

**B.C. Amateur
Athletics Association
Financial Statements
For the year ended March 31, 2019**

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Independent Auditor's Report

To the Members
B.C. Amateur Athletics Association

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of B.C. Amateur Athletics Association (the Association), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, statement of changes in net assets and the cash flow statement for the year then ended, as well as 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 the Association as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with *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 Association 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 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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 (British Columbia). We report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Chartered Professional Accountants

Penticton, British Columbia
May 30, 2019

Draft for discussion purposes June 10, 2019

B.C. Amateur Athletics Association
Statement of Financial Position

	2019	2018
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 239,809	\$ 248,055
Accounts receivable	61,328	77,560
Inventory (Note 3)	80,237	89,892
Prepaid expenses	38,891	85,226
	420,265	500,733
Capital assets (Note 4)	43,945	45,531
	\$ 464,210	\$ 546,264
Liabilities and Members' Equity		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 74,897	\$ 97,472
Deferred revenue (Note 6)	48,923	36,942
	123,820	134,414
Deferred lease inducements (Note 7)	19,700	23,848
	143,520	158,262
Net Assets		
Operating fund	151,975	222,270
Capital fund	24,245	21,683
Reserve fund	144,470	144,049
	320,690	388,002
	\$ 464,210	\$ 546,264

On behalf of the Board:

Director

Director

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

B.C. Amateur Athletics Association
Statement of Changes in Net Assets

For the year ended March 31	Operating Fund	Capital Fund	Reserve Fund	2019	2018
Net assets , beginning of year	\$ 222,270	\$ 21,683	\$ 144,049	\$ 388,002	\$ 410,663
Surplus	(67,733)	-	421	(67,312)	(22,661)
Interfund transfers:					
Capital asset purchases	(6,704)	6,704	-	-	-
Amortization of capital assets	8,290	(8,290)	-	-	-
Deferred lease inducement contribution received	(4,148)	4,148	-	-	-
Net assets , end of year	\$ 151,975	\$ 24,245	\$ 144,470	\$ 320,690	\$ 388,002

Draft for discussion purposes June 10, 2019

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

B.C. Amateur Athletics Association Statement of Operations

For the year ended March 31	2019	2018
Revenues		
Grants/program revenue	\$ 462,979	\$ 470,643
Memberships	414,445	426,139
Special programs	167,157	179,374
In-province competitions	102,816	99,446
Marketing, promotions and sponsorships	66,081	72,090
Leadership - coaches & officials development	22,055	17,362
Run Jump Throw Wheel	18,034	17,514
Association committee meetings/banquets	12,314	13,763
Administration	916	471
Event revenue	26,215	-
Publications	1,171	25
	1,294,183	1,296,827
Expenditures		
Administration	276,563	257,182
Amortization	8,290	8,191
Association committee meetings	50,949	48,047
Athlete development	75,599	97,729
Awards/recognition	2,826	4,328
Bad debt (recovery)	(4,888)	-
B.C. Endurance project - athlete program	19,701	24,649
B.C. regional centres	20,886	27,332
B.C. team programs	129,295	106,509
Hosting competitions	-	-
In-province competitions	140,849	134,184
Leadership	76,378	55,623
Marketing and promotion	10,749	6,441
Pacific Canada Series	5,000	5,000
Publications	2,779	3,307
Run Jump Throw Wheel instruction, training and delivery	29,282	17,775
Special programs (includes team uniforms)	38,709	25,597
Staffing:		
- Administration	189,979	197,358
- Programs	270,341	281,373
- Summer student/part time staff	18,208	18,863
	1,361,495	1,319,488
Surplus (Deficit) from operations	\$ (67,312)	\$ (22,661)

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

B.C. Amateur Athletics Association
Statement of Cash Flows

For the year ended March 31	2019	2018
Cash flows from operating activities		
Cash received from members, grants and funding	\$ 1,321,695	\$ 1,272,828
Cash paid to suppliers, employees and athletes	(1,323,938)	(1,312,504)
Interest received	280	278
	<u>(1,963)</u>	<u>(39,398)</u>
Cash flows from investing activities		
Purchase of capital assets	(6,704)	(2,933)
Increase in reserve funds	421	-
	<u>(8,246)</u>	<u>(42,331)</u>
Change in cash and cash equivalent during the year	(8,246)	(42,331)
Cash and cash equivalents, beginning of year	248,055	290,386
Cash and cash equivalents, end of year	\$ 239,809	\$ 248,055

