

Financial Statements of

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

Year ended January 31, 2011



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### Independent Auditors' Report

*To the Members of the Boys & Girls Clubs of Greater Victoria Foundation*

We have audited the accompanying financial statements of Boys & Girls Clubs of Greater Victoria Foundation, which comprise the statement of financial position as at January 31, 2011, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### *Basis for Qualified Opinion*

In common with many charitable organizations, 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 the amounts recorded in the records of Boys & Girls Clubs of Greater Victoria Foundation and we were not able to determine whether, as at or for the years ended January 31, 2011 and January 31, 2010, any adjustments might be necessary to donations, excess of revenue over expense reported in the statements of operations and current assets and unrestricted fund balances reported in the statement of financial position.

#### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Boys & Girls Clubs of Greater Victoria Foundation as at January 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

#### *Report on Other Legal and Regulatory Requirements*

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting policies applied by the Boys & Girls Clubs of Greater Victoria Foundation in preparing and presenting the financial statements in accordance with Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

*KPMG LLP*

May 19, 2011  
Victoria, Canada

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Statement of Financial Position

January 31, 2011, with comparative figures for 2010

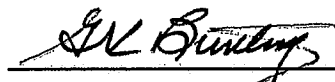
	Operating Fund	Endowment Funds	Capital Fund	Total 2011	Total 2010
<b>Assets</b>					
Current assets:					
Cash	\$ 32,605	23,729	8,078	64,412	87,343
Accounts receivable	1,243	398	19,117	20,758	22,318
Due from Endowment Funds	174,981	-	-	174,981	91,992
Due from Capital Fund	249	25	-	274	-
Due from Operating Fund	-	-	-	-	1,839
	209,078	24,152	27,195	260,425	203,492
Investments (note 2)	-	680,122	280,613	960,735	886,274
Other assets (note 3)	-	24,375	-	24,375	24,375
Property and equipment (note 4)	-	-	2,326,874	2,326,874	2,348,615
	-	704,497	2,607,487	3,311,984	3,256,264
	\$ 209,078	728,649	2,634,682	3,572,409	3,462,756

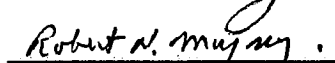
## Liabilities and Fund Balances

Current liabilities:					
Due to Operating Fund	\$ -	174,981	249	175,230	91,992
Due to Endowment Funds	-	-	25	25	-
Due to Capital Fund	-	-	-	-	1,839
Accounts payable (note 8)	82,005	-	66,000	148,005	157,568
Mortgage payable	-	-	-	-	110,000
Deferred revenue	-	-	-	-	25,833
	82,005	174,981	66,274	323,260	387,232
Fund balances:					
Invested in property and equipment	-	-	2,260,874	2,260,874	2,172,615
Externally restricted (note 5)	-	553,668	124,578	678,246	686,408
Internally restricted (note 6)	-	-	182,956	182,956	184,659
Unrestricted	127,073	-	-	127,073	31,842
	127,073	553,668	2,568,408	3,249,149	3,075,524
	\$ 209,078	728,649	2,634,682	3,572,409	3,462,756

See accompanying notes to financial statements.

Approved by the Board:

 Director

 Director

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

## Statement of Operations and Changes in Fund Balances

Year ended January 31, 2011, with comparative figures for 2010

	Operating Fund	Endowment Funds	Capital Fund	Total 2011	Total 2010
<b>Revenue:</b>					
Donations	\$ 209,041	1,077	111,979	322,097	333,283
Fundraising events (note 7)	32,204	-	-	32,204	82,605
Use of facilities	40,000	-	-	40,000	40,000
Investment income (note 10)	83,162	-	1,723	84,885	129,517
Gaming income	-	-	-	-	53,589
	364,407	1,077	113,702	479,186	638,994
<b>Expense:</b>					
Donations (note 8)	187,877	-	-	187,877	237,247
Fundraising costs	65,201	-	967	66,168	94,501
Stationery, advertising and postage	7,422	-	343	7,765	11,286
Accounting, audit and legal fees	5,455	-	-	5,455	5,350
Interest	-	-	2,099	2,099	3,847
Office and bank charges	3,221	-	984	4,205	9,628
Amortization of property and equipment	-	-	31,992	31,992	27,652
	269,176	-	36,385	305,561	389,511
Excess of revenue over expense	95,231	1,077	77,317	173,625	249,483
Fund balances, beginning of year	31,842	552,591	2,491,091	3,075,524	2,826,041
Fund balances, end of year	\$ 127,073	553,668	2,568,408	3,249,149	3,075,524

