

DRAFT

Financial Statements of

**B.C. Volleyball Association
(DBA Volleyball BC)**

For the year ended November 30, 2023

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B.C. Volleyball Association (DBA Volleyball BC)

Statement of Financial Position

As at November 30, 2023

	2023	2022
		(Note 13)
Assets		
Current assets		
Cash and cash equivalents	\$ 1,621,755	\$ 1,495,874
Program revenues receivable	326,612	255,078
Government remittances receivable	-	34,854
Prepaid Expenses	310,584	248,739
	2,258,951	2,034,545
Property and equipment (Note 3)	1,972,283	901,529
Total Assets	\$ 4,231,234	\$ 2,936,074
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 154,812	\$ 506,068
Government remittances payable	1,156	-
Deferred revenue (Note 4)	466,279	327,610
Deferred gaming grant (Note 5)	4,500	-
	626,747	833,678
Deferred contributions for capital projects (Note 6)	1,258,173	71,250
Net Assets		
Internally restricted (Note 7)	670,000	1,198,225
Unrestricted	1,676,314	832,921
	2,346,314	2,031,146
Total Liabilities and Net Assets	\$ 4,231,234	\$ 2,936,074

Commitments (Note 12)

Approved on behalf of the Board:

See accompanying notes to the financial statements.

B.C. Volleyball Association (DBA Volleyball BC)

Statement of Changes in Net Assets
For the year ended November 30, 2023

	2023			2022	
	Internally restricted	Unrestricted	Total	Total	
Net Assets, beginning of year	\$ 1,198,225	\$ 832,921	\$ 2,031,146	\$	1,605,075
Excess of revenues over expenses	-	315,168	315,168		426,071
Interfund transfer, net (Note 8)	(528,225)	528,225	-		-
Net Assets, end of year	\$ 670,000	\$ 1,676,314	\$ 2,346,314	\$	2,031,146

See accompanying notes to the financial statements.

B.C. Volleyball Association (DBA Volleyball BC)

Statement of Operations

For the year ended November 30, 2023

	2023			2022 (Note 13)	
	Harry Jerome Sports Centre	Volleyball BC	Total	Total	
Revenues					
Administrative					
Government funding (Note 9)	\$ 63,077	\$ 609,151	\$ 672,228	\$	389,593
Administrative and other general revenues	-	432,503	432,503		189,853
Interest income	10,906	82,458	93,364		22,202
	73,983	1,124,112	1,198,095		601,648
Programs					
Gaming funding (Note 5)	-	165,700	165,700		195,213
Entry, tournament and league fees	-	2,975,476	2,975,476		2,450,195
Registration	-	337,263	337,263		289,111
HJSC rentals	308,601	-	308,601		327,831
Fundraising, sponsorships and donations	-	187,376	187,376		124,978
	308,601	3,665,815	3,974,416		3,387,328
Total Revenues	382,584	4,789,927	5,172,511		3,988,976
Expenses					
Salaries, fees, benefits and honoraria	228,488	1,901,155	2,129,643		1,734,917
Administrative (Schedule)	354,600	223,538	578,138		474,262
Programs (Schedule)	3,979	2,145,583	2,149,562		1,353,726
	587,067	4,270,276	4,857,343		3,562,905
Excess (deficiency) of revenues over expenses	\$ (204,483)	\$ 519,651	\$ 315,168	\$	426,071

See accompanying notes to the financial statements.

B.C. Volleyball Association (DBA Volleyball BC)

Statement of Cash Flows

For the year ended November 30, 2023

	2023	2022
		(Note 13)
Operating activities		
Excess of revenues over expenses	\$ 315,168	\$ 426,071
Items not affecting cash		
Amortization	129,902	59,360
Deferred revenue received in the prior year	(221,192)	(153,114)
Deferred contributions for capital projects received in the prior year	(15,000)	(15,000)
	208,878	317,317
Net changes in operating receivables and payables		
Program revenues receivable	(71,534)	(84,729)
Prepaid expenses	(61,845)	(154,973)
Accounts payable and accrued liabilities	(351,256)	333,795
Government remittances payable	36,010	(43,289)
Deferred revenue	359,861	89,027
Deferred gaming grant (Note 5)	4,500	(47,513)
Deferred contributions for capital projects	1,201,923	-
	1,326,537	409,635
Investing activity		
Roof replacement and acquisition of equipment	(1,200,656)	(645,457)
Increase (decrease) in cash	125,881	(235,822)
Cash and cash equivalents, beginning of year	1,495,874	1,731,696
Cash and cash equivalents, end of year	\$ 1,621,755	\$ 1,495,874
Cash and cash equivalents consists of the following:		
Cash at bank	\$ 1,208,230	\$ 787,241
Term deposits - Guaranteed Investment Certificates	413,525	707,941
Less: restricted cash	-	692
	\$ 1,621,755	\$ 1,495,874

See accompanying notes to the financial statements.