Draft for discussion purposes June 10, 2019

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

B.C. Amateur Athletics Association Notes to the Financial Statements

March 31, 2019

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization

B.C. Amateur Athletics Association ("the Association") is a not-for-profit organization incorporated under the Societies Act (BC) and under an agreement with Athletics Canada coordinates cross-country running, road racing and track & field in British Columbia.

The Association is a registered not-for-profit organization and, as such, is exempt from federal income tax under section 149(1)(l).

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each financial statement date and charged to the financial instrument for those measured at amortized cost.

Capital Assets

Capital assets are recorded at cost. The Capital Fund reports the assets, liabilities, revenues and expenses related to the Association's capital assets. Amortization based on the estimated useful life of the asset is expensed in the Capital Fund and calculated as follows:

Equipment	-	3 & 5 years straight line basis
Computer equipment	-	5 years straight line basis
Leasehold improvements	-	10 years straight line basis

Net Assets

The Operating Fund represents the excess of contributions that are available to fund the day-to-day operations of the Association.

The Reserve Fund represents internally restricted assets which management has set aside for future purposes.

The Capital Fund represents the monies which have been invested in tangible property and are unavailable for general purposes.

B.C. Amateur Athletics Association Notes to the Financial Statements

March 31, 2019

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organization 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 period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Revenue received are of three types: a) grants and incomes which relate to the fiscal period; b) membership fees which are collected throughout the year and are non-refundable; and c) grants and incomes that relate to specific events or projects. Those revenues received or earned that relate to the fiscal period are recognized when received or earned. Those revenues received or earned that relate to membership fees are recognized when received or earned. Those revenues received or earned that relate to specific events or projects are deferred until the event or project is complete. Revenues are recognized when earned and are recorded when they are deemed collectable.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances and investments in money market instruments with maturities of three months or less.

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Included in inventory are items that are held for resale and those that are consumable and used as prizes and uniforms.

Contributed Materials

Contributed materials which are used in the normal course of the operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Contributed Services

Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

B.C. Amateur Athletics Association Notes to the Financial Statements

March 31, 2019

2. Cash and Cash Equivalents

The Association has allocated its cash and cash equivalents into the following non-statutory funds:

	2019	2018
<u>Operating Fund Accounts:</u>		
Petty cash	\$ 200	\$ 200
General account	198,636	210,448
Business account	12,066	8,928
Mutual fund account	507	500
	211,409	220,076
 <u>Reserve Fund Accounts:</u>		
Guaranteed Investment Certificate	28,400	27,979
	\$ 239,809	\$ 248,055

The Reserve Fund represents appropriated Operating Fund surplus, the revenue and capital of which will be used to fund specific activities of the Association or to supplement Operating Fund sources.

3. Inventory

The following table summarizes the Association's inventory held at year end:

	2019	2018
Inventory held for resale	\$ 11,211	\$ 18,642
Inventory held for event prizes	12,566	10,014
Uniforms	56,460	61,236
	\$ 80,237	\$ 89,892

B.C. Amateur Athletics Association
Notes to the Financial Statements

March 31, 2019

4. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	\$ 357,221	\$ 339,874	\$ 353,441	\$ 338,002
Computer equipment	34,506	29,890	31,583	28,100
Leasehold improvements	46,277	24,295	46,277	19,668
	\$ 438,004	\$ 394,059	\$ 431,301	\$ 385,770
Net book value		\$ 43,945		\$ 45,531

5. Accounts Payable and Accrued Liabilities

	2019		2018	
Accounts payable	\$ 4,536		\$ 23,588	
Accrued liabilities		66,335		67,793
Government remittances payable		4,026		6,090
		\$ 74,897		\$ 97,471

Draft for discussion purposes June 10, 2019

B.C. Amateur Athletics Association
Notes to the Financial Statements

March 31, 2019

6. Deferred Revenue

Deferred revenue represents funding received for programs that were not completed during the year and were received in advance.

