



**Annual General Meeting  
April 6, 2013**

**Holiday Inn Express, Langley, BC**

Chairperson: Orville Smith

Recorded by: Sandy Underwood

**1. Call To Order**

Meeting called to order at: **1:03pm**

a) Introductions:

Members Present:

Lisa Laycock, Executive Director  
Kelly Coughlin, Manager, Agriculture & Industry  
Wendy Sewell, Manager, Coaching & Education  
Ali Buchanan, Manager, Competition & Sport  
Aynsley Cairns, Marketing & Communication Coordinator  
Sandy Underwood, Membership Coordinator  
Mel Kositsky, Recreation Coordinator  
Debbie Thompson, Book keeper  
Jennifer Pipe, Reception  
Linda Eckstein, Reception

Orville Smith	Carolyn Farris	Gord Mackenzie
Rose Schroeder	Liz Saunders	Gary Patterson
Susan Thompson	Carol Cody	Alicia Harper
Arlene Ridge	Frank Seibeck	Chris Pack
Lisa Mander	Terre O'Brennan	Susan Harrison
Lesley Flint	Cheryl Dewson	Patti Coldicutt
Toni Allardyce-Harris	Christine Hassell	Steven Dubas
Sharon Pickthorne	Dani Goldenthal	Ken Huber
Lisa Schultz	Lynda Atkinson	Barb Schmidt
Michele Hague	Fran Macivity	
Nancy Olson		
Linda Moore	Todd Lefebure	Glen Dragan
Peter Thiessen	Elizabeth Bordeaux	<i>Corlin Bordeaux</i>

Guests: BJ Davidson  
*(CTHS)Alternate Board  
Designate*

Jean-Christophe  
Gandubert  
*Equine Canada*

Regrets: Denise Hill  
Len Kirby

Cathy Reggleson Dorothy Kirby

Absent: Courtney Fraser

b). Announcement of quorum: 46

c.) Acceptance of Agenda

Move to accept the agenda as circulated

**Motion, #1. AGM 04/06/2013**

***Moved/seconded by: Susan Harrison/Ken Huber***

***Carried***

d). Approval of the Minutes of AGM March 25, 2012

Move to approve the minutes of the March 25, 2012 AGM

**Motion, #2 .AGM 04/06/2013**

***Moved/seconded by: Susan Thompson/Liz Saunders***

***Carried***

e). Approval of the minutes of the SGM November 3, 2012

Move that the minutes of the November 3, 2012 Special General Meeting be accepted as distributed.

**Motion, #3 AGM 04/06/2013**

***Moved/seconded by: Patti Coldicutt/Carol Cody***

***Carried***

## **2. Treasurers Report**

Thanks to HCBC staff for all their work.

First year for new audit rules, HCBC had no changes or corrections to be made, so we are meeting the new audit rule standards. The audit is complete, the books are clear and the auditor is very happy.

CRA will be looking at nonprofit Societies closely to ensure standards are being followed in regards to large Surpluses.

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

a). Report on and Acceptance of Audited Financial Statements

Move that the AGM receives the audited financial statements as approved by the Executive

**Motion, #4 AGM 04/06/2013**

***Moved/seconded by: Susan Harrison/Gord MacKenzie***

***Carried***

b). Appointment of Auditor

Move that Scott Webster of the auditing firm Webster and Company be appointed as auditor for 2014

**Motion, #5 AGM 04/06/2013**

***Moved/seconded by: Carolyn/Chris H***

***Carried***

## **3. Special Business**

A resolution was presented to the membership to authorize the directors of the Society to enter into arrangements for the purchase of lands and premises for use by the Society, and (as a special resolution) the borrowing of funds (including the issuance of a debenture) in order to facilitate such purchase.

The following was presented to the membership as an ordinary resolution:



**Motion, #6 AGM 04/06/2013**

**"Be it resolved that:**

1. The Society purchase lands and premises at 27336 Fraser Hwy, Langley, BC, or such other lands and premises as may be determined by the directors of the Society and upon such terms and conditions as may be approved by the directors of the Society."

