

Financial Statements of

TRIATHLON CANADA

Year ended March 31, 2018



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INDEPENDENT AUDITORS' REPORT

To the Directors of Triathlon Canada

We have audited the accompanying financial statements of Triathlon Canada, which comprise the statement of financial position as at March 31, 2018, the statements of operations and changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Triathlon Canada as at March 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada

August 29, 2018

TRIATHLON CANADA

Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 233,362	\$ 304,103
Accounts receivable (note 2)	249,070	447,391
Marketable securities	-	20,530
Inventories	10,000	-
Prepaid expenses	55,974	20,097
	<u>548,406</u>	<u>792,121</u>
Capital assets (note 3)	88,122	74,997
Intangible assets (note 4)	23,622	30,371
	<u>\$ 660,150</u>	<u>\$ 897,489</u>

Liabilities and Net Assets


Current liabilities:		
Accounts payable and accrued liabilities	\$ 127,185	\$ 445,873
Deferred revenue (note 5)	471,780	390,431
	<u>598,965</u>	<u>836,304</u>
Net assets:		
Unrestricted net assets	61,185	61,185
	<u>\$ 660,150</u>	<u>\$ 897,489</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

TRIATHLON CANADA

Statement of Operations and Changes in Net Assets

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Grants (note 6)	\$ 1,770,933	\$ 1,416,200
Age group programs and capacity building	239,280	208,844
Sponsorships	197,133	72,740
Memberships and fees	155,920	156,170
Donations	92,011	76,183
National Triathlon Centre	63,716	220,470
Interest and other contributions	29,421	23,881
	<u>2,548,414</u>	<u>2,174,488</u>
Expenses:		
Performance programs	1,213,211	1,008,642
Sustainability and administrative expenses	664,451	756,778
Technical and events	486,517	434,338
Age group programs and capacity building	143,687	207,381
Provision for doubtful accounts	40,548	-
	<u>2,548,414</u>	<u>2,407,139</u>
Excess (deficiency) of revenues over expenses	-	(232,651)
Net assets, beginning of year	61,185	293,836
Net assets, end of year	<u>\$ 61,185</u>	<u>\$ 61,185</u>

See accompanying notes to financial statements.

TRIATHLON CANADA

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash and cash equivalents provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ -	\$ (232,651)
Items not involving cash:		
Amortization of capital assets	32,078	13,809
Amortization of intangible assets	6,749	3,375
Decrease (increase) in accounts receivable	198,321	(274,494)
Increase in inventories	(10,000)	-
Decrease (increase) in prepaid expenses	(35,877)	21,127
Increase (decrease) in accounts payable and accrued liabilities	(318,688)	282,082
Increase in deferred revenue	81,349	177,088
	(46,068)	(9,664)
Investing activities:		
Purchase of capital assets	(45,203)	(83,382)
Purchase of intangible assets	-	(33,746)
Decrease in marketable securities	20,530	36,758
	(24,673)	(80,370)
Decrease in cash	(70,741)	(90,034)
Cash and cash equivalents, beginning of year	304,103	394,137
Cash and cash equivalents, end of year	\$ 233,362	\$ 304,103

See accompanying notes to financial statements.

TRIATHLON CANADA

Notes to Financial Statements

Year ended March 31, 2018

Nature of operations:

Triathlon Canada (the "Organization") is the national federation for the sports of triathlon and other multisport events in Canada and is a member of the International Triathlon Union (ITU), the international governing body for these sports.

Triathlon Canada was incorporated without share capital August 7, 1990 under the Canada Business Corporations Act. The Organization is a Registered Canadian Amateur Athletic Association as defined in the Income Tax Act, and is not subject to income taxes.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Use of estimates:

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition.

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost. Amortization is being provided on a straight-line basis over the estimated useful life of the assets using the following annual rates:

Asset	Rate
Office equipment	3 years
Office furniture	5 years
Computer equipment	3 years
Computer database	3 years
Competition equipment	3 years
Leasehold improvements	Over the term of the lease
Training equipment	3 years

When a capital asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense.

(d) Intangible assets:

Separately acquired intangible assets are recognized as an asset provided the cost can be measured reliably. The cost of a separately acquired intangible asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use. Intangible assets include the costs associated with the Organization's website and rebranding. The assets are amortized on a straight line basis over their estimated useful lives of 5 years.

(e) Revenue recognition:

The Organization follows the deferral method of accounting for contributions. Externally restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue when received or receivable and collection is reasonably assured.

Memberships and fees, participation teams and National Triathlon Centre revenue are recognized as revenue proportionately over the fiscal year to which they relate and when collection is reasonably assured. Amounts received for future periods are recorded as deferred revenue and recognized as revenue in the period they relate to.

Investment income, including dividends and interest, is recognized as revenue when it is earned.

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(f) Contributed materials and services:

Donated materials and services are recognized in the financial statements when a fair value can be reasonably established, when the materials and services are used in the normal course of operations and would otherwise have been purchased.

Volunteers and members contribute a significant number of hours per year to assist the Organization in carrying out its activities. Because of the difficulty in determining their fair market value, contributed services are not recognized in the financial statements.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value and all changes in the fair value are recognized in excess (deficiency) of revenue over expenses in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2018

2. Accounts receivable:

Accounts receivable consists of the following:

	2018		2017	
Trade account receivables	\$	258,794	\$	196,913
Grants receivable		20,000		97,465
Vendor receivables		-		938
Public service body rebate receivable		10,824		8,859
Race fees receivable		-		143,216
Allowance for doubtful accounts		(40,548)		-
	\$	249,070	\$	447,391

3. Capital assets:

	2018		2017	
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	\$ 5,990	\$ 4,950	\$ 1,040	\$ 1,734
Office furniture	38,950	11,685	27,265	35,055
Computer equipment	18,632	12,784	5,848	11,042
Computer database	29,750	14,875	14,875	24,792
Competition equipment	12,777	3,079	9,698	2,374
Leasehold improvements	7,274	1,212	6,062	-
Training equipment	28,001	4,667	23,334	-
	\$ 141,374	\$ 53,252	\$ 88,122	\$ 74,997

Amortization for the year amounted to \$32,078 (2017 - \$13,809) and is included in sustainability and administrative expenses.

