

MEMORANDUM

To: PSO Senior Volunteers and Staff
CC: Associate and Affiliate Members
From: Rob Newman, President & CEO, Sport BC
Date: Friday, May 20, 2016
Subject: 2016 Sport BC Annual General Meeting – 7 Day Package

Dear Members,

Sport BC is pleased to announce the 2016 Sport BC Annual General Meeting.

Date: Saturday, May 28, 2016

Time: 8:15 am – 9:00 am – Registration and Continental Breakfast
9:00 am – 12:00 pm – Annual General Meeting

Location: **BCIT Vancouver Campus – 8th Floor Atrium**
555 Seymour Street Vancouver, BC V6B 3H6

In preparation for the 2016 Sport BC Annual General Meeting, the following documents are included in this package:

1. AGM Agenda
2. 2016 - 2017 Board of Directors Nominations
3. 2015 AGM Draft Minutes
4. Sport BC Financial Statements
5. AGM Registration Form

Please note:

If you have not done so already, please submit your registration form as soon as possible.

Please contact Christine Wong at christine@sportbc.com if you wish to receive a copy of the draft 2015 Annual General Meeting minutes or Sport BC Constitution and By-Laws.

Enclosures

**2016 Sport BC Annual General Meeting
BCIT Downtown Campus
Saturday, May 28, 2016
8:15 am – 12:00 pm**

AGENDA

8:15 am – 9:00 am Registration and Continental Breakfast
9:00 am – 12 Noon Annual General Meeting

1. Call to Order
2. Confirmation of quorum and voting rules
3. Adoption of Agenda
4. Approval of Minutes of 2015 AGM
5. Business Arising from the 2015 AGM
6. Chair's Remarks
7. CEO Remarks
8. Standing Committee Reports
 - a. Governance Committee Report
 - b. Finance and Audit Committee Report
 - i. Audited Financial Statements – year ending March 31, 2016
 - ii. Presentation of Approved Budget – year ending March 31, 2017
9. Ad Hoc Committee Report
 - a. Nominations Committee Report
10. Resolutions from the Board (Motions to approve)
 - a. Special Resolutions
11. New Business
 - a. Membership Report
 - b. Strategic Planning Report
 - c. 2017 AGM Date
12. Election of Directors
 - a. Overview of election process
 - b. Elections
 - c. Announcement of Directors for 2016-2017
 - d. Motion to destroy ballots
13. Motion to Adjourn

Sport BC Board of Directors Nominations

Carey Dillen, Chair – 3-Year Term

Carey is the President of YYoga and joined Sport BC's Board in 2010. Carey previously worked for the Vancouver Organizing Committee for the 2010 Olympic & Paralympic Winter Games as Vice-President Finance & Comptroller where she managed the start-up, growth and dissolution of the organization over 5 years. She also worked as an advisor to London 2012 Summer Olympic Games and Sochi 2014 Winter Olympic Games. Over the years, Carey has worked in senior leadership roles with Boston Pizza International, TitanStar Properties Inc., Mountain Equipment Co-op and KPMG LLP. In addition, Carey has served since 2010 on the Board of BC Athletics and on the Boards of AllSport Insurance Ltd., and SBC Insurance Ltd. Carey is a Chartered Accountant with a Bachelor of Commerce who has a passion for sport and healthy living and has previously been a player, personal trainer, competitive dancer and coach.

Heather Holden, Vice-Chair – 3-Year Term

Heather is an energetic and accomplished Wealth Manager at UBS Bank (Canada), leading a team providing global investment advice to high net worth families.

Prior to becoming an investment specialist, Heather earned a PhD from the University of Waterloo in satellite remote sensing and worked as a professor at the National University of Singapore.

Heather has enjoyed serving on Boards since 2005. She was elected to the Vancouver Park Board and served as Chair of the Board. During her time as a Park Board Commissioner, she's particularly proud to have prioritized government investment in sports infrastructure.

She has also served on the Boards of the BC Crown Corporation, The Pacific Carbon Trust, The Vancouver Public Library, The Nature Trust of BC, and Big Sisters.

Learning is one Heather's biggest motivators in life, as evidenced by getting her commercial pilot's license in her early 20s, the perpetual professional development courses in governance and finance she enjoys, and her daily ritual of learning a bit of Spanish while walking the dog.

Heather has been a proud volunteer Big Sister since 2006. In her leisure time she rows competitively, scuba dives when she can, and squeezes in as much yoga as possible to keep her inner gymnast alive. She has travelled extensively, yet has a long list of places still to visit.

Michael Berkeley, Director-At-Large Finance – 2-Year Term

Mike brings over 10 years' experience in senior finance positions across the technology and natural resource sectors to Sport BC. Most recently, he was Corporate Controller for Avigilon Corporation, a position he held for three years before moving to his current role as Finance Lead on Avigilon's SAP project implementation team. Mike's passion for sport was fostered in the Scottish Highlands where he learned to ski, competed internationally on the Scottish Alpine Ski Team and coached other young athletes. Now an avid cyclist and runner, Mike is a member of Cycling BC and rides for the Wedgewood Cycling Team. Mike is a Chartered Professional Accountant and holds a Bachelor of Science from the University of Edinburgh.

