

BOYS AND GIRLS CLUB OF LEDUC
Financial Statements
For The Year Ended May 31, 2021

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, 2021, 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, 2021, 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, 2021, current assets and net assets as at May 31, 2021.

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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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 22, 2021

BOYS AND GIRLS CLUB OF LEDUC**Statement of Financial Position****As at May 31, 2021**

	2021	2020
ASSETS		
CURRENT		
Cash and cash equivalents (Note 2)	\$ 976,497	\$ 593,602
Accounts receivable (Note 3)	22,177	16,123
Prepaid expenses	7,141	6,629
Goods and Services Tax recoverable	873	591
	<u>1,006,688</u>	616,945
LONG TERM INVESTMENTS (Note 4)	-	100,000
TANGIBLE CAPITAL ASSETS (Note 5)	41,161	61,022
	<u>\$ 1,047,849</u>	<u>\$ 777,967</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 54,375	\$ 41,305
Deferred revenue (Note 7)	75,157	55,061
	<u>129,532</u>	96,366
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	19,795	25,644
CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 12)	40,000	40,000
	<u>189,327</u>	162,010
NET ASSETS		
Unrestricted	837,156	580,579
Invested in tangible capital assets	21,366	35,378
	<u>858,522</u>	615,957
	<u>\$ 1,047,849</u>	<u>\$ 777,967</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, 2021**

	2021	2020
REVENUE		
Grants (Note 10)	\$ 439,100	\$ 276,840
Donations	34,116	94,440
Program fees (Note 7)	22,065	72,330
Fundraising	14,983	44,862
Casino and raffle (Note 7)	14,000	11,150
Membership fees (Note 7)	9,531	15,150
Volunteering and late fees	9,199	8,424
Amortization of deferred capital contributions (Note 8)	5,849	5,849
	<u>548,843</u>	<u>529,045</u>
EXPENSES		
Salaries, wages and benefits	319,987	300,902
Program supplies	37,055	22,416
Rent	15,997	15,639
Amortization of tangible capital assets	12,865	26,446
Fundraising	8,029	28,371
Professional fees	8,000	5,824
Telephone	6,589	7,180
Insurance	5,349	5,061
Office	4,853	4,017
Membership dues and licences	3,010	1,598
Interest and bank charges	2,729	3,442
Automobile	2,322	2,527
Advertising and promotion	2,317	1,839
Bad debts	1,200	145
Professional development	972	5,171
Repairs and maintenance	641	378
Travel	451	970
	<u>432,366</u>	<u>431,926</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>116,477</u>	<u>97,119</u>
OTHER INCOME		
Canada Emergency Wage Subsidy (Note 12)	100,540	29,758
Canada Emergency Business Account Loan (Note 12)	20,000	-
Interest income	3,280	7,049
Temporary Wage Subsidy (Note 12)	1,893	5,228
Gain on disposal of tangible capital assets	375	-
	<u>126,088</u>	<u>42,035</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 242,565</u>	<u>\$ 139,154</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, 2021

	Unrestricted	Invested in Tangible Capital Assets	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 580,579	\$ 35,378	\$ 615,957	\$ 476,803
Excess of revenue over expenses	242,565	-	242,565	139,154
Amortization of tangible capital assets	12,865	(12,865)	-	-
Amortization of deferred capital contributions	(5,849)	5,849	-	-
Purchase of tangible capital assets	(3,400)	3,400	-	-
Gain on disposal of tangible capital assets	(375)	375	-	-
Proceeds on disposal of tangible capital assets	10,771	(10,771)	-	-
NET ASSETS - END OF YEAR	\$ 837,156	\$ 21,366	\$ 858,522	\$ 615,957

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, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 242,565	\$ 139,154
Items not affecting cash:		
Amortization of tangible capital assets	12,865	26,446
Amortization of deferred capital contributions	(5,849)	(5,849)
Gain on disposal of tangible capital assets	(375)	-
Canadian Emergency Business Account (Note 12)	(20,000)	-
Donated tangible capital asset	-	(4,500)
	<u>229,206</u>	<u>155,251</u>
Changes in non-cash working capital:		
Accounts receivable	(6,054)	(10,996)
Prepaid expenses	(512)	2,634
Goods and Services Tax recoverable	(282)	1,538
Accounts payable and accrued liabilities	13,070	(2,602)
Deferred contributions	20,096	(16,965)
	<u>26,318</u>	<u>(26,391)</u>
	<u>255,524</u>	<u>128,860</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(3,400)	(950)
Proceeds on disposal of tangible capital assets	10,771	-
Disposals of long term investments	100,000	-
	<u>107,371</u>	<u>(950)</u>
Cash flow from (used by) investing activities	<u>107,371</u>	<u>(950)</u>
FINANCING ACTIVITIES		
Proceeds from Canadian Emergency Business Account loan (Note 12)	20,000	40,000
Deferred capital contribution received	-	4,500
	<u>20,000</u>	<u>44,500</u>
Cash flow from financing activities	<u>20,000</u>	<u>44,500</u>
INCREASE IN CASH FLOWS	382,895	172,410
Cash and cash equivalents - beginning of year	<u>593,602</u>	<u>421,192</u>
CASH AND CASH EQUIVALENTS - END OF YEAR (Note 2)	\$ 976,497	\$ 593,602

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, 2021

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.

