

BOYS AND GIRLS CLUB OF LEDUC
Financial Statements
For The Year Ended May 31, 2019

INDEPENDENT AUDITORS' REPORT

To the Members of Boys and Girls Club of Leduc

Qualified Opinion

We have audited the financial statements of Boys and Girls Club of Leduc (the Club), which comprise the statement of financial position as at May 31, 2019, 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 for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Club as at May 31, 2019, 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 not-for-profit organizations, the Club derives revenue from fundraising activities and donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts in the records of the Club. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess of revenues over expenses, and cash flows from operations for the year ended May 31, 2019, current assets and net assets as at May 31, 2019.

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 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 audit 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 relating 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.

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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 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 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.

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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
September 18, 2019

BOYS AND GIRLS CLUB OF LEDUC**Statement of Financial Position****As at May 31, 2019**

	2019	2018
ASSETS		
CURRENT		
Cash and cash equivalents <i>(Note 2)</i>	\$ 421,192	\$ 434,247
Accounts receivable	5,127	355
Goods and Services Tax recoverable	2,129	1,151
Prepaid expenses	9,263	7,080
	<u>437,711</u>	442,833
LONG TERM INVESTMENTS <i>(Note 3)</i>	100,000	-
TANGIBLE CAPITAL ASSETS <i>(Note 4)</i>	82,018	105,751
	<u>\$ 619,729</u>	<u>\$ 548,584</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities <i>(Note 5)</i>	\$ 43,907	\$ 32,131
Deferred contributions <i>(Note 6)</i>	72,026	62,400
	115,933	94,531
DEFERRED CAPITAL CONTRIBUTIONS <i>(Note 7)</i>	26,993	32,391
	<u>142,926</u>	126,922
NET ASSETS		
Unrestricted	421,778	348,303
Invested in tangible capital assets	55,025	73,359
	<u>476,803</u>	421,662
	<u>\$ 619,729</u>	<u>\$ 548,584</u>

COMMITMENTS *(Note 10)***ON BEHALF OF THE BOARD:**_____
*Director*_____
Director

The accompanying notes are an integral part of these financial statements

BOYS AND GIRLS CLUB OF LEDUC**Statement of Operations****For The Year Ended May 31, 2019**

	2019	2018
REVENUE		
Grants <i>(Note 9)</i>	\$ 250,620	\$ 213,220
Fundraising activities	96,740	83,884
Program fees	96,367	96,000
Donations	43,108	95,730
Amortization of deferred capital contributions <i>(Note 7)</i>	5,398	5,398
	<u>492,233</u>	<u>494,232</u>
EXPENSES		
Salaries, wages and benefits	293,219	279,031
Amortization of tangible capital assets	34,695	36,119
Fundraising	33,227	36,707
Program facility	28,083	34,824
Rent	14,955	14,021
Professional fees	5,800	5,238
Telephone	4,892	4,925
Insurance	4,516	3,873
Membership dues and licences	4,236	3,077
Interest and bank charges	3,873	4,861
Office supplies	3,451	4,502
Advertising and promotion	3,230	2,557
Automobile	2,556	3,168
Non-eligible GST paid on purchases	2,089	2,681
Bad debts	110	475
Travel	96	837
Repairs and maintenance	8	43
	<u>439,036</u>	<u>436,939</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>53,197</u>	<u>57,293</u>
OTHER INCOME		
Interest income	5,323	926
Loss on disposal of tangible capital assets	(3,379)	-
	<u>1,944</u>	<u>926</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 55,141</u>	<u>\$ 58,219</u>

The accompanying notes are an integral part of these financial statements

BOYS AND GIRLS CLUB OF LEDUC
Statement of Changes in Net Assets
For The Year Ended May 31, 2019

