

ONTARIO VOLLEYBALL ASSOCIATION
FINANCIAL STATEMENTS

AUGUST 31, 2013

ONTARIO VOLLEYBALL ASSOCIATION

AUGUST 31, 2013

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ONTARIO VOLLEYBALL ASSOCIATION

Day & Day Chartered Accountants
Licensed Public Accountant
William Day & Marty Day
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Phone: 519-652-6046 and Fax: 519-652-9696

INDEPENDENT AUDITOR'S REPORT

To the Members of the
Ontario Volleyball Association

We have audited the accompanying financial statements of Ontario Volleyball Association, which comprise the statement of financial position as at August 31, 2013, and the statements of operations, 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

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.

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

ONTARIO VOLLEYBALL ASSOCIATION

INDEPENDENT AUDITOR'S REPORT Continued

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Volleyball Association as at August 31, 2013, its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

London, Ontario
December 2, 2013

Day & Day
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANT

ONTARIO VOLLEYBALL ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2013

ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT		
Cash	\$ 336,324	\$ 149,515
Accrued interest receivable	52,935	37,772
Accounts receivable	65,109	137,853
Inventory	13,902	8,602
Prepaid expenses	91,761	49,446
Government remittances receivable	<u>16,275</u>	<u>18,714</u>
	576,306	401,902
INVESTMENTS (Note 3)	960,835	750,967
EQUIPMENT (Note 4)	175,996	208,702
OTHER ASSET (Note 5)	16,500	66,000
DEPOSITS	<u>27,616</u>	<u>27,616</u>
	<u>\$ 1,757,253</u>	<u>\$ 1,455,187</u>

LIABILITIES

CURRENT		
Accounts payable and accruals	512,286	\$ 312,623
Deferred revenue- current portion (Note 6)	<u>303,487</u>	<u>244,733</u>
	815,773	557,356
LONG TERM LIABILITY		
DEFERRED REVENUE (Note 6)	<u>70,500</u>	<u>87,500</u>
	<u>886,273</u>	<u>644,856</u>

NET ASSETS

NET ASSETS	<u>870,980</u>	<u>810,331</u>
	<u>\$ 1,757,253</u>	<u>\$ 1,455,187</u>

APPROVED ON BEHALF OF THE BOARD:

Kristina Sabich Director

_____ Director

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
DAY & DAY CHARTERED ACCOUNTANTS

ONTARIO VOLLEYBALL ASSOCIATION

STATEMENT OF REVENUES, EXPENDITURES & NET ASSETS

FOR THE YEAR ENDED AUGUST 31, 2013

	<u>2013</u>	<u>2012</u>
REVENUE		
Fund raising	\$ 14,477	\$ 13,112
Grants - Government of Ontario	298,762	400,765
Grants - Trillium Fund (Note 4 & 6)	130,167	63,636
Grants - Other	73,085	31,499
Investment income	26,579	25,406
Memberships	350,715	318,476
Other	1,211	13,544
Programs - tournaments, fees and other	2,762,466	2,599,531
Publication sales	18,992	21,243
Sponsorships	<u>45,285</u>	<u>40,646</u>
	<u>3,721,739</u>	<u>3,527,858</u>
EXPENDITURES		
Administrative salaries & benefits	438,765	340,738
Amortization	32,706	32,707
Communications	45,428	11,864
Meetings	43,053	48,144
Other administrative costs (Schedule 1)	128,759	88,816
Programs (Schedule 1)	2,924,744	2,726,029
Publication costs	14,040	13,406
Special events	<u>33,595</u>	<u>40,478</u>
	<u>3,661,090</u>	<u>3,302,182</u>
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	60,649	225,676
NET ASSETS , beginning of year	<u>810,331</u>	<u>584,655</u>
NET ASSETS , end of year	<u>\$ 870,980</u>	<u>\$ 810,331</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
DAY & DAY CHARTERED ACCOUNTANTS

