

Financial Statements of

**BOYS & GIRLS CLUB SERVICES  
OF GREATER VICTORIA**

Year ended January 31, 2016



KPMG LLP  
St. Andrew's Square II  
800-730 View Street  
Victoria BC V8W 3Y7  
Canada  
Telephone (250) 480-3500  
Fax (250) 480-3539

## INDEPENDENT AUDITORS' REPORT

*To the Members of Boys & Girls Club Services of Greater Victoria*

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Boys & Girls Club Services of Greater Victoria, which comprise the statement of financial position as at January 31, 2016, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Boys & Girls Club Services of Greater Victoria as at January 31, 2016, and its results of operations 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 principles in the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*KPMG LLP*

Chartered Professional Accountants

April 21, 2016  
Victoria, Canada

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

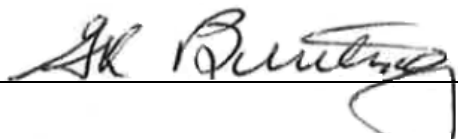
## Statement of Financial Position

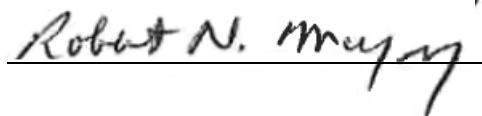
January 31, 2016, with comparative information for 2015

	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2016	Total 2015
<b>Assets</b>					
Current assets:					
Cash and short-term investments	\$ 616,484	207,780	99,356	923,620	892,092
Accounts receivable (note 6)	409,374	238	-	409,612	324,826
Prepaid expenses	82,568	-	-	82,568	84,723
Interfund balances	71,233	(76,288)	5,055	-	-
	1,179,659	131,730	104,411	1,415,800	1,301,641
Property and equipment (note 2)	-	477,149	-	477,149	455,708
	\$ 1,179,659	608,879	104,411	1,892,949	1,757,349
<b>Liabilities and Fund Balances</b>					
Current liabilities:					
Accounts payable and accrued liabilities (note 9)	\$ 198,554	-	-	198,554	390,532
Deferred revenue (note 3(a))	740,587	-	-	740,587	430,816
	939,141	-	-	939,141	821,348
Deferred capital contributions (note 3(b))	-	388,688	-	388,688	364,565
	939,141	388,688	-	1,327,829	1,185,913
Fund balances:					
Invested in property and equipment	-	88,461	-	88,461	91,143
Internally restricted (note 4)	-	131,730	104,411	236,141	227,842
Unrestricted	240,518	-	-	240,518	252,451
	240,518	220,191	104,411	565,120	571,436
Commitments (note 8)					
	\$ 1,179,659	608,879	104,411	1,892,949	1,757,349

See accompanying notes to financial statements.

Approved by the Board:

  
Director

  
Director

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

## Statement of Operations and Changes in Fund Balances

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

	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2016	Total 2015
<b>Revenue:</b>					
Provincial grants	\$ 2,868,742	-	-	2,868,742	2,988,995
Municipal grants	20,000	-	-	20,000	20,000
Federal grants	51,845	-	-	51,845	6,366
United Way contributions	83,350	-	-	83,350	105,000
Foundation and other grants (note 6)	201,969	-	6,507	208,476	266,029
Fundraising - Gaming	82,000	-	-	82,000	82,000
Fundraising - special events	3,205	-	-	3,205	555
Participant program fees	444,264	-	-	444,264	371,093
Use of facilities	37,895	-	-	37,895	61,210
Miscellaneous	1,098	-	-	1,098	4,975
Interest	2,686	1,203	-	3,889	2,827
Amortization of deferred capital contributions (note 3(b))	-	47,834	-	47,834	33,753
Gain on disposition of assets	-	377	-	377	-
	3,797,054	49,414	6,507	3,852,975	3,942,803
<b>Expense:</b>					
Wages and benefits	2,577,771	-	-	2,577,771	2,552,753
Program delivery	579,343	-	-	579,343	686,681
Transportation	78,901	-	-	78,901	68,908
Building occupancy	341,544	-	-	341,544	289,947
Office	133,600	-	-	133,600	142,947
Fundraising and development	1,850	-	-	1,850	1,694
Miscellaneous	31,042	-	-	31,042	22,617
Professional fees	24,936	-	-	24,936	25,257
Loss on disposition of property and equipment	-	18,320	-	18,320	32,272
Amortization of property and equipment	-	71,984	-	71,984	57,666
	3,768,987	90,304	-	3,859,291	3,880,742
Excess (deficiency) of revenue over expense	28,067	(40,890)	6,507	(6,316)	62,061
Fund balances, beginning of year	252,451	221,081	97,904	571,436	509,375
Transfers between funds (note 5)	(40,000)	40,000	-	-	-
Fund balances, end of year	\$ 240,518	220,191	104,411	565,120	571,436

See accompanying notes to financial statements.