B.C. Volleyball Association (DBA Volleyball BC)

Schedule of Expenses

For the year ended November 30, 2023

	2023			2022	
				(Note 13)	
	Harry Jerome Sports Centre	Volleyball BC	Total	Total	
Administrative					
Amortization	\$ 129,837	\$ 65	\$ 129,902	\$	59,360
Insurance	62,513	42,954	105,467		128,892
Utilities	92,211	-	92,211		81,438
Office	4,303	59,684	63,987		66,600
Maintenance	57,939	-	57,939		32,822
Accounting, audit and legal	-	46,559	46,559		18,688
Credit card and bank charges	7,797	18,603	26,400		18,249
Postage and courier	-	17,882	17,882		28,755
Printing and stationery	-	14,007	14,007		7,231
Professional development	-	12,710	12,710		17,052
Telephone and fax	-	11,074	11,074		15,175
	354,600	223,538	578,138		474,262
Programs					
Facility and equipment rentals	-	775,562	775,562		354,930
Officials	-	545,146	545,146		256,816
Food and accommodation	-	353,981	353,981		300,444
Awards and prizes	-	149,013	149,013		83,934
Travel and meeting	104	142,038	142,142		95,170
Hosting, Team BC and programs	1,301	136,421	137,722		232,244
Promotion	2,574	43,422	45,996		30,188
	\$ 3,979	\$ 2,145,583	\$ 2,149,562	\$	1,353,726

See accompanying notes to the financial statements.

B.C. Volleyball Association (DBA Volleyball BC)

Notes to the Financial Statements

For the year ended November 30, 2023

1. PURPOSE OF THE ORGANIZATION

B.C. Volleyball Association (DBA Volleyball BC) (the “Organization”) is a not-for-profit organization incorporated on July 27, 1965 under The Societies Act (British Columbia). The purpose of the Organization is to promote interest and development of volleyball in British Columbia. The Organization is a not-for-profit organization under the Income Tax Act. The Organization has an agreement with the City of Burnaby to maintain and operate the Harry Jerome Sport Centre (“HJSC”) – see note 12. Hence the operations related to HJSC are presented in a separate fund in the statement of operations within these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

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.

Basis of presentation

In order to separate the operations related to the Organization and HJSC, the accounts are maintained on a fund accounting basis. Two funds are maintained – Harry Jerome Sports Centre and Volleyball BC.

- (i) The Harry Jerome Sports Centre fund is used to account for all revenues and expenses related to the operations which mainly consists of court and cycling rentals
- (ii) The Volleyball BC fund is used to account for all other activities

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
Sport centre roof	13 years straight line

Property and equipment subject to amortization are tested for recoverability whenever events or changes in circumstances indicate that the assets no longer have long-term service potential to the Organization. If such conditions exist, an impairment loss is measured as the amount by which the carrying amount of the asset exceeds its residual value.

Revenue recognition

The Organization follows the deferral method of accounting for restricted contributions. Externally restricted contributions which include government funding and gaming funding revenues are deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Program revenues such as entry, tournament and league fees, registration fees, HJSC rentals, fundraising, sponsorships, and donations are recognized in the year when received and receivable if the amount can be reasonably estimated and collection is reasonably assured. Amounts received for programs and events occurring in the next fiscal year are deferred and recognized as revenue once the program or event has occurred.

Contributed services

Volunteers contribute their time to assist the Organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

B.C. Volleyball Association (DBA Volleyball BC)

Notes to the Financial Statements

For the year ended November 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

Cash and cash equivalents

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

Government funding

Government funding restricted for capital expenditures is recognized in revenue on the same basis as the related capital assets is amortized over its useful service life. Other government assistance is generally recognized as revenue when the related expenses are incurred.

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.

3. PROPERTY AND EQUIPMENT

				2023		
				Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$	81,387	\$	80,313	\$	1,074
Automobile equipment		38,633		22,247		16,386
Sports centre improvements		485,165		293,911		191,254
Sports centre roof		1,834,111		70,542		1,763,569
	\$	2,439,296	\$	467,013	\$	1,972,283

				2022		
				Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$	81,387	\$	79,955	\$	1,432
Automobile equipment		26,633		18,958		7,675
Sports centre improvements		485,165		238,200		246,965
Sports centre roof (under construction)*		645,457		-		645,457
	\$	1,238,642	\$	337,113	\$	901,529

* In March 2023, the roof replacement project was completed and the costs were reclassified from roof under construction to sports centre roof.

