

**CANADIAN CYCLING ASSOCIATION**

FINANCIAL STATEMENTS

MARCH 31, 2021

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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, 2021, 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, 2021, 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, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 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 27, 2021



# CANADIAN CYCLING ASSOCIATION

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	2021	2020
<b>CURRENT ASSETS</b>		
Cash	\$ 759,418	\$ 550,241
Short-term investments (note 3)	2,003,553	-
Accounts receivable	161,807	658,388
Prepaid expenses	43,464	242,649
	<u>2,968,242</u>	<u>1,451,278</u>
<b>CYCLING CANADA FUND (note 4)</b>		
	250,000	-
<b>CAPITAL ASSETS (note 5)</b>	<u>165,672</u>	<u>241,080</u>
	<u>\$ 3,383,914</u>	<u>\$ 1,692,358</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 664,454	\$ 953,966
Deferred revenue (note 7)	1,748,981	41,269
	<u>2,413,435</u>	<u>995,235</u>
<b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (note 8)</b>		
	<u>34,762</u>	<u>112,677</u>
	<u>2,448,197</u>	<u>1,107,912</u>
<b>NET ASSETS</b>		
Invested in capital assets	130,911	128,402
Internally restricted National Team Fund (note 10)	50,000	50,000
Unrestricted net assets	754,806	406,044
	<u>935,717</u>	<u>584,446</u>
	<u>\$ 3,383,914</u>	<u>\$ 1,692,358</u>

Approved on behalf of the Board:

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Director

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Director

## CANADIAN CYCLING ASSOCIATION

### STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
<b>NET ASSETS INVESTED IN CAPITAL ASSETS</b>		
Balance beginning of year	\$ 128,402	\$ 144,511
Amortization of capital assets	(84,242)	(122,310)
Acquisition of capital assets	8,835	5,338
Amortization of deferred funding	77,916	100,863
<b>BALANCE END OF YEAR</b>	<b>\$ 130,911</b>	<b>\$ 128,402</b>
<b>INTERNALLY RESTRICTED NATIONAL TEAM FUND</b>		
Balance beginning and end of year	\$ 50,000	\$ 50,000
<b>UNRESTRICTED NET ASSETS</b>		
Balance beginning of year	\$ 406,044	\$ (148,471)
Net revenue for the year	351,271	538,406
Change related to capital assets	(2,509)	16,109
<b>BALANCE END OF YEAR</b>	<b>\$ 754,806</b>	<b>\$ 406,044</b>

## CANADIAN CYCLING ASSOCIATION

### STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
<b>REVENUE</b>		
Sport Canada (Reference Level)	\$ 498,894	\$ 1,492,500
Sport Canada (Enhanced Excellence)	2,900,586	3,903,858
Sport Canada (Other)	1,380,374	-
Canadian Olympic Committee	434,755	465,719
Insurance recoveries	727	369,334
Sponsorships	53,972	456,206
Sport Canada international event hosting (ISSE)	203,988	819,750
Affiliation fees	48,136	215,647
Athlete program fees	81,985	358,957
Non-recurring contributions and other	67,456	1,429,138
Donations & fundraising	353,254	435,179
Coaching Association of Canada	(575)	6,015
Canadian Paralympic Committee	75,000	105,000
Anti-doping recoveries	-	16,263
Calendar fees	300	14,574
Rider levies	1,928	12,838
	<b>6,100,780</b>	<b>10,100,978</b>
<b>EXPENSE</b>		
High performance programming	1,405,923	3,553,346
Salaries, benefits and contracts	2,954,505	2,610,781
Insurance	68,514	368,273
International event hosting	204,073	1,437,591
Operations and administration	590,055	586,013
Meetings and travel	19,743	147,675
Domestic events and competitions	7,972	151,751
Coaches, officials and safe sport	70,475	45,253
Domestic and grassroots programs	299,183	321,069
Marketing and communications	129,066	340,820
	<b>5,749,509</b>	<b>9,562,572</b>
<b>NET REVENUE FOR THE YEAR</b>	<b>\$ 351,271</b>	<b>\$ 538,406</b>

