TRIATHLON MANITOBA INC.

FINANCIAL STATEMENTS

MARCH 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Triathlon Manitoba Inc.:

Opinion
We have audited the financial statements of Triathlon Manitoba Inc. (the Organization), which comprise the statement of financial position as at March 31, 2023, and the statement of operations, statement of 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 financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and its financial performance 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 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 these 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.

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.

Scarrow & Donald, LLP

Chartered Professional Accountants
October 5, 2023
Winnipeg, Canada

TRIATHLON MANITOBA INC.

STATEMENT OF FINANCIAL POSITION

	March 31 2023	March 31 2022
ASSETS		
Current assets:		
Cash	$ 164,328	$ 235,099
Accounts receivable	5,227	18,756
Prepaid expenses	5,302	11,364
	174,857	265,219
Investment - scholarship fund (Note 4)	10,419	10,140
Equipment	177,287	172,106
Less: Accumulated amortization	(162,253)	(156,439)
	15,034	15,667
	$ 200,310	$ 291,026
LIABILITIES		
Current liabilities:		
Accounts payable	$ 13,740	$ 5,732
Deferred revenue	18,048	15,655
Deferred contributions (Note 5)	3,544	23,768
	35,332	45,155
Deferred contributions related to equipment (Note 6)	5,161	6,241
Deferred contributions - scholarship fund (Note 4)	10,419	10,140
	50,912	61,536
NET ASSETS		
Invested in equipment	9,873	9,426
Unrestricted	119,609	202,018
Equipment subsidy fund (Note 7)	19,916	18,046
	149,398	229,490
	$ 200,310	$ 291,026

APPROVED BY THE BOARD:

______________________________ **Director**

______________________________ **Director**

TRIATHLON MANITOBA INC.

STATEMENT OF OPERATIONS

	Year ended March 31 2023	2022
Revenue:		
Sport Manitoba grants	$ 84,864	$ 83,723
Sport Manitoba - Sport program funding	37,700	37,700
Government assistance (Note 8)	-	26,559
Grants from other funders	1,000	700
Manitoba Triathlon Centre (Schedule)	82,626	91,578
Membership and participant fees	41,334	17,681
Amortization of deferred contributions related to equipment (Note 6)	2,330	14,021
Interest revenue	2,902	818
Youth development	140	-
	252,896	272,780
Expenses:		
Administration	130,424	93,661
Amortization	2,958	15,150
Awards evening	2,987	-
Elite high performance	5,400	4,899
Manitoba Triathlon Centre (Schedule)	127,404	132,499
Program development	60,706	32,843
Youth development	3,109	-
	332,988	279,052
Difference between revenue and expenditures	$ (80,092)	$ (6,272)

TRIATHLON MANITOBA INC.

STATEMENT OF CHANGES IN NET ASSETS

	Equipment Subsidy Fund	Invested in Equipment	Unrestricted	Year ended March 31 2023 Total	2022 Total
Balance, beginning of year	$ 18,046	$ 9,426	$ 202,018	$ 229,490	$ 235,762
Difference between revenue and expenses	-	(3,484)	(76,608)	(80,092)	(6,272)
Receipt of contributions related to equipment	-	(1,250)	1,250	-	-
Purchase of equipment	-	5,181	(5,181)	-	-
Allocation of membership fees (Note 7)	1,870	-	(1,870)	-	-
Balance, end of year	$ 19,916	$ 9,873	$ 119,609	$ 149,398	$ 229,490

TRIATHLON MANITOBA INC.

STATEMENT OF CASH FLOWS

	Year ended March 31	
	2023	**2022**
Cash flow from operating activities:		
Cash received from funders and others	$ 243,362	$ 263,613
Cash paid to suppliers and employees	(313,104)	(267,241)
Interest earned	2,902	818
	(66,840)	(2,810)
Cash flow from investing activities:		
Receipt of contributions related to equipment	1,250	3,750
Purchase of equipment	(5,181)	(10,706)
	(3,931)	(6,956)
Change in cash	(70,771)	(9,766)
Cash, beginning of year	235,099	244,865
Cash, end of year	$ 164,328	$ 235,099

1. Purpose of the organization:

Triathlon Manitoba Inc. is incorporated as a corporation without share capital under The Corporations Act of Manitoba. It is a non-profit organization formed to act as the triathlons provincial governing body and promote the sport in the province.

The Organization is a not-for-profit organization as defined under Section 149(1)(l) of the Canadian Income Tax Act and therefore exempt from tax.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. An assumption underlying the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

a) Critical accounting estimates and judgements-

The preparation of financial statements in accordance with Canadian accounting standards for not-for- profit organizations requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future economic conditions could require changes in the recognized amounts for accounting estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they became known.

Significant areas of estimation by management include the impairment of non-financial assets, the useful lives of capital assets and the fair value of financial instruments.

Management bases their judgments, estimates and assumptions on factors they believe to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable.

b) Financial instruments-

Except for certain related party transactions, financial instruments are measured at fair value on initial recognition adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transaction costs related to financial instruments that will be measured subsequently at fair value are recognized in net income for the period incurred.

