

**SASKATCHEWAN TRIATHLON ASSOCIATION CORPORATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

Draft

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Saskatchewan Triathlon Association Corporation

### **Qualified Opinion**

I have audited the accompanying financial statements of Saskatchewan Triathlon Association Corporation (the Entity), which comprise the statement of financial position as at December 31, 2019 and the statements of operations, statement of 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 and other explanatory information.

In my opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Triathlon Association Corporation as at December 31, 2019 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 Qualified Opinion**

In common with many non-profit organizations, Saskatchewan Triathlon Association Corporation derives part of its revenue from membership fees, donations and other fundraising activities, the completeness and classification of which are not susceptible to satisfactory audit verification. Accordingly my verification of these transactions was limited to accounting for the amounts recorded in the records of the Association and I was not able to determine whether any adjustments might be necessary to the revenues, statement of operations, assets and net assets.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 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**

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the

audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

**Other Matter**

The statement of financial position as at December 31, 2018 and the statements of operations and cumulative surplus and cash flow for the year then ended were audited by another accountant.

Regina, Saskatchewan

Marcia Herback  
CPA, CA

**SASKATCHEWAN TRIATHLON ASSOCIATION CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**  
**(with comparative figures for 2018)**

	2019	2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 123,309	\$ 102,303
Short-term investments	51,122	20,202
Accounts receivable	8,784	4,655
GST receivable	2,651	2,193
Inventory	4,950	4,950
Prepaid expenses	<u>3,456</u>	<u>14,294</u>
	194,272	148,597
<b>Tangible capital assets (Note 3)</b>	19,992	17,185
<b>Investment</b>	-	10,545
<b>Investment in Sport Legacy Fund (Note 4)</b>	<u>30,195</u>	<u>28,729</u>
	<u>\$ 244,459</u>	<u>\$ 205,056</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 7,438	\$ 3,068
Deferred grant revenue (Note 5)	<u>110,233</u>	<u>117,853</u>
	117,671	120,921
<b>Long-term liabilities</b>		
Deferred Sport Legacy Fund revenue (Note 4)	<u>30,195</u>	<u>28,729</u>
	<u>147,866</u>	<u>149,650</u>
<b>NET ASSETS</b>		
Unrestricted net assets	76,601	38,221
Invested in tangible capital assets	<u>19,992</u>	<u>17,185</u>
	<u>96,593</u>	<u>55,406</u>
	<u>\$ 244,459</u>	<u>\$ 205,056</u>

See accompanying notes

Approved on Behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**SASKATCHEWAN TRIATHLON ASSOCIATION CORPORATION**  
**STATEMENT OF OPERATIONS AND CUMULATIVE SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(with comparative figures for 2018)**

	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Sask Lotteries Trust Fund (Schedule 1)	\$ 182,200	\$ 176,300
Self Help revenue (Schedule 2)	<u>81,820</u>	<u>74,513</u>
	<u>264,020</u>	<u>250,813</u>
<b>Expenditure</b>		
Administration (Schedule 3)	77,130	76,413
Capacity/Interaction (Schedule 4)	11,840	9,433
Categorical grants (Schedule 5)	35,050	38,900
Excellence (Schedule 6)	64,934	59,514
Miscellaneous (Schedule 7)	9,456	5,684
Participation (Schedule 8)	<u>24,423</u>	<u>25,788</u>
	<u>222,833</u>	<u>215,732</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ 41,187</u>	<u>\$ 35,081</u>

See accompanying notes

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**SASKATCHEWAN TRIATHLON ASSOCIATION CORPORATION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(with comparative figures for 2018)**

	<u>Unrestricted net assets</u>	<u>Invested in tangible capital assets</u>	<u>2019</u>	<u>2018</u>
<b>Net Assets</b>				
Balance, beginning of year	\$ 38,221	17,185	\$ 55,406	\$ 20,325
Excess (deficiency) of revenues over expenditures	45,643	(4,456)	41,187	35,081
Purchase of tangible capital assets	<u>(7,263)</u>	<u>7,263</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 76,601</u>	<u>19,992</u>	<u>\$ 96,593</u>	<u>\$ 55,406</u>

See accompanying notes

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**SASKATCHEWAN TRIATHLON ASSOCIATION CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(with comparative figures for 2018)**