***Moved/seconded by: Gord MacKenzie/ Gary Patterson***

***Carried Unanimously***

The following was presented to the membership as a special resolution:

**Motion, #7 AGM 05/06/2013**

"WHEREAS the Society may from time to time need to borrow money to facilitate the purchase of lands and premises for the use by the Society, and it is the intention of the members of the Society that the directors of the Society be authorized pursuant to the requirements of the Society Act to carry out such borrowing as may from time to time be necessary in the opinion of the directors, from lenders approved by the directors (the "Lenders"), and to grant security therefor, and without limiting the generality of the foregoing, to borrow funds from Envision Financial (a division of First West Credit Union) on the terms and conditions as set out in an Offer of Credit dated January 28, 2013 (the "Offer of Credit"), and to issue and deliver the security contemplated therein.

BE IT RESOLVED, AS A SPECIAL RESOLUTION THAT:

1. The Society borrow from Lenders, such amounts as may from time to time be determined by the directors of the Society upon such terms and conditions as may from time to time be approved by the directors of the Society, and shall specifically include but shall not be limited to the borrowing contemplated by the Offer of Credit.

The Society hereby grants to the directors of the Society for a period of one year from the date of this special resolution the authority to grant to the Lenders such security, for loans made by the Lenders to the Society, as may be required, from time to time, by the Lenders, including, without limitation, mortgages of real property (including all indebtedness mortgages), assignments of rent, general security agreements, demand promissory notes, operating loan agreements, and any security which is otherwise included within the definition of "debenture" under the Business Corporations Act of British Columbia."

***Moved/seconded by: Gord MacKenzie/ Gary Patterson***

***Carried unanimously***



**4. Introduction of and greetings to, Jean-Christophe Gandubert, Equine Canada CEO**  
Mr. Gandubert congratulated HCBC on the finalization of the building purchase.

**5.2012 year in Review**

A 2012 year in review slide show was presented by Executive Director Lisa Laycock  
Thank you to Lisa and HCBC staff for a great 2012

**6. Questions from members**  
There were no questions.

**Adjournment: 2:00PM**

**Horse Council of British Columbia**  
**Financial Statements**  
*Year Ended December 31, 2012*

# Horse Council of British Columbia

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Year Ended December 31, 2012

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# WEBSTER & ASSOCIATES

Scott F. Webster, C.G.A. Inc. - Certified General Accountant

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Telephone: (604) 853-6122 Fax: (604) 853-3189

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## INDEPENDENT AUDITOR'S REPORT

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### 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, 2012 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, 2012 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.

#### *Comparative Information*

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes that Horse Council of British Columbia adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. When applied, these standards did not affect any comparative information in these financial statements, including the comparative financial information for the year ended December 31, 2011.

Abbotsford, British Columbia  
March 21, 2013

CERTIFIED GENERAL ACCOUNTANT

# Horse Council of British Columbia

## Statement of Financial Position

December 31, 2012

	2012	2011
<b>Assets</b>		
<b>Current</b>		
Cash (Note 4)	\$ 683,627	\$ 605,797
Term deposits (Note 5)	427,619	414,124
Accounts receivable (Note 6)	1,955	3,898
Inventory	32,119	31,791
Prepaid expenses (Note 7)	17,184	8,684
	<u>1,162,504</u>	<u>1,064,294</u>
Restricted cash (Note 4)	480,261	470,673
Capital assets (Note 8)	16,902	10,763
	<u>\$ 1,659,667</u>	<u>\$ 1,545,730</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 109,347	\$ 101,553
Harmonized sales tax payable	30,144	24,830
Zone liability (Note 10)	40,468	30,944
Deferred revenue and restricted amounts (Note 11)	348,618	371,867
	<u>528,577</u>	<u>529,194</u>
<b>Net Assets</b>		
General	691,382	576,828
Future contingency	439,708	439,708
	<u>1,131,090</u>	<u>1,016,536</u>
	<u>\$ 1,659,667</u>	<u>\$ 1,545,730</u>

