
HUB CYCLING
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Members of HUB Cycling

We have reviewed the accompanying financial statements of HUB Cycling (the "Society") that comprise the statement of financial position as at March 31, 2024, and the statements of revenues and expenses, 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.

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of HUB Cycling as at March 31, 2024, 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Manning Elliott LLP

MANNING ELLIOTT LLP
Chartered Professional Accountants
Vancouver, British Columbia
August 14, 2024

HUB CYCLING
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

| | 2024 | 2023 |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents | \$ 697,492 | \$ 858,147 |
| Accounts receivable | 63,623 | 77,659 |
| Prepaid expenses and deposits | 9,199 | - |
| | 770,314 | 935,806 |
| CAPITAL ASSETS (Note 3) | 20,565 | 27,307 |
| | \$ 790,879 | \$ 963,113 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities (Note 4) | \$ 25,142 | \$ 20,221 |
| Deferred revenue (Note 5) | 453,100 | 558,222 |
| Canada Emergency Business Account Loan (Note 6) | - | 40,000 |
| | 478,242 | 618,443 |
| NET ASSETS | 312,637 | 344,670 |
| | \$ 790,879 | \$ 963,113 |

COMMITMENTS (Note 8)

ON BEHALF OF THE BOARD

 Director

Jeff Leigh

 Director

HUB CYCLING
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024

| | 2024 | 2023 |
|--|--------------------|--------------------|
| REVENUES | | |
| Government revenue | \$ 1,815,267 | \$ 1,343,026 |
| Private funding and donations | 503,428 | 682,090 |
| Regional government | 238,345 | 156,900 |
| Courses and fees for service | 103,946 | 115,505 |
| Organization memberships | 10,300 | 27,275 |
| Interest and expenses recovered | 28,168 | 19,065 |
| Merchandise and t-shirt sales | 1,058 | 364 |
| | 2,700,512 | 2,344,225 |
| EXPENSES | | |
| PROGRAMMING | | |
| Event and workshop supplies | 146,800 | 82,141 |
| Travel | 61,273 | 81,646 |
| Advertising and promotion | 58,953 | 34,279 |
| Professional fees | 37,313 | 28,859 |
| Insurance | 20,748 | 15,306 |
| Website | 12,059 | 16,640 |
| Licences, dues and fees | 2,376 | 1,540 |
| | 339,522 | 260,411 |
| STAFFING | | |
| Wages and benefits (Note 7) | 1,860,344 | 1,703,668 |
| Subcontracts | 383,959 | 298,154 |
| | 2,244,303 | 2,001,822 |
| ORGANIZATIONAL AND OVERHEAD | | |
| Rent | 78,996 | 80,393 |
| Office and miscellaneous | 26,681 | 32,375 |
| Telecommunications | 25,483 | 19,159 |
| Amortization of capital assets | 8,933 | 10,611 |
| Professional development | 4,100 | 7,252 |
| Interest and bank charges | 3,880 | 6,468 |
| Repairs and maintenance | 647 | 612 |
| | 2,732,545 | 2,419,103 |
| DEFICIENCY OF REVENUES OVER EXPENSES FOR THE YEAR | \$ (32,033) | \$ (74,878) |

HUB CYCLING
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024

| | 2024 | 2023 |
|--|-------------------|------------|
| NET ASSETS, BEGINNING OF YEAR | \$ 344,670 | \$ 419,548 |
| DEFICIENCY OF REVENUES OVER EXPENSES FOR THE YEAR | (32,033) | (74,878) |
| NET ASSETS, END OF YEAR | \$ 312,637 | \$ 344,670 |

