

CANADIAN CYCLING ASSOCIATION

FINANCIAL STATEMENTS

MARCH 31, 2015

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Canadian Cycling Association:

We have audited the accompanying financial statements of Canadian Cycling Association, which comprise the statement of financial position as at March 31, 2015, and the statements of changes in net assets, operations 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.

Auditors' 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 qualified audit opinion.

Basis for Qualified Opinion

In common with similar organizations, the Association derives revenue from donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenue, net revenue for the year, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Cycling Association as at March 31, 2015 and the results its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

OHCDLLP

OUSELEY HANVEY CLIPSHAM DEEP LLP
Licensed Public Accountants

Ottawa, Ontario
August 26, 2015

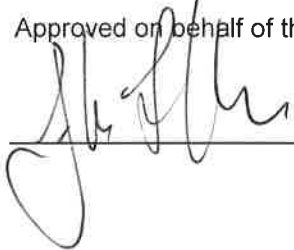
CANADIAN CYCLING ASSOCIATION

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2015

	2015	2014
CURRENT ASSETS		
Cash	\$ 399,451	\$ 545,277
Bank treasury deposit (note 3)	50,000	50,000
Accounts receivable	340,956	225,207
Inventory	2,541	-
Prepaid expenses	150,880	112,184
	943,828	932,668
CAPITAL ASSETS (note 2)		
	294,920	450,707
	\$ 1,238,748	\$ 1,383,375
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 387,253	\$ 352,756
Deferred revenue (note 4)	16,932	22,072
	404,185	374,828
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (note 5)		
	163,463	288,969
	567,648	663,797
NET ASSETS		
Invested in capital assets	131,457	161,738
Unrestricted net assets	539,643	557,840
	671,100	719,578
	\$ 1,238,748	\$ 1,383,375

CONTINGENCY (NOTE 7)

Approved on behalf of the Board:



Director



Director

CANADIAN CYCLING ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
NET ASSETS INVESTED IN CAPITAL ASSETS		
Balance beginning of year	\$ 161,738	\$ 129,541
Amortization of capital assets	(186,653)	(147,831)
Acquisition of capital assets	30,866	240,193
Deferred funding of capital assets	(26,723)	(218,149)
Amortization of deferred funding	152,229	157,984
BALANCE END OF YEAR	\$ 131,457	\$ 161,738
UNRESTRICTED NET ASSETS		
Balance beginning of year	\$ 557,840	\$ 467,198
Net revenue (expense) for the year	(48,478)	122,839
Change related to capital assets	30,281	(32,197)
BALANCE END OF YEAR	\$ 539,643	\$ 557,840

CANADIAN CYCLING ASSOCIATION

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
REVENUE		
Sport Canada	\$ 1,227,000	\$ 1,203,390
Own the Podium	3,474,024	3,226,335
Canadian Olympic Committee	80,000	80,000
Insurance recoveries	469,263	468,681
Sponsorships	191,375	90,194
International hosting	435,000	657,000
Affiliation fees	227,016	228,949
Athlete contributions	260,058	266,886
Non-recurring contributions and other	561,023	234,655
Donations	40,630	50,475
Coaching Association of Canada	4,417	35,333
Doping recovery	41,927	51,756
Calendar fees	10,382	12,414
Rider levies	4,866	4,656
	<u>7,026,981</u>	<u>6,610,724</u>
EXPENSE		
Senior national team	2,280,314	2,069,537
Salary and benefits - staff	1,047,140	1,004,951
Salary and benefits - coaches	1,102,988	944,995
Insurance	492,750	480,956
International competitions	574,511	710,562
Administration	464,108	434,511
National team - other	404,736	352,912
Meetings	106,844	105,270
National competitions	102,392	102,106
Leadership development	35,034	65,964
Athlete development	140,326	82,045
Sport participation / development	-	8,696
Advertising and promotion	324,316	125,380
	<u>7,075,459</u>	<u>6,487,885</u>
NET REVENUE (EXPENSE) FOR THE YEAR	\$ (48,478)	\$ 122,839

