

Boys and Girls Club of Ottawa
Financial Statements
For the year ended December 31, 2017

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Independent Auditor's Report

**To the Directors of
Boys and Girls Club of Ottawa**

We have audited the accompanying financial statements of Boys and Girls Club of Ottawa, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Boys and Girls Club of Ottawa as at December 31, 2017, 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.

Other Matter

The financial statements of Boys and Girls Club of Ottawa for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on April 13, 2017.

A handwritten signature in black ink that reads "BDO Junada LLP". The signature is written in a cursive, flowing style.

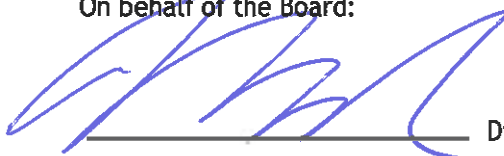
Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
April 25, 2018

Boys and Girls Club of Ottawa Statement of Financial Position

For the year ended December 31	Operating Fund	Investment Fund	2017	2016
Assets				
Current				
Cash	\$ 63,775	\$ 24,851	\$ 88,626	\$ 370,373
Restricted funds (Note 2)	1,077,020	-	1,077,020	381,383
Accounts receivable	240,878	2,282	243,160	297,514
Donation pledge (Note 3)	400,000	-	400,000	300,000
Prepaid expenses	11,115	-	11,115	21,824
Investments	-	1,408,226	1,408,226	1,389,164
	<u>1,792,788</u>	<u>1,435,359</u>	<u>3,228,147</u>	<u>2,760,258</u>
Donation pledge (Note 3)	-	-	-	300,000
Tangible capital assets (Note 4)	<u>4,979,792</u>	<u>-</u>	<u>4,979,792</u>	<u>4,794,947</u>
	<u>\$ 6,772,580</u>	<u>\$ 1,435,359</u>	<u>\$ 8,207,939</u>	<u>\$ 7,855,205</u>
Liabilities and Net Assets				
Current				
Accounts payable and accrued liabilities	\$ 508,940	\$ -	\$ 508,940	\$ 234,987
Construction loan (Note 5)	300,000	-	300,000	600,000
Deferred contributions (Note 6)	339,045	-	339,045	420,617
Interfund payable (receivable)	(5,053)	5,053	-	-
	<u>1,142,932</u>	<u>5,053</u>	<u>1,147,985</u>	<u>1,255,604</u>
Deferred contributions related to tangible capital assets (Note 7)	<u>4,666,640</u>	<u>-</u>	<u>4,666,640</u>	<u>3,977,886</u>
	<u>5,809,572</u>	<u>5,053</u>	<u>5,814,625</u>	<u>5,233,490</u>
Contractual obligations (Note 8)				
Net Assets (Deficit)				
Invested in tangible capital assets (Note 9)	1,390,172	-	1,390,172	1,198,444
Externally restricted (Note 10)	-	76,879	76,879	76,879
Internally restricted - Contingency fund (Note 11)	-	850,000	850,000	850,000
Unrestricted	(427,164)	503,427	76,263	496,392
	<u>963,008</u>	<u>1,430,306</u>	<u>2,393,314</u>	<u>2,621,715</u>
	<u>\$ 6,772,580</u>	<u>\$ 1,435,359</u>	<u>\$ 8,207,939</u>	<u>\$ 7,855,205</u>

On behalf of the Board:



Director



Director

**Boys and Girls Club of Ottawa
Statement of Changes in Net Assets**

<u>For the year ended December 31</u>	<u>Operating Fund</u>	<u>Investment Fund</u>	<u>2017</u>	<u>2016</u>
Balance, beginning of the year	\$ 1,213,882	\$ 1,407,833	\$ 2,621,715	\$ 2,607,587
Excess (deficiency) of revenues over expenses	(251,369)	22,968	(228,401)	14,128
Interfund transfer	495	(495)	-	-
Balance, end of the year	\$ 963,008	\$ 1,430,306	\$ 2,393,314	\$ 2,621,715

