

World Triathlon

Lausanne

Report of the auditor
to the Executive Board

on the financial statements 2020



Report of the auditor

to the Executive Board of World Triathlon

Lausanne

On your instructions, we have audited the financial statements of World Triathlon, which comprise the balance sheet, profit and loss statement, cash flow statement and notes, for the year ended 31 December 2020.

Executive Board's responsibility

The Executive Board is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Executive Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 the auditor's 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, the auditor considers the internal control system relevant to the entity's preparation 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 existence and effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, 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 for the year ended 31 December 2020 comply with Swiss law.

PricewaterhouseCoopers SA



Philippe Tzaud
Audit expert



Nicolas Daehler
Audit expert

Lausanne, 21 June 2021

Enclosure:

- Financial statements (balance sheet, profit and loss statement, cash flow statement and notes)

*PricewaterhouseCoopers SA, avenue C.-F. Ramuz 45, case postale, CH-1001 Lausanne, Switzerland
Téléphone: +41 58 792 81 00, Téléfax: +41 58 792 81 10, www.pwc.ch*

PricewaterhouseCoopers SA is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.



Financial Statements

Company	World Triathlon
Financial year	2020
Closing date	31.12.2020

**Combined Balance sheet for the year ended
31 December 2020
(in USD)**

Assets	2020	2019
Current assets		
Cash and cash equivalents	2'007'886	4'403'408
Short-term investments with a quoted market price	6'003'323	5'373'043
Trade receivables due from third parties	386'430	311'290
Other current receivables due from third parties	2'547	2'547
Accrued income and prepaid expenses	53'183	58'752
Loan Receivable	31'691	-
Total current assets	8'485'060	10'149'040
Non-current assets		
Investments	1'690	1'690
Property, plant and equipment	183'522	197'136
Total non-current assets	185'212	198'826
Total assets	8'670'273	10'347'866
Liabilities	2020	2019
Short-term liabilities		
Trade payables due from third parties	546'183	767'381
Other short-term liabilities due from third parties	119'566	195'650
Accrued expenses and deferred income	425'180	197'876
Short-term provisions	910'298	1'130'783
COVID Loan	495'416	-
Total short-term liabilities	2'496'643	2'291'690
Allocated Funds		
IOC Contribution Fund	1'487'197	3'470'113
Total Allocated Funds	1'487'197	3'470'113
Unallocated Funds		
Cumulated surplus of revenue over expenses	4'586'064	4'466'947
Profit/loss for the year/period	100'369	119'117
Total Unallocated Funds	4'686'433	4'586'064
Total liabilities	8'670'273	10'347'866

World Triathlon



**Combined Profit and loss statement for the year ended
31 December 2020
(in USD)**

	2020	2019
Revenue		
Olympic games	1'982'916	3'572'256
Sponsorships	665'551	1'358'614
Television and event fees	141'921	2'374'410
Grants and contributions	98'596	98'182
Prize money received	-	460'000
Affiliation fees	43'200	30'900
Other Income	396'168	237'698
	3'328'351	8'132'060
Expenses		
Administrative expenses	-166'042	-287'667
Anti-doping related expenses	-284'451	-372'671
Bad debt	-	-206'000
Committee	-63'573	-343'464
Competitions and Events	-458'289	-1'621'084
Contingency	-184'594	-165'406
Depreciation of capital assets	-16'801	-15'433
Development	-403'317	-1'150'827
Executive Board	-31'337	-264'516
Legal and Accounting	-34'097	-25'204
Marketing	-155'652	-244'443
Media and Television	-390'930	-1'121'146
Olympic Games expenses	-	-265'360
President's Honorarium	-210'870	-208'765
Salaries	-1'745'423	-1'831'491
Sport Department	-171'999	-495'397
	-4'317'376	-8'618'877
Earnings before interest and taxes	-989'025	-486'817
Extraordinary Income	423'844	-
Financial income	723'195	701'891
Financial expenses	-57'646	-95'958
Profit/loss for the year	100'369	119'117