Debbie Pyne, Director-At-Large – 1-Year Term

Debbie Pyne, a resident of Richmond, BC, has long been an advocate of sport and recreation and has worked over the years to provide opportunities to athletes, coaches and volunteer leaders throughout her 27 year career in sport.

She is currently the Managing Director of Player Development for British Columbia Golf, and in 2004, she was instrumental in creating one of the first player development divisions in Canada for a provincial golf association, providing services and programs to all age divisions and genders.

In her previous position as the Executive Director of the BC Ladies' Golf Association, Debbie assisted with the amalgamation process of the British Columbia Golf Association (BCGA) and British Columbia Ladies'

Golf Association (BCLGA), to establish one unified voice of 70,000 members in 2004.

Debbie's extensive background as a former Director of Municipal Parks and Recreation for 12 years, provided her the acumen to spearhead and create "Playground to Fairway", a first ever province-wide elementary school golf program, introducing over 80,000 children, to the sport of golf since 2007.

She has lead British Columbia Golf in establishing one of the best girls and women's performance programs in the country, winning over 30 national titles in a 10-year span, and working hand-in-hand with coaches to capture every gold medal for golf in the Western and Canada Summer Games since golf's entry into the multi-sport games.

In 2010, Debbie was named to the Canadian Association for the Advancement of Women and Sport (CAAWS) Most Influential Women's List in Sport in Canada. She has chaired ProMOTION Plus, a provincial organization solely dedicated to advocating for girls and women in sport and physical activity in BC, and has served on their Board of Director's for 12 years. In 2012, she became an Honorary Member of the Board.

Debbie is a past Board Member of Sport BC, serving on the Board from 2013-2015 and was a committee member on the 48th Athlete of the Year Organizing Committee, Nomination Committee and the Member Services Committee for Sport BC. She brings with her a renewed commitment and passion to enhancing services to the membership of Sport BC and the sporting community of British Columbia.

Sport BC Board of Directors Nominations for Election - Biographies**Director at Large, 2-Year Term***Blair Lowther*

I am currently a lawyer at Miller Thomson LLP. My legal practice ranges from negotiating complex transactions, to advising in relation to general commercial and governance matters. Of particular relevance, I have extensive experience advising athletic organizations, societies and event hosts. For example, I have worked with Golf Canada, City of Vancouver (Sports & Major Events), City of Calgary (Sports & Major Events), Pink Bike and Canada SCORES. I have also provided legal advice to Sport BC in relation to the 2015 FIFA Women's World Cup, 2016 Americas Masters Games and certain governance matters. I have a Bachelor of Arts degree (English, Economics & Spanish) and Juris Doctor degree from the University of British Columbia.

In my role as Director, I also intend to draw upon other personal achievements. These include my appointment as Guest Lecturer at the University of British Columbia (BUSI 393 – Business Organizations), involvement with local charitable organizations (Kids Help Phone & Canada SCORES) and extended periods of time spent living abroad (Mexico, Japan & Sweden). These experiences have allowed me to develop a unique skill-set and perspective, both of which I hope to contribute to Sport BC. Although I have no significant athletic achievements to boast, I regularly compete in organized (and disorganized) sporting events.

The infrastructure created by Sport BC and the PSOs for participation in amateur sport is an invaluable component of our community's health. I am excited to have the opportunity to contribute to their continued success.

Mario Ramos

I am a Finance Professional with a passion for solving problems and leading successful teams. I currently work as the Director of Finance & Operation for a start up Software Company in Vancouver, where I lead the finance function and handle all operational duties. Previously I have had worked in a number of roles at PwC where I articulated as a CPA and eventually became a Manager in the Consulting practice. My professional experience includes classic accounting training in financial reporting, processes and controls. And as a consultant I have amassed a deep experience in stakeholder management and project management.

I have volunteered in a number of different facets over the years, including routinely puppy sitting for PADS and most recently holding the position of Director Treasurer for the Kitsilano Chamber of Commerce.

Sports have also been a defining factor in my life. I've played many organized sports and competed in provincial tournaments at the youth level. I have also volunteered over 100 hours as an umpire in the Strawberry Vale fast-pitch league. I am currently a rec soccer player, golfer, hiker and weekend warrior. Sports gave me the confidence and team building skills to excel in my career and if you'll allow me the chance to give back to a community, which has helped me, I would be incredibly appreciative of the opportunity.

MEETING MINUTES

1. Call to Order

The meeting convened at 9:11 am. Except for Kimberly Gilhooly, the board was all in attendance. The minimum 1/3 of members were in attendance and a quorum was declared. Interim-Chair Brock Turner called the meeting to order. A moment of silence was held to remember Denise Coutts, past chair of Sport BC. Brock Turner thanked everyone for attending. He also appointed Christine Wong as secretary. Brock Turner also went over the voting rules: Full members are represented by a voting delegate; no member may have more than one vote; each director received one vote except for election of directors; and should there be a tie, the chair will also receive one vote.

2. Adoption of Agenda

MOTION: To adopt the agenda as presented.

MOVED: Greg White, BC Athletics

SECONDED: Wayne Leslie, BC Adaptive Snowsports

CARRIED

3. Approval of Minutes of Previous Meeting

MOTION: To approve the minutes of the May 30th, 2014 Annual General Meeting as circulated.

