



**HORSE COUNCIL BC ANNUAL GENERAL MEETING**  
*Friday, April 7, 2017 at 5:00PM*  
Sheraton Vancouver Wall Centre – 1088 Burrard St., Vancouver, BC, V6Z 2R9

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**AGENDA**

**5:00 pm**

1. Call meeting to order
  1. Introductions
  2. Announcement of quorum
  3. Acceptance of agenda
  4. Approval of AGM Minutes of April 9, 2016
  
2. Treasurer's Report
  1. Report on Audited Financial Statements, Webster and Associates
  2. Appointment of Auditor
  
3. 2016 Year in Review
4. Questions from members
5. Date and time next meeting 2018 TBA
6. Adjournment



*AGM  
April 9  
Holiday Inn Express  
Langley BC*

Introductions:

Meeting called to order at: 4:00pm

Chairperson: Liz Saunders

Recorded by: Sandy Underwood

Present: Lisa Laycock, Kelly Coughlin, Wendy Sewell,  
Sandy Underwood, Aynsley Cairns Jennifer Pipe  
Liz Saunders, Carolyn Farris, Lisa Mander, Susan Harrison,  
Susan Thompson, Lynda Atkinson, Allison Warren, Terre O'Brennan  
Gord Mackenzie, Gary Patterson, Arlene Ridge, Dawn MacRae,  
Nancy Olson-Beaulieu, Debbie Rogal, Selena Pellizari , Orville Smith  
Christine Hassel, Erin Rowsell, Sharon Pickthorne, Carol Cody,  
Cat Armitage, Tracey Carver, Karen Swantje, Todd Lefebure

1. Call Meeting to order

- 1) Introductions
- 2) Announcement of quorum
- 3) Acceptance of the agenda

**Motion#1 AGM-04-09-16**

Motion to accept the Agenda as circulated  
Moved/Seconded Debbie Rogal/Tracy Carver  
Carried

4) Approval of the minutes from the March 29 2015 AGM

**Motion #2 AGM 04-09-16**

Motion to accept minutes from the March 29 2015 AGM  
Moved/Seconded Orville Smith/Nancy Olson  
Carried

2. Treasurer's Report

- 1) Report on audited Financial Statements

Auditor, Scott Webster of Scott Webster and Associates was very pleased to announce the HCBC audit was a totally clean audit with no management items or additional safeguards needed.

Carolyn discussed the audited financial report with the group and reported the long term debit is gradually being paid down and that the healthy financial position of HCBC allowed an additional payment to be made towards the long term debit.

**Motion#3 AGM 04-09-16**

Motion that the audited financial receipts be received as presented.

Moved/Seconded Garry Patterson/Gord MacKenzie

Carried

2) Appointment of auditor

**Motion #4 AGM 04-09-16**

Move that Webster and Associates be appointed as Auditors for 2016

Moved/Seconded Carolyn Farris/Gordon MacKenzie

Carried

**3. Insurance Review Status Report**

Carolyn reported the finance committee is reviewing the current Insurance program

Taking care to especially examine the member's coverage.

The committee is in ongoing discussion to help members cover their vulnerabilities and to also explore where members' coverage is most needed. In due diligence the committee will also be researching and exploring other Insurance carriers.

**4. Year in Review**

The 2015 year in review slide show was presented to the group.

**5. Questions from members**

**6. Date and Time of next meeting: March 25, 2017**

**7. Motion to adjourn**

**Motion #5 AGM 04-09-16**

Moved/Seconded Arlene Ridge /Gary Patterson

Adjournment 4:28pm

# **Horse Council of British Columbia**

## **Financial Statements**

*Year Ended December 31, 2016*

## Index to Financial Statements

*Year Ended December 31, 2016*

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# WEBSTER & ASSOCIATES\*

Chartered Professional Accountants

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Horse Council of British Columbia

We have audited the accompanying financial statements of Horse Council of British Columbia, which comprise the statement of financial position as at December 31, 2016 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*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*(continues)*

\*Denotes professional corporation.

