

Financial Statements of

**BOYS & GIRLS CLUBS OF GREATER
VICTORIA FOUNDATION**

Year ended January 31, 2016



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INDEPENDENT AUDITORS' REPORT

To the Members of Boys & Girls Clubs of Greater Victoria Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Boys & Girls Clubs of Greater Victoria Foundation, 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Boys & Girls Clubs of Greater Victoria Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Boys & Girls Clubs of Greater Victoria Foundation. Therefore, we were not able to determine whether, as at and for the years ended January 31, 2016 and January 31, 2015, any adjustments might be necessary to donations revenue and excess of revenues over expenses reported in the statements of operations and changes in fund balances, excess of revenues over expenses reported in the statements of cash flows and current assets and unrestricted fund balances reported in the statements of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended January 31, 2015.



Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Boys & Girls Clubs of Greater Victoria Foundation 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 CLUBS OF GREATER VICTORIA FOUNDATION

Statement of Financial Position

January 31, 2016, with comparative information for 2015

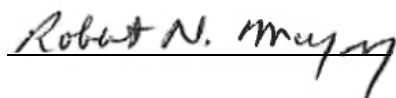
	Operating Fund	Endowment Funds	Capital Fund	2016 Total	2015 Total
Assets					
Current assets:					
Cash	\$ 210,102	4,152	184,152	398,406	372,495
Accounts receivable	488	2,528	149	3,165	2,895
Interfund balances	327,730	(222,141)	(105,589)	-	-
	538,320	(215,461)	78,712	401,571	375,390
Investments (note 2)	-	919,434	374,966	1,294,400	1,186,128
Other assets (note 3)	-	24,375	-	24,375	24,375
Property and equipment (note 4)	-	-	2,251,155	2,251,155	2,280,470
	-	943,809	2,626,121	3,569,930	3,490,973
	\$ 538,320	728,348	2,704,833	3,971,501	3,866,363

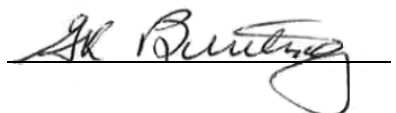
Liabilities and Fund Balances

Current liabilities:					
Accounts payable (note 7)	\$ 210,521	-	173,755	384,276	278,049
Fund balances:					
Invested in property and equipment	-	-	2,077,400	2,077,400	2,174,000
Externally restricted (note 5)	-	728,348	223,298	951,646	840,527
Internally restricted (note 6)	-	-	230,380	230,380	260,820
Unrestricted	327,799	-	-	327,799	312,967
	327,799	728,348	2,531,078	3,587,225	3,588,314
	\$ 538,320	728,348	2,704,833	3,971,501	3,866,363

See accompanying notes to financial statements.

Approved by the Board:

 Director

 Director

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statement of Operations and Changes in Fund Balances

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

	Operating Fund	Endowment Funds	Capital Fund	Total 2016	Total 2015
Revenue:					
Donations	\$ 86,304	10,510	84,151	180,965	420,005
Use of facilities (note 7)	40,000	-	-	40,000	40,000
Investment income (loss) (note 8)	(7,747)	-	(5,343)	(13,090)	108,301
	118,557	10,510	78,808	207,875	568,306
Expense:					
Donations (note 7)	41,600	-	75,417	117,017	346,687
Fundraising costs	43,250	-	-	43,250	44,155
Stationery, advertising and postage	7,183	-	-	7,183	6,030
Accounting, audit and legal fees	5,955	-	-	5,955	6,390
Office and bank charges	5,737	-	48	5,785	6,379
Building maintenance	-	-	457	457	-
Amortization of property and equipment	-	-	29,317	29,317	30,671
	103,725	-	105,239	208,964	440,312
Excess (deficiency) of revenue over expense	14,832	10,510	(26,431)	(1,089)	127,994
Fund balances, beginning of year	312,967	717,838	2,557,509	3,588,314	3,460,320
Fund balances, end of year	\$ 327,799	728,348	2,531,078	3,587,225	3,588,314

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statement of Cash Flows

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

	2016	2015
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expense	\$ (1,089)	\$ 127,994
Items not involving cash:		
Amortization of property and equipment	29,317	30,671
Net loss (gain) on investments (note 8)	68,824	(67,238)
Changes in non-cash operating working capital:		
Accounts receivable	(270)	1,678
Accounts payable	106,227	16,261
	<u>203,009</u>	<u>109,366</u>
Investing activities:		
Purchases of investments	(177,098)	(20,989)
Sales of investments	-	17,578
	<u>(177,098)</u>	<u>(3,411)</u>
Increase in cash	25,911	105,955
Cash, beginning of year	372,495	266,540
Cash, end of year	<u>\$ 398,406</u>	<u>\$ 372,495</u>

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2016

The Boys & Girls Clubs of Greater Victoria Foundation (the "Foundation") is incorporated under the Society Act (British Columbia) and is a registered charity. 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 Boys & Girls Club Services of Greater Victoria ("Club Services") and other institutions, groups or persons relating to youth.

