

World Triathlon

Lausanne

Report of the auditor
to the Executive Board

on the financial statements 2022



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 2022.

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 2022 comply with Swiss law.

PricewaterhouseCoopers SA

Andrea Costa
Audit expert

Nicolas Daehler
Audit expert

Lausanne, 7 June 2023

Enclosure:

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

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



Financial Statements

Company	World Triathlon
Financial year	2022
Closing date	31.12.2022

World Triathlon



**Combined Balance sheet for the year ended
31 December 2022
(in USD)**

Assets	2022	2021
Current assets		
Cash and cash equivalents	5'941'841	12'157'790
Short-term investments with a quoted market price	7'481'165	6'771'223
Trade receivables due from third parties	1'754'954	651'861
Other current receivables due from third parties	2'547	2'547
Accrued income and prepaid expenses	159'987	243'081
Loan Receivable	19'469	6'342
Total current assets	15'359'964	19'832'845
Non-current assets		
Investments	1'690	1'690
Property, plant and equipment	194'646	202'058
Total non-current assets	196'336	203'749
Total assets	15'556'300	20'036'594
Liabilities	2022	2021
Short-term liabilities		
Trade payables due from third parties	709'679	782'873
Other short-term liabilities due from third parties	191'003	1'220'695
Accrued expenses and deferred income	397'287	174'515
Short-term provisions	383'474	405'226
Total short-term liabilities	1'681'444	2'583'309
Allocated Funds		
IOC Contribution Fund	9'494'048	12'650'000
Total Allocated Funds	9'494'048	12'650'000
Unallocated Funds		
Cumulated surplus of revenue over expenses	4'803'285	4'686'433
Profit/loss for the year/period	-422'474	116'852
Total Unallocated Funds	4'380'811	4'803'285
Total liabilities	15'556'300	20'036'594

World Triathlon



Combined Profit and loss statement for the year ended
31 December 2022
(in USD)

	2022	2021
Revenue		
Olympic games	4'500'000	2'637'197
Sponsorships	1'432'278	1'097'451
Television and event fees	1'826'221	1'955'873
WTCS TV Production *NEW	732'875	-
Grants and contributions	125'340	104'588
Prize money received	270'000	310'000
Affiliation fees	43'204	43'500
Other Income	316'935	374'044
	9'246'853	6'522'653
Expenses		
Administrative expenses	-188'066	-242'061
Anti-doping related expenses	-427'711	-339'599
Bad debt	-320'000	-40'000
Committee	-50'775	-23'222
Competitions and Events	-1'555'162	-1'240'965
Contingency	-92'212	-161'979
Depreciation of capital assets	-17'877	-11'067
Development	-941'703	-866'440
Executive Board	-211'231	-103'921
Legal and Accounting	-32'496	-30'638
Marketing	-185'750	-252'270
Media and Television	-1'008'303	-810'408
Olympic Games expenses	-	-65'876
President's Honorarium	-200'963	-212'529
Salaries	-2'048'506	-2'022'022
Sport Department	-462'409	-272'281
World Triathlon Tribunal *NEW	-34'538	-
WTCS TV Production *NEW	-1'044'899	-647'671
	-8'822'599	-7'342'949
Earnings before interest and taxes	424'253	-820'296
Extraordinary Income	-	293'512
Profit/Loss on Sale of Fixed Asset	454	-
Financial income	-	818'420
Financial expenses	-847'181	-174'786
Profit/loss for the year	-422'474	116'852

**Combined statement of cash flows for the year ended
31 December 2022
(in USD)**

	2022	2021
Cash from operating activities		
Profit/loss for the year/period	-422'474	116'852
Items not involving cash		
Depreciation	17'877	11'067
Bad debt expense	320'000	40'000
	-84'597	167'919
Change in non-cash operating working capital		
Accounts receivable	-1'423'093	-305'431
Loans receivable	-13'127	25'349
Prepaid expenses and deposits	83'094	-189'898
Accounts payable and accrued liabilities	-1'102'886	1'337'820
Short-term provisions	-21'752	-505'072
Deferred revenue	-2'933'180	10'912'138
	-5'495'540	11'442'825
Purchase of Fixed assets	-10'464	-29'603
Cash from investing activities	-10'464	-29'603
COVID Loan	-	495'416
Cash Flow from financing activities	-	495'416
(Decrease) / increase in cash and cash equivalents	-5'506'004	10'917'805
Cash and cash equivalents and short term investments with a quoted price - Beginning of year	18'929'013	8'011'209
Cash and cash equivalents and short term investments with a quoted price - End of year	13'423'007	18'929'013

World Triathlon

Notes to combined Financial Statements for the year ended December 31, 2022 (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 2021 and 2022 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 title of property 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 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.

