

ALBERTA BICYCLE ASSOCIATION

EDMONTON, ALBERTA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

INDEPENDENT AUDITORS' REPORT

To the Board of the Alberta Bicycle Association

Opinion

We have audited the financial statements of the Alberta Bicycle Association (the "Association"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets 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, 2022, and the results of its operations and the changes in its net assets and 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe 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 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 Association's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

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Auditor's Responsibility 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 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 auditors' 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 auditors' 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
June 19, 2023

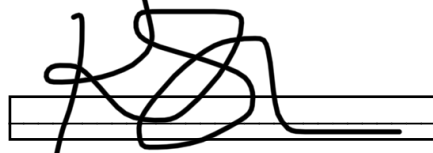
ALBERTA BICYCLE ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

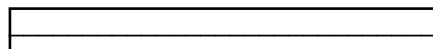
	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 446,164	\$ 463,587
Accounts receivable (Note 4)	<u>39,307</u>	<u>11,270</u>
	485,471	474,857
Tangible Capital Assets (Note 5)	<u>4,563</u>	<u>8,049</u>
	\$ 490,034	\$ 482,906

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued liabilities	\$ 18,860	\$ 19,759
Goods and Services Tax payable	14,334	10,316
Deferred contributions (Note 6)	<u>83,302</u>	<u>18,018</u>
	116,496	48,093
Net Assets		
Invested in tangible capital assets	4,563	8,049
Unrestricted	<u>368,975</u>	<u>426,764</u>
	373,538	434,813
	\$ 490,034	\$ 482,906

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

ALBERTA BICYCLE ASSOCIATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Revenue		
Licenses and memberships	\$ 392,183	\$ 301,587
Grants (Note 7)	109,819	85,022
Races	39,345	9,337
Program fees	28,038	22,819
Sponsorships	22,547	14,000
Casino	19,401	16,580
Trailer and equipment rental	10,029	900
Interest	2,262	422
Canada emergency wage subsidy	<u>-</u>	<u>81,878</u>
	<u>623,624</u>	<u>532,545</u>
Expenses		
Salaries and benefits	232,842	238,404
Insurance	156,392	142,547
Racing programs (Schedule I)	105,245	52,667
Club remittance	39,195	21,650
BMX programs (Schedule II)	32,771	16,638
Canadian Cycling Association	27,478	23,134
Professional fees	20,191	14,180
Office	16,917	11,052
Bank charges	16,342	14,041
Van	11,619	7,964
Donation fund	7,600	-
Telephone	5,614	5,215
Amortization	3,487	7,809
Meetings	2,928	-
Rent	2,871	3,121
Bad debt (recovery)	2,043	(6,019)
Recreation and transportation programs	639	596
Safety initiative	529	956
Marketing	<u>196</u>	<u>3,635</u>
	<u>684,899</u>	<u>557,590</u>
Excess (Deficiency) of Revenue over Expenses	<u>\$ (61,275)</u>	<u>\$ (25,045)</u>

ALBERTA BICYCLE ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Invested in		2022	2021
	Tangible Capital	Unrestricted	Total	Total
	Assets			
Balance, Beginning of Year	\$ 8,049	\$ 426,764	\$ 434,813	\$ 459,858
Excess (Deficiency) of Revenue over Expenses	-	(61,275)	(61,275)	(25,045)
Amortization of Tangible Capital Assets	<u>(3,486)</u>	<u>3,486</u>	<u>-</u>	<u>-</u>
Balance, End of Year	<u>\$ 4,563</u>	<u>\$ 368,975</u>	<u>\$ 373,538</u>	<u>\$ 434,813</u>

ALBERTA BICYCLE ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Operating Activities		
Cash and cash equivalents from operations		
Excess (deficiency) of revenue over expenses	\$ (61,275)	\$ (25,045)
Items not affecting cash and cash equivalents:		
Amortization of tangible capital assets	<u>3,487</u>	<u>7,809</u>
	(57,788)	(17,236)
 Change in non-cash working capital:		
Accounts receivable	(28,038)	15,425
Prepaid expenses	-	515
Accounts payable and accrued liabilities	(899)	12,759
Goods and Services Tax payable	4,018	3,509
Deferred contributions	<u>65,284</u>	<u>(17,918)</u>
 Change in Cash and Cash Equivalents During the Year	(17,423)	(2,946)
 Cash and Cash Equivalents, Beginning of Year	<u>463,587</u>	<u>466,533</u>
 Cash and Cash Equivalents, End of Year	<u>\$ 446,164</u>	<u>\$ 463,587</u>

ALBERTA BICYCLE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. NATURE OF OPERATIONS

The Association was established to be the organizing body which promotes all aspects of cycling in Alberta. The Association is a not-for-profit organization incorporated under *The Societies Act* of Alberta and is exempt from income tax under section 149(1)(l) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Licenses, membership dues, program and race fees are recognized as revenue in the year to which they relate.

