Financial Statements of

ATHLETICS CANADA/ ATHLÉTISME CANADA

Year ended March 31, 2024

ATHLETICS CANADA/ATHLÉTISME CANADA

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INDEPENDENT AUDITOR'S REPORT

To the Members of Athletics Canada/Athlétisme Canada

Opinion

We have audited the financial statements of Athletics Canada/Athlétisme Canada (the Entity), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations for the year then ended
- the statement of changes in net assets (deficiency) 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 Entity as at March 31, 2024, its results of operations, its changes in net assets 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 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 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 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 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 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.
- 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, Licensed Public Accountants

Ottawa, Canada

August 15, 2024

ATHLETICS CANADA/ATHLÉTISME CANADA

Statement of Financial Position

March 31, 2024, with comparative information for 2023

		2024		2023
Assets				
Current assets:				
Cash and cash equivalents	$	3,355,992	$	3,464,762
Amounts receivable (note 3)		518,527		272,324
Prepaid expenses		350,491		554,831
		4,225,010		4,291,917
Investments (note 3)		2,175,762		1,997,976
Capital assets (note 4)		244,094		280,980
Intangible assets (note 4)		55,138		69,436
	$	6,700,004	$	6,640,309
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 5)	$	659,103	$	674,454
Deferred revenue (note 6)		190,543		41,624
		849,646		716,078
Net assets (note 7):				
Endowment		666,985		641,535
Unrestricted		4,884,141		4,932,280
Invested in tangible capital and intangible assets		299,232		350,416
		5,850,358		5,924,231
Commitments and contingencies (note 8)				
	$	6,700,004	$	6,640,309

See accompanying notes to financial statements.

On behalf of the Board:

Helen Manning, Chair

ATHLETICS CANADA/ATHLÉTISME CANADA

Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Ministry of Canadian Heritage	$ 7,456,578	$ 7,109,451
Other funding partners (note 10)	932,316	1,420,093
Sponsorship	637,951	578,796
Canadian championships	593,446	303,999
Other revenue	539,747	334,796
Merchandise sales	526,568	578,965
Membership fees	324,116	266,691
Contribution from endowment	40,000	32,500
Donations	37,871	8,805
Contribution from Athletics Canada Foundation	-	44,111
Total revenue	11,088,593	10,678,207
Expenses:		
High performance excellence	6,910,021	6,425,103
Administration:		
Salaries and benefits	1,033,399	974,028
Promotion and communications	364,520	411,733
National office	193,683	318,659
Association expenses	225,067	175,511
Planning and management	72,696	109,246
	1,889,365	1,989,177
Sport development:		
Canadian championships	497,336	230,138
Domestic programs	1,095,263	343,910
Event support	527,299	604,471
Coaching	135,383	114,837
Officials	67,799	68,332
	2,323,080	1,361,688
Total expenses	11,122,466	9,775,968
Excess of revenue over expenses before the undernoted items	(33,873)	902,239
Other income (expense) (note 9):		
In-kind revenue	1,412,041	1,485,304
In-kind expense	(1,412,041)	(1,485,304)
	-	-
Excess (deficiency) of revenue over expenses	$ (33,873)	$ 902,239

See accompanying notes to financial statements.

ATHLETICS CANADA/ATHLÉTISME CANADA

Statement of Changes in Net Assets (Deficiency)

Year ended March 31, 2024, with comparative information for 2023

	Endowment	Unrestricted	Invested in tangible capital and intangible assets	Total 2024	Total 2023
Balance, beginning of year	$ 641,535	$ 4,932,280	$ 350,416	$ 5,924,231	$ 5,054,492
Excess (deficiency) of revenue over expenses	(40,000)	(33,873)	-	(73,873)	869,739
Addition of tangible capital and intangible assets	-	(28,278)	28,278	-	-
Amortization of tangible capital and intangible assets	-	79,462	(79,462)	-	-
Transfer to endowment fund	65,450	(65,450)	-	-	-
Balance, end of year	$ 666,985	$ 4,884,141	$ 299,232	$ 5,850,358	$ 5,924,231

See accompanying notes to financial statements.

ATHLETICS CANADA/ATHLÉTISME CANADA

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ (33,873)	$ 902,239
Amortization, which does not involve cash	79,462	71,852
Loss (gain) on disposal of tangible capital assets	(116)	220
Unrealized loss (gain) from sale of investments	(155,559)	4,383
Decrease in amounts receivable	(246,203)	(155,008)
Increase in prepaid expenses	204,340	125,552
Increase (decrease) in accounts payable and accrued liabilities	(15,351)	(78,874)
Increase (decrease) in deferred revenue	148,919	(461,792)
	(18,381)	408,572
Financing activities:		
Increase in due to related party	-	(50,176)
Contribution from endowment	(40,000)	(32,500)
	(40,000)	(82,676)
Investing activities:		
Purchase of investments	(194,527)	(3,088,882)
Proceeds from sale of investments	172,300	1,086,523
Purchase of tangible capital and intangible assets	(29,047)	(117,426)
Proceeds on sale of tangible capital and intangible assets	885	-
	(50,389)	(2,119,785)
Decrease in cash and cash equivalents	(108,770)	(1,793,889)
Cash and cash equivalents, beginning of year	3,464,762	5,258,651
Cash and cash equivalents, end of year	$ 3,355,992	$ 3,464,762

	2024	2023
Cash consists of:		
Cash	$ 591,381	$ 763,844
Guaranteed investment certificates - cashable	2,764,611	2,700,918
	$ 3,355,992	$ 3,464,762

See accompanying notes to financial statements.

