

World Triathlon

Lausanne

Report of the auditor
to the Executive Board

on the financial statements 2021



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 2021.

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 2021 comply with Swiss law.

PricewaterhouseCoopers SA

Andrea Costa
Audit expert

Nicolas Daehler
Audit expert

Lausanne, 10 June 2022

Enclosure:

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

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Financial Statements

Company	World Triathlon
Financial year	2021
Closing date	31.12.2021

**Combined Balance sheet for the year ended
31 December 2021
(in USD)**

Assets	2021	2020
Current assets		
Cash and cash equivalents	12'157'790	2'007'886
Short-term investments with a quoted market price	6'771'223	6'003'323
Trade receivables due from third parties	651'861	386'430
Other current receivables due from third parties	2'547	2'547
Accrued income and prepaid expenses	243'081	53'183
Loan Receivable	6'342	31'691
Total current assets	<u>19'832'845</u>	<u>8'485'060</u>
Non-current assets		
Investments	1'690	1'690
Property, plant and equipment	202'058	183'522
Total non-current assets	<u>203'749</u>	<u>185'212</u>
Total assets	<u>20'036'594</u>	<u>8'670'272</u>
Liabilities	2021	2020
Short-term liabilities		
Trade payables due from third parties	782'873	546'183
Other short-term liabilities due from third parties	1'220'695	119'566
Accrued expenses and deferred income	174'515	425'180
Short-term provisions	405'226	910'298
COVID Loan	-	495'416
Total short-term liabilities	<u>2'583'309</u>	<u>2'496'643</u>
Allocated Funds		
IOC Contribution Fund	12'650'000	1'487'197
Total Allocated Funds	<u>12'650'000</u>	<u>1'487'197</u>
Unallocated Funds		
Cumulated surplus of revenue over expenses	4'686'433	4'586'064
Profit/loss for the year/period	116'852	100'369
Total Unallocated Funds	<u>4'803'285</u>	<u>4'686'433</u>
Total liabilities	<u>20'036'594</u>	<u>8'670'272</u>

World Triathlon



**Combined Profit and loss statement for the year ended
31 December 2021
(in USD)**

	2021	2020
Revenue		
Olympic games	2'637'197	1'982'916
Sponsorships	1'097'451	665'551
Television and event fees	1'955'873	141'921
Grants and contributions	104'588	98'596
Prize money received	310'000	-
Affiliation fees	43'500	43'200
Other Income	374'044	396'168
	6'522'653	3'328'352
Expenses		
Administrative expenses	-242'061	-166'042
Anti-doping related expenses	-339'599	-284'451
Bad debt	-40'000	-
Committee	-23'222	-63'573
Competitions and Events	-1'240'965	-458'289
Contingency	-161'979	-184'594
Depreciation of capital assets	-11'067	-16'801
Development	-866'440	-403'317
Executive Board	-103'921	-31'337
Legal and Accounting	-30'638	-34'097
Marketing	-252'270	-155'652
Media and Television	-810'408	-390'930
Olympic Games expenses	-65'876	-
President's Honorarium	-212'529	-210'870
Salaries	-2'022'022	-1'745'423
Sport Department	-272'281	-171'999
TV Production	-647'671	-
	-7'342'949	-4'317'378
Earnings before interest and taxes	-820'295	-989'026
Extraordinary Income	293'512	423'844
Financial income	818'420	723'195
Financial expenses	-174'786	-57'646
Profit/loss for the year	116'852	100'369



World Triathlon

Combined statement of cash flows for the year ended
31 December 2021
(in USD)

