

**ANNUAL REPORT**

# 2016

The Vancouver Economic Commission (VEC) works to position Vancouver as a globally recognised city for innovative, creative and sustainable business.



**VANCOUVER**  
ECONOMIC COMMISSION



## Letter from the Chair

Mayor Gregor Robertson

I am pleased to once again present the Vancouver Economic Commission's annual report for 2016. In 2016, we saw another year of strong growth and diversification in our economy, in addition to a heightened global awareness of Vancouver as a world-class city for business and investment.

At the City of Vancouver, our ability to attract investment and talent to fuel growth and create jobs in high-growth sectors such as the technology, creative and green economies bodes well for our city's future. The VEC undertakes important work in the areas of research, marketing and the convening of key stakeholders to enable decision makers to invest in and expand in Vancouver.

As the sole organization in the Lower Mainland with the expertise and scope to represent the diversity of Vancouver's economy, connect critical stakeholders in the community, and advise business leaders using leading-edge data, the VEC is a key player in Vancouver's economy and their work is critical to our continued success.

I commend them for their role in building our city's 21st century economy and look forward to their future work.

Sincerely,

A handwritten signature in black ink that reads "Gregor Robertson".

Mayor Gregor Robertson  
Chair of the Board of Directors  
Board of Directors to the Vancouver Economic Commission



# Letter from the CEO

Ian G. McKay

Over the course of 2016, we learned one thing for certain: in the 21st century knowledge-based economy, it is no longer appropriate for national governments to act independently of their leading cities in the investment attraction arena. Cities attract smart capital, smart talent and smart companies in a highly competitive global race.

Working closely with Vancouver's startups, home-grown companies, and global tech giants who have chosen to land and expand in Vancouver, the VEC plays a prominent role in creating the conditions for a sustainable, diverse and 21st century economy.

In the last year, the Vancouver Economic Commission has continued to lay the foundation for Vancouver to leverage the city's unique strengths against global changes leading to today's geopolitical climate. Vancouver is fortunate to be consistently ranked as one of the most liveable cities in the world. The city enjoys strong cultural and proximity-driven ties to power centres like Silicon Valley; it also sits at a nexus of international trade and functions as a key gateway to the Asia Pacific. We are extremely fortunate to have a diverse array of flourishing knowledge-based sectors, a city government that is leading the world on environmental action, and an innovative and creative entrepreneurial community.

These global changes and local assets have provided our organization with the opportunity to do things differently in the field of economic development. Economic development used to mean cities wooing individual new companies with financial incentives. However, companies in the knowledge-based sectors increasingly rely on top talent to win, and this talent increasingly considers nonmonetary factors – such as where they want to live and whether their communities reflect their personal values – when making their decisions.

This means talent and companies look at the entire ecosystem. Since narrowing our strategic focus, the sectors under our purview have already become some of the fastest growing in the city, and Vancouver's economy is expected to lead the nation in job growth through to 2019.

As such, we continue to focus our efforts on the knowledge-based sectors that have the highest potential to grow – Tech, Digital Entertainment & Interactive (DE&I), and the Green Economy. We continue to build upon our relationships in the Asia Pacific region, which included hosting the 5th Annual Canada–China Business Forum with delegates and investors from Beijing's Chaoyang District.

2016 also marked a major milestone for one of our sectors; during our work in the DE&I industry over the last few years, we identified an evident gap in the physical Film & TV ecosystem. Recognising substantial overlap in digital content creation and the film industry, we took the step of adding Film & TV production to our capital attraction, advocacy and marketing mandate. In our final quarter, we simultaneously launched the Vancouver Film & Media Centre (FMC) and Vancouver Film Commission (FMC). The new Vancouver Film Commission will be the first port of call for inbound international Film & Media-related leads, and work in partnership with the Film & Media Centre to proactively seek international coproduction opportunities as the FMC builds upon the VEC's activities in the DE&I sector.

We believe that our approach – of building an urban ecosystem that smart companies and talent want to join – will not only make our economy among the most resilient in the world, but will fuel the long-term growth of the companies and talent who chose to base themselves here.

