

Boys and Girls Clubs of Winnipeg Inc.
Financial Statements
December 31, 2023

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 "Agency"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes 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 accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at December 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 Agency 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 Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency'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.

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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 Agency'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 Agency'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 Agency 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

March 28, 2024

MNP LLP

Chartered Professional Accountants

Boys and Girls Clubs of Winnipeg Inc.

Statement of Financial Position

As at December 31, 2023

	2023	2022
Assets		
Current		
Cash and cash equivalents	2,752,390	2,618,155
Accounts receivable (Note 3)	78,846	50,916
Prepaid expenses	60,489	32,024
	2,891,725	2,701,095
Capital assets (Note 4)	67,668	88,887
Investments (Note 5)	63,723	62,060
Investments - restricted (Note 6), (Note 9)	769,316	704,690
	3,792,432	3,556,732
Liabilities		
Current		
Accounts payable and accrued expenses (Note 7)	339,997	159,416
Deferred contributions (Note 8)	1,113,798	1,074,087
	1,453,795	1,233,503
Deferred contributions - restricted (Note 6), (Note 9)	769,316	704,690
	2,223,111	1,938,193
Net Assets		
Invested in capital assets	67,668	88,887
Unrestricted net assets	1,501,653	1,529,652
	1,569,321	1,618,539
	3,792,432	3,556,732

Approved on behalf of the Board of Directors


Director


Director

Boys and Girls Clubs of Winnipeg Inc.

Statement of Operations

For the year ended December 31, 2023

	2023	2022
Revenue		
Operating contributions		
Province of Manitoba	473,950	474,050
United Way	534,844	529,069
City of Winnipeg	118,148	118,148
Winnipeg Foundation	47,457	-
COVID-19 pandemic funding	-	1,570
Special projects support and administration	419,055	487,164
Fundraising	55,600	101,842
Interest	75,538	23,791
Unrealized gain (loss) on investments	110	(4,197)
Donations	272,612	188,390
Special projects (Schedule 1)	2,660,674	2,673,188
	4,657,988	4,593,015
Expenses		
Amortization	21,219	20,977
Facilities	132,476	127,010
Fundraising	13,307	18,234
General	92,700	102,842
Programming and supplies	88,642	76,902
Professional fees	160,220	116,532
Salaries and benefits	1,504,965	1,430,602
Transportation	33,003	39,025
Special projects (Schedule 1)	2,660,674	2,673,167
	4,707,206	4,605,291
Deficiency of revenue over expenses	(49,218)	(12,276)

Boys and Girls Clubs of Winnipeg Inc. Statement of Changes in Net Assets

For the year ended December 31, 2023

	<i>Unrestricted net assets</i>	<i>Invested in capital assets</i>	2023	2022
Net assets beginning of year	1,529,652	88,887	1,618,539	1,630,815
Deficiency of revenue over expenses	(27,999)	(21,219)	(49,218)	(12,276)
Net assets, end of year	1,501,653	67,668	1,569,321	1,618,539

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, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	(49,218)	(12,276)
Amortization	21,219	20,977
Unrealized (gain) loss on investments	(110)	4,197
	(28,109)	12,898
Changes in working capital accounts		
Accounts receivable	(27,930)	(9,096)
Prepaid expenses	(28,465)	11,712
Accounts payable and accrued expenses	180,581	(17,754)
Deferred contributions	39,711	(196,351)
Deferred contributions - restricted	64,626	(49,832)
	200,414	(248,423)
Investing		
Purchase of capital assets	-	(96,670)
Change in investments - restricted	(64,626)	49,832
Change in investments - unrestricted	(1,553)	(1,554)
	(66,179)	(48,392)
Increase (decrease) in cash resources	134,235	(296,815)
Cash and cash equivalents, beginning of year	2,618,155	2,914,970
Cash and cash equivalents, end of year	2,752,390	2,618,155

Boys and Girls Clubs of Winnipeg Inc.

Notes to the Financial Statements

For the year ended December 31, 2023

1. Incorporation and nature of the agency

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 (deficiency) of revenue over expenses 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. 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.

