

Financial Statements of

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

Year ended January 31, 2010



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AUDITORS' REPORT

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

We have audited the statement of financial position of Boys & Girls Club Services of Greater Victoria as at January 31, 2010 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at January 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants

Victoria, Canada

March 19, 2010

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Statement of Financial Position

January 31, 2010, with comparative figures for 2009

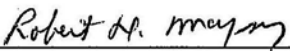
	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2010	Total 2009
Assets					
Current assets:					
Cash and short-term investments	\$ 788,954	72,664	7,248	868,866	1,129,436
Accounts receivable (note 6)	135,129	27	66,000	201,156	250,338
Prepaid expenses	74,316	-	-	74,316	118,833
Due from Operating Fund	-	52,835	-	52,835	8,422
	998,399	125,526	73,248	1,197,173	1,507,029
Property and equipment (note 2)	-	357,622	-	357,622	293,325
	\$ 998,399	483,148	73,248	1,554,795	1,800,354

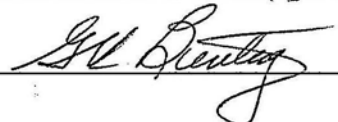
Liabilities and Fund Balances

Current liabilities:					
Accounts payable and accrued liabilities	\$ 261,901	-	-	261,901	246,167
Due to Capital Fund	52,835	-	-	52,835	8,422
Deferred revenue (note 3)	403,427	-	-	403,427	692,323
	718,163	-	-	718,163	946,912
Deferred capital contributions (note 3)	-	231,435	-	231,435	214,423
	718,163	231,435	-	949,598	1,161,335
Fund balances:					
Invested in property and equipment	-	126,188	-	126,188	78,902
Internally restricted (note 4)	96,981	125,525	73,248	295,754	317,122
Unrestricted	183,255	-	-	183,255	242,995
	280,236	251,713	73,248	605,197	639,019
Contingent liability (note 6(b))	\$ 998,399	483,148	73,248	1,554,795	1,800,354

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 January 31, 2010, with comparative figures for 2009

	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2010	Total 2009
Revenue:					
Provincial grants	\$ 3,480,155	-	-	3,480,155	3,576,087
Municipal grants	32,057	-	-	32,057	26,561
Federal grants	42,052	-	-	42,052	89,882
United Way contributions	87,975	-	-	87,975	83,409
Foundation and other grants (note 6)	152,999	-	2,768	155,767	141,000
Fundraising - gaming	84,053	-	-	84,053	72,736
Fundraising - special events	63,495	-	-	63,495	79,295
Participant program fees	260,665	-	-	260,665	282,300
Use of facilities	280,626	-	-	280,626	214,183
Miscellaneous	15,006	-	-	15,006	35,241
Interest	5,172	1,319	-	6,491	18,607
Productive	339	-	-	339	600
Amortization of deferred capital contributions (note 3)	-	29,411	-	29,411	19,449
Gain on disposition of assets	-	1,729	-	1,729	-
	4,504,594	32,459	2,768	4,539,821	4,639,350
Expense:					
Wages and benefits	2,878,268	-	-	2,878,268	2,904,442
Program delivery	866,856	-	-	866,856	922,838
Transportation	142,927	-	-	142,927	155,027
Building occupancy	395,158	-	-	395,158	390,272
Office	137,657	38	16	137,711	150,394
Fundraising and development	2,641	-	-	2,641	5,049
Miscellaneous	16,143	-	-	16,143	15,441
Professional fees	52,910	-	-	52,910	37,318
Loss on disposal of equipment	-	-	-	-	1,682
Amortization of property and equipment	-	81,029	-	81,029	67,662
	4,492,560	81,067	16	4,573,643	4,650,125
Excess (deficiency) of revenue over expense	12,034	(48,608)	2,752	(33,822)	(10,775)
Fund balances, beginning of year	333,000	235,523	70,496	639,019	649,794
Transfers between funds (note 5)	(64,798)	64,798	-	-	-
Fund balances, end of year	\$ 280,236	251,713	73,248	605,197	639,019

See accompanying notes to financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Statement of Cash Flows

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

	2010	2009
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expense	\$ (33,822)	\$ (10,775)
Items not involving cash:		
Amortization of property and equipment	81,029	67,662
Amortization of deferred capital contributions	(29,411)	(19,449)
Loss on disposal of equipment	-	1,682
Changes in non-cash operating working capital:		
Accounts receivable	49,182	(85,451)
Prepaid expenses	44,517	67,401
Accounts payable and accrued liabilities	15,734	46,932
Deferred revenue	(288,896)	92,307
	(161,667)	160,309
Investing activities:		
Purchase of equipment	(98,903)	(43,329)
Decrease in cash and short-term investments	(260,570)	(116,980)
Cash and short-term investments, beginning of year	1,129,436	1,012,456
Cash and short-term investments, end of year	\$ 868,866	\$ 1,129,436

See accompanying notes to financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2010

Boys & Girls Club Services of Greater Victoria ("Club Services") is a registered charity and is incorporated under the Society Act (British Columbia). The primary mission of Club Services is to provide a safe, supportive place where children and youth 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:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Fund accounting:

The Operating Fund reports the assets, liabilities, revenues and expenses related to 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

Year ended January 31, 2010

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 bases as the acquired assets are amortized.

