

CANADIAN CYCLING ASSOCIATION

FINANCIAL STATEMENTS
MARCH 31, 2014

INDEPENDENT AUDITORS' 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, 2014, 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.

Auditors' 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 fund raising 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, 2014 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.

OHCD LLP

OUSELEY HARVEY CLIPSHAM DEEP LLP
Licensed Public Accountants

Ottawa, Ontario
August 27, 2014

CANADIAN CYCLING ASSOCIATION

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

	2014	2013
CURRENT ASSETS		
Cash	\$ 545,277	\$ 282,555
Bank treasury deposit (note 3)	50,000	50,000
Accounts receivable	225,207	355,208
Inventory	-	25,589
Prepaid expenses	112,184	65,372
	932,668	778,724
CAPITAL ASSETS (note 2)		
	450,707	358,345
	\$ 1,383,375	\$ 1,137,069
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 352,756	\$ 308,954
Deferred revenue (note 4)	22,072	2,572
	374,828	311,526
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (note 5)		
	288,969	228,804
	663,797	540,330
NET ASSETS		
Invested in capital assets	161,738	129,541
Unrestricted net assets	557,840	467,198
	719,578	596,739
	\$ 1,383,375	\$ 1,137,069

Approved on behalf of the Board:

Director

Director

CANADIAN CYCLING ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
NET ASSETS INVESTED IN CAPITAL ASSETS		
Balance beginning of year	\$ 129,541	\$ 109,199
Amortization of capital assets	(147,831)	(123,341)
Acquisition of capital assets	240,193	148,583
Deferred funding of capital assets	(218,149)	(147,229)
Amortization of deferred funding	157,984	142,329
BALANCE END OF YEAR	\$ 161,738	\$ 129,541

UNRESTRICTED NET ASSETS

Balance beginning of year	\$ 467,198	\$ 335,895
Net revenue for the year	122,839	151,645
Change related to capital assets	(32,197)	(20,342)
BALANCE END OF YEAR	\$ 557,840	\$ 467,198

CANADIAN CYCLING ASSOCIATION

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
REVENUE		
Sport Canada	\$ 1,203,390	\$ 925,500
Own the Podium	3,226,335	3,063,100
Canadian Olympic Committee	80,000	128,130
Insurance recoveries	468,681	411,595
Sponsorships	90,194	133,778
International hosting	657,000	357,997
Affiliation fees	228,949	227,516
Athlete contributions	266,886	221,473
Non-recurring contributions and other	234,655	279,671
Donations	50,475	60,500
Coaching Association of Canada	35,333	24,463
Doping recovery	51,756	44,388
Calendar fees	12,414	10,650
Rider levies	4,656	2,496
	6,610,724	5,891,257
EXPENSE		
Senior national team	2,069,537	2,059,170
Salary and benefits - staff	1,004,951	810,062
Salary and benefits - coaches	944,995	687,154
Insurance	480,956	407,177
International competitions	710,562	407,631
Administration	434,511	431,063
National team - other	352,912	333,952
Meetings	105,270	201,410
National competitions	102,106	79,926
Leadership development	65,964	48,750
Athlete development	82,045	46,840
Sport participation / development	8,696	43,372
Advertising and promotion	125,380	183,105
	6,487,885	5,739,612
NET REVENUE FOR THE YEAR	\$ 122,839	\$ 151,645

CANADIAN CYCLING ASSOCIATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue for the year	\$ 122,839	\$ 151,645
Non cash items:		
amortization of capital assets	147,831	123,341
amortization of deferred funding	(157,984)	(142,329)
Changes in non cash working capital items:		
Accounts receivable	130,001	(75,335)
Inventories	25,589	33,098
Prepaid expenses	(46,812)	177,792
Accounts payable and accrued liabilities	43,802	(57,431)
Deferred revenue	237,649	61,499
	<u>502,915</u>	<u>272,280</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	(240,193)	(148,583)
Increase in cash for the year	262,722	123,697
CASH BEGINNING OF YEAR	282,555	158,858
CASH END OF YEAR	<u>\$ 545,277</u>	<u>\$ 282,555</u>

CANADIAN CYCLING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

The Association is a Registered Canadian Amateur Athletic Association incorporated under Part II of the Canada Business 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. 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

c) Capital assets

Capital assets are recorded at cost. Amortization is calculated as follows:

Automotive equipment	20% declining balance basis
Furniture and fixtures	12.5% declining balance basis
Computer equipment	20% declining balance basis
National team equipment	5 years straight line
Para equipment	33.3% declining balance basis
Athletic equipment	33.3% declining balance basis
Event equipment	33.3% declining balance basis
Leasehold improvements	10% declining balance basis

d) Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the average cost method.

CANADIAN CYCLING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) 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.

f) 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. They 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.

2. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2014	Net Book Value 2013
Automotive equipment	\$ 109,415	\$ 73,366	\$ 36,049	\$ 45,061
Furniture and fixtures	27,081	25,442	1,639	1,873
Computer equipment	97,463	60,165	37,298	21,823
National team equipment	792,653	522,010	270,802	170,764
Para equipment	271,543	174,306	97,237	108,645
Athletic equipment	2,500	2,500	-	-
Event equipment	40,866	36,646	4,220	6,332
Leasehold improvements	8,465	5,003	3,462	3,847
	<u>\$ 1,349,986</u>	<u>\$ 899,438</u>	<u>\$ 450,707</u>	<u>\$ 358,345</u>

3. 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.

CANADIAN CYCLING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

4. DEFERRED REVENUE

	2014		2013	
Balance, beginning of year	\$	2,572	\$	88,302
Less: amount recognized as revenue in the year		(2,572)		(88,302)
Plus: amount received related to the following year		22,072		2,572
Balance, end of year	\$	22,072	\$	2,572

Deferred revenue consists of the following future year funding received in the current year.

	2014		2013	
Self funded	\$	10,072	\$	1,822
Affiliation fees		-		750
Commonwealth Games 2015		12,000		-
	\$	22,072	\$	2,572

5. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	Contribution	Accumulated Amortization	2014	2013
Contributions related to National and Para team equipment	\$ 1,125,656	\$ 836,687	\$ 288,969	\$ 228,804

Contributions related to national and para team equipment and accumulated amortization as at March 31, 2013 amounted to \$907,507 and \$678,703 respectively. During the year Sport Canada contributed \$218,149 (2013 - \$147,229) 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

6. COMMITMENT

The Association is committed to rent office space under a five year lease that extends to July 31, 2017. Annual rent and operating costs approximate \$70,000.