

Financial Statements of

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

Year ended January 31, 2009



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AUDITORS' REPORT

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

We have audited the statement of financial position of the Boys & Girls Clubs of Greater Victoria Foundation 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 Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 common with many organizations of this nature, the Boys & Girls Clubs of Greater Victoria Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expense, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donation revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation 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.

Chartered Accountants

Victoria, Canada

March 20, 2009

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statement of Financial Position

January 31, 2009, with comparative figures for 2008


	Operating Fund	Endowment Funds	Capital Fund	Total 2009	Total 2008
Assets					
Current assets:					
Cash and short-term deposits	\$ 125,688	15,614	222,692	363,994	298,031
Accounts receivable	10,130	150	20,616	30,896	9,848
Due from Endowment Funds	-	-	-	-	23,837
Due from Capital Fund	18,423	-	-	18,423	203
Due from Operating Fund	-	40,300	-	40,300	1,948
Prepaid expenses	102	-	-	102	115
	154,343	56,064	243,308	453,715	333,982
Investments (note 2)	-	467,799	298,216	766,015	795,290
Other assets (note 3)	-	24,375	-	24,375	24,375
Property and equipment (note 4)	-	-	2,110,874	2,110,874	1,813,973
	-	492,174	2,409,090	2,901,264	2,633,638
	\$ 154,343	548,238	2,652,398	3,354,979	2,967,620

Liabilities and Fund Balances

Current liabilities:					
Due to Operating Fund	\$ -	-	18,423	18,423	23,837
Due to Capital Fund	-	-	-	-	1,948
Due to Endowment Fund	40,300	-	-	40,300	203
Accounts payable (note 11)	60,820	-	86,354	147,174	94,364
Mortgage payable (note 5)	-	-	186,000	186,000	332,400
Deferred revenue (note 6)	73,708	-	63,333	137,041	166,633
	174,828	-	354,110	528,938	619,385
Fund balances:					
Invested in property and equipment	-	-	1,858,874	1,858,874	1,415,573
Externally restricted (note 7)	-	548,238	304,581	852,819	799,367
Internally restricted (note 8)	-	-	134,833	134,833	114,864
Unrestricted	(20,485)	-	-	(20,485)	18,431
	(20,485)	548,238	2,298,288	2,826,041	2,348,235
	\$ 154,343	548,238	2,652,398	3,354,979	2,967,620

See accompanying notes to financial statements.

Approved by the Directors:

 Director

 Director

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statement of Operations and Changes in Fund Balances

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

	Operating Fund	Endowment Funds	Capital Fund	Total 2009	Total 2008
					(note 14)
Revenue:					
Donations	\$ 237,823	10,688	354,546	603,057	525,389
Provincial grants	-	-	70,400	70,400	70,400
Fundraising events (note 9)	88,805	-	2,000	90,805	23,843
Use of facilities	-	-	40,000	40,000	19,667
Investment income (note 13)	(86,900)	-	8,989	(77,911)	27,377
Miscellaneous	1,490	-	-	1,490	2,154
Gaming income	7,573	-	147,967	155,540	48,418
	248,791	10,688	623,902	883,381	717,248
Expense:					
Donations (note 11)	236,980	-	14,652	251,632	78,552
Fundraising costs	80,505	-	14,268	94,773	28,009
Stationery, advertising and postage	7,884	-	96	7,980	7,606
Accounting, audit and legal fees	5,200	-	-	5,200	7,095
Interest	-	-	15,422	15,422	24,799
Office and bank charges	9,129	-	934	10,063	9,176
Amortization of property and equipment	-	-	20,430	20,430	5,036
Professional fees	-	-	75	75	1,320
	339,698	-	65,877	405,575	161,593
Excess (deficiency) of revenue over expense	(90,907)	10,688	558,025	477,806	555,655
Fund balances, beginning of period	70,422	537,550	1,740,263	2,348,235	1,792,580
Transfers between funds (note 10)	-	-	-	-	-
Fund balances, end of period	\$ (20,485)	548,238	2,298,288	2,826,041	2,348,235

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statement of Cash Flows

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

	2009	2008 (note 14)
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expense	\$ 477,806	\$ 555,655
Items not involving cash:		
Amortization of property and equipment	20,430	5,036
Net losses on investments	108,999	783
Changes in non-cash operating working capital:		
Accounts receivable	(21,048)	(2,256)
Accounts payable	52,810	(47,169)
Prepaid expenses	13	(115)
Deferred revenue	(29,592)	166,633
	609,418	678,567
Investing activities:		
Net purchases of investments	(79,724)	(196,865)
Mortgage receivable collected	-	84,368
Purchase of property and equipment	(317,331)	(133,233)
	(397,055)	(245,730)
Financing activities:		
Mortgage repayment	(146,400)	(393,144)
Increase in cash	65,963	39,693
Cash and short-term deposits, beginning of period	298,031	258,338
Cash and short-term deposits, end of period	\$ 363,994	\$ 298,031
Supplementary information:		
Interest paid during the period	\$ 15,422	\$ 24,799

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2009

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 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 non-capital fundraising 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 Endowment Funds report on externally restricted contributions received from donors and related investments purchased which must be retained in perpetuity.

(b) 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, 2009

1. Significant accounting policies (continued):

(b) 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 when it is earned. Other investment income that is restricted is recognized as revenue of the appropriate fund when it is earned.

Investment income, recognized on the accrual basis, includes interest, dividends and net gains (losses) on investments.

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.

(c) Financial Instruments:

Cash and short-term deposits and investments are classified as held-for-trading and are recorded at fair value with gains and losses included in earnings. Accounts receivable, accounts payable and mortgage payable 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.

