

Financial Statements of

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

And Independent Auditors' Report thereon

Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Members of Boys & Girls Club Services of Greater Victoria

Report on the Financial Statements

Opinion

We have audited the financial statements of Boys & Girls Club Services of Greater Victoria (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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Professional Accountants

Victoria, Canada

July 11, 2019

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Statement of Financial Position

March 31, 2019, with comparative information for 2018

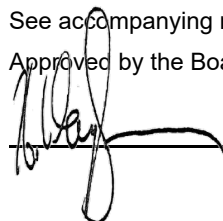
	Operating Fund	Capital Fund	Bull Memorial Fund	2019 Total	2018 Total
Assets					
Current assets:					
Cash and short-term investments	\$ 2,193,172	\$ 263,370	\$ 29,467	\$ 2,486,009	\$ 2,100,726
Trade receivable (note 4)	232,312	-	90,854	323,166	270,575
Prepaid expenses	63,485	-	-	63,485	55,741
Interfund balances	91,973	(99,211)	7,238	-	-
	2,580,942	164,159	127,559	2,872,660	2,427,042
Property and equipment (note 2)	-	354,911	-	354,911	399,789
	\$ 2,580,942	\$ 519,070	\$ 127,559	\$ 3,227,571	\$ 2,826,831

Liabilities

Current liabilities:					
Accounts payable and accrued liabilities (note 7)	\$ 248,585	\$ -	\$ -	\$ 248,585	\$ 215,372
Deferred revenue (note 3)	2,087,109	-	-	2,087,109	1,694,886
	2,335,694	-	-	2,335,694	1,910,258
Deferred capital contributions (note 3)	-	267,950	-	267,950	294,493
	2,335,694	267,950	-	2,603,644	2,204,751
Fund balances:					
Invested in property and equipment	-	86,961	-	86,961	105,296
Internally restricted	-	-	127,559	127,559	286,024
Unrestricted	245,248	164,159	-	409,407	230,760
	245,248	251,120	127,559	623,927	622,080
Commitments (note 6)					
	\$ 2,580,942	\$ 519,070	\$ 127,559	\$ 3,227,571	\$ 2,826,831

See accompanying notes to financial statements.

Approved by the Board:



Director



Director

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Statement of Operations and Changes in Fund Balances

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

	Operating Fund	Capital Fund	Bull Memorial Fund	2019 Total	2018 Total
Revenue:					
Government grants - provincial	\$ 3,087,720	\$ -	\$ -	\$ 3,087,720	\$ 3,037,960
Government grants - municipal	25,000	-	-	25,000	30,833
Government grants - federal	8,046	-	-	8,046	34,449
Participant program fees	667,926	-	-	667,926	590,874
Foundation and other grants (note 4)	267,494	-	7,691	275,185	200,861
United Way contributions	105,000	-	-	105,000	30,000
Community Gaming grant	87,037	-	-	87,037	103,845
Use of facilities	43,677	-	-	43,677	76,901
Amortization of deferred capital contributions (note 3)	-	26,543	-	26,543	41,124
Interest income	14,185	-	-	14,185	3,209
Fundraising special events	6,650	-	-	6,650	74,244
Other income	-	-	-	-	26,050
	<u>4,312,735</u>	<u>26,543</u>	<u>7,691</u>	<u>4,346,969</u>	<u>4,250,350</u>
Expenses:					
Salaries and benefits	3,094,227	-	-	3,094,227	2,856,074
Program delivery	525,925	-	-	525,925	586,762
Building	341,657	-	-	341,657	306,441
Office and general	194,152	-	-	194,152	189,033
Transportation	79,458	-	-	79,458	102,228
Amortization of capital assets	-	46,875	-	46,875	49,178
Miscellaneous	39,871	-	-	39,871	44,440
Professional fees	20,922	-	-	20,922	17,892
Fundraising and development	2,035	-	-	2,035	31,063
Contribution to Foundation	-	-	-	-	18,345
	<u>4,298,247</u>	<u>46,875</u>	<u>-</u>	<u>4,345,122</u>	<u>4,201,456</u>
Excess (deficiency) of revenue over expense	14,488	(20,332)	7,691	1,847	48,894
Fund balances, beginning of year	230,760	271,452	119,868	622,080	573,186
Fund balances, end of year	<u>\$ 245,248</u>	<u>\$ 251,120</u>	<u>\$ 127,559</u>	<u>\$ 623,927</u>	<u>\$ 622,080</u>

