

BC SCHOOL SPORTS

Burnaby, BC

FINANCIAL STATEMENTS

JUNE 30, 2021

BC SCHOOL SPORTS

INDEX TO FINANCIAL STATEMENTS

Auditor's Report

Statement of Operations Exhibit A

Statement of Changes in Net Assets Exhibit B

Statements of Financial Position Exhibit C

Statement of Cash Flows Exhibit D

Notes Exhibit E

Operating Receipts Schedule 1

Operating Expenditures Schedule 2

Gaming Operation Schedule 3

Legal Reserve Schedule 4

Operational Reserve Schedule 5

Scholarship Reserve Schedule 6

INDEPENDENT AUDITOR'S REPORT

To the Members of BC SCHOOL SPORTS:

I have audited the accompanying financial statements of BC SCHOOL SPORTS which comprise the Statement of Financial Position as at June 30, 2021 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2021 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, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Integer Consulting Corp.

INTEGER CONSULTING CORP.

RICHMOND, BC
September 17, 2021

BC SCHOOL SPORTS**Exhibit A**

STATEMENT OF OPERATIONS

For the year ended June 30, 2021

	2021	2020
OPERATING RECEIPTS (Schedule 1)	\$ 294,006	\$ 544,274
OPERATING EXPENDITURES (Schedule 2)	<u>195,586</u>	<u>403,909</u>
OPERATING RECEIPTS, to Exhibit B	98,420	140,365
AMORTIZATION OF PLANT AND EQUIPMENT, to Exhibit B	(8,942)	(9,356)
GAMING OPERATION, Schedule 3, to Exhibit B	-	(746)
LEGAL RESERVE, Schedule 4, to Exhibit B	-	8,491
OPERATIONAL RESERVE, Schedule 5, to Exhibit B	53	(11,560)
SCHOLARSHIP RESERVE, Schedule 6, to Exhibit B	(18,425)	(10,250)
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EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES, to Exhibit B	\$ 71,106	\$ 116,944

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

BC SCHOOL SPORTS**Exhibit B**

STATEMENT OF CHANGES IN NET ASSETS

For the year ended June 30, 2021

	Unrestricted	Capital	Reserves			2021	2020
			Legal	Operational	Scholarship		
NET ASSETS							
Beginning of year	\$ 252,216	\$ 23,465	\$ 45,151	\$ 97,560	\$ 74,137	\$ 492,529	\$ 366,229
Excess (Deficiency) of Receipts over Expenditures, Exhibit A	98,420	(8,942)	-	53	(18,425)	71,106	116,944
Internal fund transfer (Note 6)	(6,068)	6,068	-	-	-	-	9,356
NET ASSETS, to Exhibit C	\$ 344,568	\$ 20,591	\$ 45,151	\$ 97,613	\$ 55,712	\$ 563,635	\$ 492,529

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

BC SCHOOL SPORTS

Exhibit C

STATEMENTS OF FINANCIAL POSITION

June 30, 2021

	Unrestricted	Capital	Gaming	Reserve Funds	2021	2020
CURRENT ASSETS						
Cash and term deposits (Note 2 & 8)	\$ 361,104	\$ -	\$ 200,328	\$ 205,226	\$ 766,658	\$ 510,956
Accounts receivable (Note 2 & 8)	34,284	-	-	-	34,284	17,974
Government remittance	513	-	-	-	513	-
Inventory (Note 2)	541	-	-	-	541	541
Prepaid expenses	6,050	-	-	-	6,050	6,050
	402,492	-	200,328	205,226	808,046	535,521
PLANT AND EQUIPMENT						
Computers (Note 2)	-	6,068	-	-	6,068	10,183
Furniture and equipment (Note 2)	-	27,773	-	-	27,773	27,773
Leasehold improvement (Note 2)	-	55,654	-	-	55,654	55,654
	-	89,495	-	-	89,495	93,610
Accumulated amortization	-	68,904	-	-	68,904	70,145
	-	20,591	-	-	20,591	23,465
	\$ 402,492	\$ 20,591	\$ 200,328	\$ 205,226	\$ 828,637	\$ 558,986
CURRENT LIABILITIES						
Payables and accrual (Note 2 & 8)	\$ 17,980	\$ -	\$ -	\$ 6,750	\$ 24,730	\$ 7,653
Goods and services tax payable	-	-	-	-	-	574
Deferred contribution (Note 2 & 8)	6,472	-	200,328	-	206,800	51,286
	24,452	-	200,328	6,750	231,530	59,513
Deferred credit (Note 2, 3 & 8)	3,472	-	-	-	3,472	6,944
Loan payable (Note 9)	30,000	-	-	-	30,000	-
	57,924	-	200,328	6,750	265,002	66,457
NET ASSETS						
Net assets (Exhibit B)	344,568	20,591	-	198,476	563,635	492,529
	\$ 402,492	\$ 20,591	\$ 200,328	\$ 205,226	\$ 828,637	\$ 558,986

