

BOYS & GIRLS CLUB OF LEDUC
Financial Statements
Year Ended May 31, 2017

BOYS & GIRLS CLUB OF LEDUC
Index to Financial Statements
Year Ended May 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Boys & Girls Club of Leduc

We have audited the accompanying financial statements of Boys & Girls Club of Leduc, which comprise the statement of financial position as at May 31, 2017 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and 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 auditor's 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, the auditor considers 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 qualified audit opinion.

(continues)

Independent Auditor's Report to the Members of Boys & Girls Club of Leduc (continued)

Basis for Qualified Opinion

In common with many not-for-profit organizations, Boys & Girls Club of Leduc derives revenue from fundraising and donation 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 Boys & Girls Club of Leduc. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended May 31, 2017, current assets and net assets as at May 31, 2017.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Boys & Girls Club of Leduc as at May 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Luchak Luchak Sosnowski

Leduc, Alberta
February 14, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS

BOYS & GIRLS CLUB OF LEDUC
Statement of Financial Position
May 31, 2017

| | 2017 | 2016 |
|---|------------|------------|
| ASSETS | | |
| CURRENT | | |
| Cash (Note 5) | \$ 363,181 | \$ 253,581 |
| Accounts receivable (Note 6) | 1,992 | 900 |
| Prepaid expenses | 2,155 | 2,074 |
| | 367,328 | 256,555 |
| PROPERTY, PLANT AND EQUIPMENT (Note 7) | 139,069 | 175,272 |
| | \$ 506,397 | \$ 431,827 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities (Note 8) | \$ 46,924 | \$ 31,664 |
| Deferred revenue & contributions (Note 9) | 96,030 | 81,903 |
| | 142,954 | 113,567 |
| NET ASSETS (DEFICIENCY) | | |
| Operating fund | 262,164 | 186,176 |
| Invested in capital assets | 101,279 | 132,084 |
| | 363,443 | 318,260 |
| | \$ 506,397 | \$ 431,827 |

ON BEHALF OF THE BOARD

_____ Director

_____ Director

BOYS & GIRLS CLUB OF LEDUC
Statement of Revenues and Expenditures
Year Ended May 31, 2017

| | 2017 | % | 2016 | % |
|---|------------------|---------------|------------------|---------------|
| REVENUES | | | | |
| Grants (<i>Note 10</i>) | \$ 260,344 | 53.22 | \$ 255,157 | 50.53 |
| Fundraising | 86,365 | 17.66 | 107,570 | 21.30 |
| Program fees | 81,199 | 16.60 | 84,200 | 16.67 |
| Donations | 58,840 | 12.03 | 55,886 | 11.07 |
| Interest income | 2,424 | 0.50 | 2,187 | 0.43 |
| | <u>489,172</u> | <u>100.01</u> | <u>505,000</u> | <u>100.00</u> |
| EXPENSES | | | | |
| Wages and benefits | 248,669 | 50.83 | 240,834 | 47.69 |
| Fundraising | 67,975 | 13.90 | 40,616 | 8.04 |
| Amortization of property, plant and equipment | 36,203 | 7.40 | 36,658 | 7.26 |
| Program facility | 30,431 | 6.22 | 32,762 | 6.49 |
| Rental | 15,414 | 3.15 | 15,518 | 3.07 |
| Professional fees | 15,000 | 3.07 | 15,525 | 3.07 |
| Office supplies | 7,096 | 1.45 | 10,050 | 1.99 |
| Telephone | 5,041 | 1.03 | 6,013 | 1.19 |
| Insurance | 3,613 | 0.74 | 4,052 | 0.80 |
| Interest and bank charges | 3,174 | 0.65 | 1,908 | 0.38 |
| Non-eligible GST paid on purchases | 3,061 | 0.63 | 2,112 | 0.42 |
| Membership fees | 2,745 | 0.56 | 2,336 | 0.46 |
| Travel | 2,549 | 0.52 | 814 | 0.16 |
| Vehicle | 2,478 | 0.51 | 3,226 | 0.64 |
| Bad debts | 340 | 0.07 | - | - |
| Repairs and maintenance | 128 | 0.03 | 21 | - |
| Advertising | 72 | 0.01 | 1,081 | 0.21 |
| | <u>443,989</u> | <u>90.77</u> | <u>413,526</u> | <u>81.87</u> |
| EXCESS OF REVENUES OVER EXPENSES | <u>\$ 45,183</u> | <u>9.24</u> | <u>\$ 91,474</u> | <u>18.13</u> |

