

Financial Statements of

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

Year ended January 31, 2010



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AUDITORS' REPORT

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

We have audited the statement of financial position of the Boys & Girls Clubs of Greater Victoria Foundation as at January 31, 2010 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many organizations of this nature, the Boys & Girls Clubs of Greater Victoria Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expense, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donation revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at January 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants

Victoria, Canada

March 19, 2010

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statement of Financial Position

January 31, 2010, with comparative figures for 2009

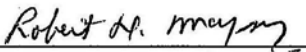
	Operating Fund	Endowment Funds	Capital Fund	Total 2010	Total 2009
Assets					
Current assets:					
Cash and short-term deposits	\$ 50,979	22,796	13,568	87,343	363,994
Accounts receivable	8,111	326	13,881	22,318	30,896
Due from Endowment Funds	91,992	-	-	91,992	-
Due from Capital Fund	-	-	-	-	18,423
Due from Operating Fund	-	-	1,839	1,839	40,300
Prepaid expenses	-	-	-	-	102
	151,082	23,122	29,288	203,492	453,715
Investments (note 2)	-	597,086	289,188	886,274	766,015
Other assets (note 3)	-	24,375	-	24,375	24,375
Property and equipment (note 4)	-	-	2,348,615	2,348,615	2,110,874
	-	621,461	2,637,803	3,256,264	2,901,264
	\$ 151,082	644,583	2,667,091	3,462,756	3,354,979

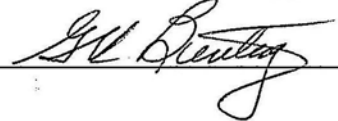
Liabilities and Fund Balances

Current liabilities:					
Due to Operating Fund	\$ -	91,992	-	91,992	18,423
Due to Endowment Fund	-	-	-	-	40,300
Due to Capital Fund	1,839	-	-	1,839	-
Accounts payable (note 11)	91,568	-	66,000	157,568	147,174
Mortgage payable (note 5)	-	-	110,000	110,000	186,000
Deferred revenue (note 6)	25,833	-	-	25,833	137,041
	119,240	91,992	176,000	387,232	528,938
Fund balances:					
Invested in property and equipment	-	-	2,172,615	2,172,615	1,858,874
Externally restricted (note 7)	-	552,591	161,469	714,060	852,819
Internally restricted (note 8)	-	-	157,007	157,007	134,833
Unrestricted	31,842	-	-	31,842	(20,485)
	31,842	552,591	2,491,091	3,075,524	2,826,041
	\$ 151,082	644,583	2,667,091	3,462,756	3,354,979

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, 2010, with comparative figures for 2009

	Operating Fund	Endowment Funds	Capital Fund	Total 2010	Total 2009
Revenue:					
Donations	\$ 203,053	4,353	125,877	333,283	603,057
Provincial grants	-	-	-	-	70,400
Fundraising events (note 9)	73,200	-	9,405	82,605	90,805
Use of facilities	40,000	-	-	40,000	40,000
Investment income (note 13)	127,647	-	1,870	129,517	(77,911)
Miscellaneous	-	-	-	-	1,490
Gaming income	3,408	-	50,181	53,589	155,540
	<u>447,308</u>	<u>4,353</u>	<u>187,333</u>	<u>638,994</u>	<u>883,381</u>
Expense:					
Donations (note 11)	217,425	-	19,822	237,247	251,632
Fundraising costs	89,073	-	5,428	94,501	94,773
Stationery, advertising and postage	11,286	-	-	11,286	7,980
Accounting, audit and legal fees	5,350	-	-	5,350	5,200
Interest	-	-	3,847	3,847	15,422
Office and bank charges	8,514	-	1,114	9,628	10,138
Amortization of property and equipment	-	-	27,652	27,652	20,430
	<u>331,648</u>	<u>-</u>	<u>57,863</u>	<u>389,511</u>	<u>405,575</u>
Excess of revenue over expense	115,660	4,353	129,470	249,483	477,806
Fund balances, beginning of year	(20,485)	548,238	2,298,288	2,826,041	2,348,235
Transfers between funds (note 10)	(63,333)	-	63,333	-	-
Fund balances, end of year	<u>\$ 31,842</u>	<u>552,591</u>	<u>2,491,091</u>	<u>3,075,524</u>	<u>2,826,041</u>

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statement of Cash Flows

Year ended January 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expense	\$ 249,483	\$ 477,806
Items not involving cash:		
Amortization of property and equipment	27,652	20,430
Net (gain) loss on investments	(104,733)	108,999
Contribution of shares	(2,017)	-
Changes in non-cash operating working capital:		
Accounts receivable	8,578	(21,048)
Accounts payable	10,394	52,810
Prepaid expenses	102	13
Deferred revenue	(111,208)	(29,592)
	78,251	609,418
Investing activities:		
Net purchases of investments	(23,509)	(79,724)
Net sale of investments	10,000	-
Purchase of property and equipment	(265,393)	(317,331)
	(278,902)	(397,055)
Financing activities:		
Mortgage repayment	(76,000)	(146,400)
Increase (decrease) in cash and short-term deposits	(276,651)	65,963
Cash and short-term deposits, beginning of year	363,994	298,031
Cash and short-term deposits, end of year	\$ 87,343	\$ 363,994
Supplementary information:		
Interest paid during the year	\$ 3,847	\$ 15,422

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2010

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 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 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.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2010

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.

