

Audited Financial Statements of

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

Year ended March 31, 2006



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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 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 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 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, expenses, assets or 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 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.

Chartered Accountants

Victoria, Canada

May 26, 2006

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

## Statement of Financial Position

March 31, 2006, with comparative figures for 2005

	Operating Fund	Endowment Funds	Capital Fund	Total 2006	Total 2005
<b>Assets</b>					
Current assets:					
Cash and short-term deposits	\$ 16,243	14,448	290,884	321,575	168,722
Accounts receivable	17,038	348	1,865	19,251	12,128
Due from Endowment Funds	13,832	-	-	13,832	-
Due from Capital Fund	5,862	-	-	5,862	-
Due from Operating Fund	-	-	-	-	12,205
Mortgage receivable (note 2)	-	-	86,035	86,035	-
	52,975	14,796	378,784	446,555	193,055
Mortgage receivable	-	-	-	-	87,801
Investments (market value \$341,863; 2005 - \$374,530)	-	255,070	60,000	315,070	352,277
Other assets (note 3)	-	24,375	-	24,375	24,375
Property and equipment (note 4)	-	-	1,691,210	1,691,210	1,694,681
	-	279,445	1,751,210	2,030,655	2,159,134
	\$ 52,975	294,241	2,129,994	2,477,210	2,352,189

## Liabilities and Fund Balances

Current liabilities:					
Due to Operating Fund	\$ -	13,832	5,862	19,694	-
Due to Capital Fund	-	-	-	-	12,205
Accounts payable	29,556	-	128,761	158,317	128,307
Mortgage payable (note 5)	-	-	804,000	804,000	892,000
	29,556	13,832	938,623	982,011	1,032,512
Fund balances:					
Invested in property and equipment	-	-	821,210	821,210	736,681
Externally restricted (note 6)	-	280,409	183,880	464,289	298,012
Internally restricted (note 7)	-	-	186,281	186,281	260,299
Unrestricted	23,419	-	-	23,419	24,685
	23,419	280,409	1,191,371	1,495,199	1,319,677
	\$ 52,975	294,241	2,129,994	2,477,210	2,352,189

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 March 31, 2006, with comparative figures for 2005

	Operating Fund	Endowment Funds	Capital Fund	Total 2006	Total 2005
<b>Revenue:</b>					
Donations	\$ 47,412	1,730	244,340	293,482	121,769
Provincial grants	-	-	88,000	88,000	88,000
Fundraising - special events (note 8)	140,382	-	4,749	145,131	132,386
Use of facilities	-	-	7,200	7,200	7,200
Investment	2,553	16,335	12,527	31,415	20,918
Miscellaneous	-	-	2,900	2,900	1,140
Gaming income	-	-	2,500	2,500	-
	190,347	18,065	362,216	570,628	371,413
<b>Expense:</b>					
Donations	167,192	3,000	47,966	218,158	134,617
Fundraising	24,358	-	84,025	108,383	102,970
Stationery, advertising and postage	897	-	5,421	6,318	7,462
Accounting, audit and legal fees	4,000	-	-	4,000	3,750
Interest	-	-	37,396	37,396	37,795
Office and bank charges	6,503	20	6,906	13,429	10,166
Amortization of property and equipment	-	-	5,848	5,848	5,406
Professional fees	-	-	1,574	1,574	-
	202,950	3,020	189,136	395,106	302,166
Excess (deficiency) of revenue over expense	(12,603)	15,045	173,080	175,522	69,247
Fund balances, beginning of year	24,684	279,196	1,015,797	1,319,677	1,250,430
Transfers between funds (note 9)	11,338	(13,832)	2,494	-	-
Fund balances, end of year	\$ 23,419	280,409	1,191,371	1,495,199	1,319,677

See accompanying notes to financial statements.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

## 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	\$ 175,522	\$ 69,247
Items not involving cash:		
Contribution of shares	(144,698)	-
Gain on sale of investments	(10,404)	(2,341)
Amortization of property and equipment	5,848	5,406
Changes in non-cash operating working capital:		
Accounts receivable	(7,123)	81,101
Accounts payable and accrued liabilities	30,007	(31,691)
	49,152	121,722
Investing activities:		
Purchase of investments	(387,301)	(38,726)
Sale of investments	579,612	-
Mortgage receivable receipt	1,766	1,665
Purchase of property and equipment	(2,376)	(7,498)
	191,701	(44,559)
Financing activities:		
Mortgage repayment	(88,000)	(88,000)
Increase (decrease) in cash	152,853	(10,837)
Cash and short-term deposits, beginning of year	168,722	179,559
Cash and short-term deposits, end of year	\$ 321,575	\$ 168,722
Supplementary information:		
Interest paid during the year	\$ 37,396	\$ 37,795

See accompanying notes to financial statements.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended March 31, 2006

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The Boys & Girls Clubs of Greater Victoria Foundation (the "Foundation") is incorporated under the Society Act (British Columbia) and is registered as a charitable organization. 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 the assets, liabilities, revenues and expenses related to capital assets.

The Endowment Funds report contributions and related investments externally restricted by donors which must be retained in perpetuity.

### (b) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions.

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 receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue of the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended March 31, 2006

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## 1. Significant accounting policies (continued):

### (b) Revenue recognition (continued):

Investment income externally restricted by donors is recognized as revenue of the appropriate Endowment Fund.

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 recorded at cost. Adjustments are made for reductions in market value considered to be other than temporary.

