



Memorandum

To: Member Chambers of Commerce and Boards of Trade

From: Umberto Delucilla, Treasurer of the Board of Directors

Date: July 23, 2018

Re: Mid-year Financial Results for 2018

As treasurer, it is my pleasure to provide you with this summary report of the financial results at the mid-year point in 2018. Enclosed are the Canadian Chamber of Commerce's internal unaudited financial statements for the second quarter, June 30, 2018. These are presented to you for your information and as required to enable the Canadian Chamber to continue to hold its annual general meeting of members by the end of September.

For the fiscal year 2018, the board of directors approved revenue of just over \$8.8 million ("M") and expenses just over \$8.9 million, resulting in a potential excess of expenses over revenue of \$150 thousand ("K"), which reflects approved year-in costs to deliver on the 2018 business plan. At this mid-year mark, the Canadian Chamber's total revenue is just over \$4.1M and total expenses are just over \$4.1M, resulting in a positive bottom line with revenue exceeding expenses by \$8.6K. This consists of an operating excess of revenue over expenses of just over \$50K that is slightly offset by unrealized losses on investments (a non-cash item) of \$42K.

Statement of Operations

In order to provide additional detail and more transparency for the readers, both the revenue and expenses included on the face of the statement of operations in the internal financial statements have been further broken out by category rather than simply in the notes to financial statements.

Year-to-date revenue reflects a positive variance to budget of \$8K. Areas behind budget include chamber of commerce and board of trade membership, events and conferences, sponsored policy projects and subscription services revenue. Carnet revenue is in line with budget at this point, but given its unpredictability, we continue to keep a close eye on this significant revenue source. The focus of attention at this mid-year mark is corporate membership revenue. While we anticipate a slight increase in the corporate membership revenue year-over-year, management continues to monitor very closely the resource plan for 2018 to sustain growth.

On the expense side, the Canadian Chamber is experiencing a positive variance to year-to-date budget of \$63K. This is largely due to timing of filling vacant positions included in the salaries budget and savings in benefits. Also reflected are timing variances in incurring expenses compared with budget allocations. Management is vigilant with all expense categories and continues to prudently manage the financial affairs of the Canadian Chamber.

Statement of Financial Position

The statement of financial position for the Canadian Chamber remains healthy and solid. At the mid-year mark, assets and liabilities are showing an increase of just below \$1.9M year-over-year. This increase is largely due to the increase in capital assets related to the relocation of the Ottawa office. Cash and investment balances of just over \$5.7M reflect a year-over-year increase of just under \$250K. This increase is largely due to the increase of carnet security deposits received in cash. The security deposits held for carnet holders of just over \$2.2M are the second largest liability of the Canadian Chamber and they are fully secured by an equivalent amount of restricted investments.

Of significance during 2018 is the Ottawa office relocation (i.e. approximately \$2M) that took place June 1, 2018. Since the figures are not finalized as of June 30, they are not reflected in these June results. The term loan of approximately \$1.2M, both short-term and long-term figures, as well as leasehold inducements related to the fit-ups paid for by the landlord of approximately \$800K will be reflected in the statement of financial position at year-end, which will be made available to you.

Net assets of \$2.4M have increased by \$119K year-over-year and consist of investments in capital and intangible assets as well as unrestricted net assets.

If you have any questions, please contact Manuela Lacroix, Vice President, Finance, by email at mlacroix@chamber.ca or by telephone at 613.238.4000 (242).

