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**Cycling British Columbia**  
**Financial Statements**  
December 31, 2015

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## Independent Auditor's Report

To the Board of Directors of Cycling British Columbia

### Report on the Financial Statements

We have audited the accompanying financial statements of Cycling British Columbia, which comprise the statement of financial position as at December 31, 2015 and the statement of operations and changes in net assets and statement of cash flows 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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 the auditor's 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, the auditor considers 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 Cycling British Columbia as at December 31, 2015, 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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### Report on Other Legal and Regulatory Requirements

As required by the *Society Act* (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Vancouver, B.C.  
April 15, 2016

  
Chartered Professional Accountants

# Cycling British Columbia

## Statement of Financial Position

December 31, 2015

	2015	2014
	\$	\$
<b>Assets</b>		
Current assets		
Cash	221,499	104,959
Accounts receivable	140,240	154,787
Prepaid expenses	13,390	8,667
	<u>375,129</u>	<u>268,413</u>
Equipment (Note 3)	<u>68,319</u>	<u>65,567</u>
	<u>443,448</u>	<u>333,980</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	51,146	49,608
Deferred revenue	191,336	162,722
Current portion of loan payable (Note 5)	10,260	-
	<u>252,742</u>	<u>212,330</u>
Loan payable (Note 5)	19,025	-
Deferred contributions relating to equipment (Note 6)	<u>2,880</u>	<u>4,115</u>
	<u>274,647</u>	<u>216,445</u>
Commitments under operating leases (Note 7)		
<b>Net assets</b>		
Unrestricted	<u>168,801</u>	<u>117,535</u>
	<u>443,448</u>	<u>333,980</u>

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

Approved by the Board

\_\_\_\_\_, Director

\_\_\_\_\_, Director

# Cycling British Columbia

## Statement of Operations and Changes in Net Assets

Year ended December 31, 2015

	2015	2014
	\$	\$
<b>Revenue</b>		
Contributions	378,391	358,390
Memberships and licenses	300,806	295,225
Grants	239,446	265,026
Gaming grants	250,000	250,000
Programs and events	158,084	149,135
Race revenue	52,777	53,888
Sponsorship	33,487	52,658
Amortization of deferred contributions relating to equipment	1,235	1,763
	<u>1,414,226</u>	<u>1,426,085</u>
<b>Cost of services</b>		
Affiliation fees	35,264	35,597
Insurance - member/commercial event	57,582	54,351
Race, program and event costs	459,582	335,841
Subcontractors	165,436	198,798
	<u>717,864</u>	<u>624,587</u>
<b>Net contributions</b>	<u>696,362</u>	<u>801,498</u>
<b>Expenses</b>		
Amortization of equipment	25,692	28,222
Bank charges, credit card commissions and online service fees	26,320	27,992
Communication	22,467	21,609
Insurance	3,026	2,622
Loss on dispositions of equipment	12,924	932
Office operations	58,428	47,040
Professional fees	13,531	15,163
Publications, promotion and marketing	2,205	10,601
Rent	20,333	57,171
Salaries, benefits and contract labour	460,170	466,851
	<u>645,096</u>	<u>678,203</u>
<b>Excess of revenue over expenses</b>	51,266	123,295
Balance, beginning of year	<u>117,535</u>	<u>(5,760)</u>
<b>Balance, end of year</b>	<u>168,801</u>	<u>117,535</u>

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



# Cycling British Columbia

## Statement of Cash Flows

Year ended December 31, 2015

	2015	2014
	\$	\$
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses	51,266	123,295
Items not affecting cash		
Amortization of equipment	25,692	28,222
Loss on dispositions of equipment	12,924	932
Changes in non-cash working capital		
Accounts receivable	14,547	(64,448)
Prepaid expenses	(4,723)	102
Accounts payable and accrued liabilities	1,538	3,901
Deferred revenue	28,614	(58,985)
Deferred contributions relating to equipment	(1,235)	(1,763)
	<u>128,623</u>	<u>31,256</u>
<b>Cash flows from (used in) investing activities</b>		
Purchases of equipment	(43,922)	(33,992)
Proceeds from dispositions of equipment	2,554	2,500
	<u>(41,368)</u>	<u>(31,492)</u>
<b>Cash flows from financing activity</b>		
Proceeds from loan payable	29,285	-
	<u>29,285</u>	<u>-</u>
<b>Increase (decrease) in cash during the year</b>	116,540	(236)
Cash, beginning of year	<u>104,959</u>	<u>105,195</u>
<b>Cash, end of year</b>	<u>221,499</u>	<u>104,959</u>

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

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# Cycling British Columbia

## Notes to the Financial Statements

December 31, 2015

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### 1. Nature of operations

Cycling British Columbia (the "Society") was incorporated on February 27, 1974 under the *Society Act* (British Columbia) with the purpose of facilitating programs for bicycling and bicyclists in British Columbia.

