

Financial Statements of

**BOYS AND GIRLS CLUBS OF  
SASKATOON**

Year ended December 31, 2018



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## INDEPENDENT AUDITORS' REPORT

To the Members of Boys and Girls Clubs of Saskatoon

### ***Qualified Opinion***

We have audited the financial statements of Boys and Girls Clubs of Saskatoon (the Club), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Club as at December 31, 2018, 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.

### ***Basis for Qualified Opinion***

In common with many charitable organizations, the Club derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Club.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets and net assets reported in the statement of financial position as at December 31, 2018



- the donations and fundraising revenues and excess of revenues over expenses reported in the statement of operations for the year ended December 31, 2018
- the operating surplus reported in the statement of changes in net assets for the year ended December 31, 2018
- the excess of revenues over expenses reported in the statement of cash flows for the year ended December 31, 2018.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of the Club in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Club’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Club or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Club’s financial reporting process.

### ***Auditors’ Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Club to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Saskatoon, Canada  
March 25, 2019

# BOYS AND GIRLS CLUBS OF SASKATOON

Statement of Financial Position

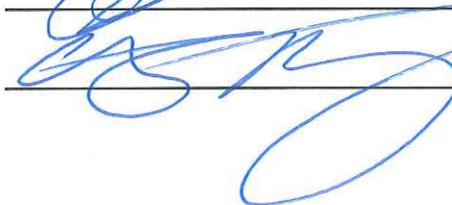
December 31, 2018, with comparative information for 2017

	2018	2017
<b>Assets</b>		
Current assets:		
Cash	\$ 380,576	\$ 454,981
Term deposits (note 2)	421,360	121,079
Accounts receivable (note 3)	173,998	145,428
Prepaid expenses	500	500
	<u>976,434</u>	<u>721,988</u>
Equipment and leaseholds (note 4)	129,554	125,209
	<u>\$ 1,105,988</u>	<u>\$ 847,197</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 57,001	\$ 52,304
Deferred grant revenue	27,560	55,000
	<u>84,561</u>	<u>107,304</u>
Deferred contributions related to equipment (note 6)	39,869	47,817
Net Assets:		
Operating surplus	876,324	594,983
Invested in equipment and leaseholds	105,234	97,093
	<u>981,558</u>	<u>692,076</u>
Commitments (note 7)		
	<u>\$ 1,105,988</u>	<u>\$ 847,197</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# BOYS AND GIRLS CLUBS OF SASKATOON

## Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Revenue:		
School aged club activities	\$ 1,530,008	\$ 1,416,592
Preschool aged club activities	1,397,892	770,717
Early learning centre grants	608,418	344,957
Boys and Girls Clubs of Canada (note 9)	107,973	99,893
Donations	79,913	38,596
United Way	75,000	75,000
Saskatchewan Lotteries Trust Fund	67,431	65,467
Fundraising activities	29,714	27,760
Community Initiatives Fund	25,000	30,000
Canadian Tire Jumpstart	20,025	8,600
Canada Summer Jobs	17,949	24,351
RBC Foundation	12,000	20,000
Amortization of deferred contributions (note 6)	7,948	7,533
Other	5,836	4,101
Interest	1,832	2,209
Miscellaneous grants	788	388
City of Saskatoon	-	5,000
	<u>3,987,727</u>	<u>2,941,164</u>
Expenses:		
Programs wages and benefits	2,748,718	2,023,085
Administration wages and benefits	390,725	332,568
Program costs	260,670	178,108
Office	65,350	68,214
Bank charges and credit card commissions	52,698	30,125
Telephone and internet	38,339	29,076
Conferences, training, and memberships	36,263	18,779
Purchased services	27,708	23,560
Amortization of equipment and leaseholds	22,169	10,900
Insurance	15,629	11,533
Repairs and maintenance	12,619	42,962
Mileage	11,909	8,460
Bad debts	5,935	6,575
Fundraising	5,929	5,749
Advertising, promotions and marketing	2,598	6,624
Board costs	986	1,193
	<u>3,698,245</u>	<u>2,797,511</u>
Excess of revenue over expenses	\$ 289,482	\$ 143,653

See accompanying notes to financial statements.

