

**SASKATCHEWAN CYCLING ASSOCIATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

Draft

## 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, 2020 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, 2020 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

Marcia Herback  
CPA, CA

**SASKATCHEWAN CYCLING ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**  
**(with comparative figures for 2019)**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 496,949	\$ 413,875
Accounts receivable	1,750	-
GST receivable	2,640	2,170
Inventory	24,388	24,906
Prepaid expenses	<u>7,941</u>	<u>2,865</u>
	533,668	443,816
<b>Investment in Sport Legacy Fund (Note 3)</b>	<u>220</u>	<u>209</u>
	<u><u>\$ 533,888</u></u>	<u><u>\$ 444,025</u></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 28,452	\$ 9,340
Deferred revenue (Note 4)	<u>149,057</u>	<u>121,900</u>
	177,509	131,240
<b>Long-term liabilities</b>		
Deferred Sport Legacy Fund revenue (Note 3)	<u>220</u>	<u>209</u>
	<u>177,729</u>	<u>131,449</u>
<b>NET ASSETS</b>		
General fund	345,591	307,008
Restricted fund (Note 5)	<u>10,568</u>	<u>5,568</u>
	<u>356,159</u>	<u>312,576</u>
	<u><u>\$ 533,888</u></u>	<u><u>\$ 444,025</u></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, 2020**  
**(with comparative figures for 2019)**

	<b>2020</b>	<b>2019</b>
<b>Revenue</b>		
Sask Lotteries Trust Fund (Schedule 1)	\$ 216,613	\$ 210,900
Self Help revenue (Schedule 2)	<u>80,319</u>	<u>142,679</u>
	<u>296,932</u>	<u>353,579</u>
<b>Expenditure</b>		
Administration (Schedule 3)	109,819	130,589
Capacity/Interaction (Schedule 4)	8,137	30,087
Participation (Schedule 5)	10,569	52,644
Excellence (Schedule 6)	92,144	120,614
Categorical grants (Schedule 7)	6,467	3,600
Membership assistance payments (Schedule 8)	<u>26,213</u>	<u>26,000</u>
	<u>253,349</u>	<u>363,534</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ 43,583</u>	<u>\$ (9,955)</u>
<b>See accompanying notes</b>		

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**SASKATCHEWAN CYCLING ASSOCIATION  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(with comparative figures for 2019)**

	<u>General fund</u>	<u>Restricted fund</u>	<u>2020</u>	<u>2019</u>
<b>Net Assets</b>				
Balance, beginning of year	\$ 307,008	5,568	\$ 312,576	\$ 322,531
Excess (deficiency) of revenues over expenditures	43,583	-	43,583	(9,955)
Transfer between funds	<u>(5,000)</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 345,591</u>	<u>10,568</u>	<u>\$ 356,159</u>	<u>\$ 312,576</u>

See accompanying notes

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**SASKATCHEWAN CYCLING ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(with comparative figures for 2019)**

	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
<b>Excess (deficiency) of revenues over expenses</b>	\$ 43,583	\$ (9,955)
Accounts receivable	(1,750)	-
GST receivable	(470)	1,175
Inventory	518	(830)
Prepaid expenses	(5,076)	2,791
Accounts payable and accrued liabilities	19,112	(8,757)
Deferred revenue	<u>27,157</u>	<u>3,315</u>
Cash provided by (used in) operating activities	<u>83,074</u>	<u>(12,261)</u>
<b>Investing activities</b>		
Additions to investments in Sports Legacy fund	(11)	(10)
Changes in long-term deferred Sport Legacy Fund revenue	<u>11</u>	<u>10</u>
Cash provided by investing activities	<u>-</u>	<u>-</u>
<b>Increase (decrease) in cash</b>	83,074	(12,261)
<b>Cash position, beginning of year</b>	<u>413,875</u>	<u>426,136</u>
<b>Cash position, end of year</b>	<u>\$ 496,949</u>	<u>\$ 413,875</u>

See accompanying notes

**SASKATCHEWAN CYCLING ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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**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 \$7,464 (2019 - \$NIL) were recorded as expenditure.

Revenue Recognition

Saskatchewan Cycling Association follows the deferral method of accounting for contributions.

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.

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**SASKATCHEWAN CYCLING ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**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 revenue**

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

	<u>2020</u>	<u>2019</u>
Annual Funding	\$ 97,400	\$ 95,200
MAP grant	27,400	26,700
Heritage Grant (COVID Relief)	24,207	-
2021 Membership fees	50	-
	<u>\$ 149,057</u>	<u>\$ 121,900</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>2020</u>	<u>2019</u>
Balance, beginning of the year	\$ 5,568	\$ -
Van rental revenue appropriation	-	568
Board motion appropriation	5,000	5,000
Balance, end of year	<u>\$ 10,568</u>	<u>\$ 5,568</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, 2020:

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 2019.

