



Annual General Meeting

*April 18 2015
Holiday Inn Express
Langley BC*

Chairperson: Liz Saunders

Recorded by: Sandy Underwood

1. Meeting called to order at: 4:03pm

1.a Introductions:

1.b Announcement of Quorum:30

Present: Lisa Laycock, Kelly Coughlin, Wendy Sewell, , Aynsley Cairns
Sandy Underwood, Jennifer Pipe, Lynda Eckstein
Orville Smith, Carolyn Farris, Carol Cody, Liz Saunders, , Susan Harrison
Rose Schroeder, , Gary Patterson, Dawn MacRae
Cheryl Dewson, Allison Warren, Arlene Ridge, Lesley Flint, Chris Hassel,
Steven Dubas ,Winona Hartvikson, Lynda Atkinson, Shawn Stephens
Sharon Pickthorne, Kathy Stanley, Denis Huber, Sara Allison,
Jeannie Spence, Todd Lefebure

Regrets: Susan Thompson, Frank Seibeck, Kevin Rothwell, Alicia Harper,
Chris Pack, Len Kirby, Cathy Regglesen, Terre O'Brennan
Gord Mackenzie, Dani Goldenthal

Absent Michelle Hague, Patti Coldicutt, Pia Petersen, Marijean Maher

1. c) Acceptance of Agenda

Motion, 1 AGM-04-18-14

Moved that the agenda be approved as circulated.

Moved/seconded by: Shawn Stephens / Arlene Ridge

Carried

1. d) Approval of the April 6 2013 AGM minutes:

Motion, 2 AGM-04-18-15

Moved that the minutes of the March 29 2014 AGM be accepted as presented.

Moved/seconded by: Sharon Pickthorne / Carol Cody

Carried

2. Treasurers' Report

2. a) Report on audited Financial Statement

Carolyn explained the audited statement and reported the budget is right on target.

Motion, 3 AGM-04-18-15

Motion to receive the 2014 audited Financial Statements for HCBC

Moved/seconded by: Sharon Pickthorne/Orville Smith

Carried

2. b) Appointment of auditor

Motion, 4 AGM-04-18-15

Moved that Webster and Associates be appointed auditor for HCBC for 2015

Moved/seconded by: Carolyn Farris / Gary Paterson

Carried

Even though the committee is very happy with the current auditor and receives a very reasonable rate from them, to ensure do due diligence the Finance Committee will review this at the August meeting and will go out for tender if needed.

3. 2014 Year in Review

4. A slide show presentation was given of 2014 year in review

Motion to adjourn Gary Paterson

Meeting Adjourned at: 4:36

Horse Council of British Columbia

Financial Statements

Year Ended December 31, 2014

Horse Council of British Columbia

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Year Ended December 31, 2014

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WEBSTER & ASSOCIATES

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INDEPENDENT AUDITOR'S REPORT

To the Members of Horse Council of British Columbia

I have audited the accompanying financial statements of Horse Council of British Columbia, which comprise the statement of financial position as at December 31, 2014 and the statements of operations, changes in net assets and 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

(continues)

Independent Auditor's Report to the Members of Horse Council of British Columbia (continued)

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Horse Council of 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. As required by the Society Act, British Columbia, I report that, in my opinion, these principles have been applied, after retroactive adjustment for the error described in *Note 3*, on a basis consistent with that of the preceding year.



Abbotsford, British Columbia
March 19, 2015

CERTIFIED GENERAL ACCOUNTANT

Horse Council of British Columbia



Statement of Financial Position

December 31, 2014

	2014	2013
Assets		
Current		
Cash (Note 4)	\$ 338,788	\$ 545,379
Term deposit (Note 5)	441,632	432,537
Accounts receivable (Note 6)	3,245	1,497
Inventory	21,680	19,271
Prepaid expenses	8,057	6,800
	<u>813,402</u>	<u>1,005,484</u>
Tangible capital assets (Note 7)	<u>1,424,094</u>	<u>1,445,021</u>
	<u>\$ 2,237,496</u>	<u>\$ 2,450,505</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 129,155	\$ 117,694
Goods and services tax payable	12,981	7,885
Zone liability (Note 9)	38,290	35,202
Deferred revenue and restricted amounts (Note 10)	413,200	414,122
Current portion of long term debt (Note 11)	29,330	22,649
	<u>622,956</u>	<u>597,552</u>
Long term debt (Note 11)	<u>464,568</u>	<u>632,651</u>
	<u>1,087,524</u>	<u>1,230,203</u>
Net Assets		
Unrestricted	219,776	430,582
Equity in capital assets	930,196	789,720
	<u>1,149,972</u>	<u>1,220,302</u>
	<u>\$ 2,237,496</u>	<u>\$ 2,450,505</u>