MOVED: Scott Braley, Curl BC

SECONDED: Greg Toll, BC Lacrosse

CARRIED

4. Chair's Remarks

5. CEO's Remarks

CEO, Rob Newman, introduced Sport BC and KidSport staff. He also introduced the Board of Directors and thanked them for their support. Sport BC is 10 months away from paying off debt. There are 2 new partnerships with the City of Vancouver; the FIFA Women's Fan Zone and The Americas Masters Games. Sport BC is also undergoing new strategic planning.

6. Standing Committee Reports

Finance and Audit Committee Report

Carey Dillen

Carey Dillen introduced the Finance and Audit Committee. Carey Dillen also briefly went over the 2015-2016 budget. The 2015-2016 year should end in surplus. 3% of the income earned from the FIFA Fan Zone and the Americas Master Games, estimated at \$30,000 each. She also restated that the BCIT debt will be paid off during this year and the bank loan will be paid off in 2017. The 50th Athlete of the Year Awards is estimated to break even. Teck is no longer a sponsor for the Community Sport Hero Awards but Sport BC would like to continue this program potentially funded by Sport BC, the BC Government or The Athlete of the Year Awards

Consolidated Financial Statements: The statements include Sport BC, SBC Insurance, KidSport BC and All Sport Insurance (50%). Carey Dillen restated that there will be a surplus for the 2015-2016 year. She also went over some minor changes in the 2014-2015 financial statements. There is a new restricted cash section which is the cash put aside for The Americas Master Games. There is a

decrease in investment because All Sport revenue has gone down, thus, dividends has also gone down.

Scott Braley, Curl BC, questions why All Sport Insurance’s revenue has decreased.

Rob Newman responds to Scott Braley. Revenue has decreased for All Sport Insurance because the business is shrinking and also because lost ratio has increased due to increased claims and no increase in premiums. Despite the decrease in revenue, Sport BC has budgeted for this decrease in the revenue stream and is hoping that the decrease in revenue will level off and achieve a consistency in lost ratios.

7. Resolutions from the Board (Motion(s) to approve)

MOTION: To accept the Sport BC audited consolidated financial statements for the year ended March 31st, 2015.

MOVED: Brian Forrester, Gymnastics BC

SECONDED: Greg White, BC Athletics

CARRIED

MOTION: To appoint KPMG LLP, or other auditors as approved by the Board of Directors, to perform an audit of Sport BC for 2015/2016 and to empower the Board of Directors to set the remuneration.

MOVED: Greg Toll, BC Lacrosse

SECONDED: Jordan Abney, BC Squash

CARRIED

Carey Dillen advised that there were no changes or increases to membership dues for the coming year.

MOTION: To approve the base membership fees for Full Members for the year 2015-2016 as outlined.

| | | |
|----------------|-----------------------|-----------------------|
| Gross Revenues | \$750,000 + | \$1,500.00 (Plus Tax) |
| Gross Revenues | \$500,000 - \$749,999 | \$1,300.00 (Plus Tax) |
| Gross Revenues | \$200,000 - \$499,999 | \$ 950.00 (Plus Tax) |
| Gross Revenues | \$100,000 - \$199,999 | \$ 650.00 (Plus Tax) |
| Gross Revenues | \$0 - \$99,999 | \$ 500.00 (Plus Tax) |

MOVED: Lisa Laycock, Horse Council BC

SECONDED: Wayne Leslie, BC Adaptive Snowsports

CARRIED

8. KidSport BC Report

KidSport BC Director, Pete Quevillon, thanked Sport BC for the creation of KidSport. He clarified that the numbers in the financial statements only reflects the BC office NOT the 41 chapters in BC. Pete Quevillon also reported that KidSport had significant growth and partnerships with the Ministry of

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9:00 am to 12:30 pm



Sport and Culture, Westminster Saving, Hyundai, NHL and the Ritchie Brothers. KidSport awarded 7 million grants this year. In the upcoming year, KidSport BC is looking to increase chapter capacity. Pete Quevillon thanked PSO partners: Vancouver Police, Canada Western University Associations, PartiPACtion and Pac West.

9. Nomination Committee Report

Diana Chan, Chair of the Nomination Committee introduced the committee. Diana Chan reported that going into this year's nomination process there were 3 vacancies: one Chair position and two Director-at-Large positions. One nomination was received from Carey Dillen for the Chair position, one nomination was received from Greg White for the Director-At-Large position, and a late nomination was received for the Director-at-large position. As stated in the bylaws, nominations received within 30 days of the Annual General Meeting are considered to be invalid; therefore, the second Director-At-Large position will be appointed. As well, there will be a vacancy for the Director, Finance and Audit because the current Director, Finance and Audit was the sole candidate for the Chair position. Diana Chan also provided 3 recommendations. She recommended that the new nomination committee be appointed within 90 days of the 2015 AGM. This will allow for better succession planning. She also recommended that Sport BC undergo a full review of the bylaws. The current bylaws were written with a very different environment in mind and it is difficult to plan for succession when the terms don't line up. Diana's last recommendation was to consider expanding the Board of Directors.

Scott Braley, Curling BC, recommends that the nomination process should also be reviewed during the full review of by the bylaws. Specifically, he considers reviewing the deadline for submitting nominations.

10. Appointment of Directors

Brock Turner

Brock Turner, Chair of the Governance Committee, referred to the Nomination Report in the handout materials.

