

Financial Statements of

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

Year ended January 31, 2009



KPMG LLP
Chartered Accountants
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7

Telephone (250) 480-3500
Fax (250) 480-3539
Internet www.kpmg.ca

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, 2009 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, 2009 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 period.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font.

Chartered Accountants

Victoria, Canada

March 20, 2009

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Statement of Financial Position

January 31, 2009, with comparative figures for 2008

	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2009	Total 2008
Assets					
Current assets:					
Cash and short-term investments	\$ 976,944	147,996	4,496	1,129,436	1,012,456
Accounts receivable (note 6)	184,135	203	66,000	250,338	164,887
Prepaid expenses	118,833	-	-	118,833	186,234
Due from Operating Fund	-	8,422	-	8,422	12,797
	1,279,912	156,621	70,496	1,507,029	1,376,374
Property and equipment (note 2)	-	293,325	-	293,325	319,340
	\$ 1,279,912	449,946	70,496	1,800,354	1,695,714

Liabilities and Fund Balances

Current liabilities:					
Accounts payable and accrued liabilities	\$ 246,167	-	-	246,167	199,235
Due to Capital Fund	8,422	-	-	8,422	12,797
Deferred revenue (note 3)	692,323	-	-	692,323	600,016
	946,912			946,912	812,048
Deferred capital contributions (note 3)	-	214,423	-	214,423	233,872
	946,912	214,423	-	1,161,335	1,045,920
Fund balances:					
Invested in property and equipment	-	78,902	-	78,902	85,468
Internally restricted (note 4)	90,005	156,621	70,496	317,122	302,094
Unrestricted	242,995	-	-	242,995	262,232
	333,000	235,523	70,496	639,019	649,794
Contingent liability (note 6(b))	\$ 1,279,912	449,946	70,496	1,800,354	1,695,714

See accompanying notes to financial statements.

Approved by the Directors:

Director

Director

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Statement of Operations and Changes in Fund Balances

Year ended January 31, 2009, with comparative figures for ten months ended January 31, 2008

	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2009	Total 2008 (note 9)
Revenue:					
Provincial grants	\$ 3,576,087	-	-	3,576,087	2,936,161
Municipal grants	26,561	-	-	26,561	20,505
Federal grants	89,882	-	-	89,882	96,756
United Way contributions	83,409	-	-	83,409	92,045
Foundation and other grants (note 6)	128,552	10,000	2,448	141,000	98,405
Fundraising - gaming	72,736	-	-	72,736	71,127
Fundraising - special events	79,295	-	-	79,295	10,834
Participant program fees	282,300	-	-	282,300	262,320
Use of facilities	214,183	-	-	214,183	187,349
Miscellaneous	35,241	-	-	35,241	20,154
Interest	16,881	1,693	33	18,607	25,080
Productive	600	-	-	600	3,272
Amortization of deferred capital contributions (note 3)	-	19,449	-	19,449	19,439
	4,605,727	31,142	2,481	4,639,350	3,843,447
Expense:					
Wages and benefits	2,904,442	-	-	2,904,442	2,407,165
Program delivery	922,838	-	-	922,838	772,386
Transportation	155,027	-	-	155,027	120,750
Building occupancy	390,272	-	-	390,272	294,294
Office	150,344	25	25	150,394	120,613
Fundraising and development	5,049	-	-	5,049	1,566
Miscellaneous	15,441	-	-	15,441	27,463
Professional fees	37,318	-	-	37,318	13,239
Loss on disposal of equipment	-	1,682	-	1,682	-
Amortization of property and equipment	-	67,662	-	67,662	59,327
	4,580,731	69,369	25	4,650,125	3,816,803
Excess (deficiency) of revenue over expense	24,996	(38,227)	2,456	(10,775)	26,644
Fund balances, beginning of period	396,608	185,146	68,040	649,794	623,150
Transfers between funds (note 5)	(88,604)	88,604	-	-	-
Fund balances, end of period	\$ 333,000	235,523	70,496	639,019	649,794

