

Financial Statements of

**BOYS AND GIRLS CLUBS OF
SASKATOON**

Year ended December 31, 2016



KPMG LLP
500-475 2nd Avenue South
Saskatoon Saskatchewan S7K 1P4
Canada
Tel (306) 934-6200
Fax (306) 934-6233

INDEPENDENT AUDITORS' REPORT

To the Members of Boys and Girls Clubs of Saskatoon

We have audited the accompanying financial statements of Boys and Girls Clubs of Saskatoon, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in net assets 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 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 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 and Girls Clubs of Saskatoon as at December 31, 2016, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants

April 10, 2017
Saskatoon, Canada

BOYS AND GIRLS CLUBS OF SASKATOON

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 357,031	\$ 288,339
Term deposits (note 2)	120,800	55,440
Accounts receivable (note 3)	127,406	103,335
Prepaid expenses	500	500
	<u>605,737</u>	<u>447,614</u>
Term deposits (note 2)	-	65,000
Equipment (note 4)	18,466	18,732
	<u>\$ 624,203</u>	<u>\$ 531,346</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 33,637	\$ 37,653
Deferred grant revenue	42,143	44,656
	<u>75,780</u>	<u>82,309</u>
Net Assets:		
Operating surplus	529,957	430,305
Invested in equipment	18,466	18,732
	<u>548,423</u>	<u>449,037</u>
Commitments (note 6)		
	<u>\$ 624,203</u>	<u>\$ 531,346</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

BOYS AND GIRLS CLUBS OF SASKATOON

Statements of Operations

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
School aged club activities	\$ 1,205,592	\$ 1,062,049
Preschool aged club activities	496,082	440,081
Early learning centre grants	189,120	189,710
United Way	75,000	60,400
Boys & Girls Clubs of Canada	73,067	79,327
Saskatchewan Lotteries Trust Fund	63,560	61,708
Donations	43,998	32,000
Fundraising activities	35,151	20,743
Community Initiatives Fund	30,000	30,000
RBC Foundation	29,600	41,400
Miscellaneous grants	21,192	20,958
Canadian Tire Jumpstart	12,400	18,114
Canada Summer Jobs	11,590	15,011
Other	10,253	7,298
City of Saskatoon	5,000	6,500
Interest	3,205	6,569
	<u>2,304,810</u>	<u>2,091,868</u>
Expenses:		
Programs wages and benefits	1,675,872	1,582,019
Administration wages and benefits	214,428	126,487
Program expense	141,911	113,485
Office	53,811	56,173
Conferences, training, and memberships	22,935	17,107
Telephone and internet	21,608	14,131
Bank charges and credit card commissions	19,768	13,937
Purchased services	14,302	13,411
Bad debts	7,499	32,673
Mileage	7,411	6,963
Fundraising	6,616	5,692
Insurance	5,461	5,178
Advertising, promotions and marketing	5,041	6,429
Amortization	4,136	9,497
Repairs and maintenance	3,636	5,071
Board	989	3,725
	<u>2,205,424</u>	<u>2,011,978</u>
Excess of revenue over expenses	<u>\$ 99,386</u>	<u>\$ 79,890</u>

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF SASKATOON

Statement of Changes in Net Assets

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Operating Surplus		
Balance, beginning of year	\$ 430,305	\$ 343,485
Excess of revenue over expenses	99,386	79,890
Transfers from (to) invested in equipment for:		
Purchases of equipment	(3,870)	(2,567)
Amortization	4,136	9,497
Balance, end of year	\$ 529,957	\$ 430,305
Invested in Equipment		
Balance, beginning of year	\$ 18,732	\$ 25,662
Transfers from (to) operating surplus for:		
Purchases of equipment	3,870	2,567
Amortization	(4,136)	(9,497)
Balance, end of year	\$ 18,466	\$ 18,732

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF SASKATOON

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	\$ 99,386	\$ 79,890
Items not involving cash:		
Amortization	4,136	9,497
Reinvested investment income	(360)	(440)
Change in non-cash operating working capital:		
Accounts receivable	(24,071)	22,328
Accounts payable and accrued liabilities	(4,016)	25,114
Deferred grant revenue	(2,513)	11,657
	<u>72,562</u>	<u>148,046</u>
Investing:		
Purchase of equipment	(3,870)	(2,567)
Increase in cash	<u>68,692</u>	<u>145,479</u>
Cash, beginning of year	288,339	142,860
Cash, end of year	<u>\$ 357,031</u>	<u>\$ 288,339</u>

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements

Year ended December 31, 2016

Charity biography:

The Boys and Girls Clubs of Saskatoon ("the Club") is dedicated to serving the children and youth in Saskatoon. The Club provides quality programming options to young people who are not being serviced by mainstream providers. More specifically, the Club is concerned with, and focuses its efforts on, the high needs areas of Saskatoon. The Club is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in accordance with Part III of the CPA Canada Handbook.

