

CANADIAN CYCLING ASSOCIATION

FINANCIAL STATEMENTS

MARCH 31, 2023

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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 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.

Emphasis of matter

We draw your attention to Note 9 of the financial statements, which explains that certain comparative information presented for the year ended March 31, 2022, has been restated. Our opinion is not modified in respect of this matter.

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 25, 2023



CANADIAN CYCLING ASSOCIATION

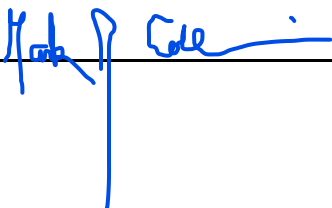
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

	2023	2022
		Restated (see note 9)
CURRENT ASSETS		
Cash	\$ 503,372	\$ 2,244,834
Accounts receivable	1,679,609	3,888,978
Prepaid expenses	447,063	282,400
	2,630,044	6,416,212
INVESTMENT - CYCLING CANADA FUND (note 3)	254,551	265,302
CAPITAL ASSETS (note 4)	461,019	473,330
	\$ 3,345,614	\$ 7,154,844
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,730,532	\$ 5,548,290
Deferred revenue (note 6)	315,700	235,877
	2,046,232	5,784,167
NET ASSETS		
Invested in capital assets	461,019	473,330
Unrestricted net assets	838,363	897,347
	1,299,382	1,370,677
	\$ 3,345,614	\$ 7,154,844

CONTINGENCY (NOTE 10)

Approved on behalf of the Board:

Director



Director

CANADIAN CYCLING ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
		Restated (see note 9)
NET ASSETS INVESTED IN CAPITAL ASSETS		
Balance beginning of year	\$ 473,330	\$ 130,911
Amortization of capital assets	(103,995)	(66,705)
Acquisition of capital assets	91,684	374,363
Amortization of deferred funding	-	34,761
BALANCE END OF YEAR	\$ 461,019	\$ 473,330

INTERNALLY RESTRICTED NATIONAL TEAM FUND

Balance beginning of year	\$ -	\$ 50,000
Transfer to unrestricted net assets	-	(50,000)
BALANCE END OF YEAR	\$ -	\$ -

UNRESTRICTED NET ASSETS

Balance beginning of year	\$ 897,347	\$ 754,806
Net revenue (expense) for the year	(71,295)	434,960
Transfer from National Team Fund	-	50,000
Change related to capital assets	12,311	(342,419)
BALANCE END OF YEAR	\$ 838,363	\$ 897,347

CANADIAN CYCLING ASSOCIATION

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
		Restated (see note 9)
REVENUE		
Sport Canada (Reference Level)	\$ 1,127,000	\$ 1,109,376
Sport Canada (Enhanced Excellence)	3,468,600	3,687,356
Sport Canada (Other)	1,110,750	1,869,315
Canadian Olympic Committee	512,000	470,000
Sport Canada international event hosting (ISSE)	1,331,250	3,700,000
Private funding partners	1,233,877	-
Sponsorships	276,877	443,657
Affiliation fees	242,852	194,505
Athlete program fees	447,334	338,368
Non-recurring contributions and other	692,801	277,337
Donations & fundraising	879,068	634,309
Canadian Paralympic Committee	62,500	89,782
Loss on investment	(17,408)	-
Other revenue and recoveries	117,721	46,075
	11,485,222	12,860,080
EXPENSE		
High performance programming	3,184,030	2,961,310
Salaries, benefits and contracts	3,709,194	3,268,973
Insurance	102,161	45,927
International event hosting	2,006,417	3,789,144
Operations and administration	632,894	586,691
Charitable donation program	404,334	274,523
Meetings and travel	243,508	131,987
Domestic events and competitions	222,673	182,130
Coaches, officials and safe sport	58,543	111,425
Development programs, grants and subsidies	554,111	421,288
Marketing and communications	260,502	248,545
Special projects - Hub development	178,150	403,177
	11,556,517	12,425,120
NET REVENUE (EXPENSE) FOR THE YEAR	\$ (71,295)	\$ 434,960

CANADIAN CYCLING ASSOCIATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
		Restated (see note 9)
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue (expense) for the year	\$ (71,295)	\$ 434,960
Non cash items:		
Amortization of capital assets	103,995	66,705
Amortization of deferred funding	-	(34,761)
Changes in non cash working capital items:		
Accounts receivable	2,209,370	(3,727,170)
Prepaid expenses	(164,663)	(238,937)
Accounts payable and accrued liabilities	(3,817,759)	4,883,836
Deferred revenue	79,823	(1,513,105)
	(1,660,529)	(128,472)
INVESTING ACTIVITIES		
Acquisition of capital assets	(91,684)	(374,363)
Investments	10,751	1,988,251
	(80,933)	1,613,888
Change in cash for the year	(1,741,462)	1,485,416
CASH BEGINNING OF YEAR	2,244,834	759,418
CASH END OF YEAR	\$ 503,372	\$ 2,244,834

CANADIAN CYCLING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

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
Technology and timing 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, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments

Investments are initially recorded at fair value and are subsequently measured at the year-end value. Other 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

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. CYCLING CANADA FUND

During the 2021 fiscal 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. The Fund pays a minimum of 3.5% annually to the Association. During the year the grant payments amounted to \$10,796 (2022-\$9,490).

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2023	Net Book Value 2022
Automotive equipment	\$ 75,679	\$ -	\$ 75,679	\$ -
Furniture and fixtures	25,220	21,526	3,694	6,847
Computer equipment	243,886	170,418	73,468	79,344
National team equipment	1,194,036	1,136,273	57,763	86,641
Technology and timing equipment	300,498	50,083	250,415	300,498
	<u>\$ 1,839,319</u>	<u>\$ 1,378,300</u>	<u>\$ 461,019</u>	<u>\$ 473,330</u>



CANADIAN CYCLING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

5. 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.

6. DEFERRED REVENUE

	2023	2022
Balance, beginning of year	\$ 235,877	\$ 1,748,981
Less: amount recognized as revenue in the year	(235,877)	(1,722,604)
Plus: amount received related to the following year	315,700	209,500
Balance, end of year	\$ 315,700	\$ 235,877

7. 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.

8. 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 2022 fiscal year the funds were transferred to unrestricted net assets to cover National Team expenses.



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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

9. PRIOR PERIOD ADJUSTMENT

During the 2023 fiscal year it was determined that sponsorship revenue and accounts receivable were overstated in the 2022 fiscal year. This error has been corrected in the comparative figures. The impact of this change on the 2022 comparative figures is as follows:

	As Previously Reported	Correction	As Restated
Statement of Financial Position			
Accounts receivable	\$ 4,001,478	\$ (112,500)	\$ 3,888,978
Statement of Operations			
Revenue			
Sponsorship	556,157	(112,500)	443,657
Net revenue for the year	547,460	(112,500)	434,960
Statement of Changes in Net Assets			
Unrestricted, balance end of year	1,009,847	(112,500)	897,347

10. 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.

11. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified in order to be consistent with the financial statement presentation adopted in the current year.

