Boys and Girls Clubs of Winnipeg Inc.

Financial Statements

December 31,2015

Independent Auditors' Report

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

We have audited the accompanying financial statements of Boys and Girls Clubs of Winnipeg Inc., which comprise the statement of financial position as at December 31, 2015 and the statements of operations, changes in net assets, cash flows and schedule 1 – special projects for the year ended December 31, 2015 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, these financial statements present fairly, in all material respects, the financial position of Boys and Girls Clubs of Winnipeg Inc. as at December 31, 2015 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 21, 2016

MNP LLP

Chartered Professional Accountants

Boys and Girls Clubs of Winnipeg Inc.
Statement of Financial Position
As at December 31, 2015

	Operating Fund	Capital Fund	**2015**	2014
Assets				
Current				
Cash and cash equivalents	1,760,466	19,288	**1,779,754**	1,399,786
Accounts receivable *(Note 3)*	93,660	-	**93,660**	46,922
Prepaid expenses	18,139	-	**18,139**	20,286
Scholarship trust asset	-	-	**-**	1,000
	1,872,265	19,288	**1,891,553**	1,467,994
Capital assets *(Note 4)*	-	174,868	**174,868**	206,652
Investments *(Note 5)*	55,059	-	**55,059**	49,984
Investments - restricted *(Notes 6,9)*	531,470	-	**531,470**	504,012
	2,458,794	194,156	**2,652,950**	2,228,642
Liabilities				
Current				
Accounts payable and accrued expenses *(Note 7)*	71,896	-	**71,896**	70,315
Deferred contributions *(Note 8)*	1,032,340	-	**1,032,340**	711,160
Scholarship trust liability	-	-	**-**	1,000
	1,104,236	-	**1,104,236**	782,475
Deferred contributions - restricted *(Notes 6,9)*	531,470	-	**531,470**	504,012
Deferred contributions - capital *(Note 10)*	-	117,408	**117,408**	125,777
	1,635,706	117,408	**1,753,114**	1,412,264
Net Assets				
Fund Balances				
Invested in capital assets	-	76,748	**76,748**	101,728
Unrestricted net assets	823,088	-	**823,088**	714,650
	823,088	76,748	**899,836**	816,378
	2,458,794	194,156	**2,652,950**	2,228,642

Approved on behalf of the Board

Board Chair

Treasurer

The accompanying notes are an integral part of these financial statements

MNP LLP

Boys and Girls Clubs of Winnipeg Inc.
Statement of Operations
For the year ended December 31, 2015

	Operating Fund	*Capital Fund*	***2015***	*2014*
Revenues				
Operating contributions				
Province of Manitoba	467,650	-	**467,650**	448,900
United Way	514,797	-	**514,797**	537,373
City of Winnipeg	118,148	-	**118,148**	118,148
Amortization of deferred contributions - capital	-	30,369	**30,369**	27,169
Special projects support and administration	250,838	-	**250,838**	321,811
Gain on disposal of capital assets	-	1,500	**1,500**	2,000
Fundraising	80,764	-	**80,764**	66,626
Interest	13,263	-	**13,263**	16,892
Unrealized gain on investments	853	-	**853**	2,429
Donations	156,241	-	**156,241**	70,221
Special projects *(Schedule 1)*	2,773,893		**2,773,893**	2,855,154
	4,376,447	31,869	**4,408,316**	4,466,723
Expenses				
Amortization	-	53,784	**53,784**	54,637
Facilities	90,601	-	**90,601**	93,747
Fundraising	15,545	-	**15,545**	13,708
General	98,907		**98,907**	106,472
Programming and supplies	86,730	-	**86,730**	90,072
Salaries and benefits	1,182,692	-	**1,182,692**	1,128,428
Staff training	11,093	-	**11,093**	14,280
Transportation	39,814	-	**39,814**	39,467
Special projects *(Schedule 1)*	2,745,692	-	**2,745,692**	2,844,128
	4,271,074	53,784	**4,324,858**	4,384,939
Excess (deficiency) of revenues over expenses	105,373	(21,915)	**83,458**	81,784

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, 2015

	Operating Fund	*Capital Fund*	***2015***	*2014*
Net assets, beginning of year	714,650	101,728	**816,378**	734,594
Excess (deficiency) of revenues over expenses	105,373	(21,915)	**83,458**	81,784
Transfers	3,065	(3,065)	**-**	-
Net assets, end of year	823,088	76,748	899,836	816,378

