

Financial statements

BGC Foundation of South Coast BC

(formerly The Boys' and Girls' Clubs of Greater Vancouver Foundation)

December 31, 2012

# Contents

	<b>Page</b>
Independent auditor's report	1-2
Statements of financial position	3
Statements of operations	4
Statements of changes in fund balances	5
Statements of cash flows	6
Notes to the financial statements	7-14

# Independent auditor's report

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To the Board of Directors of

BGC Foundation of South Coast BC  
(formerly The Boys' and Girls' Clubs of Greater Vancouver Foundation)

We have audited the accompanying financial statements of the BGC Foundation of South Coast BC, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, and the statements of operations, changes in fund balances, and cash flows for the years ended December 31, 2012 and December 31, 2011, 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.

## Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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, the financial statements present fairly, in all material respects, the financial position of the BGC Foundation of South Coast BC as at December 31, 2012, December 31, 2011 and January 1, 2011, and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011, in accordance with Canadian accounting standards for not-for-profit organizations.

*Grant Thornton LLP*

Vancouver, Canada

May 16, 2013

Chartered accountants

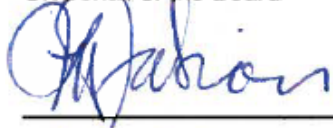
# BGC Foundation of South Coast BC

(formerly The Boys' and Girls' Clubs of Greater Vancouver Foundation)

## Statements of financial position

	December 31 2012	December 31 2011	January 1 2011 (Note 3)
<b>Assets</b>			
Cash and cash equivalents	\$ 793,411	\$ 978,444	\$ 914,154
Receivables (Note 4)	105,078	74,630	11,426
Investments (Note 5)	1,326,922	1,225,677	1,176,256
Property and equipment (Note 6)	<u>203,639</u>	<u>228,187</u>	<u>253,810</u>
	<u>\$ 2,429,050</u>	<u>\$ 2,506,938</u>	<u>\$ 2,355,646</u>
<b>Liabilities</b>			
Payables and accruals			
Due to the Agency (Note 10)	\$ 46,803	\$ 210,255	\$ 117,815
Other	5,576	5,539	23,663
Deferred revenue	<u>-</u>	<u>-</u>	<u>12,500</u>
	<u>52,379</u>	<u>215,794</u>	<u>153,978</u>
<b>Fund balances</b>			
Property and equipment fund	203,639	228,187	253,810
Restricted fund (Note 7)	76,397	67,197	68,100
Endowment funds (Note 8)	1,699,315	1,692,715	1,683,864
Unrestricted	<u>397,320</u>	<u>303,045</u>	<u>195,894</u>
	<u>2,376,671</u>	<u>2,291,144</u>	<u>2,201,668</u>
	<u>\$ 2,429,050</u>	<u>\$ 2,506,938</u>	<u>\$ 2,355,646</u>

On behalf of the Board



Director

Lothar Fabian.  
Secretary Treasurer.



Director

Tom Haberstroh.

See accompanying notes to the financial statements.

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**BGC Foundation of South Coast BC**  
(formerly The Boys' and Girls' Clubs of Greater Vancouver Foundation)  
**Statements of operations**

Year ended December 31	2012	2011
Revenue		
Investment income	\$ 59,872	\$ 44,149
Gain on investments	43,920	6,523
Lease income (Note 10)	126,000	126,000
Appeals	115,803	29,907
Major gifts corporate (Note 9)	1,105,604	949,604
Major gifts individuals (Note 9)	411,138	380,517
Special events	311,176	618,933
Third party events	270,205	147,720
Fundraising contract	-	12,500
	<b>2,443,718</b>	<b>2,315,853</b>
Expense		
Salaries	162,691	68,000
Fundraising contract staff	-	18,230
Special events	109,568	279,871
Third party events	47,979	13,903
Stewardship and recognition	569	198
Office supplies	8,304	9,730
Purchased services	5,550	3,916
Other expenses	10,582	5,757
Administration allocation from the Agency (Note 10)	120,000	110,000
	<b>465,243</b>	<b>509,605</b>
Excess of revenue over expense from operations before amortization	<b>1,978,475</b>	<b>1,806,248</b>
Amortization	<b>24,548</b>	<b>25,623</b>
Excess of revenue over expense from operations	<b>1,953,927</b>	<b>1,780,625</b>
Annual grant to the Agency (Note 10)	<b>1,875,000</b>	<b>1,700,000</b>
Excess of revenue over expense	<b>\$ 78,927</b>	<b>\$ 80,625</b>

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See accompanying notes to the financial statements.