World Triathlon

Notes to combined Financial Statements for the year ended December 31, 2022 (expressed in USD)

3.6 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 Property, Plant and Equipment

	2022			2021		
	Cost	Depreciation	Net	Cost	Depreciation	Net
	USD	USD	USD	USD	USD	USD
Land	140'431	-	140'431	140'431	-	140'431
Building	66'085	39'284	26'801	66'085	37'081,00	29'004
Furniture and fixtures	23'084	22'726	359	23'084	22'188	896
Computer equipment	170'692	143'636	27'055	160'227	129'231	30'996
TV equipment	69'836	69'836	0	69'836	69'105	729
	<u>470'128</u>	<u>275'482</u>	<u>194'646</u>	<u>459'664</u>	<u>257'605</u>	<u>202'057</u>

6 Allocated Funds - IOC Contribution Fund

	2022	2021
Balance at January 1st	12'650'000	1'487'197
Revenue recognised	-4'500'000	-2'637'197
2020Tokyo OG addition rcv'd in 2022	1'344'048	13'800'000
Balance at December 31st	<u>9'494'048</u>	<u>12'650'000</u>

USD 13,800,000 (CHF 12'572'476) was received from the IOC in 2021 related to the 2020 Tokyo Olympics. A further USD 1,344,048 was received in 2022 as the 3rd and final installment

7 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:

	2022	2021
	USD	USD
Canadian dollars	19'271	40'644
Euros	645'108	2'042'373
Swiss francs	770'146	117'295
	<u>1'434'525</u>	<u>2'200'312</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.

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.

World Triathlon

Notes to combined Financial Statements for the year ended December 31, 2022 (expressed in USD)

8 Commitments

Lease payments - Lausanne

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

	2022	2021
	USD	USD
Lease payments - Lausanne	43'319	45'717

Commitments are in Swiss Francs, however, the table presents the commitments in US dollars equivalents at the December 31, 2022 year-end date.

9 Conversion rate

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

2022: 0.9244

2021: 0.9110

10 Risk Assessment

The Executive Board, with the guidance of the Audit, Risk and Integrity Committee, has performed a risk assessment and introduced any resulting measures in order to guarantee that the risk of material misstatement in the accounts can be classified as low.

11 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.

12 Subsequent Events

In a result of the Russia-Ukraine conflict, while no significant financial impact was identified, the EB allocated USD 40,000 of support funds to the Ukrainian National Federation.

13 Extraordinary Income

The 2021 extraordinary income was related to USD 43,512 of withholding tax recovered by World Triathlon related to the Stockholm WTS agreement as well as a release of the USD 250'000 provision for additional costs related to Tokyo 2020 that was not required.

No extraordinary Income was recognised in 2022.

14 Release of Hidden Reserves

Short Term provisions, allocated in prior years released in 2022 per following chart.

Detail	31.12.2022	31.12.2021	Variance
2020 OG	0	0	0
Marketing/branding	133'474	155'226	21'752
COVID Contingency	250'000	250'000	0
Development mentorship program	0	0	0
	383'474	405'226	21'752

**Combined Balance sheet for the year ended
31 December 2022
(in CHF)**

Assets	2022	2021
Current assets		
Cash and cash equivalents	5'492'852	11'076'343
Short-term investments with a quoted market price	6'915'858	6'168'916
Trade receivables due from third parties	1'622'343	593'877
Other current receivables due from third parties	2'355	2'321
Accrued income and prepaid expenses	147'897	221'459
Loan Receivable	17'998	5'778
Total current assets	14'199'303	18'068'694
Non-current assets		
Investments	1'563	1'540
Property, plant and equipment	179'938	184'085
Total non-current assets	181'500	185'625
Total assets	14'380'804	18'254'319
Liabilities	2022	2021
Short-term liabilities		
Trade payables due from third parties	656'053	713'236
Other short-term liabilities due from third parties	176'570	1'112'113
Accrued expenses and deferred income	367'267	158'992
Short-term provisions	354'497	369'180
COViD Loan	-	-
Total short-term liabilities	1'554'387	2'353'522
Allocated Funds		
IOC Contribution Fund	8'776'640	11'524'770
Total Allocated Funds	8'776'640	11'524'770
Unallocated Funds		
Cumulated surplus of revenue over expenses	4'482'485	5'137'895
Profit/loss for the year/period	-390'550	106'457
Translation adjustment	-42'157	-868'324
Total unallocated funds	4'049'778	4'376'028
Total liabilities	14'380'804	18'254'319

World Triathlon



**Combined Profit and loss statement for the year ended
31 December 2022
(in CHF)**

	2022	2021
Revenue		
Olympic games	4'159'962	2'402'616
Sponsorships	1'324'049	999'832
Television and event fees	1'688'224	1'781'896
WTCS TV Production *NEW	677'496	-
Grants and contributions	115'869	95'285
Prize money received	249'598	282'425
Affiliation fees	39'939	39'631
Other Income	292'986	340'773
	8'548'123	5'942'457
Expenses		
Administrative expenses	-173'855	-220'530
Amortization of capital assets	-16'526	-10'083
Anti-doping related expenses	-395'391	-309'391
Bad debt	-295'820	-36'422
Committee	-46'938	21'157
Competitions and Events	-1'437'648	-1'130'580
Contingency	-85'244	-147'570
Development	-870'544	-789'369
Executive Board	-195'269	-94'677
Legal and Accounting	-30'040	-27'912
Media and Television	-932'111	-738'321
Olympic Games expenses	-	-60'016
President's Honoarium	-185'777	-193'624
Marketing	-171'714	-229'831
Salaries	-1'893'713	-1'842'161
Sport Department	-427'467	-248'062
World Triathlon Tribunal *NEW	-31'928	-
WTCS TV Production *NEW	-965'942	-590'060
	-8'155'928	-6'689'786
Earnings before interest and taxes	392'195	-747'320
Extraordinary Income	-	267'404
Profit/Loss on Sale of Fixed Asset	420	-
Financial income & change in fair-value of marketable securities	-	745'621
Financial expenses	-783'165	-159'238
Profit/loss for the year/period	-390'550	106'457