See accompanying notes to financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Statement of Cash Flows

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

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expense	\$ 1,847	\$ 48,894
Items not involving cash:		
Amortization	46,875	49,178
Amortization of deferred capital contributions	(26,543)	(41,124)
Changes in non-cash operating working capital:		
Accounts receivable	(52,591)	(154,622)
Prepaid expenses	(7,744)	13,551
Accounts payable and accrued liabilities	33,213	(55,660)
Deferred revenue	392,223	369,777
	<u>387,280</u>	<u>229,994</u>
Investing activities:		
Proceeds from disposition of property and equipment	4,161	-
Purchase of property and equipment	(6,158)	(39,561)
	<u>(1,997)</u>	<u>(39,561)</u>
Increase in cash and short-term investments	385,283	190,433
Cash and short-term investments, beginning of year	2,100,726	1,910,293
Cash and short-term investments, end of year	<u>\$ 2,486,009</u>	<u>\$ 2,100,726</u>

See accompanying notes to financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2019

Boys & Girls Club Services of Greater Victoria ("Club Services") is a registered charity and is incorporated under the Society Act (British Columbia). The Society transitioned to the new Societies Act (British Columbia) on December 2, 2018. The primary mission of Club Services is to provide a safe, supportive place where children, youth and families can experience new opportunities, overcome barriers, build positive relationships and develop confidence and skills for life. We believe that neighbourhood and community-based approaches that reach out to children, youth and families hold the greatest potential for fulfilling our agency mission and our various programs and services are designed with that belief in mind.

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting:

The Operating Fund reports the assets, liabilities, revenues and expenses related to program delivery and administrative activities.

The Capital Fund reports assets, liabilities, revenues and expenses related to property and equipment and amounts held for future repairs, improvements or purchases of property and equipment.

The Bull Memorial Fund is an internally restricted fund established to honor the memory of Colonel R. Bull, founder and long-time supporter of Club Services. The purpose of this fund is to assist in the start-up phase of new and innovative programs where alternative funds are not immediately available. Funding must be based on a fair expectation of eventual recovery from other sources or the expectation that ongoing funding will ultimately become available to continue the program after the start-up phase.

(b) Contributed materials and service:

Donated materials and services are recognized in the financial statements when a fair value can be reasonably established, when the materials and services are used in the normal course of operations and would otherwise have been purchased.

A number of people donate time and expertise to Club Services across its operations. As no objective basis exists to record and assign fair values to such contributions, the value of this time has not been reflected in these financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(c) Revenue recognition:

Club Services follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purpose of acquiring property and equipment are initially deferred and subsequently recognized as revenue on the same basis as the acquired assets are amortized.

Investment income, recorded on the accrual basis, includes interest income, dividends and net gain (loss) on investments, including holding gains (losses).

(d) Financial instruments:

Financial instruments (financial assets and financial liabilities) are recorded at fair value on initial recognition. Investments are subsequently measured at fair value and all changes in the fair value are recognized in net income in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Club Services has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, Club Services determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount Club Services expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(e) Property and equipment:

Property and equipment is recorded in the Capital Fund at cost. Contributed property and equipment are recorded in the Capital Fund at fair value at the date of contribution if the fair value at the date of contribution can be reasonably determined. Amortization is computed using the declining balance method at the following rates calculated to amortize the cost of the assets over their estimated useful lives. Amortization is reported in the Capital Fund.

Asset	Rate
Buildings	4%
Leasehold improvements	Lesser of useful life and lease term
Furniture and equipment	10% - 30%
Automotive	20%
Program equipment	50%

(f) Use of estimates:

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

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements (continued)

Year ended March 31, 2019

2. Property and equipment:

	2019		
	Cost	Accumulated amortization	Net book value
Buildings	\$ 449,130	\$ 162,726	\$ 286,404
Leasehold improvements	4,000	2,607	1,393
Furniture and equipment	279,444	267,484	11,960
Automotive	489,376	435,253	54,123
Program equipment	84,503	83,472	1,031
	\$ 1,306,453	\$ 951,542	\$ 354,911

