

Financial Statements of

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

Year ended March 31, 2005



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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, 2005 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.

As is the case in many organizations of its kind, 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 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, 2005 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' in a cursive, stylized font.

Chartered Accountants

Victoria, Canada

May 20, 2005

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statement of Financial Position

March 31, 2005, with comparative figures for 2004

	Operating Fund	Endowment Funds	Capital Fund	Total 2005	Total 2004
Assets					
Current assets:					
Cash and short-term deposits	\$ 38,815	3,191	103,941	145,947	179,559
Accounts receivable	9,808	853	1,467	12,128	92,905
Due from Endowment Funds	-	-	-	-	11,111
Due from Operating Fund	-	-	12,205	12,205	49,507
	48,623	4,044	117,613	170,280	333,082
Mortgage receivable (note 10)	-	-	87,801	87,801	89,466
Investments (market value \$408,116; 2004 - \$337,919)	-	250,777	124,275	375,052	311,210
Other assets (note 2)	-	24,375	-	24,375	24,375
Property and equipment (note 3)	-	-	1,694,681	1,694,681	1,692,662
	-	275,152	1,906,757	2,181,909	2,117,713
	\$ 48,623	279,196	2,024,370	2,352,189	2,450,795


Liabilities and Fund Balances

Current liabilities:					
Due to Operating Fund	\$ -	-	-	-	11,111
Due to Capital Fund	12,205	-	-	12,205	49,507
Accounts payable (note 9)	11,733	-	116,574	128,307	159,747
Mortgage payable (note 4)	-	-	892,000	892,000	980,000
	23,938	-	1,008,574	1,032,512	1,200,365
Fund balances:					
Invested in property and equipment	-	-	736,681	736,681	646,662
Externally restricted (note 5)	-	279,196	18,816	298,012	291,042
Internally restricted (note 6)	-	-	260,299	260,299	297,139
Unrestricted	24,685	-	-	24,685	15,587
	24,685	279,196	1,015,796	1,319,677	1,250,430
	\$ 48,623	279,196	2,024,370	2,352,189	2,450,795

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, 2005, with comparative figures for 2004

	Operating Fund	Endowment Funds	Capital Fund	Total 2005	Total 2004
Revenue:					
Donations	\$ 45,524	3,725	72,520	121,769	46,235
Provincial grants	-	-	88,000	88,000	-
Fundraising - Special events (note 7)	119,566	-	12,820	132,386	-
Use of facilities	-	-	7,200	7,200	8,300
Investment	1,301	12,618	6,999	20,918	12,387
Miscellaneous	1,140	-	-	1,140	43,886
Gain on sale of property	-	-	-	-	761,900
	167,531	16,343	187,539	371,413	872,708
Expense:					
Donations	134,617	-	-	134,617	29,379
Fundraising	21,736	-	81,234	102,970	10,350
Stationery, advertising and postage	3,320	-	4,142	7,462	3,157
Accounting, audit and legal fees	3,750	-	-	3,750	5,745
Interest	-	-	37,795	37,795	-
Office and bank charges	7,238	-	2,928	10,166	1,228
Amortization of property and equipment	-	-	5,406	5,406	60
	170,661	-	131,505	302,166	49,919
Excess (deficiency) of revenue over expense	(3,130)	16,343	56,034	69,247	822,789
Fund balances, beginning of year	15,587	276,332	958,511	1,250,430	427,641
Transfers between funds (note 8)	12,228	(13,479)	1,251	-	-
Fund balances, end of year	\$ 24,685	279,196	1,015,796	1,319,677	1,250,430

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statement of Cash Flows

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expense	\$ 69,247	\$ 822,789
(Gain) loss on sale of investments	(2,341)	2,460
Amortization of property and equipment	5,406	60
Gain on sale of property	-	(761,900)
Net change in non-cash working capital	49,410	67,520
	121,722	130,929
Investing activities:		
Purchase of investments	(61,501)	(926,451)
Proceeds on sale of investments	-	859,351
Mortgage receivable receipt (lending)	1,665	(89,466)
Purchase of property and equipment	(7,498)	(1,692,722)
Proceeds from sale of property	-	802,258
	(67,334)	(1,047,030)
Financing activities:		
Mortgage (repayment) financing	(88,000)	980,000
(Decrease) increase in cash	(33,612)	63,899
Cash and short-term deposits, beginning of year	179,559	115,660
Cash and short-term deposits, end of year	\$ 145,947	\$ 179,559
Supplementary information:		
Interest paid during the year	\$ 37,795	\$ -

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended March 31, 2005

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 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, 2005

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 rates calculated to amortize the cost of the assets over their estimated useful lives.

