



Financial Statements

Boys and Girls Clubs of South Coast BC

March 31, 2018



Contents

	Page
Independent Auditor's Report	1 - 2
Balance Sheet	3
Statements of Revenue and Expense and Changes in Fund Balance	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 11

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, 2018, the statements of revenue and expense and changes in fund balance, 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, 2018 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Reporting on other legal and regulatory requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada
June 13, 2018



Chartered Professional Accountants

Boys and Girls Clubs of South Coast BC

Balance Sheet

March 31

2018

2017

Assets

Current

Cash and cash equivalents	\$ 100,385	\$ 104,963
Receivables		
BGC Foundation of South Coast BC (Note 8)	791,345	607,812
Other receivables (Note 3)	349,414	317,525
Prepaid expenses	11,138	6,145

1,252,282 1,036,445

Property and equipment (Note 4)

1,949,344 2,221,192

\$ 3,201,626 \$ 3,257,637

Liabilities

Current

Bank indebtedness (Note 5)	\$ 664,237	\$ 705,245
Payables and accruals	395,383	245,233
Deferred revenue (Note 6)	276,572	242,677

1,336,192 1,193,155

Deferred contributions related to property and equipment (Note 7)

274,704 464,592

1,610,896 1,657,747

Fund balance

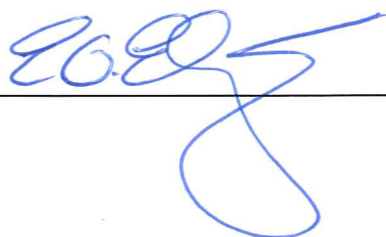
General fund

1,590,730 1,599,890

\$ 3,201,626 \$ 3,257,637

Commitments (Note 11)

On behalf of the Board



Director



Director

Boys and Girls Clubs of South Coast BC

Statements of Revenue and Expense and Changes in Fund Balance

Year ended March 31	2018	2017
Revenue		
Program fees and memberships	\$ 1,298,653	\$ 1,064,287
Government	6,368,305	6,167,398
Gaming	233,782	238,725
United Way	559,300	617,698
Rental, deferred and other	459,806	440,299
	<u>8,919,846</u>	<u>8,528,407</u>
Expense		
Salaries and benefits (Note 9)	6,750,615	6,605,344
Building occupancy (Note 8)	941,946	943,475
Office	276,042	294,605
Program supplies	458,114	454,002
Employment participants and partners (Note 12)	1,916,663	1,995,763
Transportation	317,168	349,055
Insurance, professional fees and other	465,467	496,222
	<u>11,126,015</u>	<u>11,138,466</u>
Deficiency of revenue over expense from operations	(2,206,169)	(2,610,059)
The Foundation administration allocation (Note 8)	120,000	120,000
Annual grant from The Foundation (Note 8)	2,200,000	2,450,000
	<u>113,831</u>	<u>(40,059)</u>
Excess (deficiency) of revenue over expense before other items		
Other items		
Amortization of property and equipment	(314,879)	(429,407)
Amortization of deferred contributions related to property and equipment (Note 7)	191,888	305,161
	<u>(9,160)</u>	<u>(164,305)</u>
Deficiency of revenue over expense		
	<u>\$ 1,599,890</u>	<u>\$ 1,764,195</u>
Fund balance, beginning of year		
Deficiency of revenue over expense	(9,160)	(164,305)
Fund balance, end of year	<u>\$ 1,590,730</u>	<u>\$ 1,599,890</u>

Boys and Girls Clubs of South Coast BC

Statement of Cash Flows

Year ended March 31

2018

2017

Cash provided by (used in)

Operating

Deficiency of revenue over expense	\$ (9,160)	\$ (164,305)
Amortization of property and equipment	314,879	429,407
Amortization of deferred contributions related to property and equipment	(191,888)	(305,161)
	113,831	(40,059)
Change in non-cash working capital items		
Receivable from The Foundation	(183,533)	(168,474)
Other receivables	(31,889)	292,920
Prepaid expenses	(4,993)	19,785
Payables and accruals	150,150	(128,946)
Deferred revenue	33,895	55,788
	77,461	31,014

Financing

Deferred contributions related to property and equipment	2,000	-
Decrease in bank indebtedness	(41,008)	(86,630)
	(39,008)	(86,630)

Investing

Purchase of property and equipment	(43,031)	(4,355)
Net decrease in cash and cash equivalents	(4,578)	(59,971)
Cash and cash equivalents, beginning of year	104,963	164,934
Cash and cash equivalents, end of year	\$ 100,385	\$ 104,963

Boys and Girls Clubs of South Coast BC

Notes to the Financial Statements

March 31, 2018

1. Purposes of the Agency

The Boys and Girls Clubs of South Coast BC (the "Agency") is incorporated under the Societies Act of British Columbia 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.

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 8 years, Straight-line
Leasehold improvements	5 to 25 years, Straight-line

Revenue recognition

The Agency follows the deferral method of accounting for government, gaming and United Way 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.

Program fees and memberships revenue are recorded when received.

Rental revenue is recorded based upon the term of the arrangement.

Boys and Girls Clubs of South Coast BC

Notes to the Financial Statements

March 31, 2018

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. In kind donations of products of \$29,564 (2017 - \$67,808) have been recorded in the financial statements.

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 and equipment and the valuation of gifts in kind. These estimates affect the reported amounts of amortization of property and equipment, amortization of deferred contributions related to property and equipment, recognition of revenue, 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.

