

**FINANCIAL STATEMENTS**

**SPORT MEDICINE COUNCIL OF B.C.**

**June 30, 2021**



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# INDEPENDENT AUDITOR'S REPORT

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To the Members of  
**Sport Medicine Council of B.C.**

## ***Opinion***

We have audited the financial statements of Sport Medicine Council of B.C. (the Council), which comprise the statement of financial position as at June 30, 2021 and the statements of operations and changes in fund balances, and cash flows for the year then ended, and 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 Council as at June 30, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian 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 Council 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 audit opinion.

## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council'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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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## INDEPENDENT AUDITOR'S REPORT

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- 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 Council'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 Council 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 British Columbia Societies Act, we report that, in our opinion, the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

*Tompkins Wozny LLP*

Vancouver, Canada  
October 12, 2021

Chartered Professional Accountants



**STATEMENT OF FINANCIAL POSITION**

As at June 30

	2021			2020	
	Operating Fund \$	Gaming Fund \$	Capital Asset Fund \$	Total \$	Total \$
<b>ASSETS</b>					
<b>Current</b>					
Cash	77,122	741	—	77,863	159,916
Term deposits [note 3]	150,000	—	—	150,000	—
Accounts receivable [note 4]	66,572	—	—	66,572	37,348
Prepaid expenses and deposits	8,158	—	—	8,158	5,116
<b>Total current assets</b>	<b>301,852</b>	<b>741</b>	<b>—</b>	<b>302,593</b>	<b>202,380</b>
Capital assets [note 5]	—	—	7,180	7,180	5,791
	<b>301,852</b>	<b>741</b>	<b>7,180</b>	<b>309,773</b>	<b>208,171</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Current liabilities</b>					
Accounts payable and accruals [note 6]	61,834	—	—	61,834	50,402
Deferred revenue [note 7]	—	—	—	—	47,000
Interfund payable (receivable), no specific terms	(741)	741	—	—	—
<b>Total current liabilities</b>	<b>61,093</b>	<b>741</b>	<b>—</b>	<b>61,834</b>	<b>97,402</b>
Canada Emergency Business Account loan [note 8]	40,000	—	—	40,000	—
	<b>101,093</b>	<b>741</b>	<b>—</b>	<b>101,834</b>	<b>97,402</b>
<b>Fund balances</b>					
Unrestricted	200,759	—	—	200,759	104,978
Invested in capital assets [note 9]	—	—	7,180	7,180	5,791
<b>Total fund balances</b>	<b>200,759</b>	<b>—</b>	<b>7,180</b>	<b>207,939</b>	<b>110,769</b>
	<b>301,852</b>	<b>741</b>	<b>7,180</b>	<b>309,773</b>	<b>208,171</b>

Commitments [note 14]

Other - COVID-19 [note 16]

See accompanying notes to the financial statements

On behalf of the Board:

Chair

Treasurer

Sport Medicine Council of B.C.

**STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCES**

Year ended June 30

	2021			2020	
	Operating	Gaming	Capital	Total	Total
	Fund	Fund	Asset		
	\$	\$	\$	\$	\$
<b>REVENUE</b>					
Service Contracts					
ViaSport - core contributions	188,000	—	—	188,000	188,000
ViaSport - Canadian Heritage's Emergency Support Fund	80,128	—	—	80,128	—
SportMed Run/Walk					
Vancouver Sun - Sun Run InTraining	67,458	—	—	67,458	158,389
SportMed Safety					
SportsAid program	9,168	—	—	9,168	14,022
Event coverage	1,173	—	—	1,173	81,784
Other					
Canada Emergency Wage Subsidy [note 16]	174,575	—	—	174,575	55,824
Canada Emergency Business Account - loan forgiveness [note 8]	20,000	—	—	20,000	—
Canada Emergency Rent Subsidy [note 16]	16,443	—	—	16,443	—
Sales - manuals and merchandise	3,371	—	—	3,371	3,560
Interest and other income	702	—	—	702	8,623
Gaming	—	—	—	—	50,000
	<b>561,018</b>	<b>—</b>	<b>—</b>	<b>561,018</b>	<b>560,202</b>
<b>EXPENSES</b>					
Vancouver Sun - Sun Run InTraining	41,167	—	—	41,167	92,234
SportMed Safety					
Event coverage [note 12]	1,489	—	—	1,489	65,469
SportsAid program	1,181	—	—	1,181	3,933
Salaries, benefits and contractors [note 13]	325,829	—	—	325,829	328,775
Office and administration	78,930	—	—	78,930	83,175
Website - hosting & administration	7,039	—	—	7,039	6,606
Equipment lease	3,251	—	—	3,251	2,983
Amortization	—	—	3,061	3,061	3,358
Meetings	1,015	—	—	1,015	2,603
Publications and newsletters	886	—	—	886	1,278
	<b>460,787</b>	<b>—</b>	<b>3,061</b>	<b>463,848</b>	<b>590,414</b>
<b>Excess of revenue (expenses) for the year</b>	<b>100,231</b>	<b>—</b>	<b>(3,061)</b>	<b>97,170</b>	<b>(30,212)</b>
Fund balances, beginning of year	104,978	—	5,791	110,769	140,981
Purchase of capital assets	(4,450)	—	4,450	—	—
<b>Fund balances, end of year</b>	<b>200,759</b>	<b>—</b>	<b>7,180</b>	<b>207,939</b>	<b>110,769</b>

See accompanying notes to the financial statements

## STATEMENT OF CASH FLOWS

Year ended June 30

	2021			2020	
	Operating Fund	Gaming Fund	Capital Asset Fund	Total	Total
	\$	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>					
Excess of revenue (expenses) for the year	100,231	—	(3,061)	97,170	(30,212)
Items not affecting cash					
Amortization of capital assets	—	—	3,061	3,061	3,358
Canada Emergency Business Account - loan forgiveness [note 8]	(20,000)	—	—	(20,000)	—
Changes in non-cash working capital items					
Accounts receivable	(29,224)	—	—	(29,224)	7,894
Prepaid expenses and deposits	(3,042)	—	—	(3,042)	1,476
Accounts payable and accruals	11,432	—	—	11,432	(36,676)
Deferred revenue	(47,000)	—	—	(47,000)	47,000
<b>Cash provided by (used in) operating activities</b>	<b>12,397</b>	<b>—</b>	<b>—</b>	<b>12,397</b>	<b>(7,160)</b>
<b>INVESTING ACTIVITIES</b>					
Redemption (purchase) of term deposits (net)	(150,000)	—	—	(150,000)	50,000
Purchase of capital assets	(4,450)	—	—	(4,450)	(3,682)
<b>Cash provided by (used in) investing activities</b>	<b>(154,450)</b>	<b>—</b>	<b>—</b>	<b>(154,450)</b>	<b>46,318</b>
<b>FINANCING ACTIVITIES</b>					
Proceeds of Canada Emergency Business Account loan [note 8]	60,000	—	—	60,000	—
<b>Cash provided by financing activities</b>	<b>60,000</b>	<b>—</b>	<b>—</b>	<b>60,000</b>	<b>—</b>
<b>Increase (decrease) in cash for the year</b>	<b>(82,053)</b>	<b>—</b>	<b>—</b>	<b>(82,053)</b>	<b>39,158</b>
Cash, beginning of year	159,175	741	—	159,916	120,758
<b>Cash, end of year</b>	<b>77,122</b>	<b>741</b>	<b>—</b>	<b>77,863</b>	<b>159,916</b>

See accompanying notes to the financial statements

## NOTES TO FINANCIAL STATEMENTS

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June 30, 2021

### 1. PURPOSE OF THE COUNCIL

Sport Medicine Council of B.C. (the "Council") is incorporated in the Province of British Columbia with a membership comprised of experts in sport medicine. The Council receives funding on an annual basis from the Province of British Columbia to fulfill a variety of initiatives including sport safety, athlete and coach development serving recreational, fitness and high performance sports.

