

Financial Statements of

**BOYS AND GIRLS CLUBS OF
SASKATOON**

and Independent Auditors' Report Thereon

Year ended December 31, 2021



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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 Entity), which comprise:

- the statement of financial position as at December 31, 2021
- 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 Entity as at December 31, 2021, 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 Entity 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, 2021 and December 31, 2020



- the donations and fundraising revenues and excess of revenues over expenses reported in the statement of operations for the year ended December 31, 2021 and December 31, 2020
- the operating surplus reported in the statement of changes in net assets for the year ended December 31, 2021 and December 31, 2020
- the excess of revenues over expenses reported in the statement of cash flows for the year ended December 31, 2021 and December 31, 2020.

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 Entity 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 Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’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 Entity'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 Entity'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 Entity 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 29, 2022

BOYS AND GIRLS CLUBS OF SASKATOON

Statement of Financial Position

December 31, 2021, with comparative information for 2020

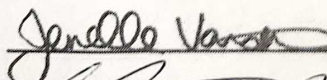
	2021	2020
Assets		
Current assets:		
Cash	\$ 1,101,618	\$ 1,075,169
Term deposits (note 2)	934,774	431,977
Accounts receivable (note 3)	187,167	180,205
Prepaid expenses	500	500
	<u>2,224,059</u>	<u>1,687,851</u>
Equipment and leaseholds (note 4)	167,708	116,130
	<u>\$ 2,391,767</u>	<u>\$ 1,803,981</u>

Liabilities and Net Assets

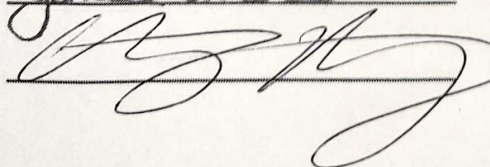
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 181,709	\$ 139,980
Deferred grant revenue	45,273	40,288
	<u>226,982</u>	<u>180,268</u>
Deferred contributions related to equipment (note 6)	15,399	23,973
Net Assets:		
Operating surplus	1,988,340	1,493,088
Invested in equipment and leaseholds	161,046	106,652
	<u>2,149,386</u>	<u>1,599,740</u>
Commitments (note 7)		
	<u>\$ 2,391,767</u>	<u>\$ 1,803,981</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, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Preschool aged club activities	\$ 1,425,940	\$ 967,316
School aged club activities	1,248,909	860,109
Early learning centre grants	695,514	615,813
Canada Emergency Wage Subsidy	601,035	934,487
Donations	119,458	85,191
Boys and Girls Clubs of Canada (note 9)	109,589	128,270
Saskatchewan Lotteries Trust Fund	73,183	71,538
United Way	69,000	55,740
Canada Summer Jobs	46,190	30,270
Miscellaneous grants	32,602	7,815
Community Initiatives Fund	25,000	25,000
Fundraising activities	13,130	10,678
Canadian Tire Jumpstart	12,000	13,534
Amortization of deferred contributions (note 6)	8,574	7,948
Interest	2,267	4,793
	4,482,391	3,818,502
Expenses:		
Programs wages and benefits	2,728,060	2,506,484
Administration wages and benefits	555,591	381,299
Program costs	350,159	259,409
Office	92,942	93,906
Bank charges and credit card commissions	53,167	39,407
Telephone and internet	42,580	42,303
Amortization of equipment and leaseholds	23,662	24,389
Insurance	22,724	19,994
Purchased services	21,643	13,948
Conferences, training, and memberships	14,832	25,860
Mileage	10,144	11,998
Advertising, promotions and marketing	5,723	1,755
Fundraising	5,431	2,324
Bad debts	5,355	5,719
Repairs and maintenance	732	629
Board costs	-	1,411
	3,932,745	3,430,835
Excess of revenue over expenses	\$ 549,646	\$ 387,667

