



Financial Statements

Volleyball B.C.

November 30, 2021

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Independent Auditor's Report

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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, 2021, 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, 2021, 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.



Vancouver, Canada
March 1, 2022

Chartered Professional Accountants

Volleyball B.C.

Statement of Operations

Year ended November 30	Harry Jerome Sports Centre	Volleyball B.C.	2021 Total	2020 Total
Revenue				
Administrative				
Government funding (Note 7)	\$ 15,000	\$ 551,175	\$ 566,175	\$ 686,836
Other administrative revenue	1,143	60,376	61,519	149,297
	<u>16,143</u>	<u>611,551</u>	<u>627,694</u>	<u>836,133</u>
Program				
Entry, tournament and league fees	-	1,032,295	1,032,295	633,711
HJSC rentals	374,590	-	374,590	216,042
Registration	-	179,356	179,356	255,686
Gaming funding (Note 6)	-	144,200	144,200	77,500
Fundraising, sponsorships and donations	-	39,389	39,389	21,777
Other program revenue	1,024	417	1,441	9,047
	<u>375,614</u>	<u>1,395,657</u>	<u>1,771,271</u>	<u>1,213,763</u>
	<u>391,757</u>	<u>2,007,208</u>	<u>2,398,965</u>	<u>2,049,896</u>
Expenses				
Salaries, fees, benefits and honoraria	231,532	1,080,214	1,311,746	1,105,752
Administrative (Schedule)	230,255	175,423	405,678	330,146
Program (Schedule)	943	379,907	380,850	343,505
Rentals	-	89,699	89,699	78,864
	<u>462,730</u>	<u>1,725,243</u>	<u>2,187,973</u>	<u>1,858,267</u>
Excess (deficiency) of revenues over expenses	\$ (70,973)	\$ 281,965	\$ 210,992	\$ 191,629

Volleyball B.C.

Statement of Changes in Net Assets

Year ended November 30

	<u>Invested in property and equipment</u>	<u>Internally restricted</u>	<u>Unrestricted</u>	<u>2021 Total</u>	<u>2020 Total</u>
Net assets, beginning of year	\$ 230,337	\$ 482,725	\$ 681,021	\$ 1,394,083	\$ 1,202,454
Excess (deficiency) of revenue over expenses	(39,669)	-	250,661	210,992	191,629
Purchase of property and equipment	38,514	-	(38,514)	-	-
Interfund transfer	<u>-</u>	<u>495,500</u>	<u>(495,500)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 229,182</u>	<u>\$ 978,225</u>	<u>\$ 397,668</u>	<u>\$ 1,605,075</u>	<u>\$ 1,394,083</u>

Volleyball B.C.

Statement of Financial Position

November 30

2021

2020

Assets

Current assets

Cash and cash equivalents (Note 6)	\$ 1,731,696	\$ 1,317,762
Accounts receivable (Note 7)	170,349	92,779
Prepaid expenses	<u>93,766</u>	<u>61,902</u>

	1,995,811	1,472,443
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Property and equipment (Note 3)

	<u>315,432</u>	<u>331,587</u>
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	\$ 2,311,243	\$ 1,804,030
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Liabilities

Current liabilities

Accounts payable and accrued liabilities	\$ 172,273	\$ 143,657
Government remittances payable	8,435	12,397
Deferred revenue (Note 5)	391,697	83,630
Deferred gaming grant (Note 6)	47,513	69,013
Current portion of deferred contribution for leasehold improvements	<u>15,000</u>	<u>15,000</u>

	634,918	323,697
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Non-current portion of deferred contribution
for leasehold improvements

	<u>71,250</u>	<u>86,250</u>
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	706,168	409,947
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Net assets

Invested in property and equipment	229,182	230,337
Internally restricted (Note 4)	978,225	482,725
Unrestricted	<u>397,668</u>	<u>681,021</u>

	1,605,075	1,394,083
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	\$ 2,311,243	\$ 1,804,030
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Commitments (Note 11)

Approved on behalf of the Board of Directors

DORAMY CHANG Director

 Director

Volleyball B.C.

Statement of Cash Flows

Year ended November 30

2021

2020

Cash derived from (applied to)

Operating activities

Excess of revenues over expenses	\$	210,992	\$	191,629
Item not affecting cash				
Amortization		54,669		53,849
		<u>265,661</u>		<u>245,478</u>
Change in non-cash working capital				
Accounts receivable	(77,570)		68,686	
Prepaid expenses	(31,864)		125,765	
Accounts payable and accrued liabilities	28,616		39,576	
Government remittances payable	(3,962)		6,058	
Deferred revenue and deferred contributions	271,567		(90,957)	
		<u>452,448</u>		<u>394,606</u>

Investing activity

Acquisition of property and equipment		(38,514)		(15,366)
		<u>(38,514)</u>		<u>(15,366)</u>

Increase in cash		413,934		379,240
Cash, beginning of year		<u>1,317,762</u>		<u>938,522</u>
Cash, end of year	\$	<u>1,731,696</u>	\$	<u>1,317,762</u>

Volleyball B.C.

Notes to the Financial Statements

For the year ended November 30, 2021

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 11.

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

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

Volleyball B.C.

Notes to the Financial Statements

For the year ended November 30, 2021

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 and 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.

Volleyball B.C.