World Triathlon

**Combined statement of cash flows for the year ended
31 December 2020
(in USD)**

	2020	2019
Profit/loss for the year/period	100'369	119'117
Items not involving cash		
Depreciation	16'801	15'433
Bad debt expense	-	206'000
	117'170	340'550
Change in non-cash operating working capital		
Accounts receivable	-75'140	187'631
Loans receivable	-31'691	-
Prepaid expenses and deposits	5'569	8'465
Accounts payable and accrued liabilities	-297'282	167'972
Short-term provisions	-220'485	470'829
Deferred revenue	-1'755'612	-3'457'240
Cash from operating activities	-2'257'472	-2'281'792
Purchase of Fixed assets	-3'197	-12'800
Cash from investing activities	-3'197	-12'800
COVID Loan	495'416	-
Cash flow from financing activities	495'416	-
(Decrease) / increase in cash and cash equivalents	-1'765'253	-2'294'592
Cash and cash equivalents and short term investments with a quoted price - Beginning of year	9'776'450	12'071'043
Cash and cash equivalents and short term investments with a quoted price - End of year	8'011'209	9'776'450

World Triathlon

Notes to combined Financial Statements for the year ended December 31, 2020 (expressed in USD)

1 Purpose of the organization

The Organization's purpose is to develop, promote and generally advance the world-wide sport of Triathlon, Duathlon and its other related multi-sports.

2 Principles of combination

These combined financial statements have been prepared from the financial statements of World Triathlon and other contractually related entities. All balances and transactions between these entities have been eliminated. Entities included in the combined financial statements for the year ended 31 December 2019 and 2020 for the organization are summarized as follows :

ITU office of Vancouver
ITU office of Madrid
ITU Headquarters of Lausanne

3 Significant accounting policies

World Triathlon (the Organization) is a not for profit association governed by the provisions of the Swiss Civil Code. These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO). The significant accounting policies are summarized below:

3.1 Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are initially deferred and recognized as revenue when the related expenses are incurred or the restrictions have been met.

Revenue for services provided is recorded when earned and collection is reasonably assured. Sponsorship revenue is recorded in the period the amounts relate to or the sponsorship requirements are met.

The contribution received every four years from the International Olympic Committee (IOC) is based on a formula determined by the IOC for sharing television rights revenue from the Olympic Games. This contribution is unrestricted.

3.2 Cash and cash equivalents and short term investments

Cash and cash equivalents consist of cash and highly liquid investments with terms to maturity of three months or less at the date of acquisition, such as a money market fund.

3.3 Deferred revenue

Deferred revenue represents advance receipt of sponsorship revenue, event and affiliation fees. The revenue from event and affiliation fees is recognized in the year in which the event is held or to which the fees relate. Sponsorship revenue is restricted for specific use and is recognized in the year the related expenses are incurred, as required under the agreement. In 2016, the year of the RIO Olympics, it was decided to defer the IOC contribution funds over a 4 year cycle.

3.4 Property, Plant and equipment

Land and building comprise a strata title in a multi-unit commercial complex. Property, Plant and equipment are recorded at cost. Betterments that extend or enhance the estimated life or service potential of an asset are capitalized. When a capitalized asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Property , Plant and equipment are amortized on a straight-line basis over the following periods:

Building	30 years
Furniture and fixtures	5 years
Computer and TV equipment	3 years

3.5 Contributed services

A number of volunteers contribute a significant amount of time to the Organization each year. The value of certain services donated to the Organization by its members and others is not recognized or disclosed in the financial statements and related notes due to the difficulty of determining the fair value.

World Triathlon

Notes to combined Financial Statements for the year ended December 31, 2020 (expressed in USD)

3.6 Foreign currency

Monetary assets and liabilities denominated in other than US dollars are translated at the rate in effect at the date of the balance sheet. Transactions in currencies other than US dollars are translated at the rate in effect at the transaction date. Gains and losses resulting from fluctuations in the exchange rate associated with these transactions are recorded in the period they arise. Non-monetary assets are recorded at the historical rate of exchange in effect at the date of acquisition.

3.7 Use of estimates

The preparation of combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates include valuation of accounts receivable and the determination of the useful lives of capital assets for purposes of amortization. Actual results may ultimately differ from those estimates.

4 Declaration to the fact that the number of full-time equivalents, averaged over the year, did not exceed 10, 50 or 250

The number of full-time equivalents did not exceed 50 on an annual average basis.

5 Olympic Games and Expenses and Short-term provisions

In 2019 World Triathlon incurred a total of USD 265K expenses related to the Olympic Games 2020 (mainly flight tickets and accommodation) and due to unsurety of the recoverability of these expenses, World Triathlon prudently kept these as 2019 expenses. Whilst much of these expenses were recovered, the provision recorded in 2020 for further OG expenses remains and an additional amount has been added to the Contingency for COVID-19 (USD 184,594).

