Boys and Girls Clubs of Winnipeg Inc.
Financial Statements
December 31, 2013

MNP

Independent Auditors' Report

To the Board of Directors of Boys and Girls Clubs of Winnipeg Inc.:

We have audited the accompanying financial statements of Boys and Girls Clubs of Winnipeg Inc., which comprise the statement of financial position as at December 31, 2013 and the statements of operations and changes in net assets, cash flows and schedule 1 – special projects for the year ended December 31, 2013 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.

Auditors' 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 auditors' 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, the Agency derives a significant portion of its revenues from fundraising initiatives, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Agency and were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the completeness of revenue, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Boys and Girls Clubs of Winnipeg Inc. as at December 31, 2013 and the results of its operations, changes in net assets and its cash flows for the year ended December 31, 2013 in accordance with Canadian accounting standards for not-for-profit organizations.

Winnipeg, Manitoba

April 23, 2014

MNP LLP
Chartered Accountants

Boys and Girls Clubs of Winnipeg Inc.
Statement of Financial Position
As at December 31, 2013

	Operating Fund	*Capital Fund*	*Replacement Reserve Fund*	***2013***	*2012*
Assets					
Current					
Cash and equivalents *(Note 3)*	1,368,571	55,931	-	**1,424,502**	1,319,788
Accounts receivable (*Note 4*)	83,116	10,000	-	**93,116**	61,290
Prepaid expenses	11,754	-	-	**11,754**	24,350
	1,463,441	65,931	-	**1,529,372**	1,405,428
Capital assets *(Note 5)*	-	200,211	-	**200,211**	35,604
Investments - restricted *(Notes 6,10)*	394,750	-	-	**394,750**	338,080
Scholarship trust assets (*Note 7)*	2,000	-	-	**2,000**	3,000
	1,860,191	266,142	-	**2,126,333**	1,782,112
Liabilities					
Current					
Accounts payable and accrued expenses *(Note 8)*	132,476	-	-	**132,476**	143,168
Deferred contributions *(Note 9)*	723,567	-	-	**723,567**	698,628
	856,043	-	-	**856,043**	841,796
Deferred contributions - restricted *(Notes 6,10)*	394,750	-	-	**394,750**	338,080
Scholarship trust liabilities *(Note 7)*	2,000	-	-	**2,000**	3,000
	1,252,793	-	-	**1,252,793**	1,182,876
Net Assets					
Fund Balances					
Restricted - internally	-	-	-	**-**	158,256
Invested in capital assets	-	200,211	-	**200,211**	35,604
Unrestricted net assets	607,398	65,931	-	**673,329**	405,376
	607,398	266,142	-	**873,540**	599,236
	1,860,191	266,142	-	**2,126,333**	1,782,112

Approved on behalf of the Board

[signed] "Holly Toupin"
Board Chair

[signed] "Matt Hudson"
Treasurer

The accompanying notes are an integral part of these financial statements

MNP

Statement of Operations and Changes in Net Assets

For the period ended December 31, 2013

	Operating Fund	*Capital Fund*	*Replacement Reserve Fund*	**2013**	2012
Revenues					
Operating contributions					
Province of Manitoba	448,900	-	-	**448,900**	448,900
United Way	512,397	-	-	**512,397**	502,547
City of Winnipeg	119,848	-	-	**119,848**	119,148
Capital contributions	-	246,115	-	**246,115**	-
Special projects support and administration	412,504	-	13,054	**425,558**	269,670
Gain on sale of van	-	4,417	-	**4,417**	-
Fundraising	88,691	-	-	**88,691**	77,019
Interest	13,838	-	-	**13,838**	11,379
Donations	12,132	-	-	**12,132**	143,013
Special projects *(Schedule 1)*	2,952,578	-	-	**2,952,578**	2,653,435
	4,560,888	250,532	13,054	**4,824,474**	4,225,111
Expenses					
Amortization	-	45,577	-	**45,577**	32,868
Facilities	98,981		-	**98,981**	48,598
Fundraising	28,897	-	-	**28,897**	24,236
General	212,501	-	-	**212,501**	120,393
Programming and supplies	91,737	-	-	**91,737**	82,832
Public relations	1,171	-	-	**1,171**	3,184
Salaries and benefits	1,080,496	-	-	**1,080,496**	1,068,018
Staff training	11,214	-	-	**11,214**	12,195
Transportation	40,789	-	-	**40,789**	34,980
Special projects *(Schedule 1)*	2,938,807	-	-	**2,938,807**	2,640,257
	4,504,593	45,577	-	**4,550,170**	4,067,561
Excess of revenues over expenses	56,295	204,955	13,054	**274,304**	157,550
Net assets, beginning of year	405,376	35,604	158,256	**599,236**	441,686
Inter-fund transfers *(Note 11)*	145,727	25,583	(171,310)	**-**	-
Net assets, end of year	607,398	266,142	-	**873,540**	599,236

