

SASKATCHEWAN CYCLING ASSOCIATION
FINANCIAL STATEMENTS
DECEMBER 31, 2021

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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, 2021 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, 2021 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 10, 2022



Marcia Herback
CPA, CA

SASKATCHEWAN CYCLING ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021
(with comparative figures for 2020)

	2021	2020
ASSETS		
Current assets		
Cash	\$ 493,130	\$ 496,949
Accounts receivable	3,512	1,750
OST receivable	3,010	2,640
Inventory	23,755	24,388
Prepaid expenses	2,031	7,941
	525,438	533,668
Investment in Sport Legacy Fund (Note 3)	231	220
	<u>\$ 525,669</u>	<u>\$ 533,888</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,498	\$ 28,452
Deferred revenue (Note 4)	128,682	149,057
	138,183	177,509
Long-term liabilities		
Deferred Sport Legacy Fund revenue (Note 3)	231	220
	<u>138,414</u>	<u>177,729</u>
NET ASSETS		
General fund	371,687	343,591
Restricted fund (Note 5)	15,568	10,568
	<u>387,255</u>	<u>356,159</u>
	<u>\$ 525,669</u>	<u>\$ 533,888</u>

See accompanying notes
Approved on Behalf of the Board
[Signature] Director
[Signature] Director

SASKATCHEWAN CYCLING ASSOCIATION
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AS AT DECEMBER 31, 2021
(with comparative figures for 2020)

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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, 2021
(with comparative figures for 2020)

	2021	2020
Revenue		
Sask Lotteries Trust Fund, Sport Division (Schedule 1)	\$ 222,200	\$ 216,613
Self Help revenue (Schedule 2)	<u>137,592</u>	<u>80,319</u>
	<u>359,792</u>	<u>296,932</u>
Expenditure		
Administration (Schedule 3)	142,588	109,819
Capacity/Interaction (Schedule 4)	21,008	3,887
Participation (Schedule 5)	27,470	14,819
Excellence (Schedule 6)	110,230	92,144
Categorical grants (Schedule 7)	-	6,467
Membership assistance payments (Schedule 8)	<u>27,400</u>	<u>26,213</u>
	<u>328,696</u>	<u>253,349</u>
Excess of revenues over expenses	<u>\$ 31,096</u>	<u>\$ 43,583</u>

See accompanying notes

**SASKATCHEWAN CYCLING ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for 2020)**

	<u>General fund</u>	<u>Restricted fund</u>	<u>2021</u>	<u>2020</u>
Net Assets				
Balance, beginning of year	\$ 345,591	10,568	\$ 356,159	\$ 312,576
Excess (deficiency) of revenues over expenditures	31,096	-	31,096	43,583
Transfer between funds	<u>(5,000)</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 371,687</u>	<u>15,568</u>	<u>\$ 387,255</u>	<u>\$ 356,159</u>

See accompanying notes

SASKATCHEWAN CYCLING ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for 2020)

	2021	2020
Operating activities		
Excess (deficiency) of revenues over expenses	\$ 31,096	\$ 43,583
Accounts receivable	(1,762)	(1,750)
GST receivable	(370)	(470)
Inventory	633	518
Prepaid expenses	5,910	(5,076)
Accounts payable and accrued liabilities	(18,954)	19,112
Deferred revenue	<u>(20,372)</u>	<u>27,157</u>
Cash provided by (used in) operating activities	<u>(3,819)</u>	<u>83,074</u>
Investing activities		
Additions to investments in Sports Legacy fund	(11)	(11)
Changes in long-term deferred Sport Legacy Fund revenue	<u>11</u>	<u>11</u>
Cash provided by investing activities	<u>-</u>	<u>-</u>
Increase (decrease) in cash	(3,819)	83,074
Cash position, beginning of year	<u>496,949</u>	<u>413,875</u>
Cash position, end of year	<u>\$ 493,130</u>	<u>\$ 496,949</u>

See accompanying notes

**SASKATCHEWAN CYCLING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 \$2,929 (2020 - \$7,464) 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.

**SASKATCHEWAN CYCLING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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>2021</u>	<u>2020</u>
Annual Funding	\$ 97,400	\$ 97,400
MAP grant	29,600	27,400
Heritage Grant (COVID Relief)	-	24,207
Membership fees	1,685	50
	<u>\$ 128,685</u>	<u>\$ 149,057</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>2021</u>	<u>2020</u>
Balance, beginning of the year	\$ 10,568	\$ 5,568
Board motion appropriation	5,000	5,000
Balance, end of year	<u>\$ 15,568</u>	<u>\$ 10,568</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, 2021:

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 2020.

