

Financial Statements of

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

14 month period ended March 31, 2017



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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 March 31, 2017, the statements of operations and changes in fund balances and cash flows for the 14 month period 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 March 31, 2017, and its results of operations and its cash flows for the 14 month period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies 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

July 20, 2017
Victoria, Canada

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

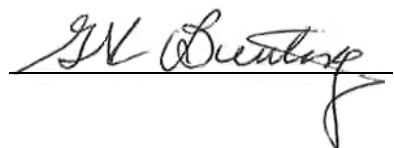
Statement of Financial Position

March 31, 2017 with comparative information for January 31, 2016

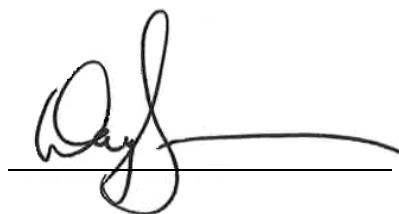
	Operating Fund	Capital Fund	Bull Memorial Fund	March 31, 2017 Total	January 31, 2016 Total
Assets					
Current assets:					
Cash and short-term investments	\$ 1,524,652	273,598	112,043	1,910,293	923,620
Accounts receivable (note 6)	115,953	-	-	115,953	409,612
Prepaid expenses	69,292	-	-	69,292	82,568
Interfund balances	102,728	(102,740)	12	-	-
	1,812,625	170,858	112,055	2,095,538	1,415,800
Property and equipment (note 2)	-	409,405	-	409,406	477,149
	\$ 1,812,625	580,263	112,055	2,504,944	1,892,949
Liabilities and Fund Balances					
Current liabilities:					
Accounts payable and accrued liabilities (note 9)	\$ 271,032	-	-	271,032	198,554
Deferred revenue (note 3(a))	1,325,109	-	-	1,325,109	740,587
	1,596,141	-	-	1,596,141	939,141
Deferred capital contributions (note 3(b))	-	335,617	-	335,617	388,688
	1,596,141	335,617	-	1,931,758	1,327,829
Fund balances:					
Invested in property and equipment	-	73,789	-	73,789	88,461
Internally restricted (note 4)	-	170,858	112,055	282,913	236,141
Unrestricted	216,484	-	-	216,484	240,518
	216,484	244,647	112,055	573,186	565,120
Commitments (note 8)					
	\$ 1,812,625	580,264	112,055	2,504,944	1,892,949

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

14 months ended March 31, 2017, with comparative information for 12 months ended January 31, 2016

	Operating Fund	Capital Fund	Bull Memorial Fund	14 month period ended March 31, 2017 Total	12 month period ended January 31, 2016 Total
Revenue:					
Provincial grants	\$ 3,270,803	-	-	3,270,803	2,868,742
Municipal grants	20,000	-	-	20,000	20,000
Federal grants	78,307	-	-	78,307	51,845
United Way contributions	116,650	-	-	116,650	83,350
Foundation and other grants (note 6)	243,707	-	7,053	250,760	208,476
Fundraising - gaming	80,000	-	-	80,000	82,000
Fundraising - special events	112,007	-	-	112,007	3,205
Participant program fees	711,035	-	-	711,035	444,264
Use of facilities	58,022	-	-	58,022	37,895
Miscellaneous	-	-	-	-	1,098
Interest	6,559	937	591	8,087	3,889
Amortization of deferred capital contributions (note 3(b))	-	53,071	-	53,071	47,834
Gain on disposition of assets	-	-	-	-	377
	4,697,090	54,008	7,644	4,758,742	3,852,975
Expense:					
Wages and benefits	3,067,717	-	-	3,067,717	2,577,771
Program delivery	750,439	-	-	750,439	579,343
Transportation	87,438	-	-	87,438	78,901
Building occupancy	391,057	-	-	391,057	341,544
Office	215,822	-	-	215,822	133,600
Fundraising and development	68,061	-	-	68,061	1,850
Miscellaneous	55,359	-	-	55,359	31,042
Professional fees	29,317	-	-	29,317	24,936
Contributions to Foundation	9,332	-	-	9,332	-
Loss on disposition of property and equipment	-	-	-	-	18,320
Amortization of property and equipment	-	76,134	-	76,134	71,984
	4,674,542	76,134	-	4,750,676	3,859,291
Excess (deficiency) of revenue over expense	22,548	(22,126)	7,644	8,066	(6,316)
Fund balances, beginning of period	240,518	220,191	104,411	565,120	571,436
Transfers between funds (note 5)	(46,582)	46,582	-	-	-
Fund balances, end of period	\$ 216,484	244,647	112,055	573,186	565,120

See accompanying notes to financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Statement of Cash Flows

14 months ended March 31, 2017, with comparative information for 12 months ended January 31, 2016