## CANADIAN CYCLING ASSOCIATION

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
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CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue for the year	\$ 351,271	\$ 538,406
Non cash items:		
amortization of capital assets	84,242	122,310
amortization of deferred funding	(77,916)	(100,863)
Changes in non cash working capital items:		
Accounts receivable	496,582	(69,948)
Prepaid expenses	199,185	(194,245)
Accounts payable and accrued liabilities	(289,512)	290,995
Deferred revenue	1,707,713	(327,111)
	<hr/>	<hr/>
	2,471,565	259,544
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INVESTING ACTIVITIES		
Acquisition of capital assets	(8,835)	(5,338)
Investments	(2,253,553)	50,000
	<hr/>	<hr/>
	(2,262,388)	44,662
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Change in cash for the year	209,177	304,206
CASH BEGINNING OF YEAR	550,241	246,035
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CASH END OF YEAR	\$ 759,418	\$ 550,241
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# CANADIAN CYCLING ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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, 2021

### 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. SHORT-TERM INVESTMENTS

Short-term investments consist 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 2021	Net Book Value 2020
Automotive equipment	\$ 108,183	\$ 106,118	\$ 2,065	\$ 6,197
Furniture and fixtures	25,220	15,220	10,000	13,151
Computer equipment	154,015	132,096	21,919	21,608
National team equipment	822,912	721,854	101,059	151,585
Event equipment	10,395	8,662	1,734	5,199
Para equipment	371,124	342,229	28,895	43,340
Leasehold improvements	8,465	8,465	-	-
	<u>\$ 1,500,314</u>	<u>\$ 1,334,644</u>	<u>\$ 165,672</u>	<u>\$ 241,080</u>

# CANADIAN CYCLING ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

### 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

	2021	2020
Balance, beginning of year	\$ 41,269	\$ 368,380
Less: amount recognized as revenue in the year	(1,603)	(368,380)
Plus: amount received related to the following year	1,709,315	41,269
<b>Balance, end of year</b>	<b>\$ 1,748,981</b>	<b>\$ 41,269</b>

Deferred revenue consists of the following future year funding:

	2021	2020
Unspent Sport Canada funding received in 2020/21 FY	\$ 1,709,315	\$ -
Funding for future projects	39,666	41,269
	<b>\$ 1,748,981</b>	<b>\$ 41,269</b>

During the year, the Association received \$1,709,315 of funding from Sport Canada which was not spent by year-end. Sport Canada has approved a deferral of these funds to be spent before September 30, 2021.

	Mainstream	Athletes with a Disability	Total
General administration	\$ 166,689	\$ 21,370	\$ 188,059
Salaries, fees & benefits	185,484	9,721	195,205
Coaching salaries & professional development	45,500	91,434	136,934
Official languages	5,198	-	5,198
Operations & programming	98,000	4,710	102,710
	500,871	127,235	628,106
Enhanced Excellence	702,807	331,902	1,034,709
Gender Equity/Safety in Sport	46,500	-	46,500
	<b>\$ 1,250,178</b>	<b>\$ 459,137</b>	<b>\$ 1,709,315</b>

## CANADIAN CYCLING ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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

	Contribution	Accumulated Amortization	2021	2020
Contributions related to National and Para team equipment	\$ 1,522,951	\$ 1,488,189	\$ 34,762	\$ 112,677

Contributions related to national and para team equipment and accumulated amortization as at March 31, 2020 amounted to \$1,522,951 and \$1,410,274 respectively. During the year Sport Canada contributed \$nil (2020- nil) to fund the purchase of equipment which was classified as capital assets. Any funding has been deferred and is recognized as revenue over the useful life of the related capital assets.

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

#### 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.