As per Section 4.2.2 of Sport BC's By-Laws, only individuals nominated and seconded by Voting (Full) Members, or a Director, shall be eligible to hold office. Nominations must be received no later than 30 days prior to the AGM. Nominations from the floor are not permitted. Based on the results of the SGM held on May 15th the positions up for election this year are Director, Finance & Audit, Director-at-large (2 year term) and Director-at-Large (1 year)

By the deadline 2 nominations were received.

Candidates are:

Carey Dillen, Director, Chair of the Board of Directors (1-Year Term)
Greg White, Director at Large (2-Year Term)

The following positions and individuals were elected by acclamation to the Board:

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| Position | Term | Candidate |
|---------------------------|--------|--------------|
| Chair, Board of Directors | 1 year | Carey Dillen |
| Director-at-Large | 2 year | Greg White |

Current Board Members and Positions

| Board Member | Director |
|-------------------|----------------|
| Vice-Chair | Brock Turner |
| Director-at-Large | Heather Turner |

11. Strategic Planning Report

Rob Newman provided the Strategic Planning report on behalf of Joanne Spalton. The strategic planning started in November and a planning session was held in January. There will be one last meeting in June and during this meeting, PSOs will be able to give feedback. There will also be a meeting with the stakeholders after the last strategic planning meeting. Sport BC is hoping to have a final document by the fall.

Brian Forrester, Gymnastics BC, requested a clarification of the definition of Stakeholders.

12. Affiliate Members Discussion

Christine Bradstock, Executive Director of BC School Sports gave reasons why they would benefit from being an affiliate. Marilyn Payne of SportMed BC (MSO) also gave reasons why SportMed BC wants to be a part of the membership.

Sport BC Membership: Greg White of Athletics suggests that the board and membership go through a membership review process. Brian McCalder also of Athletics acknowledged that the membership would be stronger as a collective. Shannon Higgins, President of Synchro BC felt it was mutually beneficial and was very interested in the addition. It would be best to put controls and guidelines for affiliate members. Scott Braley says to look back at what we had for affiliate membership.

MOTION: That the Board of Sport BC undertake a review to determine how to best involve those provincial organizations that are not currently eligible for SBC membership and that have goals and mandates aligned with Sport BC.

MOVED: John Berry, Baseball

SECONDED: Scott Braley, Curl BC

CARRIED

13. Business arising from 2014

Greg White, BC Athletics, requested that that the board meeting minutes be circulated.

14. 2015-2016 AGM Date

The date for next AGM is Saturday, May 28th, 2016.

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15. Motion to Adjourn

Brock Turner expressed his thanks to the staff and Board of Directors for Sport BC for their efforts during the year and thanked everyone for attending the meeting.

MOTION: To adjourn the 2015 Annual General Meeting.

MOVED: Greg Toll, BC Lacrosse

SECONDED: Penny Gardner, Badminton BC

CARRIED

The meeting concluded at 10:55 am.

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9:00 am to 12:30 pm



APPENDIX 1

2015 Sport BC Annual General Meeting – VOTING/Non-Voting Attendees List

Total Number of Attendees to Date:

VOTING MEMBERS Total **Voting** Attendees: Total Organizations Registered:

| | Last Name | First Name | Title | Organization |
|----|-------------|------------|--------------------|------------------------|
| 1 | Toll | Greg | VP- Operation | BC Lacrosse |
| 2 | Benson | Rick | CEO | BC Softball |
| 3 | Braley | Scott | CEO | Curl BC |
| 4 | Thomson | Katie | Executive Director | Judo BC |
| 5 | Soares | Carla | Associate Director | BC Hockey |
| 6 | Saunders | Liz | President | Horse Council BC |
| 7 | Jones | Thomas | President | Volleyball BC |
| 8 | Leslie | Wayne | Executive Director | BC Adaptive Snowsports |
| 9 | Barnes | Roger | President | BC Soccer |
| 10 | Wong | Raymond | Director-at-Large | Badminton BC |
| 11 | Finley | Jamie | President | BC Deaf Sports |
| 12 | Pyne | Debbie | Managing Director | BC Golf |
| 13 | White | Greg | Chair | BC Athletics |
| 14 | Fitzpatrick | Jennifer | Executive Director | Rowing BC |
| 15 | Wallis | Dan | Executive Director | Karate BC |
| 16 | Lukas | Steven | President | BC Water Polo |
| 17 | Chan | Diana | President | Basketball BC |
| 18 | Abney | Jordan | Executive Director | Squash BC |
| 19 | Forrester | Brian | CEO | Gymnastics BC |
| 20 | Higgins | Shannon | President | Synchro BC |
| 21 | Berry | John | President | Baseball BC |
| 22 | Grenon | Tami | Vice-President | BC Blind Sports |

