

Financial Statements of

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

Ten months ended January 31, 2008



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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, 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 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, 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.

Chartered Accountants

Victoria, Canada

March 20, 2008

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statement of Financial Position


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

	Operating Fund	Endowment Funds	Capital Fund	Total 2008	Total 2007
Assets					
Current assets:					
Cash and short-term deposits	\$ 82,145	10,896	204,990	298,031	258,338
Accounts receivable	4,241	5,460	147	9,848	7,592
Due from Endowment Funds	23,837	-	-	23,837	6,607
Due from Capital Fund	-	203	-	203	242
Due from Operating Fund	-	-	1,948	1,948	-
Mortgage receivable	-	-	-	-	84,368
Prepaid expenses	115	-	-	115	-
	110,338	16,559	207,085	333,982	357,147
Investments (note 2)	-	572,444	222,846	795,290	599,208
Other assets (note 3)	-	24,375	-	24,375	24,375
Property and equipment (note 4)	-	-	1,813,973	1,813,973	1,685,776
	-	596,819	2,036,819	2,633,638	2,309,359
	\$ 110,338	613,378	2,243,904	2,967,620	2,666,506
Liabilities and Fund Balances					
Current liabilities:					
Due to Operating Fund	\$ -	23,837	-	23,837	6,849
Due to Capital Fund	1,948	-	-	1,948	-
Due to Endowment Fund	-	-	203	203	-
Accounts payable (note 11)	26,659	-	67,705	94,364	141,533
Mortgage payable (note 5)	-	-	332,400	332,400	725,544
Deferred revenue (note 6)	63,300	-	103,333	166,633	-
	91,907	23,837	503,641	619,385	873,926
Fund balances:					
Invested in property and equipment	-	-	1,415,573	1,415,573	894,232
Externally restricted (note 7)	-	589,541	209,826	799,367	770,988
Internally restricted (note 8)	-	-	114,864	114,864	107,145
Unrestricted	18,431	-	-	18,431	20,215
	18,431	589,541	1,740,263	2,348,235	1,792,580
	\$ 110,338	613,378	2,243,904	2,967,620	2,666,506

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

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

	Operating Fund	Endowment Funds	Capital Fund	Total 2008	Total 2007
Revenue:					
Donations	\$ 73,509	153,645	298,235	525,389	457,802
Provincial grants	-	-	70,400	70,400	70,400
Fundraising events (note 9)	21,732	-	2,111	23,843	135,065
Use of facilities	-	-	19,667	19,667	7,200
Investment income (note 13)	10,995	11,785	4,597	27,377	68,413
Miscellaneous	600	-	1,554	2,154	500
Gaming income	-	-	48,418	48,418	-
	106,836	165,430	444,982	717,248	739,380
Expense:					
Donations (note 11)	74,802	-	3,750	78,552	305,439
Fundraising costs	17,731	-	10,278	28,009	89,067
Stationery, advertising and postage	7,580	-	26	7,606	5,832
Accounting, audit and legal fees	7,065	-	30	7,095	4,500
Interest	-	-	24,799	24,799	43,284
Office and bank charges	7,964	20	1,192	9,176	13,225
Amortization of property and equipment	-	-	5,036	5,036	5,433
Professional fees	-	-	1,320	1,320	2,013
	115,142	20	46,431	161,593	468,793
Excess (deficiency) of revenue over expense	(8,306)	165,410	398,551	555,655	270,587
Fund balances, beginning of period	20,215	441,560	1,330,805	1,792,580	1,521,993
Transfers between funds (note 10)	6,522	(17,429)	10,907	-	-
Fund balances, end of period	\$ 18,431	589,541	1,740,263	2,348,235	1,792,580

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

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 for):		
Operating activities:		
Excess of revenue over expense	\$ 555,655	\$ 270,587
Items not involving cash:		
Amortization of property and equipment	5,036	5,433
Net loss (gain) on investments	783	(43,759)
Changes in non-cash operating working capital:		
Accounts receivable	(2,256)	11,660
Accounts payable and accrued liabilities	(47,169)	(16,787)
Prepaid expenses	(115)	-
Deferred revenue	166,633	-
	<u>678,567</u>	<u>227,134</u>
Investing activities:		
Net purchases of investments	(196,865)	(213,582)
Mortgage receivable collected	84,368	1,667
Purchase of property and equipment	(133,233)	-
	<u>(245,730)</u>	<u>(211,915)</u>
Financing activities:		
Mortgage repayment	(393,144)	(78,456)
	<u>39,693</u>	<u>(63,237)</u>
Increase (decrease) in cash	39,693	(63,237)
Cash and short-term deposits, beginning of period	258,338	321,575
Cash and short-term deposits, end of period	<u>\$ 298,031</u>	<u>\$ 258,338</u>
Supplementary information:		
Interest paid during the period	\$ 24,799	\$ 43,284

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Ten months ended January 31, 2008

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 on internally restricted assets, liabilities, revenues and expenses related to capital assets.

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

Ten months ended January 31, 2008

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 of the endowment fund 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) Investments:

Investments are classified as held-for-trading and stated at fair value (see note 12).

In determining fair values, costs to sell have not been considered.

Fair values of investments are determined as follows:

Fixed income securities and equities are valued at period end quoted market prices where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities. 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.