	2021	2020
Cash from operating activities		
Profit/loss for the year/period	116'852	100'369
Items not involving cash		
Depreciation	11'067	16'801
Bad debt expense	40'000	-
	167'919	117'170
Change in non-cash operating working capital		
Accounts receivable	-305'431	-75'140
Loans receivable	25'349	-31'691
Prepaid expenses and deposits	-189'898	5'569
Accounts payable and accrued liabilities	1'337'820	-297'282
Short-term provisions	-505'072	-220'485
Deferred revenue	10'912'138	-1'755'612
	11'442'824	-2'257'471
Purchase of Fixed assets	-29'603	-3'197
Cash from investing activities	-29'603	-3'197
COVID Loan	-495'416	495'416
Cash Flow from financing activities	-495'416	495'416
(Decrease) / increase in cash and cash equivalents	10'917'805	-1'765'252
Cash and cash equivalents and short term investments with a quoted price - Beginning of year	8'011'209	9'776'450
Cash and cash equivalents and short term investments with a quoted price - End of year	18'929'013	8'011'209

World Triathlon

Notes to combined Financial Statements for the year ended December 31, 2021 (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 2020 and 2021 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. IOC contribution funds are deferred 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.

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

Due to the success of the Tokyo 2020 Olympics despite the ongoing COVID 19 pandemic, World Triathlon did not need to use the Short Term Provision (STP) provided for the Tokyo 2020 OG. Therefore, the corresponding STP has been recognised as Extraordinary Income as at 2021YE.

6 Property, Plant and Equipment

	2021			2020		
	Cost	Depreciation	Net	Cost	Depreciation	Net
	USD	USD	USD	USD	USD	USD
Land	140'431	-	140'431	140'431	-	140'431
Building	66'085	37'081	29'004	66'085	34'878	31'207
Furniture and fixtures	23'084	22'188	896	23'084	21'649	1'435
Computer equipment	160'227	129'231	30'996	130'624	120'803	9'821
TV equipment	69'836	69'105	731	69'836	69'207	627
	<u>459'664</u>	<u>257'605</u>	<u>202'058</u>	<u>430'060</u>	<u>246'537</u>	<u>183'522</u>

7 Allocated Funds - IOC Contribution Fund

	2021	2020
Balance at January 1st	1'487'197	3'470'113
Revenue recognised	-2'637'197	-1'982'916
2020Tokyo OG addition recv'd in 2021	13'800'000	-
Balance at December 31st	<u>12'650'000</u>	<u>1'487'197</u>

USD 13,800,000 (CHF 12'572'476) was received from the IOC in 2021 related to the 2020 Tokyo Olympics.

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:

	2021	2020
	USD	USD
Canadian dollars	40'644	25'920
Euros	2'042'373	327'879
Swiss francs	117'295	3'413
	<u>2'200'312</u>	<u>357'212</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 premise in Lausanne, Switzerland. The lease payments are as follows:

	2021	2020
	USD	USD
Lease payments - Lausanne	45'717	40'270

Commitments are in Swiss Francs, however, the table presents the commitments in US dollars equivalents at the December 31, 2021 year-end date.

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 organise a maximum of five WTS events as well as to manage the marketing of certain WTS international contractual TV rights.

10 Conversion rate

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

2021: 0.9110

2020: 0.8927

11 Risk Assessment

The Executive Board, with the guidance of the Audit, Risk and Integrity Committee, 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 COVID - 19

2021 started less vigorously than hoped as the Coronavirus pandemic continued to impact worldwide travel and most events were impacted in the first half of the year. As conditions improved and travel began to open up, events began to come back on board during the latter half of the year. Fortunately, with the successful hosting of the Tokyo Olympic Games, World Triathlon's Olympic Revenue allocation proceeded as planned and funding was received in line with the amounts received post Rio in 2016.

14 Subsequent Events

In light of the invasion of Ukraine by Russia, the potential impact of the situation on the organisations activities were analysed and while no significant impact was identified, the EB will watch the situation closely and allocate support funding as deemed necessary.

15 Extraordinary Income

15.1 The pending situation with the Stockholm WTS agreement has been resolved and the amount allocated in Short Term Provisions (STP) (\$272,645 USD) exceeded the final amount payable (\$162,533 USD) by World Triathlon. Therefore, the excess Provision has been re-classified as Extraordinary Income for 2020. ***2021 UPDATE** - further negotiations took place regarding the withholding tax related to the finalisation of the accounts and all parties agreed that World Triathlon should not be liable for their corresponding amount so there was a reduction to the agreed final amount payable in 2020. This resulted in a benefit to World Triathlon in that not all the STP was required and an additional amount (\$43,512 USD) was recognised as Extraordinary Income.

