
TRIATHLON ONTARIO
FINANCIAL STATEMENTS
MARCH 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Triathlon Ontario
MILTON
Ontario

Opinion

We have audited the accompanying financial statements of Triathlon Ontario which comprise the statement of financial position as at March 31, 2021 and the statement of earnings and changes in net assets and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at March 31, 2021 and the results of its 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 report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 these 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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 these financial statements.

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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 entity'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 entity'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 entity 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.

We 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.



NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

December 3, 2021

TRIATHLON ONTARIO

STATEMENT OF FINANCIAL POSITION

As at March 31,	2021	2020
ASSETS		
Current		
Cash and cash equivalents	\$ 325,195	\$ 187,921
Accounts receivable	408	5,698
Inventories	8,421	12,696
Prepaid expenses	<u>27,793</u>	<u>52,793</u>
	\$ 361,817	\$ 259,108
Capital Assets (Note 2)	1,428	6,496
Intangible Assets (Note 3)	<u>4,492</u>	<u>12,289</u>
	<u>\$ 367,737</u>	<u>\$ 277,893</u>

LIABILITIES

Current		
Accounts payable and accrued liabilities	\$ 14,365	\$ 18,772
Deferred revenues and grants (Note 4)	<u>121,880</u>	<u>160,381</u>
	\$ 136,245	\$ 179,153
Long-Term		
CEBA loan payable (Note 5)	<u>40,000</u>	-
	\$ 176,245	\$ 179,153
NET ASSETS	<u>191,492</u>	<u>98,740</u>
	<u>\$ 367,737</u>	<u>\$ 277,893</u>

Approved by the Board:

_____ Director

_____ Director

TRIATHLON ONTARIO

STATEMENT OF EARNINGS AND CHANGES IN NET ASSETS

For the year ended March 31,	2021	2020
REVENUES		
Government assistance and other grants (Notes 5 & 6)	\$ 303,940	\$ 107,094
Memberships (Note 4)	135,250	300,143
Athlete development projects	27,678	123,827
Non-membership programs	23,147	35,698
Sanction fees	17,014	28,705
Coaching and official fees	8,544	8,996
Other	6,063	3,252
Marketing	4,670	15,099
	<u>\$ 526,306</u>	<u>\$ 622,814</u>
EXPENSES		
Salaries and benefits	\$ 279,836	\$ 271,103
General and administrative	44,802	53,890
Athlete assistance and development	27,650	141,910
Membership benefits	22,924	32,590
Non-membership programs	17,633	26,179
Communication	13,037	26,075
Marketing	9,415	24,987
Amortization of intangible assets	7,797	7,797
Coaching and officials	5,392	33,883
Amortization of capital assets	5,068	5,068
	<u>\$ 433,554</u>	<u>\$ 623,482</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 92,752	\$ (668)
NET ASSETS - Beginning	<u>98,740</u>	<u>99,408</u>
NET ASSETS - Ending	<u>\$ 191,492</u>	<u>\$ 98,740</u>

See accompanying notes

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TRIATHLON ONTARIO

STATEMENT OF CASH FLOWS

For the year ended March 31,

2021

2020

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenses	\$ 92,752	\$ (668)
Items not affecting cash:		
Amortization of intangible assets	7,797	7,797
Amortization of capital assets	5,068	5,068
CEBA loan forgiveness	(20,000)	-
	<u>\$ 85,617</u>	<u>\$ 12,197</u>
Net change in non-cash working capital balances:		
Accounts receivable	5,290	(3,443)
Inventories	4,275	(11,073)
Prepaid expenses	25,000	(8,452)
Accounts payable and accrued liabilities	(4,407)	5,555
Deferred revenue and grants	(38,501)	(2,460)
	<u>\$ 77,274</u>	<u>\$ (7,676)</u>

INVESTING ACTIVITIES

Purchase of capital assets:		
Sporting equipment	-	(2,330)

FINANCING ACTIVITIES

Advance from the CEBA loan	<u>60,000</u>	<u>-</u>
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INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

\$ 137,274 \$ (10,006)

CASH AND CASH EQUIVALENTS - Beginning

187,921 197,927

CASH AND CASH EQUIVALENTS - Ending

\$ 325,195 \$ 187,921

Cash and cash equivalents consist of the following:

Cash in bank balances	\$ 39,739	\$ 25,802
Guaranteed investment certificates bearing interest at rates from 0.01% - 0.0001% (2020 - 0.5% - 1.4%) maturing between October 2021 and January 2022	<u>285,456</u>	<u>162,119</u>
	<u>\$ 325,195</u>	<u>\$ 187,921</u>

See accompanying notes

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TRIATHLON ONTARIO

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

NATURE OF OPERATIONS

Triathlon Ontario (the "Organization") exists to develop programs in Ontario that support triathletes, promote the sport and encourage safe and fair races. The Organization is incorporated under the laws of the Province of Ontario as a non-profit Organization and as such, is exempt from income tax.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been 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 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.

