



Memorandum

To: **Member Chambers of Commerce and Boards of Trade**

From: **Victor Pang, Treasurer of the Board of Directors**

Date: **August 15, 2023**

Re: **Mid-year Financial Results for 2023**

As Treasurer, it is my pleasure to provide you with this summary report of the financial results at the mid-year point in 2023. Enclosed are the Canadian Chamber of Commerce's internal unaudited financial statements for the second quarter, June 30, 2023. 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 in October.

For the fiscal year 2023, the Board of Directors approved a balanced budget with budgeted expenses of just \$18M. At this mid-year mark, the Canadian Chamber's total revenue is just over \$7.8M and total expenses are just over \$7.7M, resulting in a positive bottom line with revenue exceeding expenses by \$77K. Not included in this figure is the unrealized gain on our investments of \$6.1K. Once included, the overall excess of revenue over expenses is just below \$83K.

Statement of Operations

Year-to-date revenue reflects a positive variance to budget of \$170K. This is largely due to overachievement of revenues of \$455K across a number of revenue streams, with the majority (\$356K) coming from strong momentum in sponsorship for events and conferences and document certification services.

Sponsorship for events and conferences is ahead by 18%. The Excellence Level Partnerships program and the Canadian Business Leadership Awards have added million-dollar programs in 2023. Sponsorship for councils and campaigns is aligned with budget. Four new councils have been added following a review of current member initiatives and advocacy priorities. The four new councils are: Defence and Aerospace Strategy Council, Artificial Intelligence Strategy Council, Housing and Development Strategy Council and CFO Executive Council.

Document certification services has an increase of \$67K in revenue year-to-date, which is largely due to the Toronto Region Board of Trade having shifted from an issuing TradeCert partner to an TradeCert referral partner. Other areas ahead of budget include membership for trade associations and subscription services. Year-to-date work is well underway with the Canadian Future of Business Centre, which is a key part of the Chamber 2025 pillar on being the first mover in thought-leadership.

The Business Data Lab is aligned with budget. We have secured \$1M in revenues from government funding. In addition to producing quarterly Canadian Survey on Business Conditions reports and participating in several events, the BDL successfully launched its new Business Conditions Terminal, Local Spending Tracker and Survey Insights Generator.



A renewed strategy is being developed for the Gateway to the World with some activity in Q3 and Q4 with aim to launching the full Gateway to the World pillar in 2024.

The SME Institute was launched on March 30. Based on experience to date, some of the elements of this model will be re-set. The Canadian Chamber is working on a revised model for Q4 and into 2024. Therefore, revenue expectation for the SME Institute has been significantly reduced, and corresponding cuts to expenses have been made. The SME Institute model is beneficial in this respect because the bulk of revenues come from training participant fees. The drop of \$1.9M in training revenue is first offset by corresponding savings in training expenses of \$1.3M. The rest of the expense offset will come from holding hires in that stream and from other discretionary hires in other areas of the organization, which have been already delayed, and moving staff to other functions.

Other activities represent a positive variance of \$8K. Corporate membership is behind budget by \$219K. New membership acquisition is slower year over year. Membership will continue to see the same pattern as last year, with a high preference for events and council sponsorship as corporate members continue to want more specific involvement in topics of emerging interest rather than general membership. Carnet services is behind budget by \$44K. Chamber Business Services is aligned with budget.

On the expense side, year-to-date spending represents savings of \$181K. This is largely due to the savings in salaries and benefits. Management is vigilant with all expense categories and continues to prudently manage the financial affairs of the Canadian Chamber.

Statement of Financial Position

The Canadian Chamber's statement of financial position at June 30, 2023 remains healthy and solid. Cash and investment balance just over \$8.5M, a decrease of \$4M versus mid-year last year. The decrease in cash year over year is partially due to the ending of the program for the Rapid Testing Initiative with Health Canada and lower balances in the security deposits for Carnet. The security deposits held for Carnet holders of just over \$1.6M are the second largest liability of the Canadian Chamber and they are fully secured by an equivalent amount of restricted investments.

The decrease in deferred revenue is mostly related to corporate membership.

Net assets of just over \$4.4M have decreased by just over \$800K with the previous year.

If you have any questions, please contact Manuela Lacroix, Chief Financial Officer, by email at mlacroix@chamber.ca or by telephone at 613.238.4000 (2242).

Statement of Financial Position | État de la situation financière

Six month period ended June 30, 2023 | Six mois terminés le 30 Juin 2023

	2023	2022	
CURRENT ASSETS			ACTIFS
Cash and Short-term Investments	8,561,260.86	12,586,734.67	Encaisse et placements
Accounts Receivable	2,036,719.62	1,812,731.10	Débiteurs
Prepaid Expenses	365,433.13	311,634.25	Charges payées d'avance
	<u>10,963,413.61</u>	<u>14,711,100.02</u>	
CAPITAL ASSETS	<u>1,539,678.93</u>	<u>1,663,633.98</u>	IMMOBILISATIONS CORPORELLES
TOTAL ASSETS	<u><u>12,503,092.54</u></u>	<u><u>16,374,734.00</u></u>	TOTAL DES ACTIFS
LIABILITIES			PASSIF ET ACTIFS NET
Accounts Payable and Accruals	1,001,879.09	2,298,813.01	Créditeurs et charges à payer
Security Deposits for Carnet	1,635,643.52	2,541,727.89	Depôts de garanti pour détenteurs de carnets
Deferred Revenue	4,704,951.97	5,235,874.69	Produits reportés
Short-term portion of loan	113,186.69	107,763.08	Portion de prêt à court terme
Loan	78,929.30	302,575.89	Emprunt bancaire
Leasehold Inducements	468,782.57	560,506.93	Avantages incitatifs reportés
	<u>8,003,373.14</u>	<u>11,047,261.49</u>	
NET ASSETS			ACTIFS NET
Invested in Capital and Intangible Assets	918,060.00	624,705.00	Investi dans les immobilisations
Strategic Initiative Fund	900,000.00	600,000.00	Fonds d'initiative stratégique
Contingency Reserve Fund	2,598,760.51	2,498,323.74	Fonds de réserve pour éventualités
Excess of revenue over expenses	82,898.89	1,604,443.77	Excédent des produits sur les charges (charges sur les produits)
	<u>4,499,719.40</u>	<u>5,327,472.51</u>	
TOTAL LIABILITIES AND NET ASSETS	<u><u>12,503,092.54</u></u>	<u><u>16,374,734.00</u></u>	TOTAL DES ACTIFS ET DES PASSIFS



