

Financial Statements of

TRIATHLON CANADA

And Independent Auditors' Report thereon

Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Directors of Triathlon Canada

Opinion

We have audited the financial statements of Triathlon Canada (the Entity), which comprise:

- the balance sheet as at March 31, 2019
- the statement of operations for the year then ended
- the statement of retained earnings for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

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 auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that 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 private enterprises, 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.

Auditors' Responsibilities 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 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 the 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 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 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 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada

August 7, 2019

TRIATHLON CANADA

Statement of Financial Position

March 31, 2019, with comparative information for 2018


	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 37,089	\$ 233,362
Accounts receivable (note 2)	379,235	249,070
Inventories	3,753	10,000
Prepaid expenses	76,419	55,974
	<u>496,496</u>	<u>548,406</u>
Capital assets (note 3)	70,314	88,122
Intangible assets (note 4)	16,873	23,622
	<u>\$ 583,683</u>	<u>\$ 660,150</u>

Liabilities and Net Assets

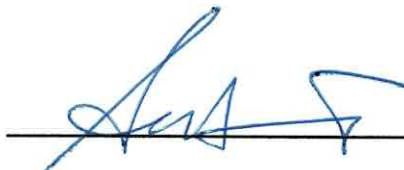
Current liabilities:		
Accounts payable and accrued liabilities	\$ 184,509	\$ 127,185
Deferred revenue (note 5)	350,140	471,780
	<u>534,649</u>	<u>598,965</u>
Net assets:		
Unrestricted net assets	49,034	61,185
	<u>\$ 583,683</u>	<u>\$ 660,150</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

TRIATHLON CANADA

Statement of Operations and Retained Earnings

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Grants (note 6)	\$ 2,000,718	\$ 1,770,933
Memberships and fees	255,724	155,920
Sponsorships	152,972	197,133
Donations	148,180	92,011
Age group programs	118,122	239,280
National Triathlon Centre (note 7)	66,950	63,716
Interest and other contributions	9,157	29,421
	<u>2,751,823</u>	<u>2,548,414</u>
Expenses:		
Performance programs	1,514,383	1,213,211
Sustainability and administrative expenses	796,963	664,451
Technical and events	317,990	486,517
Age group programs	134,638	143,687
Provision for doubtful accounts	-	40,548
	<u>2,763,974</u>	<u>2,548,414</u>
Excess (deficiency) of revenues over expenses	(12,151)	-
Net assets, beginning of year	61,185	61,185
Net assets, end of year	<u>\$ 49,034</u>	<u>\$ 61,185</u>

See accompanying notes to financial statements.

TRIATHLON CANADA

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash and cash equivalents provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ (12,151)	\$ -
Items not involving cash:		
Amortization of capital assets	42,808	32,078
Amortization of intangible assets	6,749	6,749
Decrease (increase) in accounts receivable	(130,165)	198,321
Decrease (increase) in inventories	6,247	(10,000)
Decrease (increase) in prepaid expenses	(20,445)	(35,877)
Increase (decrease) in accounts payable and accrued liabilities	57,324	(318,688)
Increase (decrease) in deferred revenue	(121,640)	81,349
	<u>(171,273)</u>	<u>(46,068)</u>
Investing activities:		
Purchase of capital assets	(25,000)	(45,203)
Decrease in marketable securities	-	20,530
	<u>(25,000)</u>	<u>(24,673)</u>
Decrease in cash	(196,273)	(70,741)
Cash and cash equivalents, beginning of year	233,362	304,103
Cash and cash equivalents, end of year	<u>\$ 37,089</u>	<u>\$ 233,362</u>

See accompanying notes to financial statements.

TRIATHLON CANADA

Notes to Financial Statements

Year ended March 31, 2019

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.

(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

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(c) Capital assets (continued):

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.

(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.

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(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.