6 Property, Plant and Equipment

	2020			2019		
	Cost	Depreciation	Net	Cost	Depreciation	Net
	USD	USD	USD	USD	USD	USD
Land	140'431	-	140'431	140'431	-	140'431
Building	66'085	34'878	31'207	66'085	32'675	33'410
Furniture and fixtures	23'084	21'649	1'435	23'084	21'112	1'972
Computer equipment	130'624	120'803	9'821	127'437	107'539	19'898
TV equipment	69'836	69'207	627	69'836	68'410	1'426
	<u>430'060</u>	<u>246'537</u>	<u>183'522</u>	<u>426'873</u>	<u>229'736</u>	<u>197'136</u>

7 Allocated Funds - IOC Contribution Fund

	2020	2019
Balance at January 1st	3'470'113	7'042'369
Revenue recognised	<u>-1'982'916</u>	<u>-3'572'256</u>
Balance at December 31st	<u>1'487'197</u>	<u>3'470'113</u>

USD 13,500,000 (CHF 13'765'950) was received from the IOC in 2016 related to the 2016 RIO Olympics. In 2017 a third instalment of 1,644,048 USD (CHF 1,602,782) was received.

World Triathlon

Notes to combined Financial Statements for the year ended December 31, 2020 (expressed in USD)

8 Financial instruments

Foreign currency risk

The Organization faces foreign currency risk on its cash and cash equivalents and Other financial assets denominated in currencies other than US dollars. These foreign currency balances are as follows:

	2020	2019
	USD	USD
Canadian dollars	25'920	9'410
Euros	327'879	299'775
Swiss francs	3'413	309'250
	<u>357'212</u>	<u>618'435</u>

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It arises primarily on interest-bearing financial instruments held in the mutual funds account. The Organization does not use derivative financial instruments to manage the effects of this risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Organization cannot meet the demand for cash or fund its obligations as they become due. Management minimizes its exposure to liquidity risk by regularly monitoring cash flows. The Organization is not exposed to significant liquidity risk.

9 Commitments

Lease payments - Lausanne

The Organization is committed to making minimum annual rental payments for their leased premises in Lausanne, Switzerland. The lease payments are as follows:

	2020	2019
	USD	USD
Lease payments - Lausanne	40'270	38'169

Commitments are in Swiss Francs, however, the table presents the commitments in US dollars equivalents at the December 31, 2020 year-end date. *MSI provided rent abatement the month of May for the office portion of the monthly lease.

Agreement with World Triathlon Corporation

In 2020 the ongoing agreement with World Triathlon Corporation came to an end. The World Triathlon Corporation acquired the agreement from Lagardere Unlimited in April 2016. According to the agreement a minimum of seven events should comprise the ITU Triathlon World Series (WTS), under the governance of the Organization. Under the terms of the agreement, World Triathlon Corporation had the right and the obligation to organize a maximum of five WTS events as well as to manage the marketing of certain WTS international contractual TV rights.

World Triathlon

Notes to combined Financial Statements for the year ended December 31, 2020 (expressed in USD)

10 Conversion rate

The following exchange rates have been used in order to convert the combined financial statements from USD to CHF :

2020: 0.8927

2019: 0.9712

11 Risk Assessment

The Executive Board has periodically carried out reasonable risk assessments and introduced any resulting measures in order to guarantee that the risk of material misstatement in the accounts can be classified as low.

12 Deviations from the principle of consistency in presentation

Certain prior year balances have been reclassified in order to conform with the presentation of the current year. In accordance with Swiss Code of Obligations financial income and expenses have been presented separately from the operational result.

13 Impact of the pandemic situation

In 2020, due to the ongoing coronavirus pandemic around the globe, World Triathlon took the decision to postpone all international competitions until the end of June 30, 2020. In reality Events were postponed to end of October 2020. This postponement, along with the postponement of the Tokyo Olympic Games impacted the federation's business to a great extent. The actual financial impact will depend on the continually evolving situation and ultimate duration of the coronavirus pandemic into 2021 and remains difficult to predict. Nevertheless, the Board continues to believe that there is no material uncertainty that may cast doubt upon the federation's ability to continue as a going concern. The EB continues to follow the situation closely, reviewing on a regular basis and World Triathlon remains focused on delivering as many Triathlon Events when possible to do so.