Sincerely,



Ian G. McKay  
CEO





# 2016 OBJECTIVES

## 1 CAPITAL

**OBJECTIVE:** Increase the flow of investment capital from domestic and target markets

**STRATEGY:** Implement recommendations from 2015 capital attraction research

## 2 TALENT

**OBJECTIVE:** Boost the availability of top talent

**STRATEGY:** Engage stakeholders to create a workforce development strategy that overcomes challenges identified in 2015

## 3 MARKETS

**OBJECTIVE:** Connect Vancouver businesses to domestic and international markets

**STRATEGY:** Expand the use of Vancouver's key assets to accelerate business commercialization abroad

## 4 REPUTATION

**OBJECTIVE:** Promote Vancouver as a premier destination for business

**STRATEGY:** Leverage global channels to educate international business audiences

## 5 INNOVATION

**OBJECTIVE:** Develop a new model for economic development

**STRATEGY:** Showcase Vancouver's low-carbon, knowledge-based economy on the global stage





## 2016 Outcomes

### 1 CAPITAL

Increase the flow of investment capital from domestic and target markets

#### Strategy

Implement recommendations from 2015 capital attraction research

#### 2016 Actions

1. Track and measure all investment activity in Vancouver
2. Educate and connect local startups with investment
3. Build relationships with the investor community, locally and nationally

#### 2016 Key Deliverables

1. Produced and presented findings on total investment activity in Vancouver
2. Hosted Startup City: Vancouver Tech Showcase
3. Activated and partnered with NACO & CVCA and with BCIC on the BC Tech Summit

### 2 TALENT

Boost the availability of top talent

#### Strategy

Engage stakeholders to create a workforce development strategy that overcomes challenges identified in 2015

#### 2016 Actions

1. Conduct stakeholder engagement and research on challenges related to tech talent
2. Work with DE&I studios to identify most pressing talent needs
3. Support national talent outreach and recruiting efforts

#### 2016 Key Deliverables

1. Completed a Labour Market Partnership (LMP) Report with the Provincial Government for the Technology Industry
2. Hosted the largest DE&I Career Fair in Western Canada
3. Delivered a Vancouver focused recruitment event with leading local companies at the University of Waterloo

### 3 MARKETS

Connect Vancouver businesses to domestic and international markets

#### Strategy

Expand the use of Vancouver's key assets to accelerate business commercialization abroad

#### 2016 Actions

1. Connect local companies to city-owned assets to demonstrate their innovative technologies
2. Activate at GLOBE Forum 2016 around environmental innovation
3. Connect local entrepreneurs with Asian markets

#### 2016 Key Deliverables

1. Launched the second GDDP cohort
2. Hosted local business-focused workshops on key trade opportunities
3. Showcased Vancouver companies in key Chinese markets via strategic business missions and inbound delegations

## Key Stats

# \$123B

GDP

Conference Board of Canada  
Spring 2016

# 5.9%

## Unemployment

Conference Board of Canada  
Spring 2016

# 8.2%

## Office Vacancy

Conference Board of Canada  
Fall 2016





# 4

## REPUTATION

Promote Vancouver as a premier destination for business

### Strategy

Leverage global channels to educate international audiences

### 2016 Actions

1. Hire a Vancouver Film Commissioner
2. Advocate to provincial and federal government on immigration issues and opportunities
3. Promoted Vancouver to companies and investors through foreign direct investment activities

### 2016 Key Deliverables

1. Established the Vancouver Film and Media Center and the Vancouver Film Commission
2. Hosted roundtables with Minister of Finance Bill Morneau & Minister of Immigration, John MacCallum
3. Promoted Vancouver at key events and created custom investment attraction packages for incoming leads

# 5

## INNOVATION

Develop a new model for economic development

### Strategy

Showcase Vancouver's low-carbon, knowledge-based economy on the global stage

### 2016 Actions

1. Rally Vancouver businesses around supporting the move to a green economy
2. Showcase environmental opportunities and successes
3. Support social innovation

### 2016 Key Deliverables

1. Recruited over 200 businesses for COP21's Vancouver Climate Pledge
2. Activated at several key events - including key note addresses, workshops, and pitch events - at GLOBE 2016, the world's largest sustainable business summit
3. Hosted Startup City Impact Week and Impact Express





# 2017 OBJECTIVES

## 1 CAPITAL

**OBJECTIVE:** Substantially increase flow of smart investment capital to our high growth businesses

**STRATEGY:** Expand on the Startup City Capital Mentorship Program to Cleantech and DE&I, to better educate & prepare entrepreneurs for growth

## 2 TALENT

**OBJECTIVE:** Facilitate the flow and repatriation of senior level global talent to Vancouver's businesses

**STRATEGY:** Full scale roll-out of 'Vancouver: It's Your Move To Make' program

## 3 MARKETS

**OBJECTIVE:** Provide local companies with a global stage to demonstrate and market their technology

**STRATEGY:** Next phase rollout of Green & Digital Demonstration Program, including incorporation of crown agencies and private sector partners

