

**BOYS AND GIRLS CLUB OF LEDUC**  
**Financial Statements**  
**For The Year Ended May 31, 2022**

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## INDEPENDENT AUDITORS' REPORT

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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, 2022, 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, 2022, 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, 2022, current assets and net assets as at May 31, 2022.

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.

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Independent Auditors' Report to the Members of Boys and Girls Club of Leduc (continued)

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 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  
October 19, 2022

**BOYS AND GIRLS CLUB OF LEDUC****Statement of Financial Position****As at May 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents (Note 2)	\$ 1,162,934	\$ 976,497
Accounts receivable (Note 3)	2,514	22,177
Prepaid expenses	6,434	7,141
Goods and Services Tax recoverable	1,110	873
	<u>1,172,992</u>	1,006,688
TANGIBLE CAPITAL ASSETS (Note 4)	<u>32,527</u>	41,161
	<u>\$ 1,205,519</u>	<u>\$ 1,047,849</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 58,465	\$ 54,375
Deferred revenue (Note 6)	172,427	75,157
	<u>230,892</u>	129,532
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	13,946	19,795
CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 11)	40,000	40,000
	<u>284,838</u>	189,327
<b>NET ASSETS</b>		
Unrestricted	902,100	837,156
Invested in tangible capital assets	18,581	21,366
	<u>920,681</u>	858,522
	<u>\$ 1,205,519</u>	<u>\$ 1,047,849</u>

**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, 2022**

	<b>2022</b>	2021
<b>REVENUE</b>		
Grants (Note 9)	\$ 347,088	\$ 439,100
Donations	61,005	34,116
Program fees (Note 6)	56,890	22,065
Membership fees (Note 6)	16,463	9,531
Casino and raffle (Note 6)	14,066	14,000
Fundraising	6,759	14,983
Amortization of deferred capital contributions (Note 7)	5,849	5,849
Volunteering and late fees	1,802	9,199
	<b>509,922</b>	548,843
<b>EXPENSES</b>		
Salaries, wages and benefits	354,740	319,987
Program supplies	34,196	37,055
Rent	15,351	15,997
Amortization of tangible capital assets	13,391	12,865
Professional fees	8,181	8,000
Telephone	6,993	6,589
Office	6,043	4,853
Professional development	4,675	972
Insurance	4,617	5,349
Fundraising	4,327	8,029
Interest and bank charges	3,862	2,729
Advertising and promotion	3,562	2,317
Automobile	3,552	2,322
Membership dues and licences	3,277	3,010
Travel	1,089	451
Repairs and maintenance	230	641
Bad debts	-	1,200
	<b>468,086</b>	432,366
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>41,836</b>	116,477
<b>OTHER INCOME</b>		
Canada Emergency Wage Subsidy (Note 11)	17,255	100,540
Interest income	3,068	3,280
Canada Emergency Business Account Loan (Note 11)	-	20,000
Temporary Wage Subsidy (Note 11)	-	1,893
Gain on disposal of tangible capital assets	-	375
	<b>20,323</b>	126,088
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 62,159</b>	<b>\$ 242,565</b>

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, 2022**

	Unrestricted	Invested in Tangible Capital Assets	<b>2022</b>	2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 837,156	\$ 21,366	<b>\$ 858,522</b>	\$ 615,957
Excess of revenue over expenses	62,159	-	<b>62,159</b>	242,565
Amortization of tangible capital assets	13,391	(13,391)	-	-
Amortization of deferred capital contributions	(5,849)	5,849	-	-
Purchase of tangible capital assets	(4,757)	4,757	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 902,100</b>	<b>\$ 18,581</b>	<b>\$ 920,681</b>	<b>\$ 858,522</b>

