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Financial statements of  
**Volleyball B.C.**

November 30, 2018

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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, 2018, 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 audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Volleyball B.C. as at November 30, 2018 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.

## Volleyball B.C.

### Statement of operations

Year ended November 30, 2018

			2018	2017	
		Harry Jerome Sports Centre	Volleyball B.C.	Total	Total
Notes		\$	\$	\$	\$
<b>Revenue</b>					
Administrative					
	7	15,000	290,355	305,355	300,860
		1,230	152,596	153,826	68,627
		<b>16,230</b>	<b>442,951</b>	<b>459,181</b>	369,487
Program					
		—	2,175,756	2,175,756	1,961,790
		183,737	—	183,737	153,743
		—	177,062	177,062	162,513
		—	174,852	174,852	126,557
	6	—	131,500	131,500	141,625
		12,212	—	12,212	11,085
		<b>195,949</b>	<b>2,659,170</b>	<b>2,855,119</b>	2,557,313
		<b>212,179</b>	<b>3,102,121</b>	<b>3,314,300</b>	2,926,800
<b>Expenses</b>					
		124,616	1,367,159	1,491,775	1,445,413
		3,100	1,039,035	1,042,135	937,835
		181,770	207,112	388,882	297,046
		—	301,123	301,123	283,401
		<b>309,486</b>	<b>2,914,429</b>	<b>3,223,915</b>	2,963,695
<b>Excess (deficiency) of contributions over expenses</b>					
		<b>(97,307)</b>	<b>187,692</b>	<b>90,385</b>	(36,895)

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

## Volleyball B.C.

### Statement of changes in net assets

Year ended November 30, 2018

	Notes	2018			2017	
		Invested in property and equipment \$	Internally restricted \$	Unrestricted \$	Total \$	
<b>Net assets, beginning of year</b>		<b>159,764</b>	<b>632,725</b>	<b>483,932</b>	<b>1,276,421</b>	1,313,316
Excess (deficiency) of revenue over expenses		<b>(18,555)</b>	—	<b>108,940</b>	<b>90,385</b>	(36,895)
Purchase of property and equipment		<b>101,863</b>	—	<b>(101,863)</b>	—	317,275
Contribution received for leasehold improvements		—	—	—	—	(150,000)
Interfund transfers	4	—	<b>(50,000)</b>	<b>50,000</b>	—	(167,275)
<b>Net assets, end of year</b>		<b>243,072</b>	<b>582,725</b>	<b>541,009</b>	<b>1,366,806</b>	1,276,421

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

## Volleyball B.C.

### Statement of financial position

As at November 30, 2018

	Notes	2018 \$	2017 \$
<b>Assets</b>			
Current assets			
Cash and cash equivalents		<b>1,222,638</b>	1,046,062
Accounts receivable		<b>110,331</b>	259,931
Government remittances receivable		<b>7,131</b>	—
Prepaid expenses		<b>189,757</b>	202,572
		<b>1,529,857</b>	1,508,565
Property and equipment	3	<b>374,322</b>	306,014
		<b>1,904,179</b>	1,814,579
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		<b>151,228</b>	235,794
Government remittances payable		—	1,654
Deferred revenue		<b>254,895</b>	154,460
Current portion of deferred contribution for leasehold improvements		<b>15,000</b>	15,000
		<b>421,123</b>	406,908
Non-current portion of deferred contribution for leasehold improvements		<b>116,250</b>	131,250
		<b>537,373</b>	538,158
Commitment	5		
<b>Net assets</b>			
Invested in property and equipment		<b>243,072</b>	159,764
Internally restricted	4	<b>582,725</b>	632,725
Unrestricted		<b>541,009</b>	483,932
		<b>1,366,806</b>	1,276,421
		<b>1,904,179</b>	1,814,579

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

Approved by the Board

\_\_\_\_\_, Director

\_\_\_\_\_, Director

## Volleyball B.C.

### Statement of cash flows

Year ended November 30, 2018

	<b>2018</b>	2017
	<b>\$</b>	\$
<b>Operating activities</b>		
Excess (deficiency) of contributions over expenses	<b>90,385</b>	(36,895)
Item not affecting cash		
Amortization	<b>33,555</b>	17,056
	<b>123,940</b>	(19,839)
Changes in non-cash working capital		
Accounts receivable	<b>149,600</b>	(128,692)
Prepaid expenses	<b>12,815</b>	(91,197)
Accounts payable and accrued liabilities	<b>(84,566)</b>	160,418
Government remittances payable	<b>(8,785)</b>	(3,475)
Deferred revenue and deferred contributions	<b>85,435</b>	136,760
	<b>278,439</b>	53,975
<b>Investing activity</b>		
Acquisition of property and equipment	<b>(101,863)</b>	(317,275)
Net increase in cash	<b>176,576</b>	(263,300)
Cash and cash equivalents, beginning of the year	<b>1,046,062</b>	1,309,362
<b>Cash and cash equivalents, end of the year</b>	<b>1,222,638</b>	1,046,062

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

**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, such as rental and coaching fees, are recognized as revenues when the amount is earned and collection is reasonably assured. 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.



