



Annual General Meeting

*March 29 2014
Holiday Inn Express
Langley BC*

Chairperson: Orville Smith

Recorded by: Sandy Underwood

1. Meeting called to order at: 4:01pm

1.a Introductions:

1.b Announcement of Quorum:37

Present: Lisa Laycock, Kelly Coughlin, Wendy Sewell, Ali Buchanan, Aynsley Cairns
Sandy Underwood, Jennifer Pipe, Lynn Wallden, Lynda Eckstein
Orville Smith, Carolyn Farris, Carol Cody, Gord Mackenzie, Liz Saunders,
Rose Schroeder, Chris Pack, Gary Patterson
Len Kirby, Lisa Mander, Lynda Harrison, Cheryl Dewson, Allison Warren,
Arlene Ridge, Claire Vessey, Barb Schmidt, Lynda Atkinson
Sharon Pickthorne, Lisa Schultz, Lesley Flint, Dani Goldenthal
Kathy Stanley,
Chris Hassel, Steven Dubas, Susan Harrison, Elaine Bessuille
Tina Llewellyn, Todd Lefebure

Regrets: Susan Thompson, Frank Seibeck, Kevin Rothwell,

1.c Acceptance of Agenda

Motion, 1 AGM-03-29-14

Moved that the agenda be approved as circulated.

**Moved/seconded by: Susan Harrison / Liz Saunders
Carried**

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

Motion, 2 AGM-03-29-14

Moved that the minutes of the April 6 2013 AGM be accepted as presented.

Moved/seconded by: Linda Atkinson / Claire Vessey

Carried

2. Treasurers' Report

2.a Report on audited Financial Statement

Barb Schmidt declared a conflict of interest and will not vote as she has a family member who is involved in a business relationship with HCBC.

In keeping with the new accounting protocol the Financial Statement has been approved by the Executive Committee.

The Financial Statements were presented and explained.

The HCBC office renovation project has been all but completed and has come in under budget.

The Auditor was very pleased and HCBC is in good financial position.

The Finance Committee will meet August 19 and 20, all funding requests are asked to be in two weeks previous to the meeting.

Motion, 3 AGM-03-29-14

Moved that the 2013 audited Financial Statements for HCBC be accepted.

Moved/seconded by: Len Kirby / Susan Harrison

Carried

2.b Appointment of auditor

Motion, 4 AGM-03-29-14

Moved that Webster and Associates be appointed auditor for HCBC for 2014

Moved/seconded by: Carolyn Farris / Gary Patterson

Carried

3. 2013 Year in Review

A presentation was made to Carolyn Farris in recognition of her being awarded the Sports BC Presidents Award for HCBC.

A year in review slide show was presented.

4. Questions from members

Meeting Adjourned at: 4:39pm

Horse Council of British Columbia

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Year Ended December 31, 2013

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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, 2013 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.

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, 2013 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 on a basis consistent with that of the preceding year.

Abbotsford, British Columbia
February 28, 2014

CERTIFIED GENERAL ACCOUNTANT

Horse Council of British Columbia

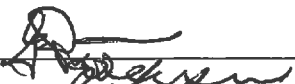
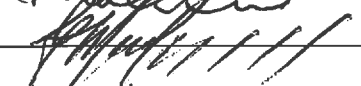
Statement of Financial Position

December 31, 2013

	2013	2012
Assets		
Current		
Cash (Note 3)	\$ 509,874	\$ 683,627
Term deposits (Note 4)	432,537	427,619
Accounts receivable (Note 5)	1,497	1,955
Goods and services tax recoverable	1,441	-
Inventory	19,271	32,119
Prepaid expenses	6,800	17,184
	971,420	1,162,504
Restricted cash (Note 3)	35,505	480,261
Tangible capital assets (Note 6)	1,445,021	16,902
	\$ 2,451,946	\$ 1,659,667
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 107,460	\$ 82,595
Harmonized sales tax payable	-	30,144
Zone liability (Note 8)	35,202	40,468
Deferred revenue and restricted amounts (Note 9)	414,122	375,370
Current portion of long term debt (Notes 10, 12)	22,649	-
	579,433	528,577
Long term debt (Notes 10, 12)	632,651	-
	1,212,084	528,577
Net Assets		
Unrestricted	450,141	674,478
Internally restricted	-	439,708
Equity in capital assets	789,721	16,904
	1,239,862	1,131,090
	\$ 2,451,946	\$ 1,659,667

