

**CANADIAN CYCLING ASSOCIATION**

FINANCIAL STATEMENTS

MARCH 31, 2016

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## 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, 2016, 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, 2016 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.

*OHCD LLP.*

**OUSELEY HANVEY CLIPSHAM DEEP LLP**  
Licensed Public Accountants

Ottawa, Ontario  
September 20, 2016

# CANADIAN CYCLING ASSOCIATION

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2016

	2016	2015
<b>CURRENT ASSETS</b>		
Cash	\$ 224,864	\$ 399,451
Bank treasury deposit (note 3)	50,000	50,000
Accounts receivable	387,267	340,956
Inventory	-	2,541
Prepaid expenses	85,720	150,880
	<u>747,851</u>	<u>943,828</u>
<b>CAPITAL ASSETS (note 2)</b>		
	238,945	294,920
	<u>\$ 986,796</u>	<u>\$ 1,238,748</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 332,681	\$ 387,253
Deferred revenue (note 4)	63,792	16,932
	<u>396,473</u>	<u>404,185</u>
<b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (note 5)</b>		
	71,205	163,463
	<u>467,678</u>	<u>567,648</u>
<b>NET ASSETS</b>		
Invested in capital assets	167,740	131,457
Unrestricted net assets	351,378	539,643
	<u>519,118</u>	<u>671,100</u>
	<u>\$ 986,796</u>	<u>\$ 1,238,748</u>

### 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, 2016

	2016	2015
<b>NET ASSETS INVESTED IN CAPITAL ASSETS</b>		
Balance beginning of year	\$ 131,457	\$ 161,738
Amortization of capital assets	(115,317)	(186,653)
Acquisition of capital assets	59,343	30,866
Deferred funding of capital assets	(24,326)	(26,723)
Amortization of deferred funding	116,583	152,229
<b>BALANCE END OF YEAR</b>	<b>\$ 167,740</b>	<b>\$ 131,457</b>

### UNRESTRICTED NET ASSETS

Balance beginning of year	\$ 539,643	\$ 557,840
Net expense for the year	(151,982)	(48,478)
Change related to capital assets	(36,283)	30,281
<b>BALANCE END OF YEAR</b>	<b>\$ 351,378</b>	<b>\$ 539,643</b>

# CANADIAN CYCLING ASSOCIATION

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
<b>REVENUE</b>		
Sport Canada	\$ 1,137,000	\$ 1,227,000
Own the Podium	3,560,463	3,474,024
Canadian Olympic Committee	480,077	80,000
Insurance recoveries	517,013	469,263
Sponsorships	312,995	191,375
International hosting	435,000	435,000
Affiliation fees	239,795	227,016
Athlete contributions	404,808	260,058
Non-recurring contributions and other	506,632	561,023
Donations	35,970	40,630
Coaching Association of Canada	4,417	4,417
Canadian Paralympic Committee	46,970	-
Doping recovery	25,735	41,927
Calendar fees	12,492	10,382
Rider levies	5,819	4,866
	<b>7,725,186</b>	<b>7,026,981</b>
<b>EXPENSE</b>		
Senior national team	3,037,131	2,391,815
Salary and benefits - staff	1,262,518	1,067,265
Salary and benefits - coaches	1,139,295	1,082,863
Insurance	492,332	492,750
International competitions	501,579	574,511
Administration	430,563	464,108
National team - other	314,084	293,235
Meetings	134,243	106,844
National competitions	157,558	102,392
Leadership development	26,617	35,034
Athlete development	51,204	140,326
Sport participation / development	1,506	-
Advertising and promotion	328,538	324,316
	<b>7,877,168</b>	<b>7,075,459</b>
<b>NET EXPENSE FOR THE YEAR</b>	<b>\$ (151,982)</b>	<b>\$ (48,478)</b>