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Horse Council of British Columbia as at December 31, 2016 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, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Abbotsford, British Columbia  
March 8, 2017

*Webster & Associates*

CHARTERED PROFESSIONAL ACCOUNTANTS

# Horse Council of British Columbia

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## Statement of Financial Position

*December 31, 2016*

	2016	2015
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 419,655	\$ 359,833
Term deposits (Note 3)	308,832	455,101
Accounts receivable (Note 4)	200	770
Inventory	25,346	30,450
Prepaid expenses	14,354	3,518
	<u>768,387</u>	849,672
<b>Tangible capital assets (Note 5)</b>	<u>1,425,612</u>	1,457,044
	<u>\$ 2,193,999</u>	<u>\$ 2,306,716</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 113,073	\$ 139,946
Goods and services tax payable	14,643	9,907
Zone liability (Note 7)	16,601	16,143
Deferred revenue and restricted amounts (Note 8)	414,042	413,370
Current portion of long term debt (Note 9)	37,474	31,377
	<u>595,833</u>	610,743
<b>Long term debt (Note 9)</b>	<u>259,528</u>	413,024
	<u>855,361</u>	1,023,767
<b>Net Assets</b>		
Unrestricted	210,028	270,306
Equity in capital assets	1,128,610	1,012,643
	<u>1,338,638</u>	1,282,949
	<u>\$ 2,193,999</u>	<u>\$ 2,306,716</u>

**Commitments (Note 10)****On behalf of the Board**\_\_\_\_\_  
*Director*\_\_\_\_\_  
*Director*

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

# Horse Council of British Columbia

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## Statement of Operations

Year Ended December 31, 2016

	<i>Budget (Unaudited)</i>		
	2016	2016	2015
<b>Revenue</b>			
Building	\$ 56,698	\$ 56,698	\$ 56,459
Coaching	26,000	14,430	17,217
Competition	78,000	27,889	60,978
General(Schedule 1)	1,679,478	1,496,830	1,571,201
Industry	12,500	1,455	22,097
Marketing	20,000	7,286	11,400
Recreation	7,000	5,183	3,305
Sales	34,500	34,650	38,278
	<u>1,914,176</u>	<u>1,644,421</u>	<u>1,780,935</u>
<b>Expenses</b>			
Administration	189,900	221,289	262,784
Board of directors	42,750	31,366	28,942
Building operating	97,990	62,743	66,401
Coaching	41,500	11,348	24,703
Competition	91,500	40,458	54,563
Cost of sales	23,000	27,538	16,827
General(Schedule 1)	597,323	454,626	479,162
Industry	57,500	20,553	44,043
Marketing	75,250	90,014	66,834
Recreation	69,000	44,905	58,366
Staff costs	623,821	583,892	545,335
	<u>1,909,534</u>	<u>1,588,732</u>	<u>1,647,960</u>
<b>Excess of revenue over expenses</b>	<u>\$ 4,642</u>	<u>\$ 55,689</u>	<u>\$ 132,975</u>

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

# Horse Council of British Columbia

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## Statement of Changes in Net Assets

*Year Ended December 31, 2016*

	<i>Unrestricted</i>	<i>Equity in Capital Assets</i>	<b>2016</b>	2015
<b>Net assets, beginning of year</b>	\$ 270,306	\$ 1,012,643	\$ <b>1,282,949</b>	\$ 1,149,974
Excess of revenue over expenses	98,248	(42,559)	<b>55,689</b>	132,975
Purchase of tangible capital assets	(11,127)	11,127	-	-
Repayment of long term debt	(147,399)	147,399	-	-
<b>Net assets, end of year</b>	<b>\$ 210,028</b>	<b>\$ 1,128,610</b>	<b>\$ 1,338,638</b>	\$ 1,282,949