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APPENDIX 1

2014 Sport BC Annual General Meeting – VOTING/Non-Voting Attendees List

Total Number of Attendees to Date: 47

VOTING LIST Total **Voting** Attendees: Total Organizations Registered:

| | Last Name | First Name | Title | Organization |
|----|-----------|------------|-----------------------|--------------------|
| 1 | Densmore | Chris | Executive Director | Volleyball BC |
| 2 | Gardner | Penny | Executive Director | Badminton BC |
| 3 | Hugill | Douglas | Treasurer | BC Deaf Sports |
| 4 | McCalder | Brian | President & CEO | BC Athletics |
| 5 | Soul | David | Executive Director | BC Water Polo |
| 6 | Johns | Lawrie | Executive Director | Basketball |
| 7 | Kopelow | Bryna | Executive Director | Action Schools! BC |
| 8 | Payne | Marilyn | Consultant | SportMed BC |
| 9 | Bradstock | Christine | Executive Director | BC School Sports |
| 10 | Blaine | Jane | Executive Director | BC Blind Sports |
| 11 | Newman | Rob | President & CEO | Sport BC |
| 12 | Wong | Christine | Executive Assistant | Sport BC |
| 13 | Heinrichs | Gui | Financial Coordinator | Sport BC |
| 14 | Bastow | Jocelyn | Finance Manager | Sport BC |
| 15 | Quevillon | Pete | Director | KidSport |
| 16 | Lai | Recky | Staff | Sport BC |

DRAFT

Consolidated Financial Statements of

SPORT BC

Year ended March 31, 2016

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Sport BC

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Sport BC, which comprise the consolidated statement of financial position as at March 31, 2016, the consolidated statements of operations and 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

May 24, 2016

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sport BC as at March 31, 2016 and its results of operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Chartered Professional Accountants

_____, 2016
Burnaby, Canada

SPORT BC

Consolidated Statement of Financial Position

March 31, 2016, with comparative information for 2015

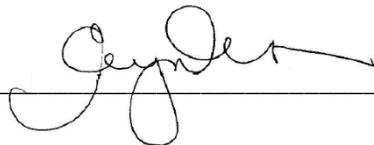
| | 2016 | 2015 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,187,933 | \$ 1,006,318 |
| Restricted cash (note 3) | 298,397 | 258,858 |
| Accounts receivable (note 4) | 480,723 | 785,848 |
| Prepaid expenses | 133,343 | 11,333 |
| | <u>2,100,396</u> | <u>2,062,357</u> |
| Investments in related parties (note 5) | 150,895 | 244,898 |
| Capital assets (note 6) | 32,139 | 32,516 |
| | <u>\$ 2,283,430</u> | <u>\$ 2,339,771</u> |

Liabilities and Net Assets

| | | |
|--|---------------------|---------------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 7) | \$ 729,418 | \$ 456,196 |
| Deferred contributions and other revenue (note 8) | 482,062 | 768,711 |
| Current portion of lease surrender liability (note 9(a)) | - | 237,781 |
| Bank loan (note 12) | 40,135 | 93,495 |
| | <u>1,251,615</u> | <u>1,556,183</u> |
| Net assets | 1,031,815 | 783,588 |
| Commitments (note 9) | | |
| | <u>\$ 2,283,430</u> | <u>\$ 2,339,771</u> |

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:



Director



Director

SPORT BC

Consolidated Statement of Operations and Changes in Net Assets

Year ended March 31, 2016, with comparative information for 2015

| | 2016 | 2015 |
|---|---------------------|-------------------|
| Revenue: | | |
| Insurance premium commissions | \$ 657,924 | \$ 778,791 |
| 2016 Americas Masters Games (note 9(b)) | 474,293 | 76,990 |
| FIFA Fan Zone (note 17) | 1,023,611 | - |
| Fees for services and other (note 9(b) and note 17) | 476,079 | 413,151 |
| Provincial funding (note 8, note 13 and note 16) | 540,833 | 371,000 |
| Membership fees | 57,600 | 58,250 |
| Corporate support, events and fundraising (note 16) | 679,732 | 845,865 |
| | <u>3,910,072</u> | <u>2,544,047</u> |
| Operating expenses: | | |
| Insurance operations (note 10) | 547,028 | 569,369 |
| 2016 Americas Masters Games (note 9(b)) | 474,293 | 76,990 |
| FIFA Fan Zone (note 17) | 1,023,611 | - |
| FIRSTAR sport centre operations | - | 23,622 |
| Financial services | 270,090 | 292,542 |
| Leadership and operations | 194,883 | 205,073 |
| Marketing and communications | 135,065 | 136,751 |
| KidSport™ BC (note 16) | 1,110,653 | 1,072,464 |
| | <u>3,755,623</u> | <u>2,376,811</u> |
| Excess of revenue over expenses before the undernoted | 154,449 | 167,236 |
| Equity earnings in Allsport Insurance Marketing Ltd. (note 5) | 105,997 | 131,162 |
| Lease surrender expense (note 9(a)) | (12,219) | (15,035) |
| | <u>93,778</u> | <u>116,127</u> |
| Excess of revenue over expenses | 248,227 | 283,363 |
| Net assets, beginning of year | 783,588 | 500,225 |
| Net assets, end of year | <u>\$ 1,031,815</u> | <u>\$ 783,588</u> |

See accompanying notes to consolidated financial statements.