Boys and Girls Club of Ottawa Statement of Operations

For the year ended December 31	Operating Fund	Investment Fund	2017	2016
Revenues				
Grants				
Province of Ontario - A802, A804 and A905	\$ 833,503	\$ -	\$ 833,503	\$ 700,803
Province of Ontario - Urban Priority	113,116	-	113,116	138,123
United Way/Centraide Ottawa	523,392	-	523,392	547,235
United Way/Centraide Ottawa - donor funding	64,079	-	64,079	60,091
City of Ottawa	252,711	-	252,711	248,976
Employment grants	67,941	-	67,941	68,997
Other grants	467,916	-	467,916	521,129
Amortization of deferred contributions related to tangible capital assets	184,755	-	184,755	170,722
Camp fees	104,790	-	104,790	115,710
Donations	785,225	-	785,225	699,299
Foundations	285,309	-	285,309	286,730
Fundraising events	871,472	-	871,472	826,170
Investment income	-	28,653	28,653	54,373
Other	248	-	248	4,922
Purchase of service - Ferguslea	-	-	-	116,373
Raffle	74,935	-	74,935	61,941
Rentals	459,535	-	459,535	402,006
	5,088,927	28,653	5,117,580	5,023,600
Expenses				
Salaries	2,940,495	-	2,940,495	2,874,558
Employee benefits	520,214	-	520,214	520,308
Occupancy costs	791,030	-	791,030	624,391
Transportation	107,430	-	107,430	98,722
Program costs	538,086	-	538,086	479,519
Office expenses	76,717	-	76,717	66,257
Professional fees	27,365	5,685	33,050	31,318
Fundraising expenses	60,013	-	60,013	33,281
Amortization of tangible capital assets	263,291	-	263,291	281,118
Loss on disposal of tangible capital assets	15,655	-	15,655	-
	5,340,296	5,685	5,345,981	5,009,472
Excess (deficiency) of revenues over expenses	\$ (251,369)	\$ 22,968	\$ (228,401)	\$ 14,128

The notes are an integral part of these financial statements.

Boys and Girls Club of Ottawa Statement of Cash Flows

For the year ended December 31	2017	2016
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ (228,401)	\$ 14,128
Items not affecting cash:		
Amortization of deferred contributions related to tangible capital assets	(184,755)	(170,722)
Amortization of tangible capital assets	263,291	281,118
Interfund transfer	-	(249,632)
Loss on disposal of tangible capital assets	15,655	-
	(134,210)	(125,108)
Changes in non-cash working capital:		
Accounts receivable	54,354	(146,797)
Donation pledge	200,000	300,000
Prepaid expenses	10,709	(236)
Accounts payable and accrued liabilities	273,953	48,696
Deferred contributions	(81,572)	(79,029)
	323,234	(2,474)
Cash flows from investing activities		
Change in restricted funds	(695,637)	(253,308)
Change in investments	(19,062)	(41,263)
Acquisition of tangible capital assets	(463,831)	(24,506)
Deferred contributions related to tangible capital assets	873,549	262,889
	(304,981)	(56,188)
Cash flows from financing activities		
Repayment of obligation under capital lease	-	(2,425)
Repayment of construction loan	(300,000)	(300,000)
	(300,000)	(302,425)
Net decrease in cash	(281,747)	(361,087)
Cash, beginning of the year	370,373	731,460
Cash, end of the year	\$ 88,626	\$ 370,373

The notes are an integral part of these financial statements.

