

Financial Statements of

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

Year ended January 31, 2014



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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 statement of financial position as at January 31, 2014, 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, 2014 and January 31, 2013, any adjustments might be necessary to donations revenues 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, 2013.

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, 2014, 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.



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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 16, 2014

Victoria, Canada

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statement of Financial Position

January 31, 2014, with comparative information for 2013


	Operating Fund	Endowment Funds	Capital Fund	2014 Total	2013 Total
Assets					
Current assets:					
Cash	\$ 213,602	3,331	49,607	266,540	242,650
Accounts receivable	920	760	2,893	4,573	6,107
Interfund balances	328,829	(223,873)	(104,956)	-	-
	543,351	(219,782)	(52,456)	271,113	248,757
Investments (note 2)	-	751,693	363,787	1,115,480	977,234
Other assets (note 3)	-	24,375	-	24,375	24,375
Property and equipment (note 4)	-	-	2,311,140	2,311,140	2,323,519
	-	776,068	2,674,927	3,450,995	3,325,128
	\$ 543,351	556,286	2,622,471	3,722,108	3,573,885

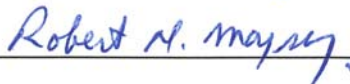
Liabilities and Fund Balances

Current liabilities:					
Accounts payable (note 8)	\$ 261,788	-	-	261,788	147,927
Fund balances:					
Invested in property and equipment	-	-	2,311,140	2,311,140	2,257,519
Externally restricted (note 5)	-	556,286	173,513	729,799	698,473
Internally restricted (note 6)	-	-	137,818	137,818	190,920
Unrestricted	281,563	-	-	281,563	279,046
	281,563	556,286	2,622,471	3,460,320	3,425,958
	\$ 543,351	556,286	2,622,471	3,722,108	3,573,885

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, 2014, with comparative information for 2013

	Operating Fund	Endowment Funds	Capital Fund	Total 2014	Total 2013
Revenue:					
Donations	\$ 231,765	44,028	11,452	287,245	243,790
Fundraising events (note 7)	33,368	-	-	33,368	19,629
Use of facilities (note 8)	40,000	-	-	40,000	40,000
Investment income (note 9)	64,496	-	12,999	77,495	40,121
	369,629	44,028	24,451	438,108	343,540
Expense:					
Donations (note 8)	294,755	-	4,428	299,183	161,938
Fundraising costs	50,090	-	-	50,090	50,361
Stationery, advertising and postage	6,831	-	-	6,831	10,333
Accounting, audit and legal fees	6,270	-	-	6,270	5,675
Office and bank charges	9,166	-	103	9,269	7,740
Amortization of property and equipment	-	-	32,103	32,103	32,770
	367,112	-	36,634	403,746	268,817
Excess (deficiency) of revenue over expense	2,517	44,028	(12,183)	34,362	74,723
Fund balances, beginning of year	279,046	512,258	2,634,654	3,425,958	3,351,235
Fund balances, end of year	\$ 281,563	556,286	2,622,471	3,460,320	3,425,958

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statement of Cash Flows

Year ended January 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expense	\$ 34,362	\$ 74,723
Items not involving cash:		
Amortization of property and equipment	32,103	32,770
Net gain on investments	(50,300)	(8,338)
Shares received as donation	-	(1,994)
Changes in non-cash operating working capital:		
Accounts receivable	1,534	15,672
Accounts payable	113,861	44,866
	<u>131,560</u>	<u>157,699</u>
Investing activities:		
Purchases of investments	(837,377)	(719,196)
Sales of investments	749,431	713,758
Purchases of property and equipment	(19,724)	(35,059)
	<u>(107,670)</u>	<u>(40,497)</u>
Increase in cash	23,890	117,202
Cash, beginning of year	242,650	125,448
Cash, end of year	<u>\$ 266,540</u>	<u>\$ 242,650</u>

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2014

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.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2014

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 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, 2014

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 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.

2. Investments:

	2014	2013
Money market instruments	\$ 147,660	\$ 827,957
Fixed income	506,107	122,876
Equities	461,713	26,401
	\$ 1,115,480	\$ 977,234

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, 2014

4. Property and equipment:

	Cost	Accumulated amortization	2014 Net book value
Land	\$ 1,579,591	\$ -	\$ 1,579,591
Buildings	874,786	174,456	700,330
Parking lot	48,647	18,306	30,341
Office equipment	7,426	6,548	878
	\$ 2,510,450	\$ 199,310	\$ 2,311,140

	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

5. Externally restricted funds:

(a) Endowment Funds:

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

	2014	2013
The Our Children - Our Future Fund	\$ 5,945	\$ 4,477
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	10,566	10,096
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)	42,090	-
	\$ 556,286	\$ 512,258

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

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2014

5. Externally restricted funds (continued):

(a) Endowment Funds (continued):

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 Central Saanich Community Club of Club Services.

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

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2014

5. Externally restricted funds (continued):

(a) Endowment Funds (continued):

Endowment contributions by fund during the year are as follows:

	2014	2013
The Our Children - Our Future Fund	\$ 1,468	\$ 4,294
The Joyce Peterson Memorial Fund	470	266
CIBC Wood Gundy / Michael O'Brien Fund (Bursaries)	-	50,000
CIBC Wood Gundy / Michael O'Brien Fund (Central Saanich)	42,090	-
	\$ 44,028	\$ 54,560

(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 \$3,637 (2013 - \$nil) 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.

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

	2014	2013
Opening balance	\$ 186,215	\$ 208,149
Create A Ripple contributions	7,022	13,095
Less purchase of property and equipment	(19,724)	(35,029)
Closing balance	\$ 173,513	\$ 186,215

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.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Year ended January 31, 2014

7. Fundraising events:

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

8. 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 \$299,183 (2013 - \$161,938) to support programs operated by Club Services. At year end accounts payable includes a balance payable to Club Services totaling \$256,290 (2013 - \$141,421). 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.

9. Investment income:

	2014		2013	
Net gains	\$	50,587	\$	6,017
Interest and dividends		26,908		34,104
	\$	77,495	\$	40,121

10. 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 on a daily basis by the portfolio manager 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 2013.