## 4 REPUTATION

**OBJECTIVE:** Enhance VEC's reputation & capacity to deliver on our mandate to our key stakeholders

**STRATEGY:** Full scale launch of our Corporate Sponsorship program

## 5 INNOVATION

**OBJECTIVE:** Maximise the competitive advantage of our geographical location on the West Coast

**STRATEGY:** Become a key stakeholder in the Cascadia Innovation Corridor



# FINANCIAL STATEMENTS

## INDEPENDENT AUDITORS' REPORT

To the Members of Vancouver Economic Commission, May 2017

### Report on the Financial Statements

We have audited the accompanying financial statements of Vancouver Economic Commission, which comprise the statement of financial position as at December 31, 2016, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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 Public Sector Accounting Standards, 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Vancouver Economic Commission (formerly Vancouver Economic Development Society) as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### Report on the other legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian Public Sector Accounting Standards have been applied on basis consistent with that of the preceding period.

The logo for KPMG LLP, featuring the letters 'KPMG' in a stylized, handwritten font, followed by 'LLP' in a smaller, similar font, all enclosed within a thin, curved underline.

Chartered Professional Accountants

KPMG Enterprise™  
Metro Tower | 4710 Kingsway, Suite 2400 Burnaby BC V5H 4M2 Canada  
Telephone (604) 527-3600 | Fax (604) 527-3636

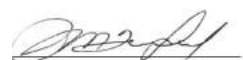


# STATEMENT OF FINANCIAL POSITION

December 31, 2016  
with comparative information for 2015

	VCAI Restricted	General	2016	2015
	Fund	Fund	Total	Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 84,911	\$ 1,197,843	\$ 1,282,754	\$ 1,554,071
Accounts receivable	-	142,901	142,901	96,474
Deposits and prepaid expenses	-	38,445	38,445	1,100
	84,911	1,379,189	1,464,100	1,651,645
Capital Assets (note 3)	-	209,106	209,106	43,451
	<b>\$ 84,911</b>	<b>\$ 1,588,295</b>	<b>\$ 11,673,206</b>	<b>\$ 1,695,096</b>
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 11,091	\$ 212,253	\$ 223,344	\$ 246,068
Deferred contributions (note 4)	-	13,333	13,333	-
Deferred lease obligation	-	205,210	205,210	-
	11,091	430,796	246,068	246,068
Net assets:				
VCAI restricted	73,820	-	73,820	154,136
Lease reserve (note 8)	-	1,019,162	1,019,162	1,129,571
Unrestricted	-	138,337	138,337	165,321
	154,136	1,157,499	1,231,319	1,449,028
Commitments (note 9)				
Economic dependence (note 10)				
	<b>\$ 84,9116</b>	<b>\$ 1,588,295</b>	<b>\$ 1,673,206</b>	<b>\$ 1,695,096</b>

See accompanying notes to financial statements.

 Director

 Director

# STATEMENT OF OPERATIONS

December 31, 2016  
with comparative information for 2015

	VCAI Restricted	General	2016	2015
	Fund	Fund	Total	Total
<b>Revenue</b>				
City of Vancouver (note 5)	\$ 300,000	\$ 3,075,554	\$ 3,375,554	\$ 3,323,626
Special projects (note 6)	-	305,745	305,745	199,210
Interest income	-	14,718	14,718	45,577
	<b>300,000</b>	<b>3,396,017</b>	<b>3,696,017</b>	<b>3,568,413</b>
<b>Expenses</b>				
Salaries and benefits (note 7)	-	2,006,065	2,006,065	1,908,642
Contracted services	162,207	554,779	716,986	685,920
Sponsorships	60,831	70,501	131,332	222,422
Business travel	50,609	190,700	241,309	207,293
General and administrative (schedule)	41	179,366	179,407	163,617
Business meetings	43,022	119,017	162,039	155,705
Rent	-	241,821	241,821	153,918
Subscriptions and memberships	1,590	53,699	55,289	66,172
Communication and media	43,137	20,992	64,129	46,928
Registrations	18,879	14,214	33,093	39,698
Amortization	-	35,773	35,773	39,505
Professional fees	-	37,796	37,796	37,549
Loss on disposal of assets	-	8,687	8,687	-
	380,316	3,533,410	3,913,726	3,727,369
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 154,136</b>	<b>\$ (137,393)</b>	<b>\$ (217,709)</b>	<b>\$ (158,956)</b>

See accompanying notes to financial statements.



