

**CANADIAN CYCLING ASSOCIATION**

FINANCIAL STATEMENTS

MARCH 31, 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Members,  
**Canadian Cycling Association:**

### Qualified opinion

We have audited the financial statements of Canadian Cycling Association ("the Entity"), which comprise the statement of financial position as at March 31, 2020, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, 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.

### Basis for qualified opinion

In common with many not-for-profit organizations, the Entity derives revenue from donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, net revenue for the year, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Responsibilities of management and those charged with governance 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OHCID LLP

**OUSELEY HANVEY CLIPSHAM DEEP LLP**

Licensed Public Accountants

Ottawa, Ontario

July 28, 2020



# CANADIAN CYCLING ASSOCIATION

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	2020	2019
<b>CURRENT ASSETS</b>		
Cash	\$ 550,241	\$ 246,035
Bank treasury deposit (note 4)	-	50,000
Accounts receivable	658,388	588,440
Prepaid expenses	242,649	48,404
	<u>1,451,278</u>	<u>932,879</u>
<b>CAPITAL ASSETS (note 3)</b>	<u>241,080</u>	<u>358,052</u>
	<u>\$ 1,692,358</u>	<u>\$ 1,290,931</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 953,966	\$ 662,971
Deferred revenue (note 5)	41,269	368,380
	<u>995,235</u>	<u>1,031,351</u>
<b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (note 6)</b>	<u>112,677</u>	<u>213,540</u>
	<u>1,107,912</u>	<u>1,244,891</u>
<b>NET ASSETS</b>		
Invested in capital assets	128,402	144,511
Internally restricted National Team Fund (note 8)	50,000	50,000
Unrestricted net assets (deficit)	406,044	(148,471)
	<u>584,446</u>	<u>46,040</u>
	<u>\$ 1,692,358</u>	<u>\$ 1,290,931</u>

Approved on behalf of the Board:



Director



Director

## CANADIAN CYCLING ASSOCIATION

### STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
<b>NET ASSETS INVESTED IN CAPITAL ASSETS</b>		
Balance beginning of year	\$ 144,511	\$ 157,737
Amortization of capital assets	(122,310)	(120,174)
Acquisition of capital assets	5,338	230,803
Deferred funding of capital assets	-	(208,564)
Amortization of deferred funding	100,863	84,709
<b>BALANCE END OF YEAR</b>	<b>\$ 128,402</b>	<b>\$ 144,511</b>
<b>INTERNALLY RESTRICTED NATIONAL TEAM FUND</b>		
Balance beginning of year	\$ 50,000	\$ 80,000
Transfer to unrestricted net assets	-	(30,000)
<b>BALANCE END OF YEAR</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>
<b>UNRESTRICTED NET ASSETS (DEFICIT)</b>		
Balance beginning of year	\$ (148,471)	\$ (139,333)
Net revenue (expense) for the year	538,406	(52,364)
Transfer from National Team Fund	-	30,000
Change related to capital assets	16,109	13,226
<b>BALANCE END OF YEAR</b>	<b>\$ 406,044</b>	<b>\$ (148,471)</b>

## CANADIAN CYCLING ASSOCIATION

### STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
<b>REVENUE</b>		
Sport Canada (Reference level)	\$ 1,492,500	\$ 1,339,000
Sport Canada (Enhanced Excellence)	3,903,858	4,086,660
Canadian Olympic Committee	465,719	445,000
Insurance recoveries	369,334	557,176
Sponsorships	456,206	596,726
Sport Canada hosting (ISSE)	819,750	1,151,000
Affiliation fees	215,647	252,835
Athlete contributions	358,957	416,108
Non-recurring contributions and other	1,429,138	960,373
Donations	435,179	251,482
Coaching Association of Canada	6,015	4,420
Canadian Paralympic Committee	105,000	72,000
Doping recovery	16,263	33,289
Calendar fees	14,574	13,350
Rider levies	12,838	12,296
	<b>10,100,978</b>	<b>10,191,715</b>
<b>EXPENSE</b>		
Senior national team	3,219,288	3,374,015
Salary and benefits - staff	1,376,207	1,262,454
Salary and benefits - coaches	1,234,632	1,523,274
Insurance	368,273	578,732
International competitions	1,437,591	1,741,086
Administration	586,013	470,352
National team - other	334,000	404,088
Meetings	147,675	160,880
National competitions	151,751	117,192
Leadership development	45,253	21,902
Athlete development	321,069	219,159
Advertising and promotion	340,820	370,945
	<b>9,562,572</b>	<b>10,244,079</b>
<b>NET REVENUE (EXPENSE) FOR THE YEAR</b>	<b>\$ 538,406</b>	<b>\$ (52,364)</b>

