

BC SCHOOL SPORTS

Burnaby, BC

FINANCIAL STATEMENTS

JUNE 30, 2018

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BC SCHOOL SPORTS

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EVA Y. LEE INC.

Chartered Professional Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of BC SCHOOL SPORTS:

We have audited the accompanying financial statements of BC SCHOOL SPORTS which comprise the Statement of Financial Position as at June 30, 2018 and the Statements of Operations, Changes in Net Assets, and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2018 and the results of its operations for the year then ended in accordance with generally accepted accounting principles. As required by the Societies Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Eva Y. Lee Inc.



Chartered Professional Accountants

RICHMOND, BC
September 14, 2018



BC SCHOOL SPORTS
STATEMENT OF OPERATIONS
For the year ended June 30, 2018

Exhibit A

	2018	2017
OPERATING RECEIPTS (Schedule 1)	\$ 537,247	\$ 510,460
OPERATING EXPENDITURES (Schedule 2)	<u>502,031</u>	<u>438,281</u>
OPERATING RECEIPTS, to Exhibit B	35,216	72,179
GAMING OPERATION, Schedule 3, to Exhibit B	(317)	447
LEGAL RESERVE, Schedule 4, to Exhibit B	10,867	(18,757)
OPERATIONAL RESERVE, Schedule 5, to Exhibit B	17	14
SCHOLARSHIP RESERVE, Schedule 6, to Exhibit B	12,700	30,738
EXCESS OF RECEIPTS OVER EXPENDITURES, to Exhibit B	\$ 58,483	\$ 84,621

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

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BC SCHOOL SPORTS

Exhibit B

STATEMENT OF CHANGES IN NET ASSETS

For the year ended June 30, 2018

	Reserves					Total
	Unrestricted	Gaming	Legal	Operational	Scholarship	
NET ASSETS						
Beginning of year	\$ 106,656	\$ 603	\$ 33,793	\$ 92,259	\$ 75,603	\$ 308,914
Excess (Deficiency) of Receipts over Expenditures, Exhibit A	35,216	(317)	(10,867)	17	12,700	58,483
Internal fund transfer (Note 6)	(18,000)	-	-	18,000	-	-
NET ASSETS, to Exhibit C	\$ 123,872	\$ 286	\$ 44,660	\$ 110,276	\$ 88,303	\$ 367,397
						\$ 308,914

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

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BC SCHOOL SPORTS

Exhibit C

STATEMENTS OF FINANCIAL POSITION

June 30, 2018

	Unrestricted	Gaming	Reserve Funds	2018	2017
CURRENT ASSETS					
Cash and term deposits (Note 2)	\$ 105,232	\$ 38	\$ 228,239	\$ 335,509	\$ 461,627
Accounts receivable (Note 2)	23,685	-	18,000	41,685	85,286
Government remittance	1,979	248	-	2,227	2,565
Inventory (Note 2)	-	-	-	-	1,205
Prepaid expenses	6,050	-	-	6,050	7,925
	<u>136,946</u>	<u>286</u>	<u>246,239</u>	<u>383,471</u>	<u>558,608</u>
PLANT AND EQUIPMENT					
Computers (Note 2)	12,657	-	-	12,657	12,884
Furniture and equipment (Note 2)	26,919	-	-	26,919	26,919
Leasehold improvement (Note 2)	55,564	-	-	55,654	55,654
	<u>95,230</u>	<u>-</u>	<u>-</u>	<u>95,230</u>	<u>95,457</u>
Accumulated amortization	52,993	-	-	52,993	43,829
	<u>42,237</u>	<u>-</u>	<u>-</u>	<u>42,237</u>	<u>51,628</u>
	<u>\$ 179,183</u>	<u>\$ 286</u>	<u>\$ 246,239</u>	<u>\$ 425,708</u>	<u>\$ 610,236</u>
CURRENT LIABILITIES					
Payables and accrual (Note 2)	\$ 37,951	\$ -	\$ 3,000	\$ 40,951	\$ 80,490
Deferred contribution (Note 2)	-	-	-	-	200,000
	<u>37,951</u>	<u>-</u>	<u>3,000</u>	<u>40,951</u>	<u>280,490</u>
Deferred credit (Note 4)	17,360	-	-	17,360	20,832
	<u>55,351</u>	<u>-</u>	<u>3,000</u>	<u>58,311</u>	<u>301,322</u>
NET ASSETS					
Net assets (Exhibit B)	123,872	286	243,239	367,397	308,914
	<u>\$ 179,183</u>	<u>\$ 286</u>	<u>\$ 246,239</u>	<u>\$ 425,708</u>	<u>\$ 610,236</u>

