Financial Statements of

TRIATHLON CANADA

And Independent Auditor's Report thereon

Year ended March 31, 2023

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INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 21, 2023

TRIATHLON CANADA

Statement of Financial Position

March 31, 2023, with comparative information for 2022

		2023		2022
Assets				
Current assets:				
Cash and cash equivalents	$	681,559	$	1,767,042
Accounts receivable (note 2)		194,133		348,614
Inventories		74,772		38,093
Prepaid expenses		78,699		22,938
		1,029,163		2,176,687
Capital assets (note 3)		50,040		86,793
	$	1,079,203	$	2,263,480
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 5)	$	202,034	$	1,453,279
Deferred revenue (note 6)		650,353		645,669
		852,387		2,098,948
Net assets:				
Unrestricted net assets		226,816		164,532
	$	1,079,203	$	2,263,480

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, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Grants (note 8)	$ 2,190,138	$ 3,489,197
Memberships and fees	215,824	180,958
Donations	76,573	89,068
Participation teams	225,469	81,291
Sponsorships	121,316	156,316
National Triathlon Centre	10,450	10,200
Interest and other contributions	21,963	25,550
Canada emergency wage subsidy (note 7)	-	258,621
	2,861,733	4,291,201
Expenses:		
Performance programs	1,497,306	1,854,736
Sustainability and administrative expenses	974,763	1,077,226
Technical and events	124,518	1,378,422
Age group programs	202,862	87,499
	2,799,449	4,397,883
Net earnings (loss)	62,284	(106,682)
Net assets, beginning of year	164,532	271,214
Net assets, end of year	$ 226,816	$ 164,532

See accompanying notes to financial statements.

TRIATHLON CANADA
Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash and cash equivalents provided by (used in):		
Operating activities:		
Net earnings (loss)	$ 62,284	$ (106,682)
Items not involving cash:		
Amortization of capital assets	51,508	56,252
Amortization of intangible assets	-	3,375
	113,792	(47,055)
Changes in non-cash operating working capital:		
Accounts receivable	154,481	(35,005)
Inventories	(36,679)	18,908
Prepaid expenses	(55,761)	16,727
Accounts payable and accrued liabilities	(1,251,245)	1,340,887
Deferred revenue	4,684	(155,497)
	(1,070,728)	1,138,965
Investing activities:		
Purchase of capital assets	(16,571)	(68,953)
Proceeds from sale of capital assets	1,816	-
	(14,755)	(68,953)
Increase (decrease) in cash and cash equivalents	(1,085,483)	1,070,012
Cash and cash equivalents, beginning of year	1,767,042	697,030
Cash and cash equivalents, end of year	$ 681,559	$ 1,767,042

Non-cash transactions (note 9)

See accompanying notes to financial statements.

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) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and funds held in bank accounts.

(b) Inventories:

Inventories, consisting of uniforms on hand, are measured at the lower of cost and net realizable value, with cost being determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

(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.

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.

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) 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.

2. Accounts receivable:

Accounts receivable consists of the following:

		2023		2022
Trade account receivables	$	180,831	$	28,945
Grants receivable		-		307,089
Public service body rebate receivable		13,302		12,580
	$	194,133	$	348,614

3. Capital assets:

						2023		2022
		Cost		Accumulated amortization		Net book value		Net book value
Office equipment	$	5,990	$	5,990	$	-	$	-
Office furniture		38,950		38,950		-		-
Computer equipment		54,777		44,004		10,773		9,348
Computer database		65,631		59,495		6,136		15,378
Competition equipment		156,281		123,150		33,131		62,067
Leasehold improvements		7,274		7,274		-		-
Training equipment		28,001		28,001		-		-
	$	356,904	$	306,864	$	50,040	$	86,793

Amortization for the year amounted to $51,508 (2022 - $56,252) and is included in performance programs and sustainability and administrative expenses.

4. Intangible assets:

						2023		2022
		Cost		Accumulated amortization		Net book value		Net book value
Website and rebranding	$	33,746	$	33,746	$	-	$	-

There was no amortization expense for the year (2022 - $3,375).

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are amounts payable of $10 (2022 - $1,166,289) to local organizing committees and $1,596 (2022 - nil) related to government remittances.

6. Deferred revenue:

Deferred revenue consists of the following:

	2023	2022
Age-group team fees and uniforms	$ 334,801	$ 37,984
Deferred grants	237,877	467,377
Other	77,675	140,308
	$ 650,353	$ 645,669

7. Wage subsidies:

In the prior year, the Organization applied for and received the Canada Emergency Wage Subsidy (CEWS). CEWS is a subsidy that provides government assistance up to 75% of eligible remuneration and is based on the revenue reduction experienced by the Organization as a result of COVID-19. The funds received are not required to be repaid. As of October 24, 2021, the Canada Emergency Wage Subsidy (CEWS) was replaced with the Hardest-Hit Business Recovery Program (HHBRP) which offers wage and rent support through to May 7, 2022 for eligible organizations who experience both a 50% average revenue drop from March 2020 to February 2021 and a claim period revenue drop of at least 50%.

In the prior year, the Organization recognized a total of $258,621 in CEWS and HHBRP funding, of this amount, $57,089 was accrued as grant receivable from the government at March 31, 2022. There was no CEWS or HHBRP received in the current fiscal year.

8. 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:

	2023	2022
Sport Canada:		
Sport Canada: Reference Level Funding		
Triathlon	$ 563,500	$ 657,536
Enhanced Excellence - Triathlon	156,500	447,320
Enhanced Excellence - Paratriathlon	283,625	103,647
Medicine Support	124,875	103,915
Next Generation	37,500	70,000
Next Generation - Paratriathlon	25,000	25,000
Official Languages	14,500	14,500
Paratriathlon	5,500	-
Ref Level Recovery	512,888	322,000
Sport Hosting Program	100,000	1,350,000
Safe Sport and Gender Equity	18,000	201,196
	1,841,888	3,295,114
Canadian Olympic Committee	69,600	127,500
Canadian Paralympic Committee - Next Generation	25,000	25,000
94 Forward Commonwealth Legacy	239,500	38,583
Coaching Association of Canada	14,150	3,000
	$ 2,190,138	$ 3,489,197

The following table provides a reconciliation of Sport Canada funding received in the fiscal 2023 year:

	2023
Sport Canada funding received for the year end March 31, 2023	$ 1,841,888
Sport Canada fiscal 2023 funding recognized as revenue	(1,841,888)
Unspent Sport Canada funding for the fiscal year end March 31, 2023	$ -

9. Contributed materials and services:

During fiscal 2023, the Organization received $155,000 (2022 - $195,000) of contributed materials and services consisting of leased premises and uniforms. These amounts are recognized within the Statement of Operations and Changes in Net Assets, except for $nil of uniforms which is recorded in inventory as at March 31, 2023 (2022 - $3,554).

10. 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, 2023:

(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.

It is management's opinion that the Organization is not exposed to significant interest risk or foreign exchange