B.C. Volleyball Association (DBA Volleyball BC)

Notes to the Financial Statements

For the year ended November 30, 2023

4. DEFERRED REVENUE

As at November 30, 2023, deferred revenue was made up of the following:

	Opening Balance	Funding received during the year	Amounts recognized as revenues	Closing Balance
Amateur sport league fund	\$ 208,225	\$ -	\$ (113,000)	\$ 95,225
League fees - paid in advance	64,277	259,051	(64,277)	259,051
Canadian Paralympic Committee	11,250	-	(8,250)	3,000
BC Festival, Fairs and Events fund	12,500	-	(12,500)	-
Lead Forward Grant	1,000	-	(1,000)	-
Sport Volunteer Grant	-	155,000	(109,990)	45,010
Sport Participation Grant	-	35,000	(9,200)	25,800
Enhanced Excellence Grant	-	30,000	-	30,000
Other deferred revenue	30,358	-	(22,165)	8,193
	<u>\$ 327,610</u>	<u>\$ 479,051</u>	<u>\$ (340,382)</u>	<u>\$ 466,279</u>

5. DEFERRED GAMING GRANT

Deferred gaming grant represents funding received but deferred until eligible expenses are incurred.

	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ -	\$ 47,513
Community Gaming Grant received in the year	170,200	147,700
Community Gaming Grant recognized in program revenue in the year	<u>(165,700)</u>	<u>(195,213)</u>
	<u>\$ 4,500</u>	<u>\$ -</u>

6. DEFERRED CONTRIBUTIONS FOR CAPITAL PROJECTS

	Opening Balance	Funding received during the year	Amounts recognized as revenues	Closing Balance
PEDC grant (a)	\$ 71,250	\$ -	\$ (15,000)	\$ 56,250
PEDC grant (b)	-	750,000	(28,846)	721,154
City of Burnaby (c)	-	500,000	(19,231)	480,769
	<u>\$ 71,250</u>	<u>\$ 1,250,000</u>	<u>\$ (63,077)</u>	<u>\$ 1,258,173</u>

- (a) In fiscal year 2018, a Pacific Economic Diversification Canada ("PEDC") (previously known as Western Economic Diversification) grant of \$150,000 was received and 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 sport centre improvements. For the fiscal year ended November 30, 2023, \$15,000 (2022 - \$15,000) of the related grant contributions has been recognized in revenue.
- (b) During the fiscal year, another PEDC grant of \$750,000 was received and restricted for use to offset some of the cost of the roof replacement. Contributions are amortized to revenue on a straight-line basis over the useful life of the sports centre roof. For the fiscal year ended November 30, 2023, \$28,846 (2022 - \$nil) of the related grant contributions has been recognized in revenue.

B.C. Volleyball Association (DBA Volleyball BC)

Notes to the Financial Statements

For the year ended November 30, 2023

6. DEFERRED CONTRIBUTIONS FOR CAPITAL PROJECTS (continued)

- (c) During the year, the Organization received a grant from the City of Burnaby for \$500,000 that was restricted for use to offset some of the cost of the roof replacement. Contributions are amortized to revenue on a straight-line basis over the useful life of the sports centre roof. For the fiscal year ended November 30, 2023, \$19,231 (2022 - \$nil) of the related grant contributions has been recognized in revenue.

7. INTERNALLY RESTRICTED NET ASSETS

The Organization's Board of Directors has authorized the establishment of an internally restricted expense reserve of \$670,000 (2022 - \$1,198,225). The Board has allocated internally restricted amounts to the following specified-use reserve funds:

	Opening Balance	Additions	Deductions	Closing Balance
Women's National Team Support Fund (a)	\$ 40,000	\$ -	\$ (20,000)	\$ 20,000
General contingency fund (b)	150,000	-	-	150,000
Amateur Sport League fund (c)	208,225	-	(208,225)	-
Sinking fund - HJSC Dome (d)	800,000	-	(800,000)	-
Provincial Facilities Development Fund (e)	-	500,000	-	500,000
	<u>\$ 1,198,225</u>	<u>\$ 500,000</u>	<u>\$ (1,028,225)</u>	<u>\$ 670,000</u>

