

Financial Statements of

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

Ten months ended January 31, 2008



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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, 2008 and the statements of operations and changes in fund balances and cash flows for the ten months 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, 2008 and the results of its operations and its cash flows for the ten months 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.

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, 2008

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

## Statement of Financial Position

January 31, 2008, with comparative figures as at March 31, 2007

	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2008	Total 2007
<b>Assets</b>					
Current assets:					
Cash and short-term investments	\$ 923,535	86,881	2,040	1,012,456	1,142,450
Accounts receivable (note 6)	98,887	-	66,000	164,887	244,421
Prepaid expenses	186,234	-	-	186,234	64,702
Due from Operating Fund	-	12,797	-	12,797	-
	1,208,656	99,678	68,040	1,376,374	1,451,573
Property and equipment (note 2)	-	319,340	-	319,340	367,544
	\$ 1,208,656	419,018	68,040	1,695,714	1,819,117


## Liabilities and Fund Balances


Current liabilities:					
Accounts payable and accrued liabilities	\$ 199,235	-	-	199,235	305,004
Due to Capital Fund	12,797	-	-	12,797	-
Deferred revenue (note 3)	600,016	-	-	600,016	637,652
	812,048	-	-	812,048	942,656
Deferred capital contributions (note 3)	-	233,872	-	233,872	253,311
	812,048	233,872	-	1,045,920	1,195,967
Fund balances:					
Invested in property and equipment	-	85,468	-	85,468	114,233
Internally restricted (note 4)	134,376	99,678	68,040	302,094	444,907
Unrestricted	262,232	-	-	262,232	64,010
	396,608	185,146	68,040	649,794	623,150
Contingent liability (note 6(b))					
	\$ 1,208,656	419,018	68,040	1,695,714	1,819,117

See accompanying notes to financial statements.

Approved by the Board:

Approved by the Directors:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

## Statement of Operations and Changes in Fund Balances

Ten months ended January 31, 2008, with comparative figures for the year ended March 31, 2007

	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2008	Total 2007
<b>Revenue:</b>					
Provincial grants	\$ 2,936,161	-	-	2,936,161	3,519,189
Municipal grants	20,505	-	-	20,505	25,000
Federal grants	96,756	-	-	96,756	14,778
United Way contributions	92,045	-	-	92,045	128,385
Foundation and other grants (note 6)	98,405	-	-	98,405	129,271
Fundraising - gaming	71,127	-	-	71,127	78,263
Fundraising - special events	10,834	-	-	10,834	63,273
Participant program fees	262,320	-	-	262,320	280,682
Use of facilities	187,349	-	-	187,349	225,831
Miscellaneous	20,154	-	-	20,154	62,431
Interest	22,242	2,249	589	25,080	22,189
Productive	3,272	-	-	3,272	6,013
Amortization of deferred capital contributions (note 3)	-	19,439	-	19,439	27,851
	3,821,170	21,688	589	3,843,447	4,583,156
<b>Expense:</b>					
Wages and benefits	2,407,165	-	-	2,407,165	2,752,872
Program delivery	772,386	-	-	772,386	874,980
Transportation	120,750	-	-	120,750	127,025
Building occupancy	294,294	-	-	294,294	354,276
Office	120,569	30	14	120,613	149,711
Fundraising and development	1,566	-	-	1,566	1,264
Miscellaneous	27,463	-	-	27,463	22,365
Professional fees	13,239	-	-	13,239	17,300
Loss on disposal of equipment	-	-	-	-	7,379
Amortization of property and equipment	-	59,327	-	59,327	79,858
	3,757,432	59,357	14	3,816,803	4,387,030
Excess (deficiency) of revenue over expense	63,738	(37,669)	575	26,644	196,126
Fund balances, beginning of period	354,368	201,317	67,465	623,150	427,024
Transfers between funds (note 5)	(21,498)	21,498	-	-	-
Fund balances, end of period	\$ 396,608	185,146	68,040	649,794	623,150

See accompanying notes to financial statements.

