Boys and Girls Clubs of Winnipeg Inc.
Financial Statements
December 31, 2018

MNP LLP

Independent Auditor's Report

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, 2018, 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, 2018, 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

MNP LLP

March 28, 2019

Chartered Professional Accountants

Boys and Girls Clubs of Winnipeg Inc.
Statement of Financial Position
As at December 31, 2018

	2018	*2017*
Assets		
Current		
Cash and cash equivalents	**2,124,392**	1,926,487
Accounts receivable *(Note 3)*	**42,640**	109,960
Prepaid expenses	**13,958**	14,433
	2,180,990	2,050,880
Capital assets *(Note 4)*	**88,744**	143,345
Investments *(Note 5)*	**58,198**	57,519
Investments - restricted *(Note 6), (Note 9)*	**567,211**	604,595
	2,895,143	2,856,339
Liabilities		
Current		
Accounts payable and accrued expenses *(Note 7)*	**134,624**	111,799
Deferred contributions *(Note 8)*	**1,056,103**	1,065,681
	1,190,727	1,177,480
Deferred contributions - restricted *(Note 6), (Note 9)*	**567,211**	604,595
Deferred contributions - capital *(Note 10)*	**41,914**	71,108
	1,799,852	1,853,183
Net Assets		
Invested in capital assets	**46,830**	72,237
Unrestricted net assets	**1,048,461**	930,919
	1,095,291	1,003,156
	2,895,143	2,856,339

Approved on behalf of the Board

Board Chair

Treasurer

The accompanying notes are an integral part of these financial statements

Statement of Operations

For the year ended December 31, 2018

	2018	2017
Revenue		
Operating contributions		
Province of Manitoba	**473,900**	473,900
United Way	**515,247**	515,097
City of Winnipeg	**118,148**	118,148
Amortization of deferred contributions - capital	**29,194**	29,195
Special projects support and administration	**321,889**	258,026
Gain on disposal of capital assets	**-**	3,000
Fundraising	**96,203**	87,790
Interest	**24,865**	17,068
Donations	**220,955**	232,895
Special projects (Schedule 1)	**2,899,848**	2,839,172
	4,700,249	4,574,291
Expenses		
Amortization	**54,601**	45,441
Facilities	**93,463**	98,787
Fundraising	**13,283**	19,798
General	**110,717**	117,230
Programming and supplies	**90,890**	74,500
Salaries and benefits	**1,304,250**	1,275,209
Staff training	**15,348**	15,349
Transportation	**43,497**	46,256
Unrealized loss on investments	**875**	836
Special projects (Schedule 1)	**2,881,190**	2,831,058
	4,608,114	4,524,464
Excess of revenue over expenses	**92,135**	49,827

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, 2018

	Unrestricted net assets	*Invested in capital assets*	*2018*	*2017*
Net assets beginning of year	**930,919**	**72,237**	**1,003,156**	953,329
Excess (deficiency) of revenue over expenses	**117,542**	**(25,407)**	**92,135**	49,827
Net assets, end of year	**1,048,461**	**46,830**	**1,095,291**	1,003,156

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, 2018

	2018	*2017*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**92,135**	49,827
Amortization	**54,601**	45,441
Amortization of deferred contributions - capital	**(29,194)**	(29,195)
Gain on disposal of capital assets	**-**	(3,000)
Unrealized (gain) loss on investments	**53,033**	(24,696)
	170,575	38,377
Changes in working capital accounts		
Accounts receivable	**67,320**	(16,714)
Prepaid expenses	**475**	(1,341)
Accounts payable and accrued expenses	**22,825**	6,977
Deferred contributions	**(9,578)**	(46,358)
Deferred contributions - restricted	**(37,384)**	36,753
	214,233	17,694
Investing		
Purchase of capital assets	**-**	(49,964)
Proceeds from disposal of capital asset	**-**	3,000
Purchase of investments	**(16,328)**	(12,775)
	(16,328)	(59,739)
Increase (decrease) in cash resources	**197,905**	(42,045)
Cash and cash equivalents, beginning of year	**1,926,487**	1,968,532
Cash and cash equivalents, end of year	**2,124,392**	1,926,487

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:

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. 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.

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

	2018	*2017*
Trade receivables	**34,939**	102,042
Goods and Services Tax recoverable	**7,701**	7,918
	42,640	109,960

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

4. Capital assets

	Cost	*Accumulated amortization*	*2018 Net book value*
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**

	Cost	*Accumulated amortization*	*2017 Net book value*
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

5. Investments

Investments include a corporate bond fund with an interest rate of 4.609% (2017 - 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 decrease in investments - restricted is $37,384 and is reflected in deferred contributions - restricted.

7. Accounts payable and accrued expenses

	2018	*2017*
Trade accounts payable	**125,346**	111,480
Government remittances	**9,278**	319
	134,624	111,799

8. 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:

	2018	*2017*
Balance, beginning of the year	**1,065,681**	1,112,039
Amount received during the year	**3,774,947**	3,754,908
Less: Amount recognized as revenue during the year	**(3,784,525)**	(3,801,266)
Balance, end of year	**1,056,103**	1,065,681

9. Deferred contributions - restricted

	2018	*2017*
Balance, beginning of the year	**604,595**	567,842
Unrealized gains (losses) on investments	**(52,158)**	25,532
Investment income	**14,774**	11,221
Balance, end of year	**567,211**	604,595

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:

	2018	*2017*
Balance, beginning of the year	**71,108**	100,303
Amounts amortized to revenue in the year	**(29,194)**	(29,195)
Balance, end of year	**41,914**	71,108

11. Charitable donations

Charitable donation receipts for income tax purposes have been issued by the Agency in the amount of $351,150 (2017 - $370,893).

12. Commitments

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

2019	100,300
2020	25,600

13. 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.

14. 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. No contributors account for greater than 10% (2017 – one contributor accounts for 56%) of the total accounts receivable balance as at December 31, 2018. The Agency believes that there is minimal risk associated with the collection of these amounts, as they have historically collected all amounts from contributors.

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.

15. 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 $225,713 (2017 - $239,375).

Boys and Girls Clubs of Winnipeg Inc.
Schedule 1 - Special Projects
For the year ended December 31, 2018

	2018	*2017*
Revenues		
Province of Manitoba	**1,687,928**	1,606,007
United Way	**295,629**	274,201
City of Winnipeg	**63,000**	63,000
The Winnipeg Foundation	**69,603**	98,112
Government of Canada	**55,243**	18,544
Ma Mawi Wi Chi Itata Centre	**15,423**	14,409
Boys and Girls Clubs of Canada	**80,005**	106,477
Other Supporters	**633,017**	658,422
Total revenues from Special Projects	**2,899,848**	2,839,172
Expenses		
Facilities	**33,358**	33,330
General	**246,749**	231,170
Programming and supplies	**1,089,002**	1,095,917
Salaries and benefits	**1,473,720**	1,441,209
Transportation	**38,361**	29,432
Total expenses from Special Projects	**2,881,190**	2,831,058
Excess of revenues over expenses	**18,658**	8,114