Contingent Liability (Note 15)

Commitments (Note 12)

On behalf of the Board

 Director

 Director

See accompanying notes



# Horse Council of British Columbia

## Statement of Operations

Year Ended December 31, 2012

	Budget (Unaudited) 2012	2012	2011
<b>Revenue</b>			
Coaching	\$ 35,000	\$ 24,042	\$ 19,109
Competition	33,700	76,715	37,961
Education	800	700	943
General (Schedule 1)	1,383,239	1,324,889	1,147,919
Sales	66,500	54,568	60,770
	<u>1,519,239</u>	<u>1,480,914</u>	<u>1,266,702</u>
<b>Expenses</b>			
Board of directors	27,800	32,019	31,593
Coaching	38,000	25,744	24,059
Competition	33,700	59,363	28,834
Cost of sales	56,000	29,109	46,294
General (Schedule 2)	754,467	609,676	550,612
Project expenses	153,000	155,213	89,861
Staff costs	448,733	446,114	390,064
	<u>1,511,700</u>	<u>1,357,238</u>	<u>1,161,317</u>
<b>Excess of revenue over expenses from operations</b>	<u>7,539</u>	<u>123,676</u>	<u>105,385</u>
<b>Other expenses</b>			
Amortization	-	6,318	5,571
Loss on disposal of assets	-	2,804	284
	<u>-</u>	<u>9,122</u>	<u>5,855</u>
<b>Excess of revenue over expenses</b>	<u>\$ 7,539</u>	<u>\$ 114,554</u>	<u>\$ 99,530</u>

See accompanying notes

# Horse Council of British Columbia

## Statement of Changes in Net Assets

Year Ended December 31, 2012

	<i>General</i>	<i>Future Contingency</i>	<b>2012</b>	2011
Net assets, beginning of year	\$ 576,828	\$ 439,708	\$ 1,016,536	\$ 917,007
Excess of revenue over expenses	114,554	-	<b>114,554</b>	99,530
Net assets, end of year	<b>\$ 691,382</b>	<b>\$ 439,708</b>	<b>\$ 1,131,090</b>	<b>\$ 1,016,537</b>

See accompanying notes

# Horse Council of British Columbia

## Statement of Cash Flows

Year Ended December 31, 2012

	2012	2011
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 114,554	\$ 99,530
Items not affecting cash:		
Amortization of capital assets	6,318	5,571
Loss on disposal of assets	2,804	284
	<u>123,676</u>	<u>105,385</u>
Changes in non-cash working capital:		
Accounts receivable	1,943	(2,719)
Inventory	(328)	(2,629)
Accounts payable and accrued liabilities	7,795	1,619
Prepaid expenses	(8,500)	6,756
Goods and services tax payable	5,314	(6,516)
Zone liability	9,524	14,889
Deferred revenue and restricted amounts	(23,249)	30,349
	<u>(7,501)</u>	<u>41,749</u>
Cash flow from operating activities	<u>116,175</u>	<u>147,134</u>
<b>Investing activity</b>		
Purchase of capital assets	<u>(15,262)</u>	<u>-</u>
<b>Increase in cash flow</b>	100,913	147,134
<b>Cash, beginning of year</b>	<u>1,490,594</u>	<u>1,343,460</u>
<b>Cash, end of year</b>	<u>\$ 1,591,507</u>	<u>\$ 1,490,594</u>
<b>Cash flows supplementary information</b>		
Interest paid	<u>\$ 865</u>	<u>\$ 1,148</u>
<b>Cash consists of:</b>		
Cash	\$ 683,627	\$ 605,797
Term deposits	427,619	414,124
Restricted cash	480,261	470,673
	<u>\$ 1,591,507</u>	<u>\$ 1,490,594</u>

See accompanying notes

# Horse Council of British Columbia

## Notes to Financial Statements

Year Ended December 31, 2012

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### 1. First time adoption of accounting standards for not for profit organizations

During the year the Society adopted accounting standards for not for profit organizations. These financial statements are the first prepared in accordance with these standards. There have been no restatements to prior year's financial results as a result of applying these new standards.