(d) 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

Ten months ended January 31, 2008

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 period requires management to make 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	January 31, 2008	March 31, 2007
Money market instruments	\$ 345,089	\$ 340,916
Fixed income	161,047	124,193
Equities	289,154	134,099
	<u>\$ 795,290</u>	<u>\$ 599,208</u>

The Foundation holds financial instruments that include term deposits, short-term notes, bonds and debentures. These investments mature at various dates between February 2008 and March 2015 and bear interest at rates ranging from 3% to 4.9%

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

Ten months ended January 31, 2008

4. Property and equipment:

	Cost	Accumulated amortization	January 31, 2008 Net book value	March 31, 2007 Net book value
Land	\$ 1,579,591	\$ -	\$ 1,579,591	\$ 1,579,591
Buildings	248,739	17,707	231,032	101,998
Office equipment	7,426	4,076	3,350	4,187
	<u>\$ 1,835,756</u>	<u>\$ 21,783</u>	<u>\$ 1,813,973</u>	<u>\$ 1,685,776</u>

5. Mortgage payable:

	January 31, 2008	March 31, 2007
Royal Bank demand loan, interest only payable monthly at Royal Bank prime (January 31, 2008 - 5.75%) (March 31, 2007 - 6%), principal payments of \$38,000 due semi-annually (June and December), repayable in full June 30, 2011	\$ 262,000	\$ 400,000
Royal Bank demand loan, repayable at \$70,400 per annum with interest payable monthly at Royal Bank prime, due April 16, 2008	70,400	325,544
	<u>\$ 332,400</u>	<u>\$ 725,544</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.

Minimum principal repayments required for each of the next two years per demand loan terms effective April 10, 2007 are:

2009	\$ 146,400
2010	76,000

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Ten months ended January 31, 2008

6. Deferred revenue:

(a) Operating Fund:

Deferred revenue relates to sponsorship and ticket sales for the special event (Monopoly Madness) to be held March 1, 2008. These amounts will be recognized as revenue in the subsequent period when the related costs are incurred.

(b) Capital Fund:

Deferred revenue consists of rent related to future periods. 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:

	January 31, 2008	March 31, 2007
The Our Children - Our Future Fund	\$ 146,936	\$ 150,498
The Harman Family Fund	61,180	63,000
The Mel Cooper Fund for Youth Leadership	109,279	112,531
The Betty Hansen Memorial Fund	10,279	10,585
The Joyce Peterson Memorial Fund	7,642	4,946
Coast Capital Savings Youth Leadership Endowment Fund	101,690	40,000
Coast Capital Savings Adventure Based Learning Endowment Fund	152,535	60,000
	<u>\$ 589,541</u>	<u>\$ 441,560</u>

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Ten months ended January 31, 2008

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 2007, 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.

Distributions from Endowment Funds are made in accordance with policies established for each fund by the Board.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Ten months ended January 31, 2008

7. Externally restricted funds (continued):

(a) Endowment Funds (continued):

Endowment contributions by fund during the year are as follows:

	January 31, 2008	March 31, 2007
The Our Children - Our Future Fund	\$ 949	\$ 1,292
The Harman Family Fund	-	-
The Mel Cooper Fund for Youth Leadership	-	-
The Betty Hansen Memorial Fund	-	250
The Joyce Peterson Memorial Fund	2,696	4,946
Coast Capital Savings Youth Leadership Endowment Fund	60,000	40,000
Coast Capital Savings Adventure Based Learning Endowment Fund	90,000	60,000
	\$ 153,645	\$ 106,488

(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.

Create A Ripple campaign fund balance comprises the following:

	January 31, 2008	March 31, 2007
Opening balance	\$ 329,428	\$ 183,880
Create A Ripple contributions	417,053	195,193
Less fundraising expenditures	(10,278)	(49,645)
Less mortgage payments	(393,144)	-
Less purchase of property and equipment	(133,233)	-
Closing balance	\$ 209,826	\$ 329,428

Pledges for the "Create A Ripple" campaign at January 31, 2008 total \$275,656 (2007 - \$270,025) and are expected to be collected as follows:

2009	\$ 122,479
2010	99,826
2011	53,351

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Ten months ended January 31, 2008

8. Internally restricted fund balances:

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

9. Fundraising events:

The Foundation performs fundraising activities to benefit Club Services. During the period, the Foundation hosted three major events - the Select Chuck Dalsin Memorial Golf Tournament, Variety Boat for Hope, and (in partnership with BC Paraplegic Association) Monopoly Madness.

10. Transfers between funds:

The transfer of \$17,429 (2007 - \$6,607) from the Endowment Fund to the Operating Fund and the transfer of \$10,907 (2007 - \$3,132) 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 period, the Foundation made charitable disbursements totaling \$78,552 (2007 - \$260,597) to support the programs operated by Club Services. At year end accounts payable includes a balance payable to Club Services totaling \$94,304 (2007 - \$115,540). The amount includes \$66,000 (2007 - \$66,000) due to the Bull Memorial Fund.

12. Financial instruments:

The fair value of the Foundation's cash, investments, due to/from other funds, accounts receivable, accounts payable, and mortgage payable approximates their carrying value except as otherwise noted.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Ten months ended January 31, 2008

13. Investment income:

	January 31, 2008	March 31, 2007
Net gains (losses)	\$ (783)	\$ 43,759
Interest	28,160	24,654
	<u>\$ 27,377</u>	<u>\$ 68,413</u>

14. Change of fiscal period end:

The Foundation 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.