ONTARIO VOLLEYBALL ASSOCIATION

STATEMENT OF CASH FLOWS

AUGUST 31, 2013

	<u>2013</u>	<u>2012</u>
OPERATING ACTIVITIES		
Cash provided by operations		
Excess revenues over expenditures	\$ 60,649	\$ 225,676
Add (deduct): charges to income not involving cash		
Amortization	<u>32,706</u>	<u>32,707</u>
	93,355	258,383
Net change in non-cash working capital balances related to operations		
Accounts receivable	72,744	(83,174)
Accrued interest receivable	(15,163)	40,318
Government remittances receivable	2,439	(1,475)
Inventory	(5,300)	(888)
Prepaid expenses	(42,315)	(7,490)
Accounts payable and accrued liabilities	199,663	(75,305)
Deferred revenue	<u>41,754</u>	<u>(97,812)</u>
	<u>347,177</u>	<u>32,557</u>
INVESTING ACTIVITIES		
Net (increase) decrease in other asset	49,500	-
Net (increase) decrease in investments	<u>(209,868)</u>	<u>(183,056)</u>
	<u>(160,368)</u>	<u>(183,056)</u>
INCREASE (DECREASE) IN CASH	186,809	(150,499)
CASH, beginning of year	<u>149,515</u>	<u>300,014</u>
CASH, end of year	<u>\$ 336,324</u>	<u>\$ 149,515</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
DAY & DAY CHARTERED ACCOUNTANTS

ONTARIO VOLLEYBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

1. PURPOSE OF THE ORGANIZATION

Ontario Volleyball Association is a provincial organization operating programs to lead in the development and promotion of the sport throughout Ontario. Ontario Volleyball Association is incorporated in the province of Ontario under The Corporations Act as a not-for-profit organization.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for Not-For-Profit Organizations (ASNFPO) and include the following significant accounting policies:

(a) Basis of Presentation

The financial statements of the Organization reflect the assets, liabilities, revenues and expenses of the operations of the organization.

(b) Revenue recognition

The Organization follows the deferral method of accounting for grants. Grants are recognized as revenue in the year in which the related expenses are incurred. Program fees are recognized as revenue when the programs are held. Investment income includes interest income, realized investment gains and losses, and unrealized gains and losses.

(c) Donated services

The Organization benefits greatly from donated services in the form of volunteer work to assist the Ontario Volleyball Association in carrying out its service delivery activities. Because of the difficulty in determining their fair value, donated services are not recognized in the financial statements.

(d) Inventory

Inventory consists of books, manuals, score sheets and miscellaneous items necessary for the conduct of the Organization's operations. Inventory is recorded at the lower of cost and net realizable value using the weighted average method.

(e) Equipment

Equipment is recorded at cost. Annual amortization is provided on a straight line basis at the following annual rates:

Office furniture	- 10% straight line
Volleyball courts & equipment	- 10% straight line

ONTARIO VOLLEYBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

(f) Use of Estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

(g) Financial instruments

Measurement of financial instruments

The enterprise initially measures its financial assets and financial liabilities at fair value.

The enterprise subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, investments, accounts receivable, and notes receivable.

Financial liabilities measured at amortized cost include accounts payable and deferred revenue.

(h) Deferred government assistance

Fixed asset grants are accounted for as deferred government assistance and amortized on the same basis as the related fixed assets.

3. INVESTMENTS

	<u>2013</u>	<u>2012</u>
Bank Certificates and Deposits	\$ 960,835	\$ 732,467
Government bonds	<u>-</u>	<u>18,500</u>
	<u>\$ 960,835</u>	<u>\$ 750,967</u>

Bank certificates and deposits mature in 2013 to 2018 and earn interest at rates between 1.9% and 4.3%. Interest is compounded and paid at maturity.

ONTARIO VOLLEYBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

4. EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2013</u>	<u>Net 2012</u>
Volleyball courts & equipment	\$ 297,672	\$ 136,366	\$ 161,306	\$ 191,073
Office furniture	<u>29,385</u>	<u>14,695</u>	<u>14,690</u>	<u>17,629</u>
	<u>\$ 327,057</u>	<u>\$ 151,061</u>	<u>\$ 175,996</u>	<u>\$ 208,702</u>

A grant was received to fund the purchase of the volleyball courts in the amount of \$150,000. It has been deferred and will be recognized as income on the same basis as the amortization of the volleyball courts, straight line over ten years.