3. Other receivables

	2018	2017
Employment programs	\$ 307,692	\$ 216,094
Other	41,722	101,431
	<u>\$ 349,414</u>	<u>\$ 317,525</u>

Boys and Girls Clubs of South Coast BC

Notes to the Financial Statements

March 31, 2018

4. Property and equipment

	Land	Buildings and Leasehold Improvements	Equipment and Computer Software and Hardware	Vehicles	Total
Cost					
March 31, 2017	\$ 1,029,000	\$ 5,008,915	\$ 664,701	\$ 196,926	\$ 6,899,542
Additions	-	24,088	18,943	-	43,031
March 31, 2018	\$ 1,029,000	\$ 5,033,003	\$ 683,644	\$ 196,926	\$ 6,942,573
Accumulated amortization					
March 31, 2017	\$ -	\$ 3,928,984	\$ 579,860	\$ 169,506	\$ 4,678,350
Amortization	-	248,048	61,845	4,986	314,879
March 31, 2018	\$ -	\$ 4,177,032	\$ 641,705	\$ 174,492	\$ 4,993,229
Net carrying value 2017	\$ 1,029,000	\$ 1,079,931	\$ 84,841	\$ 27,420	\$ 2,221,192
Net carrying value 2018	1,029,000	855,971	41,939	22,434	1,949,344

5. Bank indebtedness

	2018	2017
Line of credit	\$ 492,658	\$ 338,544
Bank indebtedness	171,579	366,701
	\$ 664,237	\$ 705,245

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 \$1,203,403 at March 31, 2018. As of March 31, 2018, the Agency had utilized \$492,658 (2017 - \$338,544) under this facility.

6. Deferred revenue

Deferred revenue represents funds received for programs which have not been delivered as at March 31, 2018.

Boys and Girls Clubs of South Coast BC

Notes to the Financial Statements

March 31, 2018

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>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 464,592	\$ 769,753
Additional funds received during the year	2,000	-
Recognized as revenue during the year	<u>(191,888)</u>	<u>(305,161)</u>
Balance, end of year	<u>\$ 274,704</u>	<u>\$ 464,592</u>

8. Related party transactions

During the year, BGC Foundation of South Coast BC ("The Foundation") contributed \$2,200,000 (2017 - \$2,450,000) to the Agency.

Based on a formal agreement between the Agency and The Foundation Boards, The Foundation paid an administration allocation of \$120,000 (2017 - \$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 (2017 - \$126,000) for leasing Camp Potlatch from The Foundation.

The receivable of \$791,345 (2017 - \$607,812) represents support obligations from The Foundation and will be reduced through future disbursements to the Agency.

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 a valuation is being prepared as at December 31, 2016, the results of which are expected to be received during fall 2018.

At December 31, 2013 the pension plan had a solvency deficit that was 53% less than at December 31, 2010. The Agency contributions are 175% of employee contributions and employees are contributing an extra 1.2% of pay.

Boys and Girls Clubs of South Coast BC

Notes to the Financial Statements

March 31, 2018

9. Pension obligations (continued)

The Agency's pension expense for the year ended March 31, 2018 in respect of pension contributions to the defined benefit plan for its employees amounted to \$277,674 (2017 - \$259,038).

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, 2018 is \$21,995 (2017 - \$23,054).

10. Financial instruments

The Agency is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Carrying amount of financial assets measured at
amortized cost

	<u>2018</u>	<u>2017</u>
Total current assets	\$ 1,252,282	\$ 1,036,445
Less prepaid expenses	<u>(11,138)</u>	<u>(6,145)</u>
	<u>\$ 1,241,144</u>	<u>\$ 1,030,300</u>

Carrying amount of financial liabilities measured at
amortized cost

Total current liabilities	\$ 1,336,192	\$ 1,193,155
Less deferred revenue	<u>(276,572)</u>	<u>(242,677)</u>
	<u>\$ 1,059,620</u>	<u>\$ 950,478</u>

11. Commitments

The Agency leases the premises of the Kivan/Kimount Clubs from the City of Vancouver are leased from the Vancouver Board of Parks and Recreation at nominal annual rents and the leases expired in January 2010. 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 2026 at an annual rent of \$126,000 plus operating costs.

The Agency has entered into various leases for premises expiring from 2019 to 2022.

Boys and Girls Clubs of South Coast BC

Notes to the Financial Statements

March 31, 2018

11. Commitments (continued)

The Agency has also entered into office equipment leases until June 2021.

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

	<u>Equipment</u>	<u>Janitorial</u>	<u>Premises</u>
2019	\$ 18,615	\$ 9,872	\$ 310,981
2020	18,615	9,872	267,766
2021	6,798	-	256,182
2022	207	-	255,679
2023	-	-	126,000
Thereafter	-	-	388,500

12. Employment participants and partners

The Agency entered into an agreement with the Province of British Columbia Work BC to provide employment services to March 31, 2019. 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.

Subsequent to fiscal year ending March 31, 2018, the Agency submitted a response to a Request for Qualification (RFQ) issued by the BC Ministry of Social Development and Poverty Reduction. The RFQ process will evaluate Respondents' general technical and financial capabilities and other qualifications to provide Employment Services. A Request for Proposal (RFP) or other competitive process will be issued to Qualified Respondents to submit proposals for the delivery of the Employment Services. RFP estimated issue and closing dates are June 2018 and August 2018 respectively while estimated contract award date is December 2018.

13. Disclosure required under the Societies Act

On November 28, 2016 the Societies Act of British Columbia came to force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, the ten highest paid employees and all contractors who are paid at least \$75,000 annually.

During the year, the Agency paid \$370,763 in remuneration to four people who are employees, whose remuneration, during the applicable period, was at least \$75,000. No remuneration was paid to directors of the Agency.
