

Financial Statements of

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

Year ended January 31, 2012



**KPMG LLP**  
**Chartered Accountants**  
St. Andrew's Square II  
800-730 View Street  
Victoria BC V8W 3Y7

Telephone (250) 480-3500  
Telefax (250) 480-3539  
Internet www.kpmg.ca

## 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, 2012, 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 generally accepted accounting principles, 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, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



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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 policies applied in preparing and presenting the financial statements in accordance with Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

*KPMG LLP*

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

Chartered Accountants

April 17, 2012

Victoria, Canada

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

## Statement of Financial Position

January 31, 2012, with comparative information for 2011

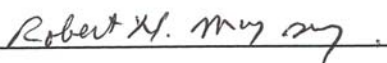
	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2012	Total 2011
<b>Assets</b>					
Current assets:					
Cash and short-term investments	\$ 803,621	187,398	16,042	1,007,061	975,082
Accounts receivable (note 6)	93,305	855	66,000	160,160	261,801
Prepaid expenses	65,538	-	-	65,538	86,942
Interfund balances	23,860	(23,858)	(2)	-	-
	986,324	164,395	82,040	1,232,759	1,323,825
Property and equipment (note 2)	-	258,057	-	258,057	290,582
	\$ 986,324	422,452	82,040	1,490,816	1,614,407

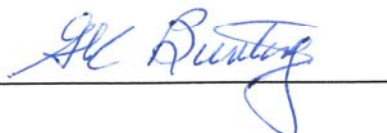
## Liabilities and Fund Balances

Current liabilities:					
Accounts payable and accrued liabilities	\$ 274,063	-	-	274,063	295,935
Deferred revenue (note 3)	394,548	-	-	394,548	435,028
	668,611	-	-	668,611	730,963
Deferred capital contributions (note 3)	-	167,219	-	167,219	198,976
	668,611	167,219	-	835,830	929,939
Fund balances:					
Invested in property and equipment	-	90,838	-	90,838	91,606
Internally restricted (note 4)	-	164,395	82,040	246,435	405,211
Unrestricted	317,713	-	-	317,713	187,651
	317,713	255,233	82,040	654,986	684,468
	\$ 986,324	422,452	82,040	1,490,816	1,614,407

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, 2012, with comparative information for 2011

	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2012	Total 2011
<b>Revenue:</b>					
Provincial grants	\$ 3,114,176	-	-	3,114,176	3,480,126
Municipal grants	28,069	-	-	28,069	28,524
Federal grants	52,886	-	-	52,886	125,267
United Way contributions	59,150	-	-	59,150	77,027
Foundation and other grants (note 6)	90,623	-	4,558	95,181	172,169
Fundraising - gaming	90,064	-	-	90,064	85,234
Fundraising - special events	14,701	-	-	14,701	52,632
Participant program fees	331,467	-	-	331,467	308,181
Use of facilities	197,874	-	-	197,874	156,847
Miscellaneous	36,470	-	-	36,470	49,834
Interest	4,264	1,083	-	5,347	2,053
Amortization of deferred capital contributions (note 3)	-	31,757	-	31,757	32,459
Gain on disposition of assets	-	1,000	-	1,000	2,740
	4,019,744	33,840	4,558	4,058,142	4,573,093
<b>Expense:</b>					
Wages and benefits	2,725,755	-	-	2,725,755	2,915,611
Program delivery	738,357	-	-	738,357	909,476
Transportation	94,449	-	-	94,449	140,493
Building occupancy	248,285	11,815	-	260,100	234,972
Office	121,321	-	24	121,345	129,983
Fundraising and development	10,252	-	-	10,252	6,186
Miscellaneous	31,225	-	-	31,225	16,576
Professional fees	33,859	-	-	33,859	54,076
Amortization of property and equipment	-	72,282	-	72,282	86,449
	4,003,503	84,097	24	4,087,624	4,493,822
Excess (deficiency) of revenue over expense	16,241	(50,257)	4,534	(29,482)	79,271
Fund balances, beginning of year	329,185	277,777	77,506	684,468	605,197
Transfers between funds (note 5)	(27,713)	27,713	-	-	-
Fund balances, end of year	\$ 317,713	255,233	82,040	654,986	684,468

See accompanying notes to financial statements.

