



# ONTARIO CYCLING

## 2022 AUDITED FINANCIAL STATEMENTS

June 1st, 2023

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**ONTARIO CYCLING ASSOCIATION  
INCORPORATED**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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**INDEX**

<b>Page</b>	<b>1-2.</b>	<b>Independent Auditor's Report</b>
	<b>3.</b>	<b>Statement of Financial Position</b>
	<b>4.</b>	<b>Statement of Operations and Changes in Net Assets</b>
	<b>5.</b>	<b>Statement of Cash Flows</b>
	<b>6-11.</b>	<b>Notes to Financial Statements</b>

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Ontario Cycling Association Incorporated  
MILTON  
Ontario

### *Opinion*

We have audited the accompanying financial statements of Ontario Cycling Association Incorporated which comprise the statement of financial position as at December 31, 2022 and the statement of operations and changes in net assets and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at December 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 Opinion*

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 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 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.

- 1 -

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.



NORTON McMULLEN LLP  
Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada  
May 26, 2023

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# ONTARIO CYCLING ASSOCIATION INCORPORATED

## STATEMENT OF FINANCIAL POSITION

As at December 31,	2022	2021
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 790,460	\$ 992,286
Restricted cash	63,238	69,778
Accounts receivable	50,249	26,190
Government remittances receivable	-	903
Inventories	-	10,678
Prepaid expenses	3,329	3,415
	<u>\$ 907,276</u>	<u>\$ 1,103,250</u>
<b>Capital Assets (Note 2)</b>	<u>32,521</u>	<u>11,657</u>
	<u>\$ 939,797</u>	<u>\$ 1,114,907</u>

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## LIABILITIES

<b>Current</b>		
Accounts payable and accruals	\$ 35,051	\$ 80,419
Government remittances payable	2,607	-
Deferred revenues and grants (Note 3)	103,744	97,643
	<u>\$ 141,402</u>	<u>\$ 178,062</u>

## NET ASSETS (Note 4)

<b>General Fund</b>	\$ 765,874	\$ 925,188
<b>Invested in Capital Assets</b>	32,521	11,657
	<u>\$ 798,395</u>	<u>\$ 936,845</u>
	<u>\$ 939,797</u>	<u>\$ 1,114,907</u>

## Commitments (Note 5)

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Approved by the Board:



Director



Director

See accompanying notes

- 3 -

**ONTARIO CYCLING ASSOCIATION INCORPORATED**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

For the year ended December 31,	2022	2021
<b>REVENUES</b>		
External grants and funding	\$ 1,154,038	\$ 955,321
Membership	732,694	484,912
Events	139,040	20,484
High performance	51,272	15,652
Athlete support	43,653	15,640
Insurance fees	32,245	1,453
Tony Osborne Fund	15,682	5,450
Rental income	9,799	14,287
Other	2,963	5,280
Government Assistance	-	187,203
Gain on disposition of assets	-	5,709
	<b>\$ 2,181,386</b>	<b>\$ 1,711,391</b>
<b>EXPENSES</b>		
Salaries and benefits	\$ 678,376	\$ 489,836
Club support	526,277	97,276
Insurance costs	381,917	223,351
High performance	306,046	123,278
Events	141,353	71,165
Business operations	107,763	94,906
Professional fees	81,913	43,250
Rebranding	39,768	-
Tony Osborne Fund	15,682	5,450
CCA affiliation	14,695	62,618
Board of directors	5,394	3,939
Communication	4,623	10,907
Chief executive officer search	-	25,364
Consultation fees	-	13,419
Cost of inventory sold	-	1,521
	<b>\$ 2,303,807</b>	<b>\$ 1,266,280</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING:</b>	<b>\$ (122,421)</b>	<b>\$ 445,111</b>
Amortization	16,029	14,152
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ (138,450)</b>	<b>\$ 430,959</b>
<b>NET ASSETS - Beginning</b>	<b>936,845</b>	<b>505,886</b>
<b>NET ASSETS - Ending (Note 4)</b>	<b>\$ 798,395</b>	<b>\$ 936,845</b>

See accompanying notes

- 4 -

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# ONTARIO CYCLING ASSOCIATION INCORPORATED

## STATEMENT OF CASH FLOWS

For the year ended December 31,

2022

2021

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### CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

#### OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenses	\$ (138,450)	\$ 430,959
Items not affecting cash:		
Gain on disposition of assets	-	(5,709)
Amortization	<u>16,029</u>	<u>14,152</u>
	\$ (122,421)	\$ 439,402
Net change in non-cash working capital balances:		
Accounts receivable	(24,059)	35,223
Government remittances receivable	903	(301)
Inventories	10,678	3,240
Prepaid expenses	86	7,386
Accounts payable and accrued liabilities	(45,368)	49,257
Government remittances payable	2,607	-
Deferred revenues and grants	<u>6,101</u>	<u>(457,194)</u>
	\$ (171,473)	\$ 77,013

#### INVESTING ACTIVITIES

Net disposal (purchase) of capital assets	(36,893)	4,462
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#### FINANCING ACTIVITIES

Repayment of CEBA Loan	<u>-</u>	<u>(30,000)</u>
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#### INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	\$ (208,366)	\$ 51,475
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#### CASH AND CASH EQUIVALENTS - Beginning

	<u>1,062,064</u>	<u>1,010,589</u>
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#### CASH AND CASH EQUIVALENTS - Ending

	<u>\$ 853,698</u>	<u>\$ 1,062,064</u>
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#### SUPPLEMENTARY CASH FLOW INFORMATION

Cash and cash equivalents consist of the following:

Unrestricted cash	\$ 436,007	\$ 670,053
Unrestricted guaranteed investment certificates	<u>354,453</u>	<u>322,233</u>
	\$ 790,460	\$ 992,286
Restricted Cash	<u>63,238</u>	<u>69,778</u>
	<u>\$ 853,698</u>	<u>\$ 1,062,064</u>

See accompanying notes

- 5 -

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# ONTARIO CYCLING ASSOCIATION INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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### NATURE OF OPERATIONS

Ontario Cycling Association Incorporated (the "Association"), a not-for-profit organization, was incorporated without share capital in 1973 under the laws of the Province of Ontario. The Association is exempt from income taxes under paragraph 149(1)(l) of the Income Tax Act.

The objectives of the Association are:

- a) to encourage and promote competitive cycling and organized cycling events in Ontario;
- b) to help ensure an accessible, safe, and fair environment for competitive cyclists and organized cycling events;
- c) to encourage youth and adults to participate in cycling as a sport;
- d) to establish and regulate cycling championships among its members in Ontario;
- e) to facilitate development of athletes from the novice to national level;
- f) to carry on these objectives in affiliation with the Union Cyclist Internationale and the Canadian Cycling Association ("CCA").

### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

The financial statements include the following significant accounting policies:

#### a) Fund Accounting

Resources are classified into funds according to the activities or objectives specified as follows:

The **General Fund** accounts for the unrestricted contributions and other unrestricted revenue and the cost of most of the activities of the Organization including counselling and services fees and rental income.

The **Capital Asset Fund** reports the assets and expenses related to the Organization's capital assets.

#### b) Revenue Recognition

The Association follows the deferral method of accounting for revenues. Restricted contributions including external grants and funding 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.



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# ONTARIO CYCLING ASSOCIATION INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### b) Revenue Recognition - Continued

Income from membership fees, licenses, event levies, sponsorships and other income is recognized as revenue in the period earned. Government grants are recognized as revenue over the period being funded.

#### c) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used. Significant estimates include the estimated useful life of capital assets.

#### d) Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances and cashable guaranteed investment certificates.

#### e) Capital Assets

Capital assets are recorded at cost. Amortization is provided over the estimated useful life of the assets using the following annual rates and methods:

	<u>Rate</u>	<u>Method</u>
Computer equipment	30%	declining balance
Office equipment	30%	declining balance
Automotive equipment	30%	declining balance
Cycling equipment	3 years	straight-line
Website development costs	3 years	straight-line
Leasehold improvements	4 years	straight-line

#### f) Impairment of Capital Assets

When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the value of future economic benefits or service associated with the tangible capital asset is less than its carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

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# ONTARIO CYCLING ASSOCIATION INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### g) Foreign Currency Translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the year-end exchange rate, while non-monetary assets are translated at the rate of exchange prevailing at the date of the transaction. Revenues and expenses are translated at the exchange rate provided at the date of the transaction.

