

**BRITISH COLUMBIA ULTIMATE SOCIETY**

**FINANCIAL STATEMENTS**

(unaudited)

**AUGUST 31, 2017**

November 1, 2017

## REVIEW ENGAGEMENT REPORT

### To the Board of Directors of British Columbia Ultimate Society:

We have reviewed the statement of financial position of the British Columbia Ultimate Society ("the Society") as at August 31, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Society.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects in accordance with Canadian accounting standards for not-for-profit organizations.

**DRAFT**

Chartered Professional Accountants  
Winnipeg, Canada

For this communication, together with the work done to prepare this communication and for the opinions we have formed, if any, we accept and assume responsibility only to the addressee of this communication, as specified in our letter of engagement.

BRITISH COLUMBIA ULTIMATE SOCIETY

STATEMENT OF FINANCIAL POSITION  
(unaudited)

AS AT AUGUST 31, 2017

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 43,970	\$ 29,863
Accounts receivable	7,383	20,084
Government remittances receivable	156	-
Inventory	3,637	-
Prepaid	932	746
	<u>56,078</u>	<u>50,693</u>
<b>Capital assets (Note 3)</b>	<u>-</u>	<u>242</u>
	<u>\$ 56,078</u>	<u>\$ 50,935</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 16,372	\$ 10,211
Government remittances payable	<u>-</u>	<u>9,459</u>
	16,372	19,670
<b>NET ASSETS</b>		
<b>Unappropriated fund:</b>		
Unrestricted	34,549	31,265
<b>Appropriated fund:</b>		
Junior tournament - BCHSUC (Note 5)	<u>5,157</u>	<u>-</u>
	<u>39,706</u>	<u>31,265</u>
	<u>\$ 56,078</u>	<u>\$ 50,935</u>

APPROVED BY:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**BRITISH COLUMBIA ULTIMATE SOCIETY**

**STATEMENT OF OPERATIONS**  
(unaudited)

**FOR THE YEAR ENDED AUGUST 31**

	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>		
Junior program	\$ 16,678	\$ 26,576
Junior tournament - BCHSUC (Note 5)	31,674	29,667
Adult tournaments (Note 4)	35,068	29,074
Membership revenue	26,977	20,703
Coaching clinics	2,905	3,624
Commissions	3,918	-
Disc and merchandise sales	9,551	13,399
Operating grant - Viasport	24,095	6,667
Grant - travel subsidy	200	-
Interest	38	22
	<u>151,104</u>	<u>129,732</u>
<b>Expenses:</b>		
Junior program	19,147	25,905
Junior programs - bad debts	-	1,438
Junior tournament - BCHSUC (Note 5)	26,517	18,545
Adult tournaments (Note 4)	31,135	25,382
Bursaries and sponsorships	5,400	-
Contract staff	25,000	10,600
Cost of discs and merchandise sold	8,658	11,667
Administration	10,388	5,089
Amortization	242	291
Coaching clinics	5,261	1,588
Insurance	4,904	4,507
Promotion	1,605	-
Ultimate Canada	4,406	3,718
	<u>142,663</u>	<u>108,730</u>
<b>Difference between revenues and expenses</b>	<u>8,441</u>	<u>21,002</u>

**BRITISH COLUMBIA ULTIMATE SOCIETY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
(unaudited)  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	<u>Unappropriated</u> <u>Fund</u>		<u>Appropriated</u> <u>Fund</u>	
	<u>Unrestricted</u>	<u>Junior tournament - BCHSUC</u>	<u>2017 Total</u>	<u>2016 Total</u>
Net assets, beginning of year	\$ 31,265	\$ -	\$ 31,265	\$ 10,263
Difference between revenues and expenses	8,441	-	8,441	21,002
Interfund transfer (Note 5)	<u>(5,157)</u>	<u>5,157</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 34,549</u>	<u>\$ 5,157</u>	<u>\$ 39,706</u>	<u>\$ 31,265</u>

**BRITISH COLUMBIA ULTIMATE SOCIETY**

**STATEMENT OF CASH FLOWS**

(unaudited)

**FOR THE YEAR ENDED AUGUST 31**

	<u>2017</u>	<u>2016</u>
<b>Cash flow from operating activities:</b>		
Cash receipts from tournaments, memberships, grants and customers	\$ 163,805	\$ 120,130
Cash paid to suppliers and contractors	<u>(149,698)</u>	<u>(116,224)</u>
<b>Change in cash</b>	14,107	3,906
<b>Cash, beginning of year</b>	<u>29,863</u>	<u>25,957</u>
<b>Cash, end of year</b>	<u>\$ 43,970</u>	<u>\$ 29,863</u>