BOYS & GIRLS CLUB OF LEDUC
Statement of Changes in Net Assets
Year Ended May 31, 2017

| | Operating fund | Invested in capital assets | 2017 | 2016 |
|--|-------------------|-------------------------------|-------------------|-------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 186,176 | \$ 132,084 | \$ 318,260 | \$ 226,786 |
| Excess of revenues over expenses | 45,183 | - | 45,183 | 91,474 |
| Amortization of property, plant and equipment | 36,203 | (36,203) | - | - |
| Amortization of Government of Alberta grant (<i>Note 9</i>) | (5,398) | 5,398 | - | - |
| NET ASSETS - END OF YEAR | \$ 262,164 | \$ 101,279 | \$ 363,443 | \$ 318,260 |

BOYS & GIRLS CLUB OF LEDUC
Statement of Cash Flow
Year Ended May 31, 2017

| | 2017 | 2016 |
|---|--------------------------|--------------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenses | \$ 45,183 | \$ 91,474 |
| Item not affecting cash: | | |
| Amortization of property, plant and equipment | 36,203 | 36,658 |
| | <u>81,386</u> | <u>128,132</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | (1,092) | 3,376 |
| Accounts payable and accrued liabilities | 15,260 | (65,815) |
| Deferred revenue & contributions | 14,127 | 1,952 |
| Prepaid expenses | (81) | 48 |
| | <u>28,214</u> | <u>(60,439)</u> |
| Cash flow from operating activities | <u>109,600</u> | <u>67,693</u> |
| INVESTING ACTIVITY | | |
| Purchase of property, plant and equipment | - | (2,070) |
| INCREASE IN CASH FLOW | 109,600 | 65,623 |
| Cash - beginning of year | <u>253,581</u> | <u>187,958</u> |
| CASH - END OF YEAR | <u>\$ 363,181</u> | <u>\$ 253,581</u> |

See Note 5 for details of cash.

BOYS & GIRLS CLUB OF LEDUC
Notes to Financial Statements
Year Ended May 31, 2017

1. PURPOSE OF THE CLUB

Boys & Girls Club of Leduc (the "Club") is a registered charity under the Income Tax Act of Canada (the "Act") and thus is exempt from income taxes. In order to maintain its status as a registered charity under the Act, the Club must meet certain requirements within the Act.

The Club's purpose is to provide situations in which volunteers and others can interact with "youth in need" and work in co-operation and co-ordination of other community agencies; and in doing so, strengthen the individual, family and community.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNFP") on a going concern basis. The going concern basis of presentation assumes that the Club will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

- a) The Club follows the deferral method of accounting for contributions and grants. Restricted funds are recognized as revenue in the year in which the related expenses are incurred. Unrestricted funds are recognized as revenue when received or receivable if the amount to be received can be easily estimated and collection is reasonably assured.
- b) Donations and fundraising revenue are recognized as revenue when the funds are received.
- c) Membership fees and program fees are recognized as earned.
- d) Interest income is recognized when received.

Cash and cash equivalents

Cash and cash equivalents include bank balances and cash held in Canadian Western Bank accounts. Also see Note 5.

(continues)

BOYS & GIRLS CLUB OF LEDUC
Notes to Financial Statements
Year Ended May 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed materials and services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements. Contributed property, plant and equipment are addressed in the subsequent note.

Property, plant and equipment

Purchased property, plant and equipment are charged to operations and are recorded at cost on the Statement of Financial Position, with the corresponding amount being added to the Invested in capital assets fund. Contributed property, plant and equipment are recorded as both revenue and expenses at fair market value at the date of acquisition with the corresponding amount being added to both property, plant and equipment as well as the Invested in capital assets fund.

Amortization is provided using the straight-line method with a reduction to Invested in capital assets at rates intended to amortize the cost of assets over their estimated useful lives.

| | | |
|------------------------|----------|----------------------|
| Equipment | 5 years | straight-line method |
| Furniture and fixtures | 10 years | straight-line method |
| Leasehold improvements | 10 years | straight-line method |
| Automotive | 10 years | straight-line method |

Impairment of Long Lived Assets

The Club tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

4. FINANCIAL INSTRUMENTS

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The Club is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Club's risk exposure and concentration as of May 31, 2017:

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Club is exposed to this risk mainly in respect of its receipt of funds from its donors and members, and accounts payable. The Club meets its liquidity requirements by holding adequate cash reserves for operational purposes.

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BOYS & GIRLS CLUB OF LEDUC
Notes to Financial Statements
Year Ended May 31, 2017

4. FINANCIAL INSTRUMENTS *(continued)*

Other risks

The Club believes that it is not exposed to significant market or cash flow risk arising from its financial instruments.