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, 2015

	2015	*2014*
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenues over expenses	**83,458**	81,784
Add (deduct) items not affecting cash		
Amortization	**53,784**	54,637
Amortization of deferred contributions - capital	**(30,369)**	(27,169)
Gain on disposal of capital assets	**(1,500)**	(2,000)
Unrealized gain on investments	**(11,515)**	(16,664)
	93,858	90,588
Changes in working capital accounts		
Accounts receivable	**(46,738)**	46,194
Prepaid expenses	**2,147**	(8,533)
Accounts payable and accrued expenses	**1,581**	(62,161)
Deferred contributions	**321,180**	(12,407)
Deferred contributions - restricted	**27,458**	109,261
	305,628	72,354
Investing activities		
Purchase of capital assets	**-**	(47,077)
Purchase of investments	**(21,018)**	(142,581)
Proceeds from disposal of capital asset	**1,500**	2,000
	(19,518)	(187,658)
Increase (decrease) in cash resources	**379,968**	(24,716)
Cash and equivalents, beginning of year	**1,399,786**	1,424,502
Cash and equivalents, end of year	**1,779,754**	1,399,786

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

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

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

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

2. Significant accounting policies

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

Fund accounting

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

Two funds are maintained - Operating Fund and Capital Fund.

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

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

Cash and cash equivalents

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

Capital assets

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

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

Automotive	5 years
Leasehold improvements	Term of lease
Office equipment	3 years

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

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 earnings for the year.

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 and reports on a fund accounting basis. Restricted contributions, which primarily include grants from other funding agencies are recognized as revenue in the year in which the related expenses are incurred and all relevant terms of the funding agreement are met. Deferred contributions reported relate to funding received in the current period that is in respect of program expenses to be incurred in future periods. 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 conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

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

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

Non-monetary transactions

The Agency enters into agreements with certain customers from whom the Agency acquires good 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 measureable. 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 in the exchange;
- for which neither the fair value of assets received or given up can be reliably measured.

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

	2015	*2014*
Trade receivables	**85,806**	39,127
Goods and Services Tax recoverable	**7,854**	7,795
	93,660	46,922

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

4. Capital assets

	Cost	Accumulated amortization	2015 Net book value
Automotive	**228,114**	**144,197**	**83,917**
Leasehold improvements	**134,366**	**51,187**	**83,179**
Office equipment	**45,829**	**38,057**	**7,772**
	408,309	**233,441**	**174,868**

	Cost	Accumulated amortization	2014 Net book value
Automotive	225,895	144,665	81,230
Leasehold improvements	134,366	31,992	102,374
Office equipment	105,027	81,979	23,048
	465,288	258,636	206,652

5. Investments

Investments include a corporate bond fund with an interest rate of 4.609% (2014 - 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 $27,458 and is reflected in deferred contributions - restricted.

7. Accounts payable and accrued expenses

	2015	2014
Trade accounts payable	**71,634**	69,956
Government remittances	**262**	359
	71,896	70,315

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:

	2015	*2014*
Balance, beginning of year	**711,160**	723,567
Amount received during the year	**4,077,980**	3,737,834
Less: Amount recognized as revenue during the year	**(3,756,800)**	(3,750,241)
Balance, end of year	**1,032,340**	711,160

9. Deferred contributions - restricted

	2015	*2014*
Balance, beginning of the year	**504,012**	394,750
Amounts received during the year	**-**	70,000
Unrealized gains	**10,662**	14,235
Realized gains and investment income	**16,796**	25,027
Balance, end of year	**531,470**	504,012

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:

	2015	*2014*
Balance, beginning of the year	**125,777**	138,946
Amounts received during the year	**22,000**	14,000
Amounts amortized to revenue in the year	**(30,369)**	(27,169)
Balance, end of year	**117,408**	125,777

11. Charitable donations

Charitable donation receipts for income tax purposes have been issued by the Agency in the amount of $376,610 (2014 - $131,822).

12. 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:

2016	91,600
2017	96,200
2018	98,200
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 interest, currency, liquidity or other price risks arising from these financial instruments.

Credit concentration

Financial instruments that potentially subject the Agency to concentrations of credit risk consist primarily of accounts receivable. The Province of Manitoba accounts for 16% (2014 – The Province of Manitoba accounts for 59%) of the total accounts receivable balance as at December 31, 2015. 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.

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 was $196,646 (2014 - $177,050).

16. Comparative figures

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

Boys and Girls Clubs of Winnipeg Inc.
Schedule 1 - Special Projects
For the year ended December 31, 2015

	2015	*2014*
Revenues		
Province of Manitoba	1,509,284	1,507,133
United Way	257,015	242,082
City of Winnipeg	63,000	63,000
The Winnipeg Foundation	77,808	85,816
Government of Canada	35,068	65,468
Ma Mawi Wi Chi Itata Centre	19,873	17,529
Boys and Girls Clubs of Canada	142,120	108,347
Other Supporters	669,725	765,779
Total revenues from Special Projects	**2,773,893**	2,855,154
Expenses		
Facilities	24,721	21,889
General	213,175	213,632
Programming and supplies	1,131,465	1,086,894
Salaries and benefits	1,347,496	1,487,304
Transportation	28,835	34,409
Total expenses from Special Projects	**2,745,692**	2,844,128
Excess of revenues over expenses	**28,201**	11,026