See accompanying notes to financial statements.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

## Statement of Cash Flows

Year ended January 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expense	\$ 173,625	\$ 249,483
Items not involving cash:		
Amortization of property and equipment	31,992	27,652
Net gain on investments	(57,354)	(104,733)
Contribution of shares	-	(2,017)
Changes in non-cash operating working capital:		
Accounts receivable	1,560	8,578
Accounts payable	(9,563)	10,394
Prepaid expenses	-	102
Deferred revenue	(25,833)	(111,208)
	114,427	78,251
Investing activities:		
Purchases of investments	(264,138)	(295,143)
Sale of investments	247,031	281,634
Purchase of property and equipment	(10,251)	(265,393)
	(27,358)	(278,902)
Financing activities:		
Mortgage repayment	(110,000)	(76,000)
Decrease in cash	(22,931)	(276,651)
Cash, beginning of year	87,343	363,994
Cash, end of year	\$ 64,412	\$ 87,343
Supplementary information:		
Interest paid during the year	\$ 2,099	\$ 3,847

See accompanying notes to financial statements.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2011

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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 assets, liabilities, revenues and expenses related to property and equipment and amounts held for future repairs, improvements or purchases of property and equipment.

The Endowment Funds report on externally restricted contributions received from donors and related investments purchased which must be retained in perpetuity.

### (b) Contributed materials and services:

Donated materials and services are recognized in the financial statements when a fair value can be reasonably established, 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.

### (c) 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

Year ended January 31, 2011

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## 1. Significant accounting policies (continued):

### (c) 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 Operating 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, recorded on the accrual basis, includes interest, dividends and net gain (loss) 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.

### (d) Financial instruments:

Cash and investments are classified as held-for-trading and are recorded at fair value with gains and losses included in earnings. Accounts receivable and accounts payable are classified as either loans and receivables or other financial liabilities and are recorded at amortized cost.

The Foundation complies with CICA Handbook Section 3861, Financial Instruments – Disclosure and Presentation, for the presentation and disclosure of financial instruments.

### (e) 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%
Parking lot	8%
Office equipment	20%

### (f) Use of estimates:

Preparation of financial statements for a year requires estimates and assumptions. Actual results could differ.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2011

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## 1. Significant accounting policies (continued):

### (g) Pledges:

Pledges are commitments to give specific dollar amounts within specified periods of time. Pledges are recorded as revenue when payments are received.

### (h) Revisions to Not-for-Profit accounting standards:

The Foundation will be transitioning to the Accounting Standards for Not-for-Profit Organizations contained in Part III of the CICA Handbook-Accounting beginning February 1, 2012. While the financial statement presentation and the accounting treatment of most items will not change from current practice, there are certain transitional provisions that the Foundation will apply when preparing the first financial statements under the new accounting standards. The impact of these transitional provisions on the financial statements of the Foundation has not yet been fully determined.

## 2. Investments:

	2011	2010
Money market instruments	\$ 294,560	\$ 223,940
Fixed income	306,632	346,106
Equities	359,543	316,228
	<u>\$ 960,735</u>	<u>\$ 886,274</u>

Investments include term deposits, short-term notes, bonds and debentures which mature at various dates between March 2011 and March 2020 and bear interest at rates ranging from 0.3% to 6.4%.