SASKATCHEWAN CYCLING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 2020.

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 2020.

8. Significant event

In March 2020, the World Health Organization declared global pandemic for the COVID-19 virus. The Association is following health advisories and mandatory requirements from local, provincial and national health and government organizations. The future impact of the pandemic on the Association's operations and financial results can not be determined at this time.

9. Comparative figures

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

**SASKATCHEWAN CYCLING ASSOCIATION
SCHEDULES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for 2020)**

	2021	2020
Saskatchewan Lotteries Trust Fund		Schedule 1
Annual funding	\$ 194,800	\$ 190,400
Membership Assistance Program	<u>27,400</u>	<u>26,213</u>
	<u>\$ 222,200</u>	<u>\$ 216,613</u>
Self Help		Schedule 2
Internal		
Competition and clinic revenue	\$ 320	\$ 20
Memberships	74,230	49,255
Team /athlete fees	25,426	2,455
External		
Fundraising	48	500
Grants		
Canadian Tire Jumpstart Grant	1,560	-
Future Best Grant	-	1,500
Govt of Canada - Education grant	2,500	-
Govt of Canada - CEWS - COVID Subsidy	3,388	10,046
Jeux Canada Games Grant	-	4,800
Minister of Canadian Heritage Grant -COVID Relief	27,997	9,573
Interest income	613	1,756
Sales		
Merchandise sales (net)	1,419	88
Miscellaneous income	<u>91</u>	<u>326</u>
	<u>\$ 137,592</u>	<u>\$ 80,319</u>

**SASKATCHEWAN CYCLING ASSOCIATION
SCHEDULES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for 2020)**

	2021	2020
Administration		
	Schedule 3	
Audit	\$ 3,255	\$ 3,255
Bad debt	200	-
Insurance	43,804	23,942
Office operations	8,671	5,943
Rent	8,650	8,271
Salaries and wages	75,061	68,408
Staff relocation, recruitment, selection	2,947	-
	<u>\$ 142,588</u>	<u>\$ 109,819</u>
Capacity/Interaction		
	Schedule 4	
Awards and recognition	\$ 50	\$ 674
Communications	4,889	1,162
Marketing and promotions	7,195	1,684
Meetings	3,051	211
Memberships	4,040	156
Planning and policy development	1,783	-
	<u>\$ 21,008</u>	<u>\$ 3,887</u>
Participation		
	Schedule 5	
Athlete development		
Competition	\$ 10,298	\$ 9,573
Introductory programs	7,699	(119)
Under-represented population initiatives	-	231
Club development	7,367	4,250
Coaching development	2,106	750
Officials development	-	134
	<u>\$ 27,470</u>	<u>\$ 14,819</u>
Excellence		
	Schedule 6	
Athlete development		
Athlete assistance	\$ 4,706	\$ -
Competition	19,214	12,054
Training	22,106	3,923
Coaching development		
Coaching development expenses	260	2,319
Provincial coach expenses	5,873	4,445
Provincial coach contract	52,047	68,530
Van expense	6,024	873
	<u>\$ 110,230</u>	<u>\$ 92,144</u>
Categorical grants		
	Schedule 7	
Future Best	\$ -	\$ 1,500
Jeux Canada Games	-	4,967
	<u>\$ -</u>	<u>\$ 6,467</u>

**SASKATCHEWAN CYCLING ASSOCIATION
SCHEDULES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for 2020)**

	2021	2020
Membership Assistance Payments		Schedule 8
13th Ave BMX	\$ 1,314	\$ 1,004
BCW Cycling Club	2,160	2,643
Bike Doctors Detours	923	-
Cycledelia Road Racing Club	1,263	1,236
Flatlanders Bicycle Club	614	929
Globe BMX	3,108	2,525
Horizon 100 Cycling Club	1,656	1,776
HPL Cycling Club	789	1,453
Moose Jaw Pavers	1,508	1,976
Northern Bush Rastas	1,599	2,342
OffRoad Syndicate	1,388	1,429
Prairie Cycling Development	1,344	986
Prairie Randonneurs	1,653	-
Regina Cycle Club	2,048	2,023
Rock'n'Road Cycle Club	1,670	1,636
Saskatoon Cycling Club	1,146	605
Saskatoon MTB Alliance	1,288	-
South Sask. MTB Club	506	1,706
Swift Current Cycle Club	-	441
Wascana Free Wheelers	685	869
Watt Riot Cycling	738	634
	<u>\$ 27,400</u>	<u>\$ 26,213</u>