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### 2. 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.

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### 3. Summary of significant accounting policies

#### Changes in accounting policies - Canadian accounting standards for not-for-profit organizations

With regard to the Society's transition from former Canadian generally accepted accounting principles (GAAP) to Canadian accounting standards for not-for-profit organizations (ASNPO), there were certain elections available that would exempt some retrospective application of the new standards. Since the Society did not have any restatements necessary after applying the new standards, it consequently, did not make any of the elections allowed.

#### 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.

#### Capital assets

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

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

(continues)

# Horse Council of British Columbia

## Notes to Financial Statements

Year Ended December 31, 2012

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### 3. Summary of significant accounting policies (continued)

#### Internally restricted funds

The Society created the Future Contingency Reserve in a prior year. This reserve is internally restricted and is made up of funds set aside for a future building (\$ 425,000) (Note 15) and other contingencies (\$ 14,708).

#### 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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### 4. Cash

As of December 31, 2012, cash includes no externally restricted funds, \$ 85 of gaming funds and internally restricted funds of \$ 439,708 for future contingencies and \$ 40,468 for zone liabilities (December 31, 2011 - nil, \$ 21, \$ 439,708 and \$ 30,944 respectively).

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### 5. Term deposit

	<u>2012</u>	<u>2011</u>
Guaranteed investment certificate, interest at 1.15%, maturing October 7, 2015	\$ 427,619	\$ 414,124

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### 6. Accounts receivable

	<u>2012</u>	<u>2011</u>
Accounts receivable	\$ 810	\$ 764
Accrued Interest	1,145	3,134
	<u>\$ 1,955</u>	<u>\$ 3,898</u>

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### 7. Prepaid expenses

Prepaid expenses includes a deposit of \$ 10,000 on a contract for purchase of a building that the Society currently is located in. The Society has an agreement for purchase subject to the approval of its membership. The subject removal and completion dates are April 10, 2013 and April 24, 2013 respectively.

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# Horse Council of British Columbia

## Notes to Financial Statements

Year Ended December 31, 2012

### 8. Capital assets

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
Computer equipment	\$ 19,465	\$ 7,749	\$ 11,716	\$ 3,595
Computer software	11,188	11,188	-	-
Furniture and fixtures	20,983	15,797	5,186	7,168
	<u>\$ 51,636</u>	<u>\$ 34,734</u>	<u>\$ 16,902</u>	<u>\$ 10,763</u>

### 9. Accounts payable and accrued liabilities

	2012	2011
Trade accounts payable	\$ 43,454	\$ 52,062
Media partners liability	4,069	2,432
Payroll and employee benefits	35,072	20,578
Equine Canada	26,752	26,481
	<u>\$ 109,347</u>	<u>\$ 101,553</u>

### 10. 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.

### 11. Deferred revenue and restricted amounts

	2012	2011
BC Trail Funds	\$ 4,758	\$ 8,164
Block funding	40,959	41,459
Equine Canada fees refundable to members	14,434	51,529
Unearned membership fees	288,467	270,715
	<u>\$ 348,618</u>	<u>\$ 371,867</u>

# Horse Council of British Columbia

## Notes to Financial Statements

Year Ended December 31, 2012

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### 12. Commitments

The Society, as of December 31, 2012 was only committed to one lease. Its premises lease expired in 2011 and it has been renting for \$ 4,200 monthly as it proceeds with an anticipated purchase. The only lease that exists at year end is a photocopier lease that extends to 2016. The Society has also contracted an outside firm to provide a database service. This contract also terminated in a prior year and has been extended on a month to month basis.

The Society is committed to annual lease payments as follows:

2013	\$	6,440
2014		6,440
2015		6,440
2016		<u>3,220</u>
	\$	<u>22,540</u>

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### 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 \$ 300 (22,384 - 2011) to and had revenue of nil (nil - 2011) from Equine Canada. In addition, the Society sets aside a levy of 10% of membership fees received. In 2012, this levy totalled \$ 87,206. As at December 31, 2012, there was \$ 26,752 (\$ 26,481 - 2011) owing to Equine Canada. Transactions are recorded at the exchange amount which approximates fair market value.