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

(c) 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. 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%
Office equipment	20%

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2009

1. Significant accounting policies (continued):

(e) Contributed materials and services:

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 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.

(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:

Fair value	2009	2008
Money market instruments	\$ 330,224	\$ 345,089
Fixed income	202,248	161,047
Equities	233,543	289,154
	<u>\$ 766,015</u>	<u>\$ 795,290</u>

The Foundation holds financial instruments that include term deposits, short-term notes, bonds and debentures. These investments mature at various dates between February 2009 and October 2017 and bear interest at rates ranging from 1.25% to 5.95%.

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, 2009

4. Property and equipment:

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Land	\$ 1,579,591	\$ -	\$ 1,579,591	\$ 1,579,591
Buildings	566,071	37,468	528,603	231,032
Office equipment	7,426	4,746	2,680	3,350
	<u>\$ 2,153,088</u>	<u>\$ 42,214</u>	<u>\$ 2,110,874</u>	<u>\$ 1,813,973</u>

5. Mortgage payable:

	2009	2008
Royal Bank demand loan, interest only payable monthly at Royal Bank prime (2009 - 3%; 2008 - 5.75%), principal payments of \$38,000 due semi-annually (June and December), repayable in full June 30, 2011	\$ 186,000	\$ 262,000
Royal Bank demand loan paid April 16, 2008	-	70,400
	<u>\$ 186,000</u>	<u>\$ 332,400</u>

The above demand loans are secured by a demand collateral mortgage, assignment of rents, pledges and general security agreement covering all assets of the Foundation and Boys & Girls Club Services. The Foundation has also pledged a \$20,000 term deposit as cash collateral.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2009

6. Deferred revenue:

(a) Operating Fund:

Deferred revenue relates to sponsorship and ticket sales for the special event (Monopoly Madness) to be held March 7, 2009. These amounts will be recognized as revenue in the subsequent year when the related costs are incurred.

(b) Capital Fund:

Deferred revenue consists of rent related to future years. 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 prepaid rent of \$120,000 (\$40,000/annum). The term of the lease is from September 2007 to August 2010.

7. Externally restricted funds:

(a) Endowment Funds:

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

	2009	2008
The Our Children - Our Future Fund	\$ 93,409	\$ 88,271
The Harman Family Fund	63,729	63,729
The Mel Cooper Fund for Youth Leadership	116,866	116,866
The Betty Hansen Memorial Fund	10,869	10,819
The Joyce Peterson Memorial Fund	8,142	7,642
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	5,000	-
	\$ 548,238	\$ 537,550

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2009

7. Externally restricted funds (continued):

(a) Endowment Funds (continued):

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.

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.

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

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Notes to Financial Statements

Year ended January 31, 2009

7. Externally restricted funds (continued):

(a) Endowment Funds (continued):

Endowment contributions by fund during the year are as follows:

	2009	2008
The Our Children - Our Future Fund	\$ 5,138	\$ 949
The Betty Hansen Memorial Fund	50	-
The Joyce Peterson Memorial Fund	500	2,696
Coast Capital Savings Youth Leadership Endowment Fund	-	60,000
Coast Capital Savings Adventure Based Learning Endowment Fund	-	90,000
Philip Chan Memorial Fund	5,000	-
	<u>\$ 10,688</u>	<u>\$ 153,645</u>

(b) Capital Fund:

In 2005 the Foundation launched the "Create A Ripple" campaign to raise funds for the Wilderness Camp located in Metchosin. Contributions support the camp purchase, 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:

	2009	2008
Opening balance	\$ 209,826	\$ 329,428
Create A Ripple contributions	572,913	417,053
Less fundraising expenditures	(14,427)	(10,278)
Less mortgage principal payments	(146,400)	(393,144)
Less purchase of property and equipment	(317,331)	(133,233)
Closing balance	<u>\$ 304,581</u>	<u>\$ 209,826</u>

Pledges for the "Create A Ripple" campaign at January 31, 2009 total \$160,861 (2008 - \$275,656) and are expected to be collected as follows:

2010	\$ 107,410
2011	53,451

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2009

8. Internally restricted fund balances:

The Capital Fund balance is internally restricted for property and equipment and future repairs, improvements and purchase of property and equipment.

9. Fundraising events:

The Foundation undertakes fundraising activities to benefit Club Services. During the year, the Foundation hosted two major events - the Select Chuck Dalsin Memorial Golf Tournament, and (in partnership with BC Paraplegic Association) Monopoly Madness.

10. Transfers between funds:

The transfer of nil (2008 - \$17,429) from the Endowment Fund to the Operating Fund and the transfer of nil (2008 - \$10,907) from the Operating Fund to the Capital Fund were made in accordance with Board Policy.

11. Related party:

Club Services has the ability to exercise significant influence over the Foundation as a result of having certain directors in common. During the year, the Foundation made disbursements totaling \$189,287 (2008 - \$78,552) to support programs operated by Club Services. At year end accounts payable includes a balance payable to Club Services totaling \$77,637 (2008 - \$94,304). The amount includes \$66,000 (2008 - \$66,000) due to the Bull Memorial Fund.

12. Financial instruments:

The fair value of cash and short-term deposits, investments, accounts receivable, accounts payable and mortgage payable approximate their carrying value except as otherwise noted.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2009

13. Investment income:

	2009	2008
Net gains (losses)	\$ (108,999)	\$ (783)
Interest	31,088	28,160
	<u>\$ (77,911)</u>	<u>\$ 27,377</u>

14. Change of fiscal period end:

In the prior period the Foundation 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.