Significant estimates include the estimated useful life of capital and intangible assets.

b) Cash and Cash Equivalents

Cash and cash equivalents consists of cash held in bank accounts and cashable guaranteed investment certificates that are held for the purpose of meeting short-term cash commitments.

c) Inventories

Inventories consisting of clothing and various race accessories are measured at the lower of cost and replacement value with cost being determined using the first-in, first-out method.

d) Capital Assets

Capital assets are recorded at cost. Amortization is being provided over the estimated useful life of the assets using the straight-line method at the following annual rates:

	<u>Rate</u>
Sporting equipment	3 years
Computer equipment	3 years

e) Intangible Assets

Intangible assets are amortized on the basis of the estimated useful life of the asset using the straight-line method at the following annual rate:

	<u>Rate</u>
Website	4 years

TRIATHLON ONTARIO
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1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued

f) **Impairment of Long-lived Assets**

When a long-lived 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.

g) **Revenue Recognition**

The Organization follows the deferral method of accounting for government and other grants. Externally restricted grants are recognized as revenue in the period in which the related expenses are incurred.

Memberships, athlete development projects, non-membership programs, marketing, sanction, and coaching and official fees 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.

h) **Contributed Goods and Services**

Contributed goods and services are not recorded in the accounts.

i) **Financial Instruments**

Measurement of Financial Instruments

The Organization initially measures all of its financial assets and liabilities at fair value and subsequently measures all of its financial assets and liabilities at amortized cost.

Financial instruments measured at amortized cost include cash and cash equivalents and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and the CEBA loan.

The Organization has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in excess of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

TRIATHLON ONTARIO
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2. CAPITAL ASSETS

Capital assets consist of the following:

	2021			2020
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Sporting equipment	\$ 14,551	\$ 13,774	\$ 777	\$ 5,627
Computer equipment	<u>6,288</u>	<u>5,637</u>	<u>651</u>	<u>869</u>
	<u>\$ 20,839</u>	<u>\$ 19,411</u>	<u>\$ 1,428</u>	<u>\$ 6,496</u>

3. INTANGIBLE ASSETS

Intangible assets consist of the following:

	2021			2020
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Website	<u>\$ 31,188</u>	<u>\$ 26,696</u>	<u>\$ 4,492</u>	<u>\$ 12,289</u>

4. DEFERRED REVENUES AND GRANTS

Deferred revenues and grants represent unspent operating funds received in the current period that are related to a subsequent period and consist of the following:

	Government Grants	Membership	Other	2021	2020
Balance - Beginning	\$ 2,971	\$ 109,732	\$ 47,678	\$ 160,381	\$ 162,841
Amounts received during the year	<u>338,837</u>	<u>63,303</u>	<u>85,395</u>	<u>487,535</u>	<u>625,788</u>
	\$ 341,808	\$ 173,035	\$ 133,073	\$ 647,916	\$ 788,629
Amounts recognized as revenue during the year	<u>283,940</u>	<u>135,250</u>	<u>106,846</u>	<u>526,036</u>	<u>628,248</u>
Balance - Ending	<u>\$ 57,868</u>	<u>\$ 37,785</u>	<u>\$ 26,227</u>	<u>\$ 121,880</u>	<u>\$ 160,381</u>

According to the terms and conditions of the agreements entered into by the Organization, grants received from various sources must be spent on approved programs within specified time frames.

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NOTES TO FINANCIAL STATEMENTS
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5. CEBA LOAN

Triathlon Ontario received a \$60,000 Canada Emergency Business Account ("CEBA") loan as part of the federal government's response to the COVID-19 pandemic. The loan is non-interest bearing and is due December 31, 2022. If \$40,000 is repaid by the due date, the remaining \$20,000 will be forgiven. The Organization recognized the \$20,000 forgivable portion as revenue (Note 6) in the current year and decreased its liability to \$40,000 as it expects to repay this amount by the due date.

6. GOVERNMENT AND OTHER GRANTS

Triathlon Ontario recognized government and other grants as follows:

	2021	2020
Canada Emergency Wage Subsidy	\$ 146,594	\$ -
Ontario Amateur Sport Fund	87,369	91,548
Emergency Federal Assistance	37,293	-
CEBA Loan Forgiveness	20,000	-
Canada Emergency Rent Subsidy	5,106	-
Summer Employment Grant	3,658	3,658
Canada Summer Jobs	3,920	5,698
Town of Milton	-	3,440
QFG CE Training Program	-	2,750
	<u>\$ 303,940</u>	<u>\$ 107,094</u>

7. IMPACT OF COVID-19

On March 11, 2020, The World Health Organization declared the outbreak of novel coronavirus (COVID-19) a pandemic. In an effort to control the spread of the virus, the Ontario government placed societal restrictions on group gatherings and implemented other physical distancing mandates which have significantly impacted the Organization's operations throughout the year. As a result of the Organization being prevented from operating all of its programs, events and services throughout the year has resulted in decrease in the revenues of membership, athlete development, and sanction fees. The Organization has taken steps to mitigate the financial impact of the pandemic including taking advantage of government emergency assistance as described in Notes 4,5 and 6. The pandemic and its effects continue to cause uncertainty regarding the Organization's future cash flows and continued social distancing measures could impact future operations. As at the date of the independent auditor's report, it is impracticable for the Organization to quantify this impact on the results of operations for the subsequent year.

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NOTES TO FINANCIAL STATEMENTS
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8. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's exposure to and concentrations of risk at March 31, 2021:

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 is not exposed to significant credit risk.

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 and the CEBA loan. 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.

c) **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk, and price risk. The Organization is not exposed to significant market risk.