

Financial Statements of

**BOYS AND GIRLS CLUBS OF
SASKATOON**

Year ended December 31, 2017



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, 2017, 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, 2017, 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants

March 26, 2018
Saskatoon, Canada

BOYS AND GIRLS CLUBS OF SASKATOON

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 454,981	\$ 357,031
Term deposits (note 2)	121,079	120,800
Accounts receivable (note 3)	145,428	127,406
Prepaid expenses	500	500
	<u>721,988</u>	<u>605,737</u>
Equipment and leaseholds (note 4)	125,209	18,466
	<u>\$ 847,197</u>	<u>\$ 624,203</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 52,304	\$ 33,637
Deferred grant revenue	55,000	42,143
	<u>107,304</u>	<u>75,780</u>
Deferred contributions related to equipment (note 6)	47,817	-
Net Assets:		
Operating surplus	566,867	529,957
Invested in equipment and leaseholds	125,209	18,466
	<u>692,076</u>	<u>548,423</u>
Commitments (note 7)		
	<u>\$ 847,197</u>	<u>\$ 624,203</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, 2017, with comparative information for 2016

	2017	2016
Revenue:		
School aged club activities	\$ 1,416,592	\$ 1,205,592
Preschool aged club activities	770,717	496,082
Early learning centre grants	344,957	189,120
Boys and Girls Clubs of Canada (note 9)	99,893	73,067
United Way	75,000	75,000
Saskatchewan Lotteries Trust Fund	65,467	63,560
Donations	38,596	43,998
Community Initiatives Fund	30,000	30,000
Fundraising activities	27,760	35,151
Canada Summer Jobs	24,351	11,590
RBC Foundation	20,000	29,600
Canadian Tire Jumpstart	8,600	12,400
Amortization of deferred contributions	7,533	-
City of Saskatoon	5,000	5,000
Other	4,101	10,253
Interest	2,209	3,205
Miscellaneous grants	388	21,192
	<u>2,941,164</u>	<u>2,304,810</u>
Expenses:		
Programs wages and benefits	2,023,085	1,675,872
Administration wages and benefits	332,568	214,428
Program costs	178,108	141,911
Office	68,214	53,811
Repairs and maintenance	42,962	3,636
Bank charges and credit card commissions	30,125	19,768
Telephone and internet	29,076	21,608
Purchased services	23,560	14,302
Conferences, training, and memberships	18,779	22,935
Insurance	11,533	5,461
Amortization of equipment and leaseholds	10,900	4,136
Mileage	8,460	7,411
Advertising, promotions and marketing	6,624	5,041
Bad debts	6,575	7,499
Fundraising	5,749	6,616
Board costs	1,193	989
	<u>2,797,511</u>	<u>2,205,424</u>
Excess of revenue over expenses	\$ 143,653	\$ 99,386

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF SASKATOON

Statement of Changes in Net Assets

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Operating Surplus		
Balance, beginning of year	\$ 529,957	\$ 430,305
Excess of revenue over expenses	143,653	99,386
Transfers from (to) invested in equipment for:		
Purchases of equipment	(117,643)	(3,870)
Amortization	10,900	4,136
Balance, end of year	\$ 566,867	\$ 529,957
Invested in Equipment		
Balance, beginning of year	\$ 18,466	\$ 18,732
Transfers from (to) operating surplus for:		
Purchases of equipment	117,643	3,870
Amortization	(10,900)	(4,136)
Balance, end of year	\$ 125,209	\$ 18,466

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF SASKATOON

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	\$ 143,653	\$ 99,386
Items not involving cash:		
Amortization of equipment and leaseholds	10,900	4,136
Reinvested investment income	(279)	(360)
Amortization of deferred contributions	(7,533)	-
Donations in kind	(4,795)	-
Change in non-cash operating working capital:		
Accounts receivable	(18,023)	(24,071)
Accounts payable and accrued liabilities	18,667	(4,016)
Deferred grant revenue	12,857	(2,513)
	<u>155,447</u>	<u>72,562</u>
Financing:		
Deferred contributions related to equipment	55,350	-
Investing:		
Purchase of equipment and leaseholds	(112,847)	(3,870)
Increase in cash	<u>97,950</u>	<u>68,692</u>
Cash, beginning of year	357,031	288,339
Cash, end of year	<u>\$ 454,981</u>	<u>\$ 357,031</u>

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements

Year ended December 31, 2017

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, 2017

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments (including cash, term deposits, 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 and leaseholds:

Purchased equipment and leaseholds are 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 and leaseholds are 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%
Leasehold improvements	Straight-line	10%

(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 and leaseholds represents purchases of equipment and leaseholds less amortization.

BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements (continued)

Year ended December 31, 2017

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. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

(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 \$56,079 (interest at 0.5%) and \$65,000 (interest at 0.8%) mature in March 2018.

BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements (continued)

Year ended December 31, 2017

3. Accounts receivable:

	2017	2016
Accounts receivable	\$ 123,394	\$ 119,653
Grants receivable	17,000	16,750
GST recoverable	15,313	7,122
Accrued interest receivable	1,581	1,263
	157,288	144,788
Less allowance for doubtful accounts	11,860	17,382
	\$ 145,428	\$ 127,407

4. Equipment:

	2017		2016	
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	\$ 67,339	\$ 3,367	\$ 63,972	\$ -
Daycare	61,667	21,216	40,451	8,731
Office and computer	96,903	76,117	20,786	9,735
Clubhouse	16,857	16,857	-	-
	\$ 242,766	\$ 117,557	\$ 125,209	\$ 18,466

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$ 41,927 (December 31, 2016 - \$15,411), 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, 2017

6. Deferred contributions related to equipment:

Deferred contributions related to equipment represent restricted contributions received from funders for the purchase of capital assets. Contributions are deferred and recognized as revenue as the related assets are amortized. The change in the deferred contribution balance for the year is as follows:

	2017	2016
Balance, beginning of year	\$ -	\$ -
Contributions received	55,350	-
Amounts amortized to revenue	(7,533)	-
Balance, end of year	\$ 47,817	\$ -

7. Commitments:

Estimated future minimum lease payments under an operating lease for the rental of office space to May 31, 2027 are as follows:

2018	\$ 18,000
2019	18,000
2020	18,000
2021	18,000
2022	19,200
Thereafter	91,800

8. 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.

BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements (continued)

Year ended December 31, 2017

9. 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 \$7,262 (2016 - \$6,730). 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 \$99,893 (2016 - \$77,651).