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF SASKATOON

Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Operating Surplus		
Balance, beginning of year	\$ 1,493,088	\$ 1,092,150
Excess of revenue over expenses	549,646	387,667
Transfers from (to) invested in equipment for:		
Purchases of equipment	(75,240)	(4,224)
Amortization	23,662	24,389
Spent on capital contributions	5,759	1,054
Amortization of deferred capital contributions (note 6)	(8,574)	(7,948)
Balance, end of year	\$ 1,988,341	\$ 1,493,088
Invested in Equipment		
Balance, beginning of year	\$ 106,652	\$ 119,923
Transfers from (to) operating surplus for:		
Purchases of equipment	75,240	4,224
Amortization	(23,662)	(24,389)
Spent on capital contributions	(5,759)	(1,054)
Amortization of deferred capital contributions (note 6)	8,574	7,948
Balance, end of year	\$ 161,045	\$ 106,652

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF SASKATOON

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	\$ 549,646	\$ 387,667
Items not involving cash:		
Amortization of equipment and leaseholds	23,662	24,389
Reinvested investment income	(2,797)	(5,448)
Amortization of deferred contributions (note 6)	(8,574)	(7,948)
Change in non-cash operating working capital:		
Accounts receivable	(6,962)	9,245
Accounts payable and accrued liabilities	(2,920)	83,156
Deferred grant revenue	4,985	12,068
	<u>557,040</u>	<u>503,129</u>
Investing:		
Purchase of equipment and leaseholds	(75,240)	(4,224)
Purchase of investments	(500,000)	-
	<u>(575,240)</u>	<u>(4,224)</u>
(Decrease) increase in cash	(18,200)	498,905
Cash, beginning of year	1,075,169	576,264
Cash, end of year	<u>\$ 1,056,969</u>	<u>\$ 1,075,169</u>

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements
Year ended December 31, 2021

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 leaseholds 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 benefits accrue.

BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements (continued)

Year ended December 31, 2021

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. The Club has not elected to carry any such financial instruments 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 if determinable. Repairs and maintenance costs are charged to operating expenses. 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%

BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(f) Net assets:

The Club segregates net assets between operating surplus and invested in equipment and leaseholds. Operating surplus represents amounts available for ongoing operations of the Club. Invested in equipment and leaseholds represents purchases of equipment and leaseholds less amortization and unamortized capital contributions used to purchase property and equipment.

(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.

BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(j) Government Assistance:

The Company periodically applies for financial assistance under available government incentive programs. Government assistance related to current expenses and revenue is included in the determination of excess of revenue over expenses for the year ended December 31, 2021.

2. Term deposits:

	2021	2020
Term deposit 0.2% maturing January 19, 2022	500,000	-
Term deposit 0.1% maturing April 21, 2022	309,892	308,341
Term deposit 0.1% maturing March 4, 2022	67,030	66,073
Term deposit 0.1% maturing April 21, 2022	57,852	57,563
	\$ 934,774	\$ 431,977

3. Accounts receivable:

	2021	2020
Accounts receivable	\$ 167,491	\$ 144,468
GST recoverable	23,040	13,750
Grants receivable	4,500	26,350
Accrued interest receivable	2,297	3,128
	197,328	187,696
Less allowance for doubtful accounts	10,161	7,491
	\$ 187,167	\$ 180,205

BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Equipment and leaseholds:

			2021		2020	
	Cost	Accumulated amortization	Net book value		Net book value	
Leasehold improvements	\$ 67,338	\$ 30,302	\$ 37,036	\$	43,771	
Daycare	90,749	57,939	32,810		34,962	
Office and computer	179,460	97,483	81,977		18,999	
Clubhouse	41,987	26,102	15,885		18,398	
	\$ 379,534	\$ 211,826	\$ 167,708	\$	116,130	

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$51,750 (2020 - \$44,649), which includes amounts payable for payroll related withholdings.

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:

	2021		2020	
Balance, beginning of year	\$	23,973	\$	31,921
Amounts amortized to revenue		(8,574)		(7,948)
Balance, end of year	\$	15,399	\$	23,973

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

	2021		2020	
Unamortized capital contributions used to purchase assets	\$	6,663	\$	9,998
Unspent contributions		8,736		13,975
	\$	15,399	\$	23,973

BOYS AND GIRLS CLUBS OF SASKATOON

Notes to Financial Statements (continued)

Year ended December 31, 2021

7. Commitments:

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

2022	\$	19,400
2023		20,400
2024		20,400
2025		20,400
Thereafter		28,900

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 cash, 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 and term deposits 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 \$12,004 (2020 - \$11,469). 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 \$109,589 (2020 - \$128,270). Related party transactions are recorded at the exchange amount.