	2018		
	Cost	Accumulated amortization	Net book value
Buildings	\$ 449,130	\$ 150,792	\$ 298,338
Leasehold improvements	4,000	2,259	1,741
Furniture and equipment	273,673	253,208	20,465
Automotive	493,150	415,292	77,858
Program equipment	84,503	83,116	1,387
	\$ 1,304,456	\$ 904,667	\$ 399,789

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

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements (continued)

Year ended March 31, 2019

3. Deferred revenue and deferred capital contributions:

(a) Deferred revenue:

Deferred revenue in the Operating Fund comprises externally restricted operating grants received in the current year or a prior year which will be recognized as revenue when the related costs are incurred.

Operating Fund	2019	2018
Balance, beginning of year	\$ 1,694,886	\$ 1,325,109
Amounts recognized as revenue in the year:		
Government grants	(30,919)	(312,917)
Grants - foundation/organizations	(25,646)	(19,950)
	(56,565)	(332,867)
Amounts received related to future periods:		
Government grants	512,642	337,423
Grants - foundation/organizations	-	365,221
	512,642	702,644
Unspent funds returned	(63,854)	-
Balance, end of year	\$ 2,087,109	\$ 1,694,886

(b) Deferred capital contributions:

Deferred capital contributions in the Capital Fund comprise unamortized externally restricted contributions.

Capital Fund	2019	2018
Balance, beginning of year	\$ 294,493	\$ 335,617
Contributions amortized as revenue	(26,543)	(41,124)
Balance, end of year	\$ 267,950	\$ 294,493

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements (continued)

Year ended March 31, 2019

4. Related party:

Club Services is a related party to the Boys & Girls Clubs of Greater Victoria Foundation (the "Foundation"). The Boards may have certain directors in common. The Foundation is dedicated to enhancing the quality of life in our community through the establishment and stewardship of endowment, capital and operating funds and the distribution of those funds in support of the aims and interests of Club Services and other institutions, groups or persons in respect of activities relating to youth. The Foundation is incorporated under the Society Act (British Columbia) and is a registered charity. During the year, the Foundation made contributions to the Operating Fund of \$68,873 (2018 - nil) to support programs operated by Club Services. At March 31, 2019, accounts receivable of Club Services includes balances receivable from the Foundation 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 the assets held to the Investment and Endowment policy for the Agency; repayment terms have been defined over a five year period without interest.

5. Financial instruments:

Club Services' financial instruments include cash and short-term investments, accounts receivable and accounts payable and accrued liabilities.

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. Club Services manages the risk associated with credit risk through its policy of dealing with high credit quality financial institutions.

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

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements (continued)

Year ended March 31, 2019

6. Commitments:

Club Services leases premises for its main office in Esquimalt, British Columbia and entered into a lease with a five year term in 2015 with an option to renew for a further five year period. Payments excluding taxes and operating costs totaling \$41,877 are due over the remainder of the lease term as shown below:

2020	\$	41,877
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In September 2018, Club Services entered into a two year Lease Agreement with Point Ellice Holdings Ltd. with an option to renew for an additional one year. The lease property is to be used with our full time attendance programming and other programmes as may be deemed necessary. Payments excluding taxes and operating costs, totaling \$21,342 are due over the remainder of the lease term as shown below:

2020	\$	21,342
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In May 2014, Club Services entered into a twenty-five year License Agreement with the District of Central Saanich in respect of the use of land upon which Club Services constructed a new facility to house after school and other programming. That facility was constructed during 2014 and became operational in January 2015. Under the terms of the License Agreement, a nominal annual rent is charged to Club Services.

At March 31, 2019, Club Services has an outstanding purchase contract to acquire a vehicle for \$77,612.

7. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of nil (2018 - \$11,060), which represents workers' compensation premiums.

8. Remuneration paid to employees, directors and contractors:

The BC Societies Act came into effect on November 28, 2016. The Act has a requirement for the disclosure in the financial statements of the remuneration of directors, employees and contractors for the financial statements prepared after November 28, 2016. For employee and contractor remuneration the requirement is to disclose amounts paid to individuals whose remuneration was greater than \$75,000. For the 12 months ending March 31, 2019, the Society paid remuneration of \$189,141 to two employees, whom received total annual remuneration of \$75,000 or greater.