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

## Statement of Cash Flows

Ten months ended January 31, 2008, with comparative figures for the year ended March 31, 2007

	2008	2007
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expense	\$ 26,644	\$ 196,126
Items not involving cash:		
Amortization of property and equipment	59,327	79,858
Amortization of deferred capital contributions	(19,439)	(27,851)
Loss on disposal of equipment	-	7,379
Changes in non-cash operating working capital:		
Accounts receivable	79,534	23,777
Prepaid expenses	(121,532)	(10,617)
Accounts payable and accrued liabilities	(105,769)	44,746
Deferred revenue	(37,636)	254,166
Deferred capital contributions	-	41,337
	(118,871)	608,921
Investing activities:		
Purchase of equipment	(11,123)	(98,470)
Increase (decrease) in cash	(129,994)	510,451
Cash, beginning of period	1,142,450	631,999
Cash, end of period	\$ 1,012,456	\$ 1,142,450

See accompanying notes to financial statements.

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Ten months ended January 31, 2008

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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 on internally restricted assets, liabilities, revenues and expenses related to property and equipment and 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

Ten months ended January 31, 2008

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## 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 unrealizable gains (losses).

### (d) Investments:

Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

### (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% - 20%
Automotive	20%
Program equipment	50%

### (f) Use of estimates:

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

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Ten months ended January 31, 2008

## 2. Property and equipment:

	Cost	Accumulated amortization	January 31, 2008 Net book value	March 31, 2007 Net book value
Buildings	\$ 556,860	\$ 384,659	\$ 172,201	\$ 190,365
Furniture and equipment	323,275	199,229	124,046	141,867
Automotive	347,957	329,055	18,902	23,537
Program equipment	108,083	103,892	4,191	11,775
	<u>\$ 1,336,175</u>	<u>\$ 1,016,835</u>	<u>\$ 319,340</u>	<u>\$ 367,544</u>

## 3. Deferred revenue and deferred capital contributions:

### (a) Deferred revenue:

Deferred revenue in the Operating Fund relates to externally restricted operating grants received in the current period or in prior periods and will be recognized as revenue in a subsequent period when the related costs are incurred.

Changes in the deferred revenue balances are as follows:

Operating Fund	January 31, 2008	March 31, 2007
Opening balance	\$ 637,652	\$ 383,486
Less amounts recognized as revenue in the period:		
Government grants	(77,611)	(33,701)
Grants - foundation/organizations	(147,721)	(98,162)
Add amounts received related to future periods:		
Government grants	167,973	184,688
Grants - foundation/organizations	19,723	201,341
<u>Closing balance</u>	<u>\$ 600,016</u>	<u>\$ 637,652</u>

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Ten months ended January 31, 2008

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

#### (b) Deferred capital contributions:

Deferred capital contributions comprise unamortized contributions of property and equipment and cash restricted for the purchase of property and equipment.

Capital Fund	January 31, 2008	March 31, 2007
Opening balance	\$ 253,311	\$ 239,825
Less contributions amortized as revenue	(19,439)	(27,851)
Add contributions received related to future years	-	41,337
<b>Balance closing</b>	<b>\$ 233,872</b>	<b>\$ 253,311</b>

### 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 is 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:

	January 31, 2008	March 31, 2007
From Operating Fund to Capital Fund:		
Transportation assessments on vehicles	\$ 15,000	\$ 17,875
For purchase of program equipment	6,498	47,570
	<b>\$ 21,498</b>	<b>\$ 65,445</b>

# BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Ten months ended January 31, 2008

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## 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 totaling \$78,552 (2007 - \$260,597) to support programs operated by Club Services. At period end accounts receivable includes a balance receivable from the Foundation totaling \$94,304 (2007 - \$115,540), which includes the \$66,000 (2007 - \$66,000) receivable in the Bull Memorial Fund.
- (b) Club Services has guaranteed Foundation borrowings of \$332,400 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 \$2,737 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 Club Services' accounts receivable and accounts payable and accrued liabilities approximates their carrying value.

## 9. Change of fiscal period end:

Club Services has changed its period end from March 31 to January 31. Current financial statements are for the ten months ending January 31, 2008. Comparative figures reflect twelve months ending March 31, 2007.