Athletics Canada/Athlétisme Canada (the "Association") was incorporated under the Canada Corporations Act and received letters of patent dated July 31, 1968. The Association adopted the name Athletics Canada/Athlétisme Canada by way of supplementary letters patent dated June 4, 1991. The Association is a "Registered Canadian Amateur Athletic Association" within the meaning of the Canada Income Tax Act and is, therefore, not subject to income taxes. The Association's Articles were continued under the Canada Not-for-Profit Corporations Act on June 19, 2014.

The Association is a national sports governing body whose purpose is to support high performance athletics excellence at the world level and to provide leadership in developmental athletics. Its membership consists of ten provincial and two territorial branches which are further divided into club members, individual members, affiliated members and supporting members.

All provincial and territorial branches are autonomous, separately incorporated organizations. The financial statements of the Association do not include the net assets and income of the provincial and territorial branches.

1. Significant accounting policies:

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting and include the following significant accounting policies:

(a) Revenue recognition:

The Association 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.

The Association receives contributions from various funding bodies for reimbursement of certain technical and administrative expenses incurred during the year. Unexpended portions of these contributions may be refundable to the contributors pursuant to particular funding agreements.

Membership fees are set annually and are recognized as revenue proportionately over the fiscal year to which they relate.

Other revenue (including but not limited to competition fees, sales and donations) is recorded when earned.

Unrestricted investment income is recognized as revenue when earned.

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

(b) Capital assets:

Tangible capital and intangible assets are recorded at cost. Repairs and maintenance costs are charged to expense.

Tangible capital and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Tangible capital and intangible assets are amortized over their estimated useful lives at the following annual rates, with a half-year of amortization taken in the year of acquisition:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Computer equipment	Declining balance	33%
High performance equipment	Declining balance	20%
Leasehold improvements	Straight-line	10 years
Intangible assets	Straight-line	6-10 years

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

(c) Fund accounting:

The Association uses fund accounting. The unrestricted fund is available to meet the needs associated with the ongoing general operations of the Association. The invested in tangible capital and intangible assets fund represents the net investment in capital assets.

(d) Expenses:

In the statement of operations, the Association presents its expenses by function.

Expenses are recognized in the year incurred and are recorded in the function to which they are directly related.

The Association does not allocate expenses between functions after initial recognition.

1. Significant accounting policies (continued):

(e) Foreign currency translation:

Monetary items denominated in a foreign currency and non-monetary items carried at market are adjusted at the balance sheet date to reflect the exchange rate in effect at that date. Exchange gains and losses are included in the determination of net income for the period.

(f) Contributed services and in-kind contributions:

These financial statements do not reflect the value associated with the numerous hours contributed by volunteers to assist the Association in carrying out its service delivery activities.

In-kind goods and services contributed to the Association are recognized at their fair market value calculated at $1,412,041 (2023 - $1,485,304) for the year.

(g) Financial instruments:

(i) Initial measurement:

Financial instruments are measured at fair value on origination or acquisition, adjusted by, in the case of financial instruments that will not be subsequently measured at fair value, financing fees and transaction costs. All other transaction costs are recognized in net income in the year incurred.

(ii) Subsequent to initial recognition:

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash, trade receivables, prepaid expenses and due from related party. Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and deferred revenue.

The Association has no financial instruments measured at fair value.

1. Significant accounting policies (continued):

(g) Financial instruments (continued):

(iii) Impairment:

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 Association 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 amount 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 Association 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.

(h) Use of estimates:

The preparation of the 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 year. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

2. Amounts receivable:

	2024	2023
Trade receivable	$ 204,109	$ 148,752
GST/HST receivable	55,110	38,040
Other	265,714	90,364
	524,933	277,156
Allowance for doubtful accounts	(6,406)	(4,832)
	$ 518,527	$ 272,324

3. Investments:

Investments consist of mutual funds with a fair value of $2,175,762 and a book value of $2,018,164.

