accounts receivable. The Chamber maintains cash and cash equivalents with reputable and major financial institutions. Management considers the risk of non-performance of these instruments to be remote.

#### LIQUIDITY RISK

Liquidity risk is the risk that the Chamber will encounter difficulty in meeting its obligations associated with financial liabilities.

The Chamber is exposed to liquidity risk in meeting its obligations associated with financial liabilities, which is dependent on receipt of funds from contributors and continued support by financial institutions providing sufficient operating lending facilities.

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**WEST SHORE CHAMBER OF COMMERCE**  
**Notes to Financial Statements**  
**December 31, 2022**

**2. Financial instruments (continued)**

**INTEREST RATE RISK**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in interest rates can affect the fair value of investments and the cash flows related to interest income and expense.

The Chamber is not currently exposed to interest rate risk.

<b>3. Accounts receivable</b>	<b>2022</b>	<b>2021</b>
Trade accounts receivable (Note 7)	\$ 8,406	\$ 11,279
Wage subsidy	-	3,319
Accrued receivable	3,000	-
	<b>\$ 11,406</b>	<b>\$ 14,598</b>

<b>4. Capital assets</b>			<b>2022</b>			<b>2021</b>
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Building*	\$ 85,472	\$ 47,517	\$ 37,955	\$ 39,537	-	-
Leasehold improvements	5,000	5,000	-	-	-	-
Furniture and fixtures	20,445	19,305	1,140	1,144	-	-
Computer hardware	15,240	13,937	1,303	1,430	-	-
Computer software	6,961	6,961	-	-	-	-
	<b>\$ 133,118</b>	<b>\$ 92,720</b>	<b>\$ 40,398</b>	<b>\$ 42,111</b>	<b>\$</b>	<b>\$</b>

\*See further notes about Building asset under Note 5 Lease Obligations.

**5. Lease obligations**

**EQUIPMENT**

On June 25, 2022, the Chamber ended a 48 month operating lease for office equipment, which required quarterly payments of \$297 plus applicable taxes. The lease was not renewed, and the client continues to make quarterly payments at the same rate.



**WEST SHORE CHAMBER OF COMMERCE**  
**Notes to Financial Statements**  
**December 31, 2022**

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**Lease obligations (continued)**

LAND

The Chamber has entered into a 33 year lease with the City of Langford for the land at 2830 Aldwynd Road in Langford with the lease expiring on February 28, 2034. There is provision for two 33 year term renewals on this lease. A payment of \$33 is due at the beginning of each 33 year term. The Chamber is responsible for property taxes on the property however a property tax exemption is requested annually. This year, as in previous years, the exemption has been approved.

As part of the land lease over 2830 Aldwynd Road, the title and ownership of buildings and structures on the property shall vest with the Chamber. Upon expiration or termination of the land lease, the ownership of the buildings and structures transfer to the Lessor with no compensation to the Chamber.

**SUPPLEMENTAL INFORMATION – lease obligations**

The on-going benefit associated with the lease, as described in note 5, is a reduction in rental operating costs and cash flow requirements.

<b>6. Unearned revenue</b>	<b>2022</b>	<b>2021</b>
Grant received for the Shop Local program (restricted)	\$ -	\$ 42,800
Prepaid membership fees and deposits	60,854	64,372
	<b>\$ 60,854</b>	<b>\$ 107,172</b>

**7. Related party transactions**

All transactions with related parties that occurred in the normal course of operations are measured at the exchange amount, which represents the fair value of the transaction.

During the year, there were expenses incurred in the normal course of business in the amount of \$9,262 (\$9,116 - 2021) by employees, directors, and/or companies related to them.

During the year, there were revenues received in the normal course of business totaling \$2,921 (\$2,635 - 2021) from related parties including employees, directors, and/or companies related to them.

Included in the Accounts Receivable balance is \$530 (\$0 - 2021) due from related parties. Included in the Accounts Payable balance is \$473 (\$473 - 2021) due to related parties for a recurring invoice. Payments were received and made in the normal course of operations.

In current year the Chamber received a donated capital asset from a related party, valued at \$250 (Fair Market Value).



**WEST SHORE CHAMBER OF COMMERCE**  
**Notes to Financial Statements**  
**December 31, 2022**

**8. Line of credit**

The Chamber has access to a line of credit of \$15,000 with interest rate charged at prime plus 2.5%. The outstanding balance of the line of credit is \$0 in 2022 (\$0 - 2021).

**9. Long term debt and current portion**

**2022**

**2021**

The Chamber obtained the Canada Emergency Business Account loan in the amount of \$60,000. If the loan is paid in full by December 31, 2023, \$20,000 will be forgivable. The Chamber expects to repay the full amount of the unforgivable portion, consequently has included the forgivable portion in income. \$40,000 was received in the 2020 fiscal year of which \$10,000 was included in income in 2020. An additional \$20,000 was received in the 2021 fiscal year of which \$10,000 was included in income. The loan is unsecured and interest free if repaid by December 31, 2023. Commencing January 1, 2024, if the unforgivable portion of the loan is not repaid it will be converted to a term loan bearing interest at 5% per annum and due December 31, 2025.

Less current portion

	\$	40,000	\$	40,000
		(40,000)		-
	\$	-	\$	40,000

Principal payments required to retire long term debt are:  
2023

	\$	40,000	\$	40,000
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End of Notes

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