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

Board Approval:






BC SCHOOL SPORTS
STATEMENT OF CASH FLOWS
For the year ended June 30, 2018

Exhibit D

	2018	2017
Cash flows from operating activities		
Membership, fundraising and grant receipts	\$ 830,335	\$ 746,391
Interest received	59	50
Membership and administrative expenses	(956,414)	(647,352)
	<u>(126,020)</u>	<u>99,089</u>
Cash applied to acquisition of equipment	<u>(2,098)</u>	<u>(8,084)</u>
Change in cash and cash equivalents	(128,118)	91,004
Cash and cash equivalents at beginning of year	461,627	370,623
Cash and cash equivalents, end of year	<u>\$ 333,509</u>	<u>\$ 461,627</u>
Represented by:		
Unrestricted cash	\$ 105,232	\$ 129,547
Gaming and reserve funds	228,277	332,080
Cash and cash equivalents, end of year	<u>\$ 333,509</u>	<u>\$ 461,627</u>

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BC SCHOOL SPORTS

Exhibit E

NOTES

For the year ended June 30, 2018

Note 1 GENERAL

BC School Sports provides leadership for and services to schools in the Province of British Columbia. The Society's mission statement is:

"BC School Sports is a 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 society and is a registered charity under the Income Tax Act.

Note 2 SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

BC School Sports follows the deferral method of accounting for contributions.

The General Fund accounts for the Society'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 accounts for levies restricted for legal expenses.

The Operational Reserve is internally restricted for capital asset replacements, special projects, and summer operation when cash flow is low.

The Scholarship Reserve is designated to provide support to qualifying candidates.

Cash equivalents

Cash equivalents consist of highly-liquid investments, which are readily convertible to cash with maturity of three months or less when purchased.

Plant and Equipment

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

Computer hardware	- 3 years straight line
Computer software	- 55 percent declining balance
Furniture and equipment	- 20 percent declining balance
Leasehold improvement	- 10 years straight line

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NOTES

For the year ended June 30, 2018

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Note 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory is recorded at cost, cost is determined on a first-in, first-out basis.

Deferred contributions

BC School Sports follows the deferral method of accounting for contributions. Deferred contributions represent funds received for specific programs that were not expended by the end of the year.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 the related expenses are incurred. Restricted contributions are recognized as revenue for the purpose intended and when is appropriately applied.

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.

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 118,360 hours per year to assist the Society in carrying out its administrative activities. The Society also received about \$23,920 of contributed goods during the year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Financial instruments

Items that meet the definition of a financial instrument include cash and term deposits, accounts receivable, and payables and accruals. With the exception of the term deposit, which is subject to interest rate fluctuation, the fair values of these items approximate their carrying values. It is management's opinion that the company is not exposed to significant credit, currency or interest rate risk arising from these financial instruments.

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BC SCHOOL SPORTS

Exhibit E

NOTES

For the year ended June 30, 2018

Note 3 COMMITMENTS

Operating leases

The Society has entered into an agreement for office space with a 10 years term that will expire on September 15, 2023, and lease for a postage machine ending February 29, 2019.

The minimum future payments are as follows:

2019	\$ 35,856
2020	36,085
2021	36,085
2022	36,085
2023	36,085
	\$ 180,196

Note 4 DEFERRED CREDITS

The Society received an improvement allowance from the landlord for \$34,720, which is being applied over the term of the lease from September 2013 to September 2023.

Note 5 FUNDS HELD IN-TRUST FOR SPORT COMMISSIONS

The Society maintains the books and manages the funds for nine sports commissions. The funds are held in separate accounts designated to each of the Sport Commissions.

As at June 30, 2018, funds were held in trust for the following commissions:

	2018	2017
Aquatic	\$ 12,177	\$ 7,270
Badminton	21,267	19,704
Cross Country	13,885	13,935
Field Hockey	9,194	6,322
Girls Volleyball	15,259	14,502
Mountain Bike	10,752	8,985
Rugby	70,423	63,951
Tennis	21,261	17,431
Track & Field	43,864	29,104
	\$ 218,082	\$ 181,204

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BC SCHOOL SPORTS

Exhibit E

NOTES

For the year ended June 30, 2018

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Note 6 INTERNAL FUND TRANSFER

During the year, \$18,000 was transferred from General Fund to Operational Reserve Fund to assist with summer operation when cash flow is low, and special projects.

