

CANADIAN CYCLING ASSOCIATION

FINANCIAL STATEMENTS

MARCH 31, 2022



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, 2022, 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, 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.

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, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2021 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

September 6, 2022



CANADIAN CYCLING ASSOCIATION

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

	2022	2021
CURRENT ASSETS		
Cash	\$ 2,244,834	\$ 759,418
Short-term investments (note 3)	-	2,003,553
Accounts receivable	4,001,478	161,807
Prepaid expenses	282,400	43,464
	<u>6,528,712</u>	<u>2,968,242</u>
CYCLING CANADA FUND (note 4)		
	265,302	250,000
CAPITAL ASSETS (note 5)		
	473,330	165,672
	<u>\$ 7,267,344</u>	<u>\$ 3,383,914</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 5,548,290	\$ 664,454
Deferred revenue (note 7)	235,877	1,748,981
	<u>5,784,167</u>	<u>2,413,435</u>
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (note 8)		
	-	34,762
	<u>5,784,167</u>	<u>2,448,197</u>
NET ASSETS		
Invested in capital assets	473,330	130,911
Internally restricted National Team Fund (note 10)	-	50,000
Unrestricted net assets	1,009,847	754,806
	<u>1,483,177</u>	<u>935,717</u>
	<u>\$ 7,267,344</u>	<u>\$ 3,383,914</u>

CONTINGENCY (NOTE 11)

Approved on behalf of the Board:



Director

Pierre Laflamme - Chair



Director

Mark Collins

CANADIAN CYCLING ASSOCIATION

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

	2022	2021
NET ASSETS INVESTED IN CAPITAL ASSETS		
Balance beginning of year	\$ 130,911	\$ 128,402
Amortization of capital assets	(66,705)	(84,242)
Acquisition of capital assets	374,363	8,835
Amortization of deferred funding	34,761	77,916
BALANCE END OF YEAR	\$ 473,330	\$ 130,911
INTERNALLY RESTRICTED NATIONAL TEAM FUND		
Balance beginning and end of year	\$ 50,000	\$ 50,000
Transfer to unrestricted net assets	(50,000)	-
	-	50,000
UNRESTRICTED NET ASSETS		
Balance beginning of year	\$ 754,806	\$ 406,044
Net revenue for the year	547,460	351,271
Transfer from National Team Fund	50,000	-
Change related to capital assets	(342,419)	(2,509)
BALANCE END OF YEAR	\$ 1,009,847	\$ 754,806

CANADIAN CYCLING ASSOCIATION

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
REVENUE		
Sport Canada (Reference Level)	\$ 1,109,376	\$ 498,894
Sport Canada (Enhanced Excellence)	3,687,356	2,900,586
Sport Canada (Other)	1,869,315	1,380,374
Canadian Olympic Committee	470,000	434,755
Insurance recoveries	3,075	727
Sponsorships	556,157	53,972
Sport Canada international event hosting (ISSE)	3,700,000	203,988
Affiliation fees	194,505	48,136
Athlete program fees	338,368	81,985
Non-recurring contributions and other	277,337	67,456
Donations & fundraising	634,309	353,254
Coaching Association of Canada	27,371	(575)
Canadian Paralympic Committee	89,782	75,000
Anti-doping recoveries	1,422	-
Calendar fees	4,800	300
Rider levies	9,407	1,928
	12,972,580	6,100,780
EXPENSE		
High performance programming	2,961,310	1,405,923
Salaries, benefits and contracts	3,268,973	2,954,505
Insurance	45,927	68,514
International event hosting	3,789,144	204,073
Operations and administration	586,691	590,055
Meetings and travel	131,987	19,743
Domestic events and competitions	182,130	7,972
Coaches, officials and safe sport	111,425	70,475
Domestic and grassroots programs	695,811	299,183
Marketing and communications	248,545	129,066
Special projects - Hub development	403,177	-
	12,425,120	5,749,509
NET REVENUE FOR THE YEAR	\$ 547,460	\$ 351,271