# BRITISH COLUMBIA ULTIMATE SOCIETY

## NOTES TO FINANCIAL STATEMENTS

(unaudited)

FOR THE YEAR ENDED AUGUST 31, 2017

### 1. Nature of operations:

British Columbia Ultimate Society ("the Society") is a non-profit organization, incorporated under the Society Act in the province of British Columbia. The purpose of the Society is to promote and develop Ultimate throughout British Columbia.

The Society is not taxable under Section 149 of the Income Tax Act.

### 2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. An assumption underlying the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the Society will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

#### a) Accounting estimates-

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and judgments that affect the reported amounts 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 reported period.

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future economic conditions could require changes in the recognized amounts for accounting estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they became known.

Significant areas of estimation by management include the impairment of non-financial assets, the useful lives of capital assets and the fair value of financial instruments.

Management bases their judgments, estimates and assumptions on factors they believe to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable.

#### b) Financial instruments-

Except for certain related party transactions financial instruments are measured at fair value on initial recognition adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transaction costs related to financial instruments that will be measured subsequently at fair value are recognized in difference between revenues and expenses in the period incurred.

**NOTES TO FINANCIAL STATEMENTS**  
(unaudited)

**FOR THE YEAR ENDED AUGUST 31, 2017**

**2. Significant accounting policies (continued):**

b) Financial instruments (continued)-

In subsequent periods, investments in equity instruments that are quoted in an active market and certain derivative contracts are measured at fair value without any adjustment for transaction costs that may incur on sale or other disposal. The Society may elect to measure any financial instrument at fair value with the asset or liability is first recognized for the equity instruments that previously measured at fair value when the equity instrument ceases to be quoted in an active market. Other investments in equity instruments are measured at cost less any reduction for impairments. All other financial instruments are measured at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative effect of any difference between the initial amount of the maturity amount, and minus any reduction of impairment.

The Society measures all financial instruments at amortized cost.

The Society assesses impairment of all its financial assets, except those classified at fair value. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is measured as the difference between the asset's carrying value and its fair value. Impairment is included in difference between revenues and expenses.

c) Capital assets-

Capital assets are recorded at cost and amortized over their estimated useful lives, except for donated assets which are recorded at fair market value at the time of the donation. This requires estimation of the useful life of the asset and its salvage and residual value. When a capital asset no longer has any long-term service potential, the excess of its net carrying amount over any residual value is recognized as an expense. As is true for all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

Capital assets are amortized over the estimated useful life on a straight line basis as follows:

Computer equipment	2 years
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d) Revenue recognition-

The Society follows the deferral method of account for contributions. Restricted contributions, such as grants, are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions such as membership fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Programs, tournaments, clinics, disc and merchandise sales, and commissions are recognized as revenue when earned, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest is recognized on a time proportional basis.

**NOTES TO FINANCIAL STATEMENTS**  
(unaudited)

**FOR THE YEAR ENDED AUGUST 31, 2017**

**2. Significant accounting policies (continued):**

e) Contributed services-

Contributed materials and services that would otherwise be paid for by the Society are recorded at fair value at the date of contribution.

Volunteers contribute time to assist the Society in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

f) Net assets-

Net assets are reported by the Association through an Unappropriated Fund and an Appropriated Fund. The Unappropriated Fund accounts for the Society's program delivery and administrative activities and represents unrestricted net assets used for the day-to-day operations of the Society. Beginning September 1, 2016, any excesses generated from the Society's junior tournament - BCHSUC are transferred to the fund and are intended to be used to help fund future BCHSUC tournaments. The internally restricted amount is not available for other purposes without the approval of the Board of Directors.