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 non-capital fundraising 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 Endowment Funds report on externally restricted contributions received from donors and related investments purchased which must be retained in perpetuity.

(b) Contributed materials and services:

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 the Foundation 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.

(c) Revenue recognition:

The Foundation follows the restricted fund method of accounting.

Unrestricted contributions are recognized as revenue of the Operating Fund when received or when receivable.

Restricted contributions to the Operating Fund are recognized as revenue in the year in which the related expenses are incurred.

Contributions to restricted funds are recognized as revenue of the appropriate restricted fund when received or when receivable.

Pledges are commitments to give specific dollar amounts within specified periods of time. Pledges are recorded as revenue when payments are received.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2016

1. Significant accounting policies (continued):

(c) Revenue recognition (continued):

Investment income that is not restricted is recognized as revenue of the Operating Fund when it is earned. Income earned on endowment investments is recognized as revenue of the Operating Fund when it is earned. Other investment income that is restricted is recognized as revenue of the appropriate fund when it is earned.

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

Contributions of property and equipment are recognized only when fair value as at the date of contribution can be reasonably estimated, the property is to be used in the normal course of operations and would otherwise have been purchased.

(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. The Foundation 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, the Foundation 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 the Foundation 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 CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2016

1. Significant accounting policies (continued):

(e) Property and equipment:

Purchased property and equipment is recorded at cost. Contributed property and equipment is recorded 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 declining balance method at the following rates calculated to amortize the cost of the assets over their estimated useful lives.

Assets	Rate
Buildings	4%
Parking lot	8%
Office equipment	20%

(f) Use of estimates:

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

2. Investments:

	2016	2015
Money market instruments	\$ 225,026	\$ 192,680
Fixed income	513,005	487,608
Equities	556,369	505,840
	\$ 1,294,400	\$ 1,186,128

3. Other assets:

Other assets consist of donated art prints which have been recorded at their estimated fair value at the time of donation.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2016

4. Property and equipment:

	Cost	Accumulated amortization	2016 Net book value
Land	\$ 1,579,591	\$ -	\$ 1,579,591
Buildings	874,786	229,464	645,322
Parking lot	48,647	22,967	25,680
Office equipment	7,426	6,864	562
	\$ 2,510,450	\$ 259,295	\$ 2,251,155

	Cost	Accumulated amortization	2015 Net book value
Land	\$ 1,579,591	\$ -	\$ 1,579,591
Buildings	874,786	202,523	672,263
Parking lot	48,647	20,734	27,913
Office equipment	7,426	6,723	703
	\$ 2,510,450	\$ 229,980	\$ 2,280,470

5. Externally restricted funds:

(a) Endowment Funds:

The Endowment Funds are externally restricted requiring that they be maintained in perpetuity and comprise the following:

	2016	2015
The Our Children - Our Future Fund	\$ 7,730	\$ 7,675
The Harman Family Fund	63,729	63,729
The Mel Cooper Fund for Youth Leadership	116,866	116,866
The Betty Hansen Memorial Fund	11,417	11,367
The Joyce Peterson Memorial Fund	11,509	11,104
Coast Capital Savings Youth Leadership Endowment Fund	100,089	100,089
Coast Capital Savings Adventure Based Learning Endowment Fund	150,134	150,134
Philip Chan Memorial Fund	5,550	5,550
CIBC Wood Gundy / Michael O'Brien Fund (Bursaries)	50,000	50,000
CIBC Wood Gundy / Michael O'Brien Fund (Central Saanich)	60,000	50,000
Bob & Sara Harman Central Saanich Fund	51,324	51,324
Saanich Fruit Growers Association Fund	100,000	100,000
	\$ 728,348	\$ 717,838

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2016

5. Externally restricted funds (continued):

(a) Endowment Funds (continued):

The Our Children - Our Future Fund reports endowment contributions and bequests not directed to a specific endowment fund.

The Harman Family Fund was established to recognize the significant endowment contribution of Robert (Bob) Harman and his family.

The Mel Cooper Fund for Youth Leadership was established to recognize the 40th anniversary of Club Services and to honor Mel Cooper, a long-time supporter of Boys & Girls Clubs. Income from the Mel Cooper Fund is used for youth leadership initiatives within Club Services.

The Betty Hansen Memorial Fund, established in April 2002, honors a long-standing employee and patron and recognizes volunteers who make significant contributions to the Foundation and to Club Services.

The Joyce Peterson Memorial Fund, established in 2008, honors a long-standing patron of Boys & Girls Clubs. Income from the Joyce Peterson Memorial Fund will be used to provide "camperships" for participants who need financial assistance to enable them to attend Summer Camp at Boys & Girls Club.

The Coast Capital Savings Youth Leadership Endowment Fund was established in 2006 from specified contributions from Coast Capital Savings Credit Union to the Create A Ripple Campaign to support Youth Leadership programming carried out by Club Services.

