

Financial Statements of

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

And Independent Auditors' Report thereon

Year ended March 31, 2019



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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

#### *Opinion*

We have audited the financial statements of Boys & Girls Clubs of Greater Victoria Foundation (the Entity), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019 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.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

*KPMG LLP*

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Chartered Professional Accountants

Victoria, Canada

July 11, 2019

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

## Statement of Financial Position

March 31, 2019, with comparative information for 2018

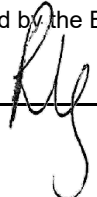
	Operating Fund	Endowment Funds	Capital Fund	2019 Total	2018 Total
<b>Assets</b>					
Current assets:					
Cash and short-term investments	\$ 20,266	\$ 15,891	\$ 74,404	\$ 110,561	\$ 173,855
Trade receivable	3,789	-	-	3,789	2,593
Interfund balances	472,436	(351,599)	(120,837)	-	-
	496,491	(335,708)	(46,433)	114,350	176,448
Investments (note 2)	107,002	1,056,161	384,175	1,547,338	1,367,176
Property and equipment (note 3)	-	-	2,230,270	2,230,270	2,250,670
	\$ 603,493	\$ 720,453	\$ 2,568,012	\$ 3,891,958	\$ 3,794,294

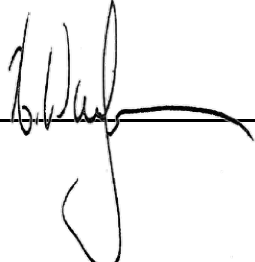
## Liabilities and Shareholder's Equity

Current liabilities:					
Accounts payable and accrued liabilities (note 6)	\$ 192,600	\$ -	\$ 5,589	\$ 198,189	\$ 69,933
	192,600	-	5,589	198,189	69,933
Fund Balances:					
Invested in property and equipment	-	-	2,109,433	2,109,433	2,134,128
Externally restricted (note 4)	-	720,453	257,041	977,494	956,071
Internally restricted (note 5)	107,002	-	195,949	302,951	185,485
Unrestricted	303,891	-	-	303,891	448,677
	410,893	720,453	2,562,423	3,693,769	3,724,361
	\$ 603,493	\$ 720,453	\$ 2,568,012	\$ 3,891,958	\$ 3,794,294

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 March 31, 2019, with comparative information for 2018

	Operating Fund	Endowment Funds	Capital Fund	2019 Total	2018 Total
<b>Revenue:</b>					
Investment income (note 7)	\$ 72,584	\$ -	\$ 32,028	\$ 104,612	\$ 47,107
Donations	7,543	5,458	-	13,001	52,672
Use of facilities	-	-	-	-	40,000
	80,127	5,458	32,028	117,613	139,779
<b>Expenses:</b>					
Donations expense (note 6)	69,375	-	-	69,375	700
Amortization of capital assets	-	-	30,294	30,294	32,068
Administration costs	25,655	-	-	25,655	40,801
Professional fees	14,495	-	-	14,495	10,410
Office and general	8,386	-	-	8,386	4,352
	117,911	-	30,294	148,205	88,331
Excess (deficiency) of revenue over expense	(37,784)	5,458	1,734	(30,592)	51,448
Fund balances, beginning of year	448,677	714,995	2,560,689	3,724,361	3,672,913
Fund balances, end of year	\$ 410,893	\$ 720,453	\$ 2,562,423	\$ 3,693,769	\$ 3,724,361

See accompanying notes to financial statements.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expense	\$ (30,592)	\$ 51,448
Items not involving cash:		
Amortization	30,294	32,068
Net gain on investments (note 7)	(34,306)	(6,671)
Changes in non-cash operating working capital:		
Accounts receivable	(1,196)	16,022
Accounts payable	128,256	9,187
	<u>92,456</u>	<u>102,054</u>
Investing activities:		
Net change in investments	(145,856)	(39,516)
Purchase of property and equipment	(9,894)	(48,546)
	<u>(155,750)</u>	<u>(88,062)</u>
Increase (decrease) in cash	(63,294)	13,992
Cash, beginning of year	173,855	159,863
Cash, end of year	<u>\$ 110,561</u>	<u>\$ 173,855</u>

See accompanying notes to financial statements.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended March 31, 2019

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Boys & Girls Clubs of Greater Victoria Foundation (the "Foundation") is incorporated under the Society Act (British Columbia) and is a registered charity. The Foundation transitioned to the new Societies Act (British Columbia) on December 2, 2018. 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 Operating Fund includes the Cow Memorial Fund, an internally restricted fund established to honour 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.