	<u>2019</u>	<u>2018</u>
Athletics Canada	\$ -	\$ 640
BC Endurance Project	4,337	7,923
Destination BC	9,000	-
Dash After School Initiative	-	257
Donations	19,721	23,412
Hertz Sponsorship	5,000	-
Sanction fees	2,425	3,000
Timex watches received	-	170
ViaSport	8,440	1,540
	<u>\$ 48,923</u>	<u>\$ 36,942</u>

7. Deferred Lease Inducements

The Association has tenant inducements of \$19,700 (2018 - \$23,848). These inducements are amortized over 10 years based on the term of the lease. In 2018, total rent expense was \$39,105 (2018 - \$39,105) which was offset by lease inducements of \$4,148 (2018 - \$4,148) for a net rent expenses of \$34,957 (2018 - \$34,957) within administration expense.

B.C. Amateur Athletics Association Notes to the Financial Statements

March 31, 2019

8. Commitments

In September 2013, the Association entered into a lease agreement for office space with a term ending 2023. The contract has monthly (base lease) payments of \$2,074 for the first five years and \$2,271 thereafter.

In December 2017 the Association entered into a lease agreement for a photocopier with a term ending in November 2022. The contract has quarterly payments of \$1,497.

The expected minimum lease payments for the above mentioned leases is as follows:

Year	Amount
2020	\$ 33,243
2021	33,243
2022	33,243
2023	30,249
2024	<u>11,206</u>
	<u>\$ 141,184</u>

9. Salaries, Honoraria and Benefits

The Societies Act (BC) requires certain information to be reported with regards to remuneration of employees, contractors and directors.

Included in salaries and benefits is one (2018 - one) employee with remuneration over \$75,000. No remuneration was paid to members of the Board of Directors for the 2019 and 2018 years.

B.C. Amateur Athletics Association Notes to the Financial Statements

March 31, 2019

10. Financial Instrument Risk

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk principally from accounts receivable. A significant portion of the Association's accounts receivable is from customer accounts. The Association has made a reasonable allowance for accounts considered doubtful. This risk has not changed from the prior period.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. It is the risk that the counterparty fails to discharge its obligation in this respect of the instrument. The Association manages liquidity risk through policy to ensure that they will have sufficient cash to allow it to meet its liabilities when they become due. The Association expects to have sufficient amounts to meet its obligations under reasonably expected circumstances.

Draft for discussion purposes June 10, 2019

B.C. Amateur Athletics Association
Schedule 1 - Operating Fund Financial Position

March 31	2019	2018
Assets		
Current		
Cash	\$ 211,409	\$ 220,076
Accounts receivable	61,328	77,560
Inventory	80,237	89,892
Prepaid expenses	38,891	85,226
	<u>\$ 391,865</u>	<u>\$ 472,754</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 74,897	\$ 97,472
Deferred revenue	48,923	36,942
Due to Reserve Fund	116,070	116,070
	<u>239,890</u>	<u>250,484</u>
Net assets		
Operating fund	<u>151,975</u>	<u>222,270</u>
	<u>\$ 391,865</u>	<u>\$ 472,754</u>

Draft for discussion purposes June 10, 2019

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

B.C. Amateur Athletics Association
Schedule 2 - Capital Fund Financial Position

March 31	2019	2018
Assets		
Capital assets	\$ 43,945	\$ 45,531
Liabilities and Net Assets		
Deferred lease inducement	\$ 19,700	\$ 23,848
Net assets		
Capital fund	<u>24,245</u>	<u>21,683</u>
	\$ 43,945	\$ 45,531

Draft for discussion purposes June 10, 2019

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

B.C. Amateur Athletics Association
Schedule 3 - Reserve Fund Financial Position

March 31	2019	2018
Assets		
Guaranteed Investment Certificate	\$ 28,400	\$ 27,979
Due from Operating Fund	116,070	116,070
	\$ 144,470	\$ 144,049
Net Assets		
Reserve fund, beginning of year	\$ 144,049	\$ 143,771
Interest income	421	278
Reserve fund, end of year	\$ 144,470	\$ 144,049

Draft for discussion purposes June 10, 2019

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