## 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

Year ended January 31, 2011

## 4. Property and equipment:

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Land	\$ 1,579,591	\$ -	\$ 1,579,591	\$ 1,579,591
Buildings	793,067	86,463	706,604	724,528
Parking lot	48,647	9,683	38,964	42,352
Office equipment	7,426	5,711	1,715	2,144
	<u>\$ 2,428,731</u>	<u>\$ 101,857</u>	<u>\$ 2,326,874</u>	<u>\$ 2,348,615</u>

## 5. Externally restricted funds:

### (a) Endowment Funds:

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

	2011	2010
The Our Children - Our Future Fund	\$ 97,407	\$ 97,100
The Harman Family Fund	63,729	63,729
The Mel Cooper Fund for Youth Leadership	116,866	116,866
The Betty Hansen Memorial Fund	11,267	10,919
The Joyce Peterson Memorial Fund	9,176	8,754
Coast Capital Savings Youth Leadership Endowment Fund	100,089	100,089
Coast Capital Savings Adventure Based Learning Endowment Fund	150,134	150,134
Philip Chan Memorial Fund	5,000	5,000
	<u>\$ 553,668</u>	<u>\$ 552,591</u>

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 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.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2011

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## 5. Externally restricted funds (continued):

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

The Joyce Peterson Memorial Fund, established in 2008, 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.

The Philip Chan Memorial Fund was established in 2008 to honour a long serving board member. Income from the fund will be used to support Youth Leadership programs.

Distributions of earnings are made in accordance with policies established for each fund by the Board.

Endowment contributions by fund during the year are as follows:

	2011	2010
The Our Children - Our Future Fund	\$ 307	\$ 3,691
The Betty Hansen Memorial Fund	348	50
The Joyce Peterson Memorial Fund	422	612
	<u>\$ 1,077</u>	<u>\$ 4,353</u>

### (b) Capital Fund:

In 2005 the Foundation launched the "Create A Ripple" capital 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.

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2011

**5. Externally restricted funds (continued):**

(b) Capital Fund (continued):

Changes in the externally restricted Create A Ripple fund balance are as follows:

	2011	2010
Opening balance	\$ 133,817	\$ 304,581
Create A Ripple contributions	111,979	176,058
Less fundraising expenditures	(967)	(5,428)
Less mortgage principal payments	(110,000)	(76,000)
Less purchase of property and equipment	(10,251)	(265,394)
<b>Closing balance</b>	<b>\$ 124,578</b>	<b>\$ 133,817</b>

Pledges outstanding for the "Create A Ripple" campaign at January 31, 2011 total \$37,564 (2010 - \$120,014) and are expected to be collected as follows:

	2011	2010
2011	\$ -	\$ 120,014
2012	37,564	-

**6. Internally restricted fund balances:**

The internally restricted Capital Fund balance is designated by the Board for property and equipment and future repairs, improvements and purchases of property and equipment.

**7. Fundraising events:**

The Foundation undertakes fundraising activities to benefit Club Services. During the year, the Foundation hosted Monopoly Madness (in partnership with BC Paraplegic Association).

# BOYS & GIRLS CLUBS OF GREATER VICTORIA FOUNDATION

Notes to Financial Statements

Year ended January 31, 2011

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**8. 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 disbursements totaling \$140,752 (2010 - \$185,418) to support programs operated by Club Services. At year end accounts payable includes a balance payable to Club Services totaling \$148,005 (2010 - \$157,568). The amount includes \$66,000 (2010 - \$66,000) due to the Bull Memorial Fund. Club Services leases the property known as Metchosin Camp from the Foundation on a month to month basis for a total of \$40,000 per annum.

**9. Financial instruments:**

The fair value of cash, investments, accounts receivable and accounts payable approximate their carrying value.

It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from its financial instruments.

**10. Investment income:**

	2011	2010
Net gains	\$ 57,354	\$ 104,733
Interest	27,531	24,784
	<u>\$ 84,885</u>	<u>\$ 129,517</u>

**11. Capital management:**

The Foundation defines capital to be its fund balances. The Foundation receives its principal source of capital through donations and fundraising. The Foundation's objective when managing capital is to fund its operations and maintain a reserve sufficient to ensure the entity has time to adjust to future changes in revenues and operating costs. The Foundation monitors expenses and preserves capital in accordance with operating budgets.

The Foundation is not subject to any significant external covenants on its capital. The Foundation has complied with any external restrictions on its revenues.

**12. Comparative figures:**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.