Commitments (Note 12)

On behalf of the Board

 Director
 Director

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

Horse Council of British Columbia

Statement of Operations

Year Ended December 31, 2014

	Budget (Unaudited) 2014	2014	2013
Revenue			
Building	\$ 104,480	\$ 55,108	\$ 37,988
Coaching	40,300	20,826	20,950
Competition	62,000	65,927	52,518
General(Schedule 1)	1,510,265	1,336,050	1,309,743
Industry	53,000	28,782	29,332
Marketing	-	8,746	9,127
Recreation	-	1,885	1,355
Sales	51,500	34,965	35,979
	<u>1,821,545</u>	<u>1,552,289</u>	<u>1,496,992</u>
Expenses			
Administration	274,750	275,960	272,385
Board of directors	44,900	36,276	31,174
Building operating	101,822	95,711	50,314
Coaching	60,400	19,957	30,046
Competition	62,000	77,291	38,901
Cost of sales	35,000	30,711	30,749
General(Schedule 1)	534,500	471,249	415,424
Industry	103,000	48,412	46,215
Marketing	45,000	42,877	24,457
Recreation	30,000	21,386	9,189
Staff costs	528,493	502,789	458,926
	<u>1,819,865</u>	<u>1,622,619</u>	<u>1,407,780</u>
Excess (deficiency) of revenue over expenses	<u>\$ 1,680</u>	<u>\$ (70,330)</u>	<u>\$ 89,212</u>

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

Horse Council of British Columbia

Statement of Changes in Net Assets

Year Ended December 31, 2014

	<i>Equity in</i>		2014	2013
	<i>Unrestricted</i>	<i>Capital Assets</i>		
Net assets, beginning of year	\$ -	\$ -	\$ -	\$ -
As previously reported	450,142	789,720	1,239,862	1,131,090
Prior period adjustment (<i>Note 3</i>)	(19,560)	-	(19,560)	-
As restated	430,582	789,720	1,220,302	1,131,090
Deficiency of revenue over expenses	(29,302)	(41,028)	(70,330)	89,212
Purchase of tangible capital assets	(20,100)	20,100	-	-
Repayment of long term debt	(161,404)	161,404	-	-
Net assets, end of year	\$ 219,776	\$ 930,196	\$ 1,149,972	\$ 1,220,302

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

Horse Council of British Columbia

Statement of Cash Flows

Year Ended December 31, 2014

	2014	2013
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (70,330)	\$ 89,212
Items not affecting cash:		
Amortization of tangible capital assets	36,949	36,933
Loss on disposal of tangible capital assets	4,079	-
	<u>(29,302)</u>	<u>126,145</u>
Changes in non-cash working capital:		
Accounts receivable	(1,748)	458
Inventory	(2,409)	12,848
Prepaid expenses	(1,257)	10,384
Accounts payable and accrued liabilities	11,460	35,098
Goods and services tax payable	5,096	(22,259)
Zone liability	3,088	(5,266)
Deferred revenue and restricted amounts	(922)	38,752
	<u>13,308</u>	<u>70,015</u>
Cash flow from (used by) operating activities	<u>(15,994)</u>	<u>196,160</u>
Investing activity		
Purchase of tangible capital assets	<u>(20,100)</u>	<u>(1,465,050)</u>
Cash flow used by investing activity	<u>(20,100)</u>	<u>(1,465,050)</u>
Financing activities		
Proceeds from long term debt	-	670,000
Repayment of long term debt	<u>(161,402)</u>	<u>(14,700)</u>
Cash flow from (used by) financing activities	<u>(161,402)</u>	<u>655,300</u>
Decrease in cash flow	(197,496)	(613,590)
Cash, beginning of year	977,916	1,591,506
Cash, end of year	\$ 780,420	\$ 977,916
Cash flows supplementary information		
Interest received	<u>\$ 11,404</u>	<u>\$ 5,609</u>
Interest paid	<u>\$ 21,697</u>	<u>\$ 21,651</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Cash consists of:		
Cash	\$ 338,788	\$ 545,379
Term deposit	441,632	432,537
	<u>\$ 780,420</u>	<u>\$ 977,916</u>

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

Horse Council of British Columbia

Notes to Financial Statements

Year Ended December 31, 2014

1. Description of operations

The Society provides programs and financial support to various equestrian groups and societies in the province of British Columbia. The Society is incorporated under the Society Act of British Columbia. The Society is exempt from income taxes under paragraph 149(1) of the Income Tax Act, Canada.

