

# **Boys & Girls Clubs of Saskatoon**

## **Financial Statements**

**December 31, 2023**



# McClelland Debusschere

Chartered Professional Accountants  
Assurance Tax Advisory

## **Independent Auditor's Report**

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To the Board of Directors  
Boys & Girls Clubs of Saskatoon

### **Qualified Opinion**

We have audited the financial statements of Boys & Girls Clubs of Saskatoon ("the Club"), which comprise the statement of financial position as at December 31, 2023 and the Statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Boys & Girls Clubs of Saskatoon as at December 31, 2023, and the results of its 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 not-for-profit organizations, Boys & Girls Clubs of Saskatoon derives revenue from donations and sponsorships and the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amount recorded in the records of Boys & Girls Clubs of Saskatoon. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, deficiency of revenues over expenditures, and cash flows from operations for the year ended December 31, 2023, current assets as at December 31, 2023, and net assets as at December 31, 2023. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted accounting standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our 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.

### **Other Matter**

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed a qualified opinion on those financial statements on April 17, 2023.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable financial reporting framework, 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 these financial statements, management is responsible for assessing the club's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 to do so.

Those charged with governance are responsible for overseeing the club's financial reporting process.



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### **Auditor's 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 auditor's 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 these 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 auditor's 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 auditor's 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.

We 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.

*McClelland Debusschere*  
*CPA PC INC*

Saskatoon, SK  
March 25, 2024

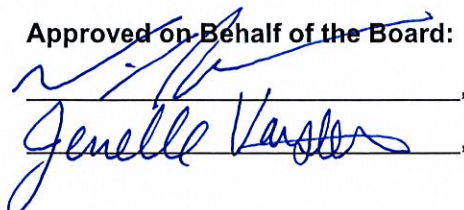
Chartered Professional Accountants

# Boys & Girls Clubs of Saskatoon

Statement of Financial Position  
December 31, 2023

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 657,758	\$ 531,817
Term deposits (Note 2)	1,528,604	1,458,506
Accounts receivable (Note 3)	131,901	26,174
Prepaid expenses	-	500
	<u>2,318,263</u>	<u>2,016,997</u>
<b>Capital assets (Note 4)</b>	<u>124,184</u>	<u>165,956</u>
	<u>\$ 2,442,447</u>	<u>\$ 2,182,953</u>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable (Note 5)	\$ 114,655	\$ 125,931
Deferred revenue (Note 6)	368,325	15,142
	<u>482,980</u>	<u>141,073</u>
<b>Deferred contributions related to equipment (Note 7)</b>	<u>7,518</u>	<u>11,457</u>
	<u>490,498</u>	<u>152,530</u>
<b>Net Assets</b>		
Invested in capital assets	116,666	154,497
Unrestricted net assets	1,835,283	1,875,926
	<u>1,951,949</u>	<u>2,030,423</u>
	<u>\$ 2,442,447</u>	<u>\$ 2,182,953</u>
<b>Commitments (Note 8)</b>		

Approved on Behalf of the Board:

  
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Genelle Vargha

The accompanying notes are an integral part of these financial statements.

# Boys & Girls Clubs of Saskatoon

## Statement of Operations

For the Year Ended December 31, 2023

	2023	2022
<b>Revenue</b>		
School Aged Club Activities	\$ 2,231,886	\$ 1,407,689
Early Learning Centre Grants	1,936,009	1,532,176
Preschool Aged Club Activities	404,434	689,076
Boys and Girls Clubs of Canada (Note 9)	185,676	145,327
Donations	137,398	85,686
Saskatchewan Lotteries	73,183	73,183
United Way	72,000	72,000
Interest Income	70,359	21,520
Canadian Summer Jobs	45,779	35,498
Fundraising Activities	28,759	30,997
Miscellaneous Grants	25,813	32,180
Community Initiatives Fund	16,000	25,000
Amortization of Deferred Contributions	3,940	3,940
Canadian Tire Jumpstart	-	15,000
Canada Emergency Wage	-	26,865
	<b>5,231,236</b>	<b>4,196,137</b>
<b>Expenditures</b>		
Salaries and benefits	4,390,483	3,520,954
Program costs	481,374	432,855
Office expenses	162,814	130,892
Amortization of capital assets	53,816	45,652
Repairs and maintenance	48,866	488
Utilities	41,855	36,880
Professional Fees	27,027	22,276
Professional Development	28,696	28,301
Insurance	28,680	30,024
Travel expenses	14,097	13,216
Memberships and licenses	12,435	12,931
Interest and bank charges	11,594	28,267
Advertising and promotion	4,836	3,162
Bad debt expense	2,350	2,984
Fundraising	786	6,223
	<b>5,309,709</b>	<b>4,315,105</b>
<b>Deficiency of revenue over expenses</b>	<b>\$ (78,473)</b>	<b>\$ (118,968)</b>

