

**CANADIAN CYCLING ASSOCIATION**

FINANCIAL STATEMENTS

MARCH 31, 2017

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## INDEPENDENT AUDITOR'S 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, 2017, 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.

### 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 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, 2017 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.

*OHC D LLP.*

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

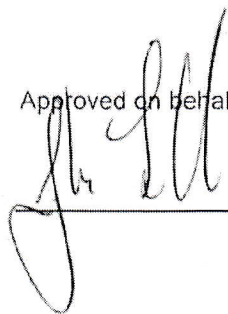
Ottawa, Ontario  
September 25, 2017

# CANADIAN CYCLING ASSOCIATION

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

	2017	2016
<b>CURRENT ASSETS</b>		
Cash	\$ 321,532	\$ 224,864
Bank treasury deposit (note 3)	50,000	50,000
Accounts receivable	381,580	387,267
Prepaid expenses	152,045	85,720
	<u>905,157</u>	<u>747,851</u>
<b>CAPITAL ASSETS (note 2)</b>		
	259,327	238,945
	<u>\$ 1,164,484</u>	<u>\$ 986,796</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 474,173	\$ 332,681
Deferred revenue (note 4)	98,029	63,792
	<u>572,202</u>	<u>396,473</u>
<b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (note 5)</b>		
	89,377	71,205
	<u>661,579</u>	<u>467,678</u>
<b>NET ASSETS</b>		
Invested in capital assets	169,950	167,740
Unrestricted net assets	332,955	351,378
	<u>502,905</u>	<u>519,118</u>
	<u>\$ 1,164,484</u>	<u>\$ 986,796</u>

Approved on behalf of the Board:



Director



Director



## CANADIAN CYCLING ASSOCIATION

### STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
<b>NET ASSETS INVESTED IN CAPITAL ASSETS</b>		
Balance beginning of year	\$ 167,740	\$ 131,457
Amortization of capital assets	(97,877)	(115,317)
Acquisition of capital assets	118,259	59,343
Deferred funding of capital assets	(87,312)	(24,326)
Amortization of deferred funding	69,140	116,583
<b>BALANCE END OF YEAR</b>	<b>\$ 169,950</b>	<b>\$ 167,740</b>
<b>UNRESTRICTED NET ASSETS</b>		
Balance beginning of year	\$ 351,378	\$ 539,643
Net expense for the year	(16,213)	(151,982)
Change related to capital assets	(2,210)	(36,283)
<b>BALANCE END OF YEAR</b>	<b>\$ 332,955</b>	<b>\$ 351,378</b>

## CANADIAN CYCLING ASSOCIATION

### STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
<b>REVENUE</b>		
Sport Canada	\$ 1,127,000	\$ 1,137,000
Own the Podium	3,648,953	3,560,463
Canadian Olympic Committee	292,719	480,077
Insurance recoveries	553,938	517,013
Sponsorships	457,917	312,995
International hosting	505,000	435,000
Affiliation fees	252,546	239,795
Athlete contributions	443,867	404,808
Non-recurring contributions and other	616,043	506,632
Donations	41,845	35,970
Coaching Association of Canada	4,417	4,417
Canadian Paralympic Committee	30,000	46,970
Doping recovery	31,067	25,735
Calendar fees	12,520	12,492
Rider levies	6,451	5,819
	<b>8,024,283</b>	<b>7,725,186</b>
<b>EXPENSE</b>		
Senior national team	2,637,296	3,037,131
Salary and benefits - staff	1,047,764	997,070
Salary and benefits - coaches	1,690,932	1,404,743
Insurance	544,078	492,332
International competitions	609,712	501,579
Administration	450,904	430,563
National team - other	291,110	314,084
Meetings	174,254	134,243
National competitions	119,230	157,558
Leadership development	41,324	26,617
Athlete development	20,786	51,204
Sport participation / development	13,103	1,506
Advertising and promotion	400,003	328,538
	<b>8,040,496</b>	<b>7,877,168</b>
<b>NET EXPENSE FOR THE YEAR</b>	<b>\$ (16,213)</b>	<b>\$ (151,982)</b>

