

**Boys and Girls Clubs of Winnipeg Inc.**  
**Financial Statements**  
*December 31, 2019*

## Independent Auditor's Report

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

### Opinion

We have audited the financial statements of Boys and Girls Clubs of Winnipeg Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets, cash flows and schedule 1 - special projects for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization 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 opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

### Auditor's 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 auditor's 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 for 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organization 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.

Winnipeg, Manitoba

March 26, 2020

*MNP* LLP  
Chartered Professional Accountants

**Boys and Girls Clubs of Winnipeg Inc.**  
**Statement of Financial Position**  
*As at December 31, 2019*

	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	2,393,893	2,124,392
Accounts receivable (Note 4)	51,102	42,640
Prepaid expenses	13,427	13,958
	2,458,422	2,180,990
Capital assets (Note 5)	43,978	88,744
Investments (Note 6)	61,445	58,198
Investments - restricted (Note 7), (Note 10)	625,499	567,211
	3,189,344	2,895,143
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued expenses (Note 8)	147,244	134,624
Deferred contributions (Note 9)	1,127,423	1,056,103
	1,274,667	1,190,727
Deferred contributions - restricted (Note 7), (Note 10)	625,499	567,211
Deferred contributions - capital (Note 11)	13,419	41,914
	1,913,585	1,799,852
<b>Net Assets</b>		
Invested in capital assets	30,559	46,830
Unrestricted net assets	1,245,200	1,048,461
	1,275,759	1,095,291
	3,189,344	2,895,143

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, 2019*

	2019	2018
<b>Revenue</b>		
Operating contributions		
Province of Manitoba	473,900	473,900
United Way	516,240	515,247
City of Winnipeg	118,148	118,148
Amortization of deferred contributions - capital	28,495	29,194
Special projects support and administration	450,183	326,689
Fundraising	86,292	96,203
Interest	36,192	24,865
Donations	279,845	216,155
Special projects (Schedule 1)	2,943,218	2,899,848
	<b>4,932,513</b>	<b>4,700,249</b>
<b>Expenses</b>		
Amortization	44,766	54,601
Facilities	97,856	93,463
Fundraising	16,948	13,283
General	111,117	110,353
Programming and supplies	87,182	90,890
Salaries and benefits	1,398,822	1,304,250
Staff training	12,522	15,348
Transportation	43,355	43,497
Unrealized gain (loss) on investments	(1,693)	875
Special projects (Schedule 1)	2,941,170	2,881,554
	<b>4,752,045</b>	<b>4,608,114</b>
<b>Excess of revenue over expenses</b>	<b>180,468</b>	<b>92,135</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, 2019*

	<i>Unrestricted net assets</i>	<i>Invested in capital assets</i>	<b>2019</b>	<b>2018</b>
<b>Net assets beginning of year</b>	<b>1,048,461</b>	<b>46,830</b>	<b>1,095,291</b>	<b>1,003,156</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>196,739</b>	<b>(16,271)</b>	<b>180,468</b>	<b>92,135</b>
<b>Net assets, end of year</b>	<b>1,245,200</b>	<b>30,559</b>	<b>1,275,759</b>	<b>1,095,291</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, 2019

	2019	2018
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	180,468	92,135
Amortization	44,766	54,601
Amortization of deferred contributions - capital	(28,495)	(29,194)
Unrealized (gain) loss on investments	(5,048)	53,033
	191,691	170,575
Changes in working capital accounts		
Accounts receivable	(8,462)	67,319
Prepaid expenses	531	477
Accounts payable and accrued expenses	12,621	22,824
Deferred contributions	71,320	(9,578)
Deferred contributions - restricted	58,288	(37,384)
	325,989	214,233
<b>Investing</b>		
Purchase of investments	(56,488)	(16,328)
<b>Increase in cash resources</b>	269,501	197,905
<b>Cash and cash equivalents, beginning of year</b>	2,124,392	1,926,487
<b>Cash and cash equivalents, end of year</b>	2,393,893	2,124,392

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. Change in accounting policy**

***Capital Assets Held by Not-for-Profit Organizations***

Effective January 1, 2019, the Agency adopted the Accounting Standard Board's (AcSB) new accounting standards improvements for not-for-profit organizations related to capital assets under Section 4433 *Tangible Capital Assets Held by Not-for-Profit Organizations*. Applying this new Section results in changes to the determination of impairment and write-downs of capital assets and allows for the recognition of partial impairments of these assets. The Agency elected under the transitional provisions to apply the requirements for componentization and recognize partial impairments of capital assets existing at the date of initial application.

