

**Cycling British Columbia**  
**Financial Statements**  
**December 31, 2014**



**D+H Group** LLP  
Chartered Accountants  
*Understanding, Advising, Guiding*

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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, 2014 and the statement of operations, statement of 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, 2014, 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.

#### **D+H Group LLP Chartered Accountants**

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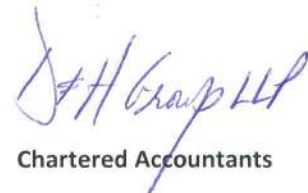
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**Report on Other Legal and Regulatory Requirements**

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.  
May 26, 2015

  
Chartered Accountants

# Cycling British Columbia

## Statement of Financial Position

December 31, 2014

	2014 \$	2013 \$
<b>Assets</b>		
Current assets		
Cash	104,959	105,195
Accounts receivable	154,787	90,339
Prepaid expenses	<u>8,667</u>	<u>8,769</u>
	268,413	204,303
Equipment (Note 3)	<u>65,567</u>	<u>63,229</u>
	333,980	267,532
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	49,608	45,707
Deferred revenue	<u>162,722</u>	<u>221,707</u>
	212,330	267,414
Deferred contributions relating to equipment (Note 5)	<u>4,115</u>	<u>5,878</u>
	<u>216,445</u>	<u>273,292</u>
Commitment under operating lease (Note 6)		
<b>Net assets (net liabilities)</b>		
Contingency Fund	-	11,200
Capital Replacement Fund	-	263
Future Heroes Fund	-	10,454
Investment in equipment	-	57,351
Unrestricted (deficit)	<u>117,535</u>	<u>(85,028)</u>
	<u>117,535</u>	<u>(5,760)</u>
	333,980	267,532

See accompanying notes to the financial statements.

Approved by the Board \_\_\_\_\_, Director \_\_\_\_\_, Director \_\_\_\_\_

# Cycling British Columbia

## Statement of Operations

Year ended December 31, 2014

	2014	2013
	\$	\$
<b>Revenue</b>		
Contributions	358,390	203,337
Memberships and licenses	295,225	341,039
Grants	265,026	224,366
Gaming grants	250,000	250,000
Programs and events	149,135	114,060
Race revenue	53,888	52,723
Sponsorship	52,658	50,350
Amortization of deferred contributions relating to equipment	<u>1,763</u>	<u>2,519</u>
	<u>1,426,085</u>	<u>1,238,394</u>
<b>Cost of services</b>		
Affiliation fees	35,597	39,914
Insurance - member/commercial event	54,351	51,051
Race, programs and events costs	335,841	171,403
Subcontractors	<u>198,798</u>	<u>81,214</u>
	<u>624,587</u>	<u>343,582</u>
<b>Net contribution</b>	<u>801,498</u>	<u>894,812</u>
<b>Expenses</b>		
Amortization of equipment	28,222	32,670
Bad debts	-	1,000
Bank charges, credit card commissions and online service fees	27,992	24,847
Communication	21,609	21,902
Insurance	2,622	4,036
Loss on dispositions of equipment	932	11,006
Office operations	47,040	41,042
Professional fees	15,163	43,810
Publications, promotion and marketing	10,601	1,732
Rent	57,171	57,455
Salaries, benefits and contract labour	<u>466,851</u>	<u>402,903</u>
	<u>678,203</u>	<u>642,403</u>
<b>Excess of revenue over expenses</b>	<u>123,295</u>	<u>252,409</u>

See accompanying notes to the financial statements.



# Cycling British Columbia

## Statement of Changes in Net Assets Year ended December 31, 2014

	Contingency Fund	Capital Replacement Fund	Future Heroes Fund	Investment in equipment	Unrestricted	Total
<b>2014</b>						<b>\$</b>
<b>Net assets (net liabilities), beginning of year</b>	11,200	263	10,454	57,351	(85,028)	(5,760)
Excess of revenue over expenses	-	-	-	-	123,295	123,295
Transfers (Note 7)	(11,200)	(263)	(10,454)	(57,351)	79,268	-
<b>Net assets, end of year</b>	-	-	-	-	117,535	117,535

