



Financial Statements

Volleyball B.C.

November 30, 2020

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# Independent Auditor's Report

To the Members of  
Volleyball B.C.

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## Opinion

We have audited the financial statements of Volleyball B.C. (the "Organization"), which comprise the statement of financial position as at November 30, 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Volleyball B.C. as at November 30, 2020, and its results of operations 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 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.

## Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these 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 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 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, 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.

### **Report on other legal and regulatory requirements**

As required by the Societies Act of British Columbia, we report that, in our opinion, these financial statements were prepared on a basis consistent with that applied in preparing the financial statements of the preceding year.

**Other matter**

The financial statement of the Organization for the year ended November 30, 2019 were audited by other auditors whose report dated March 7, 2020 expressed an unqualified opinion on those statements.



Vancouver, Canada  
March 9, 2021

Chartered Professional Accountants

# Volleyball B.C.

## Statement of Operations

Year ended November 30

	Harry Jerome Sports Centre	Volleyball B.C.	2020 Total	2019 Total
<b>Revenue</b>				
Administrative				
Government funding (Note 7)	\$ 15,000	\$ 671,836	\$ <b>686,836</b>	\$ 282,327
Other administrative revenue	1,803	147,494	<b>149,297</b>	268,803
	<u>16,803</u>	<u>819,330</u>	<u><b>836,133</b></u>	<u>551,130</u>
<b>Program</b>				
Entry, tournament and league fees	-	633,711	<b>633,711</b>	2,165,150
HJSC rentals	216,042	-	<b>216,042</b>	189,977
Registration	-	255,686	<b>255,686</b>	238,419
Fundraising, sponsorships and donations	-	21,777	<b>21,777</b>	182,436
Gaming (Note 6)	-	77,500	<b>77,500</b>	134,000
Other program revenue	7,102	1,945	<b>9,047</b>	27,289
	<u>223,144</u>	<u>990,619</u>	<u><b>1,213,763</b></u>	<u>2,937,271</u>
	<u>239,947</u>	<u>1,809,949</u>	<u><b>2,049,896</b></u>	<u>3,488,401</u>
<b>Expenses</b>				
Salaries, fees, benefits and honoraria	138,263	967,489	<b>1,105,752</b>	1,639,179
Program (Schedule)	1,005	342,500	<b>343,505</b>	1,260,111
Administrative (Schedule)	196,734	133,412	<b>330,146</b>	387,961
Rentals	-	78,864	<b>78,864</b>	365,502
	<u>336,002</u>	<u>1,522,265</u>	<u><b>1,858,267</b></u>	<u>3,652,753</u>
Excess (deficiency) of revenues over expenses	\$ (96,055)	\$ 287,684	\$ <b>191,629</b>	\$ (164,352)

# Volleyball B.C.

## Statement of Changes in Net Assets

Year ended November 30

	Invested in property and equipment	Internally restricted	Unrestricted	2020 Total	2019 Total
Net assets, beginning of year	\$ 253,820	\$ 532,725	\$ 415,909	\$ 1,202,454	\$ 1,366,806
Excess (deficiency) of revenue over expenses	(38,849)	-	230,478	191,629	(164,352)
Purchase of property and equipment	15,366	-	(15,366)	-	-
Interfund transfer	-	(50,000)	50,000	-	-
Net assets, end of year	<u>\$ 230,337</u>	<u>\$ 482,725</u>	<u>\$ 681,021</u>	<u>\$ 1,394,083</u>	<u>1,202,454</u>

# Volleyball B.C.

## Statement of Financial Position

November 30

2020

2019

### Assets

#### Current assets

Cash and cash equivalents (Note 6)	\$ 1,317,762	\$ 938,522
Accounts receivable (Note 7)	92,779	161,465
Prepaid expenses	61,902	187,667

<b>1,472,443</b>	1,287,654
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Property and equipment (Note 3)

<b>331,587</b>	370,070
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<b>\$ 1,804,030</b>	<b>\$ 1,657,724</b>
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### Liabilities

#### Current liabilities

Accounts payable and accrued liabilities	\$ 143,657	\$ 104,081
Government remittances payable	12,397	6,339
Deferred revenue	83,630	228,600
Deferred gaming grant (Note 6)	69,013	-
Current portion of deferred contribution for leasehold improvements	15,000	15,000

<b>323,697</b>	354,020
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Non-current portion of deferred contribution  
for leasehold improvements

