
HUB CYCLING
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

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, 2022, 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, 2022, 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

Chartered Professional Accountants
Vancouver, British Columbia
August 24, 2022

HUB CYCLING
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash and short-term investments	\$ 875,133	\$ 759,447
Accounts receivable	115,665	65,290
Prepaid expenses and deposits	5,297	-
	996,095	824,737
CAPITAL ASSETS (Note 3)	28,758	13,628
	\$ 1,024,853	\$ 838,365
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 5,877	\$ 4,884
Deferred revenue (Note 4)	559,428	451,554
	565,305	456,438
CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 5)	40,000	40,000
	605,305	496,438
NET ASSETS	419,548	341,927
	\$ 1,024,853	\$ 838,365

COMMITMENTS (Note 7)

ON BEHALF OF THE BOARD

Matthew Alexander Director
 Director

HUB CYCLING
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
REVENUES		
Government revenue	\$ 809,570	\$ 283,329
Private funding and donations	568,883	169,559
Regional government	177,389	273,900
Courses and fees for service	50,445	55,170
Membership fees	15,666	41,951
Interest and expenses recovered	8,944	8,882
Merchandise and t-shirt sales	173	-
	1,631,070	832,791
EXPENSES		
PROGRAMMING		
Event and workshop supplies	117,983	23,027
Travel	32,311	7,810
Advertising and promotion	26,131	34,087
Professional fees	21,615	18,293
Website	16,908	9,621
Insurance	13,127	11,075
Licences, dues and fees	1,287	1,673
	229,362	105,586
STAFFING		
Wages and benefits	1,263,280	824,326
Subcontracts	227,132	144,270
	1,490,412	968,596
ORGANIZATIONAL AND OVERHEAD		
Rent	57,613	20,689
Office and miscellaneous	22,786	9,002
Professional development	17,436	2,513
Telecommunications	15,152	12,782
Amortization of capital assets	7,986	4,543
Interest and bank charges	4,297	3,826
Repairs and maintenance	165	306
	125,435	53,661
	1,845,209	1,127,843
DEFICIENCY OF REVENUES OVER EXPENSES		
FROM OPERATIONS	(214,139)	(295,052)
OTHER INCOME		
Canada Emergency Wage Subsidy (Note 6)	291,760	362,916
Canada Emergency Business Account forgivable portion (Note 5)	-	20,000
	291,760	382,916
EXCESS OF REVENUES OVER EXPENSES		
FOR THE YEAR	\$ 77,621	\$ 87,864

HUB CYCLING
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
NET ASSETS, BEGINNING OF YEAR	\$ 341,927	\$ 254,063
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	77,621	87,864
NET ASSETS, END OF YEAR	\$ 419,548	\$ 341,927

HUB CYCLING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ 77,621	\$ 87,864
Items not affecting cash:		
Amortization of capital assets	7,986	4,543
Canada Emergency Business Account forgivable portion	-	(20,000)
	85,607	72,407
Changes in non-cash working capital:		
Accounts receivable	(50,375)	(5,555)
Prepaid expenses and deposits	(5,297)	2,600
Accounts payable and accrued liabilities	993	(570)
Deferred revenue	107,874	332,345
	53,195	328,820
	138,802	401,227
INVESTING ACTIVITY		
Purchase of capital assets	(23,116)	(5,562)
FINANCING ACTIVITY		
Proceeds from Canada Emergency Business Account loan	-	60,000
INCREASE IN CASH DURING THE YEAR	115,686	455,665
CASH, BEGINNING OF YEAR	759,447	303,782
CASH, END OF YEAR	\$ 875,133	\$ 759,447

HUB CYCLING
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

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.

During 2020, a global pandemic was declared due to the COVID-19 virus, which has had a significant impact on economic and social activity through the restrictions put in place by various levels of government regarding travel, business operations, and isolation/quarantine orders. At this time, the extent the COVID-19 pandemic will have on the Society is unknown and will depend on future developments that are highly uncertain and that cannot be predicted with confidence. The Society will continue to monitor its cash reserves and will make all necessary adjustments to maintain its financial position.

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 short-term investments, accounts receivable, accounts payable and government loan 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.

HUB CYCLING
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Financial instruments *(continued)*

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.

(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:

Computers 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.

HUB CYCLING
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(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.

(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 determination of the useful lives of capital assets for computing amortization, valuation of accounts receivable, 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 change in risk exposures from the prior year.

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 short-term investments and accounts receivable. The risk associated with cash and short-term investments 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.

Although the COVID-19 health pandemic has impacted the Society as explained in Note 1 and below, based on the nature of the Society's accounts receivable, management has determined the Society's credit risk to be minimal and will continue to monitor receivables to mitigate any potential credit risk.

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.

HUB CYCLING
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

2. FINANCIAL INSTRUMENTS RISKS *(continued)*

Liquidity risk *(continued)*

As noted above, the COVID-19 health pandemic could impact the timing of cash inflows from the several number of parties owing amounts to the Society. The Society has pro-actively worked with its members, vendors and creditors to manage any disruption to its regular balance of working capital and anticipates that its cash reserves will adequately minimize liquidity risk.

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. The Society is 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. The Society is exposed to interest rate risk primarily through interest rate on short-term investments. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. There has been minimal interest rate risk impact to the Society as a result of the COVID-19 health pandemic.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Office furniture and equipment	\$ 21,576	\$ 11,162	\$ 10,414	\$ 6,222
Bicycles and trailers	29,452	11,108	18,344	7,406
	\$ 51,028	\$ 22,270	\$ 28,758	\$ 13,628

4. DEFERRED REVENUE

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

	2022	2021
Government funding	\$ 424,732	\$ 302,275
Private funding and donations	134,696	149,279
	\$ 559,428	\$ 451,554

HUB CYCLING
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

4. 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:

	2022	2021
Balance, beginning of the year	\$ 451,554	\$ 119,209
Amount received during the year	711,830	538,840
Amount recognized as revenue during the year	(603,956)	(206,495)
Balance, end of the year	\$ 559,428	\$ 451,554

5. 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.

As at March 31, 2022, the Society had a payable balance of \$40,000, net of the \$20,000 forgivable portion (2021 - \$40,000, net of the \$20,000 forgivable portion).

6. CANADA EMERGENCY WAGE SUBSIDY

In response to the COVID-19 health pandemic, the Society took advantage of programs providing relief to businesses. The Society received \$291,760 (2021 - \$362,916) in Canada Emergency Wage Subsidy relief provided by the Canadian Government. This amount has been included in other income in the statement of revenues and expenses.

7. COMMITMENTS

The Society leases its premises under a lease agreement expiring in December 31, 2022. The minimum anticipated lease payments for the next year is estimated to be as follows:

2023	<u>\$ 45,000</u>
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8. ECONOMIC DEPENDENCE

The Society is economically dependent on government funding. During the year, the Society received 67% (2021 - 77%) of revenues from various levels of government.