SPORT BC

Consolidated Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

| | 2016 | 2015 |
|--|--------------|--------------|
| Cash provided by (used in): | | |
| Operating: | | |
| Excess of revenue over expenses | \$ 248,227 | \$ 283,363 |
| Add (deduct) non-cash items: | | |
| Amortization of capital assets | 7,791 | 7,909 |
| Equity earnings in Allsport Insurance Marketing Ltd. (note 5) | (105,997) | (131,162) |
| Accretion of lease surrender expense (note 9(a)) | 12,219 | 15,035 |
| | 162,240 | 175,145 |
| Changes in non-cash operating items: | | |
| Accounts receivable | 305,125 | 187,307 |
| Prepaid expenses | (122,010) | (3,535) |
| Accounts payable and accrued liabilities | 273,222 | (141,395) |
| Deferred contributions and other revenue | (286,649) | 427,133 |
| Restricted cash (note 3) | (39,539) | (258,858) |
| | 292,389 | 385,797 |
| Investments: | | |
| Acquisition of capital assets | (7,414) | (10,290) |
| Dividends received from Allsport Insurance Marketing Ltd. (note 5) | 200,000 | 200,000 |
| | 192,586 | 189,710 |
| Financing: | | |
| Repayment of bank loan | (53,360) | (53,360) |
| Payment of lease surrender liability (note 9(a)) | (250,000) | (250,000) |
| | (303,360) | (303,360) |
| Increase in cash and cash equivalents | 181,615 | 272,147 |
| Cash and cash equivalents, beginning of year | 1,006,318 | 734,171 |
| Cash and cash equivalents, end of year | \$ 1,187,933 | \$ 1,006,318 |

See accompanying notes to consolidated financial statements.

SPORT BC

Notes to Consolidated Financial Statements

Year ended March 31, 2016

1. Purpose of the Organization:

Sport BC is a not-for-profit organization incorporated under the Society Act (British Columbia). Under the provisions of the Income Tax Act, Sport BC is exempt from Canadian federal and provincial income taxes.

Sport BC, as a federation of sport organizations, provides leadership, direction, and support to foster the growth and development of amateur sport in British Columbia.

2. Significant accounting policies:

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and incorporate the following significant accounting policies:

(a) Consolidation:

These consolidated financial statements include the accounts of Sport BC and its wholly owned insurance subsidiary, S.B.C. Insurance Agencies Ltd. ("SBC"), a taxable entity whose principal business activity is to operate an insurance brokerage. All intercompany transactions and balances have been eliminated.

(b) Investments in related parties:

Sport BC has a 50% ownership interest in Allsport Insurance Marketing Ltd. ("Allsport"), which is accounted for using the equity method (note 5). Equity earnings in Allsport recorded in the consolidated financial statements are for Allsport's year ended December 31.

Sport BC owns 100% of the shares of SBC Distributions Ltd. and accounts for this investment using the equity method. The company is inactive and, accordingly, Sport BC's equity investment in the shares have been reduced to a nominal value of \$1.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on account and investments in short-term term deposits that have maturities within ninety days of acquisition.

(d) Capital assets:

Capital assets are stated at cost less accumulated amortization and impairment write-downs. Amortization expense is charged using the declining balance method as follows:

| | |
|-------------------------|-----|
| Equipment and telephone | 20% |
| Furniture and fixtures | 20% |
| Computers and software | 33% |

SPORT BC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

2. Significant accounting policies (continued):

(d) Capital assets (continued):

Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to Sport BC's ability to provide services, its carrying amount is written down to its residual value.

(e) Payroll retainer:

Sport BC performs payroll services for certain Provincial Sport Organizations ("PSO") and collects a retainer from each PSO at the commencement of service. The balance is recorded as a liability and repaid when the PSO no longer requires payroll services to be performed.

(f) Revenue recognition:

Sport BC follows the deferral method of accounting for contributions. Restricted contributions are initially deferred and recognized as revenue in the year in which the related expenses are incurred or restrictions met. Unspent amounts are included in deferred contributions and other revenue. Contributions of, or funding for, the acquisition of capital assets are deferred and recognized as revenue on the same basis as the asset is amortized. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Insurance commission revenue is recorded as insurance premium commissions at the time the coverage period of the policy commences.

(g) Contributed materials and services:

Sport BC recognizes as revenue contributions of certain services received at the estimated fair value of those services, provided the services would otherwise have been acquired and a fair value can be determined.

Contributed equipment is recorded at fair value when received.

(h) Use of estimates:

The preparation of the consolidated 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 as at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to useful lives of capital assets for purposes of amortization, impairment of capital assets, fair value of contributed materials and services and the valuation of accounts receivable. Actual results could differ from those estimates.

SPORT BC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

2. Significant accounting policies (continued):

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and 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.

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.

Financial assets carried at cost or amortized cost 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, Sport BC 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 Sport BC 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.

(j) Allocation of expenses:

Management allocates human resource expenses based on the proportion of respective time Sport BC employees commit to the specific areas of operations.

(k) Income taxes:

S.B.C. Insurance Agencies Ltd. uses the taxes payable method to account for income taxes whereby the expense (income) of the period consists only of the cost (benefit) of current income taxes for that period (note 10), determined in accordance with the rules established by taxation authorities. Sport BC is exempt from Canadian federal and provincial income taxes.

3. Restricted Cash:

| | 2016 | 2015 |
|---|------------|------------|
| 2016 Americas Masters Games (Note 9(b)) | \$ 146,520 | \$ 258,858 |
| SBC funds held in trust for premiums not remitted | 151,877 | - |
| | <hr/> | <hr/> |
| | \$ 298,397 | \$ 258,858 |

SPORT BC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

4. Accounts receivable:

As at March 31, 2016, the balance of accounts receivable is net of an allowance for doubtful accounts of \$5,331 (2015 - \$3,425).

