

BOYS AND GIRLS CLUB OF PEEL

Financial Statements
for the Year Ended March 31, 2023
and Independent Auditor's Report to Directors

BOYS AND GIRLS CLUB OF PEEL
FINANCIAL STATEMENTS
MARCH 31, 2023

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CHARTERED
PROFESSIONAL
ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

**To the Directors of
Boys and Girls Club of Peel:**

Opinion

We have audited the accompanying financial statements of Boys and Girls Club of Peel, which comprise the financial position as at March 31, 2023 and the statements of operations, change in net assets and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Club as at March 31, 2023, 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 Club 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged With Governance 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.

In preparing the financial statements, management is responsible for assessing the Club'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 Club or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Club'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:



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- 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 Club'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 Club'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 Club 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.

Durward Jones Barkwell + Company LLP

Durward Jones Barkwell & Company LLP
Licensed Public Accountants

September 13, 2023

BOYS AND GIRLS CLUB OF PEEL

STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
REVENUE		
Grants		
United Way of Peel Region grant	\$ 150,678	\$ 157,712
Government of Canada - Summer Job	110,769	174,811
Regional Municipality of Peel	99,999	98,312
Ontario Trillium Foundation	108,750	158,000
Ministry of Heritage, Sport, Tourism and Culture	55,000	55,000
Boys and Girls Club of Canada	72,620	40,974
	597,816	684,809
Fundraising and donations	200,455	123,244
Gaming - bingo	143,837	68,064
Amortization of capital contribution	6,623	9,462
Canada Emergency Wage Subsidy	-	81,072
	948,731	966,651
GENERAL AND ADMINISTRATIVE EXPENSES		
Amortization	8,315	10,710
Office and administrative	197,705	146,471
Program and services	156,953	133,075
Salaries and benefits	745,140	681,345
	1,108,113	971,601
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (159,382)	\$ (4,950)

BOYS AND GIRLS CLUB OF PEEL

STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
GENERAL NET ASSETS, BEGINNING OF YEAR	\$ 295,995	\$ 299,699
DEFICIENCY OF REVENUE OVER EXPENSES	(159,382)	(4,950)
AMORTIZATION OF CAPITAL ASSETS	8,315	10,708
AMORTIZATION OF DEFERRED CAPITAL CONTRIBUTIONS	(6,623)	(9,462)
INTER-FUND TRANSFER	(5,072)	-
GENERAL NET ASSETS, END OF YEAR	133,233	295,995
CAPITAL NET ASSETS, BEGINNING OF YEAR	3,885	5,131
AMORTIZATION OF CAPITAL ASSETS	(8,315)	(10,708)
AMORTIZATION OF DEFERRED CAPITAL CONTRIBUTIONS	6,623	9,462
INTER-FUND TRANSFER	5,072	-
CAPITAL NET ASSETS, END OF YEAR	7,265	3,885
TOTAL NET ASSETS	\$ 140,498	\$ 299,880

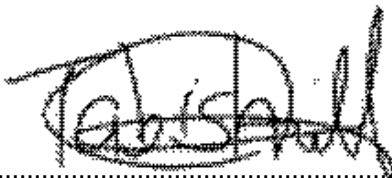
BOYS AND GIRLS CLUB OF PEEL

STATEMENT OF FINANCIAL POSITION
YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash	\$ 57,256	\$ 289,499
Restricted cash (Note 2)	105,264	81,539
Accounts receivable (Note 3)	33,303	45,545
Prepaid expenses	3,455	-
	199,278	416,583
Capital assets (Note 4)	22,720	25,961
	\$ 221,998	\$ 442,544
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 51,896	\$ 32,396
Deferred contributions (Note 5)	14,149	88,190
	66,045	120,586
Deferred capital contributions (Note 6)	15,455	22,078
Lease commitment (Note 8)		
	81,500	142,664
NET ASSETS		
General	133,233	295,995
Invested in capital assets	7,265	3,885
	140,498	299,880
	\$ 221,998	\$ 442,544

Approved by the Board:


