

Financial statements of

Volleyball B.C.

November 30, 2017

Volleyball B.C.

November 30, 2017

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Independent Auditor's Report

To the Members of
Volleyball B.C.

We have audited the accompanying financial statements of Volleyball B.C., which comprise the statement of financial position as at November 30, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for non-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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Volleyball B.C. derives revenues that relate to programs and unrestricted contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Volleyball B.C. and we were not able to determine whether any adjustments might be necessary to recorded contributions and program revenues, the excess of revenues over expenses and cash flows from operations for the years ended November 30, 2017 and November 30, 2016, current assets as at November 30, 2017 and November 30, 2016, and net assets as at December 1 and November 30 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended November 30, 2017 was modified accordingly, because of the possible effects of this scope limitation.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Volleyball B.C. as at November 30, 2017, and the results of its operations and the changes in its net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The image shows a handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants
March 9, 2018
Vancouver, British Columbia

Volleyball B.C.

Statement of operations

year ended November 30, 2017

			2017	2016
	Harry Jerome Sports Centre	Volleyball B.C.	Total	Total
	\$	\$	\$	\$
Revenue				
Administrative				
Government funding (Note 7)	3,750	297,110	300,860	292,937
Other administrative revenue	1,086	67,535	68,621	44,338
	4,836	364,645	369,481	337,275
Program				
Entry, tournament and league fees	-	1,961,790	1,961,790	1,756,574
Registration	-	162,513	162,513	162,033
HJSC rentals	153,743	-	153,743	161,028
Gaming (Note 6)	-	141,625	141,625	116,777
Fundraising, sponsorships and donations	218	126,339	126,557	114,292
Other program revenue	11,085	-	11,085	16,372
	165,046	2,392,267	2,557,313	2,327,076
	169,882	2,756,912	2,926,794	2,664,351
Expenses				
Salaries, fees, benefits and honoraria	120,384	1,325,029	1,445,413	1,259,935
Program (Schedule)	2,131	935,704	937,835	705,460
Administrative (Schedule)	143,569	153,477	297,046	275,808
Rentals	-	283,401	283,401	256,763
	266,084	2,697,611	2,963,695	2,497,966
(Deficiency) excess of contributions over expenses	(96,202)	59,301	(36,901)	166,385

The accompanying notes to the financial statements are an integral part of this financial statement.

Volleyball B.C.

Statement of changes in net assets year ended November 30, 2017

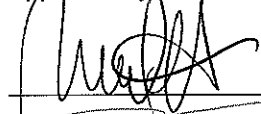
				2017	2016
	Invested in property and equipment	Internally restricted	Unrestricted	Total	Total
	\$	\$	\$	\$	\$
Net assets, beginning of year	5,795	850,000	457,521	1,313,316	1,145,779
Excess (deficiency) of revenue over expenses	(8,692)	-	(28,209)	(36,901)	167,537
Interfund transfers (Note 4)	150,000	(200,000)	50,000	-	-
Net assets, end of year	147,103	650,000	479,312	1,276,415	1,313,316

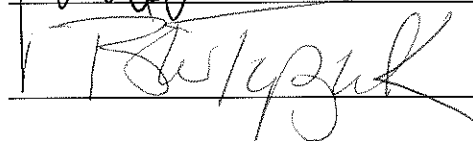
The accompanying notes to the financial statements are an integral part of this financial statement.

Volleyball B.C.
Statement of financial position
as at November 30, 2017

	2017	2016
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,046,061	1,309,362
Accounts receivable	259,930	131,239
Prepaid expenses	202,571	111,375
	1,508,562	1,551,976
Property and equipment (Note 3)	306,013	5,795
	1,814,575	1,557,771
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	235,796	75,376
Government remittances payable	1,654	5,129
Deferred revenue	154,460	163,950
Current portion of deferred contribution for leasehold improvements	15,000	-
Non-current portion of deferred contribution for leasehold improvements	131,250	-
	538,160	244,455
Commitment (Note 5)		
Net assets		
Invested in property and equipment	147,103	5,795
Internally restricted funds (Note 4)	650,000	850,000
Unrestricted funds	479,312	457,521
	1,276,415	1,313,316
	1,814,575	1,557,771

