

# **BC SCHOOL SPORTS**

Burnaby, BC

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FINANCIAL STATEMENTS

MARCH 31, 2008

# **BC SCHOOL SPORTS**

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# EVA Y. LEE INC.

Chartered Accountant

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## AUDITOR'S REPORT

To the Members of BC SCHOOL SPORTS:

I have audited the statement of financial position of BC SCHOOL SPORTS as at March 31, 2008 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expense, assets and fund balance.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2008 and the results of its operations for the year then ended in accordance with generally accepted accounting principles. As required by the Society Act of British Columbia, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Eva Y. Lee Inc.



Chartered Accountant

RICHMOND, BC

April 11, 2008

**BC SCHOOL SPORTS**  
STATEMENT OF OPERATIONS

**Exhibit A**

| Year ended March 31                           | 2008              | 2007       |
|---|-------------------|------------|
| OPERATING REVENUE (Schedule 1)                | <b>\$ 489,871</b> | \$ 481,313 |
| OPERATING EXPENSES (Schedule 2)               | <b>485,415</b>    | 470,844    |
| OPERATING REVENUE OVER EXPENSES, to Exhibit B | <b>4,456</b>      | 10,582     |
| GAMING OPERATION, Schedule 3, to Exhibit B    | <b>56,723</b>     | 120,564    |
| LEGAL, Schedule 4, to Exhibit B               | <b>8,350</b>      | (11,543)   |
| INSURANCE, Schedule 5, to Exhibit B           | <b>(15,875)</b>   | 31,250     |
| OPERATIONAL RESERVE, Schedule 5, to Exhibit B | <b>(2,963)</b>    | 13,975     |
| EXCESS OF REVENUE OVER EXPENSES, to Exhibit B | <b>\$ 50,691</b>  | \$ 164,828 |

\*The accompanying notes are an integral part of these financial statements.

**BC SCHOOL SPORTS****Exhibit B**

## STATEMENT OF CHANGES IN NET ASSETS

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|  | Unrestricted     | Operational<br>and<br>Computer | Gaming           | Insurance<br>Reserve | Legal<br>Fund    | Total<br>2008     | Total<br>2007 |
|--|------------------|--------------------------------|------------------|----------------------|------------------|-------------------|---------------|
| <b>For the Year ended March 31</b>           |                  |                                |                  |                      |                  |                   |               |
| <hr/>  |                  |                                |                  |                      |                  |                   |               |
| NET ASSETS                                   |                  |                                |                  |                      |                  |                   |               |
| Beginning of year                            | \$ 73,588        | \$ 42,687                      | \$161,441        | \$ 31,250            | \$39,068         | \$ 348,034        | \$182,997     |
| Excess of Revenue over Expenses<br>Exhibit A | 4,456            | (2,963)                        | 56,723           | (15,875)             | 8,350            | 50,691            | 165,037       |
| <hr/>  |                  |                                |                  |                      |                  |                   |               |
| <b>NET ASSETS, END OF YEAR, to Exhibit C</b> | <b>\$ 78,044</b> | <b>\$ 39,724</b>               | <b>\$218,164</b> | <b>\$ 15,375</b>     | <b>\$ 47,418</b> | <b>\$ 398,725</b> | \$348,034     |

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\*The accompanying notes are an integral part of these financial statements.