4. Tangible capital and intangible assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	$ 84,762	$ 59,685	$ 25,077	$ 31,346
Computer equipment	95,104	57,090	38,014	38,631
High performance equipment	273,635	102,041	171,594	199,191
Leasehold improvements	24,028	14,619	9,409	11,812
Intangible assets	99,783	44,645	55,138	69,436
	$ 577,312	$ 278,080	$ 299,232	$ 350,416

At March 31, 2023, cost and accumulated amortization amounted to $550,772 and $200,306, respectively. During the year, the Association wrote off $2,457 of tangible capital assets and amortization of $1,688 resulting in a loss on disposal of $769 recorded in national office expenses.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $5,878 (2023 - $5,114), which includes amounts payable for sales related taxes.

6. Deferred revenue:

	2024	2023
Canadian Olympic Committee	$ 28,581	$ 12,500
Other	161,962	29,124
	$ 190,543	$ 41,624

7. Net assets:

The Association considers its capital to consist of its unrestricted net assets. The Association's overall objective with its net assets is to fund capital acquisitions, future projects and ongoing operations. The Association manages its capital by monitoring the net assets balance and intends to increase the balance in future years to cover future potential cash flow requirements that cannot be funded by restricted contributions from the Association's funders.

The Association is not subject to externally imposed capital requirements and its overall strategy with respect to capital remains unchanged from the year ended March 31, 2023.

8. Commitments and contingencies:

(a) Contingencies:

Contributions received from Sport Canada are subject to specific terms and conditions regarding the expenditure of the funds. The Association's records are subject to audit by Sport Canada to identify instances, if any, in which amounts charged against contributions, have not complied with the agreed terms and conditions and which, therefore, would be refundable to Sport Canada. Adjustments to prior years' contributions are recorded in the year in which Sport Canada requests the adjustment.

Contributions are accounted for on an accrual basis. Any portion of a contribution that has not been spent for the purpose it was intended is considered to be refundable to Sport Canada unless otherwise agreed.

(b) Leases:

The Association rents premises under a long-term operating lease that expires in June 2027. There is a basic rent component plus a proportionate share of operating costs including realty taxes calculated every six months by the landlord. The amount due for the next four years is as follows:

2025	$	95,778
2026		97,130
2027		98,481
2028		24,705
	$	316,094

9. In-kind contributions:

The Association receives donations of certain products and services totalling $1,412,041 (2023 - $1,485,304). These donations are valued at the approximate wholesale value of products and fair value of the services provided.

10. Other funding partners:

	2024	2023
Canadian Olympic Committee	$ 757,544	$ 1,093,358
Canadian Paralympic Committee	90,500	200,000
Other	84,272	126,735
	$ 932,316	$ 1,420,093

11. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk with respect to the accounts receivable. The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year-end, $6,406 (2023 - $4,832) was allowed for in allowance for doubtful accounts.

11. Financial risks and concentration of risk: (continued):

(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: currency risk, interest rate risk and other price risk.

(i) Currency rate risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Association believes it is not subject to significant currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association believes it is not subject to significant interest rate risk arising from its financial instruments, as this risk is limited to its investment in fixed income securities.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is subject to other price risk on its investments.

These risks have increased due to market fluctuations in interest rates and market prices. Aside from the changes in interest and market risk, there have been no changes to the prior year in the Association's risk exposures from its financial instruments or the policies, procedures and methods used to manage these risks.

ATHLETICS CANADA/ATHLÉTISME CANADA

Schedule of revenues and expenses - Sport Canada contribution

Year ended March 31, 2024

	Mainstream athletes total	Athletes with a disability total	Total actuals
Actual revenues:			
General administration	$ -	$ -	$ -
Governance	-	-	-
Salaries, fees and benefits	508,628	269,815	778,443
Coaching salaries and professional development	-	-	-
High performance / National team program	123,920	38,000	161,920
Official languages	13,000	4,000	17,000
Operations and programming	-	77,685	77,685
Enhanced excellence	3,438,969	1,525,000	4,963,969
Next Generation initiative	75,000	62,500	137,500
Safety in sport	25,000	-	25,000
Gender equity and equity, diversity inclusion	60,000	-	60,000
Community sport for all	650,000	-	650,000
International single sports events	497,000	-	497,000
	$ 5,391,517	$ 1,977,000	$ 7,368,517
Actual expenses:			
General administration	$ 133,636	$ 51,909	$ 185,545
Governance	52,358	20,338	72,696
Salaries, fees and benefits	594,965	279,681	874,646
Coaching salaries and professional development	-	-	-
High performance / National team program	867,164	232,144	1,099,308
Official languages	35,669	13,855	49,524
Operations and programming	1,088,448	446,098	1,534,546
Enhanced excellence	4,024,804	1,525,000	5,549,804
Next Generation initiative	150,000	125,000	275,000
Safety in sport	25,000	-	25,000
Gender equity and equity, diversity inclusion	60,000	-	60,000
Community sport for all	650,000	-	650,000
International single sport events	497,000	-	497,000
	$ 8,179,044	$ 2,694,025	$ 10,873,069