The accompanying notes are an integral part of these financial statements

Boys and Girls Clubs of Winnipeg Inc.
Statement of Cash Flows
For the year ended December 31, 2013

	2013	2012
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenues over expenses	**274,304**	157,550
Amortization	**45,577**	32,868
Gain on disposal of capital asset	**(4,417)**	-
Unrealized gain on investments - restricted	**(42,363)**	(20,335)
	273,101	170,083
Changes in working capital accounts		
Accounts receivable	**(31,826)**	4,711
Prepaid expenses	**12,596**	(14,559)
Accounts payable and accrued expenses	**(10,692)**	11,004
Deferred contributions	**24,939**	160,426
Deferred contributions - restricted	**56,670**	85,008
	51,687	246,590
Investing activities		
Purchase of capital assets	**(210,184)**	-
Purchase of investments - restricted	**(14,307)**	(64,673)
Proceeds from disposal of capital asset	**4,417**	-
	(220,074)	(64,673)
Increase in cash resources	**104,714**	352,000
Cash and equivalents, beginning of year	**1,319,788**	967,788
Cash and equivalents, end of year	**1,424,502**	1,319,788

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Boys and Girls Clubs of Winnipeg Inc. (the “Agency”) was incorporated under the laws of Manitoba on January 27, 1977.

The Agency operates activity centres and employment programs for children and youth within Winnipeg, Manitoba. Effective July 7, 2005 the Agency changed its name from Winnipeg Boys and Girls Clubs Inc. to Boys and Girls Clubs of Winnipeg Inc.

The Agency is a not-for-profit organization and a Canadian registered charity under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Agency must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Agency, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors.

Three funds are maintained - Operating Fund, Capital Fund and Replacement Reserve Fund.

The Operating Fund is used to account for all revenue and expenditures related to general and ancillary operations of the Agency.

The Capital Fund is used to account for all capital assets of the Agency and to present the flow of funds related to their acquisition and disposal, unexpended capital resources and debt commitments.

The Replacement Reserve Fund has been established to provide funds to replace the Agency's capital assets and to provide funds to relocate the Agency to a new building. This reserve is internally restricted and contributions are subject to review by the Board of Directors on a periodic basis. Interest earned on funds is reported as income of the operating fund.

Cash and cash equivalents

Cash and cash equivalents include balances with banks, term deposits and a corporate bond fund that are available for prompt liquidation.

2. Significant accounting policies *(continued from previous page)*

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. Fair value is determined based on market rates and the date of contribution for similar goods and services.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Automotive	5 years
Leasehold improvements	7 years
Office equipment	3 years

Revenue recognition

The Agency uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions which primarily include grants from other funding agencies are recognized as revenue in the year in which the related expenses are incurred and all relevant terms of the funding agreement are met. Deferred contributions reported relate to funding received in the current period that is in respect of program expenses to be incurred in future periods.

Donation revenue is recognized when received.

Contributed services and materials

Volunteers contribute a large number of hours per year to assist the Agency in carrying out its service delivery activities. Because of the difficulty of determining the number of hours donated and the fair value, contributed services are not recognized in the financial statements.

Contributed materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when materials are used in the normal course of the Agency's operations and would otherwise have been purchased.

Measurement uncertainty (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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Agency performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in earnings for the year.

2. Significant accounting policies *(continued from previous page)*

Financial instruments

The Agency recognizes its financial instruments when the Agency becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Agency may irrevocably elect to subsequently measure any financial instrument at fair value. The Agency has not made such an election during the year.

The Agency subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

3. Cash and equivalents

	2013	*2012*
Cash	**1,375,397**	1,271,200
Corporate bond fund	**49,105**	48,588
	1,424,502	1,319,788

4. Accounts receivable

	2013	*2012*
Trade receivables	**83,272**	54,160
Goods and Services Tax recoverable	**9,844**	7,130
	93,116	61,290

Management believes all amounts are fully collectible and accordingly no provision for doubtful or uncollectible accounts is recorded.