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

The Society records its revenue and expenses on a functional basis. Accordingly, expenses are allocated to various reporting categories based on logical functional relationships. Because of this allocation, the Society has prepared an additional schedule (Schedule 2) that reallocates the expenses by major expense category rather than function.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or when receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Inventory

Inventory is valued at the lower of cost and net realizable value.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Building	4%	declining balance method
Computer equipment	30%	declining balance method
Computer software	25%	straight-line method
Furniture and fixtures	20%	declining balance method

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of capital assets, estimating the deferred portion of revenue received and estimating the unexpended portion of restricted revenue. Actual results could differ from these estimates.

Horse Council of British Columbia

Notes to Financial Statements

Year Ended December 31, 2014

3. Prior period adjustment

The prior year's financial results have been adjusted to increase the optional insurance liability and members optional insurance expense by \$ 19,560 that was inadvertently missed. The current year's unrestricted surplus carried forward and optional insurance expense are also reduced by this same amount to reflect the effect of the error on the current year.

4. Cash

As of December 31, 2014, cash includes no externally restricted funds, no gaming funds, and no internally restricted funds (December 31, 2013 - nil, \$ 303 and nil respectively).

5. Term deposit

	2014	2013
Guaranteed investment certificate, interest at 3.05%, maturing October 7, 2015	\$ 441,632	\$ 432,537

6. Accounts receivable

	2014	2013
Accrued interest	\$ 3,137	\$ 1,158
Other	108	339
	<u>\$ 3,245</u>	<u>\$ 1,497</u>

7. Tangible capital assets

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Land	\$ 722,422	\$ -	\$ 722,422	\$ 722,422
Building	725,959	56,915	669,044	696,921
Computer equipment	14,813	9,732	5,081	8,201
Computer software	11,353	11,260	93	124
Furniture and fixtures	40,471	13,017	27,454	17,353
	<u>\$ 1,515,018</u>	<u>\$ 90,924</u>	<u>\$ 1,424,094</u>	<u>\$ 1,445,021</u>

Several computers and office furnishings, having a net book value of \$ 4,079, were written off during the year, due to either replacement or reduced functionality.

Horse Council of British Columbia

Notes to Financial Statements

Year Ended December 31, 2014

8. Accounts payable and accrued liabilities

	2014	2013
Trade accounts payable	\$ 87,880	\$ 82,511
Media partners liability	2,975	3,539
Payroll and employee benefits	38,300	31,644
	<u>\$ 129,155</u>	<u>\$ 117,694</u>

9. Zone liability

Zone liability is an accumulation of funds that is used for zone functions or programs, at the discretion of the zone executive. Funds not spent by year end are carried forward for the exclusive use of the respective zones.

10. Deferred revenue and restricted amounts

	2014	2013
BC Trails Funds	\$ 1,456	\$ 1,229
Block funding	13,801	51,936
Equine Canada fees refundable to members	-	11,426
Rental deposit	2,271	-
Unearned membership fees	395,672	349,531
	<u>\$ 413,200</u>	<u>\$ 414,122</u>

11. Long term debt

	2014	2013
Envision Credit Union loan bearing interest at 4.06% per annum, repayable in monthly blended payments of \$4,070. The loan matures on April 26, 2018 and is secured by first mortgage over land and building.	\$ 493,898	\$ 655,300
Amounts payable within one year	<u>(29,330)</u>	<u>(22,649)</u>
	<u>\$ 464,568</u>	<u>\$ 632,651</u>

Principal repayment terms are approximately:

(continues)

Horse Council of British Columbia

Notes to Financial Statements

Year Ended December 31, 2014

11. Long term debt (continued)

2015	\$	29,329
2016		30,543
2017		31,806
2018		<u>402,220</u>
	\$	<u>493,898</u>

The carrying amount of the secured land and buildings as of December 31, 2014 was \$ 1,319,466.

12. Commitments

The Society, as of December 31, 2014, was committed to two equipment leases (photocopier and mail machine). The photocopier lease extends to 2016 and the mail machine to 2018.