<b>86,250</b>	101,250
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<b>409,947</b>	455,270
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### Net assets

Invested in property and equipment	230,337	253,820
Internally restricted (Note 4)	482,725	532,725
Unrestricted	681,021	415,909

<b>1,394,083</b>	1,202,454
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<b>\$ 1,804,030</b>	<b>\$ 1,657,724</b>
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Commitments (Note 5)

Approved on behalf of the Board of Directors

*Doramy Ehling*

Director

*[Signature]*

Director



# Volleyball B.C.

## Statement of Cash Flows

Year ended November 30

2020

2019

Cash derived from (applied to)

### Operating activities

Excess (deficiency) of revenues  
over expenses

\$ 191,629 \$ (164,352)

Item not affecting cash

Amortization

53,849 34,862

245,478 (129,490)

Change in non-cash working capital

Accounts receivable

68,686 (51,134)

Prepaid expenses

125,765 2,090

Accounts payable and accrued liabilities

39,576 (47,147)

Government remittances payable

6,058 13,470

Deferred revenue and deferred contributions

(90,957) (41,295)

394,606 (253,506)

### Investing activity

Acquisition of property and equipment

(15,366) (30,610)

(15,366) (30,610)

Increase (decrease) in cash

379,240 (284,116)

Cash, beginning of year

938,522 1,222,638

Cash, end of year

\$ 1,317,762 \$ 938,522

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# **Volleyball B.C.**

## **Notes to the Financial Statements**

For the year ended November 30, 2020

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### **1. Nature of organization and COVID-19**

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.

During the year, the spread of COVID-19 severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions and impact on businesses and operations of not-for-profit organizations. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

While governments and central banks have reacted with monetary and fiscal interventions designed to stabilize economic conditions, the duration and extent of the impact of the COVID-19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time.

As a result of COVID-19, a substantial portion of the Organization ceased operations in March 2020. Subsequently the Organization has been resuming operations in adherence with the BC Government’s Restart Plan (“the Restart Plan”) sport specific guidelines. The Organization is currently operating within phase two of the Restart Plan and will only commence further operations in alignment with public health guidelines about the safe resumption of activity.

The Organization qualified for government assistance programs in place, resulting in the recognition of Canada Emergency Wage Subsidy revenue in the year.

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### **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
Sport Centre improvements	7 to 10 years straight line

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# **Volleyball B.C.**

## **Notes to the Financial Statements**

For the year ended November 30, 2020

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

#### **Property and equipment (continued)**

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.

#### **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 is reversed in the statement of operations in the period the reversal occurs.

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# Volleyball B.C.

## Notes to the Financial Statements

For the year ended November 30, 2020

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

#### Adoption of new accounting standards

On December 1, 2019, the Organization adopted new accounting standards Section 4433 Tangible capital assets held by not-for-profit organizations (the “standards”).

The most significant requirements include:

- tangible capital assets must be separated into their component parts, when practicable, and when estimates can be made of the lives of the separate components;
- tangible capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts; and
- additional disclosures when an impairment has occurred.

The adoption of the new accounting standards was applied prospectively, except the Organization was permitted to recognize an adjustment to opening net assets at December 1, 2019 to reflect partial impairments of tangible assets existing at that date. The adoption of these standards did not have any impact on the statement of financial position as at December 1, 2019 and the changes in financial position for the current period.

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3. Property and equipment			<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 81,387	\$ 79,149	\$ 2,238	\$ 2,798
Automobile equipment	17,008	13,031	3,977	5,681
Sports centre improvements	456,275	130,903	325,372	361,591
	<u>\$ 554,670</u>	<u>\$ 223,083</u>	<u>\$ 331,587</u>	<u>\$ 370,070</u>

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# Volleyball B.C.

## Notes to the Financial Statements

For the year ended November 30, 2020

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#### 4. Internally restricted funds

The Organization's Board of Directors has authorized the establishment of an internally restricted expense reserve of \$482,725 (2019 - \$532,725). The Board has allocated internally restricted amounts to the following specified-use reserve funds:

	<u>2020</u>	<u>2019</u>
General contingency fund	\$ 150,000	\$ 150,000
Women's National Team Support fund	-	50,000
Facility development fund	<u>332,725</u>	<u>332,725</u>
	<u>\$ 482,725</u>	<u>\$ 532,725</u>

During the period ended November 30, 2020 \$50,000 was transferred from the Women's National Team Support fund to unrestricted funds.

