

SASKATCHEWAN CYCLING ASSOCIATION
FINANCIAL STATEMENTS
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Saskatchewan Cycling Association

Qualified Opinion

I have audited the accompanying financial statements of Saskatchewan Cycling Association (the Entity), which comprise the statement of financial position as at December 31, 2019 and the statements of operations, statement of 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 and other explanatory information.

In my opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Cycling Association as at December 31, 2019 and its financial performance 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 non-profit organizations, Saskatchewan Cycling Association derives part of its revenue from membership fees, donations and other fundraising activities, the completeness and classification of which are not susceptible to satisfactory audit verification. Accordingly my verification of these transactions was limited to accounting for the amounts recorded in the records of the Association and I was not able to determine whether any adjustments might be necessary to the revenues, statement of operations, assets and net assets.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 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.

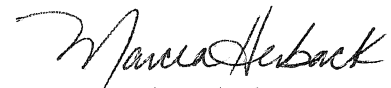
Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Regina, Saskatchewan
March 13, 2020


Marcia Herback
CPA, CA

SASKATCHEWAN CYCLING ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019
(with comparative figures for 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash	\$ 413,875	\$ 426,136
GST receivable	2,170	3,345
Inventory	24,906	24,076
Prepaid expenses	<u>2,865</u>	<u>5,656</u>
	443,816	459,213
Investment in Sport Legacy Fund (Note 3)	<u>209</u>	<u>199</u>
	<u>\$ 444,025</u>	<u>\$ 459,412</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,340	\$ 18,097
Deferred grant revenue (Note 4)	<u>121,900</u>	<u>118,585</u>
	131,240	136,682
Long-term liabilities		
Deferred Sport Legacy Fund revenue (Note 3)	<u>209</u>	<u>199</u>
	<u>131,449</u>	<u>136,881</u>
NET ASSETS		
General fund	307,008	322,531
Restricted fund (Note 5)	<u>5,568</u>	<u>-</u>
	<u>312,576</u>	<u>322,531</u>
	<u>\$ 444,025</u>	<u>\$ 459,412</u>

See accompanying notes

Approved on Behalf of the Board

_____ Director

_____ Director

SASKATCHEWAN CYCLING ASSOCIATION
STATEMENT OF OPERATIONS AND CUMULATIVE SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2019
(with comparative figures for 2018)

	2019	2018
Revenue		
Sask Lotteries Trust Fund (Schedule 1)	\$ 210,900	\$ 202,800
Self Help revenue (Schedule 2)	<u>151,919</u>	<u>134,461</u>
	<u>362,819</u>	<u>337,261</u>
Expenditure		
Administration (Schedule 3)	130,589	127,090
Capacity/Interaction (Schedule 4)	24,169	10,051
Categorical grants (Schedule 5)	29,600	33,411
Excellence (Schedule 6)	120,614	176,375
Miscellaneous (Schedule 7)	15,158	12,451
Participation (Schedule 8)	<u>52,644</u>	<u>44,456</u>
	<u>372,774</u>	<u>403,834</u>
Excess (deficiency) of revenues over expenses	<u>\$ (9,955)</u>	<u>\$ (66,573)</u>

See accompanying notes

**SASKATCHEWAN CYCLING ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019
(with comparative figures for 2018)**

	<u>General fund</u>	<u>Restricted fund</u>	<u>2019</u>	<u>2018</u>
Net Assets				
Balance, beginning of year	\$ 322,531	-	\$ 322,531	\$ 389,104
Excess (deficiency) of revenues over expenditures	(10,523)	568	(9,955)	(66,573)
Transfer between funds	<u>(5,000)</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 307,008</u>	<u>5,568</u>	<u>\$ 312,576</u>	<u>\$ 322,531</u>

See accompanying notes

**SASKATCHEWAN CYCLING ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(with comparative figures for 2018)**

	2019	2018
Operating activities		
Excess (deficiency) of revenues over expenses	\$ (9,955)	\$ (66,573)
GST receivable	1,175	(272)
Inventory	(830)	(535)
Prepaid expenses	2,791	606
Accounts payable and accrued liabilities	(8,757)	(7,807)
Deferred revenue	<u>3,315</u>	<u>(546)</u>
Cash used in operating activities	<u>(12,261)</u>	<u>(75,127)</u>
Investing activities		
Additions to investments in Sports Legacy fund	(10)	(10)
Changes in long-term deferred Sport Legacy Fund revenue	<u>10</u>	<u>10</u>
Cash provided by investing activities	<u>-</u>	<u>-</u>
Decrease in cash	(12,261)	(75,127)
Cash position, beginning of year	<u>426,136</u>	<u>501,263</u>
Cash position, end of year	<u>\$ 413,875</u>	<u>\$ 426,136</u>