Note 7 REMUNERATION OF DIRECTOR

The Executive Director whom is an employee of the Society received a remuneration of \$112,145 which includes wages, employer paid benefits and RRSP contributions. The Society does not remunerate directors who are not employees of the Society.

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BC SCHOOL SPORTS

Schedule 1

OPERATING RECEIPTS

For the year ended June 30, 2018

	2018	2017
Administrative fee and other income	\$ 7,311	\$ 8,911
Advertising	15,150	19,800
Donations and sponsorship	32,040	14,632
Grants	7,972	16,022
Members' fees		
Membership fees	386,559	387,298
Appeals and eligibility fees	24,650	15,050
Fines	22,625	39,738
Merchandise	12,298	8,989
School Sport BC	13,280	-
Ultimate income	15,334	-
Interest	28	20
Total Operating Receipts, to Exhibit A	\$ 537,247	\$ 510,460

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

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BC SCHOOL SPORTS
OPERATING EXPENDITURES
For the year ended June 30, 2018

Schedule 2

	2018	2017
CHAMPIONSHIPS		
Administration	\$ 18,831	\$ 13,830
Commission grants	51,700	53,000
Banners	18,876	18,250
Medals	8,599	5,431
Medical grants	3,410	2,628
Rent	13,299	13,328
Salaries and benefits	96,216	104,556
Webcasting grants	1,443	4,648
COACH DEVELOPMENT		
Administration	4,708	3,458
Coaching expense	-	212
Rent	3,325	3,295
Salaries and benefits	24,054	12,740
MEMBERSHIP SERVICES		
Administration	68,894	37,807
Meetings	25,716	18,281
Merchandise	6,010	6,121
Public relations	978	3,195
Rent	13,299	13,328
Salaries and benefits	96,216	107,027
RECOGNITION		
Administration	4,708	3,457
Awards	491	394
Rent	3,325	3,295
Salaries and benefits	24,054	10,000
Total Operating Expenditures, to Exhibit A	\$ 502,031	\$ 438,281

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

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BC SCHOOL SPORTS

Schedule 3

GAMING OPERATION

For the year ended June 30, 2018

	2018	2017
RECEIPTS		
Championships	\$ 137,000	\$ 137,000
Coaching	8,000	8,000
Membership services	40,000	40,000
Recognition	15,000	15,000
Interest income	14	16
	200,014	200,016
EXPENDITURES		
CHAMPIONSHIPS		
Facilities/Officials/Equipment	64,460	55,212
Insurance	53,667	52,544
Overhead	-	3,800
Salaries and wages	18,873	25,444
COACH DEVELOPMENT		
Coaching expense	-	740
Salaries and wages	8,000	7,260
MEMBERSHIP SERVICES		
BCSS handbook	3,717	7,764
Computer maintenance and upgrades	-	6,262
Contract fee	5,000	5,000
Overhead	-	5,530
Salaries and wages	29,727	13,026
Wall calendar	1,887	1,987
RECOGNITION		
Recognition expense	-	230
Overhead	-	4,500
Salaries and wages	15,000	10,270
	200,331	199,569
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES, to Exhibit A	\$ (317)	\$ 447

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

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BC SCHOOL SPORTS

Schedule 4

LEGAL RESERVE

For the year ended June 30, 2018

	2018	2017
LEVY	\$ 13,770	\$ -
LEGAL FEE DISBURSEMENTS	2,903	18,757
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES, EXHIBIT A	\$ 10,867	\$ (18,757)

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

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BC SCHOOL SPORTS
OPERATIONAL RESERVE
For the year ended June 30, 2018

Schedule 5

	2018	2017
RECEIPTS		
Donation	\$ -	\$ 500
Interest	17	14
	<u>17</u>	<u>514</u>
EXPENSE		
Grant	-	500
	<u>-</u>	<u>500</u>
EXCESS OF RECEIPTS OVER EXPENDITURES, EXHIBIT A	\$ 17	\$ 14

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

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