2. Significant accounting policies (continued)**:**

b) Financial instruments (continued)-

In subsequent periods, investments in equity instruments that are quoted in an active market and certain derivative contracts are measured at fair value without any adjustment for transaction costs that may incur on sale or other disposal. The Organization may elect to measure any financial instrument at fair value when the asset or liability is first recognized or for equity instruments that previously measured at fair value when the equity instrument ceases to be quoted in an active market. Other investments in equity instruments are measured at cost less any reduction for impairments. All other financial instruments are measured at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative effect of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The Organization measures cash, investment - scholarship fund, accounts receivable and accounts payable at amortized cost. Investment - scholarship fund is measured at fair value.

The Organization assesses impairment of all its financial assets, except those measured at fair value. Management considers whether there has been a breach in contract, such as a default or delinquency in interest of principal payments in determining whether objective evidence of impairment exists. Impairment is included in current earnings.

c) Revenue recognition-

Triathlon Manitoba Inc. follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Interest is recognized on a time proportion basis. Membership fees, participant fees youth development and uniform recoveries are recognized in the year they relate to and collection is reasonably assured.

d) Capital assets-

Capital assets are recorded at cost and depreciated over their estimated useful lives, except for contributed assets which are recorded at fair market value at the time of the contribution plus all costs directly attributable to the acquisition. This requires estimation of the useful life of the asset and its salvage and residual value. When a capital asset is impaired, the excess of its net carrying amount over the asset’s fair value or replacement cost is recognized as an expense. As is true for all accounting estimate, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

Purchased capital assets are recorded at cost. Amortization is provided at rates which are expected to amortize the assets over their estimated useful lives as follows:

Equipment	5 years straight line method

3. Line of credit:

The Organization has available to it a line of credit for $5,000 (2022 - $5,000) of which $nil (2022 - $nil) has been drawn. The line of credit bears interest at a variable rate of 8.2% (2022 - 4.20%) is due on demand and is unsecured. The line is renewed annually by the credit union.

4. Investment - scholarship fund:

Triathlon Manitoba Inc. has an externally restricted scholarship fund in memory of Raivo Tamm. The Organization is committed to use these funds together with interest thereon for the purpose of granting scholarships to deserving athletes who are members of Triathlon Manitoba.

The scholarship fund is held in a high rate saving account, and is recorded at fair value based on quoted market prices. The investment transactions for the year were as follows:

	2023	2022
Opening balance	$ 10,140	$ 10,110
Interest earned	279	30
	$ 10,419	$ 10,140

5. Deferred contributions:

	2023	2022
Opening balance	$ 23,768	$ 27,933
Amounts recognized as revenue	(23,768)	(18,133)
Amounts received subject to deferral	3,544	13,968
	$ 3,544	$ 23,768

Deferred contributions relate to amounts received that are restricted to be used in the following year.

6. Deferred contributions related to equipment:

	2023	2022
Opening balance	$ 6,241	$ 16,512
Amounts received	1,250	3,750
Amortization of deferred contributions	(2,330)	(14,021)
	$ 5,161	$ 6,241

7. Equipment subsidy fund:

During the year, the Board has decided to transfer $1,870 (2022 - $355) from revenues generated from one-day memberships to the Equipment subsidy fund. The Organization made an internal commitment to its members to use a portion of the one-day membership fees for the purchase and repairs of equipment. Amounts transferred into the subsidy are not available for other purposes without prior approval of the Board of Directors.

8. Government assistance:

The Organization applied for the Canada Emergency Wage Subsidy and Canada Emergency Rent Subsidy relating to salaries and rent paid during the year ended March 31, 2022. $23,449 of Canada Emergency Wage Subsidy is included in government assistance for the year ended March 31, 2022. $110 of Canada Emergency Rent Subsidy is included in government assistance for the year ended March 31, 2022.

The Organization applied for the Federal Emergency Sport Funding to keep operations viable and to assist community clubs during the year ended March 31, 2022. $3,000 is included in government assistance for the year ended March 31, 2022.

9. Risk management:

Management's risk management policies are typically performed as a part of the overall management of the Organization's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Organization is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Organization has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Organization, management considers the avoidance of undue concentrations of risk. These risks include, and the actions taken to manage them are as follows:

Liquidity risk-

Liquidity risk is the risk that the Organization cannot meet its financial obligations associated with financial liabilities in full. The Association's main sources of liquidity are its operations and external contributions. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Organization's financial obligations associated with financial liabilities.

Credit risk-

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Organization has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Organization also may review credit history before establishing credit and reviews credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information.

9. Risk management (continued):

Interest rate risk-

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Organization is subject to interest rate cash flow risk as the high-interest savings account and line of credit bear interest at variable rates.

TRIATHLON MANITOBA INC.

SCHEDULE OF MANITOBA TRIATHLON CENTRE

FOR THE YEAR ENDED MARCH 31

	2023	2022
Revenue:		
Participant fees	$ 31,008	$ 40,993
Uniform recoveries	1,350	952
Grants-		
Sport Manitoba	47,268	46,633
Sport Manitoba - sport program funding	3,000	3,000
	82,626	91,578
Expenses:		
Amortization	2,856	2,496
Coaching salary	59,400	52,368
Assistant swim coach	5,019	5,800
Coaching development and travel	17,811	30,289
Equipment	1,377	4,462
Facilities	11,322	9,864
Program expenses	14,594	21,420
Training camps	11,877	4,388
Uniforms	3,148	1,412
	127,404	132,499
Difference between revenue and expenses	$ (44,778)	$ (40,921)