The Society is exempt from income taxation under Section 149 of the *Income Tax Act* (Canada) as long as certain criteria continue to be met.

### 2. Significant accounting policies

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which necessarily involves the use of estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies summarized below.

#### 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 contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the year. Actual results could differ from these estimates.

#### Equipment

Equipment is carried at cost less accumulated amortization. Amortization is provided over the estimated useful life of each asset using the declining balance method applied at the following annual rates:

Office and computer equipment	-	30%
Sports equipment	-	30%
Vehicle	-	30%
Website	-	100%

In the year of acquisition, amortization is recorded at one-half of these rates.

#### Impairment of long-lived assets

The carrying amount of a capital asset is written down to its residual value when the capital asset no longer has any long-term service potential to the Society. In that event, the amount by which the carrying value of an impaired capital asset exceeds its residual value is charged to operations.

#### Revenue recognition

The Society follows the deferral method of accounting for sponsorship and other contributions. Sponsorship includes cash contributions. Cash contributions are recognized when receivable if the amount to be received can be estimated and collection is reasonably assured.

Contributions revenue includes in-kind contributions of goods and property provided without charge or at a reduced charge. This revenue is recognized when the goods or property are provided and are recognized at the fair value of the goods or property. An equivalent amount is recognized in expenditures for the year.

Restricted contributions are deferred and recognized as revenue in the year related expenses are incurred. Restricted contributions include donated equipment which is recorded at fair market value when donated and is deferred and recognized as revenue when related amortization is recorded. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

# Cycling British Columbia

## Notes to the Financial Statements

December 31, 2015

### 2. Significant accounting policies - continued

Membership fees and other revenues from commercial activities are recognized as revenue when the amounts to be received can be estimated and collection is reasonably assured.

Proceeds from gaming grants are recorded as revenue when received.

#### Deferred revenue

Deferred revenue consists of unexpended restricted contributions and revenue relating to events occurring after year end.

### 3. Equipment

	2015		
	\$		
	Cost	Accumulated amortization	Net
Office and computer equipment	134,437	125,017	9,420
Sports equipment	101,453	79,436	22,017
Vehicle	45,050	8,168	36,882
Website	<u>13,125</u>	<u>13,125</u>	-
	294,065	225,746	68,319
	2014		
	\$		
	Cost	Accumulated amortization	Net
Office and computer equipment	139,562	127,882	11,680
Sports equipment	147,883	102,683	45,200
Vehicle	7,186	5,062	2,124
Website	<u>13,125</u>	<u>6,562</u>	<u>6,563</u>
	307,756	242,189	65,567

### 4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$ 16,018 (2014 - \$ 3,567) owed to the Government of Canada in respect of payroll remittances.

### 5. Loan payable

	2015	2014
	\$	\$
Non-interest bearing loan requiring monthly payments of \$ 855; due March 2018	29,285	-
Less: Current portion	<u>10,260</u>	-
	19,025	-



# Cycling British Columbia

## Notes to the Financial Statements

December 31, 2015

### 5. Loan payable - continued

The Society is obligated to make the following annual principal payments for the fiscal years ending:

	\$
December 31, 2016	10,260
December 31, 2017	10,260
December 31, 2018	<u>8,765</u>
	29,285

### 6. Deferred contributions relating to equipment

Deferred contributions relating to equipment represent restricted equipment contributions. The balance in the account is as follows:

	2015 \$	2014 \$
Balance, beginning of year	4,115	5,878
Less: Amounts amortized to revenue	<u>(1,235)</u>	<u>(1,763)</u>
Balance, end of year	2,880	4,115

### 7. Commitments under operating leases

#### Premise lease

During the year, the Society entered into a premise lease expiring December 2, 2017. The Society is obligated to make the following annual rent payments under the premise lease in the fiscal years ending:

	\$
December 31, 2016	15,120
December 31, 2017	<u>3,360</u>
	18,480

#### Vehicle lease

The Society leased a vehicle under an agreement expiring February 15, 2019. The Society is obligated to make the following minimum lease payments under the vehicle lease in the fiscal years ending:

	\$
December 31, 2016	8,555
December 31, 2017	8,555
December 31, 2018	8,555
December 31, 2019	<u>713</u>
	26,378

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# Cycling British Columbia

## Notes to the Financial Statements

December 31, 2015

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### 8. Financial instruments

Financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and loan payable.

#### **Credit risk**

Cash and accounts receivable are exposed to credit risk due to the potential for counterparties to default on their contractual obligations. The maximum potential loss on all financial instruments is equal to the carrying amount of those items.

#### **Interest rate risk**

Loan payable does not bear interest and therefore does not expose the Society to interest rate risk.