



Financial Statements

Volleyball B.C.

November 30, 2022

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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, 2022, 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, 2022, 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 6, 2023



Chartered Professional Accountants

Volleyball B.C.

Statement of Operations

Year ended November 30

	Harry Jerome Sports Centre	Volleyball B.C.	2022 Total	2021 Total
Revenue				
Administrative				
Government funding (Note 7)	\$ 15,000	\$ 374,593	\$ 389,593	\$ 566,175
Other administrative revenue	5,667	206,388	212,055	61,519
	<u>20,667</u>	<u>580,981</u>	<u>601,648</u>	<u>627,694</u>
Program				
Entry, tournament and league fees	-	2,449,945	2,449,945	1,032,295
HJSC rentals	327,831	-	327,831	374,590
Registration	-	289,111	289,111	179,356
Gaming funding (Note 6)	-	195,213	195,213	144,200
Fundraising, sponsorships and donations	-	124,978	124,978	39,389
Other program revenue	250	-	250	1,441
	<u>328,081</u>	<u>3,059,247</u>	<u>3,387,328</u>	<u>1,771,271</u>
	<u>348,748</u>	<u>3,640,228</u>	<u>3,988,976</u>	<u>2,398,965</u>
Expenses				
Salaries, fees, benefits and honoraria	218,644	1,516,273	1,734,917	1,311,746
Administrative (Schedule)	271,379	202,883	474,262	405,678
Program (Schedule)	503	998,293	998,796	380,850
Rentals	-	354,930	354,930	89,699
	<u>490,526</u>	<u>3,072,379</u>	<u>3,562,905</u>	<u>2,187,973</u>
Excess (deficiency) of revenues over expenses	\$ <u>(141,778)</u>	\$ <u>567,849</u>	\$ <u>426,071</u>	\$ <u>210,992</u>

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>2022 Total</u>	<u>2021 Total</u>
Net assets, beginning of year	\$ 229,182	\$ 978,225	\$ 397,668	\$ 1,605,075	\$ 1,394,083
Excess (deficiency) of revenue over expenses	(44,360)	-	470,431	426,071	210,992
Purchase of property and equipment	645,457	-	(645,457)	-	-
Interfund transfer	-	220,000	(220,000)	-	-
Net assets, end of year	<u>\$ 830,279</u>	<u>\$ 1,198,225</u>	<u>\$ 2,642</u>	<u>\$ 2,031,146</u>	<u>\$ 1,605,075</u>

Volleyball B.C.

Statement of Financial Position

November 30

2022

2021

Assets

Current assets

Cash and cash equivalents (Note 6)	\$ 1,463,863	\$ 1,731,696
Accounts receivable (Note 7)	260,590	170,349
Government remittances receivable	34,854	-
Prepaid expenses	248,739	93,766

	2,008,046	1,995,811
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Property and equipment (Note 3)

	901,529	315,432
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	\$ 2,909,575	\$ 2,311,243
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Liabilities

Current liabilities

Accounts payable and accrued liabilities	\$ 479,569	\$ 172,273
Government remittances payable	-	8,435
Deferred revenue (Note 5)	327,610	391,697
Deferred gaming grant (Note 6)	-	47,513
Current portion of deferred contribution for leasehold improvements	15,000	15,000

	822,179	634,918
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Non-current portion of deferred contribution
for leasehold improvements

	56,250	71,250
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	878,429	706,168
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Net assets

Invested in property and equipment	830,279	229,182
Internally restricted (Note 4)	1,198,225	978,225
Unrestricted	2,642	397,668

	2,031,146	1,605,075
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	\$ 2,909,575	\$ 2,311,243
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Commitments (Note 10)

Approved on behalf of the Board of Directors

Doramy Chling

Director



Director

Volleyball B.C.

Statement of Cash Flows

Year ended November 30

2022

2021

Cash derived from (applied to)

Operating activities

Excess of revenues over expenses	\$ 426,071	\$ 210,992
Item not affecting cash		
Amortization	<u>59,360</u>	<u>54,669</u>
	485,431	265,661
Change in non-cash working capital		
Accounts receivable	(90,241)	(77,570)
Prepaid expenses	(154,973)	(31,864)
Accounts payable and accrued liabilities	307,296	28,616
Government remittances payable	(43,289)	(3,962)
Deferred revenue and deferred contributions	<u>(126,600)</u>	<u>271,567</u>
	<u>377,624</u>	<u>452,448</u>

Investing activity

Acquisition of property and equipment	<u>(645,457)</u>	<u>(38,514)</u>
	<u>(645,457)</u>	<u>(38,514)</u>

(Decrease) increase in cash	(267,833)	413,934
Cash, beginning of year	<u>1,731,696</u>	<u>1,317,762</u>
Cash, end of year	<u>\$ 1,463,863</u>	<u>\$ 1,731,696</u>

Volleyball B.C.

Notes to the Financial Statements

For the year ended November 30, 2022

1. Nature 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 10.

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

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.

Assets under construction are not amortized until they are put into use.

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.

Volleyball B.C.

Notes to the Financial Statements

For the year ended November 30, 2022

2. Summary of significant accounting policies (continued)

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.

3. Property and equipment

			<u>2022</u>	<u>2021</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 81,387	\$ 79,955	\$ 1,432	\$ 1,790
Automobile equipment	26,633	18,958	7,675	10,965
Sports centre improvements	485,165	238,200	246,965	302,677
Construction in progress	645,457	-	645,457	-
	<u>\$ 1,238,642</u>	<u>\$ 337,113</u>	<u>\$ 901,529</u>	<u>\$ 315,432</u>

The construction in progress is further described in Note 10. As the asset is not in use, no amortization has been recorded.