HUB CYCLING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

| | 2024 | 2023 |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Deficiency of revenues over expenses for the year | \$ (32,033) | \$ (74,878) |
| Item not affecting cash: | | |
| Amortization of capital assets | 8,933 | 10,611 |
| | (23,100) | (64,267) |
| Changes in non-cash working capital: | | |
| Accounts receivable | 14,036 | 38,006 |
| Prepaid expenses and deposits | (9,199) | 5,297 |
| Accounts payable and accrued liabilities | 4,921 | 14,344 |
| Deferred revenue | (105,122) | (1,206) |
| | (95,364) | 56,441 |
| | (118,464) | (7,826) |
| INVESTING ACTIVITY | | |
| Purchase of capital assets | (2,191) | (9,160) |
| FINANCING ACTIVITY | | |
| Repayment of Canada Emergency Business Account loan | (40,000) | - |
| DECREASE IN CASH DURING THE YEAR | (160,655) | (16,986) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 858,147 | 875,133 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 697,492 | \$ 858,147 |

HUB CYCLING
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

NATURE OF OPERATIONS

The Society was established in 1998 and was formerly the Vancouver Area Cycling Coalition. The Society strives to improve cycling through education, action and events, as increased cycling leads to healthier, happier and more connected communities. The Society leads the way in making cycling an attractive choice for everyone.

The Society is incorporated under the Societies Act of British Columbia and is a registered charity for the purposes of the Income Tax Act (Canada) and is accordingly exempt from income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") under Part III of the CPA Canada Handbook - Accounting. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

(a) Financial instruments

i) Measurement

The Society's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable.

The Society initially measures all of its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Society subsequently measures all of its financial assets and liabilities at amortized cost.

ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of revenues and expenses. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenues and expenses in the period in which it is determined.

iii) Transaction costs

Transaction costs that are directly attributable to the origination, issuance or assumption of a financial instrument that is subsequently measured at amortized cost are assigned to those financial instruments. All other transaction costs are recognized in the statement of revenues and expenses in the period incurred.

(b) Cash and cash equivalents

Cash and cash equivalents represent cash on hand, cash on deposit, and short-term investments which are readily convertible into known amounts of cash and which are subject to minimal risks of changes in fair value.

HUB CYCLING
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(c) Capital assets

Capital assets are stated at cost less accumulated amortization which is recorded over the useful lives of the assets at the following rates and methods:

| | |
|--------------------------------|-----------------------------|
| Office furniture and equipment | 25% declining balance basis |
| Bicycles and trailers | 4 years straight-line basis |

The Society's policy is to record a write-down to a capital asset's fair value or replacement cost when conditions indicate that a capital asset is impaired. Such conditions include when the Society's value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. Write-downs are recognized as an expense in the statement of revenues and expenses and are not reversed.

(d) Revenue recognition

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

All other revenue is recorded on an accrual basis and when collection is reasonably assured.

Deferred revenue represents funding received in the current year that is designated for the following year.

(e) Government assistance

When assistance is provided in the form of subsidies and loans with a forgivable portion, the funding is treated in accordance with that of a grant and recognized in the period the funding is received or becomes receivable as described in Note 1(d).

The loan provided as part of the Canada Emergency Business Account ("CEBA") was primarily to aid the Society with financing current operating expenses. When the Society becomes entitled to receive a forgivable loan, it shall be accounted for in the same manner as a grant and due to the current nature of the expenses it is designed to finance, the Society includes the forgivable portion in the determination of excess of revenue over expenses for the year. The forgivable portion of the loan is presented as other income in the statement of revenues and expenses. During the year the Society repaid the entire \$40,000 of the remaining loan balance.

(f) Contributed materials

The Society records contributed goods at their fair market value where that value can be reasonably estimated and the goods would normally be purchased by the Society. No donated materials have been recorded in the current year.

(g) Contributed services

Volunteers contribute during the year to assist the Society in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

HUB CYCLING
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(h) Use of estimates

The preparation of the financial statements in conformity of Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as at the end of or during the reporting period. Management believes the estimates used are reasonable and prudent; however, actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the valuation of accounts receivable, the determination of the useful lives of capital assets for computing amortization, the measurement of deferred revenue and the amounts recorded as accrued liabilities.

2. FINANCIAL INSTRUMENTS RISKS

The Society's financial instruments are described in Note 1(a). In management's opinion, the Society is not exposed to significant credit, currency, liquidity, interest rate or other market risks arising from these financial instruments except as explained in the following paragraphs. In addition, there has been no significant changes in risk exposures from the prior year.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Society's financial assets that are exposed to credit risk are cash and cash equivalents and accounts receivable. The risk associated with cash and cash equivalents is minimized to the extent that they are placed with a major Canadian financial institution. The risk associated with accounts receivable is minimized given the several number of parties owing amounts to the Society and its history of collecting substantially all of its outstanding receivables within 30 days.