**3. Capital assets:**

	2017		2016	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ <u>582</u>	\$ <u>582</u>	\$ <u>582</u>	\$ <u>340</u>
Net book value		\$ <u>-</u>		\$ <u>242</u>

**NOTES TO FINANCIAL STATEMENTS**  
(unaudited)

**FOR THE YEAR ENDED AUGUST 31, 2017**

**4. Adult tournaments:**

	<u>2017</u>	<u>2016</u>
Flowerbowl, revenues	\$ 19,101	\$ 13,333
Flowerbowl, expenses	<u>(15,581)</u>	<u>(13,449)</u>
Flowerbowl, net contribution	3,520	(116)
BC regionals, revenues	8,663	7,771
BC regionals, expenses	<u>(8,524)</u>	<u>(4,510)</u>
BC regionals, net contribution	139	3,261
4x4 series, revenues	7,304	7,970
4x4 series, expenses	<u>(7,030)</u>	<u>(7,423)</u>
4x4 series, net contribution	274	547
Total Adult tournament revenues	35,068	29,074
Total Adult tournament expenses	<u>(31,135)</u>	<u>(25,382)</u>
	<u>\$ 3,933</u>	<u>\$ 3,692</u>

**5. Interfund transfers:**

During the year, the Board of Directors authorized the transfer of \$5,157 from the Unappropriated Fund to the Appropriated fund – junior tournament – BCHUSC (Note 2f).

	<u>2017</u>
<b>Revenues:</b>	
Junior tournament - BCHSUC	\$ 31,674
<b>Expenses:</b>	
Junior tournament - BCHSUC	<u>26,517</u>
	<u>\$ 5,157</u>

**6. Economic dependence:**

The Society's operations are dependent upon Viasport for its operating grant and contributions from the Vancouver Ultimate League Society and from member leagues in British Columbia. Should this grant and these contributions not be received, the operations of the Society may be significantly affected.

**NOTES TO FINANCIAL STATEMENTS**  
(unaudited)**FOR THE YEAR ENDED AUGUST 31, 2017****7. Risk management:**

Management's risk management policies are typically performed as a part of the overall management of Society's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Society is exposed to a number of risks that can affect its operating performance.

Management's close involvement in operations helps identify risks and variations from expectations. The Society has not designed transactions as hedging transactions to manage risk. As a part of the overall operation of the Society, management considers the avoidance of undue concentrations of risk. These risks include, and the actions taken to manage them are as follows:

**Liquidity risk-**

Liquidity risk is the risk that the Society cannot meet its financial obligations associated with financial liabilities in full. The Society's main sources of liquidity are its operations and external contributions. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Society's financial obligations associated with financial liabilities.

**Credit risk-**

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Society has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Society all may review credit history before establishing credit and reviews credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information. No allowance for doubtful accounts has been recorded.



CHARTERED PROFESSIONAL ACCOUNTANTS

November 1, 2017

**Private and Confidential**

Alex Davis  
British Columbia Ultimate Society  
PO Box 38097 RPO King Edward Mall  
Vancouver, MB V5Z 4L9

Dear Alex Davis:

We enclose three unbound copies and one bound copy of the financial statements of the British Columbia Ultimate Society for the year ended August 31, 2017. While the financial statements were approved by the Board of Directors today, at least one Director should sign the financial statements as evidence of your approval.

As we discussed, the directors for the Society will prepare the T2 Corporation Tax Return and remit to CRA as well as file the outstanding GST return.

We are taking this opportunity to enclose our invoice for services provided regarding the above matters. We appreciate the opportunity to provide our services to you.

Yours very truly,

Dwayne McFaddin, CPA, CA, CGA  
DGM/lc

Enc.

## BRITISH COLUMBIA ULTIMATE SOCIETY

November 1, 2017

Scarrow & Donald LLP  
100 - Five Donald Street  
Winnipeg, MB R3L 2T4

Dear Sirs:

We are providing this letter in connection with your review of the financial statements of British Columbia Ultimate Society ("the Society") for the year ended August 31, 2017, which we acknowledge you performed in accordance with Canadian generally accepted standards for review engagements. We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for the design and implementation of internal control to prevent and detect fraud and error.

We understand that your review procedures consisted primarily of enquiry, analytical procedures and discussion, which are not designed to identify, nor can they necessarily be expected to disclose, fraud, shortages, errors or other irregularities should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

This letter confirms, to the best of our knowledge and belief, the following matters:

- The financial statements present the financial position, results of operations and cash flows for the Society for the years ended August 31, 2017 and 2016 in accordance with Canadian accounting standards for not-for-profit organizations.
- We have responded fully to all enquiries made to us and have made available to you all financial records and related data.
- Significant accounting policies are disclosed in the financial statements and there have been no changes to these policies.
- The Society has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- There are no material transactions that have not been properly reflected in the financial statements.
- The Society has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged except as disclosed in the financial statements.
- We have disclosed to you and the Society has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt except as disclosed in the financial statements.