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, 2022**

	<b>2022</b>	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 62,159	\$ 242,565
Items not affecting cash:		
Amortization of tangible capital assets	13,391	12,865
Amortization of deferred capital contributions	(5,849)	(5,849)
Canadian Emergency Business Account (Note 11)	-	(20,000)
Gain on disposal of tangible capital assets	-	(375)
	<u>69,701</u>	<u>229,206</u>
Changes in non-cash working capital:		
Accounts receivable	19,663	(6,054)
Prepaid expenses	707	(512)
Goods and Services Tax recoverable	(237)	(282)
Accounts payable and accrued liabilities	4,089	13,070
Deferred contributions	97,271	20,096
	<u>121,493</u>	<u>26,318</u>
	<u>191,194</u>	<u>255,524</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(4,757)	(3,400)
Proceeds on disposal of tangible capital assets	-	10,771
Disposals of long term investments	-	100,000
	<u>(4,757)</u>	<u>107,371</u>
Cash flow from (used by) investing activities	<u>(4,757)</u>	<u>107,371</u>
<b>FINANCING ACTIVITY</b>		
Proceeds from Canadian Emergency Business Account loan (Note 11)	-	20,000
	<u>-</u>	<u>20,000</u>
Cash flow from financing activity	<u>-</u>	<u>20,000</u>
<b>INCREASE IN CASH FLOWS</b>	<b>186,437</b>	382,895
Cash and cash equivalents - beginning of year	<u>976,497</u>	<u>593,602</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR (Note 2)</b>	<b>\$ 1,162,934</b>	<b>\$ 976,497</b>

The accompanying notes are an integral part of these financial statements

# BOYS AND GIRLS CLUB OF LEDUC

## Notes to Financial Statements

For the Year Ended May 31, 2022

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### 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 Subsection 149(1)(l) of 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.

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### 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 revenue

Deferred revenue 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, 2022

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### 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, 2022

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### 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 and accounts receivable.

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.

#### Government assistance

Government assistance is recognized when there is reasonable assurance the Club has complied with terms and conditions of the approved government program and that the assistance will be received

Government assistance related to forgiven loan balances is recognized as other revenue when the loan is received. The assistance related to the wage subsidy is recognized for the period the wages are incurred.

Government assistance recorded in current and prior periods is subject to government review, which could result in future adjustments to income.

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**BOYS AND GIRLS CLUB OF LEDUC****Notes to Financial Statements****For the Year Ended May 31, 2022****2. CASH AND CASH EQUIVALENTS**

	<u>2022</u>	<u>2021</u>
ATB savings account	\$ 873,883	\$ 507,284
ATB NDA savings account	156,235	155,258
ATB chequing account	110,621	249,074
Paypal account	11,455	22,905
ATB Alberta Gaming, Liquor and Cannabis account	10,462	16,388
Petty cash	278	278
Undeposited funds	-	25,310
	<u>\$ 1,162,934</u>	<u>\$ 976,497</u>

**3. ACCOUNTS RECEIVABLE**

	<u>2022</u>	<u>2021</u>
Trade receivables	\$ 2,514	\$ 400
Canada Emergency Wage Subsidy	-	21,777
	<u>\$ 2,514</u>	<u>\$ 22,177</u>

**4. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Automotive	\$ 100,448	\$ 80,358	\$ 20,090	\$ 30,134
Furniture and fixtures	26,828	21,374	5,454	4,365
Equipment	27,293	20,310	6,983	6,662
Leasehold improvements	200,000	200,000	-	-
	<u>\$ 354,569</u>	<u>\$ 322,042</u>	<u>\$ 32,527</u>	<u>\$ 41,161</u>

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2022</u>	<u>2021</u>
Vacation payable	\$ 20,255	\$ 19,775
Trade payables and accrued liabilities	14,650	16,332
Wages payable	14,209	11,178
Payroll source deductions	9,351	7,090
	<u>\$ 58,465</u>	<u>\$ 54,375</u>