The Society is committed to annual lease payments as follows:

2015	\$	11,180
2016		9,570
2017		4,740
2018		<u>2,370</u>
	\$	<u>27,860</u>

13. Subsequent event

The Board of the Society approved an employment benefit plan that matches employees' contributions to RRSPs based on a maximum of 3% of annual earnings. The plan commenced on January 1, 2015.

14. Related party transactions

The Society has a relationship with and a number of transactions annually with Equine Canada, which is the federal governing body for equestrian sport. In addition, some of the Society's directors are also directors of Equine Canada. The Society made expenditures of \$ 100 (\$ 989 - 2013) to and had revenue of \$ 2,941 (\$ 1,777 - 2013) from Equine Canada. In addition, the Society sets aside a levy of 10% of membership fees received. In 2014, this levy totalled \$ 93,669. As at December 31, 2014, there was \$ 1,408 (\$ 9,336 - 2013) owing to Equine Canada. Transactions are recorded at the exchange amount which approximates fair market value.

The Society has a month to month contract with a firm to provide a database service. The firm's owner is the son of a board member. During the year, the Society paid the firm \$ 36,374 (\$ 39,947 - 2013) for database and technical services. As at December 31, 2014, there was nil (nil - 2013) owing to this company. Transactions are recorded at the exchange amount which approximates fair market value.

In addition, there are two (four - 2013) directors of the Society that subcontract their coaching services to the Society. During the year, the Society paid the directors \$ 1,450 (\$ 3,054 - 2013). Transactions are recorded at the exchange amount which approximates fair market value.

Horse Council of British Columbia

Notes to Financial Statements

Year Ended December 31, 2014

15. Non-monetary transaction

The Society has media contracts with six member commercial entities. In exchange for providing the businesses with a subscription service on its website, the Society receives free advertising in the members' publications. The Society has estimated that the value of that advertising for 2014 was approximately \$ 54,207 (\$ 63,000 - 2013).

This non-monetary transaction meets one of the exceptions for fair market measurement in that it is an exchange of a service for a service in the same line of business to facilitate sales to customers other than the parties to the exchange. Accordingly, this transaction is measured at its carrying amount (i.e. the cost of the service given up), which is nil.

16. Financial instruments

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2014.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. Of these three risks, the Society is only exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is not overly exposed to interest rate risk as its main source of financing (i.e. long term debt) has a fixed rate of interest.

17. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

Horse Council of British Columbia

Schedule of General Revenue and Expenses

(Schedule 1)

Year Ended December 31, 2014

	2014	2013
Revenue		
Administrative fees	\$ 2,695	\$ 1,436
Cost recovery	1,579	1,571
Equine Canada levy	93,296	85,783
Gaming	-	60,659
Interest revenue	11,404	5,609
Memberships	959,852	886,154
Members optional insurance	129,885	104,695
Miscellaneous revenue	14,462	-
Sport funding	122,877	163,836
	<u>\$ 1,336,050</u>	<u>\$ 1,309,743</u>
Expenses		
Athlete support	\$ 17,835	\$ 13,699
Club grants	48,121	40,250
Equine Canada levy	93,669	85,779
Equine Canada membership fee	100	100
Members insurance	166,485	161,378
Members optional insurance	116,715	88,715
Scholarships	5,000	3,000
Travel support	1,300	1,000
Zone support	22,024	21,503
	<u>\$ 471,249</u>	<u>\$ 415,424</u>

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

Horse Council of British Columbia

Schedule of Reallocated Expenses

(Schedule 2)

Year Ended December 31, 2014

	2014	2013
Expenses by Expense Category		
Advertising and promotion	\$ 40,190	\$ 9,060
Contract payments	32,126	41,405
Credit card processing charges	41,934	36,539
Equipment rental	48,336	50,216
Insurance	393,575	346,010
Interest and bank charges	349	1,803
Interest on long term debt	21,348	19,847
Inventory purchases	30,711	30,746
Meetings	17,374	8,395
Memberships and dues	15,553	13,932
Office and miscellaneous	67,915	57,426
Professional fees	12,750	10,250
Program supplies	165,609	131,641
Property taxes	21,427	13,970
Rent	-	16,800
Repairs and maintenance	40,143	8,817
Salaries and benefits	495,660	447,419
Support and grants	94,280	79,453
Telephone	10,261	10,294
Travel	32,050	36,824
<i>Subtotal</i>	1,581,591	1,370,847
Amortization of tangible capital assets	36,949	36,933
Loss on disposal of tangible capital assets	4,079	-
Total Expenses	\$ 1,622,619	\$ 1,407,780

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