
Cycling British Columbia
Financial Statements
December 31, 2017



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, 2017 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, 2017, 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 *Societies 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.
July 25, 2018

A handwritten signature in black ink that reads "D&H Group LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Cycling British Columbia

Statement of Financial Position

December 31, 2017

	2017	2016
	\$	\$
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Assets		
Current assets		
Cash	155,882	290,450
Accounts receivable	169,710	207,726
Prepaid expenses	<u>4,962</u>	<u>7,579</u>
	330,554	505,755
Equipment (Note 3)	<u>75,820</u>	<u>64,504</u>
	<hr/> 406,374	<hr/> 570,259
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Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	84,838	107,743
Deferred revenue (Note 6)	88,302	282,632
Current portion of loan payable (Note 5)	<u>8,765</u>	<u>10,260</u>
	181,905	400,635
Loan payable (Note 5)	<u>-</u>	<u>8,765</u>
	181,905	409,400
Commitments under operating lease (Note 7)		
Net assets		
Net assets	<u>224,469</u>	<u>160,859</u>
	<hr/> 406,374	<hr/> 570,259

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, 2017

	2017	2016
	\$	\$
Revenue		
Contributions	328,962	622,603
Gaming grants	392,985	77,016
Grants	197,067	245,872
Memberships and licenses	467,629	341,936
Race, program and event revenue	241,672	155,670
Sponsorship	70,525	49,240
Amortization of deferred contributions relating to equipment	605	864
	<u>1,699,445</u>	<u>1,493,201</u>
Expenses		
Affiliation fees	41,107	39,532
Amortization of equipment	24,763	23,439
Bank charges, credit card commissions and online service fees	45,748	31,211
Communication	12,907	19,307
Insurance - administration	2,900	2,887
Insurance - members/commercial event	151,606	58,064
Office operations (Note 8)	99,262	74,756
Professional fees (Note 8)	45,179	15,026
Publications, promotion and marketing	27,504	21,912
Race, program and event costs	449,804	372,769
Rent	15,360	27,120
Salaries and benefits (Note 8)	394,849	659,402
Subcontractors (Note 8)	324,846	155,718
	<u>1,635,835</u>	<u>1,501,143</u>
Excess (deficiency) of revenue over expenses for the year	63,610	(7,942)
Balance, beginning of year	<u>160,859</u>	<u>168,801</u>
Balance, end of year	<u>224,469</u>	<u>160,859</u>

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

Cycling British Columbia

Statement of Cash Flows

Year ended December 31, 2017

	2017	2016
	\$	\$
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	63,610	(7,942)
Item not affecting cash		
Amortization of equipment	24,763	23,439
Changes in non-cash working capital		
Accounts receivable	38,016	(67,486)
Prepaid expenses	2,617	5,811
Accounts payable and accrued liabilities	(22,905)	56,597
Deferred revenue	(194,331)	88,416
	<u>(88,230)</u>	<u>98,835</u>
Cash flows from (used in) investing activity		
Purchases of equipment	(36,078)	(19,624)
Cash flows from (used in) financing activity		
Repayment of loan payable	<u>(10,260)</u>	<u>(10,260)</u>
Increase (decrease) in cash during the year	(134,568)	68,951
Cash, beginning of year	<u>290,450</u>	<u>221,499</u>
Cash, end of year	<u>155,882</u>	<u>290,450</u>

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

Cycling British Columbia

Notes to the Financial Statements

December 31, 2017

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 cycling and cyclists in British Columbia. In March 2017, the Society continued under the *Societies Act* (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 equipment is written down to its residual value when the equipment no longer has any long-term service potential to the Society. In that event, the amount by which the carrying value of an impaired equipment 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.

Cycling British Columbia

Notes to the Financial Statements

December 31, 2017

2. Significant accounting policies - continued

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.

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 2017 \$

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
Office and computer equipment	150,077	135,259	14,818
Sports equipment	130,461	96,163	34,298
Vehicle	56,105	29,401	26,704
Website	<u>13,125</u>	<u>13,125</u>	<u>-</u>
	349,768	273,948	75,820

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
Office and computer equipment	146,562	129,661	16,901
Sports equipment	105,952	86,716	19,236
Vehicle	48,050	19,683	28,367
Website	<u>13,125</u>	<u>13,125</u>	<u>-</u>
	313,689	249,185	64,504

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$ 13,769 (2016 - \$ 32,252) owed to the Government of Canada in respect of payroll remittances.

Cycling British Columbia

Notes to the Financial Statements

December 31, 2017

5. Loan payable	2017	2016
	\$	\$
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Non-interest bearing loan requiring monthly payments of \$ 855; not collateralized; due March 2018	8,765	19,025
Less: Current portion	<u>8,765</u>	<u>10,260</u>
	-	8,765
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The Society is obligated to make the following annual principal payment for the fiscal year ending:

	\$
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December 31, 2018	8,765
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6. Deferred contributions relating to equipment

Deferred contributions relating to equipment are included in deferred revenue and represent restricted equipment contributions. The balance in the account is as follows:

	2017	2016
	\$	\$
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Balance, beginning of year	2,016	2,880
Less: Amounts amortized to revenue	<u>(605)</u>	<u>(864)</u>
Balance, end of year	1,411	2,016
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7. Commitments under operating lease

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:

	\$
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December 31, 2018	8,555
December 31, 2019	<u>713</u>
	9,268
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Cycling British Columbia

Notes to the Financial Statements

December 31, 2017

8. Remuneration paid to employees and contractors

Under the British Columbia Societies Act the Society is required to disclose the employees and contractors earning remuneration over \$ 75,000 in the fiscal year. The details are as follows:

	2017	2016
	\$	\$
Executive Director remuneration	103,500	149,850
Sport Development remuneration	137,986	153,963

9. 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.

10. Comparative figures

Certain 2016 figures have been reclassified to conform to the presentation used in the current year.