Notes to the Financial Statements

For the year ended November 30, 2021

			<u>2021</u>	<u>2020</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 81,387	\$ 79,597	\$ 1,790	\$ 2,238
Automobile equipment	26,633	15,668	10,965	3,977
Sports centre improvements	<u>485,165</u>	<u>182,488</u>	<u>302,677</u>	<u>325,372</u>
	<u>\$ 593,185</u>	<u>\$ 277,753</u>	<u>\$ 315,432</u>	<u>\$ 331,587</u>

4. Internally restricted funds

The Organization's Board of Directors has authorized the establishment of an internally restricted expense reserve of \$978,225 (2020 - \$482,725). The Board has allocated internally restricted amounts to the following specified-use reserve funds:

	<u>2021</u>	<u>2020</u>
Women's National Team Support fund	\$ 20,000	\$ -
General contingency fund	150,000	150,000
Amateur Sport League fund	208,225	-
Sinking fund - HJSC Dome	<u>600,000</u>	<u>332,725</u>
	<u>\$ 978,225</u>	<u>\$ 482,725</u>

The Women's National Team Support Fund includes \$20,000 per year to be given to Volleyball Canada towards hosting the Women's National Team in Richmond. The current financial commitment is set to expire by December 2022.

The Amateur Sport League Fund is a grant from viaSport BC to be used exclusively towards the post-COVID recovery of VBC club tournaments and Indoor Provincial Championships.

The Sinking Fund-HJSC Dome contains funds accumulated by the Organization for the replacement of the air-supported roof at the Organization's facility – the Harry Jerome Sport Centre – which is due to be replaced by 2024.

The General contingency fund contains reserves set aside to cover possible unforeseen future expenses.

On November 21, 2021, the Board of Directors reconfirmed the internal restrictions and balances of the aforementioned funds.

Volleyball B.C.

Notes to the Financial Statements

For the year ended November 30, 2021

5. Deferred revenue

As at November 30, 2021, the deferred revenue balance was made up of the following:

	<u>2021</u>	<u>2020</u>
Amateur sport league fund	\$ 208,225	\$ -
Clinic, camp, and league fees - paid in advance	125,473	83,630
Other deferred revenue	<u>57,999</u>	<u>-</u>
	<u>\$ 391,697</u>	<u>\$ 83,630</u>

6. Gaming funding

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

	<u>2021</u>	<u>2020</u>
Community Gaming Grant funding	\$ 122,700	\$ 146,513

At November 30, 2021, cash on hand relating to the gaming funds totaled \$47,513 (2020 - \$69,013) which represents funding received but deferred until eligible expenditures are incurred.

7. Government funding

For the fiscal year ended November 30, 2021, the following government funding was recognized as revenue:

	<u>2021</u>	<u>2020</u>
CEWS Covid-19 funding	\$ 292,841	\$ 334,168
viaSport general program funding	207,868	207,868
Federal student grant	42,487	23,135
Western Economic Diversification Canada	15,000	15,000
Other government funding	7,979	12,095
viaSport Covid-19 funding	-	79,250
viaSport special project funding	<u>-</u>	<u>15,320</u>
	<u>\$ 566,175</u>	<u>\$ 686,836</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, 2021, \$15,000 (2020 - \$15,000) of the related grant contributions has been recognized in revenue. Of the CEWS Covid-19 funding revenue recognized during the year, \$3,795 (2020 - \$60,695) is included in accounts receivable as at November 30, 2021.

Volleyball B.C.

Notes to the Financial Statements

For the year ended November 30, 2021

8. Financial instruments

Financial assets measured at amortized cost totalled \$1,902,045 at November 30, 2021 (2020 - \$1,410,541). Financial liabilities measured at amortized cost totalled \$180,708 at November 30, 2021 (2020 - \$156,054).

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 \$170,349 as of November 30, 2021 (2020 - \$92,779). Management believes that the Organization does not have a significant exposure to credit risk.

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 \$180,708 as at November 30, 2021 (2020 - \$156,054).

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.

10. Disclosure of director, employee, and contractor remuneration

For the fiscal year ended November 30, 2021, the Organization provided total remuneration of \$279,500 (2020 - \$255,614) to a total of three 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.

Notes to the Financial Statements

For the year ended November 30, 2021

11. Commitments

The Organization has entered into an agreement with the City of Burnaby for the lease of the HJSC until June 30, 2022. 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. Schedule of Expenses

Year ended November 30	Harry Jerome Sports Centre	Volleyball B.C.	2021 total	2020 Total
Program				
Food and accommodation	\$ -	\$ 128,840	\$ 128,840	\$ 16,922
Hosting, Team BC and programs	943	98,192	99,135	90,285
Officials	-	65,707	65,707	174,735
Awards and prizes	-	51,688	51,688	42,445
Travel and meeting	-	30,509	30,509	12,480
Promotion	-	4,971	4,971	6,638
	<u>\$ 943</u>	<u>\$ 379,907</u>	<u>\$ 380,850</u>	<u>\$ 343,505</u>
Administrative				
Insurance	\$ 69,757	\$ 31,126	\$ 100,883	45,898
Credit card and bank charges	6,416	58,274	64,690	59,587
Utilities	61,902	-	61,902	50,256
Amortization	54,588	81	54,669	53,849
Office	-	41,363	41,363	32,797
Maintenance	37,592	-	37,592	49,225
Accounting, audit and legal	-	15,750	15,750	16,760
Telephone and fax	-	13,657	13,657	13,699
Professional development	-	10,659	10,659	3,796
Printing and stationery	-	2,633	2,633	3,087
Postage and courier	-	1,880	1,880	1,192
	<u>\$ 230,255</u>	<u>\$ 175,423</u>	<u>\$ 405,678</u>	<u>\$ 330,146</u>