

Financial Statements of

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

Years ended January 31, 2013 and 2012



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INDEPENDENT AUDITORS' REPORT

To the Members of the 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 statements of financial position as at January 31, 2013, January 31, 2012 and February 1, 2011, the statements of operations and changes in fund balances and cash flows for the years ended January 31, 2013 and January 31, 2012, 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 audits. We conducted our audits 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 in our audits 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 January 31, 2013, January 31, 2012, and February 1, 2012 and for the years ended January 31, 2013 and January 31, 2012, any adjustments might be necessary to donation revenues and excess of revenues over expenses reported in the statements of operations, 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.

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, 2013, January 31, 2012 and February 1, 2011 and its results of operations and its cash flows for the years ended January 31, 2013 and January 31, 2012 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.

KPMG LLP

Chartered Accountants

April 18, 2013

Victoria, Canada

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statements of Financial Position

January 31, 2013, January 31, 2012 and February 1, 2011

	Operating Fund	Endowment Funds	Capital Fund	January 31, 2013 Total	January 31, 2012 Total	February 1, 2011 Total
				(Schedule 1)	(Schedule 2)	
Assets						
Current assets:						
Cash	\$ 91,261	54,459	96,930	242,650	125,448	64,412
Accounts receivable	3,804	761	1,542	6,107	21,779	20,758
Interfund balances	265,908	(193,610)	(72,298)	-	-	-
	360,973	(138,390)	26,174	248,757	147,227	85,170
Investments (note 2)	-	626,273	350,961	977,234	961,464	960,735
Other assets (note 3)	-	24,375	-	24,375	24,375	24,375
Property and equipment (note 4)	-	-	2,323,519	2,323,519	2,321,230	2,326,874
	-	650,648	2,674,480	3,325,128	3,307,069	3,311,984
	\$ 360,973	512,258	2,700,654	3,573,885	3,454,296	3,397,154

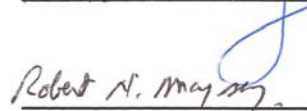
Liabilities and Fund Balances

Current liabilities:						
Accounts payable (note 8)	\$ 81,927	-	66,000	147,927	103,061	148,005
Fund balances:						
Invested in property and equipment	-	-	2,257,519	2,257,519	2,255,230	2,260,874
Externally restricted (note 5)	-	512,258	186,215	698,473	665,847	678,246
Internally restricted (note 6)	-	-	190,920	190,920	175,730	182,956
Unrestricted	279,046	-	-	279,046	254,428	127,073
	279,046	512,258	2,634,654	3,425,958	3,351,235	3,249,149
	\$ 360,973	512,258	2,700,654	3,573,885	3,454,296	3,397,154

See accompanying notes to financial statements.

Approved by the Board:

 Director

 Director

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statements of Operations and Changes in Fund Balances

Year ended January 31, 2013	Operating Fund	Endowment Funds	Capital Fund	Total 2013
Revenue:				
Donations	\$ 176,135	54,560	13,095	243,790
Fundraising events (note 7)	19,629	-	-	19,629
Use of facilities (note 8)	40,000	-	-	40,000
Investment income (note 9)	23,666	-	16,455	40,121
	259,430	54,560	29,550	343,540
Expense:				
Donations (note 8)	161,938	-	-	161,938
Fundraising costs	50,361	-	-	50,361
Stationery, advertising and postage	10,333	-	-	10,333
Accounting, audit and legal fees	5,675	-	-	5,675
Office and bank charges	6,505	-	1,235	7,740
Amortization of property and equipment	-	-	32,770	32,770
	234,812	-	34,005	268,817
Excess (deficiency) of revenue over expense	24,618	54,560	(4,455)	74,723
Fund balances, beginning of year	254,428	457,698	2,639,109	3,351,235
Fund balances, end of year	\$ 279,046	512,258	2,634,654	3,425,958
Year ended January 31, 2012				
	Operating Fund	Endowment Funds	Capital Fund	Total 2012
Revenue:				
Donations	\$ 179,854	4,030	110,506	294,390
Fundraising events (note 7)	16,137	-	-	16,137
Use of facilities (note 8)	40,000	-	-	40,000
Investment income (note 9)	48,996	-	2,563	51,559
	284,987	4,030	113,069	402,086
Expense:				
Donations (notes 5 (b) and 8)	86,106	100,000	3,000	189,106
Fundraising costs	48,136	-	-	48,136
Stationery, advertising and postage	2,953	-	-	2,953
Accounting, audit and legal fees	11,065	-	-	11,065
Professional fees	-	-	5,734	5,734
Office and bank charges	9,372	-	1,055	10,427
Amortization of property and equipment	-	-	32,579	32,579
	157,632	100,000	42,368	300,000
Excess (deficiency) of revenue over expense	127,355	(95,970)	70,701	102,086
Fund balances, beginning of year	127,073	553,668	2,568,408	3,249,149
Fund balances, end of year	\$ 254,428	457,698	2,639,109	3,351,235