	2019	2018
<b>Operating activities</b>		
<b>Excess (deficiency) of revenues over expenses</b>	\$ 41,187	\$ 35,081
Depreciation	<u>4,456</u>	<u>4,534</u>
	45,643	39,615
Net change in non-cash operating working capital balances		
Short-term investments	(30,920)	10,710
Accounts receivable	(4,129)	(2,349)
GST receivable	(458)	(1,136)
Prepaid expenses	10,838	(6,997)
Accounts payable and accrued liabilities	4,370	666
Deferred revenue	<u>(7,620)</u>	<u>14,369</u>
Cash provided by operating activities	<u>17,724</u>	<u>54,878</u>
<b>Investing activities</b>		
Additions to investments in Sports Legacy fund	(1,466)	(1,398)
Change in investment	10,545	(10,545)
Additions to tangible capital assets	(7,263)	(1,042)
Changes in long-term deferred Sport Legacy Fund revenue	<u>1,466</u>	<u>1,398</u>
Cash provided by (used in) investing activities	<u>3,282</u>	<u>(11,587)</u>
<b>Increase in cash</b>	21,006	43,291
<b>Cash position, beginning of year</b>	<u>102,303</u>	<u>59,012</u>
<b>Cash position, end of year</b>	<u>\$ 123,309</u>	<u>\$ 102,303</u>

See accompanying notes

**SASKATCHEWAN TRIATHLON ASSOCIATION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**1. Status and nature of activities**

Saskatchewan Triathlon Association Corporation is incorporated under the Non-Profit Corporations Act of Saskatchewan. Under present legislation, no income taxes are payable on the reported income of such operations.

**2. Summary of significant accounting policies**

The financial statements have been prepared in accordance with the Canadian accounting standards for not-for profit organizations using and including the following significant policies:

Inventory

Inventory is valued at the lower of cost and net realizable value.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for computer equipment is 30% and triathlon equipment is 20%. One-half the normal annual rate of amortization is recorded in the year of purchase.

Revenue Recognition

Grants from Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation are received out of the net proceeds of lottery ticket sales in Saskatchewan. These grants have been recorded as revenue by Saskatchewan Triathlon Association Corporation as approved by Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreations. Accordingly, amounts received that relate to the next fiscal period are shown as deferred revenue.

Unrestricted contributions are recognized as revenue when they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Interest is recognized as revenue when it is earned.

Financial instruments

The Saskatchewan Triathlon Association Corporation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

Management estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

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**SASKATCHEWAN TRIATHLON ASSOCIATION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**3. Tangible capital assets**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2019 Net Book Value</u>	<u>2018 Net Book Value</u>
Computer equipment	\$ 6,310	3,923	\$ 2,387	\$ 2,582
Triathlon equipment	57,982	40,377	17,605	14,603
	<u>\$ 64,292</u>	<u>44,300</u>	<u>\$ 19,992</u>	<u>\$ 17,185</u>

**4. Sport Legacy Fund**

The funds on deposit and the offsetting deferred revenue from the Sport Legacy Fund consists of donations based on various programs and top-up contributions made by Sask Sport Inc. To qualify for the additional top-up contributions made by Sask Sport Inc., the Association is required to leave the original amount of donation in the Legacy Fund for a minimum of 5 years.

**5. Deferred grant revenue**

Deferred income represents unspent resources externally restricted for specific purposes. The amounts deferred at year end as as follows:

	<u>2019</u>	<u>2018</u>
Annual Funding	\$ 66,850	\$ 64,900
MAP grant	32,100	29,200
HP Coach Capacity	-	11,600
Membership fees	<u>11,283</u>	<u>12,153</u>
	<u>\$ 110,233</u>	<u>\$ 117,853</u>

**6. Economic dependence**

Saskatchewan Triathlon Association Corporation receives significant revenue in grants from Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation. As a result, the Association is dependent upon the continuance of these grants to maintain operations at their current level.

**7. Financial instruments**

Saskatchewan Triathlon Association Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Saskatchewan Triathlon Association Corporation's exposure and concentrations at December 31, 2019:

Credit risk

Credit risk arises from the potential that a party may default on their financial obligations, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Association could incur a financial loss. The Association is exposed to credit risk with respect to cash and accounts receivable. The Association manages its credit risk by placing cash with major financial institutions. Credit risk for accounts receivable is managed by the credit quality and diverse debtor base and creating an allowance for bad debts where applicable. There has been no change from credit risk exposure from 2018

**SASKATCHEWAN TRIATHLON ASSOCIATION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**8. Financial instruments cont'd**

Liquidity risk

Liquidity risk is the risk that the Association may not be able to meet a demand for cash or fund its obligations as they come due or not being able to liquidate assets in a timely manner at a reasonable price. The Association is exposed to liquidity risk with respect to its accounts payable and accrued liabilities but manages its liquidity risk by holding assets that can be readily converted into cash. There has been no change from liquidity risk exposure from 2018