Internal unaudited financial statements / états financiers internes non vérifiés

THE CANADIAN CHAMBER OF COMMERCE
LA CHAMBRE DE COMMERCE DU CANADA

Statement of Operations

État des résultats

Six month period ended June 30, 2018

Six mois terminés le 30 juin 2018

	(A)	(B)	VARIANCES ÉCARTS (A)-(B) (B)-(A)	ANNUAL BUDGET ANNUEL	
	2018 YTD ACTUAL/RÉEL	2018 YTD BUDGET			
Revenue:					Produits
Membership fees:					Cotisations annuelles
Corporate	1,816,707.03	1,766,331.00	50,376.03	3,593,498.00	Sociétés
Boards and chambers	311,659.44	322,350.00	(10,690.56)	322,350.00	Conseils et chambres
Trade associations	78,521.83	69,937.66	8,584.17	141,342.65	Associations commerciales
	<u>2,206,888.30</u>	<u>2,158,618.66</u>	<u>48,269.64</u>	<u>4,057,190.65</u>	
Carnets	887,440.79	879,215.98	8,224.81	1,748,273.00	Carnets
Document certification	208,080.47	209,321.00	(1,240.53)	404,200.00	Certification de documents
Investments	91,366.33	90,134.00	1,232.33	182,442.00	Placements
Unrealized gain (loss) on investments	(41,741.16)	0.00	(41,741.16)	0.00	Gain (perte) non réalisé sur les placements
Events and conferences	206,500.00	232,500.00	(26,000.00)	1,032,125.00	Séminaires et conférences
Affinity programs	61,368.72	54,601.00	6,767.72	250,430.00	Programmes d'affinité
Sponsored policy projects	108,669.50	108,670.00	(0.50)	647,063.00	Projets de politique parrainés
Subscription services	305,568.35	335,500.00	(29,931.65)	360,500.00	Services d'abonnement
Other activities	94,359.76	52,080.00	42,279.76	142,443.00	Autres activités
	<u>4,128,501.06</u>	<u>4,120,640.64</u>	<u>7,860.42</u>	<u>8,824,666.65</u>	
Expenses:					Charges
Salaries and benefits	2,515,855.66	2,570,280.51	54,424.85	5,120,878.00	Salaires et avantages sociaux
Rent	399,218.18	397,447.56	(1,770.62)	705,872.03	Loyer
Professional fees	48,872.73	30,796.00	(18,076.73)	93,700.00	Honoraires professionnels
Travel	91,459.23	125,750.01	34,290.78	279,441.00	Frais de déplacement
Events and conferences	142,213.44	139,730.00	(2,483.44)	555,785.00	Séminaires et conférences
Affinity programs	(975.43)	0.00	975.43	100,732.00	Programmes d'affinité
Sponsored policy projects	11,718.92	15,500.00	3,781.08	217,000.00	Projets de politique parrainés
Subscription services	68,700.96	71,767.40	3,066.44	156,400.00	Services d'abonnement
Administrative:					Charges administratives
Amortization	151,005.00	151,005.00	0.00	300,000.00	Amortissement
Bad debt	49,999.98	49,998.00	(1.98)	100,000.00	Mauvaises créances
E-certification fees	25,805.87	24,800.00	(1,005.87)	97,600.00	Frais de certification électronique
International dues (ICC and B20)	70,654.50	70,000.00	(654.50)	152,000.00	Cotisations internationales (CCI et B20)
Miscellaneous	545,359.01	536,166.78	(9,192.23)	1,095,242.62	Divers
	<u>4,119,888.05</u>	<u>4,183,241.26</u>	<u>63,353.21</u>	<u>8,974,650.65</u>	
Excess of revenue over expenses (expenses over revenue)	<u>8,613.01</u>	<u>(62,600.62)</u>	<u>71,213.63</u>	<u>(149,984.00)</u>	Excédent des produits sur les charges (charges sur les produits)

Internal unaudited financial statements /états financiers internes non vérifiés

THE CANADIAN CHAMBER OF COMMERCE
LA CHAMBRE DE COMMERCE DU CANADA
Statement of Financial Position
État de la situation financière

	June/juin 2018	June/juin 2017	
ASSETS			ACTIFS
Cash and investments	\$ 5,786,765.73	\$ 5,543,281.56	Encaisse et placements
Accounts receivable	1,140,965.18	1,017,829.41	Débiteurs
Prepaid expenses	<u>214,548.43</u>	<u>240,917.41</u>	Charges payées d'avance
	<u>7,142,279.34</u>	<u>6,802,028.38</u>	
Inventory	0.00	3,288.47	Stocks
Capital and intangible assets	<u>1,992,760.78</u>	<u>453,333.16</u>	Immobilisations corporelles et incorporelles
	<u>\$ 9,135,040.12</u>	<u>\$ 7,258,650.01</u>	
LIABILITIES AND NET ASSETS			PASSIFS ET ACTIFS NETS
Accounts payable and accrued liabilities	\$ 506,407.18	\$ 513,955.91	Créditeurs et charges à payer
Security Deposits for Carnet	2,205,277.96	1,739,597.03	Dépôts de garantie pour détenteurs de carnets
Deferred revenue	2,245,098.01	2,559,747.23	Produits reportés
Loan	1,653,016.48	-	Prêt
Deferred leasehold inducements	<u>101,206.69</u>	<u>140,030.61</u>	Avantages incitatifs reportés relatifs à des baux
	<u>6,711,006.32</u>	<u>4,953,330.78</u>	
Net assets	2,415,420.79	2,212,084.13	Actifs nets
Excess of revenue over expenses (expenses over revenue)	<u>8,613.01</u>	<u>93,235.10</u>	Excédent des produits sur les charges (charges sur les produits)
	<u>2,424,033.80</u>	<u>2,305,319.23</u>	
	<u>\$ 9,135,040.12</u>	<u>\$ 7,258,650.01</u>	