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statements of Cash Flows

Years ended January 31, 2013 and 2012

	2013	2012
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expense	\$ 74,723	\$ 102,086
Items not involving cash:		
Amortization of property and equipment	32,770	32,579
Net gain on investments	(8,338)	(16,929)
Shares received as donation	(1,994)	(51,325)
Changes in non-cash operating working capital:		
Accounts receivable	15,672	(1,021)
Accounts payable	44,866	(44,944)
	<u>157,699</u>	<u>20,446</u>
Investing activities:		
Purchases of investments	(719,196)	(328,985)
Sales of investments	713,758	396,510
Purchases of property and equipment	(35,059)	(26,935)
	<u>(40,497)</u>	<u>40,590</u>
Increase in cash	117,202	61,036
Cash, beginning of year	125,448	64,412
Cash, end of year	<u>\$ 242,650</u>	<u>\$ 125,448</u>

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Years ended January 31, 2013 and 2012

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.

On February 1, 2012, the Foundation adopted Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with these standards.

In accordance with the transitional provisions in ASNPO, the Foundation has adopted the changes retrospectively. The transition date is February 1, 2011 and all comparative information provided has been presented by applying ASNPO.

There were no transitional adjustments to fund balances as at February 1, 2011 or excess (deficiency) of revenue over expenses for the year ended January 31, 2012 as a result of the transition to ASNPO.

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.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Years ended January 31, 2013 and 2012

1. Significant accounting policies (continued):

(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.

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:

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. 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.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Years ended January 31, 2013 and 2012

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

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.

(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.

(g) Pledges:

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

Years ended January 31, 2013 and 2012

2. Investments:

	2013	2012
Money market instruments	\$ 827,957	\$ 274,658
Fixed income	122,876	245,433
Equities	26,401	441,373
	\$ 977,234	\$ 961,464

Investments include term deposits, short-term notes, bonds and debentures which mature at various dates between February 2013 and June 2016 and bear interest at rates ranging from 1.30% to 5.75%.

3. Other assets:

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

4. Property and equipment:

	Cost	Accumulated amortization	2013 Net book value
Land	\$ 1,579,591	\$ -	\$ 1,579,591
Buildings	855,061	145,210	709,851
Parking lot	48,647	15,668	32,979
Office equipment	7,426	6,328	1,098
	\$ 2,490,725	\$ 167,206	\$ 2,323,519

	Cost	Accumulated amortization	2012 Net book value
Land	\$ 1,579,591	\$ -	\$ 1,579,591
Buildings	820,002	115,582	704,420
Parking lot	48,647	12,800	35,847
Office equipment	7,426	6,054	1,372
	\$ 2,455,666	\$ 134,436	\$ 2,321,230

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Years ended January 31, 2013 and 2012

5. Externally restricted funds:

(a) Endowment Funds:

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

	2013	2012
The Our Children - Our Future Fund	\$ 4,477	\$ 299
The Harman Family Fund	63,729	63,729
The Mel Cooper Fund for Youth Leadership	116,866	116,866
The Betty Hansen Memorial Fund	11,317	11,317
The Joyce Peterson Memorial Fund	10,096	9,714
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	50,000	-
	\$ 512,258	\$ 457,698

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

Years ended January 31, 2013 and 2012

5. 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.

The CIBC Wood Gundy / Michael O'Brien Fund 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.