- a) 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, BC. The current financial commitment is set to provide \$20,000 for fiscal year 2024.
- b) The General contingency fund contains reserves set aside to cover possible unforeseen future expenses.
- c) The Amateur Sport League Fund is a grant from viaSport BC to be used exclusively towards the post-COVID recovery of club tournaments and Indoor Provincial Championships. See also Note 8.
- d) The Sinking Fund-HJSC Dome was accumulated for the replacement of the air-supported roof at the Harry Jerome Sport Centre – which was replaced by 2023.
- e) The Provincial Facilities Development Fund is dedicated for the long-term development, acquisition, and/or lease of new indoor or beach facilities to support volleyball programming in the province.

8. INTERFUND RECLASSIFICATION

The Amateur Sport League Fund was originally recognized as an internally restricted fund with a balance of \$208,225 in the fiscal years 2021 and 2022. As of November 30, 2023, the remaining internally restricted fund balance of \$95,225 was reclassified by the Board to the unrestricted fund due to a change in how the funds are expected to be used.

B.C. Volleyball Association (DBA Volleyball BC)

Notes to the Financial Statements

For the year ended November 30, 2023

9. GOVERNMENT FUNDING

For the fiscal year ended November 30, 2023, the following government funding was recognized as revenue:

	<u>2023</u>	<u>2022</u>
viaSport general program funding	\$ 207,868	\$ 207,868
Amateur sport league fund	113,000	-
viaSport Sport Rally Together Participation grant	109,990	-
Government of BC hosting grant	67,700	-
Other government funding	61,512	40,250
Federal student grant	39,881	35,327
Pacific Economic Diversification Canada – roof replacement (Note 6b)	28,846	-
City of Burnaby – roof replacement (Note 6c)	19,231	-
Pacific Economic Diversification Canada – capital project (Note 6a)	15,000	15,000
viaSport Sport Rally Together Volunteer grant	9,200	-
viaSport Covid-19 funding	-	91,148
	<u>\$ 672,228</u>	<u>\$ 389,593</u>

10. FINANCIAL INSTRUMENTS

The Organization is exposed to a variety of financial risks arising from financial instruments. The following analysis describes the Organization's significant risk exposures as at November 30, 2023.

Management has the overall responsibility to identify, analyze and manage risks faced by the Organization. It is management's opinion that the exposures to risks from financial instruments is not significant.

(a) Credit risk

Credit risk arises from cash and cash equivalents, and accounts receivable. Cash and cash equivalents are deposited with reputable, major Canadian 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 most of its funding from government organizations in advance.

The Organization places its cash in a major Canadian chartered bank and accordingly, credit risk with respect to cash deposits is considered to be minimal. However, such cash deposits are in excess of the \$100,000 Canada Deposit Insurance Corporation Insurance limit.

Management believes that the Organization does not have a significant exposure to credit risk.

(b) Liquidity risk

Liquidity risk is managed by maintaining cash and timing receipt of funds from government contributions and other sources to enable the Organization to pay its liabilities as they become due.

11. DISCLOSURE OF DIRECTOR, EMPLOYEE, AND CONTRACTOR REMUNERATION

For the fiscal year ended November 30, 2023, the Organization paid remuneration totalling \$226,723 (2022 - \$201,583) to two employees. Each received remuneration 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.

B.C. Volleyball Association (DBA Volleyball BC)

Notes to the Financial Statements

For the year ended November 30, 2023

12. COMMITMENTS

- (a) The Organization had a lease with the City of Burnaby for the lease of the HJSC. Under the terms of the lease agreement, the Organization is required to maintain the HJSC, with no payments due to the City of Burnaby. The lease expired on June 30, 2023. The Organization is currently negotiating with the City of Burnaby for an extension of the lease. No new lease agreement has been entered between the Organization and the City of Burnaby as of November 30, 2023.
- (b) The Organization has collected \$30,500 (2022 - \$26,500) as performance bonds from certain volleyball clubs as at November 30, 2023 for the programs that will be held in the fiscal year 2024. Upon satisfaction of the volleyball clubs' obligations as participants in the Organization's sanctioned events, funds will be returned at the end of the season in June 2024, net of any sanctions or deductions withheld by the Organization. These amounts are included in accounts payable and accrued liabilities.

13. COMPARATIVE AMOUNTS

The comparative amounts as at and for the year ended November 30, 2022 were audited by another accountant who expressed an unqualified opinion on those statements on March 6, 2023. Certain amounts from prior year have been reclassified to conform to the current year's presentation.