# STATEMENT OF CHANGES IN NET ASSETS

December 31, 2016  
with comparative information for 2015

	VCAI Restricted	General Fund		2016	2015
	Fund	Lease Reserve	Unrestricted	Total	Total
Net assets, beginning of year	\$ 154,136	\$ 1,129,571	\$ 165,321	\$ 1,449,028	\$ 1,607,984
Excess (deficiency) of revenue over expenses	(80,316)	(164,473)	27,080	(217,709)	(158,956)
Interfund transfers (note 12)	-	54,064	(54,064)	-	-
<b>Net assets, end of year</b>	<b>\$ 73,820</b>	<b>\$ 1,019,162</b>	<b>\$ 138,337</b>	<b>\$ 1,231,319</b>	<b>\$ 1,449,028</b>

See accompanying notes to financial statements.

# STATEMENT OF CASH FLOWS

December 31, 2016  
with comparative information for 2015

	2015	2014
<b>Cash provided by (used in):</b>		
<b>Operating</b>		
Deficiency of revenue over expenses	\$ (217,709)	\$ (158,956)
Amortization	35,773	39,505
Loss on disposal of assets	8,687	--
	(173,249)	(119,451)
Change in non-cash working capital:		
Accounts receivable	(46,427)	29,705
Deposits and prepaid expenses	(37,345)	9,676
Accounts payable and accrued liabilities	(22,724)	(71,109)
Deferred contributions	13,333	(51,450)
Deferred lease obligation	205,210	-
	<b>(61,202)</b>	<b>(202,629)</b>
<b>Capital Transactions</b>		
Purchase of property capital assets	(210,115)	(15,254)
<b>Decrease in cash and cash equivalents</b>	<b>(271,317)</b>	<b>(217,883)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,554,071</b>	<b>1,771,954</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,282,754</b>	<b>\$ 1,554,071</b>

See accompanying notes to financial statements.



# NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2016

## 1. Operations:

The Vancouver Economic Commission (the "Commission") was created by the Council of the City of Vancouver. The Commission is the economic development agency of the City of Vancouver and works to strengthen the City of Vancouver's economic future by helping existing businesses, attracting new businesses, researching business issues and making policy recommendations.

The Commission is incorporated under the Societies Act (British Columbia) and is classified as a tax exempt not-for-profit organization for purposes of the Income Tax Act (Canada) and, accordingly, is not subject to income taxes.

## 2. Significant accounting policies:

### (a) Basis of presentation:

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations.

### (b) Fund accounting:

The resources and operations of the Society have been segregated for accounting purposes into the following funds:

(i) The Vancouver Capital Attraction Initiative ("VCAI") Fund accounts for revenue and expenses related to the operation of the VCAI including its program delivery and other expenses.

(ii) The General Fund accounts for revenue and expenses related to the operation of the Commission including its program delivery and other operating expenses.

### (c) Revenue Recognition:

The Commission follows the restricted fund method of accounting for contributions relating to the VCAI fund.

Restricted contributions relating to the VCAI fund are recognized as revenue when received or receivable. Other restricted contributions are initially deferred and subsequently recognized as revenue in the General Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the General Fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

The Commission also receives investment interest income which is recorded on an accrual basis.

### (d) Cash and cash equivalents:

Cash and cash equivalents include cash and financial instruments with maturity dates within 90 days of acquisition.

### (e) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Useful Life
Furniture and computer equipment	2-3 years
Software	3 years
Leasehold improvements	Over the term of the lease term

### (f) Contributed material and services:

Contributions of materials and services are not recognized in these financial statements as such values are not readily determined.

### (g) Employee future benefits:

The Commission and its employees make contributions to the Municipal Pension Plan (the "Plan") which is a multi-employer joint trustee plan. This Plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. As the assets and liabilities of the Plan are not segregated by entity, the Plan is accounted for as a defined contribution plan and contributions by the Commission to the Plan are expensed as incurred.

### (h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair values are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any previously recorded unrealized gain or loss is adjusted through the Statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities
- Level 2 – Observable or corroborate inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

There are no financial instruments carried at fair value as at year end and as a result, the statement of remeasurement gains and losses has not been prepared.



(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and related disclosures. Areas requiring the use of management estimates include the determination of useful lives of capital assets for purposes of amortization, valuation of accounts receivable and provision of contingencies. Actual results could differ from those estimates.