#### h) Allocation of General Support Expenditures

Administration expenditures are allocated among various other activities based upon the time and efforts of staff to support these activities.

#### i) Contributed Goods and Services

Contributed goods and services are not recorded in the accounts.

#### j) Financial Instruments

##### Measurement of Financial Instruments

The Association initially measures all of its financial assets and liabilities originated or exchanged in arm's length transactions at fair value.

Financial assets and liabilities originating or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Association is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the financial instrument has repayment terms.

The Association subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accruals.

The Association has not financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

##### Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

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# ONTARIO CYCLING ASSOCIATION INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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### 2. CAPITAL ASSETS

Capital assets consist of the following:

	2022			2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 49,995	\$ 36,908	\$ 13,087	\$ 4,432
Office equipment	45,364	41,541	3,823	5,464
Cycling equipment	71,873	71,873	-	-
Website development costs	20,623	6,875	13,748	-
Leasehold improvements	7,321	5,458	1,863	1,761
	<u>\$ 195,176</u>	<u>\$ 162,655</u>	<u>\$ 32,521</u>	<u>\$ 11,657</u>

### 3. DEFERRED REVENUES AND GRANTS

Deferred revenues and grants represent unspent operating funds received in the current period that are related to a subsequent period and consist of the following:

	Program Fees	Youth Cycling Development Fund		2022	2021
			Charitable Gaming		
Balance - Beginning	\$ 27,867	\$ 38,426	\$ 31,350	\$ 97,643	\$ 554,837
Monies received	\$ 382,569	\$ 40,463	\$ -	\$ 423,032	\$ 745,881
Revenue - recognized	<u>(369,929)</u>	<u>(15,652)</u>	<u>(31,350)</u>	<u>(416,931)</u>	<u>(1,203,075)</u>
	<u>\$ 12,640</u>	<u>\$ 24,811</u>	<u>\$ (31,350)</u>	<u>\$ 6,101</u>	<u>\$ (457,194)</u>
Balance - Ending	<u>\$ 40,507</u>	<u>\$ 63,237</u>	<u>\$ -</u>	<u>\$ 103,744</u>	<u>\$ 97,643</u>

According to the terms and conditions of the agreements entered into by the Association, grants received from various sources must be spent on approved programs within specified time frames.

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# ONTARIO CYCLING ASSOCIATION INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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#### 4. NET ASSETS

Net assets consist of the following:

	2022			2021
	Capital Assets	Unrestricted	Total	Total
Balance - Beginning	\$ 11,657	\$ 925,188	\$ 936,845	\$ 505,886
Excess of revenues over expenses before amortization	-	(122,421)	(122,421)	445,111
Amortization	(16,029)	-	(16,029)	(14,152)
	\$ (4,372)	\$ 802,767	\$ 798,395	\$ 936,845
Transfers	36,893	(36,893)	-	-
Balance - Ending	\$ 32,521	\$ 765,874	\$ 798,395	\$ 936,845

A transfer was made from the General Fund in the amount of \$36,893 (2021 - \$5,561) to the Capital Asset Fund for the additions of capital equipment.

#### 5. COMMITMENTS

The Association leases premises within the Mattamy National Cycling Centre in Milton Ontario under a lease agreement which expired on October 31, 2019. The Association continues to rent the premises on a monthly basis at approximately \$4,880 until such time as a new lease is agreed to by both parties.

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# ONTARIO CYCLING ASSOCIATION INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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### 6. FINANCIAL INSTRUMENTS

#### Risks and Concentrations

The Association is exposed to various risks through its financial instruments. The following analysis provides a summary of the Association's exposure to and concentrations of risk at December 31, 2022:

#### a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Association's main credit risk relates to its accounts receivable. The Association provides credit to its members in the normal course of operations. There were no concentrations of credit risk as at December 31, 2022. There has been no change in assessment of credit risk from the prior year.

#### b) Liquidity Risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. The Association manages this risk by managing its working capital and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

### 7. COMPARATIVE FIGURES

Certain of the comparative figures have been restated in order to conform with the presentation adopted in the current year.