	Unrestricted	Invested in Tangible Capital Assets	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 348,303	\$ 73,359	\$ 421,662	\$ 363,443
Excess of revenue over expenses	55,141	-	55,141	58,219
Amortization of tangible capital assets	34,695	(34,695)	-	-
Amortization of deferred capital contributions	(5,398)	5,398	-	-
Purchase of tangible capital assets	(14,342)	14,342	-	-
Loss on disposal of tangible capital assets	3,379	(3,379)	-	-
NET ASSETS - END OF YEAR	\$ 421,778	\$ 55,025	\$ 476,803	\$ 421,662

The accompanying notes are an integral part of these financial statements

BOYS AND GIRLS CLUB OF LEDUC
Statement of Cash Flows
For The Year Ended May 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 55,141	\$ 58,219
Items not affecting cash:		
Amortization of tangible capital assets	34,695	36,119
Amortization of deferred capital contributions	(5,398)	(5,398)
Loss on disposal of tangible capital assets	3,379	-
	<u>87,817</u>	<u>88,940</u>
Changes in non-cash working capital:		
Accounts receivable	(4,772)	535
Accounts payable and accrued liabilities	11,777	(14,794)
Deferred contributions	9,626	4,160
Prepaid expenses	(2,183)	(4,925)
Goods and Services Tax recoverable	(978)	(49)
	<u>13,470</u>	<u>(15,073)</u>
	<u>101,287</u>	<u>73,867</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(14,342)	(2,801)
Purchase of long term investments	(100,000)	-
	<u>(114,342)</u>	<u>(2,801)</u>
Cash flow used by investing activities	<u>(114,342)</u>	<u>(2,801)</u>
INCREASE (DECREASE) IN CASH FLOWS	(13,055)	71,066
Cash and cash equivalents - beginning of year	<u>434,247</u>	<u>363,181</u>
CASH AND CASH EQUIVALENTS - END OF YEAR (Note 2)	\$ 421,192	\$ 434,247

BOYS AND GIRLS CLUB OF LEDUC
Notes to Financial Statements
For The Year Ended May 31, 2019

PURPOSE OF THE CLUB

Boys and Girls Club of Leduc (the "Club") is a not-for-profit organization incorporated provincially under the *Societies Act of Alberta* on March 21, 1988. The Club is a registered charity and is exempt from the payment of income taxes under the *Income Tax Act* (Canada).

The purpose of the Club 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and cash equivalents

Cash and cash equivalents include cash and short term investments with a maturity of three months or less from the date of acquisition.

Revenue recognition

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

Restricted contributions, such as grants, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from programs and fundraising are recognized as revenue in the period the service is provided.

Deferred capital contributions are amortized over the life of the related tangible capital asset.

Interest income is recognized as revenue when earned.

Deferred contributions

Deferred contributions include funds received for specific uses for which the related expenditures have not been incurred.

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BOYS AND GIRLS CLUB OF LEDUC
Notes to Financial Statements
For The Year Ended May 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Automotive	10 years
Furniture and fixtures	10 years
Equipment	5 years
Leasehold improvements	10 years

The Club regularly reviews its tangible capital assets to eliminate obsolete items. In the year of acquisition, full-rates are applied.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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.

Contributed services

The operations of the Club 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.

Measurement uncertainty

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. Significant areas requiring the use of management's estimates include the useful lives of tangible capital assets and the corresponding rates of amortization and the amount of accrued liabilities. 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.

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BOYS AND GIRLS CLUB OF LEDUC
Notes to Financial Statements
For The Year Ended May 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Measurement of financial instruments

The Club initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instruments.

The Club subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenses.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and long term investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Club has no financial assets measured at fair value.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting an allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The Club recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their organization, issuance or assumption.

2. CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
ATB savings account	\$ 215,673	\$ 349,048
ATB NDA savings account	151,868	-
ATB chequing account	43,541	65,232
ATB Alberta Gaming and Liquor Commission account	72	8,239
Paypal account	8,856	10,035
Undeposited funds	850	1,355
Gift cards	-	105
Petty cash	332	233
	<u>\$ 421,192</u>	<u>\$ 434,247</u>

BOYS AND GIRLS CLUB OF LEDUC
Notes to Financial Statements
For The Year Ended May 31, 2019

3. LONG TERM INVESTMENTS

	<u>2019</u>	<u>2018</u>
Guaranteed Investment Certificate	<u>\$ 100,000</u>	<u>\$ -</u>

The Guaranteed Investment Certificate bears interest at 2.71% and matures on October 1, 2020.

