

AIRDRIE CHAMBER OF COMMERCE

Financial Statements

Year Ended December 31, 2018

(Unaudited)

AIRDRIE CHAMBER OF COMMERCE
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Year Ended December 31, 2018
(Unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Airdrie Chamber of Commerce

We have reviewed the accompanying financial statements of Airdrie Chamber of Commerce that comprise the statement of financial position as at December 31, 2018 and the statements of revenues and expenditures, changes in net assets and cash flow 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, 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 these financial statements do not present fairly, in all material respects, the financial position of Airdrie Chamber of Commerce as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Airdrie, Alberta
March 19, 2019

"CMW"
Churchill Michelson Wylie
CHARTERED PROFESSIONAL ACCOUNTANTS

AIRDRIE CHAMBER OF COMMERCE

Statement of Financial Position

December 31, 2018

(Unaudited)

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 243,343	\$ 205,297
Guaranteed investment certificates (<i>Note 3</i>)	5,388	1,772
Accounts receivable	4,694	-
Prepaid expenses	<u>3,311</u>	4,016
	256,736	211,085
PROPERTY, PLANT AND EQUIPMENT (<i>Note 4</i>)	18,029	28,966
GUARANTEED INVESTMENT CERTIFICATES (<i>Note 3</i>)	<u>1,500</u>	5,283
	\$ 276,265	\$ 245,334
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 5,689	\$ 6,777
Current portion of long term debt (<i>Note 6</i>)	5,246	6,156
Goods and services tax payable	2,197	870
Employee deductions payable	468	2,649
Deferred income (<i>Note 5</i>)	<u>34,165</u>	39,269
	47,765	55,721
LONG TERM DEBT (<i>Note 6</i>)	-	5,246
	47,765	60,967
NET ASSETS		
Unrestricted	68,474	14,531
Internally restricted (<i>Note 7</i>)	141,997	140,872
Net investment in equipment (<i>Note 4</i>)	<u>18,029</u>	28,964
	228,500	184,367
	\$ 276,265	\$ 245,334

ON BEHALF OF THE BOARD

Member

Member

AIRDRIE CHAMBER OF COMMERCE
Statement of Revenues and Expenditures
Year Ended December 31, 2018
(Unaudited)

	2018	2017
REVENUES		
Airdrie Business Awards	\$ 31,308	\$ -
Boardroom rental	810	258
Business after hours	3,206	2,007
Golf tournaments	37,677	34,170
Government grants	3,463	-
Group insurance	29,169	24,501
Home and lifestyle show	130,412	113,908
Interest income	1,277	1,227
Meetings	25,221	20,662
Membership fees	95,006	73,952
Other	4,466	300
Signs	46,492	32,000
Sponsorships	600	-
	409,107	302,985
EXPENSES		
Advertising and promotion	11,685	14,195
Airdrie Business Awards	16,013	-
Amortization	12,994	13,030
Business after hours	849	1,039
Donations	-	1,750
Equipment rentals	1,018	2,830
Golf tournaments	22,135	19,537
Home and lifestyle show	53,630	52,697
Insurance	8,195	12,040
Interest and bank charges	8,283	4,370
Meetings	14,879	23,481
Memberships	7,454	6,490
Office and administration	149,371	134,761
Professional fees	4,000	4,000
Rental	47,561	44,688
SMART start	931	-
Workshops	5,976	-
	364,974	334,908
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 44,133	\$ (31,923)

AIRDRIE CHAMBER OF COMMERCE
Statement of Changes in Net Assets
Year Ended December 31, 2018
(Unaudited)

	Unrestricted	Internally Restricted	Net investment in Equipment	2018	2017
NET ASSETS -					
BEGINNING OF YEAR	\$ 14,531	\$ 140,872	\$ 28,964	\$ 184,367	\$ 216,290
Excess (deficiency) of revenues over expenses	43,008	1,125	-	44,133	(31,923)
Amortization expense	12,993	-	(12,993)	-	-
Purchase of equipment	(2,058)	-	2,058	-	-
NET ASSETS - END OF YEAR					
	\$ 68,474	\$ 141,997	\$ 18,029	\$ 228,500	\$ 184,367

AIRDRIE CHAMBER OF COMMERCE

Statement of Cash Flow

Year Ended December 31, 2018

(Unaudited)

	2018	2017
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 44,133	\$ (31,923)
Item not affecting cash:		
Amortization of property, plant and equipment	<u>12,994</u>	<u>13,030</u>
	<u>57,127</u>	<u>(18,893)</u>
Changes in non-cash working capital:		
Accounts receivable	(4,694)	-
Accounts payable	(1,088)	2,573
Deferred income	(5,104)	10,963
Prepaid expenses	705	89
Goods and services tax payable	1,327	(173)
Employee deductions payable	<u>(2,181)</u>	<u>712</u>
	<u>(11,035)</u>	<u>14,164</u>
Cash flow from (used by) operating activities	<u>46,092</u>	<u>(4,729)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,057)	-
Guaranteed investment certificates - short term	(3,616)	5,182
Guaranteed investment certificates - long term	3,783	(5,283)
Cash flow used by investing activities	<u>(1,890)</u>	<u>(101)</u>
FINANCING ACTIVITY		
Repayment of long term debt	<u>(6,156)</u>	<u>(6,156)</u>
Cash flow used by financing activity	<u>(6,156)</u>	<u>(6,156)</u>
INCREASE (DECREASE) IN CASH FLOW	38,046	(10,986)
Cash - beginning of year	<u>205,297</u>	<u>216,283</u>
CASH - END OF YEAR	\$ 243,343	\$ 205,297
CASH CONSISTS OF:		
Cash	\$ 143,343	\$ 205,297
Term deposits	<u>100,000</u>	<u>-</u>
	<u>\$ 243,343</u>	<u>\$ 205,297</u>

AIRDRIE CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended December 31, 2018

(Unaudited)

1. INCORPORATION AND OPERATIONS

The Airdrie Chamber of Commerce ("the Airdrie Chamber") was incorporated on November 23, 1978. The Airdrie Chamber's main activity is to promote and improve trade and commerce as well as act as an advocate for businesses located in the Airdrie area.