(a) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount and estimated useful life of equipment and provision for impairment of accounts receivable. Actual results could differ from these estimates.

(b) Cash and cash equivalents:

Cash and cash equivalents consists of cash on hand and balances with financial institutions which have an initial term to maturity of three months or less.

(c) Term deposits:

The Club holds term deposits for investment purposes with the intention of holding the term deposits to maturity. Interest revenue is recognized as revenue when earned.

BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements (continued)

Year ended December 31, 2016

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments (including cash, accounts receivable, and accounts payable and accrued liabilities) are recorded at fair value on initial recognition and subsequently recorded at cost or amortized cost. Equity instruments that are quoted in an active market are subsequently measured at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Club determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Club expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) Equipment:

Purchased equipment is recorded at cost. Contributed equipment is recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Club's ability to provide services, its carrying amount is written down to its residual value. Equipment is amortized on a straight-line basis using the following annual rates:

Asset	Method	Rate
Office and computer equipment	Straight-line	20%
Clubhouse equipment	Straight-line	20%
Daycare equipment	Straight-line	20%

(f) Net assets:

The Club segregates net assets between operating surplus and invested in equipment. Operating surplus represents amounts available for on-going operations of the Club. Invested in equipment represents purchases of equipment less amortization.

BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements (continued)

Year ended December 31, 2016

1. Significant accounting policies (continued):

(g) Deferred grant revenue:

Deferred grant revenue represents funds received in the current year for programs that will be offered in the next fiscal year. The funds recorded on the statement of financial position as deferred grant revenue will be recorded as revenue on the statement of operations in the year in which the related costs are incurred.

(h) Revenue recognition:

The Club follows the deferral method of accounting for grant revenue and recognizes revenue in the year in which the related expenses are incurred. Revenue from school aged and preschool aged club activities and fundraising activities are recorded when the service has been provided and the amounts are received or become receivable. Revenue from donations are recorded as received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(i) Contributed materials and services:

Donated materials are recognized in the financial statements when a fair value can be reasonably estimated when the materials are used in the normal course of operations and would otherwise have been purchased.

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

2. Term deposits:

The term deposits of \$55,800 (interest at 0.65%) and \$65,000 (interest at 1.75%) mature in March 2017.

BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements (continued)

Year ended December 31, 2016

3. Accounts receivable:

	2016	2015
Accounts receivable	\$ 119,653	\$ 110,415
Grants receivable	16,750	7,500
GST recoverable	7,122	2,793
Accrued interest receivable	1,263	1,243
	144,788	121,951
Less allowance for doubtful accounts	17,382	18,617
	\$ 127,406	\$ 103,335

4. Equipment:

	2016		2015	
	Cost	Accumulated amortization	Net book value	Net book value
Office and computer	\$ 82,247	\$ 72,512	\$ 9,735	\$ 10,076
Daycare	26,019	17,288	8,731	8,321
Clubhouse	16,857	16,857	-	335
	\$ 125,123	\$ 106,657	\$ 18,466	\$ 18,732

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$ 15,441 (December 31, 2015 - \$23,571), which includes amounts payable for GST, PST and payroll related withholdings.

BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements (continued)

Year ended December 31, 2016

6. Commitments:

Estimated future minimum lease payments under an operating lease for the rental of office space to June 30, 2019 are as follows:

2017	\$	14,778
2018		14,778
2019		7,389

Minimum future lease payments for office space consist of base rental charges. Occupancy costs currently estimated at \$11,760 per annum will be in addition to the base rental charges indicated above.

7. Financial risks :

The Club is exposed to interest rate risk arising from fluctuations in interest rates on amounts invested in term deposits. Amounts are invested in term deposits from time to time based on estimated financial requirements of the Club.

The Club is also exposed to credit risk on its term deposits and accounts receivable. Credit risk associated with accounts receivable is minimized as these receivables are from patrons who receive benefit from the Club. The amounts disclosed in the statement of financial position are net of allowance for doubtful accounts, estimated by management of the Club based on previous experience and its assessment of the current economic environment.

8. Related party transactions:

The Club is a member of the Boys and Girls Clubs of Canada ("BGCC"). The Club pays annual membership dues to BGCC. During the year, annual dues paid were \$6,730 (2015 - \$6,319). The Club also receives funding from BGCC through national corporate partnerships that BGCC has developed with various organizations. During the year, funding received from BGCC was \$77,651 (2015 - \$109,153).