Pursuant to the transitional provisions, this change was applied prospectively, and the prior periods have not been restated. There was no impact on the financial statements from the change in accounting policy.

**3. 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.



3. **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. Externally restricted 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, 2019*

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**3. 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.

**4. Accounts receivable**

	<b>2019</b>	<b>2018</b>
Trade receivables	<b>36,259</b>	34,939
Goods and Services Tax recoverable	<b>14,843</b>	7,701
	<b>51,102</b>	42,640

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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, 2019*

**5. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2019 Net book value</i>
Automotive	242,296	204,718	37,578
Office equipment	45,829	45,829	-
Leasehold improvements	134,366	127,966	6,400
	422,491	378,513	43,978

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2018 Net book value</i>
Automotive	242,296	179,147	63,149
Office equipment	45,829	45,829	-
Leasehold improvements	134,366	108,771	25,595
	422,491	333,747	88,744

**6. Investments**

Investments include a corporate bond fund with an interest rate of 4.609% (2018 - 4.609%), maturing September 2025.

**7. 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 \$58,288 and is reflected in deferred contributions - restricted.

**8. Accounts payable and accrued expenses**

	<i>2019</i>	<i>2018</i>
Trade accounts payable	134,020	125,346
Government remittances	13,224	9,278
	147,244	134,624

**Boys and Girls Clubs of Winnipeg Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2019*

**9. Deferred contributions**

Deferred contributions consist of externally restricted funds 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:

	<b>2019</b>	<b>2018</b>
Balance, beginning of the year	1,056,103	1,065,681
Amount received during the year	3,846,267	3,774,947
Less: Amount recognized as revenue during the year	<u>(3,774,947)</u>	<u>(3,784,525)</u>
Balance, end of year	<u>1,127,423</u>	<u>1,056,103</u>

**10. Deferred contributions - restricted**

	<b>2019</b>	<b>2018</b>
Balance, beginning of the year	567,211	604,595
Unrealized gains (losses) on investments	5,864	(52,158)
Investment income	<u>52,424</u>	<u>14,774</u>
Balance, end of year	<u>625,499</u>	<u>567,211</u>

**11. 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:

	<b>2019</b>	<b>2018</b>
Balance, beginning of the year	41,914	71,108
Amounts amortized to revenue in the year	<u>(28,495)</u>	<u>(29,194)</u>
Balance, end of year	<u>13,419</u>	<u>41,914</u>

**12. Charitable donations**

Charitable donation receipts for income tax purposes have been issued by the Agency in the amount of \$300,456 (2018 - \$351,150).

**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:

2020	97,800
2021	96,300
2022	96,300
2023	96,300
2024	96,300

**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.

***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 were \$249,664 (2018 - \$225,713).

**Boys and Girls Clubs of Winnipeg Inc.**  
**Schedule 1 - Special Projects**  
*For the year ended December 31, 2019*

	2019	2018
<b>Revenues</b>		
Province of Manitoba	1,537,311	1,687,928
United Way	238,988	295,629
City of Winnipeg	70,512	63,000
The Winnipeg Foundation	98,494	69,603
Government of Canada	75,170	55,243
Ma Mawi Wi Chi Itata Centre	15,144	15,423
Boys and Girls Clubs of Canada	109,745	80,005
Other Supporters	797,854	633,017
<b>Total revenues from Special Projects</b>	<b>2,943,218</b>	<b>2,899,848</b>
<b>Expenses</b>		
Facilities	33,272	33,358
General	330,408	246,749
Programming and supplies	1,046,655	1,089,002
Salaries and benefits	1,499,696	1,473,720
Transportation	31,139	38,361
<b>Total expenses from Special Projects</b>	<b>2,941,170</b>	<b>2,881,190</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>2,048</b>	<b>18,658</b>