 Director


 Director

BOYS AND GIRLS CLUB OF PEEL

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (159,382)	\$ (4,950)
Items not affecting cash		
Amortization	8,315	10,710
Amortization of deferred capital contributions	(6,623)	(9,462)
	(157,690)	(3,702)
Changes in non-cash operating assets and liabilities		
Accounts receivable	12,242	99,077
Prepaid expenses	(3,455)	2,447
Accounts payable and accrued liabilities	19,500	(3,372)
Deferred contributions	(74,041)	(16,096)
	(203,444)	78,354
INVESTING ACTIVITIES		
Purchase of computer equipment	(5,074)	-
Change in restricted cash	(23,725)	13,088
	(28,799)	13,088
INCREASE IN CASH	(232,243)	91,442
CASH, BEGINNING OF YEAR	289,499	198,057
CASH, END OF YEAR	\$ 57,256	\$ 289,499

BOYS AND GIRLS CLUB OF PEEL

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for non-profit organizations.

Nature of business

Boys and Girls Club of Peel (the "Club") is a charitable organization incorporated without share capital under the Corporations Act (Ontario). Its principal activities include the provision of nutritional, social, recreational and educational programs in the Region of Peel for children between the ages of three and eighteen. The Club is generally exempt from income tax in Canada as a registered charitable organization under Section 141(1)(l) of the Income Tax Act (Canada).

Revenue recognition

The Club uses the deferral method in accounting for grants. Accordingly, grants subject to externally imposed restrictions are initially recorded as deferred revenue and are subsequently recognized as revenue in the period in which the related expenses are incurred or other grant requirements are satisfied.

Contributions from governments, foundations and other funding agencies that are not for a specific purpose are recognized in the year when the funds are used for the purposes specified by the donor.

Funds received from gaming and fundraising events for general purposes are recognized as revenue in the period in which the event takes place. Funds received from the fundraising events for specific purposes are recognized as revenue when the funds received are used for the purposes specified during the fundraising event.

Contributions received from individuals and corporations are recognized as revenue as they earned.

Other income is recognized as revenue when earned.

Government subsidies are recognized as income when there is reasonable assurance that the Club has complied and will continue to comply with all conditions of the subsidies, and the amounts are received or collection is reasonably assured.

Contributed services and materials

Contributed goods and services are not recognized in the accounts of the Club, except when fair value of such goods and services can reasonably be established and when the goods and services are normally purchased by the Club and would be paid for if not donated.

Volunteers contribute significant amounts to assist the Club in carrying out its service delivery activities. Due to the difficulty in determining their fair value, they are not recognized in the financial statements.

During the year, the Club received gift cards of \$3,068 (2022 - \$4,075) from the donors and recognized in fundraising and donations revenue.

BOYS AND GIRLS CLUB OF PEEL

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

Net assets

The net assets consist of two components including (1) invested in capital assets for those activities related to the purchase, disposal, amortization and financing of capital assets and (2) general for those day-to-day activities other than invested in capital assets.

Capital assets

Capital assets are recorded at acquisition cost, less accumulated amortization. Amortization on the equipment is calculated using the diminishing-balance method at the following rates:

Vehicles	15%
Furniture and equipment	20%
Computer hardware	30%
Playground	30%

In the year of acquisition, amortization is calculated at one-half the normal rates.

Long-lived assets

Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of the long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Financial instruments

(a) Measurement of financial instruments

Initial measurement

The Club initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, if any, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the company in the transaction.

Subsequent measurement

The Club subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial assets measured at amortized cost include cash, restricted cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(b) Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

BOYS AND GIRLS CLUB OF PEEL

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

(c) Impairment

For financial assets measured at cost or amortized cost, the Club determines whether there are indications of possible impairment. When there are, and the Club determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Government subsidies

Government subsidies is accounted for using the cost reduction method whereby the credits relating to current expenditures are deducted from the related expenditure and those relating to capital expenditures are applied to reduce the cost of the asset acquired.

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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future. Significant estimates and assumptions are used when accounting for such items as determination of revenue recognition, allowances for accounts receivable, determination of useful life of equipment, vehicle, and playground and accrued charges.