The Society has a 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 \$ 29,317 (\$ 30,470 - 2011) for database and technical services. As at December 31, 2012, there was \$ 49 (\$ 37 - 2011) owing to this company. Transactions are recorded at the exchange amount which approximates fair market value.

In addition, there are five (four - 2011) directors of the Society that subcontract their coaching services to the Society. During the year, the Society paid the directors \$ 6,093 (\$ 11,273 - 2011). Transactions are recorded at the exchange amount which approximates fair market value.

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### 14. 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.

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### 15. Contingent liability

The Society has made a deposit on a contract of purchase and sale for the land and building where they are currently located. The purchase price agreed upon is \$ 1,300,000. The agreement is subject only to the Society getting approval from its membership before April 10, 2013. The purchase is anticipated to be financed partly by the Society's own cash reserves and the remainder by financing.

# Horse Council of British Columbia

## Notes to Financial Statements

*Year Ended December 31, 2012*

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### 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, 2012

	2012	2011
<b>Revenue</b>		
Administration fees	\$ 1,211	\$ 50
Block funding	164,336	160,645
Cost recover	-	27
Donations and sponsorships	13,307	6,250
Gaming grant	60,012	-
Equine Canada levy	87,206	-
Interest	12,511	11,975
Investment Agriculture grant	250	8,864
MBNA revenue	1,675	4,884
Memberships	884,479	849,168
Members optional insurance	78,480	65,415
Miscellaneous	220	-
National Sport Trust	-	5,816
Other provincial grants	-	4,765
Project revenue	21,202	30,060
	<u>\$ 1,324,889</u>	<u>\$ 1,147,919</u>
<b>Expenses</b>		
Accounting and legal fees	\$ 9,747	\$ 11,650
Advertising and marketing	-	3,025
Athletes support	9,000	15,184
Core grant	43,674	10,809
Courier and postage	31,725	41,873
Equine Canada Affiliation and Governance	16,721	35,788
Equine Canada levy	87,206	-
Gifts, awards and prizes	4,429	1,964
Group club support	8,448	13,253
Insurance	2,695	2,394
Interest and bank charges	865	1,148
Lease	24,691	24,801
Members insurance	160,913	155,700
Members optional insurance	43,483	51,010
Miscellaneous	450	115
National Sport Trust	-	5,816
Office rent	50,400	50,200
Office services	25,284	24,151
Payment processing	32,546	30,121
Printing	6,732	14,557
Scholarships	5,000	-
Subscriptions	-	256
Supplies and materials	12,717	13,954
Telephone and internet	11,727	12,014
Zone support	21,223	20,553
	<u>\$ 609,676</u>	<u>\$ 540,336</u>

See accompanying notes

# Horse Council of British Columbia

## Schedule of Reallocated Expenses

(Schedule 2)

Year Ended December 31, 2012

	2012	2011
<b>Expenses by Expense Category</b>		
Advertising	\$ 25,637	\$ 28,165
Contract payments	25,284	25,155
Credit card processing charges	32,546	30,121
Equipment rental	24,691	24,801
Insurance	207,090	209,104
Interest and bank charges	865	1,148
Inventory purchases	28,686	45,977
Meetings	6,469	5,358
Memberships and dues	16,721	36,044
Office and miscellaneous	147,694	102,252
Professional fees	9,750	11,650
Program supplies	81,273	46,393
Rent	70,872	65,819
Salaries and benefits	439,268	378,387
Support and grants	87,345	75,892
Telephone	11,727	12,014
Travel	54,114	63,037
Subtotal	1,270,032	1,161,317
Amortization of capital assets	6,318	5,571
Equine Canada levy	87,206	-
Loss on disposal of capital assets	2,804	284
<b>Total Expenses</b>	<b>\$ 1,366,360</b>	<b>\$ 1,167,172</b>