### 3. Capital Assets:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and computer equipment	\$ 93,670	\$ 55,438	\$ 38,232	\$ 41,494
Software	1,406	703	703	1,172
Leasehold improvements	178,824	8,653	170,171	785
	<b>\$ 273,900</b>	<b>\$ 64,794</b>	<b>\$ 209,106</b>	<b>\$ 43,451</b>

### 4. Deferred contributions:

	Balance, beginning of year	Amounts received	Amounts recognized as revenue	Balance, end of year
BCTIA	\$ -	\$ 43,000	\$ 43,000	\$ -
BC Hydro	-	25,500	25,500	-
City of Surrey	-	3,333	-	3,333
Ministry of International Trade	-	10,000	-	10,000
	<b>\$ -</b>	<b>\$ 81,833</b>	<b>\$ 68,500</b>	<b>\$ 13,333</b>

### 5. City of Vancouver:

The City of Vancouver provides funding to the Commission. Contributions received from consist of the following:

	2016	2015
Core funding	\$ 3,000,000	\$ 2,900,000
VCAI funding	300,000	300,000
Other project funding	75,554	67,475
Recognition of deferred contributions	-	56,151
	<b>\$ 3,757,554</b>	<b>\$ 3,323,626</b>

Transactions between the Commission and the City of Vancouver are recorded at the exchange amounts established and agreed upon between the parties

### 6. Special projects:

Special projects revenue consists of the following:

	2016	2015
Federal Reimbursement of Program expenses	\$ 81,955	\$ 40,210
Provincial Reimbursement of Program expenses	145,000	69,700
Contributions from private organizations	7,206	49,800
Recognition of other deferred contributions	68,500	17,000
Other contributions	3,084	22,500
	<b>\$ 305,745</b>	<b>\$ 199,210</b>

### 7. Salaries and benefits:

The new Societies Act (British Columbia) became effective November 28, 2016 and, as provided under Regulation 9(2), requires the disclosure of remuneration paid by the Commission to all directors, employees and contractors whose remuneration was at least \$75,000. For the fiscal year ended December 31, 2016, the Commission paid total remuneration of \$1,169,918 to eleven employees, each of whom received total annual remuneration of \$75,000 or greater.



## 8. Lease Reserve

The Commission, in accordance with Board approval, designated \$1,129,571 of the Commission's net assets to finance office expansion over the period up to 2023. During the year, the Board approved the use of \$110,409 from the lease reserve to fund the current year lease expense.

## 6. Special projects:

Special projects revenue consists of the following:

	2016	2015
Balance, beginning of year	\$ 1,129,571	\$ -
Add Board approved amounts	-	1,129,571
Less Board approved usage	110,409	-
	<b>\$ 1,019,162</b>	<b>\$ 1,129,571</b>

## 9. Commitments:

The Commission is committed to future minimum lease payments for office space and equipment as follows:

(a) The Commission occupies under a long-term lease ending on November 30, 2021.

(b) The Commission is committed to lease a photocopier until October 20, 2019 with monthly rental payments of \$448 per month.

Total estimated lease payments up to the end of the lease terms are as follows:

2017	\$ 354,593
2018	354,593
2019	355,251
2020	363,901
2021	333,576
	<b>\$ 1,762,635</b>

## 9. Economic Dependence

The Commission's ongoing operations depend on the funding from the City of Vancouver. The City of Vancouver funds approximately 92% (2015 - 93%) of the Commission's revenues.

## 9. Municipal Pension Plan:

The Commission and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The Plan is a multi- employer contributory pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2015, the Plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which products the long term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation for the Plan as at December 31, 2015 indicated a \$2,224 million funding deficit for basic pension benefits on a going concern basis.

The Commission paid \$137,678 (2015 - \$149,019) for employer contributions to the Plan in fiscal 2016. Employees contributed \$89,151 (2015 - \$81,802).

The next valuation will be as at December 31, 2018 with results available in 2019.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

## 11. Financial risks and concentration or risks:

(a) 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 discharge an obligation. The Commission is exposed to credit risk with respect to its accounts receivable. The Commission assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(b) Liquidity risk:

Liquidity risk is the risk that the Commission encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Commission will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at an amount below market value; or may be unable to settle or recover a financial asset. It is management's opinion that the Commission is not exposed to significant liquidity risk.

## 12. Comparative Information

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

	2016	2015
Computer technology services	\$ 37,942	\$ 59,478
Telecommunications	53,505	51,513
Office	39,484	28,364
Professional development and training	40,592	17,577
Office mainenance	5,294	2,795
Bank charges and interest	1,348	2,890
Insurance	1,348	1,000
	<b>\$ 179,407</b>	<b>\$ 163,617</b>



# SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

Year ended December 31, 2015  
with comparative information for 2014

	2015	2014
Computer technology services	\$ 59,478	\$ 38,511
Telecommunications	51,513	39,729
Office	28,364	63,462
Professional development and training	17,577	31,362
Office maintenance	2,795	878
Bank charges and interest	2,890	3,315
Insurance	1,000	1,243
	<b>\$ 163,617</b>	<b>\$ 178,500</b>



**VANCOUVER**  
ECONOMIC COMMISSION

