

Audited Financial Statements of

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

Year ended March 31, 2006



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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, 2006 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, 2006 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.

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

Chartered Accountants

Victoria, Canada

May 26, 2006

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Statement of Financial Position

March 31, 2006, with comparative figures for 2005

	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2006	Total 2005
Assets					
Current assets:					
Cash	\$ 559,388	71,667	944	631,999	595,305
Accounts receivable	202,197	-	66,000	268,197	200,657
Prepaid expenses	54,085	-	-	54,085	48,047
Due from Capital Fund	-	-	-	-	1,743
Due from Operating Fund	-	5,000	-	5,000	-
	815,670	76,667	66,944	959,281	845,752
Property and equipment (note 2)	-	356,312	-	356,312	320,157
	\$ 815,670	432,979	66,944	1,315,593	1,165,909

Liabilities and Fund Balances

Current liabilities:					
Accounts payable and accrued liabilities	\$ 260,258	-	-	260,258	248,459
Due to Operating Fund	-	-	-	-	1,743
Due to Capital Fund	5,000	-	-	5,000	-
Deferred revenue (note 3)	383,486	-	-	383,486	308,230
	648,744	-	-	648,744	558,432
Deferred capital contributions (note 3)	-	239,825	-	239,825	185,688
	648,744	239,825	-	888,569	744,120
Fund balances:					
Invested in property and equipment	-	116,488	-	116,488	134,469
Internally restricted (note 4)	102,916	76,666	66,944	246,526	209,238
Unrestricted	64,010	-	-	64,010	78,082
	166,926	193,154	66,944	427,024	421,789
Contingent liability (note 6 (b))					
	\$ 815,670	432,979	66,944	1,315,593	1,165,909

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, 2006, with comparative figures for 2005

	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2006	Total 2005
Revenue:					
Provincial grants	\$ 3,684,983	-	-	3,684,983	3,792,511
Municipal grants	21,993	-	-	21,993	19,996
Federal grants	10,464	-	-	10,464	11,116
United Way contributions	120,871	-	-	120,871	108,306
Foundation and other grants	128,030	-	-	128,030	64,044
Charitable donations	-	-	-	-	5,062
Fundraising - gaming	67,304	-	-	67,304	58,547
Fundraising - special events	60,994	-	-	60,994	48,286
Participant program fees	278,047	-	-	278,047	208,190
Use of facilities	179,068	-	-	179,068	155,273
Miscellaneous	67,768	-	-	67,768	61,418
Interest	6,758	1,007	500	8,265	6,334
Productive	5,563	-	-	5,563	3,067
Gain on disposal of equipment	-	4,445	-	4,445	-
Amortization of deferred capital contributions (note 3)	-	19,361	-	19,361	19,361
	4,631,843	24,813	500	4,657,156	4,561,511
Expense:					
Wages and benefits	3,076,239	-	-	3,076,239	3,064,249
Program delivery	841,874	-	-	841,874	787,281
Transportation	125,799	-	-	125,799	134,942
Building occupancy	337,602	-	-	337,602	291,739
Office	147,862	25	10	147,897	151,191
Fundraising and development	14,731	-	-	14,731	12,227
Miscellaneous	24,412	-	-	24,412	19,388
Professional fees	12,000	-	-	12,000	12,000
Amortization of property and equipment	-	71,367	-	71,367	75,440
	4,580,519	71,392	10	4,651,921	4,548,457
Excess (deficiency) of revenue over expense	51,324	(46,579)	490	5,235	13,054
Fund balances, beginning of year	151,693	203,642	66,454	421,789	408,735
Transfers between funds (note 5)	(36,091)	36,091	-	-	-
Fund balances, end of year	\$ 166,926	193,154	66,944	427,024	421,789

See accompanying notes to financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Statement of Cash Flows

Year ended March 31, 2006, with comparative figures for 2005

	2006	2005
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expense	\$ 5,235	\$ 13,054
Items not involving cash:		
Amortization of property and equipment	71,367	75,440
Amortization of deferred capital contributions	(19,361)	(19,361)
Gain on disposal of equipment	(4,445)	-
Changes in non-cash operating working capital:		
Accounts receivable	(70,797)	(92,782)
Prepaid expenses	(6,038)	(2,641)
Accounts payable and accrued liabilities	15,056	(206,928)
Deferred revenue	75,256	144,454
Deferred capital contributions	73,498	-
	139,771	(88,764)
Investing activities:		
Proceeds on sale of equipment	7,262	-
Purchase of equipment	(110,339)	(64,137)
	(103,077)	(64,137)
Increase (decrease) in cash	36,694	(152,901)
Cash, beginning of year	595,305	748,206
Cash, end of year	\$ 631,999	\$ 595,305

See accompanying notes to financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2006

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) 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.

(b) 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.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2006

1. Significant accounting policies (continued):

(c) 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%

(d) Volunteers:

A number of people donate time and expertise to Club Services across its operations. However, since no objective basis exists for recording and assigning fair values to donated time, the value of this time has not been reflected in these financial statements.

(e) Contributed materials and services:

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

(f) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the financial statements. Actual results could differ from those estimated.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2006

2. Property and equipment:

	Cost	Accumulated amortization	2006 Net book value	2005 Net book value
Buildings	\$ 556,860	\$ 344,828	\$ 212,032	\$ 231,086
Furniture and equipment	280,493	182,486	98,007	39,673
Automotive	374,686	334,435	40,251	43,487
Program equipment	133,127	127,105	6,022	5,911
	<u>\$ 1,345,166</u>	<u>\$ 988,854</u>	<u>\$ 356,312</u>	<u>\$ 320,157</u>

3. Deferred revenue and deferred capital contributions:

(a) Deferred revenue:

Deferred revenue reported in the Operating Fund relates to externally restricted operating funding received in the current year or in prior years which relates to future years.

Changes in the deferred revenue balances are as follows:

Operating Fund	2006	2005
Balance opening	\$ 308,230	\$ 163,776
Less amounts recognized as revenue in the year:		
Government grants	(93,742)	(49,992)
Donations	-	(466)
Grants - foundation/organizations	(108,080)	(62,500)
Add amounts received related to future years:		
Government grants	79,578	143,312
Grants - foundation/organizations	197,500	114,100
Balance closing	<u>\$ 383,486</u>	<u>\$ 308,230</u>

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2006

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

(b) Deferred capital contributions:

Deferred capital contributions include unamortized portions of contributed property and equipment and contributions restricted for the purchase of property and equipment.

Capital Fund	2006	2005
Balance opening	\$ 185,688	\$ 205,049
Less amounts amortized to revenue	(19,361)	(19,361)
Add amounts received related to future years	73,498	-
Balance closing	\$ 239,825	\$ 185,688

4. Internally restricted fund balances:

The Operating Fund balance is internally restricted for community clubs preventative programs.

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:

	2006	2005
From Operating Fund to Capital Fund:		
Transportation assessment on vehicles	\$ 19,000	\$ 20,500
For purchase of program equipment	9,597	11,811
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)	(1,736)
	\$ 36,091	\$ 30,575

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2006

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 Society Act (British Columbia) and is registered as a non-profit charitable organization. During the year the Foundation made a charitable disbursement in the amount of \$116,615 (2005 - \$87,755) to Club Services. At year end accounts receivable includes a balance receivable from the Foundation totaling \$151,408 (2005 - \$110,106).
- (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 2006 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.