### (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
Building	4%
Office equipment	20%
Property improvements	10%

### (e) Volunteers:

A number of people donate time and expertise to the Foundation 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.

### (f) 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.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended March 31, 2006

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## 1. Significant accounting policies (continued):

### (g) Use of estimates:

Preparation of financial statements requires management to make estimates and assumptions. Actual results could differ from those estimated.

### (h) Pledges:

Pledges are commitments to give a specific dollar amount to one or more designated funds within a specified period of time, generally over a span of years. Pledges are recorded as revenue of the appropriate fund in the period when payment is received or when the amount can be reasonably estimated and ultimate collection is reasonably assured.

## 2. Mortgage receivable:

The mortgage receivable bears interest at 6.15%, is repayable in 20 equal monthly instalments of principal and interest and is due on November 1, 2006.

## 3. Other assets:

Other assets consist of donated art prints which have been recorded at their estimated fair value at the time of donation.

## 4. Property and equipment:

	Cost	Accumulated amortization	2006 Net book value	2005 Net book value
Land	\$ 1,579,591	\$ -	\$ 1,579,591	\$ 1,579,591
Building	113,131	8,925	104,206	108,548
Office equipment	7,425	2,190	5,235	6,542
Property improvements	2,376	198	2,178	-
	<u>\$ 1,702,523</u>	<u>\$ 11,313</u>	<u>\$ 1,691,210</u>	<u>\$ 1,694,681</u>

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended March 31, 2006

## 5. Mortgage payable:

	2006	2005
Royal Bank demand loan, interest only payable monthly at Royal Bank prime (March 31, 2006 - 5.5%) (2005 - 4.25%), due April 16, 2007	\$ 400,000	\$ 400,000
Royal Bank 4.55% demand loan, repayable at \$70,400 per annum with interest payable monthly, due April 16, 2006	404,000	492,000
	<b>\$ 804,000</b>	<b>\$ 892,000</b>

In addition to the principal payment detailed above, the demand loans are repayable in quarterly payments of 100% of gross non-designated proceeds collected from "Create A Ripple" capital campaign after allowance for reserve of first \$400,000 proceeds collected.

The above demand loans are secured by a demand collateral mortgage, assignment of rents, and general security agreement covering all assets of the Foundation and Boys & Girls Club Services. The Foundation has also pledged a \$60,000 term deposit as cash collateral.

Minimum principal repayments required for each of the next three years, provided conditions of refinancing are met, are as follows:

2007	\$ 70,400
2008	470,400
2009	263,200

## 6. Externally restricted funds:

### (a) Endowment Funds:

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

	2006	2005
The Our Children - Our Future Fund	\$ 94,543	\$ 90,330
The Harman Family Fund	63,000	63,000
The Mel Cooper Fund for Youth Leadership	112,531	115,531
The Betty Hansen Memorial Fund	10,335	10,335
	<b>\$ 280,409</b>	<b>\$ 279,196</b>

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended March 31, 2006

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## 6. Externally restricted funds (continued):

### (a) Endowment Funds (continued):

The Our Children - Our Future Fund receives endowment donations 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 40<sup>th</sup> 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.

Distributions from endowment funds are made in accordance with the purposes established for each fund in amounts determined by the Board.

Endowment contributions by fund during the year are as follows:

	2006	2005
The Our Children - Our Future Fund	\$ 1,730	\$ 550
The Harman Family Fund	-	2,000
The Mel Cooper Fund for Youth Leadership	-	500
The Betty Hansen Memorial Fund	-	675
	<u>\$ 1,730</u>	<u>\$ 3,725</u>

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended March 31, 2006

## 6. Externally restricted funds (continued):

### (b) Capital Fund:

In 2005 the Foundation launched the "Create A Ripple" campaign to raise funds for the Wilderness Camp located in Metchosin. Contributions will support the camp purchase, enhancement of existing structures, building new facilities and the design and implementation of new services to meet the developmental needs of children, youth and families.

Create A Ripple fund balance comprises the following:

	2006	2005
Opening balance	\$ 18,816	\$ 14,710
Create A Ripple contributions	249,089	85,340
Less fundraising expenditures	(84,025)	(81,234)
Closing balance	\$ 183,880	\$ 18,816

Unrecognized pledges outstanding for the "Create A Ripple" campaign at March 31, 2006 are \$351,385 (2005 -\$nil) and are expected to be received as follows:

2007	\$ 109,056
2008	73,352
2009	71,107
Subsequent years	97,760

## 7. Internally restricted fund balances:

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

## 8. Fundraising - special events:

The Foundation performs fundraising activities for Club Services. The Foundation hosted three major events - The U-Select Chuck Dalsin Memorial Golf Tournament, Belfry Buy Our House, and in partnership with BC Paraplegic Association, Monopoly Madness.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended March 31, 2006

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**9. Transfers between funds:**

Transfers of \$13,832 (2005 - \$13,479) from Endowment Funds to the Operating Fund were made in accordance with the purposes established for each fund. The transfer of \$2,494 from the Operating Fund to the Capital Fund represents unrestricted investment income.

**10. 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 a charitable disbursement in the amount of \$116,615 (2005 - \$87,755) to Club Services. At year end accounts payable includes a balance payable to Club Services totaling \$151,408 (2005 - \$110,106).

**11. Financial instruments:**

The carrying value of the Foundation's accounts receivable, mortgage receivable, accounts payable and mortgage payable approximates their fair value except as otherwise noted.

**12. Comparative figures:**

Certain comparative figures have been reclassified to conform with the current year's presentation.