**BC SCHOOL SPORTS**

Exhibit C

## STATEMENTS OF FINANCIAL POSITION

March 31, 2008

|  | Unrestricted      | Operational Reserve | Gaming            | Insurance Reserve | Legal Reserve    | Total 2008        | Total 2007        |
|--|-------------------|---------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                    |                   |                     |                   |                   |                  |                   |                   |
| Cash and term deposits                   | \$ 27,544         | \$ 37,321           | \$ 233,036        | \$ 15,375         | \$ 47,418        | \$ 360,694        | \$ 306,792        |
| Accounts receivable                      | 44,272            | -                   | 769               | -                 | -                | 45,041            | 40,175            |
| Inventory                                | 5,434             | -                   | -                 | -                 | -                | 5,434             | 2,955             |
| Prepaid expenses                         | 7,551             | -                   | -                 | -                 | -                | 7,551             | 20,256            |
|  | <u>84,801</u>     | <u>37,320</u>       | <u>233,805</u>    | <u>15,375</u>     | <u>47,418</u>    | <u>418,720</u>    | <u>370,178</u>    |
| <b>TANGIBLE ASSETS</b>                   |                   |                     |                   |                   |                  |                   |                   |
| Computers                                | 1,600             | 8,890               | -                 | -                 | -                | 10,490            | 8,385             |
| Furniture and equipment                  | 7,786             | -                   | -                 | -                 | -                | 7,786             | 7,786             |
| Equipment under capital lease            | 17,364            | -                   | -                 | -                 | -                | 17,364            | -                 |
|  | <u>26,750</u>     | <u>8,890</u>        | <u>-</u>          | <u>-</u>          | <u>-</u>         | <u>35,640</u>     | <u>16,171</u>     |
| Accumulated amortization                 | 8,488             | 6,487               | -                 | -                 | -                | 14,975            | 9,082             |
|  | <u>18,262</u>     | <u>2,403</u>        | <u>-</u>          | <u>-</u>          | <u>-</u>         | <u>20,665</u>     | <u>7,089</u>      |
|  | <b>\$ 103,063</b> | <b>\$ 39,724</b>    | <b>\$ 233,805</b> | <b>\$ 15,375</b>  | <b>\$ 47,418</b> | <b>\$ 439,385</b> | <b>\$ 377,267</b> |
| <b>CURRENT LIABILITIES</b>               |                   |                     |                   |                   |                  |                   |                   |
| Accounts payable and accrued liabilities | \$ 10,783         | \$ -                | \$ 15,641         | \$ -              | \$ -             | \$ 26,424         | \$ 28,333         |
| Deferred contributions – Scholarships    | -                 | -                   | -                 | -                 | -                | -                 | 900               |
| Current portion of capital Lease         | 4,046             | -                   | -                 | -                 | -                | 4,046             | -                 |
|  | <u>14,829</u>     | <u>-</u>            | <u>15,641</u>     | <u>-</u>          | <u>-</u>         | <u>30,470</u>     | <u>29,233</u>     |
| Capital lease obligation                 | 10,190            | -                   | -                 | -                 | -                | 10,190            | -                 |
|  | <u>25,019</u>     | <u>-</u>            | <u>15,641</u>     | <u>-</u>          | <u>-</u>         | <u>40,660</u>     | <u>29,233</u>     |
| <b>NET ASSETS</b>                        |                   |                     |                   |                   |                  |                   |                   |
| Exhibit B                                | 78,044            | 39,724              | 218,164           | 15,375            | 47,418           | 397,334           | 350,034           |
|  | <b>\$103,063</b>  | <b>\$ 39,724</b>    | <b>\$ 233,805</b> | <b>\$ 15,375</b>  | <b>\$ 47,418</b> | <b>\$ 439,385</b> | <b>\$ 377,267</b> |

\*The accompanying notes are an integral part of these financial statements.

## NOTES

For the year ended March 31, 2008

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**Note 1 GENERAL**

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BC School Sports provides leadership for and service to school sports in the Province of British Columbia. The Association's mission statement is:

"BC School Sports is membership based organization of schools. We fulfill our mission by:

- promoting student participation in extra-curricular activities;
- assisting schools in the development and delivery of their programs
- providing governance for inter-school competition."

BC School Sports is incorporated under the laws of British Columbia as a not-for-profit organization and is a registered charity under the Income Tax Act.

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**Note 2 SIGNIFICANT ACCOUNTING POLICIES**

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**Fund accounting**

BC School Sports follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and operating grants.

The Gaming Fund accounts for funding from the Province of BC, Ministry Responsible for Gaming, for program expenses as approved by the Gaming Policy and Enforcement Branch.

The Legal Reserve Fund accounts for levies restricted for legal expenses.

The Operational Reserve is for contingencies and capital asset replacements.

**Tangible assets**

Tangible assets are accounted for at cost. Amortization is based on their estimated life using the following rates and methods:

|                               |                                |
|-------------------------------|--------------------------------|
| Computers                     | - 3 year straight-line         |
| Equipment                     | - 20 percent declining balance |
| Equipment under capital lease | - 20 percent declining balance |

**Contributed materials and services**

Contributed materials and services used in the normal course of operations are recognized when a fair value can be reasonably estimated. Volunteers contribute about 5,000 hours per year to assist the Association in carrying out its administrative activities. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

## NOTES

For the year ended March 31, 2008

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**Note 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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**Deferred contributions**

BC School Sports follows the deferral method of accounting for contributions. Deferred contributions are goods donated to the organization that will be used in the subsequent periods.

**Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas requiring management estimates and assumptions include the estimate of useful lives of equipment for calculating amortization and the determination of contingent liabilities.

