

Financial Statements

Boys and Girls Clubs of South Coast BC

March 31, 2014

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# Independent Auditor's Report

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To the Board of Directors of  
Boys and Girls Clubs of South Coast BC

We have audited the accompanying financial statements of Boys and Girls of South Coast BC, which comprise the balance sheet as at March 31, 2014, and the statements of revenue and expense, changes in fund balances and cash flows for the year then ended, and 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 accounting standards for not-for-profit organizations, 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.

## Auditor's 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 the auditor's 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, the auditor considers 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 in our audit 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 and Girls Clubs of South Coast BC as at March 31, 2014, and the results of its operations, changes in fund balances, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Vancouver, Canada  
June 26, 2014

*Grant Thornton LLP*

Chartered Accountants

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# Boys and Girls Clubs of South Coast BC

## Balance Sheet

March 31

2014

2013

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### Assets

#### Current

Cash and cash equivalents	\$ 32,352	\$ 444,901
Receivables		
BGC Foundation of South Coast BC (Note 8)	505,220	67,636
Other receivables (Note 3)	404,809	352,676
Prepaid expenses	2,319	1,337

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944,700 866,550

Property and equipment (Note 4) 3,040,742 3,135,194

\$ 3,985,442 \$ 4,001,744

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### Liabilities

#### Current

Bank indebtedness (Note 5)	\$ 307,102	\$ -
Payables and accruals	531,076	433,437
Deferred revenue (Note 6)	226,286	485,580

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1,064,464 919,017

Deferred contributions related to property and equipment (Note 7) 978,927 952,055

2,043,391 1,871,072

### Funds balances

Investment in property and equipment	2,061,815	2,183,139
General fund	(119,764)	(52,467)

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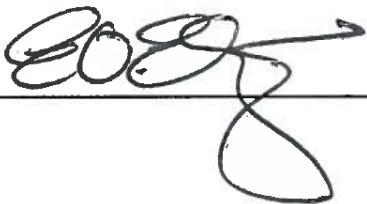
1,942,051 2,130,672

\$ 3,985,442 \$ 4,001,744

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Commitments (Note 11)

On behalf of the Board



Director



Director

# Boys and Girls Clubs of South Coast BC

## Statement of Revenue and Expense

Year ended March 31

2014

2013

Revenue		
Program fees and memberships	\$ 745,459	\$ 722,058
Government	5,320,916	5,427,350
Gaming	256,957	386,655
United Way	651,143	646,723
Rental, deferred and other	435,382	287,465
	<u>7,409,857</u>	<u>7,470,251</u>
Expense		
Salaries and benefits (Note 9)	6,169,990	6,450,675
Building occupancy (Note 8)	854,204	851,053
Office	231,620	215,749
Program supplies	425,566	431,044
Employment participants and partners (Note 12)	1,395,421	1,173,783
Transportation	267,753	293,203
Insurance, professional fees and other	497,415	489,522
	<u>9,841,969</u>	<u>9,905,029</u>
Deficiency of revenue over expense from operations before other items	(2,432,112)	(2,434,778)
Other items		
Amortization of property and equipment	(379,048)	(344,291)
Amortization of deferred contributions related to property and equipment (Note 7)	251,789	199,686
	<u>(127,259)</u>	<u>(144,605)</u>
Deficiency of revenue over expense from operations	(2,559,371)	(2,579,383)
The Foundation administration allocation (Note 8)	120,000	120,000
Annual grant from The Foundation (Note 8)	2,250,750	2,410,000
	<u>1,120,750</u>	<u>2,290,000</u>
Deficiency of revenue over expense	\$ (188,621)	\$ (49,383)

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## Boys and Girls Clubs of South Coast BC Statement of Changes in Fund Balances