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

Contributed materials and services

Contributions for materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Agency's operations and would otherwise have been purchased.

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 (deficiency) of revenues over expenses in the periods in which they become known.

Financial instruments

The Agency recognizes financial instruments when the Agency becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Agency may irrevocably elect to subsequently measure any arm's length 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 and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Agency's performance or value of its equity and those instruments designated at fair value, 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 excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Agency assesses impairment of all its financial assets measured at cost or amortized cost. The Agency groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Agency determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Agency reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Boys and Girls Clubs of Winnipeg Inc.
Notes to the Financial Statements
For the year ended December 31, 2023

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

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Agency reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the year the reversal occurs.

Government assistance

The Agency recognizes government assistance received (including grants, bursaries, and other financial support) as earned revenue in the period for which all obligations in relation to the assistance have been satisfied.

Customer's accounting for cloud computing arrangements

The Agency has applied the simplification approach to account for expenditures in a cloud computing arrangement. Under the simplification approach, the Agency recognizes expenditures related to the elements in the cloud computing arrangement as an expense as incurred.

3. Accounts receivable

	2023	2022
Trade receivables	65,250	35,834
Goods and Services Tax recoverable	13,596	15,082
	78,846	50,916

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

4. Capital assets

	Cost	Accumulated amortization	2023 Net book value
Automotive	338,965	271,297	67,668
Office equipment	51,480	51,480	-
Leasehold improvements	134,367	134,367	-
	524,812	457,144	67,668

	Cost	Accumulated amortization	2022 Net book value
Automotive	338,965	251,963	87,002
Office equipment	51,481	49,596	1,885
Leasehold improvements	134,366	134,366	-
	524,812	435,925	88,887

5. Investments

Investments include a corporate bond fund with an interest rate of 4.609% (2022 - 4.609%), maturing September 2025.

Boys and Girls Clubs of Winnipeg Inc.
Notes to the Financial Statements
For the year ended December 31, 2023

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 for the program is projected. The net increase in investments - restricted is \$64,626 (2022 decrease - \$49,832) and is reflected in deferred contributions - restricted.

7. Accounts payable and accrued expenses

	2023	2022
Trade accounts payable	330,670	149,407
Government remittances	9,327	10,009
	339,997	159,416

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:

	2023	2022
Balance, beginning of the year	1,074,087	1,270,438
Amount received during the year	3,545,247	3,066,115
Less: Amount recognized as revenue during the year	(3,505,536)	(3,262,466)
Balance, end of year	1,113,798	1,074,087

9. Deferred contributions - restricted

	2023	2022
Balance, beginning of the year	704,690	754,522
Unrealized gain (loss) on investments	37,414	(76,932)
Investment income, net of fees	27,212	27,100
Balance, end of year	769,316	704,690

10. Charitable donations

Charitable donation receipts for income tax purposes have been issued by the Agency in the amount of \$73,016 (2022 - \$184,995).

11. Commitments

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

2024	96,300
2025	96,300
2026	96,300
2027	24,075

12. 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 United Way. The Agency's ability to continue as a going concern depends on maintaining these contributions.

13. Financial instruments

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.

14. 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 \$299,339 (2022 - \$265,674).

Boys and Girls Clubs of Winnipeg Inc.
Schedule 1 - Special Projects
For the year ended December 31, 2023

	2023	2022
Revenue		
Province of Manitoba	1,480,074	1,452,840
United Way	134,783	140,076
City of Winnipeg	68,008	84,500
The Winnipeg Foundation	64,948	85,727
Government of Canada	100,520	98,914
Boys and Girls Clubs of Canada	239,698	250,491
Other Supporters	572,643	560,640
Total revenues from Special Projects	2,660,674	2,673,188
Expenses		
Facilities	45,621	39,671
General	30,942	351,303
Programming and supplies	1,161,166	970,541
Salaries and benefits	1,387,339	1,279,171
Transportation	35,606	32,481
Total expenses from Special Projects	2,660,674	2,673,167
Excess of revenues over expenses	-	21