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:

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

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

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

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2010

1. Significant accounting policies (continued):

(g) Pledges:

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

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

In September 2008, the CICA issued amendments to Handbook Sections 4400, Financial Statement Presentation by Not-for-Profit Organizations and 4470, Disclosure of Allocated Expenses by Not-for-Profit Organizations. These amendments, effective February 1, 2009, remove a requirement to disclose fund balances invested in capital assets, require disclosure of allocated fundraising and expenses by not-for-profit organizations, and include a requirement to follow Handbook 1540, Cash Flow Statements. These amendments did not have a material impact on the financial statements.

2. Investments:

	2010	2009
Money market instruments	\$ 223,940	\$ 330,224
Fixed income	346,106	202,248
Equities	316,228	233,543
	<u>\$ 886,274</u>	<u>\$ 766,015</u>

Investments include term deposits, short-term notes, bonds and debentures which mature at various dates between March 2010 and December 2021 and bear interest at rates ranging from 0.3% to 6.4%.

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, 2010

4. Property and equipment:

	Cost	Accumulated amortization	2010 Net book value	2009 Net book value
Land	\$ 1,579,591	\$ -	\$ 1,579,591	\$ 1,579,591
Buildings	831,464	64,584	766,880	528,603
Office equipment	7,426	5,282	2,144	2,680
	<u>\$ 2,418,481</u>	<u>\$ 69,866</u>	<u>\$ 2,348,615</u>	<u>\$ 2,110,874</u>

5. Mortgage payable:

	2010	2009
Royal Bank demand loan, interest only, payable monthly at Royal Bank prime (2010 – 2.25%; 2009 - 3%), principal payments of \$38,000 due semi-annually (June and December), repayable in full June 30, 2011	\$ 110,000	\$ 186,000

The above demand loan is secured by a demand collateral mortgage, assignment of rents, pledges and general security agreement covering all assets of the Foundation and Boys & Girls Club Services.

6. Deferred revenue:

Operating Fund:

Deferred revenue consists of rent related to future years. In September 2007 the Foundation and Club Services entered into a three year lease agreement for the property commonly known as Metchosin Camp. Club Services prepaid rent of \$120,000 (\$40,000/annum). The term of the lease is from September 2007 to August 2010.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2010

7. Externally restricted funds:

(a) Endowment Funds:

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

	2010	2009
The Our Children - Our Future Fund	\$ 97,100	\$ 93,409
The Harman Family Fund	63,729	63,729
The Mel Cooper Fund for Youth Leadership	116,866	116,866
The Betty Hansen Memorial Fund	10,919	10,869
The Joyce Peterson Memorial Fund	8,754	8,142
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	5,000	5,000
	\$ 552,591	\$ 548,238

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.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2010

7. Externally restricted funds (continued):

(a) Endowment Funds (continued):

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.

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

Endowment contributions by fund during the year are as follows:

	2010	2009
The Our Children - Our Future Fund	\$ 3,691	\$ 5,138
The Betty Hansen Memorial Fund	50	50
The Joyce Peterson Memorial Fund	612	500
Philip Chan Memorial Fund	-	5,000
	<u>\$ 4,353</u>	<u>\$ 10,688</u>

(b) Capital Fund:

In 2005 the Foundation launched the “Create A Ripple” campaign to raise funds for the Wilderness Camp located in Metchosin. Contributions support the camp purchase, 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, 2010

7. Externally restricted funds (continued):

(b) Capital Fund (continued):

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

	2010	2009
Opening balance	\$ 304,581	\$ 209,826
Create A Ripple contributions	176,058	572,913
Less fundraising expenditures	(5,428)	(14,427)
Less mortgage principal payments	(76,000)	(146,400)
Less purchase of property and equipment	(237,742)	(317,331)
Closing balance	\$ 161,469	\$ 304,581

Pledges for the "Create A Ripple" campaign at January 31, 2010 total \$120,014 (2009 - \$160,861) and are expected to be collected as follows:

	2010	2009
2010	\$ -	\$ 107,410
2011	120,014	53,451

8. 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.

9. Fundraising events:

The Foundation undertakes fundraising activities to benefit Club Services. During the year, the Foundation hosted two major events - the Viking Air Classic Golf Tournament, and (in partnership with BC Paraplegic Association) Monopoly Madness.

10. Transfers between funds:

The transfer of \$63,333 (2009 - nil) from the Operating Fund to the Capital Fund was made for mortgage payments on the property.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2010

11. Related party:

Club Services has the ability to exercise significant influence over the Foundation as a result of having certain directors in common. During the year, the Foundation made disbursements totaling \$185,418 (2009 - \$189,287) to support programs operated by Club Services. At year end accounts payable includes a balance payable to Club Services totaling \$157,568 (2009 - \$77,637). The amount includes \$66,000 (2009 - \$66,000) due to the Bull Memorial Fund.

12. Financial instruments:

The fair value of cash and short-term deposits, investments, accounts receivable, accounts payable and mortgage payable 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.

13. Investment income:

	2010	2009
Net gains (losses)	\$ 104,733	\$ (108,999)
Interest	24,784	31,088
	<u>\$ 129,517</u>	<u>\$ (77,911)</u>

14. Capital management:

The Foundation defines capital to be its fund balances. The Foundation receives its principal source of capital through donations, fundraising and investments. The Foundation's objective when managing capital is to fund its operations and maintain a reserve sufficient to ensure the entity has time to adjust to future changes in revenues and operating costs. The Foundation monitors expenses and preserves capital in accordance with operating budgets.

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