5. OTHER ASSET - JOINT VENTURE

The Ontario Volleyball Association (OVA), the Alberta Volleyball Association (AVA), and Volleyball Canada (VC) have entered into a partnership to develop a National Registry System (NRS). Each Partner will own a proportionate share of the NRS as determined by their monetary investment in the NRS as follows: OVA - \$16,500 - 31.4% (2012 - \$66,000 - 58.7%'; AVA - \$3,500 - 6.7% (2012 - \$14,000 - 12.4% and VC - \$32,500 - 61.9% (2012 - \$32,500 - 28.9%).

The development of the NRS continued during the year. The NRS receives a 5.2 percent fee for every registration. It pays interest to the OVA and AVA on their remaining investment. For the year ended August 31 2013, the OVA's investment in this partnership has been recorded at cost and interest revenue calculated at prime plus 1 percent has been recorded as investment income. The amount of interest income received during the year was \$1,547 (2012 - \$2,669).

A financial summary of the unconsolidated joint venture as at August 31, 2013 and 2012 and for the years then ended as follows:

FINANCIAL POSITION	<u>2013</u>	<u>2012</u>
Current Assets	\$ 56,369	\$ 77,850
Other Assets	<u>53,403</u>	<u>114,597</u>
Total Assets	<u>\$ 109,772</u>	<u>\$ 192,447</u>
Current Liabilities	\$ 53,790	\$ 98,497
Loans payable	<u>52,500</u>	<u>112,500</u>
	106,290	210,997
Total Net Assets	<u>3,482</u>	<u>(18,550)</u>
	<u>\$ 109,772</u>	<u>\$ 192,447</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
DAY & DAY CHARTERED ACCOUNTANTS

ONTARIO VOLLEYBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

5. OTHER ASSET - JOINT VENTURE (Continued)

RESULTS OF OPERATIONS	<u>2013</u>	<u>2012</u>
Total Revenue	\$ 234,777	\$ 213,366
Total Expenses	<u>212,745</u>	<u>225,167</u>
Excess of expense over revenue	22,032	(11,801)
Net Assets Beginning of Year	<u>(18,550)</u>	<u>(6,749)</u>
Net Assets End of Year	<u>\$ 3,482</u>	<u>\$ (18,550)</u>

CASH FLOWS	<u>2013</u>	<u>2012</u>
Cash from operations	\$ 46,861	\$ 81,813
Cash for investing activities	<u>(68,342)</u>	<u>(39,521)</u>
Increase (decrease) in cash	<u>(21,481)</u>	<u>42,292</u>

The financial information for the year ended August 31, 2012 has been revised from the amount report in the prior year as follows: current liabilities have increased by \$412; revenue has decreased by \$412 and net assets have decreased by \$412.

ONTARIO VOLLEYBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

6. DEFERRED REVENUE

Deferred revenue represents monies received prior to the year end which relate to events which will not occur until after the year end, or specifically will be designated as 2013 - 2014 revenues. The deferred revenue for the year is as follows:

	<u>2013</u>	<u>2012</u>
Ashbridges	\$ 10,410	\$ -
Canadian Sports Centre - Ontario	-	16,042
Ontario Trillium Foundation	93,097	128,864
Ministry of Health and Promotion - Annual grant	159,080	-
Ministry of Health and Promotion - Grant	-	50,000
Ontario championships travel fund	-	8,927
Other Fund previously Performance bonds	23,900	23,900
Solars Fund	12,500	14,500
Grant - volleyball courts (Note 5)	<u>75,000</u>	<u>90,000</u>
	373,987	332,233
Current portion of deferred revenue	<u>303,487</u>	<u>244,733</u>
	<u>\$ 70,500</u>	<u>\$ 87,500</u>

Performance bonds payable represent amounts collected from all clubs for ongoing participation in the organization's programs. These funds are collected at the time of registration. The Ontario Volleyball Association has eliminated the requirement for performance bonds and refunded bonds where possible. The remaining funds will be used for operational indoor club volleyball.

The grant for the volleyball courts was received in a prior year and is being recognized as revenue on a straight line basis over 10 years, which is the same period that the equipment is being amortized. As a result \$15,000 has been recognized as the current portion.

