

Financial Statements of

**CANADIAN VOLLEYBALL  
ASSOCIATION**

Year ended March 31, 2014



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## **INDEPENDENT AUDITORS' REPORT**

To the Members of the Canadian Volleyball Association

We have audited the accompanying financial statements of the Canadian Volleyball Association, which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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 our 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, we consider 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Volleyball Association as at March 31, 2014, and its results of operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

May 29, 2014

Ottawa, Canada

# CANADIAN VOLLEYBALL ASSOCIATION

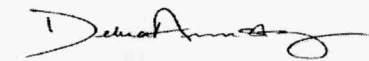
## Statement of Financial Position

March 31, 2014, with comparative information for 2013

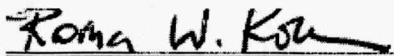
	2014	2013
<b>Assets</b>		
Current assets:		
Cash	\$ 707,876	\$ 326,608
Accounts receivable	245,986	610,262
Inventory	81,586	15,309
Prepaid expenses	394,987	275,166
	1,430,435	1,227,345
National Registration System joint venture (note 2)	77,204	54,777
Tangible capital assets (note 3)	382,556	548,317
	\$ 1,890,195	\$ 1,830,439
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 423,609	\$ 553,028
Deferred revenue (note 5)	941,329	768,988
	1,364,938	1,322,016
Deferred capital contributions (note 6)	186,989	169,860
Net assets (note 7):		
Investment in tangible capital assets	195,567	378,457
Unrestricted (deficiency)	142,701	(39,894)
	338,268	338,563
Commitments (note 8)		
Contingencies (note 9)		
	\$ 1,890,195	\$ 1,830,439

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# CANADIAN VOLLEYBALL ASSOCIATION

## Statement of Operations

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Revenue:		
Sport Canada contributions	\$ 2,217,912	\$ 2,533,924
Team Canada indoor volleyball	1,461,668	1,089,615
National competitions	1,126,014	1,516,029
World league	917,190	758,258
Membership fees	803,160	716,862
Domestic development	623,220	481,312
Team Canada beach volleyball	379,210	423,183
National office operations	312,260	187,256
Referees	177,283	48,079
Merchandising	151,932	127,688
Team Canada sitting volleyball	50,929	86,119
Amortization of deferred capital contributions	50,940	50,940
National Registration System joint venture (note 2)	22,427	21,438
NORCECA championship	3,447	—
	8,297,592	8,040,703
Expenses:		
Team Canada indoor volleyball	2,541,156	2,073,612
World league	1,475,631	1,017,687
Team Canada beach volleyball	1,029,552	1,099,754
National office operations	1,002,068	1,070,511
National competitions	943,287	1,362,165
Domestic development	801,214	779,689
Team Canada sitting volleyball	211,036	309,375
Referees	112,540	62,145
Merchandising	101,073	89,528
NORCECA championship	80,330	—
	8,297,887	7,864,466
Excess (deficiency) of revenue over expenses	\$ (295)	\$ 176,237

See accompanying notes to financial statements.

# CANADIAN VOLLEYBALL ASSOCIATION

## Statement of Changes in Net Assets

Year ended March 31, 2014, with comparative information for 2013

	Unrestricted	Investment in tangible capital assets	2014 Total	2013 Total
Net assets, beginning of year	\$ (39,894)	\$ 378,457	\$ 338,563	\$ 162,326
Excess of revenue over expenses	(295)	—	(295)	176,237
Loss on disposal of tangible capital assets	3,525	(3,525)	—	—
Tangible capital asset additions	(1,736)	1,736	—	—
Amortization of tangible capital assets	163,972	(163,972)	—	—
Deferred capital contributions received	68,069	(68,069)	—	—
Amortization of deferred capital contributions	(50,940)	50,940	—	—
Net assets, end of year	\$ 142,701	\$ 195,567	\$ 338,268	\$ 338,563

See accompanying notes to financial statements.

# CANADIAN VOLLEYBALL ASSOCIATION

## Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2013	2012
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (295)	\$ 176,237
Items not involving cash:		
Amortization	163,972	162,334
Amortization of deferred capital contributions	(50,940)	(50,940)
Loss on disposal	3,525	—
National Registration System joint venture	(22,427)	(21,438)
Changes in non-cash operating working capital:		
Accounts receivable	364,276	(192,073)
Inventory	(66,277)	20,000
Prepaid expenses	(119,821)	(51,521)
Accounts payable and accrued liabilities	(129,419)	148,249
Deferred revenue	172,341	9,248
	314,935	200,096
Financing activities:		
Deferred capital contributions received	68,069	—
Investing activities:		
Tangible capital asset additions	(1,736)	(186,729)
Increase in cash	381,268	13,367
Cash, beginning of year	326,608	313,241
Cash, end of year	\$ 707,876	\$ 326,608

See accompanying notes to financial statements.