14 Extraordinary Income

14.1 The pending situation with the Stockholm WTS agreement has been resolved and the amount allocated in Short Term Provisions (\$272,645 USD) exceeded the final amount payable (\$162,533 USD) by World Triathlon. Therefore, the excess Provision has been reclassified as Extraordinary Income for 2020.

14.2 Due to the COVID 19 pandemic, the 2020 Paris Congress was cancelled and a virtual congress was held in its place. An amount of \$250,000 USD had been allocated to Short Term provisions for potential overages to the Paris Congress which were no longer necessary so have been re-allocated to Extraordinary Income.

14.3 The liability referred to as Unpresented Cheques, which related to cheques that are stale dated for 10 or more years has been reclassified as Extraordinary Income and removed from the Balance Sheet.

15 Release of Hidden Reserves

15.1 Short Term provisions, allocated in prior years released in 2020 per following chart.

Detail	31.12.2019	31.12.2020	Variance
2020 OG	150'000	154'695	4'695
Marketing/branding	303'064	222'275	-80'789
Paris Congress	250'000	0	-250'000
COVID Contingency	165'406	350'000	184'594
Development mentorship program	60'000	20'795	-39'205
	928'470	747'765	-180'705

**Combined Balance sheet for the year ended
31 December 2020
(in CHF)**

Assets	2020	2019
Current assets		
Cash and cash equivalents	1'792'400	4'276'589
Short-term investments with a quoted market price	5'359'046	5'218'299
Trade receivables due from third parties	344'958	302'325
Other current receivables due from third parties	2'274	2'474
Accrued income and prepaid expenses	47'475	57'060
Loan Receivable	28'290	-
Total current assets	<u>7'574'443</u>	<u>9'856'746</u>
Non-current assets		
Investments	1'509	1'642
Property, plant and equipment	163'826	191'459
Total non-current assets	<u>165'335</u>	<u>193'100</u>
Total assets	<u>7'739'779</u>	<u>10'049'847</u>
Liabilities	2020	2019
Short-term liabilities		
Trade payables due from third parties	487'567	745'281
Other short-term liabilities due from third parties	106'734	190'015
Accrued expenses and deferred income	379'549	192'177
Short-term provisions	812'605	1'098'216
COVID Loan	442'248	-
Total short-term liabilities	<u>2'228'703</u>	<u>2'225'689</u>
Allocated Funds		
IOC Contribution Fund	1'327'591	3'370'174
Total Allocated Funds	<u>1'327'591</u>	<u>3'370'174</u>
Unallocated Funds		
Cumulated surplus of revenue over expenses	3'229'075	3'113'388
Profit/loss for the year/period	89'598	115'687
Translation adjustment	864'812	1'224'910
Total unallocated funds	<u>4'183'486</u>	<u>4'453'985</u>
Total liabilities	<u>7'739'779</u>	<u>10'049'847</u>

Combined Profit and loss statement for the year ended**31 December 2020****(in CHF)**

	2020	2019
Revenue		
Olympic games	1'770'109	3'469'375
Sponsorships	594'124	1'076'686
Television and event fees	126'690	2'306'027
Grants and contributions	88'014	95'355
Prize money received	-	446'752
Affiliation fees	38'564	30'010
Other Income	353'651	473'652
	2'971'153	7'897'857
Expenses		
Administrative expenses	-148'222	-279'382
Amortization of capital assets	-14'998	-14'989
Anti-doping related expenses	-253'924	-361'938
Bad debt	-	-200'067
Committee	-56'750	-333'572
Competitions and Events	-409'105	-1'574'397
Contingency	-164'783	-160'642
Development	-360'033	-1'117'683
Executive Board	-27'974	-256'898
Legal and Accounting	-30'438	-24'478
Media and Television	-348'976	-1'088'857
Olympic Games expenses	-	-257'718
President's Honoarium	-188'239	-202'753
Marketing	-138'947	-237'403
Salaries	-1'558'104	-1'778'744
Sport Department	-153'540	-481'129
	-3'854'035	-8'370'652
Earnings before interest and taxes	-882'881	-472'795
Extraordinary Income	378'357	-
Financial income & change in fair-value of marketable securities	645'582	681'676
Financial expenses	-51'459	-93'194
Profit/loss for the year/period	89'598	115'687