



*AGM  
April 7, 2017  
Sheraton Vancouver Wall Centre  
Vancouver BC*

Meeting called to order at: 5:00 pm

Chairperson: Liz Saunders

Recorded by: Sandy Underwood

Present:	Liz Saunders	Carolyn Farris	Lisa Mander
	Susan Harrison	Susan Thompson	Lynda Atkinson
	Myrna Thompson	Terre O'Brennan	Arlene Ridge
	Susan Holtby	Lynne McPherson	Nancy Olson-Beaulieu
	Christine Hassel	Debbie Rogal	Rose Cousins
	Sharon Pickthorne	Tracy Carver	Ellen Hockley
	Carolyn Dobbs	Marijean Maher	Grant Watson
	Justine Annandale	Len Kirby	Cat Armitage
	Gary Patterson	Maureen Walters	Todd Lefevbre
	Gord MacKenzie	Stevee Belli	Melanie Rupp
	Diane Spencer	Alexandra Walter-Ratz	Beverly Oksanen
	Sheila Skene	Lisa Laycock	Wendy Sewell
	Kelly Coughlin	Ali Buchannan	Aynsley Cairns
	Jocelyn Adams	Sandy Underwood	

Regrets:	Erin Rowsell	Selena Pellizzari	Allison Warren
	Karen Swantje	Nancy Spratt	

Late:  
Absent:

1. Call meeting to order 5:05 pm
  - a) Introductions
  - b) Announcement of quorum 41
  - c) Acceptance of the agenda

**Motion#1 AGM-04-07-17**

Motion to accept the Agenda as circulated  
Moved/Seconded Carolyn Farris/Len Kirby  
Carried



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d) Approval of the minutes from the April 9, 2016 AGM

**Motion #2 AGM 04-07-17**

Motion to accept minutes from the April 9, 2016 AGM  
Moved/Seconded Debbie Rogal/Carolyn Dobbs  
Carried

**2. Treasurer's Report**

a) Report on audited Financial Statements

The 2016 Audited Financial Statements have been received by members in the meeting reminder, at the meeting they are also in contained in the Annual Report. Carolyn Farris introduced Auditors, Scott and Sam Webster of Webster and Associates were introduced. Previously Scott has operated as a sole practitioner but when Sam joined the firm it became a partnership. The partner that takes the lead on the audit changes every three years. Sam has been the lead for 2015 and now 2016 and will lead again in 2017 with Scott taking over again in 2018.

Scott and Sam Webster were very pleased to announce the HCBC audit clean and fairly presented with no management items or additional safeguards needed.

b) Appointment of auditor

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

Move that Webster and Associates be appointed as Auditors for 2017  
Moved/Seconded Sharon Pickthorne/Carolyn Farris  
Carried

3. 2016 Year in review

A year in review slide show was presented to the members

4. Questions from members

A discussion was held on BC Heritage and the ongoing plan for an alternative or replacement program.

5. Date and Time of next meeting: 2018 TBA

A discussion is being held on the possibility of holding the next Spring AGM in conjunction with the education summit, location likely to be in the Kamloops or Kelowna area.

6. Adjournment 5:41 pm

DRAFT

# **Horse Council of British Columbia**

## **Financial Statements**

*Year Ended December 31, 2016*

# Horse Council of British Columbia

## Index to Financial Statements

*Year Ended December 31, 2016*

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# WEBSTER & ASSOCIATES\*

Chartered Professional Accountants

300 - 2955 Gladwin Road, Abbotsford, B.C. V2T 5T4  
Tel & Fax: (604) 853-6122 Toll Free: (844) 345-1898

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## INDEPENDENT AUDITOR'S REPORT

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### 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)*

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

CHARTERED PROFESSIONAL ACCOUNTANTS

# Horse Council of British Columbia

## 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>	<u>849,672</u>
<b>Tangible capital assets (Note 5)</b>	<u>1,425,612</u>	<u>1,457,044</u>
	<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>	<u>610,743</u>
<b>Long term debt (Note 9)</b>	<u>259,528</u>	<u>413,024</u>
	<u>855,361</u>	<u>1,023,767</u>
<b>Net Assets</b>		
Unrestricted	210,028	270,306
Equity in capital assets	1,128,610	1,012,643
	<u>1,338,638</u>	<u>1,282,949</u>
	<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

## Statement of Operations

Year Ended December 31, 2016

	Budget (Unaudited) 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

## Statement of Changes in Net Assets

Year Ended December 31, 2016

	<i>Unrestricted</i>	<i>Equity in Capital Assets</i>	2016	2015
<b>Net assets, beginning of year</b>	\$ 270,306	\$ 1,012,643	\$ 1,282,949	\$ 1,149,974
Excess of revenue over expenses	98,248	(42,559)	55,689	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>	<b>\$ 1,282,949</b>

# Horse Council of British Columbia

## 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.

# Horse Council of British Columbia

## 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(1) 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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# Horse Council of British Columbia

## 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

	2016	2015
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	154,416	-
	<u>\$ 308,832</u>	<u>\$ 455,101</u>

### 4. Accounts receivable

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

### 5. Tangible capital assets

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

# Horse Council of British Columbia

## Notes to Financial Statements

Year Ended December 31, 2016

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### 6. Accounts payable and accrued liabilities

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

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### 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.

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### 8. Deferred revenue and restricted amounts

	2016	2015
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	397,561	385,991
	<u>\$ 414,042</u>	<u>\$ 413,370</u>

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### 9. 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

	2016	2015
	\$ 297,002	\$ 444,401
	<u>(37,474)</u>	<u>(31,377)</u>
	<u>\$ 259,528</u>	<u>\$ 413,024</u>

Principal repayment terms are approximately:

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# Horse Council of British Columbia

## Notes to Financial Statements

Year Ended December 31, 2016

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### 9. Long term debt (continued)

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

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.

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### 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		<u>3,988</u>
	\$	<u>23,062</u>

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### 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.

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### 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.

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# Horse Council of British Columbia

## Notes to Financial Statements

Year Ended December 31, 2016

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### 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.

#### *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

## 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

## 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>	<b>1,605,654</b>
Amortization of tangible capital assets	42,559	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.



April 19, 2017

To the reader of the Horse Council BC audited financial statements;

In compliance with Section 36 of the Societies Act, British Columbia, management of the Society report that for the year ended December 31, 2016 remuneration at least the amount specified in the regulations to the Societies Act, paid to directors was \$ 0, and that paid to employees and personal under contract for services was \$ 95,810 to one employee with the title of Executive Director.

On behalf of the Board of Directors;

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Liz Saunders, President, Horse Council BC

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Carolyn Farris, Treasurer, Horse Council BC