

Financial Statements of

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

Year ended January 31, 2014



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## INDEPENDENT AUDITORS' REPORT

*To the Members of the 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, 2014, 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, 2014, 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 consistent basis.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that extends to the right.

Chartered Accountants

April 16, 2014

Victoria, Canada

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

## Statement of Financial Position

January 31, 2014, with comparative information for 2013

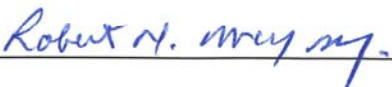
	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2014	Total 2013
<b>Assets</b>					
Current assets:					
Cash and short-term investments	\$ 292,143	171,534	87,183	550,860	954,237
Accounts receivable (note 6)	305,118	331	-	305,449	236,868
Prepaid expenses	62,841	-	-	62,841	75,138
Interfund balances	(11,501)	6,452	5,049	-	-
	648,601	178,317	92,232	919,150	1,266,243
Property and equipment (note 2)	-	256,944	-	256,944	224,978
	\$ 648,601	435,261	92,232	1,176,094	1,491,221

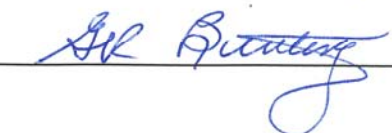
## Liabilities and Fund Balances

Current liabilities:					
Accounts payable and accrued liabilities (note 9)	\$ 280,207	-	-	280,207	307,049
Deferred revenue (note 3(a))	207,341	-	-	207,341	461,323
	487,548	-	-	487,548	768,372
Deferred capital contributions (note 3(b))	-	179,171	-	179,171	143,027
	487,548	179,171	-	666,719	911,399
Fund balances:					
Invested in property and equipment	-	82,201	-	82,201	81,950
Internally restricted (note 4)	-	173,889	92,232	266,121	266,194
Unrestricted	161,053	-	-	161,053	231,678
	161,053	256,090	92,232	509,375	579,822
Lease commitment (note 8)					
	\$ 648,601	435,261	92,232	1,176,094	1,491,221

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, 2014, with comparative information for 2013

	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2014	Total 2013
<b>Revenue:</b>					
Provincial grants	\$ 3,133,334	-	-	3,133,334	3,129,619
Municipal grants	20,000	-	-	20,000	30,167
Federal grants	7,139	-	-	7,139	6,926
United Way contributions	105,000	-	-	105,000	112,364
Foundation and other grants (note 6)	318,810	-	5,157	323,967	186,111
Fundraising - gaming	82,000	-	-	82,000	74,000
Fundraising - special events	1,283	-	-	1,283	15,146
Participant program fees	396,275	-	-	396,275	281,587
Use of facilities	134,781	-	-	134,781	199,564
Miscellaneous	1,067	-	-	1,067	3,572
Interest	3,319	1,495	-	4,814	8,229
Amortization of deferred capital contributions (note 3(b))	-	38,169	-	38,169	24,192
Gain on disposition of assets	-	150	-	150	1,250
	4,203,008	38,814	5,157	4,247,979	4,072,727
<b>Expense:</b>					
Wages and benefits	2,837,655	-	-	2,837,655	2,851,990
Program delivery	858,708	-	-	858,708	692,843
Transportation	90,558	-	-	90,558	104,775
Building occupancy	246,459	-	-	246,459	244,553
Office	119,860	-	-	119,860	112,095
Fundraising and development	3,885	-	-	3,885	5,448
Miscellaneous	38,940	-	-	38,940	30,022
Professional fees	47,743	-	-	47,743	51,052
Amortization of property and equipment	-	74,618	-	74,618	55,113
	4,243,808	74,618	-	4,318,426	4,147,891
Excess (deficiency) of revenue over expense	(40,800)	(34,804)	5,157	(70,447)	(75,164)
Fund balances, beginning of year	231,678	261,069	87,075	579,822	654,986
Transfers between funds (note 5)	(29,825)	29,825	-	-	-
Fund balances, end of year	\$ 161,053	256,090	92,232	509,375	579,822

See accompanying notes to financial statements.

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

## Statement of Cash Flows

Year ended January 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expense	\$ (70,447)	\$ (75,164)
Items not involving cash:		
Amortization of property and equipment	74,618	55,113
Amortization of deferred capital contributions	(38,169)	(24,192)
Gain on disposition of assets	(150)	(1,250)
Changes in non-cash operating working capital:		
Accounts receivable	(68,581)	(76,708)
Prepaid expenses	12,297	(9,600)
Accounts payable and accrued liabilities	(26,842)	32,986
Deferred revenue	(253,982)	66,775
	<u>(371,256)</u>	<u>(32,040)</u>
Investing activities:		
Increase in deferred capital contributions	4,428	-
Purchase of equipment	(36,699)	(22,034)
Proceeds on disposition of assets	150	1,250
	<u>(32,121)</u>	<u>(20,784)</u>
Decrease in cash and short-term investments	(403,377)	(52,824)
Cash and short-term investments, beginning of year	954,237	1,007,061
Cash and short-term investments, end of year	<u>\$ 550,860</u>	<u>\$ 954,237</u>

See accompanying notes to financial statements.

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2014

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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 and youth 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:

The 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, 2014

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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 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 did not elect 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, 2014

## 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%
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	2014 Net book value
Buildings	\$ 610,867	\$ 481,482	\$ 129,385
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>

During the year Club Services received a contribution of \$69,885 representing the difference between cost paid and the fair value of a donated vehicle (2013 - \$nil).

	Cost	Accumulated amortization	2013 Net book value
Buildings	\$ 609,194	\$ 470,998	\$ 138,196
Furniture and equipment	346,507	295,312	51,195
Automotive	367,894	332,307	35,587
Program equipment	109,909	109,909	-
	<u>\$ 1,433,504</u>	<u>\$ 1,208,526</u>	<u>\$ 224,978</u>

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2014

### 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	2014	2013
Opening balance	\$ 461,323	\$ 394,548
Less amounts recognized as revenue in the year:		
Government grants	(8,245)	(8,234)
Grants - foundation/organizations	(14,621)	(57,219)
Less unspent funds returned	(252,366)	(3,748)
Add amounts received related to future periods:		
Government grants	-	112,886
Grants - foundation/organizations	21,250	23,090
Closing balance	\$ 207,341	\$ 461,323

#### (b) Deferred capital contributions:

Deferred capital contributions in the capital fund comprise unamortized externally restricted contributions.

Capital Fund	2014	2013
Opening balance	\$ 143,027	\$ 167,219
Plus contributions received	74,313	-
Less contributions amortized as revenue	(38,169)	(24,192)
Balance closing	\$ 179,171	\$ 143,027

### 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.

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2014

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## 5. Transfers between funds:

The following amounts were transferred:

	2014	2013
From Operating Fund to Capital Fund:		
Transportation assessments on vehicles	\$ 12,000	\$ 12,000
For purchase of furniture and equipment	17,825	22,034
	<u>\$ 29,825</u>	<u>\$ 34,034</u>

## 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, including restricted contributions, totaling \$299,183 (2013 - \$161,938) to support programs operated by Club Services. At year end, accounts receivable includes a balance receivable from the Foundation totaling \$256,290 (2013 - \$141,421). Club Services leases the property known as The Outdoor Centre from the Foundation on a month to month basis for a total of \$40,000 per annum.

## 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 commitment:

The land on which Club Services' main building is situated is leased from the City of Victoria for a nominal annual rent. The lease agreement expires April 1, 2016.

## 9. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$3,612 (2013 - \$2,635), which includes amounts payable for payroll deductions and workers' compensation premiums.