See accompanying notes

SASKATCHEWAN CYCLING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. Status and nature of activities

Saskatchewan Cycling Association is incorporated under the Non-Profit Corporations Act of Saskatchewan. Under present legislation, no income taxes are payable on the reported income of such operations.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with the Canadian accounting standards for not-for profit organizations using and including the following significant policies:

Inventory

Inventory is valued at the lower of cost and net realizable value.

Capital assets

Capital assets are expensed in the year of purchase, therefore, no amortization is reflected in the accompanying financial statements. During the year capital assets of \$nil (2018 - \$61,036) were recorded as expenditure.

Revenue Recognition

Grants from Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation are received out of the net proceeds of lottery ticket sales in Saskatchewan. These grants have been recorded as revenue by Saskatchewan Cycling Association as approved by Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreations. Accordingly, amounts received that relate to the next fiscal period are shown as deferred revenue.

Unrestricted contributions are recognized as revenue when they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Interest is recognized as revenue when it is earned.

Financial instruments

The Saskatchewan Cycling Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at 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 accrued liabilities.

Management estimates

The preparation of the 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 at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

**SASKATCHEWAN CYCLING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

3. Sport Legacy Fund

The funds on deposit and the offsetting deferred revenue from the Sport Legacy Fund consists of donations based on various programs and top-up contributions made by Sask Sport Inc. To qualify for the additional top-up contributions made by Sask Sport Inc., the Association is required to leave the original amount of donation in the Legacy Fund for a minimum of 5 years.

4. Deferred grant revenue

Deferred income represents unspent resources externally restricted for specific purposes. The amounts deferred at year end as follows:

	<u>2019</u>	<u>2018</u>
Annual Funding	\$ 95,200	\$ 92,450
MAP grant	26,700	26,000
2019 Club affiliation fees	-	85
2019 Membership fees	-	50
	<u>\$ 121,900</u>	<u>\$ 118,585</u>

5. Restricted fund

The Board has designated that an amount equal to revenue from van rentals be appropriated to a restricted fund called the Van Replacement Reserve. Activity in the reserve was as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of the year	\$ -	\$ 41,959
Van rental revenue appropriation	568	68
Van expense appropriation	-	(58,935)
Board motion appropriation	5,000	16,908
Balance, end of year	<u>\$ 5,568</u>	<u>\$ -</u>

6. Economic dependence

Saskatchewan Cycling Association receives significant revenue in grants from Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation. As a result, the Association is dependent upon the continuance of these grants to maintain operations at their current level.

7. Financial instruments

Saskatchewan Cycling Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Saskatchewan Cycling Association's exposure and concentrations at December 31, 2019:

Credit risk

Credit risk arises from the potential that a party may default on their financial obligations, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Association could incur a financial loss. The Association is exposed to credit risk with respect to cash and accounts receivable. The Association manages its credit risk by placing cash with major financial institutions. Credit risk for accounts receivable is managed by the credit quality and diverse debtor base and creating an allowance for bad debts where applicable. There has been no change from credit risk exposure from 2018.

**SASKATCHEWAN CYCLING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

7. Financial instruments cont'd

Liquidity risk

Liquidity risk is the risk that the Association may not be able to meet a demand for cash or fund its obligations as they come due or not being able to liquidate assets in a timely manner at a reasonable price. The Association is exposed to liquidity risk with respect to its accounts payable and accrued liabilities but manages its liquidity risk by holding assets that can be readily converted into cash. There has been no change from liquidity risk exposure from 2018.

Interest rate risk

Interest rate risk is a type of market risk that refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Association is exposed to interest rate risk with respect to its cash and its effect on interest income. Fluctuations in interest rates do not have a significant effect on cash due to the fact that interest income is not a major percentage of total revenue. There has been no change from interest risk exposure from 2018.

