
Cycling British Columbia
Financial Statements
December 31, 2022



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, 2022, 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, 2022, 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 31, 2023

Chartered Professional Accountants

Cycling British Columbia

Statement of Financial Position

December 31, 2022

	2022	2021
	\$	\$
Assets		
Current assets		
Cash	227,731	358,210
Accounts receivable	160,763	227,867
Inventory	24,154	39,442
Prepaid expenses	<u>18,250</u>	<u>19,122</u>
	430,898	644,641
Equipment (Note 3)	<u>97,600</u>	<u>73,527</u>
	<u>528,498</u>	<u>718,168</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	145,682	126,056
Deferred revenue (Notes 6 and 13)	190,110	299,638
Current portion of obligations under capital leases (Note 5)	<u>3,930</u>	<u>5,075</u>
	339,722	430,769
Obligations under capital leases (Note 5)	2,129	6,059
Government loan payable (Note 11)	<u>60,000</u>	<u>60,000</u>
	401,851	496,828
Commitments under operating leases (Note 7)		
Net assets	<u>126,647</u>	<u>221,340</u>
	<u>528,498</u>	<u>718,168</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, 2022

	2022	2021
	\$	\$
Revenue		
Contributions	49,293	58,348
Gaming grants	285,650	180,482
Grants	681,696	208,895
Memberships and licenses	579,139	471,795
Race, program and event revenue	240,532	268,691
Sponsorship	55,122	49,955
Amortization of deferred contributions relating to equipment (Note 6)	6,941	8,523
	<u>1,898,373</u>	<u>1,246,689</u>
Expenditures		
Affiliation fees	35,547	23,173
Amortization of equipment	30,199	27,589
Bank charges, credit card commissions and online service fees	73,069	52,724
Communication	12,915	11,333
Donations	-	29,250
Insurance - administration	4,105	6,259
Insurance - members/commercial event	249,509	166,439
Office operations	43,134	39,951
Professional fees	20,003	14,603
Publications, promotion and marketing	21,703	61,368
Race, program and event costs	392,166	260,874
Rent (Note 7)	56,388	55,007
Salaries and benefits (Note 8)	822,483	564,715
Subcontractors	231,845	193,108
	<u>1,993,066</u>	<u>1,506,393</u>
Excess (deficiency) of revenue over expenditures from operations	(94,693)	(259,704)
Other item		
Government wage and rent subsidies (Note 12)	-	214,194
Excess revenue (expenditures) for the year	(94,693)	(45,510)
Balance, beginning of year	<u>221,340</u>	<u>266,850</u>
Balance, end of year	<u>126,647</u>	<u>221,340</u>

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

Cycling British Columbia

Statement of Cash Flows

Year ended December 31, 2022

	2022	2021
	\$	\$
Cash flows from (used in) operating activities		
Excess revenue (expenditures) for the year	(94,693)	(45,510)
Items not affecting cash		
Amortization of equipment	30,199	27,589
Amortization of deferred contributions relating to equipment	(6,941)	(8,523)
Changes in non-cash working capital		
Accounts receivable	67,104	(91,612)
Inventory	15,288	(293)
Prepaid expenses	872	(4,292)
Accounts payable and accrued liabilities	19,625	67,578
Deferred revenue	(102,587)	50,527
	<u>(71,133)</u>	<u>(4,536)</u>
Cash flows from (used in) investing activity		
Purchases of equipment	(54,271)	(812)
Cash flows from (used in) financing activities		
Repayment of obligations under capital leases	<u>(5,075)</u>	<u>(8,917)</u>
Increase (decrease) in cash during the year	(130,479)	(14,265)
Cash, beginning of year	<u>358,210</u>	<u>372,475</u>
Cash, end of year	<u>227,731</u>	<u>358,210</u>

See Note 10.

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

Cycling British Columbia

Notes to the Financial Statements

December 31, 2022

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. Significant estimates made by management include allowance for doubtful accounts, amortization and impairment of equipment, and accrued liabilities. Actual results could differ from these estimates.

Inventory

Inventory is valued at the lower of cost and net realizable value, with cost determined using the weighted average cost method.

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%
Vehicles	-	30%
Victoria Hub	-	30%
Website	-	100%

Victoria Hub consists of sports equipment, trailer and office and computer equipment acquired for the Victoria Hub initiative.

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.

Cycling British Columbia

Notes to the Financial Statements

December 31, 2022

2. Significant accounting policies - continued

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.

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 the related program expenses are incurred.

Deferred revenue

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

Leases

Leases are classified as either capital or operating leases. A lease that transfers substantially all the benefits and risks incidental to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are amortized on a straight-line basis over the term of the lease to a rent expense. At the inception of a capital lease, an asset and an obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease.