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#### 5. Commitments

The Organization has entered into an agreement with the City of Burnaby for the lease of the HJSC until June 30, 2021, 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.

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#### 6. Gaming funding

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

	<u>2020</u>	<u>2019</u>
Community Gaming Grant funding	\$ 146,513	\$ 134,000

At November 30, 2020, cash on hand relating to the gaming funds totaled \$69,013 (2019 - \$510) which represents funding received but deferred until eligible expenditures are incurred.

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# Volleyball B.C.

## Notes to the Financial Statements

For the year ended November 30, 2020

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### 7. Government funding

For the fiscal year ended November 30, 2020, the following government funding was recognized as revenue:

	<u>2020</u>	<u>2019</u>
viaSport general program funding	\$ 207,868	\$ 207,867
CEWS Covid-19 funding	334,168	-
Federal student grant	23,135	39,725
viaSport Covid-19 funding	79,250	-
viaSport special project funding	15,320	6,500
Western Economic Diversification Canada (i)	15,000	15,000
Other government funding	12,096	13,235
	<u>\$ 686,837</u>	<u>\$ 282,327</u>

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, 2020, \$15,000 (2019 - \$15,000) of the related grant contributions has been recognized in revenue.

Of the CEWs Covid-19 funding revenue recognized during the year, \$60,695 is included in accounts receivable as at November 30, 2020.

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### 8. Financial instruments

Financial assets measured at amortized cost totalled \$1,410,541 at November 30, 2020 (2019 - \$1,099,987). Financial liabilities measured at amortized cost totalled \$156,054 at November 30, 2020 (2019 - \$110,420).

#### *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 \$1,410,541 as of November 30, 2020 (2019 - \$1,099,988). Management believes that the Organization does not have a significant exposure to credit risk.

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# **Volleyball B.C.**

## **Notes to the Financial Statements**

For the year ended November 30, 2020

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### **8. Financial instruments (continued)**

#### *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.

The maximum exposure to liquidity risk is \$156,054 as at November 30, 2020 (2019 - \$110,420).

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### **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 Federation ("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. As at November 30, 2020, the market value of this fund in the Vancouver Foundation's statement was \$117,607. During the year, income from this fund of \$4,000 was disbursed as scholarships.

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### **10. Disclosure of director, employee, and contractor remuneration**

For the fiscal year ended November 30, 2020, the Organization provided total remuneration of \$255,614 (2019 - \$323,813) 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.

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## Volleyball B.C. Schedule of Expenses

Year ended November 30	Harry Jerome Sports Centre	Volleyball B.C.	2020 total	2019 Total
<b>Program</b>				
Food and accommodation	\$ -	\$ 16,922	\$ <b>16,922</b>	\$ 394,161
Officials	-	174,735	<b>174,735</b>	331,611
Hosting, Team BC and programs	935	89,350	<b>90,285</b>	231,950
Awards and prizes	-	42,445	<b>42,445</b>	127,472
Travel and meeting	-	12,480	<b>12,480</b>	169,225
Promotion	70	6,568	<b>6,638</b>	5,692
	<u>\$ 1,005</u>	<u>\$ 342,500</u>	<u>\$ <b>343,505</b></u>	<u>\$ 1,260,111</u>
<b>Administrative</b>				
Credit card and bank charges	\$ 3,202	\$ 56,385	\$ <b>59,587</b>	60,565
Amortization	53,748	101	<b>53,849</b>	34,862
Utilities	50,256	-	<b>50,256</b>	52,705
Maintenance	49,225	-	<b>49,225</b>	37,215
Insurance	38,584	7,314	<b>45,898</b>	45,252
Office	1,719	31,078	<b>32,797</b>	66,789
Accounting, audit and legal	-	16,760	<b>16,760</b>	15,965
Telephone and fax	-	13,699	<b>13,699</b>	12,173
Professional development	-	3,796	<b>3,796</b>	5,078
Printing and stationery	-	3,087	<b>3,087</b>	26,936
Postage and courier	-	1,192	<b>1,192</b>	12,198
Marketing	-	-	<b>-</b>	18,223
	<u>\$ 196,734</u>	<u>\$ 133,412</u>	<u>\$ <b>330,146</b></u>	<u>\$ 387,961</u>