**SASKATCHEWAN CYCLING ASSOCIATION
SCHEDULES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(with comparative figures for 2018)**

	2019	2018
Saskatchewan Lotteries Trust Fund		Schedule 1
Annual funding	\$ 184,900	\$ 179,500
MAP	<u>26,000</u>	<u>23,300</u>
	<u>\$ 210,900</u>	<u>\$ 202,800</u>
Self Help		Schedule 2
Internal		
Memberships	\$ 89,690	\$ 70,207
R & T Tour	35,775	34,999
Athlete Fees	2,391	1,388
Fundraising	11	1,603
Clinic/presentation revenue	3,333	3,022
Miscellaneous income	20	1,638
Team tour fees	6,535	6,709
Interest income	4,889	4,055
Jersey sales	5,007	3,562
Van rental revenue	568	68
External		
Future Best grant	3,600	3,000
Jeux Canada Games grant	-	3,710
Sponsorships	<u>100</u>	<u>500</u>
	<u>\$ 151,919</u>	<u>\$ 134,461</u>

**SASKATCHEWAN CYCLING ASSOCIATION
SCHEDULES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(with comparative figures for 2018)**

	2019	2018
Administration		
		Schedule 3
Accounting fees	\$ 4,741	\$ 4,259
CCA insurance	29,717	31,043
Interest and bank charges	8,117	6,901
Office operations	5,277	3,775
Rent	7,735	7,020
Salaries and wages	75,002	74,092
	<u>\$ 130,589</u>	<u>\$ 127,090</u>
Capacity/Interaction		
		Schedule 4
Advertising and promotion	\$ 3,146	\$ 2,895
CCA annual general meeting	1,887	2,243
Club development	1,550	550
Internet/communications	11,479	520
Long range planning	98	-
Meetings	1,536	844
Newsletter and magazine	1,138	1,261
Other affiliation	171	156
Sask Sport annual general meeting	59	59
SCA annual general meeting	437	389
Standing committee	802	480
Volunteer/staff recognition	1,866	654
	<u>\$ 24,169</u>	<u>\$ 10,051</u>
Categorical grants		
		Schedule 5
Future Best grant	\$ 3,600	\$ 3,000
Jeux Canada Games grant	-	3,710
MAP grant (Schedule 9)	26,000	26,701
	<u>\$ 29,600</u>	<u>\$ 33,411</u>
Excellence		
		Schedule 6
Athlete assistance	\$ 4,000	\$ 4,700
Athlete development	33,403	32,967
Coaching development	2,058	2,129
Provincial coach expense	7,754	4,815
Provincial coach wages/contract	66,473	64,328
Van license/insurance	3,315	1,856
Van and trailer purchase	-	63,804
Van repair	3,611	1,776
	<u>\$ 120,614</u>	<u>\$ 176,375</u>

**SASKATCHEWAN CYCLING ASSOCIATION
SCHEDULES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(with comparative figures for 2018)**

	2019	2018
Miscellaneous		
		Schedule 7
Buffalo Pound trails maintenance	\$ -	\$ 1,535
CCA affiliation	5,918	5,021
Clothing for resale	9,240	5,895
	<u>\$ 15,158</u>	<u>\$ 12,451</u>
Participation		
		Schedule 8
Coaches development	\$ 6,606	\$ 2,541
Competitions	18,283	14,954
Intro/participation programs	23,720	25,390
Officials development	1,740	1,571
Para athlete	795	-
Target group initiatives	1,500	-
	<u>\$ 52,644</u>	<u>\$ 44,456</u>
Membership Assistance Payments		
		Schedule 9
13th Ave BMX	\$ 1,266	\$ 1,126
BCW Cycling Club	2,802	2,654
Cycledelia Road Racing Club	1,252	1,176
East Qu'Appelle Cartel	1,318	1,166
Flatlanders Bicycle Club	-	902
Globe BMX	2,359	1,631
Horizon 100 Cycling Club	1,716	1,987
Moose Jaw Pavers	2,062	1,403
Northern Bush Rastas	1,944	1,874
OffRoad Syndicate	1,849	1,682
Prairie Cycling Development	1,162	-
Prairie Randonneurs	1,139	984
Regina Cycle Club	1,850	1,456
Rock'n'Road Cycle Club	1,399	1,251
Saskatoon Cycling Club	842	946
South Sask. MTB Club	910	-
Spoke N Hot Club	-	2,363
Spokes Men Masters Club	-	1,859
Swift Current Cycle Club	-	1,081
Wascana Free Wheelers	1,314	1,160
Watt Riot Cycling	816	-
	<u>\$ 26,000</u>	<u>\$ 26,701</u>