The Council is exempt from income taxes.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

#### **Fund Accounting**

The Council uses Fund accounting. The major funds are described below:

#### *Operating Fund*

The Operating Fund reports assets, liabilities, revenue and expenses related to the Council's operating activities.

#### *Gaming Fund*

The Gaming Fund reports assets, liabilities, revenue and expenses related to the Council's gaming activities. The use of this fund is restricted to uses permitted by the Gaming Commission of B.C.

#### *Capital Asset Fund*

The Capital Asset Fund reports assets, liabilities, revenue and expenses related to the Council's capital activities.

#### **Use of Estimates**

The preparation of financial statements in conformity with Canadian ASNPO 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 amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of allowance for doubtful accounts relating to accounts receivable, estimated useful lives of capital assets and accrued liabilities. Actual results could differ from these estimates.

## NOTES TO FINANCIAL STATEMENTS

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June 30, 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Revenue Recognition

The Council follows the restricted fund method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to capital assets or gaming are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured. Restricted contributions for which there is no specific restricted fund are recorded in the Operating Fund.

Operating grants received during the fiscal year are recognized in income for the year to which the related grant application applies. Grants for special projects are recognized as the related expenditures have been incurred.

Revenue from service contracts, event services and other programs is recognized when evidence of an arrangement exists, services have been provided by the Council, the amount of consideration is measurable, and when collection is reasonably assured.

Interest income is recognized as revenue in the respective funds in accordance with the terms of the underlying investment, which is generally with the passage of time.

#### Measurement of Financial Instruments

The Council initially measures its financial assets and financial liabilities at fair value. The Council subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accruals and the Canada Emergency Business Account loan.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.



## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Capital Assets

Capital assets are carried at cost less accumulated amortization. Contributed capital assets are recorded at fair market value at the date of contribution, if a value can be reasonably estimated. Amortization is provided using the declining balance basis at the following annual rates:

- Computers 55% and 45%
- Furniture and fixtures 20%
- Software 100%

### 3. TERM DEPOSITS

The term deposits of \$150,000 [2020 - \$Nil] accrue interest at rates of 0.55% to 0.70% per annum and have a maturity date of November 14, 2021.

### 4. ACCOUNTS RECEIVABLE

	2021	2020
	\$	\$
Operations	53,389	24,835
Receiver General - Canada Emergency Wage Subsidy	10,037	12,513
- GST	1,463	—
- Canada Emergency Rent Subsidy	1,118	—
Interest receivable	565	—
Allowance for doubtful accounts	—	—
	<b>66,572</b>	<b>37,348</b>

### 5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
<b>2021</b>			
Computers	47,296	44,274	3,022
Furniture and fixtures	13,352	9,194	4,158
	<b>60,648</b>	<b>53,468</b>	<b>7,180</b>

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

**5. CAPITAL ASSETS (CONT'D)**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
	\$	\$	\$
<b>2020</b>			
Computers	47,296	41,697	5,599
Furniture and fixtures	8,902	8,710	192
	<b>56,198</b>	<b>50,407</b>	<b>5,791</b>

**6. ACCOUNTS PAYABLE AND ACCRUALS**

	<b>2021</b>	<b>2020</b>
	\$	\$
Operations	<b>55,552</b>	48,473
Receiver General - source deductions	<b>5,817</b>	—
- GST	—	1,929
Government Remittances - WorkSafe BC	<b>465</b>	—
	<b>61,834</b>	50,402

**7. DEFERRED REVENUE**

	<b>2021</b>	<b>2020</b>
	\$	\$
ViaSport Contract	—	47,000

**8. CANADA EMERGENCY BUSINESS ACCOUNT LOAN**

The Council also applied for and received a \$60,000 loan under the Canada Emergency Business Account. The loan is non-interest bearing until December 31, 2022, and then interest accrues at the prime rate until December 31, 2025, when the loan is due. If the loan is repaid on or before December 31, 2022, \$20,000 of the loan will be forgiven.