Volleyball B.C.

Notes to the Financial Statements

For the year ended November 30, 2022

4. Internally restricted funds

The Organization's Board of Directors has authorized the establishment of an internally restricted expense reserve of \$1,198,225 (2021 - \$978,225). The Board has allocated internally restricted amounts to the following specified-use reserve funds:

	<u>2022</u>	<u>2021</u>
Women's National Team Support fund	\$ 40,000	\$ 20,000
General contingency fund	150,000	150,000
Amateur Sport League fund	208,225	208,225
Sinking fund - HJSC Dome	800,000	600,000
	<u>\$ 1,198,225</u>	<u>\$ 978,225</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 provide \$20,000 for 2023 and \$20,000 for 2024.

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 2023.

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

5. Deferred revenue

As at November 30, 2022, the deferred revenue balance was made up of the following:

	<u>2022</u>	<u>2021</u>
Amateur sport league fund	\$ 208,225	\$ 208,225
Canadian Paralympic Committee	11,250	-
Clinic, camp, and league fees - paid in advance	64,277	125,473
Lead Forward Grant	1,000	-
Indoor Provincials 2023	12,500	-
Other deferred revenue	30,358	57,999
	<u>\$ 327,610</u>	<u>\$ 391,697</u>

Volleyball B.C.

Notes to the Financial Statements

For the year ended November 30, 2022

6. Gaming funding

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

	<u>2022</u>	<u>2021</u>
Community Gaming Grant funding	<u>\$ 147,700</u>	<u>\$ 122,700</u>

At November 30, 2022, cash on hand relating to the gaming funds totaled \$nil (2021 - \$47,513) which represents funding received but deferred until eligible expenditures are incurred.

7. Government funding

For the fiscal year ended November 30, 2022, the following government funding was recognized as revenue:

	<u>2022</u>	<u>2021</u>
viaSport general program funding	<u>\$ 207,868</u>	\$ 207,868
viaSport Covid-19 funding	<u>91,148</u>	-
Other government funding	<u>40,250</u>	7,979
Federal student grant	<u>35,327</u>	42,487
Western Economic Diversification Canada	<u>15,000</u>	15,000
CEWS Covid-19 funding	<u>-</u>	292,841
	<u>\$ 389,593</u>	<u>\$ 566,175</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, 2022, \$15,000 (2021 - \$15,000) of the related grant contributions has been recognized in revenue. Of the CEWS Covid-19 funding revenue recognized during the year, \$nil (2021 - \$3,795) is included in accounts receivable as at November 30, 2022.

8. Financial instruments

Financial assets measured at amortized cost totalled \$1,785,806 at November 30, 2022 (2021 - \$1,902,045). Financial liabilities measured at amortized cost totalled \$506,068 at November 30, 2022 (2021 - \$180,708).

Volleyball B.C.

Notes to the Financial Statements

For the year ended November 30, 2022

8. Financial instruments (continued)

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 \$260,589 as of November 30, 2022 (2021 - \$170,349). 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 \$506,068 as at November 30, 2022 (2021 - \$180,708).

9. Disclosure of director, employee, and contractor remuneration

For the fiscal year ended November 30, 2022, the Organization provided total remuneration of \$201,583 (2021 - \$279,500) to a total of two 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.

10. Commitments

The Organization has extended the lease with the City of Burnaby for the lease of the HJSC until December 31, 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.

The Organization is committed to complete the roof replacement project for HJSC. The total estimated project budget for the roof replacement performed by management is of \$1,913,704, including roof contractor costs, other construction costs and soft costs.

The Organization has collected \$26,500 as performance bonds from Clubs which, upon satisfaction of the Clubs' obligations as participants in VBC sanctioned events, will be returned at the end of the season, net of any sanctions or deductions withheld by the Organization.

Volleyball B.C.

Notes to the Financial Statements

For the year ended November 30, 2022

11. Subsequent event

The Organization has renewed the lease with the City of Burnaby for the lease of the HJSC until June 30, 2023. The management intended to negotiate a 13-year lease with the City of Burnaby after June 30, 2023, when the second extension period ends. Due to the long-term relationship with the City of Burnaby, the management is confident the lease extension can be obtained.

Volleyball B.C. Schedule of Expenses

For the year ended November 30, 2022

	Harry Jerome Sports Centre	Volleyball B.C.	2022 total	2021 Total
Program				
Food and accommodation	\$ -	\$ 300,444	\$ 300,444	\$ 128,840
Hosting, Team BC and programs	503	231,741	232,244	99,135
Officials	-	256,816	256,816	65,707
Awards and prizes	-	83,934	83,934	51,688
Travel and meeting	-	95,170	95,170	30,509
Promotion	-	30,188	30,188	4,971
	<u>\$ 503</u>	<u>\$ 998,293</u>	<u>\$ 998,796</u>	<u>\$ 380,850</u>
Administrative				
Insurance	\$ 90,454	\$ 38,438	\$ 128,892	100,883
Utilities	81,438	-	81,438	61,902
Office	227	66,373	66,600	41,363
Amortization	59,295	65	59,360	54,669
Maintenance	32,822	-	32,822	37,592
Postage and courier	-	28,755	28,755	1,880
Accounting, audit and legal	-	18,688	18,688	15,750
Credit card and bank charges	7,143	11,106	18,249	64,690
Professional development	-	17,052	17,052	10,659
Telephone and fax	-	15,175	15,175	13,657
Printing and stationery	-	7,231	7,231	2,633
	<u>\$ 271,379</u>	<u>\$ 202,883</u>	<u>\$ 474,262</u>	<u>\$ 405,678</u>