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 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 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 (continued)

Year ended March 31, 2019

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## 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.

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

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 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 (continued)

Year ended March 31, 2019

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## 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 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.

Asset	Rate
Buildings	4%
Parking lots	8%
Office equipment	20%

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### (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.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

## 2. Investments:

	2019	2018
Money market instruments	\$ 160,925	\$ 197,443
Fixed income	529,838	511,930
Equities	856,575	657,803
	<b>\$ 1,547,338</b>	<b>\$ 1,367,176</b>

## 3. Property and equipment:

	2019		
	Cost	Accumulated amortization	Net book value
Land	\$ 1,579,591	\$ -	\$ 1,579,591
Building	937,891	315,496	622,395
Parking lot	63,295	35,287	28,008
Office equipment	7,426	7,150	276
	<b>\$ 2,588,203</b>	<b>\$ 357,933</b>	<b>\$ 2,230,270</b>
	2018		
	Cost	Accumulated amortization	Net book value
Land	\$ 1,579,591	\$ -	\$ 1,579,591
Building	927,995	288,454	639,541
Parking lot	63,295	32,102	31,193
Office equipment	7,426	7,081	345
	<b>\$ 2,578,307</b>	<b>\$ 327,637</b>	<b>\$ 2,250,670</b>

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

## 4. Externally restricted funds:

### (a) Endowment Funds:

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

	2019	2018
The Our Children - Our Future Fund	\$ 13,890	\$ 8,432
The Harman Family Fund	63,729	63,729
The Mel Cooper Fund for Youth Leadership	92,491	92,491
The Betty Hansen Memorial Fund	11,467	11,467
The Joyce Peterson Memorial Fund	11,779	11,779
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)	70,000	70,000
Bob & Sara Harman Central Saanich Fund	51,324	51,324
Saanich Fruit Growers Association Fund	100,000	100,000
<b>Balance, end of year</b>	<b>\$ 720,453</b>	<b>\$ 714,995</b>

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.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

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## 4. Externally restricted funds (continued):

### (a) Endowment Funds (continued):

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.

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.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

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#### 4. Externally restricted funds (continued):

(a) Endowment Funds (continued):

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

Endowment contributions by fund during the year are as follows:

	2019		2018	
The Our Children - Our Future Fund	\$	5,458	\$	452
The Joyce Peterson Memorial Fund		-		60
	\$	5,458	\$	512

(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 ended March 31, 2019, the Foundation received distributions of \$5,458 (March 31, 2018 - \$7,634) from the Victoria Foundation Endowment Fund.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

## 4. 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.

	2019	2018
Balance, beginning of year	\$ 241,076	\$ 234,753
Create A Ripple contributions	15,965	6,323
Balance, end of year	\$ 257,041	\$ 241,076

## 5. Internally restricted fund balances:

The internally restricted Operating Fund includes the Cow Memorial Fund established to assist in the start-up phase of new and innovative programs as described in note 1(a).

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.

## 6. Related party:

Boys & Girls Club Services of Greater Victoria is a related party to the Foundation. The Boards may have certain directors in common. During the year ended March 31, 2019, the Foundation made disbursements totaling \$68,873 (2018 - \$nil) to support programs operated by Club Services. At March 31, 2019, accounts payable in the Foundation includes balances payable to Club Services totaling \$157,246 (2018 - \$64,484). This includes administration costs of \$25,500 owing to Club Services from the Foundation and an endowment transfer of \$91,854 from Club Services to the Foundation. This transfer relates to the Bull Memorial Fund and facilitates matching assets held to the Investment and Endowment Policy for the Agency; repayment terms have been defined over a five year period without interest.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

## 7. Investment income:

	2019		2018	
Net gains	\$	34,306	\$	6,671
Interest and dividends		70,306		40,436
	\$	104,612	\$	47,107

## 8. Financial instruments:

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

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.

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. The Foundation manages the risk associated with credit risk through its policy of dealing with high credit quality financial institutions. Investments are managed by external advisors in accordance with the Foundation's Investment Policy specifying the required asset mix and minimum required credit ratings of investments within the portfolio.

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no change in the risk exposure from 2018.

## 9. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.