

Audited Financial Statements of

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

Year ended March 31, 2007



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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 March 31, 2007 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 March 31, 2007 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, other than the adoption of CICA Handbook Section 3855 as discussed in note 1(a).

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

Chartered Accountants

Victoria, Canada

May 29, 2007

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Statement of Financial Position

March 31, 2007, with comparative figures for 2006

| | Operating Fund | Capital Fund | Bull Memorial Fund | Total 2007 | Total 2006 |
|---------------------------------|-------------------|-----------------|--------------------------|---------------|---------------|
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and short-term investments | \$ 1,053,901 | 87,084 | 1,465 | 1,142,450 | 631,999 |
| Accounts receivable (note 6) | 178,421 | - | 66,000 | 244,421 | 268,197 |
| Prepaid expenses | 64,702 | - | - | 64,702 | 54,085 |
| Due from Operating Fund | - | - | - | - | 5,000 |
| | 1,297,024 | 87,084 | 67,465 | 1,451,573 | 959,281 |
| Property and equipment (note 2) | - | 367,544 | - | 367,544 | 356,312 |
| | \$ 1,297,024 | 454,628 | 67,465 | 1,819,117 | 1,315,593 |

Liabilities and Fund Balances

| | | | | | |
|--|--------------|---------|--------|-----------|-----------|
| Current liabilities: | | | | | |
| Accounts payable and accrued liabilities | \$ 305,004 | - | - | 305,004 | 260,258 |
| Due to Capital Fund | - | - | - | - | 5,000 |
| Deferred revenue (note 3) | 637,652 | - | - | 637,652 | 383,486 |
| | 942,656 | - | - | 942,656 | 648,744 |
| Deferred capital contributions (note 3) | - | 253,311 | - | 253,311 | 239,825 |
| | 942,656 | 253,311 | - | 1,195,967 | 888,569 |
| Fund balances: | | | | | |
| Invested in property and equipment | - | 114,233 | - | 114,233 | 116,488 |
| Internally restricted (note 4) | 290,358 | 87,084 | 67,465 | 444,907 | 246,526 |
| Unrestricted | 64,010 | - | - | 64,010 | 64,010 |
| | 354,368 | 201,317 | 67,465 | 623,150 | 427,024 |
| Contingent liability (note 6(b)) | \$ 1,297,024 | 454,628 | 67,465 | 1,819,117 | 1,315,593 |

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 March 31, 2007, with comparative figures for 2006

| | Operating Fund | Capital Fund | Bull Memorial Fund | Total 2007 | Total 2006 |
|--|-------------------|-----------------|--------------------------|---------------|---------------|
| Revenue: | | | | | |
| Provincial grants | \$ 3,519,189 | - | - | 3,519,189 | 3,684,983 |
| Municipal grants | 25,000 | - | - | 25,000 | 21,993 |
| Federal grants | 14,778 | - | - | 14,778 | 10,464 |
| United Way contributions | 128,385 | - | - | 128,385 | 120,871 |
| Foundation and other grants | 129,271 | - | - | 129,271 | 128,030 |
| Fundraising - gaming | 78,263 | - | - | 78,263 | 67,304 |
| Fundraising - special events | 63,273 | - | - | 63,273 | 60,994 |
| Participant program fees | 280,682 | - | - | 280,682 | 278,047 |
| Use of facilities | 225,831 | - | - | 225,831 | 179,068 |
| Miscellaneous | 62,431 | - | - | 62,431 | 67,768 |
| Interest | 19,499 | 2,147 | 543 | 22,189 | 8,265 |
| Productive | 6,013 | - | - | 6,013 | 5,563 |
| Gain on disposal of equipment | - | - | - | - | 4,445 |
| Amortization of deferred capital contributions (note 3) | - | 27,851 | - | 27,851 | 19,361 |
| | 4,552,615 | 29,998 | 543 | 4,583,156 | 4,657,156 |
| Expense: | | | | | |
| Wages and benefits | 2,752,872 | - | - | 2,752,872 | 3,076,239 |
| Program delivery | 874,980 | - | - | 874,980 | 841,874 |
| Transportation | 127,025 | - | - | 127,025 | 125,799 |
| Building occupancy | 354,276 | - | - | 354,276 | 337,602 |
| Office | 149,646 | 43 | 22 | 149,711 | 147,897 |
| Fundraising and development | 1,264 | - | - | 1,264 | 14,731 |
| Miscellaneous | 22,365 | - | - | 22,365 | 24,412 |
| Professional fees | 17,300 | - | - | 17,300 | 12,000 |
| Loss on disposal of equipment | - | 7,379 | - | 7,379 | - |
| Amortization of property and equipment | - | 79,858 | - | 79,858 | 71,367 |
| | 4,299,728 | 87,280 | 22 | 4,387,030 | 4,651,921 |
| Excess (deficiency) of revenue over expense | 252,887 | (57,282) | 521 | 196,126 | 5,235 |
| Fund balances, beginning of year | 166,926 | 193,154 | 66,944 | 427,024 | 421,789 |
| Transfers between funds (note 5) | (65,445) | 65,445 | - | - | - |
| Fund balances, end of year | \$ 354,368 | 201,317 | 67,465 | 623,150 | 427,024 |

See accompanying notes to financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Statement of Cash Flows