15.2 Due to continuing COVID 19 pandemic restrictions, the Short Term Provision (STP) allocated for additional costs related to Tokyo 2020 in the year 2021 were not required. Additionally, World Triathlon was able to recoup most of the cancelled airfare and accommodation expenses that had been recognised in 2019 which mitigated the 2021 expenses. Therefore, the STP provided for Tokyo 2020 (\$250,000 USD) has been recognised as Extraordinary Income.

15.3 While COVID 19 continued to be present throughout 2021, the effect was less than anticipated so the decision was taken to release a portion of the COVID Short Term Provision amount (\$100,000 USD) to Extraordinary Income.

16 Release of Hidden Reserves

Short Term provisions, allocated in prior years released in 2021 per following chart.

Detail	31.12.2020	31.12.2021	Variance
2020 OG	154'695	0	-154'695
Marketing/branding	222'275	155'226	-67'049
COVID Contingency	350'000	250'000	-100'000
Development mentorship program	20'795	0	-20'795
	747'765	405'226	-342'539

**Combined Balance sheet for the year ended
31 December 2021
(in CHF)**

Assets	2021	2020
Current assets		
Cash and cash equivalents	11'076'343	1'792'400
Short-term investments with a quoted market price	6'168'916	5'359'046
Trade receivables due from third parties	593'877	344'958
Other current receivables due from third parties	2'321	2'274
Accrued income and prepaid expenses	221'459	47'475
Loan Receivable	5'778	28'290
Total current assets	18'068'694	7'574'443
Non-current assets		
Investments	1'540	1'509
Property, plant and equipment	184'085	163'826
Total non-current assets	185'625	193'100
Total assets	18'254'319	7'739'779
Liabilities	2021	2020
Short-term liabilities		
Trade payables due from third parties	713'236	487'567
Other short-term liabilities due from third parties	1'112'113	106'734
Accrued expenses and deferred income	158'992	379'549
Short-term provisions	369'180	812'605
COVID Loan	-	442'248
Total short-term liabilities	2'353'522	2'228'703
Allocated Funds		
IOC Contribution Fund	11'524'770	1'327'591
Total Allocated Funds	11'524'770	1'327'591
Unallocated Funds		
Cumulated surplus of revenue over expenses	5'137'895	3'229'075
Profit/loss for the year/period	106'457	89'598
Translation adjustment	-868'324	864'812
Total unallocated funds	4'376'028	4'183'485
Total liabilities	18'254'319	7'739'779

World Triathlon



**Combined Profit and loss statement for the year ended
31 December 2021
(in CHF)**

	2021	2020
Revenue		
Olympic games	2'402'616	1'770'109
Sponsorships	999'832	594'124
Television and event fees	1'781'896	126'690
Grants and contributions	95'285	88'014
Prize money received	282'425	-
Affiliation fees	39'631	38'564
Other Income	340'773	353'651
	5'942'457	2'971'153
Expenses		
Administrative expenses	-220'530	-148'222
Amortization of capital assets	-10'083	-14'998
Anti-doping related expenses	-309'391	-253'924
Bad debt	-36'442	-
Committee	-21'157	-56'750
Competitions and Events	-1'130'580	-409'105
Contingency	-147'570	-164'783
Development	-789'369	-360'033
Executive Board	-94'677	-27'974
Legal and Accounting	-27'912	-30'438
Media and Television	-738'321	-348'976
Olympic Games expenses	-60'016	-
President's Honoarium	-193'624	-188'239
Marketing	-229'831	-138'947
Salaries	-1'842'161	-1'558'104
Sport Department	-248'062	-153'540
TV Production	-590'060	-
	-6'689'786	-3'854'035
Earnings before interest and taxes	-747'329	-882'881
Extraordinary Income	267'404	378'357
Financial income & change in fair-value of marketable securities	745'621	645'582
Financial expenses	-159'238	-51'459
Profit/loss for the year/period	106'457	89'598