Interest rate risk

Interest rate risk is a type of market risk that refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Association is exposed to interest rate risk with respect to its cash and its effect on interest income. Fluctuations in interest rates do not have a significant effect on cash due to the fact that interest income is not a major percentage of total revenue. There has been no change from interest risk exposure from 2018

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**SASKATCHEWAN TRIATHLON ASSOCIATION CORPORATION**  
**SCHEDULES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(with comparative figures for 2018)**

	<b>2019</b>	<b>2018</b>
	<b>Saskatchewan Lotteries Trust Fund</b>	<b>Schedule 1</b>
Annual funding	\$ 129,800	\$ 126,000
HP coaching capacity	23,200	22,500
MAP	<u>29,200</u>	<u>27,800</u>
	<u>\$ 182,200</u>	<u>\$ 176,300</u>
	<b>Self Help</b>	<b>Schedule 2</b>
Memberships	\$ 54,961	\$ 47,660
Event timing	7,500	7,750
Sales	1,393	-
Clinic fees	-	975
National hosting grant	2,250	7,500
Other grants	9,500	4,500
Future Best	3,600	3,600
Sanctioning fees	2,240	1,000
Canada Summer Games Foundation grant	-	1,260
Interest income	<u>376</u>	<u>268</u>
	<u>\$ 81,820</u>	<u>\$ 74,513</u>

**SASKATCHEWAN TRIATHLON ASSOCIATION CORPORATION**  
**SCHEDULES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(with comparative figures for 2018)**

	<b>2019</b>	<b>2018</b>
<b>Administration</b>		
		<b>Schedule 3</b>
Accounting fees	\$ 3,689	\$ 5,968
Bad debts	-	250
Depreciation	4,456	4,534
Insurance	7,705	6,449
Office operations	5,345	3,774
Salaries and wages	54,361	53,536
Staff travel	1,574	1,902
	<u>\$ 77,130</u>	<u>\$ 76,413</u>
<b>Capacity/Interaction</b>		
		<b>Schedule 4</b>
Advertising and promotion	\$ 7	\$ -
Annual general meeting	932	1,660
Awards and recognition	2,452	1,343
Board and committee meetings	1,205	1,056
Communications and website	4,931	2,274
National Committee meetings	2,313	3,058
Professional development	-	42
	<u>\$ 11,840</u>	<u>\$ 9,433</u>
<b>Categorical grants</b>		
		<b>Schedule 5</b>
Future Best grant	\$ 3,600	\$ 3,600
Hosting grant	2,250	7,500
MAP grant (Schedule 9)	29,200	27,800
	<u>\$ 35,050</u>	<u>\$ 38,900</u>
<b>Excellence</b>		
		<b>Schedule 6</b>
Athlete development		
Athlete assistance	\$ 855	\$ 3,905
Competitions	23,528	16,890
Talent identification	4,368	-
Training	-	2,069
Coaches development and administrative support	36,013	36,650
Officials development	170	-
	<u>\$ 64,934</u>	<u>\$ 59,514</u>

**SASKATCHEWAN TRIATHLON ASSOCIATION CORPORATION**  
**SCHEDULES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(with comparative figures for 2018)**

	<b>2019</b>	<b>2018</b>
<b>Miscellaneous</b>		
		<b>Schedule 7</b>
National dues and affiliations	\$ 100	\$ -
Sask Sport dues	50	50
Sask Sports Hall of Fame	370	-
Saskatchewan Triathlon Centre	8,936	5,634
	<u>\$ 9,456</u>	<u>\$ 5,684</u>
<b>Participation</b>		
		<b>Schedule 8</b>
Athlete development		
Competitions	\$ 7,632	\$ 11,828
Introduction and participation programs	5,896	777
Under-represented population	2,046	3,165
Coaches development	4,051	3,648
Officials development	4,798	6,370
	<u>\$ 24,423</u>	<u>\$ 25,788</u>
<b>Membership Assistance Payments</b>		
		<b>Schedule 9</b>
Bike Doctor	\$ 1,600	\$ 1,400
Dundurn Elementary School	-	400
Pike Lake School	400	-
Prince Albert Roadrunner Triathlon Society	5,325	5,558
Regina Mutlisport Club	10,437	10,125
Saskatoon Triathlon Club	10,638	7,520
Swift Current Triathlon Club	-	997
U of R Triathlon Club	400	-
University of Saskatchewan Triathlon Club	400	400
Western Canada Summer Games 2019	-	1,400
	<u>\$ 29,200</u>	<u>\$ 27,800</u>