Approved by the Board


 _____ Director


 _____ Director

Volleyball B.C.
Statement of cash flows
year ended November 30, 2017

	2017	2016
	\$	\$
Operating activities		
(Deficiency) excess of contributions over expenses	(36,901)	167,537
Item not affecting cash		
Amortization	17,056	1,507
	(19,845)	169,044
Changes in non-cash working capital		
Accounts receivable	(128,691)	(35,316)
Prepaid expenses	(91,196)	(11,590)
Accounts payable and accrued liabilities	160,418	10,395
Government remittances payable	(3,475)	1,507
Deferred revenue	136,760	23,297
	53,971	157,337
Investing activity		
Acquisition of property and equipment	(317,272)	-
Net increase in cash	(263,301)	157,337
Cash and cash equivalents, beginning of the year	1,309,362	1,152,025
Cash and cash equivalents, end of the year	1,046,061	1,309,362

The accompanying notes to the financial statements are an integral part of this financial statement.

Volleyball B.C.

Notes to the financial statements

November 30, 2017

1. Purpose of Organization

Volleyball B.C. (the "Organization") is a not-for-profit organization incorporated on July 27, 1965 under the Society Act of British Columbia. The purpose of the Organization is to promote interest in and development of volleyball in British Columbia. The Organization is a registered charity under the Income Tax Act and is not subject to income taxes. Harry Jerome Sport Centre ("HJSC") is part of Volleyball B.C., and is presented in a separate fund in the statement of operations within these financial statements. The Organization's agreement with the City of Burnaby, with respect to this facility is described in Note 5.

2. Summary of significant accounting policies

Basis of presentation

The Organization prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). All material inter-fund transactions and balances are eliminated.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Amortization is provided annually at the rates and methods noted below, except in the year of acquisition when one half of the rate is used.

Furniture and fixtures	20% declining balance
Automobile equipment	30% declining balance
Sports centre improvements	10 years straight line

Property and equipment is tested for recoverability whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Organization or no longer contributes to the Organization's ability to provide services. The amount of an impairment loss is recognized as the amount by which the carrying value of the asset exceeds its estimated residual value.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions include government funding and gaming revenues. Unrestricted contributions are recognized in the period received or receivable.

Other sources of revenue are recognized as revenues when the amount is earned and collection is reasonably assured.

Deferred contributions represent restricted contributions received in the period, however the related expenses have not been incurred. Deferred revenue represents other sources of revenue received in advance of when earned.

Contributed services

Volunteers contribute their time to assist the Organization in carrying out its activities. However, due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in conformity with ASNPO 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 amounts of revenues and expenses during the reporting periods.

Cash and cash equivalents

Term deposits with original maturities of three months or less are considered to be cash equivalents.

Volleyball B.C.

Notes to the financial statements

November 30, 2017

2. Summary of significant accounting policies (continued)

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

3. Property and equipment

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Furniture and fixtures	81,387	77,015	4,372	5,465
Automobile equipment	8,170	7,939	231	330
Sports centre improvements	906,417	605,006	301,411	-
	995,974	689,960	306,014	5,795

4. Internally restricted funds

The Organization's Board of Directors has authorized the establishment of an internally restricted expense reserve of \$650,000 (2016 - \$850,000). The Board has allocated internally restricted amounts to the following specified-use reserve funds:

	2017	2016
	\$	\$
General contingency fund	150,000	150,000
Women's National Team Support fund	150,000	200,000
Facility development fund	350,000	500,000
	650,000	850,000

During the period ended November 30, 2017, \$150,000 was transferred from the Facility development fund in relation to leasehold improvement costs incurred. This has been presented as Invested in property and equipment on the statement of changes in net assets for the period. During the period ended November 30, 2017, \$50,000 has been transferred from the Women's National Team Support fund to unrestricted funds.

5. Commitment

The Organization has entered into an agreement with the City of Burnaby for the lease of the HJSC until June 30, 2020, with the right to renew for further terms subject to the approval of Burnaby City Council. Under the terms of the lease agreement, the Organization is required to maintain the Harry Jerome Sports Centre, with no payments due to the City of Burnaby.

Volleyball B.C.

