

Financial Statements of

TRIATHLON CANADA

And Independent Auditors' Report thereon

Year ended March 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Directors of Triathlon Canada

Opinion

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

- the statement of financial position as at March 31, 2020
- the statement of operations and changes in net assets 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 Organization as at March 31, 2020, 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.

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 Organization 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 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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 13, 2020

TRIATHLON CANADA

Statement of Financial Position

March 31, 2020, with comparative information for 2019


	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 305,451	\$ 37,089
Accounts receivable (note 2)	182,597	379,235
Inventories	57,137	3,753
Prepaid expenses	104,656	76,419
	<u>649,841</u>	<u>496,496</u>
Capital assets (note 3)	86,593	70,314
Intangible assets (note 4)	10,124	16,873
	<u>\$ 746,558</u>	<u>\$ 583,683</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 212,393	\$ 184,509
Deferred revenue (note 5)	464,377	350,140
	<u>676,770</u>	<u>534,649</u>
Net assets:		
Unrestricted net assets	69,788	49,034
	<u>\$ 746,558</u>	<u>\$ 583,683</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, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Grants (note 6)	\$ 2,161,139	\$ 2,000,718
Memberships and fees	299,432	255,724
Donations	240,659	148,180
Participation teams	218,907	118,122
Sponsorships	159,783	152,972
National Triathlon Centre (note 7)	10,990	66,950
Interest and other contributions	50,257	9,157
	<u>3,141,167</u>	<u>2,751,823</u>
Expenses:		
Performance programs	1,556,635	1,514,383
Sustainability and administrative expenses	1,000,135	796,963
Technical and events	369,221	317,990
Age group programs	194,422	134,638
	<u>3,120,413</u>	<u>2,763,974</u>
Excess (deficiency) of revenues over expenses	20,754	(12,151)
Net assets, beginning of year	49,034	61,185
Net assets, end of year	<u>\$ 69,788</u>	<u>\$ 49,034</u>

See accompanying notes to financial statements.

TRIATHLON CANADA

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash and cash equivalents provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ 20,754	\$ (12,151)
Items not involving cash:		
Amortization of capital assets	49,882	42,808
Amortization of intangible assets	6,749	6,749
Decrease (increase) in accounts receivable	196,638	(130,165)
(Increase) decrease in inventories	(53,384)	6,247
Increase in prepaid expenses	(28,237)	(20,445)
Increase in accounts payable and accrued liabilities	27,884	57,324
Increase (decrease) in deferred revenue	114,237	(121,640)
	334,523	(171,273)
Investing activities:		
Purchase of capital assets	(66,161)	(25,000)
Increase (decrease) in cash and cash equivalents	268,362	(196,273)
Cash and cash equivalents, beginning of year	37,089	233,362
Cash and cash equivalents, end of year	\$ 305,451	\$ 37,089

Non-cash transactions (note 8)

See accompanying notes to financial statements.

TRIATHLON CANADA

Notes to Financial Statements

Year ended March 31, 2020

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 funds held in bank accounts.

(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.

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(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, 2020

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.

(h) New accounting policies adopted during the year:

In March 2018, the Accounting Standards Board issued "Basis for Conclusions – Accounting Standards Improvements for Not-for-Profit Organizations", resulting in the introduction of three new handbook sections in the Accounting Standards for Not-for-Profit Organizations Part III of the Handbook, which were effective April 1, 2019:

- Section 4433, Tangible capital assets held by not-for-profit organizations, which directs organizations to apply the accounting guidance of Section 3061, Property Plant and Equipment in Part II of the Handbook;
- Section 4434, Intangible assets held by not-for-profit organizations, which directs organizations to annually assess intangible assets, and where applicable to record an impairment expense should the net carrying value be higher than the asset's fair value or replacement cost; and
- Section 4441, Collections held by not-for-profit organizations, which defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value.

The adoption of these standards had no impact on the financial statements.

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2020

2. Accounts receivable:

Accounts receivable consists of the following:

	2020		2019	
Trade account receivables	\$	185,473	\$	387,720
Grants receivable		25,000		20,000
Public service body rebate receivable		12,672		12,063
Allowance for doubtful accounts		(40,548)		(40,548)
	\$	182,597	\$	379,235

3. Capital assets:

	2020		2019	
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	\$ 5,990	\$ 5,990	- \$	347
Office furniture	38,950	27,265	11,685	19,475
Computer equipment	30,821	24,467	6,354	10,487
Computer database	46,602	32,558	14,044	4,958
Competition equipment	74,894	26,263	48,631	17,409
Leasehold improvements	7,274	6,062	1,212	3,637
Training equipment	28,001	23,334	4,667	14,001
	\$ 232,532	\$ 145,939	\$ 86,593	\$ 70,314

Amortization for the year amounted to \$49,882 (2019 - \$42,808) and is included in sustainability and administrative expenses.

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2020

4. Intangible assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Website and rebranding	\$ 33,746	\$ 23,622	\$ 10,124	\$ 16,873

Amortization for the year amounted to \$6,749 (2019 - \$6,749) and is included in sustainability and administrative expenses.

5. Deferred revenue:

Deferred revenue consists of the following:

	2020		2019	
Age-group team fees	\$	241,662	\$	96,710
Deferred grants		190,928		192,197
Other		31,787		61,233
	\$	464,377	\$	350,140

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2020

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:

	2020	2019
Sport Canada:		
Sport Funding and Accounting Framework (SFAF):		
Triathlon	\$ 563,500	\$ 563,500
Own the Podium - Triathlon	246,567	190,000
Own the Podium - Paratriathlon	173,433	182,955
Next Generation	62,500	62,500
Next Generation - Paratriathlon	25,250	25,000
Official Languages	14,500	14,500
Paratriathlon	5,500	5,500
Sport Hosting Program	325,000	300,000
Safe Sport and Gender Equity	122,650	-
	1,538,900	1,343,955
Canadian Olympic Committee	123,695	131,363
Canadian Paralympic Committee - Next Generation	25,250	25,616
94 Forward Commonwealth Legacy	463,294	496,784
Coaching Association of Canada	10,000	3,000
	\$ 2,161,139	\$ 2,000,718

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, 2020 were distributions from the Edmonton Triathlon Legacy Foundation Trust totaling \$nil (2019 - \$50,000).

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2020

8. Contributed materials and services:

During fiscal 2020, the Organization received \$218,289 (2019 - \$193,747) of contributed materials and services consisting of leased premises and uniforms. These amounts are recognized within the Statement of Operations and Net Assets, except for \$20,658 of uniforms which is recorded in inventory as at March 31, 2020.

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, 2020:

(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.

10. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess (deficiency) of revenues over expenses.

TRIATHLON CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2020

11. Impact of COVID-19:

Prior to the year-end, there was a global outbreak of a new strain of Coronavirus ("COVID-19") which prompted certain responses from government authorities. Such responses have included mandatory temporary closure of, or imposed limitations on, the operations of certain nonessential businesses including the cancellation of sporting and cultural events globally, including the postponement of the 2020 Tokyo Olympic games. In addition, shelter-in-place mandates and severe travel restrictions, including the closure of international borders have had a significant adverse impact on consumer spending and demand in the near term. Global equity and capital markets have also experienced significant volatility and weakness. Governments have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government's interventions.

The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the operating results and financial position of the Organization in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the business is not known at this time.