## CANADIAN CYCLING ASSOCIATION

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Net expense for the year	\$ (16,213)	\$ (151,982)
Non cash items:		
amortization of capital assets	97,877	115,317
amortization of deferred funding	(69,140)	(116,583)
Changes in non cash working capital items:		
Accounts receivable	5,687	(46,311)
Inventories	-	2,541
Prepaid expenses	(66,325)	65,160
Accounts payable and accrued liabilities	141,492	(54,572)
Deferred revenue	121,549	71,186
	<u>214,927</u>	<u>(115,244)</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of capital assets	(118,259)	(59,343)
Change in cash for the year	96,668	(174,587)
CASH BEGINNING OF YEAR	224,864	399,451
CASH END OF YEAR	<u>\$ 321,532</u>	<u>\$ 224,864</u>

# CANADIAN CYCLING ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

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) 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.

# CANADIAN CYCLING ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### e) 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 2017	Net Book Value 2016
Automotive equipment	\$ 108,183	\$ 71,799	\$ 36,384	\$ 23,717
Furniture and fixtures	6,741	674	6,067	-
Computer equipment	110,519	97,724	12,795	17,068
National team equipment	614,832	472,857	141,976	142,208
Para equipment	320,268	258,163	62,105	54,798
Leasehold improvements	8,465	8,465	-	1,154
	<u>\$ 1,169,008</u>	<u>\$ 909,682</u>	<u>\$ 259,327</u>	<u>\$ 238,945</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, 2017

## 4. DEFERRED REVENUE

	2017		2016	
Balance, beginning of year	\$	63,792	\$	16,932
Less: amount recognized as revenue in the year		(63,102)		(16,242)
Plus: amount received related to the following year		97,339		63,102
Balance, end of year	\$	98,029	\$	63,792

Deferred revenue consists of the following future year funding:

	2017		2016	
Self funded and other	\$	90,029	\$	16,790
Funding for future projects		8,000		47,002
	\$	98,029	\$	63,792

## 5. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	Contribution	Accumulated Amortization	2017		2016	
Contributions related to National and Para team equipment	\$ 1,264,017	\$ 1,174,640	\$ 89,377	\$	71,205	

Contributions related to national and para team equipment and accumulated amortization as at March 31, 2016 amounted to \$1,176,705 and \$1,105,500 respectively. During the year Sport Canada contributed \$87,312 (2016 - \$24,326) 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.



## CANADIAN CYCLING ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

#### 6. COMMITMENTS

The Association is committed to rent office space under a five year lease that extends to January 2022. Annual rent and operating costs are expected to approximate \$75,000 - \$80,000 over the term of the lease. In 2017 the Association signed a 4 year lease with the Town of Milton for office space at an annual rent of approximately \$25,000. This lease may be terminated on the anniversary of the lease commencement, provided there is 6 months notice and the landlord is in agreement. Lastly, in September 2017, the Association committed to a 61 month copier lease agreement with annual payments of approximately \$6,000.

#### 7. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

## CANADIAN CYCLING ASSOCIATION

### UNAUDITED SCHEDULE OF REVENUE AND EXPENSE BY BUDGET CATEGORY FOR THE YEAR ENDED MARCH 31, 2017

	Revenue	Expense
<b>MAINSTREAM</b>		
Budget category		
General Administration	\$ 421,709	\$ 1,536,108
Governance	5,000	5,000
Salaries, fees and benefits	586,000	781,837
Coaching salaries and professional development	1,183,249	1,353,319
National team program	1,591,167	2,557,216
Official languages	13,000	13,445
Operations and programming	127,000	804,155
	3,927,125	7,051,080
<b>ATHLETES WITH A DISABILITY</b>		
Budget category		
General Administration	16,500	20,854
Salaries, fees and benefits	58,000	57,937
Coaching salaries and professional development	349,361	374,393
National team program	439,139	525,712
Official languages	4,000	4,000
Other	-	6,520
	867,000	989,416
<b>TOTAL</b>	<b>\$ 4,794,125</b>	<b>\$ 8,040,496</b>