

**BOYS & GIRLS CLUB OF LEDUC**  
**Financial Statements**  
**Year Ended May 31, 2016**

**BOYS & GIRLS CLUB OF LEDUC**  
**Index to Financial Statements**  
**Year Ended May 31, 2016**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flow	6
Notes to Financial Statements	7 - 11

---

## 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, 2016 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.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, Boys & Girls Club of Leduc derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of 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, 2016, current assets and net assets as at May 31, 2016.

*(continues)*



### **Luchak Professional Building**

4716 51 Avenue | Leduc, Alberta | T9E 6Y8

Phone 780.986.8383 | Fax 780.986.4499

Toll Free 1.888.986.8383 | [www.lwscpas.com](http://www.lwscpas.com)

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

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, 2016 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 11 to the financial statements, which explains that certain comparative information for the year ended May 31, 2015 has been restated.

Luchak Wnuk Sosnowski

Leduc, Alberta  
October 17, 2016

CHARTERED ACCOUNTANTS

**BOYS & GIRLS CLUB OF LEDUC**  
**Statement of Financial Position**  
**May 31, 2016**

	2016	2015
<b>ASSETS</b>		
CURRENT		
Cash (Note 5)	\$ 241,881	\$ 187,958
Accounts receivable (Note 6)	900	4,276
Prepaid expenses	2,074	2,122
	244,855	194,356
PROPERTY, PLANT AND EQUIPMENT (Note 7)	175,272	209,860
	\$ 420,127	\$ 404,216
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 31,664	\$ 97,479
Deferred revenue & contributions (Note 9)	70,203	79,951
	101,867	177,430
NET ASSETS (DEFICIENCY)		
Operating fund	186,176	71,375
Invested in capital assets	132,084	155,411
	318,260	226,786
	\$ 420,127	\$ 404,216

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See notes to financial statements.  
See Note 12 Commitments

**BOYS & GIRLS CLUB OF LEDUC**  
**Statement of Revenues and Expenditures**  
**Year Ended May 31, 2016**

	2016	%	2015	%
<b>REVENUES</b>				
Grants <i>(Note 10)</i>	\$ 240,824	47.69	\$ 226,546	50.18
Fundraising	107,570	21.30	33,785	7.48
Program fees	98,533	19.51	100,580	22.28
Donations	55,886	11.07	75,819	16.79
Interest income	2,187	0.43	3,763	0.83
Gain on disposal of property, plant and equipment	-	-	10,952	2.43
	<b>505,000</b>	<b>100.00</b>	<b>451,445</b>	<b>99.99</b>
<b>EXPENSES</b>				
Wages and benefits	240,834	47.69	223,315	49.47
Fundraising	40,616	8.04	7,979	1.77
Amortization of property, plant and equipment	36,658	7.26	38,254	8.47
Program facility	32,762	6.49	36,532	8.09
Professional fees	15,525	3.07	16,400	3.63
Rental	15,518	3.07	13,509	2.99
Office supplies	10,050	1.99	6,553	1.45
Telephone	6,013	1.19	4,912	1.09
Insurance	4,052	0.80	3,917	0.87
Vehicle	3,226	0.64	5,268	1.17
Membership fees	2,336	0.46	2,091	0.46
Non-eligible GST paid on purchases	2,112	0.42	3,654	0.81
Interest and bank charges	1,908	0.38	1,925	0.43
Advertising	1,081	0.21	2,202	0.49
Travel	814	0.16	2,876	0.64
Repairs and maintenance	21	-	151	0.03
	<b>413,526</b>	<b>81.87</b>	<b>369,538</b>	<b>81.86</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 91,474</b>	<b>18.13</b>	<b>\$ 81,907</b>	<b>18.13</b>

See notes to financial statements.  
See Note 12 Commitments

**BOYS & GIRLS CLUB OF LEDUC**  
**Statement of Changes in Net Assets**  
**Year Ended May 31, 2016**

	Operating fund	Invested in capital assets	<b>2016</b>	2015
<b>NET ASSETS - BEGINNING OF YEAR</b>				
As previously reported	\$ 10,875	\$ 215,911	\$ <b>226,786</b>	\$ 144,879
Prior period adjustment ( <i>Note 11</i> )	60,500	(60,500)	-	-
Net assets (deficiency), beginning of period as restated	71,375	155,411	<b>226,786</b>	144,879
Excess of revenues over expenses	91,474	-	<b>91,474</b>	81,907
Amortization of property, plant and equipment	36,658	(36,658)	-	-
Purchase of property, plant and equipment	(2,070)	2,070	-	-
Amortization of Government of Alberta grant ( <i>Note 9</i> )	(5,398)	5,398	-	-
Government of Alberta grant repayment ( <i>Note 9</i> )	(5,863)	5,863	-	-
Gain (loss) on disposal of property, plant and equipment	-	-	-	10,952
Proceeds on disposal of property, plant and equipment transferred to the Operating fund	-	-	-	(10,952)
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 186,176</b>	<b>\$ 132,084</b>	<b>\$ 318,260</b>	<b>\$ 226,786</b>