The accompanying notes are an integral part of these financial statements.

# Boys & Girls Clubs of Saskatoon

## Statement of Changes in Net Assets For the Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
<b>Unrestricted Net Assets</b>		
Balance, beginning of year	\$ 1,875,926	\$ 1,988,346
Deficiency of revenue over expenses for the year	(78,473)	(118,968)
Transfers from (to) invested in capital assets for:		
Additions (disposals) of capital assets	(12,045)	(34,024)
Amortization of capital assets	53,816	45,652
Spent on capital contributions	-	8,736
Amortization of deferred capital contributions	(3,940)	(3,940)
Donations in kind	-	(9,876)
<b>Balance, end of year</b>	<u><b>1,835,283</b></u>	<u>1,875,926</u>
<b>Invested in Capital Assets</b>		
Balance, beginning of year	154,497	161,045
Transfers from (to) unrestricted net assets for:		
Additions (disposals) of capital assets	12,045	34,024
Amortization of capital assets	(53,816)	(45,652)
Spent on capital contributions	-	(8,736)
Amortization of deferred capital contributions	3,940	3,940
Donations in kind	-	9,876
<b>Balance, end of year</b>	<u><b>\$ 116,666</b></u>	<u>\$ 154,497</u>

The accompanying notes are an integral part of these financial statements.

# Boys & Girls Clubs of Saskatoon

## Statement of Cash Flows

For the Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess (deficiency) of revenue over expenses for the period	\$ (78,473)	\$ (118,968)
<b>Non-cash items:</b>		
Amortization of capital assets	53,816	45,652
Amortization of deferred contributions	(3,940)	(3,940)
<b>Change in working capital items:</b>		
Accounts receivable	(105,727)	158,527
Prepaid expenses	500	-
Accounts payable	(11,276)	(10,957)
Deferred revenue	353,183	(30,131)
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>208,083</u>	<u>40,183</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of capital assets	(12,044)	(43,900)
Purchase of investments	(70,098)	(521,435)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(82,142)</u>	<u>(565,335)</u>
<b>Net increase (decrease) in cash</b>	<b>125,941</b>	<b>(525,152)</b>
Cash at beginning of period	<u>531,817</u>	<u>1,056,969</u>
<b>Cash at end of period</b>	<u>\$ 657,758</u>	<u>\$ 531,817</u>

The accompanying notes are an integral part of these financial statements.

# Boys & Girls Clubs of Saskatoon

## Notes to the Financial Statements

For the Year Ended December 31, 2023

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The Boys and Girls Clubs of Saskatoon ("the Club") was incorporated on February 21, 1975 under The Non-profit Corporation Act in Saskatchewan to provide quality children and youth services. Its main purpose is to provide quality programming options to young people who are not being serviced by mainstream providers. The Club is a registered charity and exempt from tax under section 149 of the Income Tax Act.

### 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 and include the following significant accounting policies:

#### a. Cash

Cash is defined as cash and short-term investments with maturity dates of less than 90 days from maturity when acquired. The Club's short-term investments are considered to be cash equivalents and are recorded at cost, which approximates current market value

#### b. Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are 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. Assets under construction are not amortized until they are put into service. Amortization is calculated using the straight-line basis over estimated useful lives.

Office and computer equipment	20%
Daycare equipment	20%
Clubhouse equipment	20%
Leasehold improvements	20%

#### c. Revenue recognition

The Club follows the deferral method of accounting for accounting for contributions.

