



2023

FINANCIAL

STATEMENTS

ONTARIO CYCLING ASSOCIATION INCORPORATED
Financial Statements
Year Ended December 31, 2023

ONTARIO CYCLING ASSOCIATION INCORPORATED
Index to Financial Statements
Year Ended December 31, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Changes in Fund Balances	5
Statement of Revenues and Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12

INDEPENDENT AUDITOR'S REPORT

To the Members of Ontario Cycling Association Incorporated

Opinion

We have audited the financial statements of Ontario Cycling Association Incorporated (the Association), which comprise the statement of financial position as at December 31, 2023, and the statements of changes in fund balances, revenues and expenses and 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 Association as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 Association in accordance with 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 opinion.

(continues)

Jeremy A. Giles CPA, CA Lissa Savage CPA, CA, CPA (Illinois)

Mark Snyders CPA, CA Dillon O'Henly CPA, CA

James B. MacNeill FCPA, FCA, CFP (Counsel) Robert F. Edmundson CPA, CA (Retired)

INDEPENDENT AUDITOR'S REPORT *(continued)*

Other Matter

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 26, 2023.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

(continues)

Jeremy A. Giles CPA, CA Lissa Savage CPA, CA, CPA (Illinois)

Mark Snyders CPA, CA Dillon O'Henly CPA, CA

James B. MacNeill FCPA, FCA, CFP (Counsel) Robert F. Edmundson CPA, CA (Retired)

INDEPENDENT AUDITOR'S REPORT *(continued)*

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 Association'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 Association'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 Association 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.

London, Ontario
April 30, 2024

MacNeill Edmundson
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

Jeremy A. Giles CPA, CA Lissa Savage CPA, CA, CPA (Illinois)



Mark Snyders CPA, CA Dillon O'Henly CPA, CA

James B. MacNeill FCPA, FCA, CFP (Counsel) Robert F. Edmundson CPA, CA (Retired)

ONTARIO CYCLING ASSOCIATION INCORPORATED
Statement of Financial Position
December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 91,605	\$ 436,007
Restricted cash (Note 5)	61,123	63,238
Term deposits (Note 2)	356,099	352,980
Accounts receivable	8,585	17,896
Interest receivable (Note 2)	12,286	1,474
Prepaid expenses	122,644	3,329
	652,342	874,924
CAPITAL ASSETS (Note 3)	20,546	18,773
INTANGIBLES (Note 4)	6,874	13,748
	\$ 679,762	\$ 907,445
 LIABILITIES AND FUND BALANCES		
CURRENT		
Accounts payable and accrued liabilities	\$ 28,679	\$ 35,049
Harmonized sales tax payable	7,232	2,609
Deferred income (Note 5)	92,806	71,391
	128,717	109,049
 FUND BALANCES		
General fund	523,625	765,875
Capital assets	27,420	32,521
	551,045	798,396
	\$ 679,762	\$ 907,445

ON BEHALF OF THE BOARD

 _____ Director
 _____ Director

MACNEILL EDMUNDSON
PROFESSIONAL CORPORATION

ONTARIO CYCLING ASSOCIATION INCORPORATED
Statement of Changes in Fund Balances
Year Ended December 31, 2023

	General Fund	Capital Assets	2023	2022
FUND BALANCES - BEGINNING OF YEAR	\$ 765,875	\$ 32,521	\$ 798,396	\$ 936,845
DEFICIENCY OF REVENUES OVER EXPENSES	(233,171)	(14,180)	(247,351)	(138,449)
TRANSFERS	(9,079)	9,079	-	-
FUND BALANCES - END OF YEAR	\$ 523,625	\$ 27,420	\$ 551,045	\$ 798,396

ONTARIO CYCLING ASSOCIATION INCORPORATED
Statement of Revenues and Expenses
Year Ended December 31, 2023

	2023	2022
REVENUES		
Membership	\$ 703,558	\$ 732,694
Grants	663,357	1,154,038
Events	331,342	171,285
High performance	90,325	51,272
Athlete support	54,534	43,653
Interest income	13,329	2,874
Tony Osborne Fund	11,000	15,682
Rental revenue	-	9,799
Other income	-	89
	<u>1,867,445</u>	<u>2,181,386</u>
EXPENSES		
Salaries and wages	842,316	678,376
Events	381,514	141,353
Insurance	375,272	381,917
High performance	280,806	306,046
Professional fees	64,544	81,913
CCA affiliation	42,603	14,695
Rental	37,418	55,826
Office	35,255	50,087
Communication	12,304	4,623
Tony Osborne Fund	11,000	15,682
Training	10,242	-
Board of directors	5,998	5,394
Interest and bank charges	2,390	4,570
Club support	300	526,277
Rebranding	-	39,768
Bad debt recovery	(1,346)	(2,721)
	<u>2,100,616</u>	<u>2,303,806</u>
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(233,171)</u>	<u>(122,420)</u>
CAPITAL FUND ACTIVITY		
Amortization of intangible assets	(6,874)	(6,875)
Amortization of capital assets	(7,306)	(9,154)
	<u>(14,180)</u>	<u>(16,029)</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (247,351)</u>	<u>\$ (138,449)</u>

