

Financial Statements of

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

Year ended January 31, 2011



KPMG LLP
Chartered Accountants
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7

Telephone (250) 480-3500
Telefax (250) 480-3539
Internet www.kpmg.ca

Independent Auditors' Report

To the Members of the Boys & Girls Club Services of Greater Victoria

We have audited the accompanying financial statements of Boys & Girls Club Services of Greater Victoria, 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Boys & Girls Club Services of Greater Victoria 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 Boys & Girls Club Services of Greater Victoria 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 CLUB SERVICES OF GREATER VICTORIA

Statement of Financial Position

January 31, 2011, with comparative figures for 2010

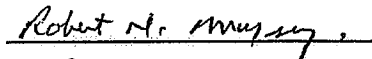
	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2011	Total 2010
Assets					
Current assets:					
Cash and short-term investments	\$ 809,438	154,138	11,506	975,082	868,866
Accounts receivable (note 6)	195,632	169	66,000	261,801	201,156
Prepaid expenses	86,942	-	-	86,942	74,316
Due from Operating Fund	-	31,864	-	31,864	52,835
	1,092,012	186,171	77,506	1,355,689	1,197,173
Property and equipment (note 2)	-	290,582	-	290,582	357,622
	\$ 1,092,012	476,753	77,506	1,646,271	1,554,795


Liabilities and Fund Balances

Current liabilities:					
Accounts payable and accrued liabilities	\$ 295,935	-	-	295,935	261,901
Due to Capital Fund	31,864	-	-	31,864	52,835
Deferred revenue (note 3)	435,028	-	-	435,028	403,427
	762,827	-	-	762,827	718,163
Deferred capital contributions (note 3)	-	198,976	-	198,976	231,435
	762,827	198,976	-	961,803	949,598
Fund balances:					
Invested in property and equipment	-	91,606	-	91,606	126,188
Internally restricted (note 4)	141,534	186,171	77,506	405,211	295,754
Unrestricted	187,651	-	-	187,651	183,255
	329,185	277,777	77,506	684,468	605,197
	\$ 1,092,012	476,753	77,506	1,646,271	1,554,795

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 January 31, 2011, with comparative figures for 2010

	Operating Fund	Capital Fund	Bull Memorial Fund	Total 2011	Total 2010
Revenue:					
Provincial grants	\$ 3,480,126	-	-	3,480,126	3,480,155
Municipal grants	28,524	-	-	28,524	32,057
Federal grants	125,267	-	-	125,267	42,052
United Way contributions	77,027	-	-	77,027	87,975
Foundation and other grants (note 6)	164,893	3,000	4,276	172,169	155,767
Fundraising - gaming	85,234	-	-	85,234	84,053
Fundraising - special events	52,632	-	-	52,632	63,495
Participant program fees	308,181	-	-	308,181	260,665
Use of facilities	299,395	-	-	299,395	280,626
Miscellaneous	46,734	-	-	46,734	15,006
Interest	1,743	310	-	2,053	6,491
Productive	3,100	-	-	3,100	339
Amortization of deferred capital contributions (note 3)	-	32,459	-	32,459	29,411
Gain on disposition of assets	-	2,740	-	2,740	1,729
	4,672,856	38,509	4,276	4,715,641	4,539,821
Expense:					
Wages and benefits	2,915,611	-	-	2,915,611	2,878,268
Program delivery	909,476	-	-	909,476	866,856
Transportation	140,493	-	-	140,493	142,927
Building occupancy	377,520	-	-	377,520	395,158
Office	129,940	25	18	129,983	137,711
Fundraising and development	6,186	-	-	6,186	2,641
Miscellaneous	16,576	-	-	16,576	16,143
Professional fees	54,076	-	-	54,076	52,910
Amortization of property and equipment	-	86,449	-	86,449	81,029
	4,549,878	86,474	18	4,636,370	4,573,643
Excess (deficiency) of revenue over expense	122,978	(47,965)	4,258	79,271	(33,822)
Fund balances, beginning of year	280,236	251,713	73,248	605,197	639,019
Transfers between funds (note 5)	(74,029)	74,029	-	-	-
Fund balances, end of year	\$ 329,185	277,777	77,506	684,468	605,197

See accompanying notes to financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Statement of Cash Flows

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

	2011	2010
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expense	\$ 79,271	\$ (33,822)
Items not involving cash:		
Amortization of property and equipment	86,449	81,029
Amortization of deferred capital contributions	(32,459)	(29,411)
Changes in non-cash operating working capital:		
Accounts receivable	(60,645)	49,182
Prepaid expenses	(12,626)	44,517
Accounts payable and accrued liabilities	34,034	15,734
Deferred revenue	31,601	(288,896)
	125,625	(161,667)
Investing activities:		
Purchase of equipment	(19,409)	(98,903)
Increase (decrease) in cash and short-term investments	106,216	(260,570)
Cash and short-term investments, beginning of year	868,866	1,129,436
Cash and short-term investments, end of year	\$ 975,082	\$ 868,866