5. Investments in related parties:

Sport BC's investments in related parties are as follows:

| | 2016 | 2015 |
|--|------------|------------|
| Allsport Insurance Marketing Ltd: | | |
| Equity interest, beginning of year | \$ 244,897 | 313,735 |
| 50% share of net earnings for the year ended December 31 | 105,997 | 131,162 |
| Dividends received | (200,000) | (200,000) |
| Equity interest, end of year | 150,894 | 244,897 |
| SBC Distributions Ltd.: | | |
| Nominal value | 1 | 1 |
| | \$ 150,895 | \$ 244,898 |

No market value information is available for the investment in shares of SBC Distributions Ltd.

Based on audited financial statements of Allsport as of December 31, 2015 and 2014, a summarized balance sheet, statement of earnings and statement of cash flows are as follows:

Allsport Insurance Marketing Ltd.

Balance Sheet:

| | 2015 | 2014 |
|---|------------|--------------|
| Assets | | |
| Current assets | \$ 982,994 | \$ 1,191,522 |
| Non-current assets | 10,721 | 13,799 |
| | \$ 993,715 | \$ 1,205,321 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities | \$ 746,755 | \$ 770,354 |
| Shareholders' equity | 246,960 | 434,967 |
| | \$ 993,715 | \$ 1,205,321 |

SPORT BC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

5. Investments in related parties (continued):

Statement of Earnings:

| | 2015 | 2014 |
|------------------------------|--------------|--------------|
| Revenue | \$ 2,897,994 | \$ 2,792,435 |
| Expenses | (2,652,704) | (2,483,491) |
| Earnings before income taxes | 245,290 | 308,944 |
| Income taxes | (33,297) | (46,619) |
| Net earnings | \$ 211,993 | \$ 262,325 |

Statement of Cash Flows:

| | 2015 | 2014 |
|-----------------------------|-------------|------------|
| Cash provided by (used in): | | |
| Operating activities | \$ (28,049) | \$ 239,392 |
| Financing activities | (400,000) | (400,000) |
| Investing activities | - | (144) |

6. Capital assets:

| | Cost | Accumulated amortization | 2016 Net book value | 2015 Net book value |
|-------------------------|------------|-----------------------------|---------------------------|---------------------------|
| Equipment and telephone | \$ 110,043 | \$ 96,720 | \$ 13,323 | \$ 16,653 |
| Furniture and fixtures | 63,979 | 61,602 | 2,377 | 2,972 |
| Computers and software | 81,484 | 65,045 | 16,439 | 12,891 |
| | \$ 255,506 | \$ 223,367 | \$ 32,139 | \$ 32,516 |

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of nil (2015 - \$4,630) and PSO payroll services retainers of \$332,749 (2015 - \$217,683).

SPORT BC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

8. Deferred contributions and other revenue:

The changes in deferred contributions and other revenue related to future periods are as follows:

| | Balances, March 31, 2015 | Amounts received during the year | Amounts recognized as revenue | Balances, March 31, 2016 |
|---|--------------------------------|---|-------------------------------------|--------------------------------|
| Contributions: | | | | |
| Restricted grant revenue for KidSport™ BC (notes 13 and 16) | \$ 338,000 | \$ 433,000 | \$ 540,833 | \$ 230,167 |
| Restricted contributions for KidSport™ BC (note 16) | 144,367 | 458,768 | 566,935 | 36,200 |
| Restricted contributions for Americas Masters Games (note 9(b)) | 223,295 | 250,000 | 473,295 | - |
| Other revenue: | | | | |
| Benefit commissions | 63,049 | 6,049 | 69,098 | - |
| Athlete registration fees and other revenues for Americas Masters Games (note 9(b)) | - | 216,693 | 998 | 215,695 |
| | \$ 768,711 | \$ 1,364,510 | \$ 1,651,159 | \$ 482,062 |

9. Commitments:

(a) Lease surrender liability:

In 2012, Sport BC signed a Lease Modification Agreement (the "Agreement") with British Columbia Institute of Technology (the "Landlord") dated November 29, 2011 relating to premises occupied by Sport BC and several PSOs. The total length of the lease was reduced from an original end date of March 31, 2020 to March 31, 2013. As part of the Agreement, the Landlord has accepted the surrender of premises occupied by Sport BC and the PSOs. The total surrendered is equivalent to 31,348 square feet as stated in the original lease with the Landlord dated April 1, 2008. The surrender of space was completed on March 31, 2013.

As part of the agreement, Sport BC was required to pay the Landlord a sum of \$1,000,000 (the "Surrender Payment") in monthly instalments of \$20,833 over four years commencing April 1, 2012.

The remaining payments of \$250,000 were paid in the 2016 fiscal year.