Previously, a volleyball club contributed \$18,500 to the Association for its use. The Association has decided that the funds will be used for athlete assistance for athletes who are national team candidates. The fund will be known as the Solars Fund. The full amount less \$2,000 for current awards, has been presented as long term.

7. SPONSORSHIPS

The Association's financial statements reflect only cash sponsorships received from various sponsors. During the current fiscal year, the Association received additional donations of products from various sponsors with a retail value of approximately \$67,500 (2012 - \$42,250).

8. ECONOMIC DEPENDENCE

The continued operations of the Association depend to a large extent upon the funding that it receives from the Provincial Government. Any significant reduction in this source would significantly curtail the Association's ability to offer a complete range of programs.

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
DAY & DAY CHARTERED ACCOUNTANTS

ONTARIO VOLLEYBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

9. OFFICE RENT & MAINTENANCE

The Association leases premises at 3 Concorde Gate, Toronto, Ontario on a monthly basis from Sport Alliance of Ontario. A sublease was entered into for the term March 2, 2010 to March 31, 2011 with automatic yearly renewals.

Future minimum lease payments for the office space considering the yearly renewals will be taken, are as follows:

<u>Year End</u>	<u>Amount</u>
2014	\$ 55,586
2015	\$ 56,845
2016	\$ 58,355
2017	\$ 59,236
2018	\$ 59,991

10. FINANCIAL INSTRUMENTS

The Association as part of its operations carries a number of financial instruments, which include cash, accounts receivable, investments, accounts payable and accruals. The carrying amount of the Association's financial instruments approximates their face value due to their relatively short-term maturities. It is management's opinion that the Organization is not exposed to significant interest rate, currency or credit risks arising from its financial instruments, except as otherwise disclosed.

11. COMMITMENTS

The Ontario Volleyball Association (OVA) has entered into a License Agreement with the City of Toronto for the use of beach volleyball facilities, Ashbridge's Bay Park and Woodbine Beach Park, for the term May 1st to September 30th in each of the years 2010 through 2014. The license fee consists of:

- a) A fixed payment of \$150,000 plus GST or HST to be paid in instalments of \$75,000 each on June 1st and September 1st of each year during the Term, commencing June 1, 2010;
- b) For the 2014 seasons, additional payments of 7.5% of gross revenues, payable one month after the Licensee's fiscal year end;
- c) A variable portion throughout the Term being any and all other payments which are the Licensee's responsibility pursuant to the Agreement.

The OVA has provided the City of Toronto with a security deposits in the amount of \$20,000. The security deposits may be used by the City to remedy any of the Licensee's defaults.

The City of Toronto has the option to renew the License Agreement for a further term from May 1, 2015 to September 30, 2019.

ONTARIO VOLLEYBALL ASSOCIATION

SCHEDULE OF EXPENDITURES

Schedule 1

AUGUST 31, 2013

	<u>2013</u>	<u>2012</u>
PROGRAMS		
Beach	\$ 316,485	\$ 254,079
Coaching	70,757	63,637
CS4L - Trillium Fund	110,167	48,674
Officials	306,462	304,849
Provincial championships	437,873	438,887
Sport Court - Trillium Fund	2,000	-
Programs - Learn To Train	108,822	162,181
Programs - Train To Train	296,699	299,955
Programs - Learn To Compete	488,967	484,548
Programs - Train To Compete	204,717	143,917
Programs - Ashbridges Beach Volleyball	<u>581,795</u>	<u>525,302</u>
	<u>\$ 2,924,744</u>	<u>\$ 2,726,029</u>
 OTHER ADMINISTRATION COSTS		
Bad debt expense	\$ -	\$ 1,800
Bank, credit card & payroll service charges	10,831	2,087
Insurance	24,663	33,524
Maintenance	4,438	-
Office supplies and other	10,331	6,373
Phone, fax & internet	9,875	8,798
Postage & courier	3,248	2,696
Printing & copying	280	1,169
Professional services	45,853	15,613
Rent	<u>19,240</u>	<u>16,756</u>
	<u>\$ 128,759</u>	<u>\$ 88,816</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
DAY & DAY CHARTERED ACCOUNTANTS