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

Board Approval:

BC SCHOOL SPORTS**Exhibit D**

STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

	2021	2020
Cash flows generated from operating activities		
Membership, fundraising and grant receipts	\$ 481,418	\$ 786,996
Interest received	45	29
Membership and administrative expenses	(249,693)	(575,381)
	<u>231,770</u>	<u>211,644</u>
Cash applied to investing activities		
Acquisition of equipment	(6,068)	-
Cash flows generated from financing activities		
Government loan	30,000	-
Change in cash and cash equivalents	255,702	211,644
Cash and cash equivalents at beginning of year	510,956	299,312
	<u>Cash and cash equivalents, end of year</u>	<u>\$ 510,956</u>
	<u>\$ 766,658</u>	<u>\$ 510,956</u>
Represented by:		
Unrestricted cash	\$ 361,104	\$ 189,691
Gaming and reserve funds	405,554	321,265
Cash and cash equivalents, end of year	<u>\$ 766,658</u>	<u>\$ 510,956</u>

NOTES

For the year ended June 30, 2021

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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

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

NOTES

For the year ended June 30, 2021

- 2 -

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 approximately 140,000 hours annually to assist the Society in carrying out its activities. Spring championship events were cancelled this year due to the pandemic, volunteers provided approximately 95,000 hours of service in the current fiscal year. The Society also received about \$22,600 of contributed goods during the year.

Contributed services are not recognized in the financial statements because of the difficulty in determining the fair value.

Note 3 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.

NOTES

For the year ended June 30, 2021

Note 4 COMMITMENTS

Operating leases

The Society has entered into an agreement for office space with a 10 year term that will expire on September 15, 2023, and lease for a postage machine ending February 28, 2022.

The minimum future payments are as follows:

2022	\$ 36,200
2023	36,085
2024	6,014
	\$ 78,299

Note 5 FUNDS HELD IN-TRUST FOR SPORT COMMISSIONS

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

As at June 30, 2021, funds were held in trust for the following commissions:

	2021	2020
Aquatic	\$ 22,607	\$ 22,605
Badminton	24,939	24,937
Cross Country	10,371	12,349
Field Hockey	8,599	9,149
Gymnastics	97	1,927
Mountain Bike	8,018	8,018
Rugby	-	35,035
Soccer	25,196	28,528
Tennis	26,779	27,181
Track & Field	31,138	32,862
Volleyball Boys	59,575	62,801
Volleyball Girls	13,862	13,861
	\$ 231,181	\$ 279,253

NOTES

For the year ended June 30, 2021

- 4 -

Note 6 INTERNAL FUND TRANSFER

In prior year, Operational Reserve Fund transferred \$40,000 to General Fund to assist with summer operations. Current year, \$6,068 was transferred to the capital fund for purchase of computer equipment.

Note 7 REMUNERATION OF DIRECTOR

The Executive Director, whom is an employee of the Society received a remuneration of \$115,140 which includes wages, employer paid benefits and RRSP contributions. The Society does not remunerate directors who are not employees of the Society.

Note 8 FINANCIAL INSTRUMENTS

The Society, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks on balance sheet date.

i) Credit risk

Credit risk is that the Society will incur a loss due to the failure of debtors unable to meet their contractual obligation. Financial instruments that subject the Society to credit risk are:

Cash - the Society places its cash deposit in a reputable chartered bank.

Receivable – The Society has stringent credit terms and has not experienced material bad debts over the years.

ii) Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its obligations as they fall due. The Society maintains adequate levels of working capital to ensure that its obligations will be met when they fall due. Operational and legal reserves have been established for contingency purposes.

iii) Interest rate risk

The Society does not carry debt therefore is not exposed to risk in interest rate fluctuation.

iv) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society's transactions are predominately in Canadian currency so is not exposed to foreign exchange risk.

NOTES

For the year ended June 30, 2021

- 5 -

Note 9 Government Assistancess

The Society has met the criteria for Government assistances for current year's non-capital expenditures, \$148,744 in wage and \$16,793 in rent subsidies. These subsidies are presented as reductions in the specific expense category and as other receivable.