Boys and Girls Club of Ottawa Notes to Financial Statements

December 31, 2017

1. Accounting Policies

Purpose of Organization	Boys and Girls Club of Ottawa ("the Club") is a charitable organization incorporated without share capital under the Ontario Corporations Act. The Club's purpose is to provide a safe, supportive place where children and youth can experience new opportunities, overcome barriers, build positive relationships and develop confidence and skills for life. The Club is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.
Basis of Accounting	The Club applies the Canadian accounting standards for not-for-profit organizations.
Use of Estimates	The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the year covered. The main estimates relate to useful lives of tangible capital assets.
Fund Accounting	<p>The operating fund accounts for current operations and programs as well as the net assets, revenues and expenses related to the Club's tangible capital assets. Unrestricted contributions and restricted contributions to be used for operations are reported in this fund.</p> <p>The investment fund accounts for externally restricted bequests with the primary purpose of earning income to fund specific purposes, net assets internally restricted for contingencies and revenue and expenses related to investments held by the Club.</p>
Revenue Recognition	<p>The Club follows the restricted fund method. Under this method, externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. If there is no fund relating to the contribution, they are recognized in the operating fund and deferred until the corresponding expense has been made. Unrestricted contributions are recognized as revenues in the operating fund.</p> <p>Pledges are recognized when they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured.</p> <p>Camp fees, purchase of service and rental revenue are recognized as revenue when the event occurs or the service is provided.</p> <p>Investment income is recognized as revenue in the year in which it is earned.</p>

Boys and Girls Club of Ottawa Notes to Financial Statements

December 31, 2017

1. Accounting Policies (continued)

Financial Instruments

Initial and subsequent measurement

The Club initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which consist of equities, money market interest accounts and fixed income investments, and are measured at fair value. Changes in fair value of these financial instruments are recognized in the statement of operations in the year incurred.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indications of possible impairment.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of operations in the year incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations over the life of the instrument using the straight-line method.

Tangible Capital Assets

Tangible capital assets are accounted for at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution. Amortization is provided on the basis of their useful lives using the straight-line method and following durations.

Buildings	25 years
Furniture and equipment	3-10 years
Vehicles	5 years

The building under development will be amortized when it is available for use.

Contributed Services

Volunteers contribute many hours per year to assist the organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Boys and Girls Club of Ottawa Notes to Financial Statements

December 31, 2017

1. Accounting Policies (continued)

Contributed Materials	Contributed materials which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if the fair value is known.
Deferred Contributions Related to Tangible Capital Assets	Contributions relating to tangible capital assets are accounted for as deferred contributions and amortized on the same basis as the related tangible capital assets.

2. Restricted Funds

Restricted funds consist of donations to be applied exclusively for the purpose of renovating the Police Youth Centre, the Ron Kolbus Club House and to purchase a new database to better meet the needs of the Club and its members in those areas. These funds are held in cash and consists of the following donations:

	2017	2016
Police Youth Centre	\$ 986,439	\$ 247,640
Ron Kolbus Club House	78,581	133,743
Donation for database	12,000	-
	<u>\$ 1,077,020</u>	<u>\$ 381,383</u>

3. Donation Pledge

As part of a fundraising campaign for the Don McGahan Club House, the Club received a significant pledge donation. At December 31, 2017 there is a receivable balance of \$400,000 (2016 - \$600,000).

Boys and Girls Club of Ottawa Notes to Financial Statements

December 31, 2017

4. Tangible Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Land	\$ 64,855	\$ -	\$ 64,855	\$ 64,855
Buildings	6,068,614	1,575,347	4,493,267	4,667,547
Furniture and equipment	98,336	52,259	46,077	37,145
Vehicles	155,103	139,863	15,240	25,400
Building under development	360,353	-	360,353	-
	\$ 6,747,261	\$ 1,767,469	\$ 4,979,792	\$ 4,794,947

The fair value of the contributed Police Youth Centre building is not determinable and accordingly this asset is stated at nominal value.

The Don McGahan Club House is constructed on land leased for 99 years to 2068 from the Ottawa-Carleton District School Board for \$1 per year.

The Ron Kolbus Club House is constructed on land leased for 99 years to 2078 from the Muslim Association of Canada for \$1 per year.