**Revenue Recognition**

Membership dues and advertising are recognized as revenue in the year to which they related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions, sponsorships and other revenues are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**Income tax status**

The Association is a Registered Charity under the provisions of the Income Tax Act and the Society is exempt from income tax accordingly.

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**Note 3 LEASE OBLIGATIONS**

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**Operating Lease**

The Company has entered into an agreement for office space with a 5 year term with minimum future payments of \$11,907 per annum expires on March 31, 2013.

## NOTES

For the year ended March 31, 2008

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**Note 3 LEASE OBLIGATIONS (CONT'D)**

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## Capital lease

The Company leases photocopier under a capital lease expiring in fiscal year 2012. Future minimum payments under capital leases are as follows:

|  |                    |
|--|--------------------|
|  | \$                 |
| 2009   | 4,931              |
| 2010   | 4,931              |
| 2011   | 4,931              |
| 2012   | 1,231              |
|  | <hr/> 16,024       |
| Less amounts representing interest at approximately 7% | 1,788              |
|  | <hr/> 14,236       |
| Less current portion                                   | 4,046              |
|  | <hr/> <hr/> 10,190 |

Interest expense for the year ended March 31, 2008 relating to the capital leases amounted to \$570.

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**Note 4 FINANCIAL INSTRUMENTS**

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The Association's financial instruments consist of cash and term deposit, accounts receivable, accounts payable and accrued liabilities. It is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The carrying value of these instruments approximates their fair value due to their immediate or short-term maturity.

In April 2005, the Accounting Standards issued new Handbook sections on financial instruments: Section 3855 and Section 3861. Section 3855 Financial Instruments-Recognition and Measurement indicates when financial instruments should be recognized and how they should be measured. Section 3861 Financial Instruments-Disclosure and Presentation provides standards for how financial instrument should be classified on financial statements and in the disclosure requirements. The Association will adopt these standards for its fiscal year beginning on January 1, 2008.

It is management's opinion that the Association is not exposed to significant interest or credit risks arising from these financial instruments.

**BC SCHOOL SPORTS**

Schedule 1

## OPERATING REVENUE

| Year ended March 31                   | 2008       | 2007       |
|---------------------------------------|------------|------------|
| MEMBERSHIP FEES                       |            |            |
| Annual fee and insurance              | \$ 261,423 | \$ 263,306 |
| PUBLICATIONS                          | 34,052     | 35,184     |
| CHAMPIONSHIPS                         | 24,876     | 26,061     |
| MEETINGS                              | 11,595     | 7,953      |
| OFFICIAL SUPPLIERS                    | 1,550      | 2,144      |
| GRANTS – BC Government                | 125,000    | 110,000    |
| DONATIONS                             | 754        | 24         |
| SCHOLARSHIP FUND                      | 11,200     | 14,450     |
| PROJECTS                              | 309        | 2,032      |
| PROMOTION AND RECOGNITION             | 753        | 1,360      |
| SALES PROGRAMME                       | 4,344      | 4,679      |
| MISCELLANEOUS                         | 5,767      | 13,121     |
| INTEREST                              | 8,248      | 1,509      |
| Total Operating Revenue, to Exhibit A | \$ 489,871 | \$ 481,313 |

\*The accompanying notes are an integral part of these financial statements.

**BC SCHOOL SPORTS**

Schedule 2

## OPERATING EXPENSES

| Year ended March 31                     | 2008       | 2007       |
|---|------------|------------|
| STAFF EXPENSES                          | \$ 201,080 | \$ 191,437 |
| MEETINGS                                |            |            |
| AGM                                     | 8,773      | 12,590     |
| Eligibility and registration appeals    | 3,930      | 4,603      |
| Standing Committees                     | 10,854     | 13,218     |
| Others                                  | 23,758     | 22,922     |
| ADMINISTRATION                          |            |            |
| Amortization of tangible capital assets | 2,929      | 2,563      |
| Bad debt                                | -          | 510        |
| Board Expenses                          | 3,866      | 628        |
| Compliance officer expenses             | 2,586      | 3,293      |
| Executive director expenses             | 3,944      | 2,104      |
| Administration fees                     | 2,034      | 2,117      |
| Rent                                    | 23,007     | 16,537     |
| Postage and deliveries                  | 14,516     | 9,406      |
| Printing                                | 527        | -          |
| Professional fees                       | 11,726     | 8,300      |
| Supplies and equipment                  | 13,069     | 10,526     |
| Telephone and fax                       | 2,566      | 4,029      |
| Web site/email                          | 1,305      | 937        |
| MEMBERSHIP                              |            |            |
| Affiliations                            | 2,702      | 1,033      |
| Commissions                             | 76,010     | 75,510     |
| Insurance                               | 26,125     | 25,445     |
| PUBLICATIONS                            |            |            |
| Championship programs                   | 24,329     | 27,788     |
| Handbook                                | 13,107     | 8,190      |
| Football books                          | 3,099      | 4,682      |
| Accommodation directory                 | 2,085      | 2,738      |
| Commission handbooks                    | 1,952      | 1,919      |
| MARKETING AND MERCHANDISING             | 4,241      | 2,489      |
| PROJECTS                                | 1,102      | 2,963      |
| LEADERSHIP                              | 3,668      | -          |
| SCHOLARSHIPS                            | 9,500      | 7,250      |
| OTHERS                                  | 29         | 5,117      |
| Total Operating Expenses, to Exhibit A  | \$ 495,291 | \$ 470,844 |

