

**Boys and Girls Clubs of Winnipeg Inc.**  
**Financial Statements**  
*December 31, 2017*

## Independent Auditors' Report

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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, 2017, and the statements of operations, changes in net assets, cash flows and schedule 1 - special projects 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.

### *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 audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Boys and Girls Clubs of Winnipeg Inc. as at December 31, 2017 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Winnipeg, Manitoba

April 5, 2018

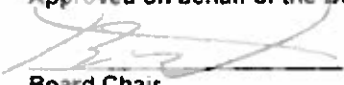
**MNP LLP**  
Chartered Professional Accountants

**Boys and Girls Clubs of Winnipeg Inc.**  
**Statement of Financial Position**

*As at December 31, 2017*

|  | <b>2017</b>      | <b>2016</b>      |
|--|------------------|------------------|
| <b>Assets</b>  |                  |                  |
| <b>Current</b>   |                  |                  |
| Cash and cash equivalents                              | 1,926,487        | 1,968,532        |
| Accounts receivable (Note 3)                           | 109,960          | 93,246           |
| Prepaid expenses                                       | 14,433           | 13,092           |
|  | <b>2,050,880</b> | <b>2,074,870</b> |
| Capital assets (Note 4)                                | 143,345          | 138,822          |
| Investments (Note 5)                                   | 57,519           | 56,801           |
| Investments - restricted (Note 6), (Note 9)            | 604,595          | 567,842          |
|  | <b>2,856,339</b> | <b>2,838,335</b> |
| <b>Liabilities</b>                                     |                  |                  |
| <b>Current</b>   |                  |                  |
| Accounts payable and accrued expenses (Note 7)         | 111,799          | 104,822          |
| Deferred contributions (Note 8)                        | 1,065,681        | 1,112,039        |
|  | <b>1,177,480</b> | <b>1,216,861</b> |
| Deferred contributions - restricted (Note 6), (Note 9) | 604,595          | 567,842          |
| Deferred contributions - capital (Note 10)             | 71,108           | 100,303          |
|  | <b>1,853,183</b> | <b>1,885,006</b> |
| <b>Net Assets</b>                                      |                  |                  |
| Invested in capital assets                             | 72,237           | 59,307           |
| Unrestricted net assets                                | 930,919          | 894,022          |
|  | <b>1,003,156</b> | <b>953,329</b>   |
|  | <b>2,856,339</b> | <b>2,838,335</b> |

Approved on behalf of the Board

  
 Board Chair

  
 Treasurer

The accompanying notes are an integral part of these financial statements

**Boys and Girls Clubs of Winnipeg Inc.**  
**Statement of Operations**

*For the year ended December 31, 2017*

|  | <b>2017</b>      | <b>2016</b>      |
|--|------------------|------------------|
| <b>Revenue</b>                                   |                  |                  |
| Operating contributions                          |                  |                  |
| Province of Manitoba                             | 473,900          | 473,900          |
| United Way                                       | 515,097          | 514,947          |
| City of Winnipeg                                 | 118,148          | 118,148          |
| Amortization of deferred contributions - capital | 29,195           | 31,105           |
| Special projects support and administration      | 258,026          | 250,124          |
| Gain on disposal of capital assets               | 3,000            | 1,500            |
| Fundraising                                      | 87,790           | 75,517           |
| Interest   | 17,068           | 14,036           |
| Unrealized gain (loss) on investments            | (836)            | 189              |
| Donations  | 232,895          | 259,993          |
| Special projects (Schedule 1)                    | 2,839,172        | 2,781,720        |
|  | <b>4,573,455</b> | <b>4,521,179</b> |
| <b>Expenses</b>                                  |                  |                  |
| Amortization                                     | 45,441           | 50,046           |
| Facilities                                       | 98,787           | 105,694          |
| Fundraising                                      | 19,798           | 12,762           |
| General  | 117,230          | 110,473          |
| Programming and supplies                         | 74,500           | 93,877           |
| Salaries and benefits                            | 1,275,209        | 1,251,980        |
| Staff training                                   | 15,349           | 18,469           |
| Transportation                                   | 46,256           | 56,917           |
| Special projects (Schedule 1)                    | 2,831,058        | 2,767,468        |
|  | <b>4,523,628</b> | <b>4,467,686</b> |
| <b>Excess of revenue over expenses</b>           | <b>49,827</b>    | <b>53,493</b>    |