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

## Statement of Cash Flows

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

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expense	\$ (6,316)	\$ 62,061
Items not involving cash:		
Amortization of property and equipment	71,984	57,666
Amortization of deferred capital contributions	(47,834)	(33,753)
Loss (gain) on disposition of assets	(377)	32,272
Changes in non-cash operating working capital:		
Accounts receivable	(84,786)	(19,377)
Prepaid expenses	2,155	(21,882)
Accounts payable and accrued liabilities	(191,978)	110,325
Deferred revenue	309,771	223,475
	<u>52,619</u>	<u>410,787</u>
Investing activities:		
Increase in deferred capital contributions	71,957	219,146
Purchase of property and equipment	(93,425)	(289,228)
Proceeds on disposition of assets	377	527
	<u>(21,091)</u>	<u>(69,555)</u>
Increase in cash and short-term investments	31,528	341,232
Cash and short-term investments, beginning of year	892,092	550,860
Cash and short-term investments, end of year	<u>\$ 923,620</u>	<u>\$ 892,092</u>

See accompanying notes to financial statements.

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

## Notes to Financial Statements

Year ended January 31, 2016

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Boys & Girls Club Services of Greater Victoria ("Club Services") is a registered charity and is incorporated under the Society Act (British Columbia). The primary mission of Club Services is to provide a safe, supportive place where children, youth and families can experience new opportunities, overcome barriers, build positive relationships and develop confidence and skills for life. We believe that neighbourhood and community-based approaches that reach out to children, youth and families hold the greatest potential for fulfilling our agency mission and our various programs and services are designed with that belief in mind.

### 1. Significant accounting policies:

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

#### (a) Fund accounting:

The Operating Fund reports the assets, liabilities, revenues and expenses related to program delivery and administrative activities.

The Capital Fund reports assets, liabilities, revenues and expenses related to property and equipment and amounts held for future repairs, improvements or purchases of property and equipment.

The Bull Memorial Fund is an internally restricted fund established to honor the memory of Colonel R. Bull, founder and long-time supporter of Club Services. The purpose of this fund is to assist in the start-up phase of new and innovative programs where alternative funds are not immediately available. Funding must be based on a fair expectation of eventual recovery from other sources or the expectation that ongoing funding will ultimately become available to continue the program after the start-up phase.

#### (b) Contributed materials and service:

Donated materials and services are recognized in the financial statements when a fair value can be reasonably established, when the materials and services are used in the normal course of operations and would otherwise have been purchased.

A number of people donate time and expertise to Club Services across its operations. As no objective basis exists to record and assign fair values to such contributions, the value of this time has not been reflected in these financial statements.

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

## Notes to Financial Statements

Year ended January 31, 2016

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### 1. Significant accounting policies (continued):

#### (c) Revenue recognition:

Club Services follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the period in which the related expenses are incurred. 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.

Contributions restricted for the purpose of acquiring property and equipment are initially deferred and subsequently recognized as revenue on the same basis as the acquired assets are amortized.

Investment income, recorded on the accrual basis, includes interest income, dividends and net gain (loss) on investments, including holding gains (losses).

#### (d) Financial instruments:

Financial instruments (financial assets and financial liabilities) are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value and all changes in the fair value are recognized in net income in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Club Services has not elected to carry any such financial 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 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, Club Services 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 Club Services expects to realize by exercising its right to 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.



# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

## Notes to Financial Statements

Year ended January 31, 2016

### 1. Significant accounting policies (continued):

(e) Property and equipment:

Property and equipment is recorded in the Capital Fund at cost. Contributed property and equipment are recorded in the Capital Fund at fair value at the date of contribution if the fair value at the date of contribution can be reasonably determined. Amortization is computed using the straight-line method at the following rates calculated to amortize the cost of the assets over their estimated useful lives. Amortization is reported in the Capital Fund.

Assets	Rate
Buildings	4%
Leasehold improvements	Amortized over lease term
Building improvements	10%
Furniture and equipment	10% - 30%
Automotive	20%
Program equipment	50%

(f) Use of estimates:

Preparation of financial statements requires estimates and assumptions. Actual results could differ.