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

# Horse Council of British Columbia

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## Statement of Cash Flows

*Year Ended December 31, 2016*

	2016	2015
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 55,689	\$ 132,975
Item not affecting cash:		
Amortization of tangible capital assets	42,559	42,306
	<u>98,248</u>	<u>175,281</u>
Changes in non-cash working capital:		
Accounts receivable	570	2,475
Inventory	5,104	(8,770)
Prepaid expenses	(10,836)	4,539
Accounts payable and accrued liabilities	(26,873)	10,795
Goods and services tax payable	4,736	(3,074)
Zone liability	458	(22,147)
Deferred revenue and restricted amounts	672	170
	<u>(26,169)</u>	<u>(16,012)</u>
Cash flow from operating activities	<u>72,079</u>	<u>159,269</u>
<b>Investing activity</b>		
Purchase of tangible capital assets	(11,127)	(75,257)
Cash flow used by investing activity	<u>(11,127)</u>	<u>(75,257)</u>
<b>Financing activity</b>		
Repayment of long term debt	(147,399)	(49,497)
<b>Increase (decrease) in cash flow</b>	<b>(86,447)</b>	<b>34,515</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>814,934</b>	<b>780,419</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 728,487</b>	<b>\$ 814,934</b>
<b>Cash and cash equivalents consists of:</b>		
Cash	\$ 419,655	\$ 359,833
Term deposits	308,832	455,101
	<u>\$ 728,487</u>	<u>\$ 814,934</u>

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

## Notes to Financial Statements

Year Ended December 31, 2016

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### 1. Description of operations

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

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### 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 (ASNFPO).

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
Automotive	30%	declining balance method
Computer equipment	30%	declining balance method
Computer software	25%	declining balance method
Heating, ventilation and air conditioning equipment	15 years	straight-line method
Furniture and fixtures	20%	declining balance method

In the current year the heating, ventilation and air conditioning equipment ("HVAC") has been removed from the Building capital asset account and a new account has been created. Management believes that the HVAC's useful life will be less than the building.

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## Notes to Financial Statements

Year Ended December 31, 2016

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

#### 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.

### 3. Term deposits

	<u>2016</u>	<u>2015</u>
Issued December 7, 2016, interest 0.90%, maturity December 7, 2017	\$ 154,416	\$ 455,101
Issued December 7, 2016, interest 0.60%, maturity June 7, 2018	<b>154,416</b>	-
	<b>\$ 308,832</b>	<b>\$ 455,101</b>

### 4. Accounts receivable

	<u>2016</u>	<u>2015</u>
Accrued interest	\$ 152	\$ 742
Other	<b>48</b>	28
	<b>\$ 200</b>	<b>\$ 770</b>

### 5. Tangible capital assets

	Cost	Accumulated amortization	<b>2016 Net book value</b>	2015 Net book value
Land	\$ 722,422	\$ -	\$ 722,422	\$ 722,422
Building	774,409	157,818	<b>616,591</b>	688,794
Automotive	6,782	3,459	<b>3,323</b>	4,747
Computer equipment	29,009	17,391	<b>11,618</b>	7,258
Computer software	11,353	11,301	<b>52</b>	70
Heating, ventilation and air conditioning equipment	48,450	5,168	<b>43,282</b>	-
Furniture and fixtures	56,860	28,536	<b>28,324</b>	33,753
	<b>\$ 1,649,285</b>	<b>\$ 223,673</b>	<b>\$ 1,425,612</b>	<b>\$ 1,457,044</b>

## Notes to Financial Statements

Year Ended December 31, 2016

### 6. Accounts payable and accrued liabilities

	<u>2016</u>	<u>2015</u>
Trade accounts payable	\$ 67,272	\$ 99,838
Media partners liability	4,759	4,651
Payroll and employee benefits	<u>41,042</u>	<u>35,457</u>
	<u>\$ 113,073</u>	<u>\$ 139,946</u>

### 7. Zone liability

Zone liability is an accumulation of funds that is used for zone functions or programs at the discretion of the zone executive. The board has mandated that, after December 31st of each year, zone accounts over \$ 1,500 will be reallocated to grant funding programs for the following year.

### 8. Deferred revenue and restricted amounts

	<u>2016</u>	<u>2015</u>
BC Trails Funds	\$ 1,841	\$ 13,317
Equine Foundation	9,694	11,791
Rental deposits	4,730	2,271
Book store orders	216	-
Unearned membership fees	<u>397,561</u>	<u>385,991</u>
	<u>\$ 414,042</u>	<u>\$ 413,370</u>

### 9. Long term debt

	<u>2016</u>	<u>2015</u>
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.	\$ 297,002	\$ 444,401
Amounts payable within one year	<u>(37,474)</u>	<u>(31,377)</u>
	<u>\$ 259,528</u>	<u>\$ 413,024</u>

Principal repayment terms are approximately:

2017	\$ 37,474
2018	<u>259,528</u>
	<u>\$ 297,002</u>

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## Notes to Financial Statements

Year Ended December 31, 2016

### 9. Long term debt (continued)

The carrying amount of the secured land and buildings as of December 31, 2016 was \$ 1,382,295. During the year, two principal reduction payments totaling \$ 114,000 were made in addition to the required monthly mortgage payments.