## CANADIAN CYCLING ASSOCIATION

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net expense for the year	\$ (151,982)	\$ (48,478)
Non cash items:		
amortization of capital assets	115,317	186,653
amortization of deferred funding	(116,583)	(152,229)
Changes in non cash working capital items:		
Accounts receivable	(46,311)	(115,749)
Inventories	2,541	(2,541)
Prepaid expenses	65,160	(38,696)
Accounts payable and accrued liabilities	(54,572)	34,497
Deferred revenue	71,186	21,583
	(115,244)	(114,960)
INVESTING ACTIVITIES		
Acquisition of capital assets	(59,343)	(30,866)
Change in cash for the year	(174,587)	(145,826)
CASH BEGINNING OF YEAR	399,451	545,277
CASH END OF YEAR	\$ 224,864	\$ 399,451

# CANADIAN CYCLING ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

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, 2016

### 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 2016	Net Book Value 2015
Automotive equipment	\$ 139,061	\$ 115,344	\$ 23,717	\$ 2,960
Furniture and fixtures	27,081	27,081	-	-
Computer equipment	106,976	89,908	17,068	24,523
National team equipment	558,214	416,007	142,208	190,005
Para equipment	289,575	234,777	54,798	75,124
Event equipment	40,866	40,866	-	-
Leasehold improvements	8,465	7,311	1,154	2,308
	<u>\$ 1,170,238</u>	<u>\$ 931,294</u>	<u>\$ 238,945</u>	<u>\$ 294,920</u>

### 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, 2016

### 4. DEFERRED REVENUE

	2016		2015	
Balance, beginning of year	\$	16,932	\$	22,072
Less: amount recognized as revenue in the year		(16,242)		(22,072)
Plus: amount received related to the following year		63,102		16,932
Balance, end of year	\$	63,792	\$	16,932

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

	2016		2015	
Self funded and other	\$	16,790	\$	16,932
Funding for future projects		47,002		-
	\$	63,792	\$	16,932

### 5. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	Contribution	Accumulated Amortization	2016		2015	
Contributions related to National and Para team equipment	\$ 1,176,705	\$ 1,105,500	\$ 71,205	\$	163,463	

Contributions related to national and para team equipment and accumulated amortization as at March 31, 2015 amounted to \$1,152,379 and \$988,916 respectively. During the year Sport Canada contributed \$24,326 (2015 - \$26,723) 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 \$72,600.



# CANADIAN CYCLING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

## 7. CONTINGENCY/SUBSEQUENT EVENT

During the year, the Association was named in a Human Rights Tribunal of Ontario (HRTO) application claiming gender discrimination. In August 2016, subsequent to year end, the Association was named in a second HRTO application claiming discrimination. The outcome of these actions and the likelihood of loss is not determinable. As a result the loss, if any, has not been recorded in these financial statements.

## CANADIAN CYCLING ASSOCIATION

### SCHEDULE OF REVENUE AND EXPENSE BY SPORT CANADA CONTRIBUTION BLOCKS IN ANNEX E FOR THE YEAR ENDED MARCH 31, 2016

	Revenue	Expense
<b>MAINSTREAM CORE</b>		
Contribution blocks		
General Administration	\$ 360,005	\$ 1,339,174
Governance	5,000	5,000
Salaries, fees and benefits	616,000	792,299
Coaching salaries and professional development	874,200	1,105,906
National team program	1,699,605	2,872,423
Official languages	13,000	13,000
Operations and programming	137,395	728,465
	<u>3,705,205</u>	<u>6,856,267</u>
<b>ATHLETES WITH A DISABILITY CORE</b>		
Contribution blocks		
General Administration	24,500	24,500
Salaries, fees and benefits	64,000	75,005
Coaching salaries and professional development	286,450	338,732
National team program	511,050	568,664
Official languages	4,000	4,000
	<u>890,000</u>	<u>1,010,901</u>
<b>MAINSTREAM ABOVE CORE</b>		
Contribution blocks		
Long term athlete development	10,000	10,000
<b>TOTAL</b>	<u>\$ 4,605,205</u>	<u>\$ 7,877,168</u>