Notes to the financial statements

November 30, 2017

6. Gaming funding

During the year, the Organization received gaming funding as follows:

	2017	2016
	\$	\$
Community Gaming Grant funding received during the year	141,625	116,777

At November 30, 2017, total cash on hand relating to the gaming funds totaled \$170 (2016 - \$2,101).

7. Governmental funding

For the fiscal year ended November 30, 2017, the following government funding was received or was receivable from the below government grant programs:

	2017	2016
	\$	\$
Western Economic Diversification Canada	3,750	-
viaSport special project funding	43,900	29,000
viaSport general program funding	204,080	236,223
Federal student grant	49,130	27,714
	300,860	292,937

The funds from the Western Economic Diversification grant were restricted for use to offset capital project costs for improvements to the Harry Jerome Sports Centre. Contributions will be amortized to the statement of operations on a straight line basis over the assessed useful life of the centre improvements. For the fiscal year ended November 30, 2017, \$3,750 of the related grant contributions have been recognized on the statement of operations.

8. Financial instruments

(a) Credit risk

Credit risk arises from cash and cash equivalents, and accounts receivable. Cash and cash equivalents are deposited with reputable, major financial institutions to limit the credit risk exposure. The Organization is exposed to the risk that counterparties will default or become insolvent and will not pay accounts receivable. Credit risk arising from accounts receivable is mitigated as the Organization receives the majority of its funding from government associations and its members. The maximum exposure to credit risk is \$1,305,632 as of November 30, 2017 (2016 - \$1,440,601). Management believes that the Organization does not have a significant exposure to credit risk.

(b) Liquidity risk

Liquidity risk exposure is dependent on the cash resources and receipt of funds from government contributions and other sources to enable the Organization to pay its liabilities as they become due.

Liquidity risk is managed by maintaining the majority of the Organization's assets in liquid assets. In addition, the Organization aims to retain sufficient cash positions to maintain liquidity.

9. The Ray Lepp Fund

By way of an initial contribution to the Organization of \$100,000, the Organization has established an endowment, the Ray Lepp Fund, with the Vancouver Foundation. Investment income earned by the fund is distributed to the National Sports Trust Fund BC chapter of the Canadian Council of Provincial

Volleyball B.C.

Notes to the financial statements

November 30, 2017

9. The Ray Lepp Fund (continued)

& Territorial Sport Federations ("NSTF") to provide scholarships to the athletes. Accordingly, the endowment fund capital is not reflected in the Organization's statement of financial position and the Organization does not record the investment income or related expenses in its statement of operations.

10. Disclosure of Director, employee, and contractor remuneration

For the fiscal year ended November 30, 2017, the Organization provided total remuneration of \$101,197 to the Chief Executive Officer. There were no employees or contractors of the Organization that received remuneration individually in excess of \$75,000 during the period. The members of the Board of Directors did not receive any remuneration during the period for services rendered to the Organization.

Volleyball B.C.

Schedule of expenses

year ended November 30, 2017

			2017	2016
	Harry Jerome Sports Centre	Volleyball B.C.	Total	Total
	\$	\$	\$	\$
Program				
Food and accommodation	-	336,315	336,315	220,971
Officials	-	160,354	160,354	146,171
Hosting, Team BC and programs	2,130	175,225	177,355	141,175
Travel and meeting	-	130,128	130,128	84,758
Awards and prizes	-	129,046	129,046	104,542
Promotion	-	4,637	4,637	7,843
	2,130	935,705	937,835	705,460
Administrative				
Utilities	56,532	-	56,532	45,314
Credit card and bank charges	482	44,801	45,283	41,062
Building repairs and maintenance	41,174	-	41,174	44,421
Office	242	44,223	44,465	38,083
Insurance	28,282	8,483	36,765	28,192
Marketing	-	10,645	10,645	27,210
Postage and courier	-	12,385	12,385	12,510
Printing and stationery	-	4,674	4,674	5,768
Telephone and fax	-	12,460	12,460	10,792
Accounting, audit and legal	-	8,560	8,560	8,055
Professional development	-	7,047	7,047	12,894
Amortization	16,859	197	17,056	1,507
	143,571	153,475	297,046	275,808

The accompanying notes to the financial statements are an integral part of this financial statement.