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# Financial statements of Volleyball B.C.

November 30, 2019

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## Independent Auditor's Report

To the Members of  
Volleyball B.C.

### Opinion

We have audited the financial statements of Volleyball B.C. (the "Organization"), which comprise the statement of financial position as at November 30, 2019 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at November 30, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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.

### Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, these financial statements are presented on a basis consistent with that of the preceding year.

### 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 ASNPO, 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 GAAS 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 GAAS, 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.

The logo for Deloitte LLP, featuring the word "Deloitte" in a cursive script followed by "LLP" in a plain sans-serif font.

Chartered Professional Accountants  
March 7, 2020  
Vancouver, British Columbia

## Volleyball B.C.

### Statement of operations

Year ended November 30, 2019

	Notes	Harry Jerome Sports Centre \$	Volleyball B.C. \$	2019 Total \$	2018 Total \$
<b>Revenue</b>					
Administrative					
Government funding	7	15,000	267,327	282,327	305,355
Other administrative revenue		2,826	265,977	268,803	153,826
		<b>17,826</b>	<b>533,304</b>	<b>551,130</b>	459,181
<b>Program</b>					
Entry, tournament and league fees		—	2,165,150	2,165,150	2,175,756
HJSC rentals		189,977	—	189,977	183,737
Registration		—	238,419	238,419	177,062
Fundraising, sponsorships and donations		—	182,436	182,436	174,852
Gaming	6	—	134,000	134,000	131,500
Other program revenue		18,936	8,353	27,289	12,212
		<b>208,913</b>	<b>2,728,358</b>	<b>2,937,271</b>	2,855,119
		<b>226,739</b>	<b>3,261,662</b>	<b>3,488,401</b>	3,314,300
<b>Expenses</b>					
Salaries, fees, benefits and honoraria		144,555	1,494,624	1,639,179	1,491,775
Program (Schedule)		3,363	1,256,748	1,260,111	1,042,135
Administrative (Schedule)		156,515	231,446	387,961	388,882
Rentals		—	365,502	365,502	301,123
		<b>304,433</b>	<b>3,348,320</b>	<b>3,652,753</b>	3,223,915
<b>(Deficiency) excess of revenue over expenses</b>		<b>(77,694)</b>	<b>(86,658)</b>	<b>(164,352)</b>	90,385

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

**Volleyball B.C.****Statement of changes in net assets**

Year ended November 30, 2019

	<b>Invested in property and equipment</b>	<b>Internally restricted</b>	<b>Unrestricted</b>	<b>2019 Total</b>	2018 Total
Notes	\$	\$	\$	\$	\$
<b>Net assets, beginning of year</b>	<b>243,072</b>	<b>582,725</b>	<b>541,009</b>	<b>1,366,806</b>	1,276,421
(Deficiency) of excess of revenue expenses	<b>(19,862)</b>	—	<b>(144,490)</b>	<b>(164,352)</b>	90,385
Purchase of property and equipment	<b>30,610</b>	—	<b>(30,610)</b>	—	—
Interfund transfers	—	<b>(50,000)</b>	<b>50,000</b>	—	—
<b>Net assets, end of year</b>	<b>253,820</b>	<b>532,725</b>	<b>415,909</b>	<b>1,202,454</b>	1,366,806

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

**Volleyball B.C.**  
**Statement of financial position**  
As at November 30, 2019

	Notes	2019 \$	2018 \$
<b>Assets</b>			
Current assets			
Cash and cash equivalents	6	<b>938,522</b>	1,222,638
Accounts receivable		<b>161,465</b>	110,331
Government remittances receivable		—	7,131
Prepaid expenses		<b>187,667</b>	189,757
		<b>1,287,654</b>	1,529,857
Property and equipment	3	<b>370,070</b>	374,322
		<b>1,657,724</b>	1,904,179
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		<b>104,081</b>	151,228
Government remittances payable		<b>6,339</b>	—
Deferred revenue		<b>228,600</b>	254,895
Current portion of deferred contribution for leasehold improvements		<b>15,000</b>	15,000
		<b>354,020</b>	421,123
Non-current portion of deferred contribution for leasehold improvements		<b>101,250</b>	116,250
		<b>455,270</b>	537,373
Commitment	5		
<b>Net assets</b>			
Invested in property and equipment		<b>253,820</b>	243,072
Internally restricted	4	<b>532,725</b>	582,725
Unrestricted		<b>415,909</b>	541,009
		<b>1,202,454</b>	1,366,806
		<b>1,657,724</b>	1,904,179

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, 2019

	<b>2019</b>	2018
	\$	\$
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenses	<b>(164,352)</b>	90,385
Item not affecting cash		
Amortization	<b>34,862</b>	33,555
	<b>(129,490)</b>	123,940
Changes in non-cash working capital		
Accounts receivable	<b>(51,134)</b>	149,600
Prepaid expenses	<b>2,090</b>	12,815
Accounts payable and accrued liabilities	<b>(47,147)</b>	(84,566)
Government remittances payable	<b>13,470</b>	(8,785)
Deferred revenue and deferred contributions	<b>(41,295)</b>	85,435
	<b>(253,506)</b>	278,439
<b>Investing activity</b>		
Acquisition of property and equipment	<b>(30,610)</b>	(101,863)
Net (decrease) increase in cash and cash equivalents	<b>(284,116)</b>	176,576
Cash and cash equivalents, beginning of the year	<b>1,222,638</b>	1,046,062
<b>Cash and cash equivalents, end of the year</b>	<b>938,522</b>	1,222,638

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 not-for-profit organization under the Income Tax Act. 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**

### *(a) 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.

### *(b) 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.

### *(c) 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.

### *(d) 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.

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

*(e) 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.