Commitments (Note 11)

On behalf of the Board

 Director
 Director

See accompanying notes

Horse Council of British Columbia

Statement of Operations

Year Ended December 31, 2013

	Budget (Unaudited) 2013	2013	2012
Revenue			
Coaching	\$ 33,000	\$ 20,614	\$ 24,042
Competition	60,000	52,518	76,715
Education	800	336	700
General (Schedule 1)	1,396,215	1,348,201	1,324,889
Rental revenue	-	37,988	-
Sales	50,000	37,334	54,568
	<u>1,540,015</u>	<u>1,496,991</u>	<u>1,480,914</u>
Expenses			
Board of directors	38,600	30,837	32,019
Coaching	41,500	23,716	25,744
Competition	89,000	43,235	59,363
Cost of sales	42,000	32,350	29,111
Gaming	20,000	-	-
General (Schedule 1)	703,225	639,972	609,676
Project expenses	134,700	76,730	155,213
Property expenses	-	45,519	-
Staff costs	469,087	458,927	446,112
	<u>1,538,112</u>	<u>1,351,286</u>	<u>1,357,238</u>
Excess of revenue over expenses from operations	<u>1,903</u>	<u>145,705</u>	<u>123,676</u>
Other expenses			
Amortization	-	36,933	6,318
Loss on disposal of assets	-	-	2,804
	<u>-</u>	<u>36,933</u>	<u>9,122</u>
Excess of revenue over expenses	<u>\$ 1,903</u>	<u>\$ 108,772</u>	<u>\$ 114,554</u>

See accompanying notes

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Horse Council of British Columbia

Statement of Changes in Net Assets

Year Ended December 31, 2013

	<i>Unrestricted</i>	<i>Internally Restricted</i>	<i>Equity in Capital Assets</i>	2013	2012
Net assets, beginning of year	\$ 674,478	\$ 439,708	\$ 16,904	\$ 1,131,090	\$ 1,016,536
Excess of revenue over expenses	145,705	-	(36,933)	108,772	114,554
Land and building	(917,199)	(439,708)	1,356,907	-	-
Renovations	(91,474)	-	91,474	-	-
Other tangible capital assets	(16,669)	-	16,669	-	-
Long term debt financing	670,000	-	(670,000)	-	-
Repayment of long term debt	(14,700)	-	14,700	-	-
Net assets, end of year	\$ 450,141	\$ -	\$ 789,721	\$ 1,239,862	\$ 1,131,090

See accompanying notes

Horse Council of British Columbia

Statement of Cash Flows

Year Ended December 31, 2013

	2013	2012
Operating activities		
Excess of revenue over expenses	\$ 108,772	\$ 114,554
Items not affecting cash:		
Amortization of tangible capital assets	36,933	6,318
Loss on disposal of assets	-	2,804
	<u>145,705</u>	<u>123,676</u>
Changes in non-cash working capital:		
Accounts receivable	458	1,943
Inventory	12,848	(328)
Prepaid expenses	10,384	(8,500)
Accounts payable and accrued liabilities	24,863	7,524
Goods and services tax payable	(31,585)	5,314
Zone liability	(5,266)	9,524
Deferred revenue and restricted amounts	38,752	(22,978)
	<u>50,454</u>	<u>(7,501)</u>
Cash flow from operating activities	<u>196,159</u>	<u>116,175</u>
Investing activity		
Purchase of tangible capital assets	<u>(1,465,050)</u>	<u>(15,262)</u>
Cash flow used by investing activity	<u>(1,465,050)</u>	<u>(15,262)</u>
Financing activities		
Proceeds from long term debt	670,000	-
Repayment of long term debt	<u>(14,700)</u>	<u>-</u>
Cash flow from financing activities	<u>655,300</u>	<u>-</u>
Increase (decrease) in cash flow	(613,591)	100,913
Cash, beginning of year	1,591,507	1,490,594
Cash, end of year	\$ 977,916	\$ 1,591,507
Cash flows supplementary information		
Interest received	<u>\$ 5,609</u>	<u>\$ 12,511</u>
Interest paid	<u>\$ 19,847</u>	<u>\$ 865</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Cash consists of:		
Cash	\$ 509,874	\$ 683,627
Term deposits	432,537	427,619
Restricted cash	<u>35,505</u>	<u>480,261</u>
	<u>\$ 977,916</u>	<u>\$ 1,591,507</u>

