



Boys & Girls Club
Services of Greater Victoria

Financial Statements of

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

Year ended January 31, 2015

Financial Statements of

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

Year ended January 31, 2015



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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, 2015, 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, 2015, 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.



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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 Accountants

April 9, 2015

Victoria, Canada

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Statement of Financial Position

January 31, 2015, with comparative information for 2014


	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2015	Total 2014
Assets					
Current assets:					
Cash and short-term investments	\$ 596,734	202,506	92,852	892,092	550,860
Accounts receivable (note 6)	217,972	106,854	-	324,826	305,449
Prepaid expenses	84,723	-	-	84,723	62,841
Interfund balances	174,370	(179,422)	5,052	-	-
	1,073,799	129,938	97,904	1,301,641	919,150
Property and equipment (note 2)	-	455,708	-	455,708	256,944
	\$ 1,073,799	585,646	97,904	1,757,349	1,176,094


Liabilities and Fund Balances

Current liabilities:					
Accounts payable and accrued liabilities (note 9)	\$ 390,532	-	-	390,532	280,207
Deferred revenue (note 3(a))	430,816	-	-	430,816	207,341
	821,348	-	-	821,348	487,548
Deferred capital contributions (note 3(b))	-	364,565	-	364,565	179,171
	821,348	364,565	-	1,185,913	666,719
Fund balances:					
Invested in property and equipment	-	91,143	-	91,143	82,201
Internally restricted (note 4)	-	129,938	97,904	227,842	266,121
Unrestricted	252,451	-	-	252,451	161,053
	252,451	221,081	97,904	571,436	509,375
Lease commitment (note 8)					
	\$ 1,073,799	585,646	97,904	1,757,349	1,176,094

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, 2015, with comparative information for 2014

	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2015	Total 2014
Revenue:					
Provincial grants	\$ 2,988,995	-	-	2,988,995	3,133,334
Municipal grants	20,000	-	-	20,000	20,000
Federal grants	6,366	-	-	6,366	7,139
United Way contributions	105,000	-	-	105,000	105,000
Foundation and other grants (note 6)	260,357	-	5,672	266,029	323,967
Fundraising - gaming	82,000	-	-	82,000	82,000
Fundraising - special events	555	-	-	555	1,283
Participant program fees	371,093	-	-	371,093	396,275
Use of facilities	61,210	-	-	61,210	134,781
Miscellaneous	4,975	-	-	4,975	1,067
Interest	1,655	1,172	-	2,827	4,814
Amortization of deferred capital contributions (note 3(b))	-	33,753	-	33,753	38,169
Gain on disposition of assets	-	-	-	-	150
	3,902,206	34,925	5,672	3,942,803	4,247,979
Expense:					
Wages and benefits	2,552,753	-	-	2,552,753	2,837,655
Program delivery	686,681	-	-	686,681	858,708
Transportation	68,908	-	-	68,908	90,558
Building occupancy	289,947	-	-	289,947	246,459
Office	142,947	-	-	142,947	119,860
Fundraising and development	1,694	-	-	1,694	3,885
Miscellaneous	22,617	-	-	22,617	38,940
Professional fees	25,257	-	-	25,257	47,743
Loss on disposition of property and equipment	-	32,272	-	32,272	-
Amortization of property and equipment	-	57,666	-	57,666	74,618
	3,790,804	89,938	-	3,880,742	4,318,426
Excess (deficiency) of revenue over expense	111,402	(55,013)	5,672	62,061	(70,447)
Fund balances, beginning of year	161,053	256,090	92,232	509,375	579,822
Transfers between funds (note 5)	(20,004)	20,004	-	-	-
Fund balances, end of year	\$ 252,451	221,081	97,904	571,436	509,375

See accompanying notes to financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Statement of Cash Flows

Year ended January 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expense	\$ 62,061	\$ (70,447)
Items not involving cash:		
Amortization of property and equipment	57,666	74,618
Amortization of deferred capital contributions	(33,753)	(38,169)
Loss (gain) on disposition of assets	32,272	(150)
Changes in non-cash operating working capital:		
Accounts receivable	(19,377)	(68,581)
Prepaid expenses	(21,882)	12,297
Accounts payable and accrued liabilities	110,325	(26,842)
Deferred revenue	223,475	(253,982)
	410,787	(371,256)
Investing activities:		
Increase in deferred capital contributions	219,146	4,428
Purchase of property and equipment	(289,228)	(36,699)
Proceeds on disposition of assets	527	150
	(69,555)	(32,121)
Increase (decrease) in cash and short-term investments	341,232	(403,377)
Cash and short-term investments, beginning of year	550,860	954,237
Cash and short-term investments, end of year	\$ 892,092	\$ 550,860

See accompanying notes to financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2015

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, 2015

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 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.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2015

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 for a year requires estimates and assumptions. Actual results could differ.

2. Property and equipment:

	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	-
	\$ 1,730,684	\$ 1,274,976	\$ 455,708

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2015

2. Property and equipment (continued):

During the year Club Services received donations of property and equipment of \$37,164 representing the difference between cost paid and the fair value of the donated property and equipment (2014 - \$69,885).

	Cost	Accumulated amortization	2014 Net book value
Buildings	\$ 610,867	\$ 481,482	\$ 129,385
Leasehold improvements	-	-	-
Building improvements	-	-	-
Furniture and equipment	362,661	315,945	46,716
Automotive	432,653	351,810	80,843
Program equipment	109,909	109,909	-
	<u>\$ 1,516,090</u>	<u>\$ 1,259,146</u>	<u>\$ 256,944</u>

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	2015	2014
Opening balance	\$ 207,341	\$ 461,323
Less amounts recognized as revenue in the year:		
Government grants	(20,070)	(8,245)
Grants - foundation/organizations	-	(14,621)
Less unspent funds returned	(6,536)	(252,366)
Add amounts received related to future periods:		
Government grants	213,466	-
Grants - foundation/organizations	36,615	21,250
Closing balance	<u>\$ 430,816</u>	<u>\$ 207,341</u>

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2015

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	2015	2014
Opening balance	\$ 179,171	\$ 143,027
Plus contributions received (note 6)	219,147	74,313
Less contributions amortized as revenue	(33,753)	(38,169)
Balance closing	\$ 364,565	\$ 179,171

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:

	2015	2014
From Operating Fund to Capital Fund:		
Transportation assessments on vehicles	\$ 20,004	\$ 12,000
For purchase of furniture and equipment	-	17,825
	\$ 20,004	\$ 29,825

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 \$145,000 (2014 - \$294,755) to support programs operated by Club Services and also made deferred capital contributions to the Capital Fund of \$201,687 (2014 - \$4,428). At year end, accounts receivable includes balances receivable from the Foundation totaling \$272,051 (2014 - \$256,290). 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, 2015

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 the organization is not exposed to significant interest, currency or credit risks arising from its financial instruments.

8. Lease commitments:

During the year, 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, 2015, Club Services had lease commitment payments excluding taxes and operating costs, totaling \$423,263 over the remainder of the lease term as shown below:

2015 – 2016	\$	91,945
2016 – 2017		93,530
2017 – 2018		95,115
2018 – 2019		95,115
2019 – 2020		47,558

The land on which Club Services' main office had been located was leased from the City of Victoria for a nominal annual rent. While the lease agreement was to expire April 1, 2016, the City of Victoria agreed to an early surrender of the lease. As of March 1, 2015, Club Services has no further financial responsibility for the location as a result of the early surrender.

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 the latter half of the year 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 \$2,737 (2014 - \$3,612), which represents workers' compensation premiums.