- Unrestricted contributions including donations and revenue from fundraising activities are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

- Restricted contributions includes grants and government support. Grants include Early Learning Center grants, Boys and Girls Clubs of Canada grants, Saskatchewan Lotteries grants, United Way grants, Canadian Summer Jobs grants, Miscellaneous grants, Community Initiatives Fund grants, and Canadian Tire Jumpstart grants. Government support includes Canada Emergency Wage Subsidy. Restricted contributions are recognized in revenue in the year in which the related expenses are incurred.

- Restricted contributions related to capital assets (amortization of deferred contributions) are recognized over the same period as the related asset.



# Boys & Girls Clubs of Saskatoon

Notes to the Financial Statements  
For the Year Ended December 31, 2023

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## 1. Significant Accounting Policies continued

### c. Revenue recognition continued

- School aged and preschool aged club activities' fees are recognized when the service has been provided and the amounts are received or become receivable.
- Other revenue including interest and reimbursements are recognized when earned.

### d. Contributed materials and services

The operation of the club depend on both the contribution of time by volunteers and donated materials from various sources.

Donated materials are recognized in the financial statements when a fair value can be reasonably estimated, 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 these financial statements.

### e. Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods. Estimates included in the statements include the estimated useful life of capital assets and provision for impairment of accounts receivable.

### f. 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.

### 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. 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, 2023.

# Boys & Girls Clubs of Saskatoon

Notes to the Financial Statements  
For the Year Ended December 31, 2023

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## 1. Significant Accounting Policies continued

### i. Net Assets

The Club segregates net assets between unrestricted net assets and invested in capital assets. Unrestricted net assets represents amounts available for ongoing operations of the Club. Invested in capital assets represents purchases of capital assets less amortization and unamortized capital contributions used to purchase capital assets.

## 2. Term Deposits

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	Annual Interest Rate	Investment Date	Maturity Date	2023	2022
Guaranteed Investment Certificate	4.95%	2023-09-21	2024-09-21	\$ 533,783	\$ 504,751
Guaranteed Investment Certificate	4.95%	2023-09-21	2024-09-21	531,924	502,993
Guaranteed Investment Certificate	4.95%	2023-09-21	2024-09-21	330,136	323,007
Guaranteed Investment Certificate	4.75%	2023-09-21	2024-09-21	71,281	67,570
Guaranteed Investment Certificate	4.75%	2023-09-21	2024-09-21	61,480	60,185
				<b>\$ 1,528,604</b>	<b>\$ 1,458,506</b>

## 3. Accounts Receivable

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	2023	2022
Grants receivable	\$ 112,325	\$ 15,320
Trade accounts receivable	13,380	3,017
GST receivable	10,562	11,583
Allowance for Bad Debts	(4,366)	(3,746)
	<b>\$ 131,901</b>	<b>\$ 26,174</b>

# Boys & Girls Clubs of Saskatoon

Notes to the Financial Statements  
For the Year Ended December 31, 2023

## 4. Capital Assets

Capital assets consist of the following:

			2023	2022
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Office and computer equipment	\$ 205,673	\$ (143,814)	\$ 61,859	\$ 80,224
Daycare equipment	111,582	(83,924)	27,658	43,399
Leasehold improvements	68,641	(44,030)	24,611	31,474
Clubhouse equipment	41,987	(39,526)	2,461	10,859
Assets under construction	7,595	-	7,595	-
	<b>\$ 435,478</b>	<b>\$ (311,294)</b>	<b>\$ 124,184</b>	<b>\$ 165,956</b>

## 5. Accounts Payable

	2023	2022
Payroll and vacation payable	\$ 70,108	\$ 64,470
Employee deductions payable	44,547	61,461
	<b>\$ 114,655</b>	<b>\$ 125,931</b>

## 6. Deferred Revenue

	2022	Contributions received	Amount recognized	2023
John Lake ELC 2023 Preventative Maintenance Grant	\$ -	\$ 100,061	\$ -	\$ 100,061
Evergreen ELC 2024 Operating Grant	-	97,302	-	97,302
Evergreen ELC 2023 Operating Grant	-	1,387,921	(1,320,421)	67,500
John Lake ELC 2024 Operating Grant	-	54,917	-	54,917
John Lake ELC 2023 Operating Grant	-	749,267	(711,017)	38,250
LearnOn	-	50,112	(42,528)	7,584
PC Children's Charity	-	27,814	(25,960)	1,854
BGCC: Mental Health Microgrant	4,700	15,438	(19,281)	857
BGCC: Foundation	10,442	-	(10,442)	-
	<b>\$ 15,142</b>	<b>\$ 2,482,832</b>	<b>\$ (2,129,649)</b>	<b>\$ 368,325</b>