- We believe that the measurement processes, including related assumptions and models, used by management in determining accounting estimates and the consistency in application of the processes are appropriate. The assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures. Disclosures related to accounting estimates are complete and appropriate and no subsequent event requires adjustment.
- We are not aware of any significant events or conditions relevant to the going concern assumption and we have an adequate, though informal, process for determining whether there are material going concern uncertainties that should be disclosed in the financial statements. Further, we have disclosed to you all information relevant to our assessment of whether there are material going concern uncertainties that should be disclosed in the financial statements. No specific disclosure of going concern matters has been provided, because to the best of our knowledge and belief, none is necessary.
- No events have occurred subsequent to the statement of financial position date that would require adjustment to, or disclosure in, the financial statements that have not been adjusted for or disclosed such as planned or actual asset sales, plans to merge or reorganize, changes in the status of items that were accounted for on the basis of preliminary information, changes regarding risk areas or changes that may affect the appropriateness of accounting policies used.
- There are no material losses (for example, from obsolete inventory or decreases in the carrying value of assets) that have not been properly included in the financial statements.
- We are not aware of any illegal or possibly illegal acts.
- There are no material unrecorded liabilities or contingent liabilities or claims or possible claims including those associated with guarantees, whether written or oral.
- There are no significant commitments or contractual obligations nor any significant changes in such items since year-end and the date of this letter.
- Except as disclosed in the financial statements, there are no guarantees from, or assets pledged by, a shareholder or other third party, as collateral for any of the Society's liabilities.
- Accounts receivable represent valid claims as at the year end against customers and other debtors. These receivables do not include any amounts which are collectible after one year. They have not been pledged, discounted or assigned except as reflected in the financial statements or notes thereto. The allowance for doubtful accounts is sufficient to provide for any losses which may be sustained on realization of the receivables.
- There is no need to accrue any asset retirement obligations because there are no such obligations.
- All charges to capital asset accounts or other long-lived assets during the year represent actual additions and no expenditures of a capital nature were charged to the operations of the Society during the year. The Society has charged off all important property, plant, and equipment items sold, destroyed, or abandoned or considered to be obsolete and of no further use. We have not become aware of any events or changes in circumstances related to any long-lived assets that may indicate that an asset should be tested for recoverability such as; an accumulation of costs significantly in excess of the amount originally expected for long-lived assets acquisition or construction; or a projection or forecast that demonstrates continuing losses associated with a long-lived assets use; or a significant adverse change in the extent or manner in which we are using long-lived assets; or a significant adverse change in legal factors or in the business climate that could affect a long-lived assets value, including an adverse action or assessment by a regulator; or a significant adverse change in the long-lived asset's physical condition; or a significant decrease in the long-lived asset's market price; or a current expectation that, it is more likely than not, the long-lived asset will be sold or otherwise disposed of significantly before the end of the long-lived asset's previously estimated useful life ("more likely than not" means a level of likelihood that is more than 50 percent.)

- We believe that the significant assumptions used in arriving at the fair values of items measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
- There are no material unrecorded assets or contingent assets such as claims relating to patent infringements or unfulfilled contracts whose value depends on satisfying conditions regarded as uncertain.
- The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
- We are satisfied with our insurance coverage and have recently reviewed this with our insurance provider.
- We have properly compiled and filed our GST, PST, Employee Deduction, Workers Compensation and other such returns and are not relying on you for the preparation or accuracy of such returns.
- There are no related party transactions or related amounts receivable or payable that have not been properly measured or disclosed in the financial statements, including guarantees, non-monetary transactions and transactions for no consideration.
- The Society's continued existence is not economically dependent on another party except as described in the financial statements.
- There are no liabilities or contingencies arising from environmental matters.

We have advised you of all actions taken at meetings of board of directors, and committees of the board of directors that may affect the financial statements. We have responded fully to all enquiries made to us by you during your review. We have approved any journal entries proposed by you, have advised you of the proper account classification for any transactions you have recorded (if any) and also have approved any changes proposed to our financial statements. The journal entries will be entered in the accounting records as at year end. We have created the source data and underlying assumptions for all accounting entries. The services and terms set out in your engagement letter are agreed.

The Board of Directors approved the financial statements as of the date of this letter and this date will be recorded in the minutes of the Board.

Yours very truly,

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Alex Davis - President

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Tim Tsang - Treasurer