5. Construction Loan

The construction loan was incurred for the purpose of renovating the Don McGahan Club House. The loan is a non-revolving demand loan whereby repaid principal is not available to be re-borrowed, interest is payable on a monthly basis at the prime rate and the loan is repayable on demand. Until demand, the loan is repayable on February 28, 2019 for the final payment of \$300,000. The facility is secured by a general security agreement and a pledge agreement against certain investments held by the Club.

Boys and Girls Club of Ottawa Notes to Financial Statements

December 31, 2017

6. Deferred Contributions

Deferred contributions reported in the operating fund represent grants and other externally restricted amounts related to subsequent years or for which the related expenses have not yet been incurred. The major components of the ending balance are as follows:

	2017	2016
Scholarships		
Balance, beginning of the year	\$ 153,635	\$ 183,518
Plus: amounts received during the year	55,014	9,117
Less: amounts recognized as revenue in the year	(52,353)	(39,000)
Balance, end of the year	156,296	153,635
Program contributions		
Balance, beginning of the year	266,982	316,128
Plus: amounts received during the year	1,155,119	1,011,414
Less: amounts recognized as revenue in the year	(1,239,352)	(1,060,560)
Balance, end of the year	182,749	266,982
Total deferred contributions, end of the year	\$ 339,045	\$ 420,617

7. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to tangible capital assets represents contributions received for the acquisition of tangible capital assets and restricted contributions relating to the development of the Club's buildings. The variations in the balance of deferred contributions are as follows:

	2017	2016
Balance, beginning of year	\$ 3,977,886	\$ 3,885,719
Plus: amount received during the year	873,509	262,889
Less: amount amortized to operations	(184,755)	(170,722)
Balance, end of year	\$ 4,666,640	\$ 3,977,886

Included in deferred contributions related to tangible capital assets are amounts relating to future capital projects which have been restricted per Note 2.

Boys and Girls Club of Ottawa Notes to Financial Statements

December 31, 2017

8. Contractual Obligations

The Club has committed to various contracts for services and for the rental of equipment. Payments total \$60,252 and include the following payments over the next five years:

2018	\$	43,166
2019	\$	7,900
2020	\$	5,958
2021	\$	1,434
2022	\$	1,434

The Club entered into an agreement for construction management services for a fee of 5% of the total construction cost for the Police Youth Center renovation. The total construction management fee is estimated to be \$155,163.

9. Invested in Tangible Capital Assets

The net balance invested in tangible capital assets consists of the net book value of tangible capital assets less the unamortized balance of deferred contributions related to tangible capital assets collected by the Club, net of contributions collected for future renovations.

	2017	2016
Invested in tangible capital assets	\$ 4,979,792	\$ 4,794,947
Deferred contributions related to tangible capital assets	(4,666,640)	(3,977,886)
Deferred contributions for future renovations	1,077,020	381,383
	\$ 1,390,172	\$ 1,198,444

10. Externally Restricted Net Assets

Externally imposed restrictions on net assets of the investment fund consist of the following restrictions placed on bequests received:

	2017	2016
Camp investment reserve	\$ 10,000	\$ 10,000
Scholarship fund	66,879	66,879
	\$ 76,879	\$ 76,879

The scholarship fund interest earned and principal (as needed) is to be used solely for the purpose of issuing scholarships to qualifying students.

Boys and Girls Club of Ottawa Notes to Financial Statements

December 31, 2017

11. Internally Restricted - Contingency Fund

The Club has established an internal Contingency Fund to provide for unexpected and non-recurring expenditures, including major renovation and maintenance costs relating to properties leased by the Club and operating deficits incurred due to unexpected fluctuations in funding or costs. As at December 31, 2017, \$850,000 (2016 - \$850,000) has been restricted in the fund.

12. Credit Facilities

The Club has credit facilities at its disposal in the total amount of \$220,000, comprised of an operating line of credit with a borrowing limit of \$200,000 and letters of credit/guarantee with a limit of \$20,000. The credit facilities are secured by a general security agreement. At December 31, 2017, these facilities are undrawn.