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:

	2013	2012
The Our Children - Our Future Fund	\$ 4,294	\$ 2,892
The Betty Hansen Memorial Fund	-	50
The Joyce Peterson Memorial Fund	266	538
Philip Chan Memorial Fund	-	550
CIBC Wood Gundy / Michael O'Brien Fund	50,000	-
	\$ 54,560	\$ 4,030

(b) Victoria Foundation Endowment Fund:

In December 2011, the Foundation transferred \$100,000 from The Our Children – Our Future Fund to the Victoria Foundation to create an endowment fund, the Boys & Girls Club Our Children Our Future Fund, to be held and managed in perpetuity by the Victoria Foundation. Future distributions from the Victoria Foundation Endowment Fund will be made in consultation with the Foundation and recorded as revenue of the Operating Fund.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Years ended January 31, 2013 and 2012

5. Externally restricted funds (continued):

(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.

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

	2013	2012
Opening balance	\$ 208,149	\$ 124,578
Create A Ripple contributions	13,095	110,506
Less purchase of property and equipment	(35,029)	(26,935)
Closing balance	\$ 186,215	\$ 208,149

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. Fundraising events:

The Foundation undertakes fundraising activities to benefit Club Services and the Foundation. During the year, the Foundation held its second annual Wild About Whales Derby.

8. 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 \$161,938 (2012 - \$89,106) to support programs operated by Club Services. At year end accounts payable includes a balance payable to Club Services totaling \$141,421 (2012 - \$77,776). The amount includes \$66,000 (2012 - \$66,000) due to 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.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Years ended January 31, 2013 and 2012

9. Investment income:

	2013		2012	
Net gains	\$	6,017	\$	16,929
Interest and dividends		34,104		34,630
	\$	40,121	\$	51,559

10. Financial instruments:

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

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 CLUBS OF GREATER VICTORIA FOUNDATION

Statement of Financial Position

Schedule 1

January 31, 2012

	Operating Fund	Endowment Funds	Capital Fund	Total 2012
Assets				
Current assets:				
Cash	\$ 62,737	3,194	59,517	125,448
Accounts receivable	3,279	281	18,219	21,779
Interfund balances	225,473	(197,213)	(28,260)	-
	291,489	(193,738)	49,476	147,227
Investments (note 2)	-	627,061	334,403	961,464
Other assets (note 3)	-	24,375	-	24,375
Property and equipment (note 4)	-	-	2,321,230	2,321,230
	-	651,436	2,655,633	3,307,069
	\$ 291,489	457,698	2,705,109	3,454,296

Liabilities and Fund Balances

Current liabilities:				
Accounts payable (note 8)	\$ 37,061	-	66,000	103,061
Fund balances:				
Invested in property and equipment	-	-	2,255,230	2,255,230
Externally restricted (note 5)	-	457,698	208,149	665,847
Internally restricted (note 6)	-	-	175,730	175,730
Unrestricted	254,428	-	-	254,428
	254,428	457,698	2,639,109	3,351,235
	\$ 291,489	457,698	2,705,109	3,454,296

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statement of Financial Position

Schedule 2

February 1, 2011

	Operating Fund	Endowment Funds	Capital Fund	Total 2011
Assets				
Current assets:				
Cash	\$ 32,605	23,729	8,078	64,412
Accounts receivable	1,243	398	19,117	20,758
Interfund balances	175,230	(174,956)	(274)	-
	209,078	(150,829)	26,921	85,170
Investments	-	680,122	280,613	960,735
Other assets	-	24,375	-	24,375
Property and equipment	-	-	2,326,874	2,326,874
	-	704,497	2,607,487	3,311,984
	\$ 209,078	553,668	2,634,408	3,397,154

Liabilities and Fund Balances

Current liabilities:				
Accounts payable	\$ 82,005	-	66,000	148,005
Fund balances:				
Invested in property and equipment	-	-	2,260,874	2,260,874
Externally restricted	-	553,668	124,578	678,246
Internally restricted	-	-	182,956	182,956
Unrestricted	127,073	-	-	127,073
	127,073	553,668	2,568,408	3,249,149
	\$ 209,078	553,668	2,634,408	3,397,154