CANADIAN CYCLING ASSOCIATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue (expense) for the year	\$ (48,478)	\$ 122,839
Non cash items:		
amortization of capital assets	186,653	147,831
amortization of deferred funding	(152,229)	(157,984)
Changes in non cash working capital items:		
Accounts receivable	(115,749)	130,001
Inventories	(2,541)	25,589
Prepaid expenses	(38,696)	(46,812)
Accounts payable and accrued liabilities	34,497	43,802
Deferred revenue	21,583	237,649
	(114,960)	502,915
INVESTING ACTIVITIES		
Acquisition of capital assets	(30,866)	(240,193)
Increase (decrease) in cash for the year	(145,826)	262,722
CASH BEGINNING OF YEAR	545,277	282,555
CASH END OF YEAR	\$ 399,451	\$ 545,277

CANADIAN CYCLING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

The Association is a Registered Canadian Amateur Athletic Association incorporated under Canada Not-for-profit Corporations Act. Its primary purpose includes the instruction in and co-ordination of matters concerning the sport of amateur cycling in Canada at the national and international level.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Revenue from unrestricted donations is recognized when received. Contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization of the related capital asset.

b) Donated goods and services

The Association benefits from sponsorship programs which provide goods and services for its athletes. The work of the Association is also dependent on the voluntary services of its members. The fair value of credits received from sponsors for merchandise purchased is reported as sponsorship revenue. Other donated goods and services are not recognized by the Association due to the difficulty in determining their fair value.

c) Capital assets

Capital assets are recorded at cost. Amortization is calculated as follows:

Automotive equipment	5 years straight line
Furniture and fixtures	8 years straight line
Computer equipment	5 years straight line
National team equipment	33.3% declining balance basis
Para equipment	33.3% declining balance basis
Event equipment	3 years straight line
Leasehold improvements	Straight line over life of lease

d) Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the average cost method.

CANADIAN CYCLING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

f) Financial instruments

Financial instruments are initially recognized at fair value and are subsequently measured at cost, amortized cost or cost less appropriate allowances for impairment. They consist of cash, bank treasury deposit, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest rate, currency, credit, liquidity or market risks arising from its financial instruments and the carrying amount of the financial instruments approximate their fair value.

2. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2015	Net Book Value 2014
Automotive equipment	\$ 109,415	\$ 106,455	\$ 2,960	\$ 36,049
Furniture and fixtures	27,081	27,081	-	1,639
Computer equipment	101,605	77,082	24,523	37,298
National team equipment	539,552	349,548	190,005	270,802
Para equipment	283,911	208,787	75,124	97,237
Event equipment	40,866	40,866	-	4,220
Leasehold improvements	8,465	6,157	2,308	3,462
	\$ 1,110,895	\$ 815,976	\$ 294,920	\$ 450,707

3. CREDIT FACILITY

The Association has a bank credit line that provides for advances up to \$150,000. Interest is payable monthly, calculated at bank prime rate plus two percent per annum. As part of the facility, the Association is required to maintain \$50,000 in a bank treasury account. All assets of the Association are pledged as security for the credit line.



CANADIAN CYCLING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

4. DEFERRED REVENUE

	2015		2014	
Balance, beginning of year	\$	22,072	\$	2,572
Less: amount recognized as revenue in the year		(22,072)		(2,572)
Plus: amount received related to the following year		16,932		22,072
Balance, end of year	\$	16,932	\$	22,072

Deferred revenue consists of the following future year funding received in the current year.

	2015		2014	
Self funded and other	\$	16,932	\$	10,072
Commonwealth Games 2015		-		12,000
	\$	16,932	\$	22,072

5. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	Contribution	Accumulated Amortization	2015	2014
Contributions related to National and Para team equipment	\$ 1,152,379	\$ 988,916	\$ 163,463	\$ 288,969

Contributions related to national and para team equipment and accumulated amortization as at March 31, 2014 amounted to \$1,125,656 and \$836,687 respectively. During the year Sport Canada contributed \$26,723 (2014 - \$218,149) to fund the purchase of equipment which was classified as capital assets. This funding has been deferred and is recognized as revenue over the useful life of the related capital assets.

6. COMMITMENT

The Association is committed to rent office space under a five year lease that extends to July 31, 2017. Annual rent and operating costs approximate \$70,000.

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7. CONTINGENCY/SUBSEQUENT EVENT

Subsequent to the year end, the Association was named in a Human Rights Tribunal of Ontario application claiming gender discrimination. The outcome of this action and the likelihood of loss is not determinable. As a result the loss, if any, has not been recorded in these financial statements.