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, 2021

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, 2021

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.

BOYS AND GIRLS CLUB OF LEDUC**Notes to Financial Statements****For the Year Ended May 31, 2021****2. CASH AND CASH EQUIVALENTS**

	<u>2021</u>	<u>2020</u>
ATB savings account	\$ 507,284	\$ 278,067
ATB chequing account	249,074	108,532
ATB NDA savings account	155,258	154,484
Undeposited funds	25,310	22,612
Paypal account	22,905	961
ATB Alberta Gaming, Liquor and Cannabis account	16,388	28,600
Petty cash	278	346
	<u>\$ 976,497</u>	<u>\$ 593,602</u>

3. ACCOUNTS RECEIVABLE

	<u>2021</u>	<u>2020</u>
Canada Emergency Wage Subsidy	\$ 21,777	\$ 8,305
Trade receivables	400	1,639
Accrued interest	-	1,804
Grant receivable	-	4,375
	<u>\$ 22,177</u>	<u>\$ 16,123</u>

4. LONG TERM INVESTMENTS

	<u>2021</u>	<u>2020</u>
Guaranteed Investment Certificate	\$ -	\$ 100,000

The Guaranteed Investment Certificate matured on October 1, 2020.

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Automotive	\$ 100,447	\$ 70,313	\$ 30,134	\$ 50,575
Furniture and fixtures	24,058	19,693	4,365	3,969
Equipment	25,306	18,644	6,662	6,478
Leasehold improvements	200,000	200,000	-	-
	<u>\$ 349,811</u>	<u>\$ 308,650</u>	<u>\$ 41,161</u>	<u>\$ 61,022</u>

BOYS AND GIRLS CLUB OF LEDUC**Notes to Financial Statements****For the Year Ended May 31, 2021****6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2021</u>	<u>2020</u>
Trade payables and accrued liabilities	\$ 16,332	\$ 12,212
Payroll source deductions	7,090	5,977
Wages payable	11,178	10,280
Vacation payable	19,775	12,836
	<u>\$ 54,375</u>	<u>\$ 41,305</u>

7. 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:

	<u>Opening</u>	<u>Contributions</u>	<u>Revenue recognized</u>	<u>Ending</u>
Program fees	\$ 7,700	\$ 36,775	\$ 22,065	\$ 22,410
Membership fees	6,030	7,746	9,531	4,245
City of Leduc	8,333	100,000	100,000	8,333
Casino and raffle	28,601	1,782	14,000	16,383
Family Resource Network grant	4,397	97,500	88,111	13,786
Jays Care Foundation	-	10,000	-	10,000
	<u>\$ 55,061</u>	<u>\$ 253,803</u>	<u>\$ 233,707</u>	<u>\$ 75,157</u>

8. 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>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 25,644	\$ 26,993
Add:		
Capital contributions received	-	4,500
Less:		
Amortization of deferred capital contributions	<u>(5,849)</u>	<u>(5,849)</u>
Balance, end of year	<u>\$ 19,795</u>	<u>\$ 25,644</u>

BOYS AND GIRLS CLUB OF LEDUC

Notes to Financial Statements

For the Year Ended May 31, 2021

9. 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 \$2,747 (2020 - \$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 \$96,550 (2020 - \$39,875). Also, during the year, \$NIL (2020 - \$3,850) 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.

10. GRANTS

	2021	2020
City of Leduc	\$ 100,000	\$ 100,000
Boys and Girls Club of Canada	96,550	39,875
Family Resource Network grant	88,111	10,603
United Way of The Alberta Capital Region	80,300	66,860
Government of Canada	32,719	32,454
The Rogers Foundation	25,000	-
PC Children's Charity	6,420	-
Canadian Tire Jumpstart Charities	5,000	11,065
Alberta Blue Cross Community Roots	5,000	-
Family and Community Support Services Association of Alberta	-	10,000
Second Glance	-	3,000
Government of Alberta	-	2,983
	\$ 439,100	\$ 276,840

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, 2021.

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.

BOYS AND GIRLS CLUB OF LEDUC

Notes to Financial Statements

For the Year Ended May 31, 2021

12. GOVERNMENT ASSISTANCE

For the year ended May 31, 2021, the Club was eligible under the Government of Canada's Temporary 10% Wage Subsidy program and 75% Canada Emergency Wage Subsidy which have been recorded on the Statement of Operations. As at May 31, 2021, the Club has a receivable of \$21,177 related to Canadian Emergency Wage Subsidy, which has been collected subsequent to year-end.

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, 2022. If the amounts are not repaid, the loan becomes a 3-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, 2022. As such, the \$20,000 forgivable portion of the loan has been recorded as income.