### 10. Commitments

The Society, as of December 31, 2016, was committed to two equipment leases (photocopier and mail machine). The mail machine and photocopier leases extend to 2018 and 2020 respectively.

The Society is committed to annual lease payments as follows:

2017	\$	8,728
2018		6,358
2019		3,988
2020		3,988
		23,062
	\$	23,062

### 11. 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, one of the Society's directors is also a director of Equine Canada. The Society made expenditures of \$200 (\$ 1,908 - 2015) to and had revenue of \$0 (\$ 4,565 - 2015) from Equine Canada. In addition, the Society sets aside a levy of 10% of membership fees received. In 2016, this levy totalled \$102,144 (\$ 100,744 - 2015). As at December 31, 2016, there was \$ 1,401 (\$ 1,614 - 2015) owing to Equine Canada. Transactions are recorded at the exchange amount which approximates fair market value.

In addition, there was four (five - 2015) directors of the Society that received consideration for subcontract services provided to the Society. During the year, the Society paid the director(s) \$ 2,093 (\$ 2,918 - 2015). Transactions are recorded at the exchange amount which approximates fair market value.

### 12. 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 2016 was approximately \$ 48,270 (\$ 57,635 - 2015).

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.

### 13. 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, 2016.

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## Notes to Financial Statements

Year Ended December 31, 2016

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### 13. Financial instruments (continued)

#### *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 members and 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.

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### 14. 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

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## Schedule of General Revenue and Expenses

*(Schedule 1)**Year Ended December 31, 2016*

	2016	2015
<b>General revenue</b>		
Cost recovery	\$ 211	\$ 193
Best Ever Revenue	-	2,870
Administrative fees	3,828	3,819
Interest revenue	3,447	11,416
National Sport Trust	-	13,094
Animal Relief Revenue	2,096	3,209
Miscellaneous revenue	6,729	18,050
Gaming	55,036	55,834
Equine Canada levy	102,144	99,708
Members optional insurance	114,945	136,820
Sport funding	163,836	204,795
Memberships	1,044,558	1,021,393
	<u>\$ 1,496,830</u>	<u>\$ 1,571,201</u>
<b>General expenses</b>		
Animal Relief Expenses	\$ 1,387	\$ 5,907
Athlete support	17,900	17,836
Best Ever	-	2,870
Club grants	45,339	25,401
Equine Canada levy	102,143	99,336
Equine Canada membership fee	-	100
Improving Performance Expense	-	6,312
Members insurance	169,080	172,643
Members optional insurance	91,365	106,520
National Sport Trust	-	13,094
Scholarships	5,000	5,000
Travel support	-	1,300
Zone support	22,412	22,843
	<u>\$ 454,626</u>	<u>\$ 479,162</u>

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

# Horse Council of British Columbia

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## Schedule of Reallocated Expenses

(Schedule 2)

Year Ended December 31, 2016

	2016	2015
<b>Expenses by Expense Category</b>		
Advertising and promotion	\$ 80,425	\$ 61,592
Contract payments	71,430	35,535
Credit card processing charges	31,606	39,690
Equipment rental	9,339	47,680
Insurance	378,985	397,486
Interest and bank charges	248	294
Interest on long term debt	15,359	19,316
Inventory purchases	25,101	15,750
Meetings	13,738	11,499
Memberships and dues	4,615	5,102
Office and miscellaneous	36,050	65,593
Professional fees	12,945	15,225
Program expenses	125,018	178,977
Property taxes	22,878	24,003
Repairs and maintenance	9,903	6,657
Salaries and benefits	575,677	535,969
Support and grants	92,039	100,564
Telephone	12,078	10,326
Travel	28,739	34,396
<i>Subtotal</i>	<b>1,546,173</b>	1,605,654
Amortization of tangible capital assets	<b>42,559</b>	42,306
<b>Total Expenses</b>	<b>\$ 1,588,732</b>	<b>\$ 1,647,960</b>

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