\*The accompanying notes are an integral part of these financial statements.

**BC SCHOOL SPORTS**

Schedule 3

## GAMING REVENUE AND EXPENSES

| Year ended March 31                                  | 2008             | 2007              |
|--|------------------|-------------------|
| <b>REVENUE</b>                                       |                  |                   |
| Direct Access  | \$ 43,000        | \$ 50,000         |
| Sportsfunder   | 226,000          | 190,000           |
| Interest   | 161              | 267               |
|  | <u>269,161</u>   | <u>240,267</u>    |
| <b>EXPENSES</b>                                      |                  |                   |
| <b>ADMINISTRATIVE</b>                                |                  |                   |
| Bank services charges                                | 10               | -                 |
| Office Rent  | 4,884            | 5,627             |
| <b>MEMBERSHIP SERVICES</b>                           |                  |                   |
| BCSS Eligibility Pamphlet                            | -                | 72                |
| BCSS Handbook  | 3,000            | -                 |
| Report   | -                | 2,928             |
| Championship Equipment Purchases                     | 1,549            | -                 |
| Championship Equipment Rental                        | 3,810            | 3,050             |
| Championship Officials                               | 2,342            | 5,125             |
| Championship Facility Rent                           | 20,084           | 14,387            |
| Web Site Maintenance                                 | 4,849            | 4,100             |
| <b>PROGRAMS</b>                                      |                  |                   |
| BCSS Zone Scholarships                               | -                | 4,500             |
| Leadership Academy                                   | 1,000            | 1,000             |
| Sportsfunder payouts                                 | 170,910          | 78,904            |
|  | <u>212,438</u>   | <u>119,703</u>    |
| <b>EXCESS OF REVENUE OVER EXPENSES, to Exhibit A</b> | <b>\$ 56,723</b> | <b>\$ 120,564</b> |

\*The accompanying notes are an integral part of these financial statements.

**BC SCHOOL SPORTS**  
**LEGAL REVENUE AND EXPENSES**

**Schedule 4**

| Year ended March 31                                     | 2008            | 2007               |
|---|-----------------|--------------------|
| FEES  | <u>\$ 8,350</u> | <u>\$ 180</u>      |
| LEGAL EXPENSES  |                 |                    |
| General matters   | -               | 6,218              |
| Ogmondson   | -               | 1,029              |
| Sands Secondary Boys Football                           | -               | 4,297              |
|   | <u>-</u>        | <u>11,544</u>      |
| EXCESS OF REVENUE OVER EXPENSES (DEFICIENCY), EXHIBIT A | <u>\$ 8,350</u> | <u>\$ (11,364)</u> |

\*The accompanying notes are an integral part of these financial statements.

**BC SCHOOL SPORTS**  
**OPERATING RESERVE**

**Schedule 5**

| Year ended March 31                        | 2008              | 2007             |
|--|-------------------|------------------|
| RECEIPTS                                   |                   |                  |
| Equipment                                  | \$ -              | \$ 5,000         |
| Contingencies                              | -                 | 10,000           |
|  | <u>-</u>          | <u>15,000</u>    |
| EXPENSES                                   |                   |                  |
| Amortization expense                       | <b>2,963</b>      | 1,025            |
| EXCESS OF REVENUE OVER EXPENSES, EXHIBIT A | <u>\$ (2,963)</u> | <u>\$ 13,975</u> |

\*The accompanying notes are an integral part of these financial statements.