2. Accounts receivable:

Accounts receivable consists of the following:

	2019	2018
Trade account receivables	\$ 387,720	\$ 258,794
Grants receivable	20,000	20,000
Public service body rebate receivable	12,063	10,824
Allowance for doubtful accounts	(40,548)	(40,548)
	<u>\$ 379,235</u>	<u>\$ 249,070</u>

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2019

3. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	\$ 5,990	\$ 5,643	\$ 347	\$ 1,040
Office furniture	38,950	19,475	19,475	27,265
Computer equipment	29,267	18,780	10,487	5,848
Computer database	29,750	24,792	4,958	14,875
Competition equipment	27,142	9,733	17,409	9,698
Leasehold improvements	7,274	3,637	3,637	6,062
Training equipment	28,001	14,000	14,001	23,334
	\$ 166,374	\$ 96,060	\$ 70,314	\$ 88,122

Amortization for the year amounted to \$42,808 (2018 - \$32,078) and is included in sustainability and administrative expenses.

4. Intangible assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Website and rebranding	\$ 33,746	\$ 16,873	\$ 16,873	\$ 23,622

Amortization for the year amounted to \$6,749 (2018 - \$6,749) and is included in sustainability and administrative expenses.

5. Deferred revenue:

Deferred revenue consists of the following:

	2019		2018	
Age-group team fees	\$	96,710	\$	84,095
Deferred grants		192,197		310,323
Other		61,233		77,362
	\$	350,140	\$	471,780

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2019

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:

	2019	2018
Sport Canada:		
Sport Funding and Accounting Framework (SFAF):		
Triathlon	\$ 563,500	\$ 563,500
Own the Podium - Triathlon	190,000	-
Own the Podium - Paratriathlon	182,955	147,045
Next Generation	62,500	125,000
Next Generation - Paratriathlon	25,000	30,000
Official Languages	14,500	14,500
Paratriathlon	5,500	5,500
Sport Hosting Program	300,000	320,000
	1,343,955	1,205,545
Canadian Olympic Committee	131,363	134,942
Canadian Paralympic Committee - Next Generation	25,616	30,000
94 Forward Commonwealth Legacy	496,784	311,933
Coaching Association of Canada	3,000	13,513
Other	-	75,000
	\$ 2,000,718	\$ 1,770,933

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, 2019 were distributions from the Edmonton Triathlon Legacy Foundation Trust totaling \$50,000 (2018 - \$50,000).

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2019

8. Contributed materials and services:

During fiscal 2019, the Organization received \$175,000 (2018 - \$175,000) of contributed materials and services consisting of leased premises and uniforms. These amounts are recognized within revenues and expenses, except for \$3,753 which is recorded in inventory as at March 31, 2019.

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, 2019:

(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, 2019

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 \$1,026,000 (2018 - \$867,500) was recognized from Sport Canada program revenues.

This schedule highlights the total funding provided by Sport Canada during the fiscal year ending March 31, 2019 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, 2019.

	Revenues				Expenses
	Sport Development	Enhanced Excellence	Next Generation	Total Revenue	Total Expenditures
Mainstream Core Programs:					
General administration	\$ 57,000	\$ -	\$ -	\$ 57,000	\$ 237,677
Governance	20,000	-	-	20,000	31,087
Salaries, fees, and benefits	234,000	-	-	234,000	392,442
Coaching salaries and professional development	107,500	25,000	25,000	157,500	507,992
National Team programs	145,000	-	-	145,000	522,214
Official languages	11,500	-	-	11,500	11,500
Operations and programming	-	165,000	37,500	202,500	497,631
	575,000	190,000	62,500	827,500	2,200,543
Athletes with a Disability Programs:					
General administration	-	-	-	-	-
Salaries, fees, and benefits	-	-	-	-	-
Coaching salaries and professional development	-	67,500	2,500	70,000	80,202
National Team programs	5,500	-	-	5,500	13,337
Official languages	3,000	-	-	3,000	3,000
Operations and programming	-	97,500	22,500	120,000	247,287
	8,500	165,000	25,000	198,500	343,826
Total revenues and expenses	\$ 583,500	\$ 355,000	\$ 87,500	\$ 1,026,000	\$ 2,544,369