See accompanying notes

Horse Council of British Columbia

Notes to Financial Statements

Year Ended December 31, 2013

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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Basis of presentation

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.

Contributions from gaming are recorded as unrestricted, due to the use of the funds being primarily for ongoing program delivery expenses, rather than any specific imposed future expenditure.

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:

Buildings	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.

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Horse Council of British Columbia

Notes to Financial Statements

Year Ended December 31, 2013

3. Cash

As of December 31, 2013, cash includes no externally restricted funds, \$ 303 of gaming funds, no internally restricted funds and \$ 35,202 for zone liabilities (December 31, 2012 - \$ 85, \$ 439,708 and \$ 40,468 respectively).

4. Term deposit

	2013	2012
Guaranteed investment certificate, interest at 1.15%, maturing October 7, 2015	\$ 432,537	\$ 427,619

5. Accounts receivable

	2013	2012
Accounts receivable	\$ 339	\$ 810
Accrued interest	1,158	1,145
	<u>\$ 1,497</u>	<u>\$ 1,955</u>

6. Tangible capital assets

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Land	\$ 722,422	\$ -	\$ 722,422	\$ -
Buildings	725,959	29,038	696,921	-
Computer equipment	19,465	11,264	8,201	11,716
Computer software	11,353	11,229	124	-
Furniture and fixtures	37,488	20,135	17,353	5,186
	<u>\$ 1,516,687</u>	<u>\$ 71,666</u>	<u>\$ 1,445,021</u>	<u>\$ 16,902</u>

7. Accounts payable and accrued liabilities

	2013	2012
Trade accounts payable	\$ 79,936	\$ 43,454
Media partners liability	3,309	4,069
Payroll and employee benefits	24,215	35,072
	<u>\$ 107,460</u>	<u>\$ 82,595</u>

Horse Council of British Columbia

Notes to Financial Statements

Year Ended December 31, 2013

8. 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.

9. Deferred revenue and restricted amounts

	2013	2012
BC Trail funds	\$ 1,230	\$ 4,758
Block funding	43,959	40,959
Equine Canada fees refundable to members	11,426	14,434
Unearned membership fees	357,507	315,219
	<u>\$ 414,122</u>	<u>\$ 375,370</u>

10. Long term debt

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.

Amounts payable within one year

	2013	2012
	\$ 655,300	\$ -
	<u>(22,649)</u>	<u>-</u>
	<u>\$ 632,651</u>	<u>\$ -</u>

Principal repayment terms are approximately:

2014	\$ 22,649
2015	23,586
2016	24,561
2017	25,577
2018	558,927
	<u>\$ 655,300</u>

The carrying amount of the secured land and buildings as of December 31, 2013 was \$ 1,419,343.

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Horse Council of British Columbia

Notes to Financial Statements

Year Ended December 31, 2013

11. Commitments

The Society, as of December 31, 2013, 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:

2014	\$	11,180
2015		11,180
2016		9,570
2017		4,740
2018		2,370
		<hr/>
	\$	39,040

12. Subsequent events

On January 20, 2014, the Society paid a lump sum amount of \$ 67,000 (10% of the original loan) on its long term debt.

At December 31, 2013, the Society was in the midst of a renovation. Subsequent costs incurred in the early part of 2014 are estimated at \$ 42,000.

13. 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 \$ 989 (300 - 2012) to and had revenue of \$ 1,777 (nil - 2012) from Equine Canada. In addition, the Society sets aside a levy of 10% of membership fees received. In 2013, this levy totalled \$ 85,779. As at December 31, 2013, there was \$ 9,336 (\$ 26,752 - 2012) 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 \$ 39,947 (\$ 29,317 - 2012) for database and technical services. As at December 31, 2013, there was nil (\$ 49 - 2012) owing to this company. Transactions are recorded at the exchange amount which approximates fair market value.