5. Capital assets

	Cost	*Accumulated amortization*	*2013 Net book value*
Automotive	**184,598**	**144,279**	**40,319**
Leasehold improvement	**134,366**	**12,797**	**121,569**
Office equipment	**105,027**	**66,704**	**38,323**
	423,991	**223,780**	**200,211**

	Cost	*Accumulated amortization*	*2012 Net book value*
Automotive	233,587	197,983	35,604

6. Investments - restricted

The Agency has received funds which are restricted for the purpose of covering future operating cost deficits relating to summer learning program operations. These funds are managed by the Winnipeg Foundation on behalf of the Agency. As a condition of funding, the Agency can request a maximum disbursement from this investment of $60,000 in any calendar year, if an operating deficit is projected. Management does not expect to draw on these funds in the next 12 months. The net increase in investments - restricted is $56,670 and is reflected in deferred contributions - restricted.

7. Scholarship trust assets

Included in scholarship trust assets are guaranteed investment certificates ranging in interest from 4.1% to 4.3%. $1,000 of the investments matures annually from November 2012 to November 2015. The trust was established in 2005 through a donation from a board member and their family, to provide annual scholarships of $1,000 to designated recipients for post-secondary studies until such time as the assets have been distributed.

8. Accounts payable and accrued expenses

	2013	*2012*
Trade accounts payable	**127,966**	137,540
Government remittances	**4,510**	5,628
	132,476	143,168

9. Deferred contributions

Deferred contributions consist of revenues received for which the related expenses have not yet been incurred. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2013	*2012*
Balance, beginning of year	**698,628**	538,202
Amount received during the year	**4,056,768**	3,655,489
Less: Amount recognized as revenue during the year	**(4,031,829)**	(3,495,063)
Balance, end of year	**723,567**	698,628

10. Deferred contributions - restricted

	2013	*2012*
Balance, beginning of the year	**338,080**	253,072
Received during the year	**-**	64,673
Unrealized gains	**42,363**	20,335
Realized gains and investment income	**14,307**	-
Balance, end of year	**394,750**	338,080

11. Inter-fund Transfers

Transfers of $145,727 and $25,583 were made to the operating and capital funds respectively, from the replacement reserve fund for the purpose of acquiring capital assets and financing the relocation of the Agency’s head office within Winnipeg.

12. Charitable donations

Charitable donation receipts for income tax purposes have been issued by the Agency in the amount of $199,685 (2012 - $265,299).

13. Commitments

The Agency has entered into a lease agreement for its operations premises with estimated minimum annual payments over the next five years as follows:

2014	84,700
2015	88,100
2016	91,600
2017	96,200
2018	98,200

14. Economic dependence

Common with many charitable organizations, the Agency's primary source of revenues are contributions from various levels of government and other supporting organizations such as the United Way. The Agency's ability to continue as a going concern depends on maintaining these contributions.

15. Financial instruments

The Agency, as part of its operations, carries a number of financial instruments. It is management's opinion that the Agency is not exposed to significant interest, currency, liquidity or other price risks arising from these financial instruments.

Credit concentration

Financial instruments that potentially subject the Agency to concentrations of credit risk consist primarily of accounts receivable. The United Way accounts for 27% (2012 - The Province of Manitoba comprised 56% of accounts receivable) of the total accounts receivable balance as at December 31, 2013. The Agency believes that there is minimal risk associated with the collection of these amounts, as they have historically collected all amounts from this contributor.

16. Endowments

The Agency derives revenue from certain endowments under the control of and administered by The Winnipeg Foundation at the bequest of the endowment contributors. The amount of revenue received by the Agency is based on the conditions set forth by the related endowment funds and varies annually.

Endowments in the name of the Agency held by The Winnipeg Foundation was $50,848 (2012 - $54,755).

17. Comparative figures

Certain comparative figures have been reclassified to conform with the current year presentation.

Boys and Girls Clubs of Winnipeg Inc.
Schedule 1 - Special Projects
For the period ended December 31, 2013

	2013	2012
Revenues		
Province of Manitoba	1,510,865	1,524,404
United Way	221,021	218,614
City of Winnipeg	63,000	63,000
The Winnipeg Foundation	63,061	27,704
Government of Canada	79,432	30,995
Ma Mawi Wi Chi Itata Centre	16,710	11,541
Boys and Girls Clubs of Canada	131,000	83,714
Other Supporters	867,489	693,463
Total revenues from Special Projects	**2,952,578**	2,653,435
Expenses		
Facilities	27,774	19,002
General	266,185	207,435
Programming and supplies	1,073,371	975,624
Salaries and benefits	1,542,539	1,402,772
Transportation	28,938	35,424
Total expenses from Special Projects	**2,938,807**	2,640,257
Excess of revenues over expenses	**13,771**	13,178