Year ended March 31, 2014

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	Investment in Property and Equipment	General Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balances, March 31, 2012	\$ 1,477,021	\$ 703,034	\$ 2,180,055
(Deficiency) excess of revenue over expense	(144,605)	95,222	(49,383)
Purchase of property and equipment, net of deferred contributions	<u>850,723</u>	<u>(850,723)</u>	<u>-</u>
Fund balances, March 31, 2013	2,183,139	(52,467)	2,130,672
Deficiency of revenue over expense	(127,259)	(61,362)	(188,621)
Purchase of property and equipment, net of deferred contributions	<u>5,935</u>	<u>(5,935)</u>	<u>-</u>
<b>Fund balances, March 31, 2014</b>	<b><u>\$ 2,061,815</u></b>	<b><u>\$ (119,764)</u></b>	<b><u>\$ 1,942,051</u></b>

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# Boys and Girls Clubs of South Coast BC

## Statement of Cash Flows

Year ended March 31

2014

2013

Cash provided by (used in)

### Operating activities

Deficiency of revenue over expense	\$ (188,621)	\$ (49,383)
Amortization of property and equipment	379,048	344,291
Amortization of deferred contributions related to property and equipment	(251,789)	(199,686)

(61,362)	95,222
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Change in non-cash working capital items

Receivable from the Foundation	(437,584)	(48,533)
Other receivables	(52,133)	(95,419)
Prepaid expenses	(982)	145,713
Payables and accruals	97,639	(40,815)
Deferred revenue	(259,294)	129,484

(713,716)	185,652
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### Financing activities

Deferred contributions related to property and equipment	278,661	75,000
Increase in bank indebtedness	307,102	-

585,763	75,000
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### Investing activities

Purchase of property and equipment	(284,596)	(738,595)
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Net decrease in cash and cash equivalents	(412,549)	(477,943)
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Cash and cash equivalents, beginning of year	444,901	922,844
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Cash and cash equivalents, end of year	\$ 32,352	\$ 444,901
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# Boys and Girls Clubs of South Coast BC

## Notes to the Financial Statements

March 31, 2014

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### 1. Purposes of the Agency

The Boys and Girls Clubs of South Coast BC (the "Agency") was incorporated under the Society Act of British Columbia on April 1, 2011 and is a registered charity under the Income Tax Act. The Agency was formed as a result of the amalgamation of Boys & Girls Club Community Services of Delta/Richmond and Boys' and Girls' Clubs of Greater Vancouver.

The purpose of the Agency is to provide children, youth, families and adults with opportunities to develop skills, knowledge and values they need to fulfill their potential, through a continuum of prevention, intervention, developmental, and social recreational programs.

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### 2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following are significant accounting policies applied by the Agency:

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with bank and short-term deposits which can be readily converted to cash.

#### Property and equipment

Property and equipment is recorded at cost less accumulated amortization. The Agency charges amortization over the remaining economic lives of these assets as follows:

Buildings	2 to 25 years	Straight-line
Equipment	1 to 3 years	Straight-line
Computer software and hardware	1 to 5 years	Straight-line
Vehicles	1 to 5 years	Straight-line
Leasehold improvements		Straight-line over five to twenty-five years

#### Fund accounting

The general fund reports the revenue and expense related to all clubs and camp programs, donations, fundraising and administrative activities. These amounts are unrestricted in nature.

The investment in property and equipment reports internally and externally restricted contributions, the revenue and expense related to the capital assets and transfers to and from other funds.

#### Revenue recognition

The Agency follows the deferral method of accounting for revenue. Restricted revenue is recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenue is recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated, and collection is reasonably assured. Funds relating to property and equipment which are committed to specific purposes represent restricted contributions that are recognized as income on the same basis that the related asset is amortized.

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# **Boys and Girls Clubs of South Coast BC**

## **Notes to the Financial Statements**

March 31, 2014

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### **2. Summary of significant accounting policies (continued)**

#### **Gifts in kind**

Donations of products which the Agency would otherwise have purchased are recognized as revenue at their fair market value.

The Agency receives contributed services, including significant time contributed by volunteers, that are not recognized in the financial statements due to the difficulty in determining the fair market value of such contributions.