ONTARIO CYCLING ASSOCIATION INCORPORATED
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (247,351)	\$ (138,449)
Items not affecting cash:		
Amortization of capital assets	7,306	9,154
Amortization of intangible assets	6,874	6,874
	<u>(233,171)</u>	<u>(122,421)</u>
Changes in non-cash working capital:		
Accounts receivable	9,311	8,294
Interest receivable	(10,812)	813
Inventory	-	10,678
Accounts payable and accrued liabilities	(6,373)	(45,370)
Prepaid expenses	(119,315)	86
Harmonized sales tax payable	4,623	3,512
Deferred income	21,415	(26,252)
	<u>(101,151)</u>	<u>(48,239)</u>
Cash flow used by operating activities	<u>(334,322)</u>	<u>(170,660)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(9,076)	(36,893)
	-	-
Cash flow used by investing activities	<u>(9,076)</u>	<u>(36,893)</u>
DECREASE IN CASH FLOW	(343,398)	(207,553)
Cash - beginning of year	852,225	1,059,778
CASH - END OF YEAR	\$ 508,827	\$ 852,225
CASH CONSISTS OF:		
Cash	\$ 91,605	\$ 436,007
Term deposits	356,099	352,980
Restricted cash	61,123	63,238
	<u>\$ 508,827</u>	<u>\$ 852,225</u>

ONTARIO CYCLING ASSOCIATION INCORPORATED
Notes to Financial Statements
Year Ended December 31, 2023

PURPOSE OF THE ASSOCIATION

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Fund Accounting

The Association maintains the following funds:

General Fund

The general fund accounts for the unrestricted contributions and other unrestricted revenue and the cost of most of the activities of the Association including counselling and services fees and rental income.

Capital Asset Fund

The capital asset fund reports the assets and expenses related to the Organization's capital assets.

(continues)

ONTARIO CYCLING ASSOCIATION INCORPORATED
Notes to Financial Statements
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Office equipment	30%	declining balance method
Motor vehicles	30%	declining balance method
Computer equipment	30%	declining balance method
Leasehold improvements	4 years	straight-line method
Cycling equipment	3 years	straight-line method

The Association regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Intangible assets

Intangible assets represents the website development costs and are stated at cost or deemed cost less accumulated amortization. The website development costs are being amortized on a straight-line basis over their estimated useful life of three years.

Contributed goods and services

Because of the difficulty of determining their fair value, contributed goods and services are not recognized in these financial statements.

(continues)

ONTARIO CYCLING ASSOCIATION INCORPORATED
Notes to Financial Statements
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

2. TERM DEPOSITS

Term deposits consist of a guaranteed investment certificate (GIC) that bears interest at prime less 2.25% (4.95% as of December 31, 2023) and matures March 25, 2024.

\$12,286 (2022 - \$1,474) of interest has been accrued as receivable as at December 31, 2023.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Office equipment	\$ 48,475	\$ 43,154	\$ 5,321	\$ 3,823
Computer equipment	52,740	41,245	11,495	13,087
Leasehold improvements	7,321	6,275	1,046	1,863
Cycling equipment	75,093	72,409	2,684	-
	\$ 183,629	\$ 163,083	\$ 20,546	\$ 18,773

4. INTANGIBLE ASSETS

	2023	2022
Website development costs	\$ 20,623	\$ 20,623
Accumulated amortization	(13,749)	(6,874)
	\$ 6,874	\$ 13,749

ONTARIO CYCLING ASSOCIATION INCORPORATED
Notes to Financial Statements
Year Ended December 31, 2023

5. 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:

	2023	2022
Youth Cycling Development Fund	\$ 61,123	\$ 63,238
Quest for Gold	22,838	-
Program Fees	8,845	8,153
	\$ 92,806	\$ 71,391

Restricted cash represents the deferred revenue balance for the Youth Cycling Development Fund.

6. LEASE COMMITMENTS

The Association leases premises under a long term lease that expires on September 30, 2027. Under the lease, total future minimum lease payments are as follows:

2024	\$ 38,166
2025	38,930
2026	39,708
2027	30,226
	\$ 147,030

7. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework in place to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration. There have been no significant change to the nature or concentration of these risks from the prior year, unless otherwise noted.

In the opinion of management, the company is not exposed to significant currency, interest rate, or other price risks arising from its financial instruments.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is mainly exposed to credit risk from receivables from its members. The Association has a significant number of members which minimizes concentration of credit risk.

(continues)

ONTARIO CYCLING ASSOCIATION INCORPORATED
Notes to Financial Statements
Year Ended December 31, 2023

7. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources, and accounts payable and accrued liabilities.

The company mitigates this risk through projecting its cash flow needs on a short term and long term basis.

8. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of public accountants. Some of the figures have been reclassified to conform to current year presentation.