CANADIAN CYCLING ASSOCIATION

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

	2022	2021
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue for the year	\$ 547,460	\$ 351,271
Non cash items:		
amortization of capital assets	66,705	84,242
amortization of deferred funding	(34,761)	(77,916)
Changes in non cash working capital items:		
Accounts receivable	(3,839,670)	496,582
Prepaid expenses	(238,937)	199,185
Accounts payable and accrued liabilities	4,883,836	(289,512)
Deferred revenue	(1,513,105)	1,707,713
	<u>(128,472)</u>	<u>2,471,565</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	(374,363)	(8,835)
Investments	1,988,251	(2,253,553)
	<u>1,613,888</u>	<u>(2,262,388)</u>
Change in cash for the year	1,485,416	209,177
CASH BEGINNING OF YEAR	759,418	550,241
CASH END OF YEAR	\$ 2,244,834	\$ 759,418

CANADIAN CYCLING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

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, 2022

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, Cycling Canada Fund 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. SHORT-TERM INVESTMENTS

In 2021 short-term investments consisted of a Guaranteed Investment Certificates bearing interest between 0.35% and 0.7% per annum and maturing in November 2021.

4. CYCLING CANADA FUND

During the year, the Association invested \$250,000 in Cycling Canada Fund ("the Fund"). The Fund is administered by Canadian Olympic Foundation. The purpose of the Fund is to provide general support to the Canadian Cycling Association. The assets of the Fund are to be invested in accordance with Canadian Olympic Foundation's Endowment Policy. The Association is eligible to claim grants against the Fund based on fund values as at December 31 of each prior year.

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2022	Net Book Value 2021
Automotive equipment	\$ 108,183	\$ 108,183	\$ -	\$ 2,065
Furniture and fixtures	25,220	18,373	6,847	10,000
Computer equipment	227,880	148,536	79,344	21,919
National team equipment	822,912	755,535	67,377	101,059
Event equipment	10,395	10,395	-	1,734
Para equipment	371,124	351,860	19,264	28,895
Time System Track	300,498	-	300,498	-
Leasehold improvements	8,465	8,465	-	-
	<u>\$ 1,874,677</u>	<u>\$ 1,401,347</u>	<u>\$ 473,330</u>	<u>\$ 165,672</u>

CANADIAN CYCLING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

6. CREDIT FACILITY

The Association has a bank credit line that is secured by a general security agreement and provides for advances up to \$500,000. Interest is payable monthly, calculated at bank prime rate plus one percent per annum. There was no outstanding balance at year-end.

7. DEFERRED REVENUE

	2022	2021
Balance, beginning of year	\$ 1,748,981	\$ 41,269
Less: amount recognized as revenue in the year	(1,722,604)	(1,603)
Plus: amount received related to the following year	209,500	1,709,315
Balance, end of year	\$ 235,877	\$ 1,748,981

Deferred revenue consists of the following future year funding:

	2022	2021
Unspent Sport Canada funding received during the year	\$ -	\$ 1,709,315
Funding for future projects	235,877	39,666
	\$ 235,877	\$ 1,748,981

During the previous year, the Association received \$1,709,315 of funding from Sport Canada which was not spent by year-end. Sport Canada approved a deferral of these funds to be spent before September

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	Contribution	Accumulated Amortization	2022	2021
Contributions related to National and Para team equipment	\$ 1,522,951	\$ 1,522,951	\$ -	\$ 34,762

Contributions related to national and para team equipment and accumulated amortization as at March 31, 2021 amounted to \$1,522,951 and \$1,488,189 respectively.

CANADIAN CYCLING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

9. COMMITMENTS

The Association is committed to rent office space under a lease that extends to September 30, 2027. Annual rent and operating costs are expected to approximate \$95,000 - \$106,000 over the remaining term of the lease.

10. INTERNALLY RESTRICTED NATIONAL TEAM FUND

The National Team Fund was set up to cover future costs related to the National Team. Executive approval is required to spend these internally restricted net assets. During the year the funds were transferred to unrestricted net assets to cover National Team expenses.

11. CONTINGENCY

The Association has been named in a legal claim, the outcome of which cannot be determined at this time. It is expected that any liability arising from this claim will be covered by the Association's liability insurance.