*The accompanying notes are an integral part of these financial statements*

**Boys and Girls Clubs of Winnipeg Inc.**  
**Statement of Changes in Net Assets**  
*For the year ended December 31, 2017*

|  | <i>Unrestricted<br/>net assets</i> | <i>Invested in<br/>capital assets</i> | <i>2017</i>      | <i>2016</i>    |
|--|------------------------------------|---------------------------------------|------------------|----------------|
| <b>Net assets beginning of year</b>                  | <b>894,022</b>                     | <b>59,307</b>                         | <b>953,329</b>   | <b>899,836</b> |
| <b>Excess (deficiency) of revenue over expenses</b>  | <b>63,073</b>                      | <b>(13,246)</b>                       | <b>49,827</b>    | <b>53,493</b>  |
| <b>Net purchases and disposals of capital assets</b> | <b>(46,962)</b>                    | <b>46,962</b>                         | <b>-</b>         | <b>-</b>       |
| <b>Interfund transfers (Note 11)</b>                 | <b>20,786</b>                      | <b>(20,786)</b>                       | <b>-</b>         | <b>-</b>       |
| <b>Net assets, end of year</b>                       | <b>930,919</b>                     | <b>72,237</b>                         | <b>1,003,156</b> | <b>953,329</b> |

*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, 2017

|   | 2017             | 2016             |
|---|------------------|------------------|
| <b>Cash provided by (used for) the following activities</b> |                  |                  |
| <b>Operating</b>  |                  |                  |
| Excess of revenue over expenses                             | 49,827           | 53,493           |
| Amortization  | 45,441           | 50,046           |
| Amortization of deferred contributions - capital            | (29,195)         | (31,105)         |
| Gain on disposal of capital assets                          | (3,000)          | (1,500)          |
| Unrealized gain on investments                              | (24,696)         | (12,020)         |
|   | <b>38,377</b>    | <b>58,914</b>    |
| Changes in working capital accounts                         |                  |                  |
| Accounts receivable   | (16,714)         | 414              |
| Prepaid expenses  | (1,341)          | 5,047            |
| Accounts payable and accrued expenses                       | 6,977            | 32,926           |
| Deferred contributions                                      | (46,358)         | 79,699           |
| Deferred contributions - restricted                         | 36,753           | 36,372           |
|   | <b>17,694</b>    | <b>213,372</b>   |
| <b>Investing</b>  |                  |                  |
| Purchase of capital assets                                  | (49,964)         | -                |
| Proceeds from disposal of capital asset                     | 3,000            | 1,500            |
| Purchase of investments                                     | (12,775)         | (26,094)         |
|   | <b>(59,739)</b>  | <b>(24,594)</b>  |
| <b>Increase (decrease) in cash resources</b>                | <b>(42,045)</b>  | <b>188,778</b>   |
| <b>Cash and cash equivalents, beginning of year</b>         | <b>1,968,532</b> | <b>1,779,754</b> |
| <b>Cash and cash equivalents, end of year</b>               | <b>1,926,487</b> | <b>1,968,532</b> |

The accompanying notes are an integral part of these financial statements

**Boys and Girls Clubs of Winnipeg Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2017*

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**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:

***Cash and cash equivalents***

Cash and cash equivalents include balances with banks and term deposits that are available for prompt liquidation.

***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       |
| Office equipment       | 3 years       |
| Leasehold improvements | term of lease |

***Impairment of 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 excess of revenue over expenses for the year.

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

***Investments***

Long-term investments are portfolio investments recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market. They have been classified as long-term assets in concurrence with the nature of the investment.

***Revenue recognition***

The Agency uses the deferral method of accounting for contributions. 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. Deferred contributions related to capital assets represent the unamortized portion of funding contributions for capital assets. Recognition of these amounts as revenue is deferred and recognized as revenue when the related capital assets are amortized.

***Contributed services***

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.

***Measurement uncertainty (use of estimates)***

The preparation of financial statements in accordance 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 over expenses in the periods in which they become known.

***Non-monetary transactions***

The Agency enters into agreements with certain customers from whom the Agency acquires goods and services. Transactions involving the exchange of monetary consideration representing 10% or greater of the fair value of the arrangement are considered to be monetary transactions. Non-monetary transactions, for which the Agency's future cash flows have been significantly affected ("commercial substance"), are recorded at the fair value of the assets given up or received, whichever is more reliably measurable. Non-monetary transactions are measured at carrying value when the transaction:

- lacks commercial substance;
- is an exchange of a product or property held for sale in the ordinary course of business to be sold in same line of business to facilitate sales to customers other than the parties of the exchange;
- for which neither the fair value of assets received or given up can be reliably measured.



**Boys and Girls Clubs of Winnipeg Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2017*

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**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.

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

**3. Accounts receivable**

|                                    | 2017          | 2016         |
|------------------------------------|---------------|--------------|
| Trade receivables                  | 102,042       | 85,233       |
| Goods and Services Tax recoverable | 7,918         | 8,013        |
|                                    | <hr/> 109,960 | <hr/> 93,246 |

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

**Boys and Girls Clubs of Winnipeg Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2017*

**4. Capital assets**

|                        | <i>Cost</i> | <i>Accumulated<br/>amortization</i> | <i>2017<br/>Net book<br/>value</i> |
|------------------------|-------------|-------------------------------------|------------------------------------|
| Automotive             | 257,296     | 158,741                             | 98,555                             |
| Office equipment       | 45,829      | 45,829                              | -                                  |
| Leasehold improvements | 134,366     | 89,576                              | 44,790                             |
|                        | 437,491     | 294,146                             | 143,345                            |

|                        | <i>Cost</i> | <i>Accumulated<br/>amortization</i> | <i>2016<br/>Net book<br/>value</i> |
|------------------------|-------------|-------------------------------------|------------------------------------|
| Automotive             | 222,334     | 147,496                             | 74,838                             |
| Office equipment       | 45,829      | 45,829                              | -                                  |
| Leasehold improvements | 134,366     | 70,382                              | 63,984                             |
|                        | 402,529     | 263,707                             | 138,822                            |

**5. Investments**

Investments include a corporate bond fund with an interest rate of 4.609% (2016 - 4.609%), maturing September 2025.