### 2. Property and equipment:

	Cost	Accumulated amortization	2016 Net book value
Buildings	\$ 414,843	\$ 118,180	\$ 296,663
Leasehold improvements	4,000	1,162	2,838
Building improvements	34,287	4,979	29,308
Furniture and equipment	283,015	247,996	35,019
Automotive	462,214	348,893	113,321
Program equipment	81,516	81,516	-
	<b>\$ 1,279,875</b>	<b>\$ 802,726</b>	<b>\$ 477,149</b>

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

## Notes to Financial Statements

Year ended January 31, 2016

### 2. Property and equipment (continued):

	Cost	Accumulated amortization	2015 Net book value
Buildings	\$ 834,565	\$ 522,624	\$ 311,941
Leasehold improvements	4,000	362	3,638
Building improvements	34,288	1,550	32,738
Furniture and equipment	360,974	306,839	54,135
Automotive	400,209	346,953	53,256
Program equipment	96,648	96,648	-
	<u>\$ 1,730,684</u>	<u>\$ 1,274,976</u>	<u>\$ 455,708</u>

During the year, Club Services received donations of property and equipment of nil representing the difference between cost paid and the fair value of the donated property and equipment (2015 - \$37,164).

### 3. Deferred revenue and deferred capital contributions:

#### (a) Deferred revenue:

Deferred revenue in the Operating Fund comprises externally restricted operating grants received in the current year or a prior year which will be recognized as revenue when the related costs are incurred.

Changes in deferred revenue balances:

Operating Fund	2016	2015
Balance, beginning of the year	\$ 430,816	\$ 207,341
Less amounts recognized as revenue in the year:		
Government grants	(3,560)	(20,070)
Grants - foundation/organizations	(112,015)	-
Less unspent funds returned	(100,000)	(6,536)
Add amounts received related to future periods:		
Government grants	452,769	213,466
Grants - foundation/organizations	72,577	36,615
<u>Balance, end of year</u>	<u>\$ 740,587</u>	<u>\$ 430,816</u>

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

## Notes to Financial Statements

Year ended January 31, 2016

### 3. Deferred revenue and deferred capital contributions (continued):

#### (b) Deferred capital contributions:

Deferred capital contributions in the Capital Fund comprise unamortized externally restricted contributions.

Capital Fund	2016	2015
Balance, beginning of year	\$ 364,565	\$ 179,171
Plus contributions received (note 6)	75,417	219,147
Less amounts returned or transferred out	(3,460)	-
Less contributions amortized as revenue	(47,834)	(33,753)
<b>Balance, end of year</b>	<b>\$ 388,688</b>	<b>\$ 364,565</b>

### 4. Internally restricted fund balances:

The internally restricted Capital Fund balance is designated by the Board for property and equipment and future repairs, upgrades or purchases of property and equipment.

### 5. Transfers between funds:

The following amounts were transferred:

	2016	2015
From Operating Fund to Capital Fund:		
Transportation assessments on vehicles	\$ 40,000	\$ 20,004

### 6. Related party:

Club Services is a related party to the Boys & Girls Clubs of Greater Victoria Foundation (the "Foundation"). The Boards may have certain directors in common. The Foundation is dedicated to enhancing the quality of life in our community through the establishment and stewardship of endowment, capital and operating funds and the distribution of those funds in support of the aims and interests of Club Services and other institutions, groups or persons in respect of activities relating to youth. The Foundation is incorporated under the Society Act (British Columbia) and is a registered charity. During the year the Foundation made contributions to the Operating Fund of \$41,600 (2015 - \$145,000) to support programs operated by Club Services and also made deferred capital contributions to the Capital Fund of \$75,417 (2015 - \$201,687). At year end, accounts receivable includes balances receivable from the Foundation totaling \$377,795 (2015 - \$272,051). Club Services leases the property known as the Outdoor Centre from the Foundation for \$40,000 per annum.

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

## Notes to Financial Statements

Year ended January 31, 2016

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### 7. Financial instruments:

Club Services' financial instruments include cash and short-term investments, accounts receivable and accounts payable and accrued liabilities.

It is management's opinion that Club Services is not exposed to significant interest, currency or credit risks arising from its financial instruments.

### 8. Commitments:

During 2015, Club Services moved its main office to Esquimalt, British Columbia and entered into a lease with a five year term and an option to renew for a further five year period. As at January 31, 2016, Club Services had lease commitment payments excluding taxes and operating costs, totaling \$331,318 over the remainder of the lease term as shown below:

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2016 - 2017	\$	93,530
2017 - 2018		95,115
2018 - 2019		95,115
2019 - 2020		47,558

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In May, 2014, Club Services entered into a twenty five year License Agreement with the District of Central Saanich in respect of the use of land upon which Club Services constructed a new facility to house after school and other programming. That facility was constructed during 2014 and became operational in January, 2015. Under the terms of the License Agreement, a nominal annual rent is charged to Club Services.

### 9. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$2,670 (2015 - \$2,737), which represents workers' compensation premiums.

### 10. Subsequent event:

Club Services approved a change in fiscal year end to March 31 which better aligns its financial reporting period to those of funding partners. The next audited financial statements will be for the fourteen-months ended March 31, 2017, with comparative figures for the twelve-months ended January 31, 2016.