4. Intangible assets:

	2018		2017	
	Cost	Accumulated amortization	Net book value	Net book value
Website and rebranding	\$ 33,746	\$ 10,124	\$ 23,622	\$ 30,371

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2018

4. Intangible assets (continued):

Amortization for the year amounted to \$6,749 (2017 - \$3,375) and is included in sustainability and administrative expenses.

5. Deferred revenue:

Deferred revenue consists of the following:

	2018	2017
Age-group team fees	\$ 84,095	\$ 231,049
Deferred grants	310,323	134,965
Other	77,362	24,417
	<u>\$ 471,780</u>	<u>\$ 390,431</u>

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2018

6. Grants:

A substantial portion of the Organization's total revenue is derived from Sport Canada and other funding agencies in the form of various operating grants. Grant revenue consists of the following:

	2018	2017
Sport Canada:		
Sport Funding and Accounting Framework (SFAF):		
Triathlon	\$ 563,500	\$ 563,500
Own the Podium - Triathlon	-	200,000
Own the Podium - Paratriathlon	147,045	125,000
Next Generation	125,000	-
Next Generation - Paratriathlon	30,000	-
Official Languages	14,500	14,500
Paratriathlon	5,500	5,500
Sport Hosting Program	320,000	270,000
Other	-	50,255
	1,205,545	1,228,755
Canadian Olympic Committee	134,942	187,445
Canadian Paralympic Committee - Next Generation	30,000	-
94 Forward Commonwealth Legacy	311,933	-
Coaching Association of Canada	13,513	-
Other	75,000	-
	\$ 1,770,933	\$ 1,416,200

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2018

7. Edmonton Triathlon Legacy Foundation Trust:

Triathlon Canada is a beneficiary of 2014 Edmonton Triathlon Legacy Foundation Trust which was established to hold, invest and distribute trust property to ensure the long-term sustainability of Performance Centres in Canada, provide financial support to triathlon athletes attending post-secondary education in Alberta and to fund the hosting of ITU events in Edmonton.

Included in the National Triathlon Centre revenue for the period ending March 31, 2018 were distributions from the Edmonton Triathlon Legacy Foundation Trust totaling \$50,000 (2017 - \$78,000).

8. Contributed materials and services:

During fiscal 2018, the Organization recognized \$175,000 (2017 - \$120,000) of contributed materials and services consisting of leased premises and uniforms. These amounts are recognized within revenues and expenses.

9. Financial instruments:

The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization's exposure to and concentrations of risk at March 31, 2018:

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relates to accounts receivable. Management monitors credit exposure on a specific creditor basis. There has been no change in the assessment of credit risk from the prior year.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. The Organization manages this risk by managing its working capital and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

TRIATHLON CANADA

Schedule of Revenue and Expenditures - Sport Canada Funding
(Unaudited)

Schedule A

Year ended March 31, 2018

As the National Sport Federation (NSF) for triathlon in Canada, the Organization receives funding from the Government of Canada through Sport Canada's Sport Support Program to enhance and advance the Canadian Sport Policy. Funding is aimed at developing our athletes and coaches at the highest levels; providing sound technically-based triathlon programming for our national team; increasing the number of Canadians from all segments of society involved in triathlon and advancing Canadian interests and values in Canada and abroad.

Funding is granted on the basis of eligible expenditures that are incurred to contribute to the achievement of the objectives of the Canadian Sport Policy. Funding is provided annually throughout Sport Canada's fiscal year (April 1 – March 31). During the Organization's fiscal year, a total of \$867,500 (2017 - \$908,500) was recognized from Sport Canada program revenues.

This schedule highlights the total funding provided by Sport Canada during the fiscal year ending March 31, 2018 and eligible expenditures incurred within the Mainstream and Athletes with a Disability (AWAD) Program categories permitted by the contribution Agreement for the Association's fiscal year ended March 31, 2018.

	Revenues				Expenses
	Sport Development	Enhanced Excellence	Next Generation	Total Revenue	Total Expenditures
Mainstream Core Programs:					
General administration	\$ 57,000	\$ -	\$ -	\$ 57,000	\$ 137,342
Governance	20,000	-	-	20,000	24,416
Salaries, fees, and benefits	255,000	-	-	255,000	357,658
Coaching salaries and professional development	40,000	-	50,000	90,000	411,499
National Team programs	100,000	-	75,000	175,000	448,925
Official languages	11,500	-	-	11,500	15,714
Operations and programming	91,500	-	-	91,500	677,097
	575,000	-	125,000	700,000	2,072,651
Athletes with a Disability Programs:					
General administration	-	-	-	-	372
Salaries, fees, and benefits	-	6,000	-	6,000	-
Coaching salaries and professional development	-	68,000	-	68,000	76,730
National Team programs	5,500	55,000	30,000	90,500	136,848
Official languages	3,000	-	-	3,000	3,929
Operations and programming	-	-	-	-	10,466
	8,500	129,000	30,000	167,500	228,345
Total revenues and expenses	\$ 583,500	\$ 129,000	\$ 155,000	\$ 867,500	\$ 2,300,996