#### **Financial instruments**

The Agency's financial instruments are measured at fair value when issued or acquired.

At each reporting date, the Agency measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of a financial asset). The financial instruments measured at amortized cost are cash and cash equivalents, Foundation receivables, other receivables, bank indebtedness, and payables and accruals.

For financial instruments measured at cost or amortized cost, the Agency regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Agency determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of revenue and expense. Any reversals of previously recognized impairment losses are recognized in revenue and expense in the year the reversal occurs.

#### **Use of estimates**

When preparing the financial statements, management is required to make estimates and assumptions that could affect the reported amounts. Items subject to significant management estimates include useful life of property, plant, and equipment. These estimates affect the reported amounts of amortization of property and equipment, amortization of deferred contributions related to property and equipment, and the balance sheet amounts of property and equipment and deferred capital contributions related to property and equipment. Actual results could differ from those reported.

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# Boys and Girls Clubs of South Coast BC

## Notes to the Financial Statements

March 31, 2014

<b>3. Other receivables</b>	<u>2014</u>	<u>2013</u>
Grants receivable	\$ 386,535	\$ 281,435
GST / HST rebates	<u>18,274</u>	<u>71,241</u>
	<b>\$ 404,809</b>	<b>\$ 352,676</b>

### 4. Property and equipment

	<u>Land</u>	<u>Buildings and Leasehold Improvements</u>	<u>Equipment and Computer Software and Hardware</u>	<u>Vehicles</u>	<u>Total</u>
<b>Cost</b>					
March 31, 2013	\$ 1,029,000	\$ 4,584,318	\$ 279,746	\$ 157,043	\$ 6,050,107
Additions	-	130,824	153,772	-	284,596
<b>March 31, 2014</b>	<b>\$ 1,029,000</b>	<b>\$ 4,715,142</b>	<b>\$ 433,518</b>	<b>\$ 157,043</b>	<b>\$ 6,334,703</b>
<b>Accumulated amortization</b>					
March 31, 2013	\$ -	\$ 2,528,265	\$ 237,455	\$ 149,193	\$ 2,914,913
Amortization	-	331,339	39,859	7,850	379,048
<b>March 31, 2014</b>	<b>\$ -</b>	<b>\$ 2,859,604</b>	<b>\$ 277,314</b>	<b>\$ 157,043</b>	<b>\$ 3,293,961</b>
Net carrying value 2013	\$ 1,029,000	\$ 2,056,053	\$ 42,291	\$ 7,850	\$ 3,135,194
<b>Net carrying value 2014</b>	<b>1,029,000</b>	<b>1,855,538</b>	<b>156,204</b>	<b>-</b>	<b>3,040,742</b>

<b>5. Bank indebtedness</b>	<u>2014</u>	<u>2013</u>
Line of credit	<b>\$ 307,102</b>	\$ -

The Agency has an approved line of credit of \$700,000 bearing interest at prime rate plus 0.75% per annum which is collateralized by land and buildings with a net book value of \$1,178,882 at March 31, 2014. As of March 31, 2014, the Agency had utilized \$307,102 (2013: \$Nil) under this facility. The Agency also has an approved line of credit of \$75,000 bearing interest at prime rate plus 1% per annum. As of March 31, 2014 and 2013, the Agency had not utilized this facility. The \$75,000 line of credit will be cancelled in 2015.

### 6. Deferred revenue

Deferred revenue represents funds received for programs in advance of the services, which have not been delivered as at March 31, 2014.

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# Boys and Girls Clubs of South Coast BC

## Notes to the Financial Statements

March 31, 2014

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### 7. Deferred contributions related to property and equipment

Deferred revenue related to property and equipment represents funds donated for specific capital projects and is recognized as revenue over the same period as the property and equipment is amortized.