Assets	Rate
Building	4%
Office equipment	20%

(e) Contributed materials and services:

The Foundation receives a substantial benefit from volunteers and donated materials. It is not practical for the Foundation to record the receipt of contributed materials and services.

(f) Use of estimates:

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

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended March 31, 2005

2. Other assets:

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

3. Property and equipment:

	Cost	Accumulated amortization	2005 Net book value	2004 Net book value
Land	\$ 1,579,591	\$ -	\$ 1,579,591	\$ 1,579,591
Building	113,131	4,583	108,548	113,071
Office equipment	7,425	883	6,542	-
	<u>\$ 1,700,147</u>	<u>\$ 5,466</u>	<u>\$ 1,694,681</u>	<u>\$ 1,692,662</u>

4. Mortgage payable:

	2005	2004
Royal Bank demand loan, interest only payable monthly at Royal Bank prime 4.25% (March 31, 2004 - 4.00%), due August 1, 2005	\$ 400,000	\$ 400,000
Royal Bank 4.55% demand loan, repayable at \$88,000 per annum with interest payable monthly, due April 16, 2006	492,000	580,000
	<u>\$ 892,000</u>	<u>\$ 980,000</u>

The above demand loans are secured by a general security agreement covering all personal property of the Foundation and Boys & Girls Club Services. The Foundation has pledged a \$100,000 term deposit as cash collateral.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended March 31, 2005

4. Mortgage payable (continued):

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

2006	\$	488,000
2007		88,000
2008		88,000
2009		88,000
2010		88,000

5. Externally restricted funds:

(a) Endowment Funds:

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

	2005	2004
The Our Children - Our Future Fund	\$ 90,330	\$ 90,640
The Harman Family Fund	63,000	61,000
The Mel Cooper Fund for Youth Leadership	115,531	115,031
The Betty Hansen Memorial Fund	10,335	9,661
	\$ 279,196	\$ 276,332

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 honor the 40th anniversary of Club Services and to honor Mel Cooper, a long-time supporter of Club Services. Income from the Mel Cooper Fund is used for youth leadership initiatives within Club Services.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended March 31, 2005

5. Externally restricted funds (continued):

(a) Endowment Funds (continued):

The Betty Hansen Memorial Fund, established in April 2002, honors a long-standing employee and patron by recognizing volunteers who make significant contributions to the Foundation and to Club Services.

Distributions from endowment funds are to be 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:

	2005	2004
The Our Children - Our Future Fund	\$ 550	\$ 2,100
The Harman Family Fund	2,000	1,780
The Mel Cooper Fund for Youth Leadership	500	550
The Betty Hansen Memorial Fund	675	750
	\$ 3,725	\$ 5,180

(b) Capital Fund:

In 2004 the Foundation launched the "Create A Ripple" campaign to fund the Wilderness Camp located in Metchosin. Funds 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 of the following:

	2005	2004
Opening balance	\$ 14,710	\$ -
Create A Ripple contributions	85,340	25,060
Less fundraising expenditures	(81,234)	(10,350)
	\$ 18,816	\$ 14,710

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Notes to Financial Statements

Year ended March 31, 2005

6. 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.

7. Fundraising - special events:

During the year, the Foundation took over fundraising activities from 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.

8. Transfers between funds:

Transfers of \$13,479 (2004 - \$12,438) from Endowment Funds to the Operating Fund were made in accordance with the purposes established for each fund. The transfer of \$1,251 from the Operating Fund to the Capital Fund represents unrestricted investment income.

9. 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 \$87,755 (2004 - \$29,379) to Club Services. At year end there is a balance payable to Club Services totaling \$110,106 (2004 - \$66,000) and a balance receivable of \$nil (2004 - \$43,346). There are no stated terms for repayment and no interest charged.

10. Mortgage receivable:

The mortgage receivable bears interest at 6.15% and is repayable in twenty equal monthly instalments of principal and interest with a lump sum payment of \$86,731 November 1, 2006.

BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended March 31, 2005

11. Financial instruments:

The carrying value of the Foundation's financial assets and liabilities 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.