As the Society has met and expects to continue to comply with the loan's terms and conditions and expects to repay the loan on or before December 31, 2022, the 25% forgivable portion of the loan or \$20,000 has been taken into 2021 income.

## NOTES TO FINANCIAL STATEMENTS

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June 30, 2021

### 9. INTERNALLY RESTRICTED FUND BALANCES AND CAPITAL MANAGEMENT

The Council's main objective when managing capital is to maintain financial flexibility in order to reserve its ability to meet financial commitments and unforeseen external events. To assist with this objective, the Council has internally restricted an amount equal to the net assets invested in capital assets in the amount of \$7,180 [2020 - \$5,791].

### 10. INTERFUND TRANSFERS

As described in the statement of Operations and Changes in Fund Balances, interfund transfers between internally restricted fund balances and unrestricted fund balances for capital asset purchases.

### 11. FINANCIAL INSTRUMENTS

The Council is exposed to various risks through its financial instruments. The following analysis presents the Council's exposures to significant risk as at June 30, 2021.

#### **Credit Risk**

Credit risk is the risk that the Council will incur a loss due to the failure by its debtors to meet their contractual obligations. The Council is exposed to credit risk with respect to its cash, term deposits and accounts receivable. The Council assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive and bank accounts are held at a chartered Canadian financial institution.

#### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Council is exposed to interest rate risk on its cash, term deposits and Canada Emergency Business Account loan.

#### **Liquidity Risk**

Liquidity risk is the risk that the Council will not be able to meet its cash requirements or fund obligations as they become due. The Council manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

12. RELATED PARTY TRANSACTIONS

Event coverage expense includes \$Nil [2020 - \$3,712] for services provided by directors of the Council. Amounts paid to related parties were incurred in the normal course of business and are measured at the exchange amount, which is the amount agreed upon by the transacting parties on terms and conditions similar to non-related parties.

13. DISCLOSURE OF REMUNERATION

Pursuant to the British Columbia Societies Act, the Council is required to disclose wages and benefits paid to employees who are paid \$75,000 or more during the fiscal year. Wages and benefits expense includes \$101,288 [2020 - \$98,866] paid to one [2020 - one] employee during the year.

14. COMMITMENTS

The Council leases office space in North Vancouver, B.C. pursuant to a lease expiring on November 30, 2023.

The Council is committed to the following annual basic rent payments, including applicable taxes, over the next three years, as follows:

	\$
2022	<b>18,900</b>
2023	<b>18,900</b>
2024	<b>7,875</b>
	<b>45,675</b>

15. ECONOMIC DEPENDENCE

Certain of the Council's revenues are funded by Provincial government grants. During the year, core grant revenue was \$188,000 [2020 - \$188,000] and core gaming grant revenue was \$Nil [2020 - \$50,000].

## NOTES TO FINANCIAL STATEMENTS

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June 30, 2021

### **16. OTHER - COVID-19**

In March 2020, the outbreak of coronavirus, also known as COVID-19, has spread across the globe and is impacting worldwide economic activity.

The Foundation has claimed \$174,575 [2020 - \$55,824] of assistance under the Canada Revenue Agency's 75% Canada Emergency Wage Subsidy for the year ended June 30, 2021.

The Foundation has claimed \$16,443 [2020 - \$Nil] of assistance under the Canada Revenue Agency's 75% Canada Emergency Rent Subsidy for the year ended June 30, 2021.

### **17. COMPARATIVE FIGURES**

Certain prior year's comparative figures have been reclassified where necessary to conform to the current year's presentation.