See accompanying notes to financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Statement of Cash Flows

Year ended January 31, 2009, with comparative figures for ten months ended January 31, 2008

	2009	2008 (note 9)
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expense	\$ (10,775)	\$ 26,644
Items not involving cash:		
Amortization of property and equipment	67,662	59,327
Amortization of deferred capital contributions	(19,449)	(19,439)
Loss on disposal of equipment	1,682	-
Changes in non-cash operating working capital:		
Accounts receivable	(85,451)	79,534
Prepaid expenses	67,401	(121,532)
Accounts payable and accrued liabilities	46,932	(105,769)
Deferred revenue	92,307	(37,636)
	160,309	(118,871)
Investing activities:		
Purchase of equipment	(43,329)	(11,123)
Decrease in cash and short-term investments	(116,980)	(129,994)
Cash and short-term investments, beginning of period	1,012,456	1,142,450
Cash and short-term investments, end of period	\$ 1,129,436	\$ 1,012,456

See accompanying notes to financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2009

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 internally restricted amounts held for future capital repairs, improvements or purchases.

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 and 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, 2009

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 related costs are amortized.

Investment income, which is recorded on the accrual basis, includes interest income, dividends, net gain on sale of securities and net unrealized gains (losses).

(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.

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

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, 2009

1. Significant accounting policies (continued):

(f) Use of estimates:

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

2. Property and equipment:

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Buildings	\$ 566,963	\$ 406,729	\$ 160,234	\$ 172,201
Furniture and equipment	310,784	205,378	105,406	124,046
Automotive	336,571	316,241	20,330	18,902
Program equipment	97,767	90,412	7,355	4,191
	\$ 1,312,085	\$ 1,018,760	\$ 293,325	\$ 319,340

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 period or a prior period which will be recognized as revenue when the related costs are incurred.

Changes in deferred revenue balances:

Operating Fund	2009	2008
Opening balance	\$ 600,016	\$ 637,652
Less amounts recognized as revenue in the period:		
Government grants	(50,449)	(77,611)
Grants - foundation/organizations	(219,388)	(147,721)
Add amounts received related to future periods:		
Government grants	161,342	167,973
Grants - foundation/organizations	200,802	19,723
Closing balance	\$ 692,323	\$ 600,016

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2009

3. Deferred revenue and deferred capital contributions (continued):

(b) Deferred capital contributions:

Deferred capital contributions comprise unamortized externally restricted contributions.

Capital Fund	2009	2008
Opening balance	\$ 233,872	\$ 253,311
Less contributions amortized as revenue	(19,449)	(19,439)
Balance closing	\$ 214,423	\$ 233,872

4. Internally restricted fund balances:

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

The Capital Fund includes amounts internally restricted for property and equipment, and for future repairs, upgrades or purchases of property and equipment.

5. Transfers between funds:

The following amounts were transferred:

	2009	2008
From Operating Fund to Capital Fund:		
Transportation assessments on vehicles	\$ 49,853	\$ 15,000
For purchase of program equipment	14,069	6,498
For purchase of furniture and equipment	7,682	-
Appropriation for building renovations	17,000	-
	\$ 88,604	\$ 21,498

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2009

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 period the Foundation made contributions, including restricted contributions, totaling \$189,287 (2008 - \$78,552) to support programs operated by Club Services. At period end accounts receivable includes a balance receivable from the Foundation totaling \$77,637 (2008 - \$94,304), which includes the \$66,000 (2008 - \$66,000) receivable in the Bull Memorial Fund.
- (b) Club Services has guaranteed Foundation borrowings of \$186,000 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.

Club Services leases office space for \$2,833 per month. The lease agreement expires April 30, 2010. In certain circumstances, this lease may be terminated by Club Services with 90 days written notice.

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

9. Change of fiscal period end:

In the prior period Club Services changed its period end from March 31 to January 31. Current financial statements are for the year ended January 31, 2009. Comparative figures reflect ten months ended January 31, 2008.