5. CASH

Cash consists of the following balances:

| | 2017 | 2016 |
|--|------------|------------|
| CWB chequing account | \$ 22,595 | \$ 75,901 |
| CWB savings account | - | 162,875 |
| CWB Alberta Gaming and Liquor Commission account | - | 2,250 |
| ATB chequing account | 129,903 | - |
| ATB savings account | 164,415 | - |
| ATB Alberta Gaming and Liquor Commission account | 19,967 | - |
| Undeposited funds | 26,100 | 12,355 |
| Gift cards | 49 | - |
| Petty cash | 152 | 200 |
| | \$ 363,181 | \$ 253,581 |

Undeposited funds is cash held at year end that was deposited subsequent to year end.

6. ACCOUNTS RECEIVABLE

| | 2017 | 2016 |
|---|----------|--------|
| Member fees receivable | \$ 1,230 | \$ - |
| Less: Allowance for doubtful member fees receivable | (340) | - |
| GST on purchases (ITC) due from Canada Revenue Agency | 1,102 | 900 |
| | \$ 1,992 | \$ 900 |

7. PROPERTY, PLANT AND EQUIPMENT

| | Cost | Accumulated amortization | 2017 Net book value | 2016 Net book value |
|------------------------|------------|-----------------------------|---------------------------|---------------------------|
| Equipment | \$ 25,733 | \$ 23,838 | \$ 1,895 | \$ 3,607 |
| Furniture and fixtures | 44,465 | 29,271 | 15,194 | 19,640 |
| Leasehold improvements | 200,000 | 148,333 | 51,667 | 71,667 |
| Automotive | 100,447 | 30,134 | 70,313 | 80,358 |
| | \$ 370,645 | \$ 231,576 | \$ 139,069 | \$ 175,272 |

BOYS & GIRLS CLUB OF LEDUC
Notes to Financial Statements
Year Ended May 31, 2017

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2017 | 2016 |
|---|------------------|------------------|
| Trade payables | \$ 42,114 | \$ 31,665 |
| Payroll deductions due to Canada Revenue Agency | 4,810 | - |
| | \$ 46,924 | \$ 31,665 |

9. DEFERRED REVENUE & CONTRIBUTIONS

| | 2017 | 2016 |
|--|------------------|------------------|
| Deferred Revenue | | |
| Casino proceeds | \$ 22,867 | \$ 4,153 |
| Summer program fees | 17,256 | 14,065 |
| Membership fees | 8,885 | 8,123 |
| Bussing fees | 900 | 1,790 |
| Fundraising | - | 2,000 |
| Volunteering deposits | - | 250 |
| | 49,908 | 30,381 |
| Deferred Contributions | | |
| Government of Alberta bus purchase grant | 37,789 | 43,188 |
| City of Leduc grant | 8,333 | 8,334 |
| | 46,122 | 51,522 |
| | \$ 96,030 | \$ 81,903 |

The Government of Alberta bus purchase grant is being recognized in accordance with the deferral method of accounting. The grant income is being recognized on the straight-line basis over ten years in accordance with the bus' amortization. In the prior year, the Club was required to pay back \$5,683 to the Government of Alberta as the Club did not use the entire grant. The amortized portion has been transferred to the Invested in capital assets fund.

Restricted funds are externally restricted donations and grants. These amounts are to be used towards various externally designated projects. Of the above amount, \$NIL (prior year - \$NIL) represents funds that are required to be held for future projects.

BOYS & GIRLS CLUB OF LEDUC
Notes to Financial Statements
Year Ended May 31, 2017

10. GRANTS

| | 2017 | 2016 |
|---|-------------------|-------------------|
| City of Leduc | \$ 100,000 | \$ 88,333 |
| United Way | 71,194 | 63,437 |
| Boys and Girls Club of Canada | 33,177 | 22,912 |
| Government of Canada | 27,580 | 27,464 |
| Canada Post Community Foundation | 17,995 | - |
| Recognition of the current portion of the Government of Alberta bus purchase grant (Note 9) | 5,398 | 5,398 |
| Second Glance | 5,000 | 5,000 |
| Canadian Tire Jumpstart | - | 18,612 |
| Leduc County | - | 2,500 |
| Cottage Computers | - | 1,250 |
| Alberta Recreation | - | 251 |
| RBC Foundation | - | 20,000 |
| | \$ 260,344 | \$ 255,157 |

The grant from the City of Leduc is used to pay the salaries of the Executive Director and staff members of the Club.

11. COMMITMENTS

The Club leases its premises at the Leduc Recreation Centre from the City of Leduc under a long-term lease that expires on October 31, 2019. Under the lease, the Club is required to pay annual rent of \$14,000 (including GST) in equal monthly installments.

| | |
|------|-----------|
| 2018 | \$ 13,667 |
| 2019 | 13,667 |
| 2020 | 5,694 |

The Club is required by the CRA to spend 3.5% of its assets not used for charitable activities each year. Since the Club uses all of its assets for charitable operations the disbursement quota is \$NIL (prior year - \$NIL).