# BOYS AND GIRLS CLUBS OF SASKATOON

## Statement of Changes in Net Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
<b>Operating Surplus</b>		
Balance, beginning of year	\$ 594,983	\$ 529,957
Excess of revenue over expenses	289,482	143,653
Transfers from (to) invested in equipment for:		
Purchases of equipment	(26,514)	(117,642)
Amortization	22,169	10,900
Spent on capital contributions	4,152	35,648
Amortization of deferred capital contributions (note 6)	(7,948)	(7,533)
<b>Balance, end of year</b>	<b>\$ 876,324</b>	<b>\$ 594,983</b>
<b>Invested in Equipment</b>		
Balance, beginning of year	\$ 97,093	\$ 18,466
Transfers from (to) operating surplus for:		
Purchases of equipment	26,514	117,642
Amortization	(22,169)	(10,900)
Spent on capital contributions	(4,152)	(35,648)
Amortization of deferred capital contributions (note 6)	7,948	7,533
<b>Balance, end of year</b>	<b>\$ 105,234</b>	<b>\$ 97,093</b>

See accompanying notes to financial statements.

# BOYS AND GIRLS CLUBS OF SASKATOON

## Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	\$ 289,482	\$ 143,653
Items not involving cash:		
Amortization of equipment and leaseholds	22,169	10,900
Reinvested investment income	(281)	(279)
Amortization of deferred contributions (note 6)	(7,948)	(7,533)
Donations in kind	-	(4,795)
Change in non-cash operating working capital:		
Accounts receivable	(28,570)	(18,023)
Accounts payable and accrued liabilities	4,697	18,667
Deferred grant revenue	(27,440)	12,857
	<u>252,109</u>	<u>155,447</u>
Financing:		
Deferred contributions related to equipment (note 6)	-	55,350
Investing:		
Purchase of term deposits	(300,000)	-
Purchase of equipment and leaseholds	(26,514)	(112,847)
	<u>(326,514)</u>	<u>(112,847)</u>
Increase (decrease) in cash	(74,405)	97,950
Cash, beginning of year	454,981	357,031
Cash, end of year	\$ 380,576	\$ 454,981

See accompanying notes to financial statements.

# BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements

Year ended December 31, 2018

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## 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:

Cash 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, 2018

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## 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, 2018

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## 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 \$56,360 (interest at 0.5%) and \$65,000 (interest at 0.9%) mature in March 2019. The term deposit of \$300,000 (interest at 1.45%) matures in July 2019.

# BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 3. Accounts receivable:

	2018	2017
Accounts receivable	\$ 118,485	\$ 123,394
Grants receivable	37,179	17,000
GST recoverable	22,357	15,314
Accrued interest receivable	2,266	1,581
	180,287	157,289
Less allowance for doubtful accounts	6,289	11,860
	\$ 173,998	\$ 145,430

## 4. Equipment and leaseholds:

	2018		2017	
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	\$ 67,339	\$ 10,101	\$ 57,238	\$ 63,972
Daycare	66,687	29,313	37,374	40,451
Office and computer	103,381	81,749	21,632	20,786
Clubhouse	31,873	18,563	13,310	-
	\$ 269,280	\$ 139,726	\$ 129,554	\$ 125,209

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$44,192 (2017 - \$41,927), which includes amounts payable for payroll related withholdings.

# BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 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:

	2018	2017
Balance, beginning of year	\$ 47,817	\$ -
Contributions received	-	55,350
Amounts amortized to revenue	(7,948)	(7,533)
Balance, end of year	\$ 39,869	\$ 47,817

The balance of unamortized capital contributions and unspent contributions related to property, plant and equipment consist of the following:

	2018	2017
Unamortized capital contributions used to purchase assets	\$ 24,320	\$ 28,116
Unspent contributions	15,549	19,701
	\$ 39,869	\$ 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:

2019	\$ 18,000
2020	18,000
2021	18,000
2022	19,400
2023	20,400
Thereafter	69,700

# BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements (continued)

Year ended December 31, 2018

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## 8. Financial instruments and risk management:

The Club, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk and interest rate risk.

a) Fair values:

The fair value of cash, term deposits, accounts receivable and accounts payable approximate their carrying value due to the immediate or short-term period to maturity

b) Credit risk:

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.

c) Interest rate risk:

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. The credit risk on cash is limited because the counterparties are chartered banks with high credit ratings assigned by national credit-rating agencies.

## 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 \$8,853 (2017 - \$7,262). The Club also receives funding from BGCC through national corporate partnerships that BGCC has developed with various organizations. During the year, funding received from your was \$107,973 (2017 - \$99,893).

## 10. Comparative figures:

Certain of the prior year's numbers presented for comparative purposes have been reclassified to conform to this year's presentation.