	14 month period ended March 31, 2017	12 month period ended January 31, 2016
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expense	\$ 8,066	\$ (6,316)
Items not involving cash:		
Amortization of property and equipment	76,134	71,984
Amortization of deferred capital contributions	(53,071)	(47,834)
Loss (gain) on disposition of assets	-	(377)
Changes in non-cash operating working capital:		
Accounts receivable	293,659	(84,786)
Prepaid expenses	13,276	2,155
Accounts payable and accrued liabilities	72,478	(191,978)
Deferred revenue	584,521	309,771
	995,063	52,619
Investing activities:		
Increase in deferred capital contributions	-	71,957
Purchase of property and equipment	(8,391)	(93,425)
Proceeds on disposition of assets	-	377
	(8,391)	(21,091)
Increase in cash and short-term investments	986,672	31,528
Cash and short-term investments, beginning of period	923,620	892,092
Cash and short-term investments, end of period	\$ 1,910,292	\$ 923,620

See accompanying notes to financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

14 month period ended March 31, 2017

Boys & Girls Club Services of Greater Victoria ("Club Services") is a registered charity and is incorporated under the Society Act (British Columbia). On November 28, 2016, the new BC Societies Act (British Columbia) became effective. The Society has until November 28, 2018 to transition to the new act. 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:

In 2016, Club Services changed its fiscal year end from January 31 to March 31 in order to better align its financial reporting with the fiscal period of its funders. During this transitional period, a fourteen-month fiscal period from February 1, 2016 to March 31, 2017 is reported with a twelve-month period from February 1, 2015 to January 31, 2016. The financial statements reflect revenue earned from February 1, 2016 to March 31, 2017, and related expenses made over the fourteen-month period.

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

14 month period ended March 31, 2017

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

14 month period ended March 31, 2017

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	Lesser of useful life and lease term
Building improvements	10%
Furniture and equipment	10% - 30%
Automotive	20%
Program equipment	50%

(f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ.

2. Property and equipment:

March 31, 2017	Cost	Accumulated amortization	Net book value
Buildings	\$ 449,130	\$ 138,361	\$ 310,769
Leasehold improvements	4,000	1,824	2,176
Furniture and equipment	265,049	244,411	20,638
Automotive	462,213	388,554	73,659
Program equipment	84,847	82,683	2,164
	\$ 1,265,239	\$ 855,833	\$ 409,406

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

14 month period ended March 31, 2017

2. Property and equipment (continued):

January 31, 2016	Cost	Accumulated amortization	Net book value
Buildings	\$ 449,130	\$ 123,159	\$ 325,971
Leasehold improvements	4,000	1,162	2,838
Furniture and equipment	283,015	247,996	35,019
Automotive	462,214	348,893	113,321
Program equipment	81,516	81,516	-
	<u>\$ 1,279,875</u>	<u>\$ 802,726</u>	<u>\$ 477,149</u>

During the periods presented, Club Services did not receive any donations of property or equipment.

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.

Operating Fund	March 31, 2017	January 31, 2016
Balance, beginning of the period	\$ 740,587	\$ 430,816
Less amounts recognized as revenue in the year:		
Government grants	(137,288)	(3,560)
Grants - foundation/organizations	(346,843)	(112,015)
Less unspent funds returned	(16,685)	(100,000)
Add amounts received related to future periods:		
Government grants	674,623	452,769
Grants - foundation/organizations	410,715	72,577
<u>Balance, end of period</u>	<u>\$ 1,325,109</u>	<u>\$ 740,587</u>

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

14 month period ended March 31, 2017

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	March 31, 2017	January 31, 2016
Balance, beginning of period	\$ 388,688	\$ 364,565
Plus contributions received (note 6)	-	75,417
Less amounts returned or transferred out	-	(3,460)
Less contributions amortized as revenue	(53,071)	(47,834)
Balance, end of period	\$ 335,617	\$ 388,688

4. Internally restricted fund balances:

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

5. Transfers between funds:

The following amounts were transferred:

	March 31, 2017	January 31, 2016
From Operating Fund to Capital Fund:		
Transportation assessments on vehicles	\$ 46,581	\$ 40,000

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 period, the Foundation made contributions to the Operating Fund of \$42,816 (January 31, 2016 - \$41,600) to support programs operated by Club Services. There were no deferred capital contributions to the Capital Fund (January 31, 2016 - \$75,417). At period end, accounts receivable includes balances receivable from the Foundation totaling \$39,003 (January 31, 2016 - \$377,795). 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

14 month period ended March 31, 2017

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:

Club Services leases premises for its main office in Esquimalt, British Columbia and has entered into a lease with a five year term in 2015 with an option to renew for a further five year period. Payments excluding taxes and operating costs, totaling \$291,630 are due over the remainder of the lease term as shown below:

2017 - 2018	\$	124,984
2018 - 2019		124,985
2019 - 2020		41,662
2021 - 2022		-

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 \$7,437 (January 31, 2016 - \$2,670), which represents workers' compensation premiums.

10. Remuneration paid to employees, directors and contractors

The BC Societies Act came into effect on November 28, 2016. The Act has a requirement for the disclosure in the financial statements of the remuneration of directors, employees and contractors for the financial statements prepared after November 28, 2016. For employee and contractor remuneration the requirement is to disclose amounts paid to individuals whose remuneration was greater than \$75,000. For the fourteen months ending March 31, 2017, the Society paid remuneration of \$100,983 to one employee, whom received total annual remuneration of \$75,000 or greater.