
Cycling British Columbia
Financial Statements
December 31, 2018



Independent Auditor's Report

To the Board of Directors of Cycling British Columbia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cycling British Columbia (the "Society"), which comprise the statement of financial position as at December 31, 2018, and the statement of operations and changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.
May 28, 2019

Chartered Professional Accountants

Cycling British Columbia

Statement of Financial Position

December 31, 2018

	2018	2017
	\$	\$
Assets		
Current assets		
Cash	214,504	155,882
Accounts receivable	125,840	169,710
Prepaid expenses	<u>22,305</u>	<u>4,962</u>
	362,649	330,554
Equipment (Note 3)	<u>85,190</u>	<u>75,820</u>
	<u>447,839</u>	<u>406,374</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	132,345	84,838
Deferred revenue (Note 7)	99,824	88,302
Current portion of loan payable (Note 5)	-	8,765
Current portion of obligation under capital lease (Note 6)	<u>1,991</u>	<u>-</u>
	234,160	181,905
Obligation under capital lease (Note 6)	<u>3,983</u>	<u>-</u>
	238,143	181,905
Commitments under operating leases (Note 8)		
Net assets		
Net assets	<u>209,696</u>	<u>224,469</u>
	<u>447,839</u>	<u>406,374</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, 2018

	2018	2017
	\$	\$
Revenue		
Contributions	430,386	328,962
Gaming grants	191,374	392,985
Grants	158,414	197,067
Memberships and licenses	445,260	467,629
Race, program and event revenue	316,292	241,672
Sponsorship	79,466	70,525
Amortization of deferred contributions relating to equipment (Note 7)	11,923	605
	<u>1,633,115</u>	<u>1,699,445</u>
Expenses		
Affiliation fees	41,603	41,107
Amortization of equipment	27,364	24,763
Bank charges, credit card commissions and online service fees	53,404	45,748
Communication	10,797	12,907
Insurance - administration	2,500	2,900
Insurance - members/commercial event	143,618	151,606
Office operations (Note 9)	92,464	99,262
Professional fees (Note 9)	21,824	45,179
Publications, promotion and marketing	43,315	27,504
Race, program and event costs	423,701	449,804
Rent	12,000	15,360
Salaries and benefits (Note 9)	445,538	394,849
Subcontractors (Note 9)	329,760	324,846
	<u>1,647,888</u>	<u>1,635,835</u>
Excess (deficiency) of revenue over expenses for the year	(14,773)	63,610
Balance, beginning of year	<u>224,469</u>	<u>160,859</u>
Balance, end of year	<u>209,696</u>	<u>224,469</u>

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

Cycling British Columbia

Statement of Cash Flows

Year ended December 31, 2018

	2018	2017
	\$	\$
Cash flows from (used in) operating activities		
Excess (deficiency) of revenue over expenses for the year	(14,773)	63,610
Items not affecting cash		
Amortization of equipment	27,364	24,763
Gain on disposal of equipment	(6,050)	-
Amortization of deferred contributions relating to equipment	(11,923)	(605)
Changes in non-cash working capital		
Accounts receivable	43,870	38,016
Prepaid expenses	(17,343)	2,617
Accounts payable and accrued liabilities	47,507	(22,905)
Deferred revenue	6,445	(193,726)
	<u>75,097</u>	<u>(88,230)</u>
Cash flows from (used in) investing activities		
Purchases of equipment	(19,710)	(36,078)
Proceeds from disposal of equipment	12,000	-
	<u>(7,710)</u>	<u>(36,078)</u>
Cash flows from (used in) financing activity		
Repayment of loan payable	<u>(8,765)</u>	<u>(10,260)</u>
Increase (decrease) in cash during the year	58,622	(134,568)
Cash, beginning of year	<u>155,882</u>	<u>290,450</u>
Cash, end of year	<u>214,504</u>	<u>155,882</u>

See Note 11.

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

Cycling British Columbia

Notes to the Financial Statements

December 31, 2018

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, 2018

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	2018		
	\$		
	Cost	Accumulated amortization	Net
Office and computer equipment	159,764	140,948	18,816
Sports equipment	156,459	108,777	47,682
Vehicle	56,105	37,413	18,692
Website	<u>13,125</u>	<u>13,125</u>	-
	385,453	300,263	85,190
	2017		
	\$		
	Cost	Accumulated amortization	Net
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>	-
	349,768	273,948	75,820

Included in equipment are assets under capital lease with a cost of \$ 5,974 (2017 - \$ Nil) and accumulated amortization of \$ 896 (2017 - \$ Nil).

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$ 16,097 (2017 - \$ 13,769) owed to the Government of Canada in respect of payroll remittances.

Cycling British Columbia

Notes to the Financial Statements

December 31, 2018

5. Loan payable	2018	2017
	\$	\$
Non-interest bearing loan requiring monthly payments of \$ 855; not collateralized; due March 2018	-	8,765
Less: Current portion	<u>-</u>	<u>8,765</u>
	-	-

6. **Obligation under capital lease**

The Society leases computer hardware under a capital lease that expires in the 2021 fiscal year. The following is a schedule of the future minimum lease payments required under the capital lease:

	\$
Fiscal year ended December 31, 2019	1,991
Fiscal year ended December 31, 2020	1,991
Fiscal year ended December 31, 2021	<u>1,992</u>
Total minimum lease payments	5,974
Less: Current portion	<u>(1,991)</u>
	<u>3,983</u>

7. **Deferred contributions relating to equipment**

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

	2018	2017
	\$	\$
Balance, beginning of year	1,411	2,016
Add: Donated equipment	17,000	-
Less: Amounts amortized to revenue	<u>(11,923)</u>	<u>(605)</u>
Balance, end of year	<u>6,488</u>	<u>1,411</u>

Cycling British Columbia

Notes to the Financial Statements

December 31, 2018

8. Commitments under operating leases

Premise lease

Subsequent to year end, on February 8, 2019, the Society entered into a lease agreement expiring April 30, 2024. The Society is obligated to make the following annual rent payments, which includes \$ 14,803 of estimated annual operating costs, under the premise lease in the fiscal years ending:

	\$
December 31, 2019	32,269
December 31, 2020	48,403
December 31, 2021	48,403
December 31, 2022	48,403
December 31, 2023	48,403
Thereafter	<u>16,134</u>
	<u>242,015</u>

Vehicle lease

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

	\$
December 31, 2019	<u>713</u>

9. Remuneration paid to employees and contractors

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

	2018	2017
	\$	\$
Executive Director remuneration	109,250	103,500
Sport Development remuneration	53,485	137,986

10. 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.

Cycling British Columbia

Notes to the Financial Statements

December 31, 2018

11. Supplemental cash flow information

During fiscal 2018 and 2017 non-cash activities were conducted by the Society as follows:

	2018	2017
	\$	\$
Operating activity		
Deferred revenue relating to contributed equipment	17,000	-
Investing activity		
Purchase of equipment	(22,974)	-
Financing activity		
Proceeds from obligation under capital leases	<u>5,974</u>	<u>-</u>
	-	-