# CANADIAN VOLLEYBALL ASSOCIATION

## Notes to Financial Statements

Year ended March 31, 2014

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The mission of the Association is to promote and develop the sport of volleyball for all Canadians. The Association was incorporated under the Canada Corporations Act as a not-for-profit organization as is a Registered Amateur Athletic Association under the Income Tax Act. Effective August 1, 2013, the Association continued its articles of incorporation from the Canada Corporations Act to the new Canada Not-for-profit Corporations Act.

### 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Basis of presentation:

The Association follows the deferral method of accounting for contributions for not-for-profit organizations.

(b) Revenue recognition:

Restricted revenue is recognized in the year in which the related expense is incurred. Unrestricted revenue is recognized when it is received or becomes receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Inventory:

Inventory consists of referee uniforms. Inventory is measured at the lower of cost and net realizable value. Costs are assigned on a first-in, first-out basis.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.



# CANADIAN VOLLEYBALL ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

## 1. Significant accounting policies (continued):

### (d) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (e) Investment in joint venture:

The investment in joint venture is accounted for using the equity method, so that the Association recognizes its proportionate share of the net revenue of the venture for the year.

### (f) Tangible capital assets:

Tangible capital assets are stated at cost. Betterments which extend the estimated life of an asset are capitalized. When a tangible capital asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value. Amortization is provided on the straight-line basis using the following annual rates:

Asset	Basis	Rate
Computer equipment	Declining balance	30%
Furniture and equipment	Declining balance	20%
Leasehold improvements	Straight-line	Term of lease

### (g) Expenses:

In the statement of operations, the Association presents its expenses by function. The Association does not allocate expenses between functions subsequent to initial recognition.

### (h) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed annually and, as adjustments become necessary, they are recognized in the financial statements in the period they become known.

# CANADIAN VOLLEYBALL ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

## 2. National Registration System joint venture:

The Association, Ontario Volleyball Association and Alberta Volleyball Association have entered into a joint venture to develop and operate a national registration system. The joint venture receives a 3% transaction fee and pays various expenses. Net revenues are shared as follows: The Association 61.9%; Ontario Volleyball Association 31.43% and Alberta Volleyball Association 6.67%.

## 3. Tangible capital assets:

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer equipment and furniture	\$ 257,118	\$ 152,177	\$ 104,941	\$ 164,076
Leasehold improvements	583,225	305,610	277,615	384,241
	<b>\$ 840,343</b>	<b>\$ 457,787</b>	<b>\$ 382,556</b>	<b>\$ 548,317</b>

Cost and accumulated amortization amounted to \$847,238 and \$298,921 respectively. During the year, the Association disposed of tangible capital assets with a cost of \$8,631 and a cost of \$5,106.

## 4. Accounts payable and accrued liabilities:

At March 31, 2014 and 2013, there were no government remittances included in accounts payable and accrued liabilities such as payroll remittances or HST.

## 5. Deferred revenue:

	2014	2013
National championship registrations	\$ 767,500	\$ 707,000
Hosting grants	90,500	60,000
National team funding	61,500	—
Other	21,829	1,988
	<b>\$ 941,329</b>	<b>\$ 768,988</b>

# CANADIAN VOLLEYBALL ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

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## 6. Deferred capital contributions:

Contributions received that are related to the purchase of tangible capital assets are deferred and amortized on the same basis as the tangible capital asset.

## 7. Net assets:

The Association considers its capital to consist of its unrestricted and invested in tangible assets net assets. The objective of the Association with respect to its capital is to fund ongoing operations and future projects. The Association manages its capital by maintaining and monitoring amounts available for future projects, contingencies and other capital requirements.

The Association is not subject to externally imposed capital requirements and its overall strategy with respect to capital remains unchanged from the year ended March 31, 2013.

## 8. Commitments:

The Association has entered into lease commitments for office premises, a training centre and office equipment. The minimum lease payments under these commitments are:

2015	\$ 219,000
2016	219,086
2017	112,699
2018	15,912

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	\$ 566,697
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## 9. Contingencies:

Contributions received from Sport Canada are subject to specific terms and conditions regarding the expenditure of the funds. The Association's accounting records are subject to audit by Sport Canada. Should any instances be identified, in which amounts charged to projects are not in accordance with the agreed terms and conditions, amounts would be refundable to Sport Canada.

For the current year, Management believes that the Association has not incurred ineligible expenditures and therefore has not recorded a liability for reimbursement.

# CANADIAN VOLLEYBALL ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

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## 10. Financial risks:

### (a) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk with respect to the accounts receivable. The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year-end, there were no amounts allowed for in accounts receivable.

### (c) Interest rate risk:

The Association believes it is not subject to significant interest rate risk arising from its financial instruments.

There has been no change to the risk exposures from 2013.

## 11. Comparative information:

Certain 2013 comparative information has been reclassified to conform with the financial statement presentation adopted for 2014.