

Financial Statements of

**BOYS AND GIRLS CLUBS
OF CANADA**

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Boys and Girls Clubs of Canada

Opinion

We have audited the financial statements of Boys and Girls Clubs of Canada (the Entity), which comprise:

- the balance sheet as at December 31, 2023
- the statement of revenue and expenses for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of 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 auditor's report.

We are independent of the Entity 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.



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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Entity'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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

March 22, 2024

BOYS AND GIRLS CLUBS OF CANADA

Balance Sheet

December 31, 2023, with comparative information for 2022

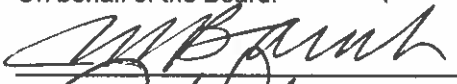
	2023	2022
Assets		
Current assets:		
Cash	\$ 3,064,491	\$ 1,126,556
Investments (note 2)	6,472,449	11,188,367
Grants and other receivables	1,261,909	1,366,746
Prepaid expenses	323,397	196,320
Due from related parties (note 3)	733,083	821,351
	<u>11,855,329</u>	<u>14,699,340</u>
Capital assets (note 4)	317,908	309,539
	<u>\$ 12,173,237</u>	<u>\$ 15,008,879</u>

Liabilities and Net Assets


Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 4,734,115	\$ 5,029,866
Deferred contributions (note 6)	5,541,760	7,596,303
	<u>10,275,875</u>	<u>12,626,169</u>
Net assets:		
Unrestricted	1,897,362	2,382,710
Commitments (note 9)		
	<u>\$ 12,173,237</u>	<u>\$ 15,008,879</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

BOYS AND GIRLS CLUBS OF CANADA

Statement of Revenue and Expenses

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Government	\$ 10,122,784	\$ 13,138,602
Donations	8,319,509	9,503,579
Member, service and event fees (note 8)	731,970	687,295
Boys and Girls Clubs of Canada Foundation (note 3)	781,704	344,983
Investment income and miscellaneous	353,799	243,060
Special events	127,060	184,104
	<u>20,436,826</u>	<u>24,101,623</u>
Expenses:		
Grants for specific activities	9,105,376	12,882,066
National programs	4,515,222	5,349,602
Support to Clubs, programs and services	4,434,666	3,714,228
Governance	261,666	172,433
Scholarships	182,828	102,465
	<u>18,499,758</u>	<u>22,220,794</u>
Administration	2,178,336	1,471,377
Amortization of capital assets	181,206	236,677
Special events	62,874	65,840
	<u>20,922,174</u>	<u>23,994,688</u>
Excess (deficiency) of revenue over expenses	\$ (485,348)	\$ 106,935

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF CANADA

Statement of Changes in Net Assets

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Balance, beginning of year	\$ 2,382,710	\$ 2,275,775
Excess (deficiency) of revenue over expenses	(485,348)	106,935
Balance, end of year	\$ 1,897,362	\$ 2,382,710

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF CANADA

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash flows provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (485,348)	\$ 106,935
Amortization which does not involve cash:		
Capital assets	181,206	236,677
Deferred leasehold inducement	—	(6,219)
Change in non-cash operating working capital:		
Grants and other receivables	104,837	51,335
Prepaid expenses	(127,077)	23,601
Accounts payable and accrued liabilities	(295,751)	2,420,981
Deferred contributions	(2,054,543)	(1,009,993)
Due from related parties	88,268	(133,137)
	<u>(2,588,408)</u>	<u>1,690,180</u>
Investing activities:		
Net sale (purchase) of investments	4,715,918	(1,548,135)
Purchase of capital assets	(189,575)	(194,855)
	<u>4,526,343</u>	<u>(1,742,990)</u>
Increase (decrease) in cash	1,937,935	(52,810)
Cash, beginning of year	1,126,556	1,179,366
Cash, end of year	<u>\$ 3,064,491</u>	<u>\$ 1,126,556</u>

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF CANADA

Notes to Financial Statements

Year ended December 31, 2023

The Boys and Girls Clubs of Canada (the "Organization") was formed to assist its member organizations to promote the health, social, educational, vocational and character development of boys and girls throughout Canada and to further the formation and assist in the development in Canada of Boys and Girls Clubs (the "Clubs").

Under the Income Tax Act (Canada), the Organization is classified as a registered charity and, accordingly, is not subject to income taxes. The Organization was incorporated on June 11, 1948 as a corporation without share capital under federal jurisdiction. The Organization was previously incorporated under the Canada Corporations Act and was continued under the Canada Not-for-profit Corporations Act in June 2013.

Effective March 31, 2021, the Organization began operating under the name BGC Canada for purposes of national brand awareness and to align with the inclusive practices of the Clubs. The Organization's legal name remains unchanged.