# BOYS AND GIRLS CLUB OF LEDUC

## Notes to Financial Statements

For the Year Ended May 31, 2022

### 6. DEFERRED REVENUE

Deferred revenue 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
Program fees	\$ 22,410	\$ 91,820	\$ 56,890	\$ 57,340
Boys and Girls Canada - virtual programming grant	-	57,960	6,071	51,889
Family Resource Network grant	13,786	90,000	80,668	23,118
Membership fees	4,245	25,508	16,463	13,290
Casino and raffle	16,383	8,140	14,066	10,457
City of Leduc	8,333	100,000	100,000	8,333
Boys and Girls Canada - mental health grant	-	8,000	-	8,000
United Way of The Alberta Capital Region	-	63,321	63,321	-
Boys and Girls Canada - other grants	-	37,257	37,257	-
Government of Canada	-	31,617	31,617	-
Government of Alberta	-	15,485	15,485	-
Jays Care Foundation	10,000	-	10,000	-
Canadian Tire Jumpsuit Charities	-	2,669	2,669	-
	<u>\$ 75,157</u>	<u>\$ 531,777</u>	<u>\$ 434,507</u>	<u>\$ 172,427</u>

### 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:

	2022	2021
Balance, beginning of year	\$ 19,795	\$ 25,644
Add:		
Less:		
Amortization of deferred capital contributions	<u>(5,849)</u>	<u>(5,849)</u>
Balance, end of year	<u>\$ 13,946</u>	<u>\$ 19,795</u>

# BOYS AND GIRLS CLUB OF LEDUC

## Notes to Financial Statements

For the Year Ended May 31, 2022

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### 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 \$2,858 (2021 - \$2,747). 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 and recognized as revenue was \$43,328 (2021 - \$96,550).

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.

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### 9. GRANTS

	<u>2022</u>	<u>2021</u>
City of Leduc	\$ 100,000	\$ 100,000
Family Resource Network grant	80,668	88,111
United Way of The Alberta Capital Region	63,321	80,300
Boys and Girls Canada - other grants	37,257	64,950
Government of Canada	31,617	32,719
Government of Alberta	15,485	-
Jays Care Foundation	10,000	-
Boys and Girls Canada - virtual programming grant	6,071	31,600
Canadian Tire Jumpstart Charities	2,669	5,000
PC Children's Charity	-	6,420
The Rogers Foundation	-	25,000
Alberta Blue Cross Community Roots	-	5,000
	<u>\$ 347,088</u>	<u>\$ 439,100</u>

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### 10. 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, 2022.

#### 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 or from the government agencies in which default will be unlikely.

#### Liquidity risk

Liquidity risk is the risk that the Club cannot meet a demand for cash or fund its obligations as they come due. The Club's management monitors cash flows on a regular basis to ensure the Club has enough readily available funds to cover its financial obligations as they come due. There has been no change to liquidity risk from prior years.

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

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# **BOYS AND GIRLS CLUB OF LEDUC**

## **Notes to Financial Statements**

**For the Year Ended May 31, 2022**

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### **11. GOVERNMENT ASSISTANCE**

For the year ended May 31, 2022, the Club was eligible under the Government of Canada's Temporary 75% Canada Emergency Wage Subsidy which have been recorded on the Statement of Operations. As at May 31, 2022, the Club has a receivable of \$NIL (2021 - \$21,177) related to Canadian Emergency Wage Subsidy.

The Canada Emergency Business Account loan is a \$60,000 loan available to eligible entities that was created by the Federal government as a response to the COVID-19 pandemic. The Club received the total amount of \$60,000 of interest-free loan where \$20,000 of the amount is forgiven if repaid by December 31, 2023. If the amounts are not repaid, the loan becomes a 2-year term loan bearing an interest rate of 5% per annum, due on December 31, 2025. It is the Club's intention to repay \$40,000 of the loan on or before December 31, 2023. As such, the \$20,000 forgivable portion of the loan has been recorded as income in the 2021 fiscal year.

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