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

(d) Financial instruments:

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

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

(e) Property and equipment:

Property and equipment is recorded in the Capital Fund at cost. Contributions of property and equipment are recorded in the Capital Fund at fair value at the date of contribution. Amortization is computed using the straight-line 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.

Assets	Rate
Buildings	4%
Furniture and equipment	10% - 30%
Automotive	20%
Program equipment	50%

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2010

1. Significant accounting policies (continued):

(f) Use of estimates:

Preparation of financial statements for a year requires estimates and assumptions. Actual results could differ.

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

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

2. Property and equipment:

	Cost	Accumulated amortization	2010 Net book value	2009 Net book value
Buildings	\$ 584,651	\$ 429,507	\$ 155,144	\$ 160,234
Furniture and equipment	311,890	230,873	81,017	105,406
Automotive	417,892	297,750	120,142	20,330
Program equipment	100,389	99,070	1,319	7,355
	<u>\$ 1,414,822</u>	<u>\$ 1,057,200</u>	<u>\$ 357,622</u>	<u>\$ 293,325</u>

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2010

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.

Changes in deferred revenue balances:

Operating Fund	2010	2009
Opening balance	\$ 692,323	\$ 600,016
Less amounts recognized as revenue in the year:		
Government grants	(82,140)	(50,449)
Grants - foundation/organizations	(212,159)	(219,388)
Less unearned government funds returned	(305,326)	-
Add amounts received related to future periods:		
Government grants	195,384	161,342
Grants - foundation/organizations	115,345	200,802
Closing balance	\$ 403,427	\$ 692,323

(b) Deferred capital contributions:

Deferred capital contributions comprise unamortized externally restricted contributions.

Capital Fund	2010	2009
Opening balance	\$ 214,423	\$ 233,872
Add contributed assets	46,423	-
Less contributions amortized as revenue	(29,411)	(19,449)
Balance closing	\$ 231,435	\$ 214,423

4. Internally restricted fund balances:

The internally restricted Operating Fund balance is designated by the Board for community club and other preventative programs.

The internally restricted Capital Fund balance is designated by the Board for property and equipment and future repairs, upgrades or purchases of property and equipment.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2010

5. Transfers between funds:

The following amounts were transferred:

	2010	2009
From Operating Fund to Capital Fund:		
Transportation assessments on vehicles	\$ 18,000	\$ 49,853
For purchase of program equipment	2,622	14,069
For purchase of furniture and equipment	1,106	7,682
Appropriation for building renovations	43,070	17,000
	\$ 64,798	\$ 88,604

6. Related party:

- (a) Club Services has the ability to exercise significant influence over the Boys & Girls Clubs of Greater Victoria Foundation (the "Foundation") as a result of having 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, including restricted contributions, totaling \$185,418 (2009 - \$189,287) to support programs operated by Club Services. At year end accounts receivable includes a balance receivable from the Foundation totaling \$157,568 (2009 - \$77,637), which includes the \$66,000 (2009 - \$66,000) receivable in the Bull Memorial Fund.
- (b) Club Services has guaranteed Foundation borrowings of \$110,000 used to purchase property in Metchosin from which Club Services operates various programs.

7. Lease commitments:

The land on which Club Services' main building is situated is leased from the City of Victoria for a nominal annual rent. The rent is subject to renegotiation in April 2011. The lease agreement expires April 1, 2016.

In September 2007 the Foundation and Club Services entered into a three year lease agreement for the property commonly known as Metchosin Camp. Club Services agreed to pay, in advance \$120,000 (\$40,000/annum). The term of the lease is from September 2007 to August 2010.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2010

8. Financial instruments:

The fair value of cash and short-term investments, accounts receivable and accounts payable and accrued liabilities approximate their carrying value.

It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from its financial instruments.

9. Capital management:

Club Services defines capital to be its operating fund balances. Club Services receives its principal source of capital through operating grants. Club Services' objective when managing capital is to fund its operations. Club Services monitors expenses and preserves capital in accordance with operating budgets.

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