The Airdrie Chamber is registered as a not-for-profit organization under the Income Tax Act ("the Act") and as such is exempt from income taxes. In order to maintain its status as a registered not-for-profit organization under the Act the Airdrie Chamber must meet certain requirements within the Act. In the opinion of management these requirements have been met.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in short term deposits having a maturity of less than three months. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Revenue recognition

The Airdrie Chamber recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

Property, plant and equipment

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

Computer equipment	30%	declining balance method
Office equipment	20%	declining balance method
Highway sign	20%	declining balance method
Leasehold improvements	5 years	straight-line method

The company regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

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

(continues)

AIRDRIE CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended December 31, 2018

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of Long Lived Assets

The Airdrie Chamber tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Leases

Leases are classified as either capital or operating leases. At the time the Airdrie Chamber enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

Contributed materials and services

Contributed materials and services are recognized in the financial statements when their fair value can be reasonably determined, they are used in the normal course of the Airdrie Chamber's operations and would otherwise have been purchased. The cost for contributed capital assets is considered to be the fair market value at the date of contribution.

Volunteers contribute significant hours each year to assist the Airdrie Chamber. Due to the difficulty in determining their fair value, contributed materials and services are not recognized in the financial statements.

Use of estimates

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 amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include useful lives of property, plant and equipment, revenues deferred to future periods, the amount of accrued liabilities and fair value of financial instruments.

These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

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.

AIRDRIE CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended December 31, 2018

(Unaudited)

3. GUARANTEED INVESTMENT CERTIFICATES

	2018	2017
Non redeemable GIC bearing 1.50% interest per annum paid annually. Matured on October 20, 2018.	\$ -	\$ 1,772
Non redeemable GIC bearing 2.00% interest per annum paid annually, maturing October 20, 2019.	5,388	5,283
Non redeemable GIC bearing 2.71% interest per annum paid annually, maturing October 22, 2020.	1,500	-
	-	-
	\$ 6,888	\$ 7,055

GIC in the amount of \$5,388 provides security of \$5,000 for usage of a corporate credit card for the Airdrie Chamber. Interest income of \$153 was earned in 2018.

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer equipment	\$ 5,109	\$ 3,381	\$ 1,728	\$ 335
Office equipment	7,610	6,182	1,428	1,448
Highway sign	55,452	52,036	3,416	4,270
Leasehold improvements	57,283	45,826	11,457	22,913
	\$ 125,454	\$ 107,425	\$ 18,029	\$ 28,966

5. DEFERRED REVENUE

The following membership fees, home & lifestyle show and luncheons and breakfast revenue have been deferred and will be recognized in revenue in the year which the related expenses are incurred or the related event occurs.

	2018	2017
Balance, beginning of year	\$ 39,269	\$ 28,306
Membership fees received during the year	88,326	84,215
Less: recognized as revenue during the year	(95,005)	(73,952)
Home & lifestyle show revenue received during the year	131,262	114,608
Less: recognized as revenue during the year	(130,412)	(113,908)
Luncheons and breakfast revenue received during the year	25,946	-
Less: recognized as revenue during the year	(25,221)	-
Balance, end of year	\$ 34,165	\$ 39,269

AIRDRIE CHAMBER OF COMMERCE**Notes to Financial Statements****Year Ended December 31, 2018***(Unaudited)***6. LONG TERM DEBT**

Interest-free loan repayable in monthly payments of \$513. The loan matures on November 30, 2019. No security has been provided.

Amounts payable within one year

	2018	2017
	\$ 5,246	\$ 11,402
	<u>(5,246)</u>	<u>(6,156)</u>
	<u>\$ -</u>	<u>\$ 5,246</u>

Principal repayment terms are approximately:

2019	<u>\$ 5,246</u>
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The Airdrie Chamber entered into the loan in 2015, for half of the cost to complete the leasehold improvements for the new office premises.

7. INTERNALLY RESTRICTED NET ASSETS

The Airdrie Chamber's board of directors has internally restricted net assets in order to provide a reserve to be used to ensure ongoing operations of the Airdrie Chamber's programs, should there be an unanticipated interruption or decline in revenue, or for other purposes as determined by the board of directors. Internally restricted net assets consist of short term deposits; interest income of \$1,124 was earned in 2018.

	2018	2017
Balance, end of year	<u>\$ 141,997</u>	<u>\$ 140,872</u>

8. LEASE COMMITMENTS

The Airdrie Chamber has committed to payments under an operating lease for office premises which expires March 31, 2020. The organization is committed to annual future minimum lease payments under the lease as follows:

2019	\$ 46,992
2020	<u>11,306</u>
	<u>\$ 58,298</u>

9. FINANCIAL INSTRUMENTS

The Airdrie Chamber 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 Airdrie Chamber's risk exposure and concentration as of December 31, 2018.

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AIRDRIE CHAMBER OF COMMERCE

Notes to Financial Statements

Year Ended December 31, 2018

(Unaudited)

9. FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The society is exposed to credit risk from customers. The credit risk relating to cash is managed by holding the funds in a chartered bank, subject to risk based on deposit insurance.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Airdrie Chamber is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt and accounts payable.

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

10. COMPARATIVE FIGURES

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