

CANADIAN CYCLING ASSOCIATION

FINANCIAL STATEMENTS

MARCH 31, 2018

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, 2018, 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, 2018 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.



OUSELEY HANVEY CLIPSHAM DEEP LLP
Licensed Public Accountants

Ottawa, Ontario
September 11, 2018

CANADIAN CYCLING ASSOCIATION

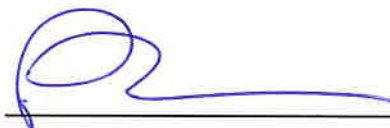
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018

	2018	2017
CURRENT ASSETS		
Cash	\$ 34,725	\$ 321,532
Bank treasury deposit (note 4)	50,000	50,000
Accounts receivable	998,933	381,580
Prepaid expenses	104,737	152,045
	<u>1,188,395</u>	<u>905,157</u>
CAPITAL ASSETS (note 3)	<u>247,423</u>	<u>259,327</u>
	<u>\$ 1,435,818</u>	<u>\$ 1,164,484</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,161,980	\$ 474,173
Deferred revenue (note 5)	85,749	98,029
	<u>1,247,729</u>	<u>572,202</u>
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (note 6)	<u>89,685</u>	<u>89,377</u>
	<u>1,337,414</u>	<u>661,579</u>
NET ASSETS		
Invested in capital assets	157,737	169,950
Internally restricted National Team Fund (note 8)	80,000	-
Unrestricted net assets (deficit)	(139,333)	332,955
	<u>98,404</u>	<u>502,905</u>
	<u>\$ 1,435,818</u>	<u>\$ 1,164,484</u>

Approved on behalf of the Board:



Director



Director

CANADIAN CYCLING ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
NET ASSETS INVESTED IN CAPITAL ASSETS		
Balance beginning of year	\$ 169,950	\$ 167,740
Amortization of capital assets	(98,233)	(97,877)
Acquisition of capital assets	86,329	118,259
Deferred funding of capital assets	(50,370)	(87,312)
Amortization of deferred funding	50,061	69,140
BALANCE END OF YEAR	\$ 157,737	\$ 169,950
INTERNALLY RESTRICTED NATIONAL TEAM FUND		
Balance beginning of year	\$ -	\$ -
Transfer from unrestricted net assets	80,000	-
BALANCE END OF YEAR	\$ 80,000	\$ -
UNRESTRICTED NET ASSETS (DEFICIT)		
Balance beginning of year	\$ 332,955	\$ 351,378
Net expense for the year	(404,501)	(16,213)
Transfer to National Team Fund	(80,000)	-
Change related to capital assets	12,213	(2,210)
BALANCE END OF YEAR	\$ (139,333)	\$ 332,955

CANADIAN CYCLING ASSOCIATION

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
REVENUE		
Sport Canada	\$ 1,127,000	\$ 1,127,000
Own the Podium	4,353,013	3,648,953
Canadian Olympic Committee	401,781	292,719
Insurance recoveries	560,330	553,938
Sponsorships	498,330	457,917
International hosting	776,000	505,000
Affiliation fees	255,744	252,546
Athlete contributions	425,890	443,867
Non-recurring contributions and other	864,100	616,043
Donations	114,832	41,845
Coaching Association of Canada	8,117	4,417
Canadian Paralympic Committee	119,500	30,000
Doping recovery	20,611	31,067
Calendar fees	13,138	12,520
Rider levies	9,208	6,451
	9,547,594	8,024,283
EXPENSE		
Senior national team	3,345,536	2,637,296
Salary and benefits - staff	1,171,215	1,032,106
Salary and benefits - coaches	1,898,372	1,706,590
Insurance	568,614	544,078
International competitions	1,328,527	609,712
Administration	505,222	450,904
National team - other	281,090	291,110
Meetings	218,280	174,254
National competitions	165,741	119,230
Leadership development	32,799	41,324
Athlete development	72,376	20,786
Sport participation / development	-	13,103
Advertising and promotion	364,323	400,003
	9,952,095	8,040,496
NET EXPENSE FOR THE YEAR	\$ (404,501)	\$ (16,213)

CANADIAN CYCLING ASSOCIATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net expense for the year	\$ (404,501)	\$ (16,213)
Non cash items:		
amortization of capital assets	98,233	97,877
amortization of deferred funding	(50,061)	(69,140)
Changes in non cash working capital items:		
Accounts receivable	(617,353)	5,687
Prepaid expenses	47,308	(66,325)
Accounts payable and accrued liabilities	687,807	141,492
Deferred revenue	38,089	121,549
	<u>(200,478)</u>	<u>214,927</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	(86,329)	(118,259)
Change in cash for the year	(286,807)	96,668
CASH BEGINNING OF YEAR	<u>321,532</u>	<u>224,864</u>
CASH END OF YEAR	<u>\$ 34,725</u>	<u>\$ 321,532</u>

CANADIAN CYCLING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

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, 2018

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.

2. FINANCIAL INSTRUMENTS

The Association's financial instruments 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.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2018	Net Book Value 2017
Automotive equipment	\$ 108,183	\$ 81,861	\$ 26,322	\$ 36,384
Furniture and fixtures	25,220	3,870	21,350	6,067
Computer equipment	127,998	106,261	21,737	12,795
National team equipment	647,646	525,663	121,984	141,976
Para equipment	337,826	281,796	56,030	62,105
Leasehold improvements	8,465	8,465	-	-
	\$ 1,255,338	\$ 1,007,916	\$ 247,423	\$ 259,327

4. 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.



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MARCH 31, 2018

5. DEFERRED REVENUE

	2018		2017	
Balance, beginning of year	\$	98,029	\$	63,792
Less: amount recognized as revenue in the year		(97,339)		(63,102)
Plus: amount received related to the following year		85,059		97,339
Balance, end of year	\$	85,749	\$	98,029

Deferred revenue consists of the following future year funding:

	2018		2017	
Self funded and other	\$	5,805	\$	90,029
Funding for future projects		79,944		8,000
	\$	85,749	\$	98,029

6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	Contribution	Accumulated Amortization	2018		2017	
Contributions related to National and Para team equipment	\$ 1,314,387	\$ 1,224,702	\$ 89,685	\$	\$ 89,377	

Contributions related to national and para team equipment and accumulated amortization as at March 31, 2017 amounted to \$1,264,017 and \$1,174,640 respectively. During the year Sport Canada contributed \$75,847 (2017 - \$87,312) 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.



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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. Lastly, 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

During the year \$80,000 was transferred to an internally restricted fund to be used in future years by the National Team. Executive approval is required to spend any of these net assets.