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Automotive	\$ 113,442	\$ 51,523	\$ 61,919	\$ 60,267
Furniture and fixtures	22,258	16,524	5,734	10,747
Equipment	18,256	15,558	2,698	3,070
Leasehold improvements	200,000	188,333	11,667	31,667
	<u>\$ 353,956</u>	<u>\$ 271,938</u>	<u>\$ 82,018</u>	<u>\$ 105,751</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2019</u>	<u>2018</u>
Trade payables	\$ 33,860	\$ 27,014
Payroll source deductions	<u>10,047</u>	<u>5,117</u>
	<u>\$ 43,907</u>	<u>\$ 32,131</u>

6. DEFERRED CONTRIBUTIONS

Deferred contributions consist of externally designated funding received by the Club. These amounts are recognized as revenue as related program expenses are incurred. The changes in deferred contributions balance are as follows:

	Opening	Contributions	Revenue recognized	Ending
Summer program fees	\$ 26,760	\$ 41,906	\$ 26,760	\$ 41,906
Membership fees	9,038	11,700	9,038	11,700
Transportation fees	6,390	5,790	6,390	5,790
City of Leduc grant	8,333	8,333	8,333	8,333
Casino funding	10,839	3,500	11,667	2,672
Poker night tickets	1,040	1,625	1,040	1,625
	<u>\$ 62,400</u>	<u>\$ 72,854</u>	<u>\$ 63,228</u>	<u>\$ 72,026</u>

BOYS AND GIRLS CLUB OF LEDUC

Notes to Financial Statements

For The Year Ended May 31, 2019

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represents funding received, which have been designated for the purchase of a transportation bus. The funding is deferred, and recognized as revenue at the same rate as the asset to which it relates is amortized. Details of the changes to the account are as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 32,391	\$ 37,789
Less:		
Amortization of deferred capital contributions	<u>(5,398)</u>	<u>(5,398)</u>
Balance, end of year	<u>\$ 26,993</u>	<u>\$ 32,391</u>

8. RELATED PARTY TRANSACTIONS

Related parties of the Club include board members, management, and the Boys and Girls Clubs of Canada ("BGCC"). The Club pays annual membership dues to BGCC. During the year, annual dues paid were \$2,810 (2018 - \$2,810). 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 \$16,000 (2018 - \$26,350). Also, during the year, \$3,015 (2018 - \$2,665) of donations were received from the board members. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. GRANTS

	<u>2019</u>	<u>2018</u>
City of Leduc	\$ 100,000	\$ 100,000
United Way	66,860	55,360
Government of Canada - Summer jobs	21,399	24,688
Boys and Girls Club of Canada	16,000	26,350
Rogers Communications Canada	15,000	-
Other	11,642	-
Edmonton Community Foundation	10,000	-
Second Glance	5,000	-
Canadian Tire Jumpstart Charities	4,719	6,822
	<u>\$ 250,620</u>	<u>\$ 213,220</u>

BOYS AND GIRLS CLUB OF LEDUC
Notes to Financial Statements
For The Year Ended May 31, 2019

10. COMMITMENTS

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

The above lease payment includes payment of utilities, maintenance and custodial expenses. Future minimum lease payments as at May 31, 2019, are as follows:

2020	<u>\$ 5,833</u>
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11. FINANCIAL INSTRUMENTS

It is management's opinion that the Club is not exposed to significant currency, interest, market or other price risk through its financial instruments. The following analysis provides information about the Club's risk exposure and concentration as of May 31, 2019.

Credit risk

The Club is 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.

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 funding agencies and donors, other related sources, and accounts payable and accrued liabilities.

The Club mitigates this risk by holding adequate cash reserves for operational purposes.

Interest rate 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.

There are no significant changes in the risk profile of the financial instruments of the Club from the prior year.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