*(f) Cash and cash equivalents*

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

*(g) 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 is reversed in the statement of operations in the period the reversal occurs.

**3. Property and equipment**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2019 Net book value</b>	2018 Net book value
	\$	\$	\$	\$
Furniture and fixtures	<b>81,387</b>	<b>(78,589)</b>	<b>2,798</b>	3,497
Automobile equipment	<b>17,008</b>	<b>(11,327)</b>	<b>5,681</b>	8,116
Sports centre improvements	<b>440,910</b>	<b>(79,319)</b>	<b>361,591</b>	362,709
	<b>539,305</b>	<b>(169,235)</b>	<b>370,070</b>	374,322

**4. Internally restricted funds**

The Organization's Board of Directors has authorized the establishment of an internally restricted expense reserve of \$532,725 (\$582,725 in 2018). The Board has allocated internally restricted amounts to the following specified-use reserve funds:

	<b>2019</b>	2018
	\$	\$
General contingency fund	<b>150,000</b>	150,000
Women's National Team Support fund	<b>50,000</b>	100,000
Facility development fund	<b>332,725</b>	332,725
	<b>532,725</b>	582,725

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

During the period ended November 30, 2019, \$50,000 was 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>2019</b>	2018
	\$	\$
Community Gaming Grant funding	<b>134,000</b>	131,500

At November 30, 2019, cash on hand relating to the gaming funds totaled \$510 (\$796 in 2018).

**7. Government funding**

For the fiscal year ended November 30, 2019, the following government funding was recognized as revenue:

	<b>2019</b>	2018
	\$	\$
viaSport general program funding	<b>207,867</b>	204,080
Federal student grant	<b>39,725</b>	37,225
Western Economic Diversification Canada (i)	<b>15,000</b>	15,000
Other government funding	<b>13,235</b>	12,250
viaSport special project funding	<b>6,500</b>	36,800
	<b>282,327</b>	305,355

(i) The funds from the Western Economic Diversification grant of \$150,000 were restricted for use to offset capital project costs for improvements to the HJSC. Contributions are amortized to revenue on a straight line basis over the useful life of the HJSC's improvements. For the fiscal year ended November 30, 2019, \$15,000 (\$15,000 in 2018) of the related grant contributions has been recognized in revenue.

## **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 organizations and its members. The maximum exposure to credit risk is \$1,099,988 as of November 30, 2019 (\$1,332,969 in 2018). 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, 2019, the Organization provided total remuneration of \$323,813 (\$102,967 in 2018) to employees or contractors of the Organization that received remuneration individually in excess of \$75,000 during the year.

The members of the Board of Directors did not receive any remuneration during the year for services rendered to the Organization.

**Volleyball B.C.****Schedule of expenses**

Year ended November 30, 2019

	<b>Harry Jerome Sports Centre</b>	<b>Volleyball B.C.</b>	<b>2019 Total</b>	2018 Total
	\$	\$	\$	\$
<b>Program</b>				
Food and accommodation	—	<b>394,161</b>	<b>394,161</b>	264,278
Officials	—	<b>331,611</b>	<b>331,611</b>	320,519
Hosting, Team BC and programs	<b>3,363</b>	<b>228,587</b>	<b>231,950</b>	230,552
Travel and meeting	—	<b>169,225</b>	<b>169,225</b>	97,296
Awards and prizes	—	<b>127,472</b>	<b>127,472</b>	125,316
Promotion	—	<b>5,692</b>	<b>5,692</b>	4,174
	<b>3,363</b>	<b>1,256,748</b>	<b>1,260,111</b>	<b>1,042,135</b>
<b>Administrative</b>				
Office	<b>257</b>	<b>66,532</b>	<b>66,789</b>	60,118
Credit card and bank charges	<b>987</b>	<b>59,578</b>	<b>60,565</b>	50,760
Utilities	<b>52,705</b>	—	<b>52,705</b>	49,334
Insurance	<b>30,615</b>	<b>14,637</b>	<b>45,252</b>	53,048
maintenance	<b>37,215</b>	—	<b>37,215</b>	56,975
Amortization	<b>34,736</b>	<b>126</b>	<b>34,862</b>	33,555
Printing and stationery	—	<b>26,936</b>	<b>26,936</b>	5,826
Marketing	—	<b>18,223</b>	<b>18,223</b>	21,977
Accounting, audit and legal	—	<b>15,965</b>	<b>15,965</b>	11,844
Postage and courier	—	<b>12,198</b>	<b>12,198</b>	27,110
Telephone and fax	—	<b>12,173</b>	<b>12,173</b>	13,212
Professional development	—	<b>5,078</b>	<b>5,078</b>	5,123
	<b>156,515</b>	<b>231,446</b>	<b>387,961</b>	<b>388,882</b>