In addition to assistances in non-capital expenditures, the Society received a Government guaranteed loan of \$40,000, the Canada Emergency Business Account. This loan is interest-free to December 31, 2022 and \$10,000 of which is forgivable if the remaining balance is paid in full by December 31, 2022. Interest will be charged at 3% per annum on amount outstanding from January 1, 2023. The loan is due in full on December 31, 2025. The forgivable portion of the loan has been recognized as other income in the current year.

BC SCHOOL SPORTS

Schedule 1

OPERATING RECEIPTS

For the year ended June 30, 2021

	2021	2020
Administrative fee and other income	\$ 12,629	\$ 10,505
Advertising	562	20,785
Donations and sponsorship	5,110	50,500
Grants	12,682	1,340
Members' fees		
Membership fees	247,665	430,500
Appeals and eligibility fees	-	13,150
Fines	500	8,375
Merchandise	14,858	9,119
Interest	-	-
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Total Operating Receipts, to Exhibit A	\$ 294,006	\$ 544,274

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

BC SCHOOL SPORTS

Schedule 2

OPERATING EXPENDITURES

For the year ended June 30, 2021

	2021	2020
CHAMPIONSHIPS		
Administration	\$ 4,885	\$ -
Commission grants	-	13,078
Banners	-	20,148
Medals	-	9,234
Rent	2,068	-
Salaries and benefits	10,501	-
Ultimate	-	840
Webcasting grants	22	1,232
COACH DEVELOPMENT		
Administration	2,442	-
Coaching expense	-	-
Rent	1,034	-
Salaries and benefits	5,251	-
MEMBERSHIP SERVICES		
Administration	54,042	69,904
Meetings	240	14,285
Merchandise	1,818	782
Public relations	-	471
Rent	16,544	37,474
Salaries and benefits	84,012	236,336
RECOGNITION		
Administration	2,442	-
Awards	4,000	125
Rent	1,034	-
Salaries and benefits	5,251	-
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Total Operating Expenditures, to Exhibit A	\$ 195,586	\$ 403,909

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

BC SCHOOL SPORTS

Schedule 3

GAMING OPERATION

For the year ended June 30, 2021

	2021	2020
RECEIPTS		
Championships	\$ 34,206	\$ 111,368
Coaching	1,529	2,629
Membership services	7,194	36,677
Recognition	1,004	5,066
Interest income	24	9
	<u>43,957</u>	<u>155,749</u>
EXPENDITURES		
CHAMPIONSHIPS		
Facilities/Officials/Equipment	16,076	49,093
Insurance	14,781	42,275
Salaries and wages	3,118	20,000
COACH DEVELOPMENT		
Coaching expense	750	629
Salaries and wages	779	2,000
MEMBERSHIP SERVICES		
Bank charges	-	313
BCSS handbook	-	3,811
Computer maintenance and upgrades	-	4,970
Contract fee	-	18,331
Salaries and wages	3,118	8,000
Wall calendar	4,100	2,007
RECOGNITION		
Recognition expense	456	566
Salaries and wages	779	4,500
	<u>43,957</u>	<u>156,495</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES, to Exhibit A	\$ -	\$ (746)

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

BC SCHOOL SPORTS

Schedule 4

LEGAL RESERVE

For the year ended June 30, 2021

	2021	2020
LEVY	\$ -	\$ 8,900
LEGAL FEE DISBURSEMENTS	-	409
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES, EXHIBIT A	\$ -	\$ 8,491

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

BC SCHOOL SPORTS

Schedule 5

OPERATIONAL RESERVE

For the year ended June 30, 2021

	2021	2020
RECEIPTS		
Donation	\$ 47	\$ 782
Interest	21	20
	<hr/> 68	<hr/> 802
EXPENSES		
Administrative	15	-
Special project	-	12,362
	<hr/> 15	<hr/> 12,362
EXCESS OF RECEIPTS OVER EXPENDITURES, EXHIBIT A	<hr/> \$ 53	<hr/> \$ (11,560)

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

BC SCHOOL SPORTS

Schedule 6

SCHOLARSHIP RESERVE

For the year ended June 30, 2021

	2021	2020
RECEIPTS		
Fines	\$ 200	\$ 8,375
BCSS – Badminton scholarship	7,500	7,500
BCSS – Volleyball scholarship	-	1,000
	<u>7,700</u>	<u>16,875</u>
EXPENSES		
Administration	1,125	1,125
BCSS – Badminton scholarship	4,000	7,000
BCSS – Rugby scholarship	-	1,500
BCSS – Volleyball scholarship	-	3,000
BCSS – Zone award scholarship	21,000	5,500
BCSS – other	-	9,000
	<u>26,125</u>	<u>27,125</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES, EXHIBIT A	\$ (18,425)	\$ (10,250)

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