The Boys and Girls Clubs of Canada Foundation (the "Foundation") and the Organization are related as they share one board member and certain management members. The Organization has a financial interest in the Foundation as it receives annual funding from the Foundation. The Foundation was formed to make gifts, grants, contributions and donations to the Organization.

These financial statements reflect the assets, liabilities and operations of the Organization. They do not include the assets, liabilities and operations of the provincial entities, Clubs or the Foundation, which are incorporated separately and are not controlled or significantly influenced by the Organization.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions which include donations and government grants.

Program grants are recorded as revenue in the year to which they relate. Grants approved but not received at the end of an accounting year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in that subsequent year.

BOYS AND GIRLS CLUBS OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and subsequently measured at cost or amortized cost.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, the carrying amount is written down to its residual value.

BOYS AND GIRLS CLUBS OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer equipment and software	3 years
Office furniture and equipment	5 years
Leasehold improvements	Term of lease

(d) Donated materials:

Donated materials are recognized in these financial statements only when fair value can be reasonably estimated and the materials would otherwise be purchased by the Organization.

(e) Allocation of administration expenses:

The Organization classifies certain expenses on the statement of revenue and expenses by function. The Organization allocates certain costs by identifying the appropriate basis of allocating and applying that basis consistently each year. The Organization allocates salaries and administration expenses to Support to Clubs, National Programs and Governance proportionately based on the percentage of time spent by active employees per function.

(f) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates.

2. Investments:

The Organization has a business investment account with a balance of \$6,472,499 (2022 - \$11,188,367), bearing interest rate of 4.2% (2022 - 3.5%) per annum.

BOYS AND GIRLS CLUBS OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Related party transactions and balances:

(a) Boys and Girls of Canada Foundation:

Due from related parties includes the net amount of receivable from the Foundation of \$486,841 (2022 - \$763,285).

During the year, the Organization received \$781,704 (2022 - \$344,983) in grants from the Foundation and paid \$76,078 (2022 - \$79,754) of reimbursable expenses on behalf of the Foundation.

(b) Boys and Girls Clubs of Alberta:

The Organization is related to Boys and Girls Clubs of Alberta. The Organization provides governance, marketing, resource development and administrative support to achieve the same mission of both Organizations, in order to support its member Boys and Girls Clubs across the province of Alberta.

Due from related parties includes the receivable from Boys and Girls Club Alberta of \$246,242 (2022 - \$58,066).

During the year, the Organization paid \$128,280 (2022 - \$130,197) of reimbursable expenses on behalf of Boys and Girls Clubs of Alberta.

Transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

4. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment and software	\$ 645,029	\$ 482,423	\$ 162,606	\$ 203,690
Office furniture and equipment	127,756	47,410	80,346	72,285
Leasehold improvements	84,681	9,725	74,956	33,564
	<u>\$ 857,466</u>	<u>\$ 539,558</u>	<u>\$ 317,908</u>	<u>\$ 309,539</u>

BOYS AND GIRLS CLUBS OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2023 are government remittances payable of \$42,137 (2022 - \$7,310) relating to payroll taxes.

6. Deferred contributions:

Deferred contributions consist of funding provided by various contributors to be spent on designated projects and programs in the coming years.

	2023	2022
Balance, beginning of year	\$ 7,596,303	\$ 8,606,296
Amounts received to be spent in future years	1,930,757	1,778,494
Amounts recognized as revenue in current year	(3,985,300)	(2,788,487)
Balance, end of year	\$ 5,541,760	\$ 7,596,303

7. Unrestricted net assets:

Included in the unrestricted net assets is nil (2022 - \$114,152) of funds transferred in from the regional offices. These funds hold geographic restrictions in meeting the mandate of the Clubs.

8. Member, service and event fees:

	2023	2022
Fees:		
Member	\$ 511,535	\$ 415,391
Management	150,778	157,500
Other registrations	69,657	114,404
	\$ 731,970	\$ 687,295

BOYS AND GIRLS CLUBS OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

9. Commitments:

The minimum rental payments for premises and equipment under operating leases for each of the next five years and thereafter, are as follows:

2024	\$	301,600
2025		305,400
2026		327,800
2027		328,500
2028		337,800
Thereafter		315,100
	\$	1,916,200

10. Risk management:

Investments are primarily exposed to interest rate and market risks. The Organization has formal policies and procedures that address risk mitigation. There has been no change to the risk exposure from 2022.

Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Organization. The Organization manages this risk by holding guaranteed investment certificates and by staggering the terms of the securities held.

11. Allocation of expenses:

The Organization allocates salaries and administration expenses based on the percentage of time spent by active employees per function as follows:

	2023	2022
Support to Clubs, programs and services	\$ 2,904,842	\$ 2,534,468
National programs	1,149,713	1,169,000
Governance	213,704	118,029
Administration	2,068,424	1,307,061
	\$ 6,336,683	\$ 5,128,558