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 952,055	\$ 1,076,741
Additional funds received during the year	278,661	75,000
Recognized as revenue during the year	<u>(251,789)</u>	<u>(199,686)</u>
Balance, end of year	<u>\$ 978,927</u>	<u>\$ 952,055</u>

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### 8. Related party transactions

During the year, BGC Foundation of South Coast BC ("The Foundation") contributed \$2,250,750 (2013: \$2,410,000) to the Agency.

Based on a formal agreement between the Agency and The Foundation Boards, The Foundation paid an administration allocation of \$120,000 (2013: \$120,000) to the Agency. This allocation represents The Foundation's share of the salaries and administration costs that are incurred and paid by the Agency on behalf of The Foundation.

During the year, the Agency paid rent expense of \$126,000 (2013: \$126,000) for leasing Camp Potlatch from The Foundation.

The receivable of \$505,220 (2013: \$67,636) represents support obligations from The Foundation and will be reduced through future disbursements to the Agency.

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### 9. Pension obligations

The Agency and certain of its employees contribute to the Pension Plan of the United Way of the Lower Mainland. This is a defined benefit pension plan providing pension benefits to all eligible employees of the United Way and its member agencies who participate in the plan. Participating agencies contribute to the plan as required to provide for the normal cost of benefits currently accruing to employees, and to provide for amortization of any unfunded liabilities and/or solvency deficiencies. An actuarial valuation is carried out every three years and the most recent actuarial valuation was carried out as at December 31, 2010. The next valuation being prepared is as at December 31, 2013. The valuation report has not been released as at the date of the independent auditor's report.

The pension plan is facing funding challenges due to the insufficient investment returns and falling interest rates and has solvency deficit at December 31, 2010, the date of the most recent actuarial valuation for which results are available. The Agency contributions are 175% of employee contributions and employees are contributing an extra 1.2% of pay.

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# Boys and Girls Clubs of South Coast BC

## Notes to the Financial Statements

March 31, 2014

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### 9. Pension obligations (continued)

The Agency's pension expense for the year ended March 31, 2014, in respect of pension contributions to the defined benefit plan for its employees amounted to \$225,901 (2013: \$192,517).

In addition, the Agency contributes to a defined contribution plan for certain of its employees. The total contributions to this plan for the year ended March 31, 2014 is \$28,041 (2013: \$33,190).

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### 10. Financial instruments

The fair values of the Agency's financial instruments approximate their carrying values due to their short-term maturity or capacity of prompt liquidation. The Agency is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The carrying amount of financial assets measured at amortized cost is \$942,381 (2013: \$865,213).

The carrying amount of financial liabilities measured at amortized cost is \$838,178 (2013: \$433,437).

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### 11. Commitments

#### Lease commitments

The Agency leases the premises of the Kivan/Kimount Clubs from the City of Vancouver and the premises of the Fraserview Club are leased from the Vancouver Board of Parks and Recreation at nominal annual rents and the leases expired in January 2010 and January 2012, respectively. The Agency is currently negotiating new leases with the City of Vancouver.

The Agency leases Camp Potlatch from the Foundation. The Agency is committed to leasing the Camp until 2021 at an annual rent of \$126,000 plus operating costs.

The Agency leases the premises for Hillside Club and Wintemute Club at nominal annual rents which expire on April 30, 2015.

The Agency has also entered into office equipment leases until 2015.

Minimum lease payments for the next five years and thereafter are as follows:

	<u>Equipment</u>	<u>Premises</u>
2015	\$ 3,024	\$ 272,369
2016	-	274,654
2017	-	281,870
2018	-	126,000
2019	-	126,000
Thereafter	-	126,000

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# **Boys and Girls Clubs of South Coast BC**

## **Notes to the Financial Statements**

March 31, 2014

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### **12. Employment participants and partners**

The Agency entered into an agreement with the Province of British Columbia to provide employment services for the period between March 1, 2012 and March 31, 2017. The program provides assistance to participants of the program such as, but not limited to travel, food, living allowance, training or tuition fees, and supplies during their process of searching for employment. Expenses are recognized in the same period funds are paid to the participants.

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