2. RESTRICTED CASH

The Club participates in charitable bingo events in Mississauga and Brampton in order to raise funds for the Club. These events are run in accordance with governing regulations of the Government of Ontario, and as such, the Club is required to comply with the term of the licenses issued under these regulations. In complying with these regulations, the Club is required to maintain a separate bank account exclusively for each bingo fund. In addition, there are restrictions placed on the use of these funds. As at March 31, 2023, \$105,264 (2022- \$81,539) of bingo funds are included in restricted cash.

3. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
Trade accounts receivable	\$ 15,000	\$ 24,000
Public service bodies' rebate	18,303	21,545
	\$ 33,303	\$ 45,545

BOYS AND GIRLS CLUB OF PEEL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

4. CAPITAL ASSETS

	<u>2023</u>		<u>2022</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Vehicles	\$ 144,724	\$ 129,269	\$ 144,724	\$ 122,646
Furniture and equipment	7,965	6,093	7,965	5,625
Computer hardware	76,631	71,238	71,557	70,014
Playground	40,512	40,512	40,512	40,512
	269,832	247,112	264,758	238,797
Net book value		\$ 22,720		\$ 25,961

5. DEFERRED CONTRIBUTIONS

Current deferred contributions represent unspent resources externally restricted for specific purposes that were received during the current year, that were not spent by year end. The change during the year represents funds received of \$236,677 and spent of \$300,718.

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 88,190	\$ 104,286
Add: Amounts received during the year	236,677	288,840
Less: Amounts spent during the year	(300,718)	(304,936)
Balance, end of year	\$ 14,149	\$ 88,190
	<u>2023</u>	<u>2022</u>
Grants		
Boys and Girls Clubs of Canada	32	56,341
Microsoft Indigenous and Diversity Initiatives	9,752	9,752
Ontario Trillium Foundation	-	20,750
Regional Municipality of Peel	1,349	1,347
Other grants	3,016	-
	\$ 14,149	\$ 88,190

6. DEFERRED CAPITAL CONTRIBUTION

Deferred capital contributions represent the unamortized amount of contributions received and used for the purchase of capital assets and contributions that have not been expended for the purchase of capital assets. Details in deferred capital contributions are as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 22,078	\$ 31,540
Amortization of deferred capital contributions	(6,623)	(9,462)
Balance, end of year	\$ 15,455	\$ 22,078

BOYS AND GIRLS CLUB OF PEEL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

7. CREDIT FACILITY

The Club has a revolving demand facility with the Royal Bank of Canada up to a maximum of \$50,000 to be used for day to day cash flow requirements. The facility bears interest at the Royal Bank prime rate plus 4% per annum, payable monthly, in arrears, on the same day each month as determined by the Royal Bank. The facility is secured by a general security agreement constituting a first ranking security interest in all personal property of the Club. Advances against this facility at March 31, 2023 were \$Nil (2022- \$Nil).

8. LEASE COMMITMENT

The Club has entered into a premises lease expiring on February 2026. The minimum annual payments, subject to adjustments for CPI (Consumer Price Index, All Items, for Toronto), are as follow:

Years ending March 31,	2024	\$	26,966
	2025		26,966
	2026		<u>24,719</u>
		\$	<u>101,388</u>

9. FINANCIAL RISK MANAGEMENT

The Club has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market (other price) risk, currency risk, credit risk, and liquidity risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Club's main credit risks relate to its accounts receivable. The Club provides credit to its clients in the normal course of operations.

It is management's opinion that the Club is not exposed to significant interest rate risk, market (other price) risk, currency risk, and liquidity risk arising from its financial instruments.

BOYS AND GIRLS CLUB OF PEEL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

10. IMPACT OF GLOBAL PANDEMIC OF COVID-19

As the pandemic continues to evolve with the emergence of new variants, organizations may experience conditions often associated with general economic downturn, including but not limited to, financial market volatility, declining credit, potential return of government intervention, changes in labour markets, and other restructuring activities. The continuation of these circumstances could have a negative impact on an organization's financial conditions and results. Further, inflation, supply-chain disruptions, and labour shortages are affecting companies in different industries to varying degrees.

The ongoing impact of the COVID-19 pandemic and the uncertain economic conditions affecting major markets and economies still remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Club for future periods.