See accompanying notes to financial statements.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2011

Boys & Girls Club Services of Greater Victoria ("Club Services") is a registered charity and is incorporated under the Society Act (British Columbia). The primary mission of Club Services is to provide a safe, supportive place where children and youth can experience new opportunities, overcome barriers, build positive relationships and develop confidence and skills for life. We believe that neighbourhood and community-based approaches that reach out to children, youth and families hold the greatest potential for fulfilling our agency mission and our various programs and services are designed with that belief in mind.

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

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) Contributed materials and service:

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 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 January 31, 2011

1. Significant accounting policies (continued):

(c) Revenue recognition:

Club Services follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the period 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 acquired assets are amortized.

Investment income, recorded on the accrual basis, includes interest income, dividends and net gain (loss) on investments.

(d) Financial instruments:

Cash and short-term 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 and accrued liabilities are classified as either loans and receivables or other financial liabilities and are recorded at amortized cost.

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

(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	10% - 30%
Automotive	20%
Program equipment	50%

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2011

1. Significant accounting policies (continued):

(f) Use of estimates:

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

(g) Revisions to Not-for-Profit accounting standards:

Club Services 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 Club Services will apply when preparing the first financial statements under the new accounting standards. The impact of these transitional provisions on the financial statements of Club Services has not yet been fully determined.

2. Property and equipment:

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Buildings	\$ 584,651	\$ 450,655	\$ 133,996	\$ 155,144
Furniture and equipment	313,048	255,841	57,207	81,017
Automotive	387,915	297,664	90,251	120,142
Program equipment	112,421	103,293	9,128	1,319
	<u>\$ 1,398,035</u>	<u>\$ 1,107,453</u>	<u>\$ 290,582</u>	<u>\$ 357,622</u>

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2011

3. Deferred revenue and deferred capital contributions:

(a) Deferred revenue:

Deferred revenue in the Operating Fund comprises externally restricted operating grants received in the current year or a prior year which will be recognized as revenue when the related costs are incurred.

Changes in deferred revenue balances:

Operating Fund	2011	2010
Opening balance	\$ 403,427	\$ 692,323
Less amounts recognized as revenue in the year:		
Government grants	(85,833)	(82,140)
Grants - foundation/organizations	(128,932)	(212,159)
Less unearned government funds returned	-	(305,326)
Add amounts received related to future periods:		
Government grants	134,705	195,384
Grants - foundation/organizations	111,661	115,345
Closing balance	\$ 435,028	\$ 403,427

(b) Deferred capital contributions:

Deferred capital contributions comprise unamortized externally restricted contributions.

Capital Fund	2011	2010
Opening balance	\$ 231,435	\$ 214,423
Add contributed assets	-	46,423
Less contributions amortized as revenue	(32,459)	(29,411)
Balance closing	\$ 198,976	\$ 231,435

4. Internally restricted fund balances:

The internally restricted Operating Fund balance is designated by the Board for community club and other preventative programs.

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

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2011

5. Transfers between funds:

The following amounts were transferred:

	2011	2010
From Operating Fund to Capital Fund:		
Transportation assessments on vehicles	\$ 18,000	\$ 18,000
For purchase of program equipment	-	2,622
For purchase of furniture and equipment	18,257	1,106
Appropriation for building renovations	37,772	43,070
	\$ 74,029	\$ 64,798

6. Related party:

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 a registered charity. During the year the Foundation made contributions, including restricted contributions, totaling \$140,752 (2010 - \$185,418) to support programs operated by Club Services. At year end accounts receivable includes a balance receivable from the Foundation totaling \$148,005 (2010 - \$157,568), which includes the \$66,000 (2010 - \$66,000) receivable in 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.

7. Financial instruments:

The fair value of cash and short-term investments, accounts receivable and accounts payable and accrued liabilities 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.

BOYS & GIRLS CLUB SERVICES OF GREATER VICTORIA

Notes to Financial Statements

Year ended January 31, 2011

8. Capital management:

Club Services defines capital to be its operating fund balances. Club Services receives its principal source of capital through operating grants. Club Services' objective when managing capital is to fund its operations. Club Services monitors expenses and preserves capital in accordance with operating budgets.

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

9. Lease commitment:

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 April 2011. The lease agreement expires April 1, 2016.