## Volleyball B.C.

### Notes to the financial statements

November 30, 2018

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## 2. Summary of significant accounting policies (continued)

### *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.

### *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

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2018 Net book value</b>	<b>2017 Net book value</b>
	\$	\$	\$	\$
Furniture and fixtures	<b>81,387</b>	<b>77,890</b>	<b>3,497</b>	4,372
Automobile equipment	<b>17,008</b>	<b>8,892</b>	<b>8,116</b>	231
Sports centre improvements	<b>410,300</b>	<b>47,591</b>	<b>362,709</b>	301,411
	<b>508,695</b>	<b>134,373</b>	<b>374,322</b>	306,014

## 4. Internally restricted funds

The Organization's Board of Directors has authorized the establishment of an internally restricted expense reserve of \$582,725 (\$632,735 in 2017). The Board has allocated internally restricted amounts to the following specified-use reserve funds:

	<b>2018 \$</b>	<b>2017 \$</b>
General contingency fund	<b>150,000</b>	150,000
Women's National Team Support fund	<b>100,000</b>	150,000
Facility development fund	<b>332,725</b>	332,725
	<b>582,725</b>	632,725

**4. Internally restricted funds (continued)**

During the period ended November 30, 2018, \$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.

**6. Gaming funding**

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

	<b>2018</b>	2017
	\$	\$
Community Gaming Grant funding received during the year	<b>131,500</b>	141,625

At November 30, 2018, total cash on hand relating to the gaming funds totaled \$796 (\$170 in 2017).

**7. Government funding**

For the fiscal year ended November 30, 2018, the following government funding recognized as revenue from the below government grant programs:

	<b>2018</b>	2017
	\$	\$
Western Economic Diversification Canada	<b>15,000</b>	3,750
viaSport special project funding	<b>49,050</b>	43,900
viaSport general program funding	<b>204,080</b>	204,080
Federal student grant	<b>37,225</b>	49,130
	<b>305,355</b>	300,860

The funds from the Western Economic Diversification grant of \$150,000 were restricted for use to offset capital project costs for improvements to the Harry Jerome Sports Centre ("Centre"). Contributions will be amortized to the statement of operations on a straight line basis over the assessed useful life of the Centre's improvements. For the fiscal year ended November 30, 2018, \$15,000 (\$3,750 in 2017) 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 \$1,332,969 as of November 30, 2018 (\$1,305,632 in 2017). 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 & 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, 2018, the Organization provided total remuneration of \$102,967 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, 2018

	<b>Harry Jerome Sports Centre</b>	<b>Volleyball B.C.</b>	<b>2018 Total</b>	2017 Total
	\$	\$	\$	\$
<b>Program</b>				
Food and accommodation Hosting, Team BC and programs	—	<b>264,278</b>	<b>264,278</b>	336,315
Officials	<b>3,100</b>	<b>227,452</b>	<b>230,552</b>	178,325
Awards and prizes	—	<b>320,519</b>	<b>320,519</b>	160,354
Travel and meeting	—	<b>125,316</b>	<b>125,316</b>	129,046
Promotion	—	<b>97,296</b>	<b>97,296</b>	130,128
	—	<b>4,174</b>	<b>4,174</b>	4,637
	<b>3,100</b>	<b>1,039,035</b>	<b>1,042,135</b>	937,835
<b>Administrative</b>				
Office	—	<b>60,118</b>	<b>60,118</b>	44,465
Building repairs and maintenance	<b>56,975</b>	—	<b>56,975</b>	41,174
Insurance	<b>41,389</b>	<b>11,659</b>	<b>53,048</b>	36,765
Credit card and bank charges	<b>675</b>	<b>50,085</b>	<b>50,760</b>	45,283
Utilities	<b>49,334</b>	—	<b>49,334</b>	56,532
Amortization	<b>33,397</b>	<b>158</b>	<b>33,555</b>	17,056
Postage and courier	—	<b>27,110</b>	<b>27,110</b>	12,385
Marketing	—	<b>21,977</b>	<b>21,977</b>	10,645
Telephone and fax	—	<b>13,212</b>	<b>13,212</b>	12,460
Accounting, audit and legal	—	<b>11,844</b>	<b>11,844</b>	8,560
Printing and stationery	—	<b>5,826</b>	<b>5,826</b>	4,674
Professional development	—	<b>5,123</b>	<b>5,123</b>	7,047
	<b>181,770</b>	<b>207,112</b>	<b>388,882</b>	297,046