See notes to financial statements.  
See Note 12 Commitments

**BOYS & GIRLS CLUB OF LEDUC**  
**Statement of Cash Flow**  
**Year Ended May 31, 2016**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 91,474	\$ 81,907
Item not affecting cash:		
Amortization of property, plant and equipment	36,658	38,254
	<u>128,132</u>	<u>120,161</u>
Changes in non-cash working capital:		
Accounts receivable	3,376	2,055
Accounts payable and accrued liabilities	(65,815)	(37,563)
Deferred revenue & contributions	(9,748)	(12,970)
Prepaid expenses	48	(26)
	<u>(72,139)</u>	<u>(48,504)</u>
Cash flow from operating activities	<u>55,993</u>	<u>71,657</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	<u>(2,070)</u>	<u>(100,447)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>53,923</b>	<b>(28,790)</b>
Cash - beginning of year	<u>187,958</u>	<u>216,748</u>
<b>CASH - END OF YEAR</b>	<b>\$ 241,881</b>	<b>\$ 187,958</b>

See Note 5 for details of cash.

See notes to financial statements.  
See Note 12 Commitments



**BOYS & GIRLS CLUB OF LEDUC**  
**Notes to Financial Statements**  
**Year Ended May 31, 2016**

---

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) Program fee memberships 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, 2016**

---

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
Automotive	10 years	straight-line method
Furniture and fixtures	10 years	straight-line method
Leasehold improvements	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, 2016:

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.

*(continues)*

---

**BOYS & GIRLS CLUB OF LEDUC**  
**Notes to Financial Statements**  
**Year Ended May 31, 2016**

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:

	2016	2015
Chequing account	\$ 75,901	\$ 102,607
Savings account bearing interest at 1.3%	162,875	72,331
Alberta Gaming and Liquor Commission account	2,250	8,820
Petty cash	200	200
Undeposited funds	655	4,000
	<b>\$ 241,881</b>	<b>\$ 187,958</b>

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

6. ACCOUNTS RECEIVABLE

	2016	2015
Accounts receivable	\$ -	\$ 720
GST on purchases (ITC) due from Canada Revenue Agency	900	3,556
	<b>\$ 900</b>	<b>\$ 4,276</b>

7. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Equipment	\$ 25,733	\$ 22,126	\$ 3,607	\$ 3,704
Automotive	100,447	20,089	80,358	90,402
Furniture and fixtures	44,465	24,825	19,640	24,087
Leasehold improvements	200,000	128,333	71,667	91,667
	<b>\$ 370,645</b>	<b>\$ 195,373</b>	<b>\$ 175,272</b>	<b>\$ 209,860</b>

**BOYS & GIRLS CLUB OF LEDUC**  
**Notes to Financial Statements**  
**Year Ended May 31, 2016**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trade payables	\$ 31,664	\$ 91,553
Payroll deductions due to Canada Revenue Agency	-	5,926
	\$ 31,664	\$ 97,479

9. DEFERRED REVENUE & CONTRIBUTIONS

	2016	2015
<b>Deferred Revenue</b>		
Membership fees	\$ 6,323	\$ 6,050
Summer program fees	5,305	4,080
Casino proceeds	3,553	4,405
Fundraising	2,000	2,619
Bussing fees	1,250	1,680
Volunteering deposits	250	-
	18,681	18,834
<b>Deferred Contributions</b>		
Government of Alberta bus purchase grant	43,188	54,450
City of Leduc grant	8,334	6,667
	51,522	61,117
	\$ 70,203	\$ 79,951

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 current 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, 2016**

10. GRANTS

	2016	2015
City of Leduc	\$ 88,333	\$ 80,000
United Way	63,437	51,200
Government of Canada	27,464	21,186
RBC Foundation	20,000	20,000
Boys and Girls Club of Canada	17,712	30,050
Canadian Tire Jumpstart	9,479	-
Recognition of the current portion of the Government of Alberta bus purchase grant (Note 9)	5,398	6,050
Second Glance	5,000	10,000
Leduc County	2,500	2,500
Cottage Computers	1,250	-
Alberta Recreation	251	-
Edmonton Community Foundation	-	810
Epicure Foundation	-	3,500
Inmotion Network	-	1,250
	<b>\$ 240,824</b>	<b>\$ 226,546</b>

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

11. PRIOR PERIOD ADJUSTMENT

The Club revised certain of its 2015 comparative figures to correct an error in the recognition of the bus purchase grant from the Government of Alberta. The Club incorrectly recorded the gross amount of the grant as grant revenue in the Invested in capital assets fund while the grant should have been recorded as income in accordance to the amortization of the bus in the Operating fund until deferral began. Also see Note 9.

The adjustment outlined above only requires an adjustment to the opening balances of both the Operating fund and Invested in capital assets.

12. 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.

The Club has a renewable contract with Moneris Solutions for the lease of the Club's point of sale machines and related hardware and software. The lease requires monthly payments of \$65 (including GST) and is due for renewal on May 13, 2017.

2017	\$ 14,466
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).