3. Equipment	2022		
	Cost	Accumulated amortization	Net
	_____	_____	_____
Office and computer equipment	178,240	163,710	14,530
Sports equipment	206,656	174,928	31,728
Vehicles	81,394	69,533	11,861
Victoria Hub	46,448	6,967	39,481
Website	<u>13,125</u>	<u>13,125</u>	<u>-</u>
	525,863	428,263	97,600

Cycling British Columbia

Notes to the Financial Statements

December 31, 2022

3. Equipment - continued	2021		
			\$
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
Office and computer equipment	176,656	157,822	18,834
Sports equipment	200,417	162,668	37,749
Vehicles	81,394	64,450	16,944
Website	<u>13,125</u>	<u>13,125</u>	<u>-</u>
	471,592	398,065	73,527

Included in equipment are assets under capital lease with a cost of \$ 36,630 (2021 - \$ 36,630) and accumulated amortization of \$ 23,426 (2021 - \$ 17,767).

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$ 12,557 (2021 - \$ 11,713) owed to the Government of Canada in respect of payroll remittances.

5. Obligations under capital leases

a) The Society leases computer hardware under two capital leases that expire in the 2024 fiscal year. The following is a schedule of the future minimum lease payments required under both capital leases:

	\$
Fiscal year ended December 31, 2023	3,930
Fiscal year ended December 31, 2024	<u>2,129</u>
Total minimum lease payments	6,059
Less: Current portion	<u>(3,930)</u>
	2,129

b) The Society leased a vehicle under a capital lease that expired in the 2022 fiscal year.

6. Deferred contributions relating to equipment

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

	2022	2021
	\$	\$
Balance, beginning of year	23,138	25,161
Add: Donated equipment	-	6,500
Less: Amounts amortized to revenue	<u>(6,941)</u>	<u>(8,523)</u>
Balance, end of year	16,197	23,138

Cycling British Columbia

Notes to the Financial Statements

December 31, 2022

7. Commitments under operating leases

Premise leases

The Society leases office premises in Burnaby and Victoria under operating leases expiring on April 30, 2024 and March 31, 2025, respectively. The Society is obligated to make the following annual rent payments, which includes \$ 21,108 of estimated annual operating costs under the Burnaby premise lease, in the fiscal years ending:

	\$
December 31, 2023	60,498
December 31, 2024	23,095
December 31, 2025	<u>1,087</u>
	<u>84,680</u>

8. 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.

For the year ended December 31, 2022 the Society paid remuneration totalling \$ 196,040 (2021 - \$ 115,000) to two (2021 - one) employees whose total remuneration exceeded \$ 75,000 on an individual basis. Total remuneration to these employees consists of compensation and benefits.

9. Financial instruments

Financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, government loan payable and obligations under capital leases. The fair values of these financial instruments approximate their carrying amounts, unless otherwise noted. It is management's opinion that the Society is not exposed to significant interest or currency risk arising from these financial instruments.

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

Obligations under capital leases bear interest at a fixed rate. Therefore, fluctuations in the market rate of interest would not have an effect on the Society's exposed interest rate risk.

Cycling British Columbia

Notes to the Financial Statements

December 31, 2022

10. Supplemental cash flow information

During fiscal 2022 and 2021 non-cash activities were conducted by the Society as follows:

	2022	2021
	\$	\$
Operating activity		
Deferred revenue relating to contributed equipment	-	6,500
Investing activity		
Purchase of equipment	-	(16,544)
Financing activity		
Proceeds from obligation under capital leases	<u>-</u>	<u>10,044</u>
	-	-

11. Government loan payable

During the fiscal 2020 year, the Society received a \$ 60,000 loan under the Canada Emergency Business Account ("CEBA") program created by the Government of Canada in response to the CoVID-19 pandemic. The loan is non-interest bearing until December 31, 2023. If the Society repays \$ 40,000 of the loan before December 31, 2023, the remaining balance of \$ 20,000 will be forgiven. If the loan is not repaid in full by December 31, 2023, the remaining balance will be converted to a 2-year loan at 5% annual interest, paid monthly, effective January 1, 2024, with payment in full due on December 31, 2025.

12. Government wage and rent subsidies

The Society has made claims to receive subsidies under the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS") programs for the subsidization of employee wages and rent due to CoVID-19. The CEWS and CERS relate to current period expenditures. The measurement of CEWS and CERS receivable is subject to uncertainty as the claims are subject to review and possible adjustment by the relevant authorities. During the year ending December 31, 2022, the Society applied for CEWS of \$ Nil (2021 - \$ 189,336) and CERS of \$ Nil (2021 - \$ 24,858). As at December 31, 2022, \$ Nil (2021 - \$ 2,852) of government subsidies are included in accounts receivable.

13. Deferred Revenue

As at December 31, 2022, the Society's deferred revenue consists of the following:

	2022	2021
	\$	\$
Grants	58,681	69,702
Memberships and licenses	95,752	102,495
Gaming grants	796	73,447
Sponsorship	12,285	21,081
Race, program and event	6,400	9,775
Deferred contributions relating to equipment	<u>16,196</u>	<u>23,138</u>
	190,110	299,638