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

## Statement of Cash Flows

Year ended January 31, 2012, with comparative information for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expense	\$ (29,482)	\$ 79,271
Items not involving cash:		
Amortization of property and equipment	72,282	86,449
Amortization of deferred capital contributions	(31,757)	(32,459)
Gain on disposition of assets	(1,000)	-
Changes in non-cash operating working capital:		
Accounts receivable	101,641	(60,645)
Prepaid expenses	21,404	(12,626)
Accounts payable and accrued liabilities	(21,872)	34,034
Deferred revenue	(40,480)	31,601
	<u>70,736</u>	<u>125,625</u>
Investing activities:		
Purchase of equipment	(39,757)	(19,409)
Proceeds on disposition of assets	1,000	-
	<u>(38,757)</u>	<u>(19,409)</u>
Increase in cash and short-term investments	31,979	106,216
Cash and short-term investments, beginning of year	975,082	868,866
Cash and short-term investments, end of year	<u>\$ 1,007,061</u>	<u>\$ 975,082</u>

See accompanying notes to financial statements.

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2012

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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 generally accepted accounting principles 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, 2012

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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 bases as the acquired assets are amortized.

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

### (d) Financial instruments:

Cash and short-term investments are classified as held-for-trading and are recorded at fair value with gains and losses included in earnings. Accounts receivable and accounts payable and accrued liabilities are classified as either loans and receivables or other financial liabilities and are recorded at amortized cost.

Club Services complies with CICA Handbook Section 3861, Financial Instruments – Disclosure and Presentation, for the presentation and disclosure of financial instruments.

### (e) Property and equipment:

Property and equipment is recorded in the Capital Fund at cost. Contributions of property and equipment are recorded in the Capital Fund at fair value at the date of contribution. 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%



# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2012

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## 1. Significant accounting policies (continued):

(f) Use of estimates:

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

(g) Revisions to Not-for-Profit accounting standards:

Club Services will be transitioning to the Accounting Standards for Not-for-Profit Organizations contained in Part III of the CICA Handbook-Accounting beginning February 1, 2012. While the financial statement presentation and the accounting treatment of most items will not change from current practice, there are certain transitional provisions that Club Services will apply when preparing the first financial statements under the new accounting standards. The impact of these transitional provisions on the financial statements of Club Services has not yet been fully determined.

## 2. Property and equipment:

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
Buildings	\$ 609,193	\$ 460,583	\$ 148,610	\$ 133,996
Furniture and equipment	324,473	279,380	45,093	57,207
Automotive	378,287	315,827	62,460	90,251
Program equipment	109,909	108,015	1,894	9,128
	<u>\$ 1,421,862</u>	<u>\$ 1,163,805</u>	<u>\$ 258,057</u>	<u>\$ 290,582</u>

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2012

### 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	2012	2011
Opening balance	\$ 435,028	\$ 403,427
Less amounts recognized as revenue in the year:		
Government grants	(92,822)	(85,833)
Grants - foundation/organizations	(41,890)	(128,932)
Less unearned government funds returned	(148,090)	-
Add amounts received related to future periods:		
Government grants	187,090	134,705
Grants - foundation/organizations	55,232	111,661
Closing balance	\$ 394,548	\$ 435,028

#### (b) Deferred capital contributions:

Deferred capital contributions comprise unamortized externally restricted contributions.

Capital Fund	2012	2011
Opening balance	\$ 198,976	\$ 231,435
Less contributions amortized as revenue	(31,757)	(32,459)
Balance closing	\$ 167,219	\$ 198,976

### 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, 2012

## 5. Transfers between funds:

The following amounts were transferred:

	2012	2011
From Operating Fund to Capital Fund:		
Transportation assessments on vehicles	\$ 12,500	\$ 18,000
For purchase of furniture and equipment	15,213	18,257
Appropriation for building renovations	-	37,772
	<u>\$ 27,713</u>	<u>\$ 74,029</u>

## 6. Related party:

Club Services has the ability to exercise significant influence over the Boys & Girls Clubs of Greater Victoria Foundation (the "Foundation") as a result of having 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 \$86,106 (2011 - \$140,752) to support programs operated by Club Services. At year end accounts receivable includes a balance receivable from the Foundation totaling \$74,766 (2011 - \$148,005), which includes the \$66,000 (2011 - \$66,000) receivable in the Bull Memorial Fund. 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:

The fair value of cash and short-term investments, accounts receivable and accounts payable and accrued liabilities approximate their carrying value.

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

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2012

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**8. Capital management:**

Club Services defines capital to be its operating fund balances. Club Services receives its principal source of capital through operating grants. Club Services' objective when managing capital is to fund its operations. Club Services monitors expenses and preserves capital in accordance with operating budgets.

Club Services is not subject to any significant external covenants on its capital. Club Services has complied with any external restrictions on its revenues.

**9. 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.

**10. Comparative information:**

Certain comparative information has been restated to conform to the current year's presentation.