**SASKATCHEWAN CYCLING ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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**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 2019.

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 2019.

**8. Significant event**

In March 2020, there was a global outbreak of COVID-19, which had a significant impact on organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**9. Comparative figures**

Certain comparative figures have been reclassified to conform with the current year's presentation.

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**SASKATCHEWAN CYCLING ASSOCIATION  
SCHEDULES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(with comparative figures for 2019)**

	<b>2020</b>	<b>2019</b>
<b>Saskatchewan Lotteries Trust Fund</b>		<b>Schedule 1</b>
Annual funding	\$ 190,400	\$ 184,900
MAP	<u>26,213</u>	<u>26,000</u>
	<u>\$ 216,613</u>	<u>\$ 210,900</u>
<b>Self Help</b>		<b>Schedule 2</b>
<b>Internal</b>		
Memberships	\$ 49,255	\$ 89,690
Team /athlete fees	2,455	42,751
Competition and clinic revenue	20	5,283
<b>External</b>		
Fundraising	500	-
Grants		
CEWS - COVID Subsidy	10,046	-
Future Best Grant	1,500	3,600
Heritage Grant (COVID Relief)	9,573	-
Jeux Canada Games Grant	4,800	-
Interest income	1,756	4,889
Sales		
Merchandise sales (net)	88	(4,222)
Miscellaneous income	326	20
Van rental rental revenue	-	568
Sponsorships	<u>-</u>	<u>100</u>
	<u>\$ 80,319</u>	<u>\$ 142,679</u>

**SASKATCHEWAN CYCLING ASSOCIATION  
SCHEDULES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(with comparative figures for 2019)**

	2020	2019
<b>Administration</b>		
		<b>Schedule 3</b>
Audit	\$ 3,255	\$ 3,255
Insurance	23,942	29,717
Office operations	5,943	14,660
Rent	8,271	7,735
Salaries and wages	68,408	75,002
Staff relocation, recruitment, selection	-	220
	<u>\$ 109,819</u>	<u>\$ 130,589</u>
<b>Capacity/Interaction</b>		
		<b>Schedule 4</b>
Awards and recognition	\$ 4,924	\$ 3,416
Communications	1,162	12,617
Marketing and promotions	1,684	3,146
Meetings	211	4,722
Memberships	156	6,088
Planning and policy development	-	98
	<u>\$ 8,137</u>	<u>\$ 30,087</u>
<b>Participation</b>		
		<b>Schedule 5</b>
Athlete development		
Competition	\$ 9,573	\$ 18,283
Intro/participation programs	(119)	25,220
Under-represented population initiatives	231	795
Coaching development	750	6,606
Officials development	134	1,740
	<u>\$ 10,569</u>	<u>\$ 52,644</u>
<b>Excellence</b>		
		<b>Schedule 6</b>
Athlete development		
Athlete assistance	\$ -	\$ 4,000
Competition	12,054	29,428
Training	3,923	3,975
Coaching development		
Coaching development expenses	2,319	2,058
Provincial coach expenses	4,445	7,754
Provincial coach contract	68,530	66,473
Van expense	873	6,926
	<u>\$ 92,144</u>	<u>\$ 120,614</u>
<b>Categorical grants</b>		
		<b>Schedule 7</b>
Future Best grant	\$ 1,500	\$ 3,600
Jeux Canada Games grant	4,967	-
	<u>\$ 6,467</u>	<u>\$ 3,600</u>

**SASKATCHEWAN CYCLING ASSOCIATION  
SCHEDULES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(with comparative figures for 2019)**

	<b>2020</b>	<b>2019</b>
	<b>Membership Assistance Payments</b>	<b>Schedule 8</b>
13th Ave BMX	\$ 1,004	\$ 1,266
BCW Cycling Club	2,643	2,802
Cycledelia Road Racing Club	1,236	1,252
East Qu'Appelle Cartel	-	1,318
Flatlanders Bicycle Club	929	-
Globe BMX	2,525	2,359
Horizon 100 Cycling Club	1,776	1,716
HPL Cycling Club	1,453	-
Moose Jaw Pavers	1,976	2,062
Northern Bush Rastas	2,342	1,944
OffRoad Syndicate	1,429	1,849
Prairie Cycling Development	986	1,162
Prairie Randonneurs	-	1,139
Regina Cycle Club	2,023	1,850
Rock'n'Road Cycle Club	1,636	1,399
Saskatoon Cycling Club	605	842
South Sask. MTB Club	1,706	910
Swift Current Cycle Club	441	-
Wascana Free Wheelers	869	1,314
Watt Riot Cycling	634	816
	<u>\$ 26,213</u>	<u>\$ 26,000</u>