# Boys & Girls Clubs of Saskatoon

## Notes to the Financial Statements

For the Year Ended December 31, 2023

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### 7. Deferred Contributions Related to Equipment

The club's 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 deferred contributions will be amortized over the estimated life of the assets. The change in the deferred contribution balance for the year is as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 11,457	\$ 15,397
Amount amortized to revenue	(3,940)	(3,940)
<b>Balance, end of year</b>	<b>\$ 7,518</b>	<b>\$ 11,457</b>

### 8. Commitments

The club has entered into a four-year office lease commencing June 1, 2023 and ending May 31, 2027. For the period of June 1, 2023 to May 31, 2025, the monthly base rent is \$1,700 plus applicable taxes and estimated monthly occupancy cost of \$719 plus applicable taxes. For the period of June 1, 2025 to May 31, 2027, the monthly base rent is \$1,813 plus applicable taxes and estimated monthly occupancy cost of \$719 plus applicable taxes.

The Club has entered into a five-year and five-month office lease commencing January 1, 2022 and ending May 31, 2027. For the period of January 1, 2022 to May 31, 2022, the monthly base rent was \$2,016 plus applicable taxes and estimated monthly occupancy cost of \$1,396 plus applicable taxes. For the period of June 1, 2022 to May 31, 2027, the monthly base rent is \$2,316 plus applicable taxes and estimated monthly occupancy cost of \$1,396 plus applicable taxes.

The Club has entered into a ten-year office lease agreement commencing on June 1, 2017 and ending May 31, 2027. For the period June 1, 2017 to May 31, 2022, the monthly base rent was \$1,500 plus applicable taxes. For the period June 1, 2022 to May 31, 2027, the monthly base rent is \$1,700 plus applicable taxes.

The Club has entered into a one-year premises lease agreement commencing September 1, 2023 and ending August 31, 2024. The monthly base rent is \$1,207 plus applicable taxes.

The Club has entered into a five-year premises lease agreement commencing on September 1, 2021 and ending August 31, 2026 with a yearly base rent of \$1 plus applicable taxes.

Payments due are as follows:

2024	\$103,256
2025	94,748
2026	95,310
2027	39,713

### 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 \$12,435 (2022 - \$12,931). 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 \$185,676 (2022 - \$145,327). Related party transactions are recorded at the exchange amount.

# Boys & Girls Clubs of Saskatoon

Notes to the Financial Statements  
For the Year Ended December 31, 2023

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## 10. Financial Instruments

The club initially measures its financial assets and liabilities at fair value. It subsequently measures all of its financial assets and liabilities at amortized cost. Financial assets subsequently measured at amortized cost include cash and accounts receivable as presented on the statement of financial position, except for term deposits which are measured at fair value. Financial liabilities measured at amortized cost include accounts payable and deferred revenue as presented on the statement of financial position.

The club is not subject to currency risk as they do not deal in foreign currency. The following are the significant risks to which the club is exposed:

Market risk:

Market risk is the risk that financial instrument fair values will fluctuate due to changes in market prices. The significant market risks to which the organization is exposed are interest rate risk and other price risk.

Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. Financial instruments exposing the organization to interest rate risk are debt instruments. Management has attempted to minimize this risk by engaging investment advisors to select investments with a variety of rate and maturity dates

Credit risk:

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to pay its liability. The club is exposed to credit risk with respect to accounts receivable. They manage this risk through regularly reviewing and assessing the amounts outstanding for collectibility.

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. The club's exposure to liquidity risk is dependent on the receipt of funds from its operations, grants and subsidies. Funds from these sources are primarily used to finance working capital and capital expenditures and are considered adequate to meet the club's obligations.

## 11. Comparative Numbers

The prior year's comparative amounts have been reclassified, where necessary, to conform to the current year's presentation.