Year ended March 31, 2007, with comparative figures for 2006

| | 2007 | 2006 |
|--|--------------|------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess of revenue over expense | \$ 196,126 | \$ 5,235 |
| Items not involving cash: | | |
| Amortization of property and equipment | 79,858 | 71,367 |
| Amortization of deferred capital contributions | (27,851) | (19,361) |
| Loss (gain) on disposal of equipment | 7,379 | (4,445) |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | 23,777 | (70,797) |
| Prepaid expenses | (10,617) | (6,038) |
| Accounts payable and accrued liabilities | 44,746 | 15,056 |
| Deferred revenue | 254,166 | 75,256 |
| Deferred capital contributions | 41,337 | 73,498 |
| | 608,921 | 139,771 |
| Investing activities: | | |
| Proceeds on sale of equipment | - | 7,262 |
| Purchase of equipment | (98,470) | (110,339) |
| | (98,470) | (103,077) |
| Increase in cash | 510,451 | 36,694 |
| Cash, beginning of year | 631,999 | 595,305 |
| Cash, end of year | \$ 1,142,450 | \$ 631,999 |

See accompanying notes to financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2007

Boys & Girls Club Services of Greater Victoria ("Club Services") is a registered, charitable organization, incorporated under the Society Act (British Columbia). The primary mission of Club Services is to enhance the quality of life in our community by supporting children, youth and families in achieving their potential. Club Services supports and encourages the development of those assets - experiences, opportunities and internal capacities that all people need to achieve health and success.

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) Accounting policy change:

Effective April 1, 2006, the Society adopted CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement.

(b) Fund accounting:

The Operating Fund reports the assets, liabilities, revenues and expenses related to program delivery and administrative activities.

The Capital Fund reports the assets, liabilities, revenues and expenses related to property and equipment and funds restricted 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.

(c) Volunteers:

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 March 31, 2007

1. Significant accounting policies (continued):

(d) Revenue recognition:

Club Services follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year 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.

(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 | 20% |
| Automotive | 20% |
| Program equipment | 50% |

(f) Contributed materials:

Donated materials are recognized in the financial statements when a fair value can be reasonably established and when the materials are used in the normal course of operations and would otherwise have been purchased.

(g) Use of estimates:

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

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2007

2. Property and equipment:

| | Cost | Accumulated amortization | 2007 Net book value | 2006 Net book value |
|-------------------------|---------------------|-----------------------------|---------------------------|---------------------------|
| Buildings | \$ 556,860 | \$ 366,495 | \$ 190,365 | \$ 212,032 |
| Furniture and equipment | 319,386 | 177,519 | 141,867 | 98,007 |
| Automotive | 345,686 | 322,149 | 23,537 | 40,251 |
| Program equipment | 124,798 | 113,023 | 11,775 | 6,022 |
| | <u>\$ 1,346,730</u> | <u>\$ 979,186</u> | <u>\$ 367,544</u> | <u>\$ 356,312</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 year or in prior years which 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 | 2007 | 2006 |
|---|-------------------|-------------------|
| Opening balance | \$ 383,486 | \$ 308,230 |
| Less amounts recognized as revenue in the year: | | |
| Government grants | (33,701) | (93,742) |
| Grants - foundation/organizations | (98,162) | (108,080) |
| Add amounts received related to future years: | | |
| Government grants | 184,688 | 79,578 |
| Grants - foundation/organizations | 201,341 | 197,500 |
| Closing balance | <u>\$ 637,652</u> | <u>\$ 383,486</u> |

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2007

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 to the purchase of property and equipment.

| Capital Fund | 2007 | 2006 |
|--|------------|------------|
| Opening balance | \$ 239,825 | \$ 185,688 |
| Less contributions amortized as revenue | (27,851) | (19,361) |
| Add contributions received related to future years | 41,337 | 73,498 |
| Balance closing | \$ 253,311 | \$ 239,825 |

4. Internally restricted fund balances:

The Operating Fund balance is internally restricted for community clubs preventative programs and to support other programming shortfalls, should they occur.

The Capital Fund balance not invested in property and equipment is internally restricted for future repairs, upgrades or purchases of property and equipment.

5. Transfers between funds:

The following amounts were transferred:

| | 2007 | 2006 |
|--|-----------|-----------|
| From Operating Fund to Capital Fund: | | |
| Transportation assessment on vehicles | \$ 17,875 | \$ 19,000 |
| For purchase of program equipment | 47,570 | 9,597 |
| Appropriation for building and equipment replacement | - | 5,000 |
| Donation of canoe | - | 3,600 |
| From Capital Fund to Operating Fund: | | |
| For major automotive repair | - | (1,106) |
| | \$ 65,445 | \$ 36,091 |

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2007

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 registered as a non-profit charitable organization. During the year the Foundation made charitable contributions totaling \$260,597 (2006 - \$116,615) to support programs operated by Club Services. At year end accounts receivable includes a balance receivable from the Foundation totaling \$115,540 (2006 - \$151,408).
- (b) Club Services has guaranteed Foundation borrowings of \$980,000 which were 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 2007 and every five years thereafter. The lease agreement expires April 1, 2016.

The Society leases office space for \$2,789 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.

8. Financial instruments:

The carrying value of Club Services' accounts receivable and accounts payable and accrued liabilities approximates their fair value.