The Coast Capital Savings Adventure Based Learning Endowment Fund was established in 2006 from specified contributions from Coast Capital Savings Credit Union to the Create A Ripple campaign. Adventure Based Learning ("ABL") is experiential programming carried out in an outdoor or wilderness setting. The fund is to support development and the carrying out of ABL programming by Club Services.

The Philip Chan Memorial Fund was established in 2008 to honour a long serving board member. Income from the fund will be used to support Youth Leadership programs.

The CIBC Wood Gundy / Michael O'Brien Fund (Bursaries) was established in January, 2013 to provide families in need of financial assistance with bursaries towards the cost of attending Community Club programs offered by Club Services.

The CIBC Wood Gundy / Michael O'Brien Fund (Central Saanich) was established in November, 2013 as part of the Open the Doors Campaign to provide ongoing operating support for the programs offered by the Kaare Norgaard Boys & Girls Club of Central Saanich.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2016

5. Externally restricted funds (continued):

(a) Endowment Funds (continued):

The Bob & Sara Harman Central Saanich Fund was established in January, 2015 as part of the Open the Doors Campaign and is in support of operations of the Kaare Norgaard Boys & Girls Club of Central Saanich. The Fund was established in 2015 through a transfer from the Capital Fund in accordance with the terms specified by the donors at the time of the original donation.

The Saanich Fruit Growers Association Fund was established in January, 2015 as part of the Open the Doors Campaign and creates a lasting legacy for the Association to be remembered in the Central Saanich community. The Fund is in support of the operations of the Kaare Norgaard Boys & Girls Club of Central Saanich.

Distributions are made in accordance with policies established for each fund by the Board.

Endowment contributions by fund during the year are as follows:

	2016	2015
The Our Children - Our Future Fund	\$ 55	\$ 1,730
The Betty Hansen Memorial Fund	50	50
The Joyce Peterson Memorial Fund	405	538
CIBC Wood Gundy / Michael O'Brien Fund (Central Saanich)	10,000	7,910
Bob & Sara Harman Central Saanich Fund	-	51,324
Saanich Fruit Growers Association Fund	-	100,000
	\$ 10,510	\$ 161,552

(b) Victoria Foundation Endowment Fund:

The Boys & Girls Club Our Children Our Future Fund was established in December 2011 as an endowment fund to be held and managed in perpetuity by the Victoria Foundation. Distributions from the Victoria Foundation Endowment Fund are made in consultation with the Foundation and recorded as revenue of the Operating Fund when received. During the year, the Foundation received distributions of \$4,609 (2015 - \$4,066) from the Victoria Foundation Endowment Fund.

(c) Capital Fund:

In 2005 the Foundation launched the "Create A Ripple" capital campaign to raise funds for the Outdoor Centre located in Metchosin, British Columbia. Contributions supported the original camp purchase and now provide for the enhancement of existing structures, construction of new facilities and implementation of new services to meet developmental needs of children, youth and families.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2016

5. Externally restricted funds (continued):

(c) Capital Fund (continued):

Changes in the externally restricted Create A Ripple fund balance are as follows:

	2016	2015
Balance, beginning of year	\$ 122,689	\$ 173,513
Create A Ripple contributions	8,734	500
Transfer from internally restricted fund balance	91,875	-
	<u>223,298</u>	<u>174,013</u>
Less transfer to Endowment Fund (see note 5 (a))	-	51,324
Balance, end of year	<u>\$ 223,298</u>	<u>\$ 122,689</u>

6. Internally restricted fund balances:

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

7. Related party:

Club Services is a related party to the Foundation. The Boards may have certain directors in common. During the year, the Foundation made disbursements totaling \$117,017 (2015 - \$346,687) to support programs operated by Club Services and in respect of the Capital Fund of Club Services. At year end accounts payable includes balances payable to Club Services totaling \$377,795 (2015 - \$272,051). Club Services leases the property known as the Outdoor Centre from the Foundation for \$40,000 per annum.

8. Investment income (loss):

	2016	2015
Net gains (losses)	\$ (68,824)	\$ 67,238
Interest and dividends	55,734	41,063
	<u>\$ (13,090)</u>	<u>\$ 108,301</u>

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2016

9. Financial instruments:

The Foundation's financial instruments include cash, accounts receivable, investments and accounts payable.

The Foundation is exposed to interest rate risk through its investments. The Foundation manages its investment portfolio to earn investment income and invests according to an investment policy approved by the Board. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

Investments that trade in foreign markets are exposed to currency risk as the price in local terms on the foreign stock exchange is converted to Canadian dollars to determine fair value. The Foundation's overall currency positions are monitored by the portfolio managers and exposure is limited by requirements of the Foundation's investment policy.

It is management's opinion that the organization is not exposed to significant credit or cash flow risk arising from its financial instruments.

There has been no change in the risk exposure from 2015.

10. Subsequent event:

The Foundation approved a change in fiscal year end to March 31 to align its financial reporting period with Club Services which has also approved a change in year end to March 31. 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.