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable. However, cash flow from operations is budgeted to provide for the Society's cash requirements. In addition, the Society maintains a cash reserve to meet its financial liabilities.

(c) 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 risk, interest rate risk and other price risk.

(d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of exchange rate fluctuations. The Society is not exposed to currency risk as it only operates in Canadian dollars and its financial instruments are all denominated in Canadian dollars.

HUB CYCLING
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. FINANCIAL INSTRUMENTS RISKS *(continued)*

(e) 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. The Society is exposed to interest rate risk primarily through interest rates on its term deposits. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure by reviewing its term deposits as they come due and fixing interest rate, and through its normal operating and financing activities to create cash flow certainty.

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is not exposed to any significant other price risk.

3. CAPITAL ASSETS

| | Cost | Accumulated amortization | 2024 Net book value | 2023 Net book value |
|--------------------------------|-----------|-----------------------------|---------------------------|---------------------------|
| Office furniture and equipment | \$ 27,372 | \$ 17,569 | \$ 9,803 | \$ 10,514 |
| Bicycles and trailers | 21,008 | 10,246 | 10,762 | 16,793 |
| | \$ 48,380 | \$ 27,815 | \$ 20,565 | \$ 27,307 |

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in the accounts payable and accrued liabilities as at March 31, 2024 are government remittances payable of \$1,158 (2023 - \$988).

HUB CYCLING
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

5. DEFERRED REVENUE

Deferred revenue represents funding received in advance to be spent in future years and is comprised of the following:

| | 2024 | 2023 |
|------------------------|-------------------|-------------------|
| Government sources | \$ 399,610 | \$ 467,566 |
| Non-government sources | 53,490 | 90,656 |
| | \$ 453,100 | \$ 558,222 |

5. DEFERRED REVENUE *(continued)*

The continuity of the Society's deferred revenue which is deferred in accordance with the accounting policy disclosed in Note 1(d) is as follows:

| | 2024 | 2023 |
|--|--------------------|-------------------|
| Balance, beginning of the year | \$ 558,222 | \$ 559,428 |
| Amount received during the year | 968,379 | 796,247 |
| Amount recognized as revenue during the year | (1,073,501) | (797,453) |
| Balance, end of the year | \$ 453,100 | \$ 558,222 |

6. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

During fiscal 2021, the Society applied for and received a \$60,000 loan under the Canada Emergency Business Account program. This is an interest-free loan to cover payroll and/or operating costs. Repaying the balance of the loan on or before December 31, 2023 will result in a loan forgiveness of 25% (up to \$20,000), which was recorded as other income in the statement of revenues and expenses as the Society intends to fulfil all facets of the loan arrangement and qualify for the forgiveness. The loan is guaranteed by the Government of Canada.

During the year, the Society repaid the entire \$40,000 of the remaining loan balance.

7. WAGES AND BENEFITS

In accordance with the Societies Act of British Columbia, the Society is required to disclose remuneration paid over a defined threshold to employees, contractors and directors of the Society.

During fiscal 2024, there were three employees and no contractors of the Society that each earned over \$75,000, for a total of \$242,941 (2023 - two employees and no contractors that each earned over \$75,000 for a total of \$171,471). These expenses are included within wages and benefits on the statement of revenues and expenses. During fiscal 2024 and 2023, no directors were compensated.

HUB CYCLING
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

8. COMMITMENTS

The Society leases its premises under a lease agreement expiring in December 31, 2024. The minimum anticipated lease payments for the next year is estimated to be as follows:

| | |
|------|------------------|
| 2025 | \$ <u>47,700</u> |
|------|------------------|

9. ECONOMIC DEPENDENCE

The Society is economically dependent on government funding. During the year, the Society received 76% (2023 - 64%) of revenues from various levels of government through fee-for-service work and grants to provide programming.