13. Financial Instruments Risks

Credit risk

The Club is exposed to credit risk for its accounts and donation pledge receivable. The Club assesses the collectibility of these receivables on a continuous basis, on the basis of amounts it is virtually certain to receive.

Interest rate risk

The Club is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed interest instruments subject the organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

Other price risk

The Club is exposed to other price risk through its investments for which the value fluctuates with the quoted market price.

Boys and Girls Club of Ottawa Notes to Financial Statements

December 31, 2017

14. Employee Future Benefits

The Club participates in the Ottawa Community Agencies Pension Plan. The Club has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. This multiemployer defined benefit pension plan covers employees of the Club and the employees of the other participating agencies. After two years of employment, the Club contributes 168% of the employee's contribution to the pension plan. The employee contribution rate is 6% of salaries. The plan provides pensions based on length of service and final average earnings. The annual funding requirements are determined in consultation with the actuaries to provide long-term stability to the plan. No significant changes were made to the contractual elements of the plan in the past year. As at the last actuarial valuation date of December 31, 2016, the plan had a solvency transfer ratio (the ratio of assets over liabilities) of 86.7% with a deficit of \$4,089,500. During the year, the Club contributed and expensed \$144,331 to the plan (2016 - \$153,197).

Auditor's Comments on Supplementary Financial Information

**To the Directors of
Boys and Girls Club of Ottawa**

We have audited the financial statements of Boys and Girls Club of Ottawa, which comprise the statement of financial position as at December 31, 2017, the statements of operations, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated April 25, 2018 which contained an unmodified opinion on those financial statements as a whole. The supplementary schedules for the A802 Extrajudicial Measures and A804 Extrajudicial Sanctions and A905 Youth Outreach Program are presented for the purposes of additional information and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
April 25, 2018

**Boys and Girls Club of Ottawa
Supplementary Schedule - A802 Extrajudicial Measures and A804
Extrajudicial Sanctions (unaudited)**

	January 1 to March 31	April 1 to June 30	July 1 to September 30	October 1 to December 31	2017 Total
Revenues	\$ 93,423	\$ 72,554	\$ 71,009	\$ 85,915	\$ 322,901
Expenses					
Salaries and benefits	48,010	57,069	48,599	59,872	213,550
Facilities	1,929	2,244	1,798	2,352	8,323
Transportation	819	1,149	544	1,241	3,753
Program costs	34,185	4,324	12,300	14,685	65,494
Administration	8,494	7,767	7,767	7,767	31,795
	93,437	72,553	71,008	85,917	322,915
Excess (deficiency) of revenues over expenses	\$ (14)	\$ 1	\$ 1	\$ (2)	\$ (14)

The revenues and expenses noted on this supplementary schedule were subjected to auditing procedures applied in the audit of the financial statements as a whole.

Boys and Girls Club of Ottawa
Supplementary Schedule - A905 Youth Outreach Program
(unaudited)

	January 1 to March 31	April 1 to June 30	July 1 to September 30	October 1 to December 31	2017 Total
Revenues	\$ 139,834	\$ 130,059	\$ 104,135	\$ 136,574	\$ 510,602
Expenses					
Salaries and benefits	78,778	101,936	86,951	115,523	383,188
Facilities	1,575	2,560	1,504	2,527	8,166
Transportation	615	2,063	1,642	3,431	7,751
Program costs	46,162	10,599	1,137	2,192	60,090
Administration	12,713	12,901	12,901	12,901	51,416
	139,843	130,059	104,135	136,574	510,611
Excess (deficiency) of revenues over expenses	\$ (9)	\$ -	\$ -	\$ -	\$ (9)

The revenues and expenses noted on this supplementary schedule were subjected to auditing procedures applied in the audit of the financial statements as a whole.