Statement of Operations | État des résultats
Six months period ended June 30, 2023 | Six mois terminés le 30 Juin 2023

	(A) 2023	(B) 2023	VARIANCE ECARTS (A)-(B) (B)-(A)	ANNUAL BUDGET ANNUEL	
	YTD ACTUAL/REEL	YTD BUDGET			
REVENUE					PRODUIT
Membership Fees:					Côtisations annuelles :
Corporate	2,066,076.70	2,284,983.20	(218,906.50)	4,775,000.04	Sociétés
Boards & Chambers	334,885.30	345,000.00	(10,114.70)	345,000.00	Chambres
Associations	162,201.59	119,546.65	42,654.94	200,000.04	Associations
	<u>2,563,163.59</u>	<u>2,749,529.85</u>	<u>(186,366.26)</u>	<u>5,320,000.08</u>	
Carnets	828,019.92	872,200.44	(44,180.52)	1,652,999.98	Carnets
Document Certification	372,271.57	304,999.98	67,271.59	609,999.96	Certification de documents
Investments	130,486.30	130,486.30	0.00	204,999.96	Placements
Sponsored Events & Conferences	1,839,053.92	1,560,500.08	278,553.84	3,129,999.96	Événements et conférences commandités
Sponsored Campaigns & Councils	1,166,989.00	1,146,989.00	20,000.00	2,867,100.01	Campagnes et conseils commandités
Chamber Business Services	23,487.43	25,072.52	(1,585.09)	136,000.00	Services aux entreprises de la Chambre
Subscription Services	165,712.67	152,400.25	13,312.42	156,800.04	Services d'abonnement
Future of Business Centre	150,000.00	150,000.00	0.00	425,000.04	Centre de l'avenir des affaires
Gateway to the World	0.00	0.00	0.00	225,999.96	Ouverture sur le monde
Business Data Lab	369,958.10	354,958.10	15,000.00	1,275,000.00	Laboratoire de données sur les entreprises
Most Effective Business Network	0.00	0.00	0.00	100,000.00	Le réseau d'affaires le plus efficace
SME Institute	175,000.00	175,000.00	0.00	2,300,000.04	Institut des PME
Other Activities	19,247.04	11,080.83	8,166.21	146,689.92	Autres activités
TOTAL REVENUE	<u>7,803,389.54</u>	<u>7,633,217.35</u>	<u>170,172.19</u>	<u>18,550,589.95</u>	TOTAL DES PRODUITS
EXPENSES					CHARGES
Salaries & Benefits	4,655,628.37	4,978,393.95	322,765.58	9,942,685.32	Salaires et avantages sociaux
Rent	341,691.95	339,076.02	(2,615.93)	678,152.04	Loyer
Professional Fees	244,376.11	241,760.41	(2,615.70)	373,000.00	Honoraires professionnels
Travel	153,699.32	153,121.79	(577.53)	365,816.48	Frais de déplacement
Sponsored Events & Conferences	674,151.38	591,267.94	(82,883.44)	1,302,999.96	Seminaires et conférences
Sponsored Campaigns & Councils	78,908.08	58,908.08	(20,000.00)	570,000.20	Campagnes et conseils
Chamber Business Services	(728.81)	0.00	728.81	5,000.04	Services aux entreprises de la chambre
Subscription Services	72,079.98	75,384.57	3,304.59	80,499.95	Services d'abonnement
Administrative:					Administrative :
Amortization	278,801.16	278,801.16	0.00	557,601.96	Amortissement
Bad Debt	47,500.00	47,500.02	0.00	95,000.04	Mauvaises créances
E-certification Fees	110,342.96	93,518.96	(16,824.00)	252,000.00	Frais de certification électronique
International Dues	138,974.55	140,000.04	1,025.49	140,000.04	Côtisations internationales
Operating Expenses	931,191.28	909,901.71	(21,289.57)	4,187,833.92	Divers
TOTAL EXPENSES	<u>7,726,616.33</u>	<u>7,907,634.65</u>	<u>181,018.30</u>	<u>18,550,589.95</u>	TOTAL DES CHARGES
EXCESS OF REVENUE OVER EXPENSES BEFORE THE UNDERNOTED	<u>76,773.19</u>	<u>(274,417.30)</u>	<u>351,190.49</u>	<u>0.00</u>	EXCÉDENT DES PRODUITS SUR LES CHARGES AVANT LES ÉLÉMENTS CI-DESSOUS
Unrealized gain/loss	6,125.70	0.00	6,125.70	0.00	Gain/perte non réalisée
EXCESS OF REVENUE OVER EXPENSES	<u>82,898.89</u>	<u>(274,417.30)</u>	<u>357,316.19</u>	<u>0.00</u>	EXCÉDENT DES PRODUITS SUR LES CHARGES