Cash and Cash Equivalents

Cash and cash equivalents include cash and guaranteed investment certificates that are readily converted into known amounts of cash and are subject to an insignificant change in value. The guaranteed investment certificates are held for the purpose of meeting short-term cash commitments rather than for investing.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution. When a tangible capital asset no longer contributes to the Association's ability to provide services or the value of future economic benefits associated with the tangible capital asset is less than its net book value, the carrying value of the tangible capital asset is reduced to reflect the decline in the asset's value. Any net write-downs are accounted for as expenses in the statement of operations.

Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Office equipment	3 years	Straight-line basis
Trailers	10 years	Straight-line basis
Vehicles	10 years	Straight-line basis
Timing equipment	3 years	Straight-line basis
BMX equipment	3 years	Straight-line basis
Computer software	3 years	Straight-line basis

ALBERTA BICYCLE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management's estimates include the useful lives of tangible capital assets and the corresponding rates of amortization. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

Financial Instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value and subsequently measures all financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include restricted funds of \$66,962 (2021 - \$10,083). These funds are derived from the Association's casino activities and grants and are restricted in their use, subject to the terms and conditions of the Association's casino license and grant funding agreements.

Cash and cash equivalents include one guaranteed investment certificate for \$121,323 (2021 \$119,129) earning interest at 4%, maturing in January 2024.

4. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Trade receivables	\$ 43,445	\$ 15,408
Allowance for doubtful accounts	<u>(4,138)</u>	<u>(4,138)</u>
	<u>\$ 39,307</u>	<u>\$ 11,270</u>

ALBERTA BICYCLE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2022

5. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2022</u>	<u>2021</u>
Trailers	\$ 42,670	\$ 40,768	\$ 1,902	\$ 2,727
Vehicles	26,608	23,947	2,661	5,322
Timing equipment	29,779	29,779	-	-
Office equipment	43,781	43,781	-	-
BMX equipment	1,386	1,386	-	-
Computer software	<u>1,054</u>	<u>1,054</u>	<u>-</u>	<u>-</u>
	<u>\$ 145,278</u>	<u>\$ 140,715</u>	<u>\$ 4,563</u>	<u>\$ 8,049</u>

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted operating funding received or receivable in the current year for which the corresponding expenses have not yet been incurred.

	<u>2022</u>	<u>2021</u>
Casino funding	\$ 66,962	\$ 10,083
Memberships	6,340	7,935
Sponsorships	<u>10,000</u>	<u>-</u>
	<u>\$ 83,302</u>	<u>\$ 18,018</u>

7. GRANT REVENUE

	<u>2022</u>	<u>2021</u>
Alberta Government:		
Annual Association Grant	\$ 80,319	\$ 80,319
Canada Summer Games	20,500	-
Donation Fund	9,000	-
Canada Summer Jobs Grant	<u>-</u>	<u>4,703</u>
	<u>\$ 109,819</u>	<u>\$ 85,022</u>

8. FINANCIAL INSTRUMENTS

It is management's opinion that the Association is not exposed to significant credit, liquidity, market, currency, interest rate or other price risk through its financial instruments which include cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities.

ALBERTA BICYCLE ASSOCIATION

SCHEDULE I

RACING PROGRAM EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Provincial team	\$ 60,498	\$ 34,160
Events	27,676	4,459
Commissaire	9,863	6,877
Coaching development	4,067	2,138
Equipment and supplies	2,111	768
Courses, camps and clinics	1,030	450
Medals and awards	<u>-</u>	<u>3,815</u>
	<u>\$ 105,245</u>	<u>\$ 52,667</u>

ALBERTA BICYCLE ASSOCIATION

SCHEDULE II

BMX PROGRAM EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Provincial team	\$ 25,632	\$ 13,617
Events	2,262	2,000
Miscellaneous	1,412	-
Technical delegate	1,318	387
Medals and awards	1,053	-
Committee meetings	809	634
Commissaire	<u>285</u>	<u>-</u>
	<u>\$ 32,771</u>	<u>\$ 16,638</u>