## CANADIAN CYCLING ASSOCIATION

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
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CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue (expense) for the year	\$ 538,406	\$ (52,364)
Non cash items:		
amortization of capital assets	122,310	120,174
amortization of deferred funding	(100,863)	(84,709)
Changes in non cash working capital items:		
Accounts receivable	(69,948)	410,493
Prepaid expenses	(194,245)	56,333
Accounts payable and accrued liabilities	290,995	(499,009)
Deferred revenue	(327,111)	491,195
	<hr/>	<hr/>
	259,544	442,113
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INVESTING ACTIVITIES		
Acquisition of capital assets	(5,338)	(230,803)
Bank treasury deposit	50,000	-
	<hr/>	<hr/>
	44,662	(230,803)
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Change in cash for the year	304,206	211,310
CASH BEGINNING OF YEAR	246,035	34,725
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CASH END OF YEAR	\$ 550,241	\$ 246,035
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# CANADIAN CYCLING ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

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. 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. 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, 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### e) Financial instruments

Financial instruments are initially recognized at fair value and are subsequently measured at amortized cost or cost less appropriate allowances for impairment. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

### 2. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, 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.

### 3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2020	Net Book Value 2019
Automotive equipment	\$ 108,183	\$ 101,986	\$ 6,197	\$ 16,260
Furniture and fixtures	25,220	12,069	13,151	16,306
Computer equipment	145,180	123,572	21,608	24,452
National team equipment	822,912	671,328	151,585	227,365
Event equipment	10,395	5,197	5,199	8,663
Para equipment	371,124	327,784	43,340	65,007
Leasehold improvements	8,465	8,465	-	-
	<u>\$ 1,491,479</u>	<u>\$ 1,250,401</u>	<u>\$ 241,080</u>	<u>\$ 358,052</u>

### 4. CREDIT FACILITY

The Association has a bank credit line that provides for advances up to \$500,000. Interest is payable monthly, calculated at bank prime rate plus one percent per annum. There were no draws on this facility during the 2020 fiscal year.

## CANADIAN CYCLING ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

#### 5. DEFERRED REVENUE

	2020		2019	
Balance, beginning of year	\$	368,380	\$	85,749
Less: amount recognized as revenue in the year		(368,380)		(85,059)
Plus: amount received related to the following year		41,269		367,690
Balance, end of year	\$	41,269	\$	368,380

Deferred revenue consists of the following future year funding:

	2020		2019	
Self funded and other	\$	-	\$	690
Funding for future projects		41,269		367,690
	\$	41,269	\$	368,380

#### 6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	Contribution		Accumulated Amortization		2020		2019	
Contributions related to National and Para team equipment	\$	1,522,951	\$	1,410,274	\$	112,677	\$	213,540

Contributions related to national and para team equipment and accumulated amortization as at March 31, 2019 amounted to \$1,522,951 and \$1,309,411 respectively. During the year Sport Canada contributed \$nil (2019 - \$208,564) 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, 2020**

### **7. 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. In September 2017, the Association committed to a 61 month copier lease agreement with annual payments of approximately \$6,000.

### **8. INTERNALLY RESTRICTED NATIONAL TEAM FUND**

In 2018 the Association transferred \$80,000 to an internally restricted fund to be used in future years by the National Team. In the 2019 fiscal year, the Association transferred \$30,000 to unrestricted net assets to cover costs related to the National Team. Executive approval is required to spend these net assets.