	Contingency Fund	Capital Replacement Fund	Future Heroes Fund	Investment in equipment	Unrestricted	Total
<b>2013</b>						<b>\$</b>
<b>Net assets (net liabilities), beginning of year</b>	11,200	263	10,454	113,705	(393,791)	(258,169)
Excess of revenue over expenses	-	-	-	-	252,409	252,409
Amortization of equipment	-	-	-	(32,670)	32,670	-
Amortization of deferred contributions relating to equipment	-	-	-	2,519	(2,519)	-
Purchase of equipment	-	-	-	6,386	(6,386)	-
Dispositions of equipment	-	-	-	(32,589)	32,589	-
<b>Net assets (net liabilities), end of year</b>	11,200	263	10,454	57,351	(85,028)	(5,760)

See accompanying notes to the financial statements.

# Cycling British Columbia

## Statement of Cash Flows

Year ended December 31, 2014

	2014 \$	2013 \$
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses	123,295	252,409
Items not affecting cash		
Amortization of equipment	28,222	32,670
Loss on dispositions of equipment	932	11,006
Changes in non-cash working capital		
Decrease (increase) in		
Accounts receivable	(64,448)	(33,055)
Prepaid expenses	102	1,002
Increase (decrease) in		
Accounts payable and accrued liabilities	3,901	(266,141)
Deferred revenue	(58,985)	75,202
Deferred contributions relating to equipment	(1,763)	(2,519)
	<u>31,256</u>	<u>70,574</u>
<b>Cash flows from (used in) investing activities</b>		
Purchases of equipment	(33,992)	(6,386)
Proceeds of dispositions of equipment	<u>2,500</u>	<u>21,583</u>
	<u>(31,492)</u>	<u>15,197</u>
<b>Increase (decrease) in cash during the year</b>	(236)	85,771
Cash, beginning of year	<u>105,195</u>	<u>19,424</u>
<b>Cash, end of year</b>	104,959	105,195

See accompanying notes to the financial statements.



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# Cycling British Columbia

## Notes to the Financial Statements

December 31, 2014

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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.

**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 provided without charge. This revenue is recognized when the goods are provided and are recognized at the fair value of the goods. 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, 2014

### 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

Revenue relating to events occurring or expenditures incurred after year end are recorded as deferred revenue. Deferred revenue is included in revenue when the event occurs or expenditures are incurred.

#### 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.

### 3. Equipment

	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	13,125	6,562	6,563
	307,756	242,189	65,567
	2013		
	\$		
	Cost	Accumulated amortization	Net
Office and computer equipment	138,037	123,203	14,834
Sports equipment	131,974	86,614	45,360
Vehicle	7,186	4,151	3,035
Website	3,236	3,236	-
	280,433	217,204	63,229

### 4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$ 3,567 (2013 - \$ 14,915) owed to the Receiver General for Canada in respect of payroll remittances.

# Cycling British Columbia

## Notes to the Financial Statements

December 31, 2014

### 5. Deferred contributions relating to equipment

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

	2014	2013
	\$	\$
Balance, beginning of year	5,878	8,397
Less: Amounts amortized to revenue	(1,763)	(2,519)
Balance, end of year	4,115	5,878

### 6. Commitment under operating lease

#### Premise lease

The Society entered into a joint premise lease with three other parties effective April 1, 2008. The Society is committed to pay 27.55% of the rent until the expiration of the lease on March 31, 2015. The Society is obligated to make the following annual basic rent and operating payments, excluding parking, under the premise lease in the fiscal year ending:

	\$
December 31, 2015	11,548

The Society is jointly responsible for co-tenant's rent on the premise lease if one or more of the co-tenants defaults on its portion of the premise lease payments. The Society would have the option to take over the space or to sub-lease the space to another organization if a co-tenant moves out of the joint premise. Currently, there is no additional obligation to the Society under the premise lease other than the amounts disclosed above.

### 7. Restricted funds

The transfer of the contingency, capital replacement and future heroes fund balances, and the investment in capital equipment balance was approved by the Board to the unrestricted fund effective January 1, 2014.

### 8. Financial instruments

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

#### 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.



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