In addition, there are four (five - 2012) directors of the Society that subcontract their coaching services to the Society. During the year, the Society paid the directors \$ 3,054 (\$ 6,093 - 2012). Transactions are recorded at the exchange amount which approximates fair market value.

14. 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 a nominal administration fee as well as free advertising in the members' publications. The Society has estimated that the value of that advertising for 2013 was approximately \$ 63,000.

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. Any monetary consideration received by the Society is nominal and is not recorded until received as it reflects the value of the service provided by the Society at the time.

Horse Council of British Columbia

Notes to Financial Statements

Year Ended December 31, 2013

15. Financial instruments

The Society is exposed to liquidity risk through its financial instruments. Financial instruments are contracts between parties that create a financial asset for one entity and a financial liability or equity instrument for the other. Common financial assets are cash and the right to receive cash (e.g. accounts receivable) and a common financial liability is the contractual obligation to deliver cash (e.g. accounts payable or debt).

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Similar to most not for profit organizations, the Society is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources and its obligations regarding accounts payable and other liabilities.

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.

16. Comparative figures

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

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Horse Council of British Columbia

Schedule of General Revenue and Expenses

(Schedule 1)

Year Ended December 31, 2013

	2013	2012
Revenue		
Administration fees	\$ 1,435	\$ 1,211
Block funding	163,836	164,336
Cost recover	1,571	-
Donations and sponsorships	8,812	13,307
Gaming grant	60,659	60,012
Equine Canada levy	85,783	87,206
Interest	5,609	12,511
Investment Agriculture grant	-	250
MBNA revenue	-	1,675
Memberships	886,154	884,479
Members optional insurance	104,695	78,480
Miscellaneous	-	220
Project revenue	29,647	21,202
	\$ 1,348,201	\$ 1,324,889
Expenses		
Accounting and legal fees	\$ 10,249	\$ 9,747
Advertising and marketing	5,380	-
Athletes support	13,700	9,000
Core grant	40,250	43,674
Courier and postage	30,215	31,725
Equine Canada Affiliation and Governance	13,687	16,721
Equine Canada levy	85,779	87,206
Gifts, awards and prizes	3,276	4,429
Group club support	1,000	8,448
Insurance	2,459	2,695
Interest and bank charges	1,803	865
Lease	50,216	24,691
Members insurance	161,378	160,913
Members optional insurance	69,155	43,483
Miscellaneous	1,870	450
Office rent	16,800	50,400
Office services	20,805	25,284
Payment processing	36,539	32,546
Printing	25,341	6,732
Scholarships	3,000	5,000
Subscriptions	245	-
Supplies and materials	15,028	12,717
Telephone and internet	10,294	11,727
Zone support	21,503	21,223
	\$ 639,972	\$ 609,676

See accompanying notes

Horse Council of British Columbia

Schedule of Reallocated Expenses

(Schedule 2)

Year Ended December 31, 2013

	2013	2012
Expenses by Expense Category		
Advertising	\$ 23,328	\$ 25,637
Contract payments	21,207	25,284
Credit card processing charges	36,539	32,546
Equipment rental	50,216	24,691
Insurance	240,672	207,090
Interest and bank charges	1,803	865
Interest on long term debt	19,847	-
Inventory purchases	30,746	28,686
Meetings	5,702	6,469
Memberships and dues	99,711	103,927
Office and miscellaneous	87,437	147,694
Professional fees	10,250	9,750
Program supplies	66,611	81,273
Property taxes	13,970	-
Rent	50,685	70,872
Repairs and maintenance	4,022	-
Salaries and benefits	447,419	439,268
Support and grants	79,453	87,345
Telephone	10,294	11,727
Travel	51,374	54,114
Subtotal	1,351,286	1,357,238
Amortization of capital assets	36,933	6,318
Loss on disposal of capital assets	-	2,804
Total Expenses	\$ 1,388,219	\$ 1,366,360

See accompanying notes