**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 \$36,753 and is reflected in deferred contributions - restricted.

**7. Accounts payable and accrued expenses**

|                        | <i>2017</i> | <i>2016</i> |
|------------------------|-------------|-------------|
| Trade accounts payable | 111,480     | 104,567     |
| Government remittances | 319         | 255         |
|                        | 111,799     | 104,822     |

# Boys and Girls Clubs of Winnipeg Inc.

## Notes to the Financial Statements

For the year ended December 31, 2017

### 8. 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:

|  | 2017             | 2016             |
|--|------------------|------------------|
| Balance, beginning of the year                     | 1,112,039        | 1,032,340        |
| Amount received during the year                    | 3,754,908        | 3,756,830        |
| Less: Amount recognized as revenue during the year | (3,801,266)      | (3,677,131)      |
| <b>Balance, end of year</b>                        | <b>1,065,681</b> | <b>1,112,039</b> |

### 9. Deferred contributions - restricted

|                                      | 2017           | 2016           |
|--------------------------------------|----------------|----------------|
| Balance, beginning of the year       | 567,842        | 531,470        |
| Unrealized gains                     | 25,532         | 11,831         |
| Realized gains and investment income | 11,221         | 24,541         |
| <b>Balance, end of year</b>          | <b>604,595</b> | <b>567,842</b> |

### 10. Deferred contributions - capital

Deferred contributions related to capital assets represent externally restricted contributions for the purchase or construction of capital assets. The changes in the deferred contributions balances for the year are as follows:

|  | 2017          | 2016           |
|--|---------------|----------------|
| Balance, beginning of the year           | 100,303       | 117,408        |
| Amounts received during the year         | -             | 14,000         |
| Amounts amortized to revenue in the year | (29,195)      | (31,105)       |
| <b>Balance, end of year</b>              | <b>71,108</b> | <b>100,303</b> |

### 11. Interfund transactions

During the year, the Agency transferred \$20,786 from invested in capital assets to the Agency's unrestricted net assets to be able to utilize the funds in the operations of the Agency.

### 12. Charitable donations

Charitable donation receipts for income tax purposes have been issued by the Agency in the amount of \$370,893 (2016 - \$310,198).

**Boys and Girls Clubs of Winnipeg Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2017*

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**13. Commitments**

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

|      |         |
|------|---------|
| 2018 | 98,200  |
| 2019 | 100,300 |
| 2020 | 25,600  |

**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 Province of Manitoba. 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 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. One contributor accounts for 56% (2016 – one contributor accounts for 27%) of the total accounts receivable balance as at December 31, 2017. 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.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Agency is exposed to interest rate risk, as investments fluctuate with market rates of interest; however, the risk is mitigated by the fact that the Agency invests primarily in fixed income securities.

**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 \$239,375 (2016 - \$221,903).

**Boys and Girls Clubs of Winnipeg Inc.**  
**Schedule 1 - Special Projects**  
*For the year ended December 31, 2017*

|   | <b>2017</b>      | <b>2016</b>      |
|---|------------------|------------------|
| <b>Revenues</b>                             |                  |                  |
| Province of Manitoba                        | 1,606,007        | 1,599,772        |
| United Way                                  | 274,201          | 257,679          |
| City of Winnipeg                            | 63,000           | 77,161           |
| The Winnipeg Foundation                     | 98,112           | 55,826           |
| Government of Canada                        | 18,544           | 55,221           |
| Ma Mawi WI Chi Itata Centre                 | 14,409           | 15,920           |
| Boys and Girls Clubs of Canada              | 106,477          | 71,864           |
| Other Supporters                            | 658,422          | 648,277          |
| <b>Total revenues from Special Projects</b> | <b>2,839,172</b> | <b>2,781,720</b> |
| <b>Expenses</b>                             |                  |                  |
| Facilities                                  | 33,330           | 28,759           |
| General                                     | 231,170          | 232,489          |
| Programming and supplies                    | 1,095,917        | 1,059,584        |
| Salaries and benefits                       | 1,441,209        | 1,421,376        |
| Transportation                              | 29,432           | 25,260           |
| <b>Total expenses from Special Projects</b> | <b>2,831,058</b> | <b>2,767,468</b> |
| <b>Excess of revenues over expenses</b>     | <b>8,114</b>     | <b>14,252</b>    |