The original Surrender Payment obligation was recorded at its present value using a discount rate of 5%. During the year, amortization of the surrender payment obligation was \$12,219 (2015 - \$15,035)

SPORT BC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

9. Commitments (continued):

(b) 2016 America's Masters Games:

Sport BC has entered into an agreement with the City of Vancouver under which Sport BC will plan, organize, manage, promote conduct and deliver the 2016 American Masters Games (the "Games") on behalf of the City of Vancouver (the "City"), the host city to the Games. Under the agreement, the City, along with certain other organizations, is to fund all costs of the Games by way of lump sum payments to Sport BC, and Sport BC will undertake to carry out the Games in accordance with the agreement and a business plan, operating budget and capital budget to be approved by the City. The City will provide support through certain City services and use of venues on a cost recovery basis, and assistance in securing venues. Under the agreement, participating PSOs will share in a portion of any surplus generated by the Games, and the City will fund any deficit. In addition, Sport BC will earn a management fee of 3% of total revenue of the Games. During the year, Sport BC received contributions of \$250,000 (2015 - \$300,000) towards the cost of the Games, collected \$215,695 (2015 - nil) in registration fees from athletes and incurred expenses of \$474,293 towards the organization of the Games. Included in fees for services and other are management fees of \$14,000 (2015 - \$9,000) received and recognized as revenue in the current year in respect of this agreement.

10. Income tax expense

Included in insurance operations is \$5,690 (2014 - \$20,690) of income tax expense related to S.B.C Insurance Agencies Ltd.

11. Funds held with the Vancouver Foundation:

Sport BC has an investment in perpetuity with the Vancouver Foundation. The initial cost of the investment was \$10,000 with a market value at March 31, 2016 of \$23,613 (2015 - \$24,166). Sport BC is entitled only to the investment income on these funds, which was \$824 during the year (2015 - \$783). Accordingly, the endowment fund capital is not reflected in Sport BC's consolidated statement of financial position. The investment income is recorded as revenue when it is received.

SPORT BC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

12. Bank loan:

Sport BC has a banking agreement with TD Canada Trust (the "Bank") for credit facilities consisting of a revolving term facility with a maximum of \$300,000 and an operating loan with a maximum of \$250,000, each bearing interest at the Bank's prime rate.

As at March 31, 2016, \$40,135 (2015 - \$93,495) has been drawn against the floating rate term loan, requiring monthly payments of \$4,447 plus interest.

Both credit facilities are collateralized by a general security agreement representing a first charge on all of Sport BC's present and after acquired personal property. As the agreement states that the loan can be called on demand, this entire amount has been presented as a current liability.

Assuming the bank loan will not be called in advance of scheduled payments, Sport BC is expected to repay the remaining principal balance in 2017.

13. Provincial funding:

Provincial funding is summarized as follows:

| | 2016 | 2015 |
|-------------------------------------|------------|------------|
| KidSport™ BC grants (note 16) | \$ 400,000 | \$ 400,000 |
| Province of BC – Gaming (note 16) | 33,000 | 33,000 |
| | 433,000 | 433,000 |
| Deferred to future periods (note 8) | 230,167 | 62,000 |

14. Related party transactions:

Related party transactions are in the normal course of business and are measured at the exchange amount, which is considered to approximate market value.

During the year ended March 31, 2016, Sport BC charged and received \$225,000 (2015 - \$225,000) for services provided to Allsport. Allsport provided insurance products to S.B.C. Insurance Agencies Ltd. at a cost of \$2,757,685 (2015 - \$3,265,816).

SPORT BC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

15. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. Sport BC is exposed to credit risk with respect to the accounts receivable. Sport BC assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. Assessment for uncollectible accounts are performed by management and provided for. There has been no change to the risk exposure from 2015.

(b) Liquidity risk:

Liquidity risk is the risk that an entity will not be able to meet its obligations associated with financial liabilities. Sport BC is exposed to this risk mainly in respect of its bank loan and accounts payable and accrued liabilities. Sport BC manages liquidity risk by maintaining adequate cash and highly liquid investments. There has been no change to the risk exposure from 2015.

16. Kidsport:

Kidsport™ BC is a licensed provincial chapter of Kidsport™ Canada and operates as a division of Sport BC. Kidsport™ BC receives funds through provincial grants, corporate sponsorships, and annual fundraising events, and provides grants for children ages 18 and under to participate in a sport season of their choice. Funds received in the year that are not granted out to children or used to operate Kidsport™ programs are deferred to future periods. During the year, Sport BC received provincial funding of \$433,000 (2015 - \$433,000) and corporate contributions of \$458,768 (2015 - \$847,817), and \$1,107,768 (2015 - \$1,074,450) was spent and recognized as revenue.

17. FIFA Fan Zone:

Under agreement with the City, Sport BC organized and managed the FIFA Women's World Cup 2015 Fan Zone (the "Fan Zone"). Under the agreement, the City paid Sport BC for all costs incurred in excess of revenue earned from the operations of the Fan Zone. Sport BC carried out Fan Zone activities in accordance with the agreement and a business plan, operating budget and capital budget approved by the City. Included in fees for services and other are management fees of \$54,300 earned by Sport BC in respect of this agreement.

ANNUAL GENERAL MEETING REGISTRATION

Voting (Full) Members

Member Organization: _____

Name of President / Chair* or Designate**: _____

Signature: _____

Associate or Affiliate Members

Member Organization: _____

Delegate Name: _____

Additional Non-Voting Delegates

Name, Title: _____

Name, Title: _____

Name, Title: _____

Please complete and return to Sport BC ASAP.

Christine Wong, Executive Assistant: christine@sportbc.com

* Official voting delegate

** If the President / Chair is not attending the Annual General Meeting, he/she must affix his/her signature thereby authorizing the above-noted Designate voter.