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# BGC Foundation of South Coast BC

(formerly The Boys' and Girls' Clubs of Greater Vancouver Foundation)

## Statements of changes in fund balances

Year ended December 31

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	<b>Property and Equipment</b>	<b>Restricted</b>	<b>Endowment</b>	<b>Unrestricted</b>	<b>Total</b>
	(Note 6)	(Note 7)	(Note 8)		
Fund balances, January 1, 2011	\$ 253,810	\$ 68,100	\$ 1,683,864	\$ 195,894	\$ 2,201,668
Excess of revenue over expenses before other items	-	-	-	1,806,248	1,806,248
Decrease in market value of restricted funds	-	(903)	-	903	-
Amortization	(25,623)	-	-	-	(25,623)
Annual grant to Agency	-	-	-	(1,700,000)	(1,700,000)
(Deficiency) excess of revenue over Expense	(25,623)	(903)	-	107,151	80,625
Endowment contributions	-	-	8,851	-	8,851
Fund balances, December 31, 2011	228,187	67,197	1,692,715	303,045	2,291,144
Excess of revenue over expenses before other items	-	-	-	1,978,475	1,978,475
Increase in market value of restricted funds	-	9,200	-	(9,200)	-
Amortization	(24,548)	-	-	-	(24,548)
Annual grant to the Agency	-	-	-	(1,875,000)	(1,875,000)
(Deficiency) excess of revenue over expense	(24,548)	9,200	-	94,275	78,927
Endowment contributions	-	-	6,600	-	6,600
<b>Fund balances, December 31, 2012</b>	<b>\$ 203,639</b>	<b>\$ 76,397</b>	<b>\$ 1,699,315</b>	<b>\$ 397,320</b>	<b>\$ 2,376,671</b>

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See accompanying notes to the financial statements.

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# BGC Foundation of South Coast BC

(formerly The Boys' and Girls' Clubs of Greater Vancouver Foundation)

## Statements of cash flows

Year ended December 31	2012	2011
Cash flows provided by (used in)		
<b>Operating activities</b>		
Excess of revenue over expense	\$ 78,927	\$ 80,625
Amortization	24,548	25,623
Unrealized gain on investments	(43,920)	(6,523)
Change in non-cash operating working capital		
Receivables	(30,448)	(63,204)
Due to the Agency	(163,452)	92,440
Other payables and accruals	37	(18,124)
Deferred revenue	-	(12,500)
	<u>(134,308)</u>	<u>98,337</u>
<b>Investing activities</b>		
Endowment contributions	6,600	8,851
Investments	(57,325)	(42,898)
	<u>(50,725)</u>	<u>(34,047)</u>
(Decrease) increase in cash and cash equivalents	(185,033)	64,290
Cash and cash equivalents, beginning of year	<u>978,444</u>	<u>914,154</u>
Cash and cash equivalents, end of year	\$ <u>793,411</u>	\$ <u>978,444</u>

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See accompanying notes to the financial statements.



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# **BGC Foundation of South Coast BC**

(formerly The Boys' and Girls' Clubs of Greater Vancouver Foundation)

## **Notes to the financial statements**

December 31, 2012

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### **1. Purpose of the Foundation**

BGC Foundation of South Coast BC (the "Foundation") (formerly The Boys' and Girls' Clubs of Greater Vancouver Foundation) was incorporated in 1994 under the Society Act of British Columbia and is a registered charity under the Income Tax Act. The purpose of the Foundation is to raise funds and steward assets to support the work of Boys & Girls Clubs of South Coast BC (the "Agency") in perpetuity.

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### **2. Summary of significant accounting policies**

#### **Basis of presentation**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Use of estimates**

In conformity with Canadian accounting standards for not-for-profit organizations, management is required to make estimates and assumptions that could 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 expense during the year. Actual results could differ from those reported.

#### **Financial instruments**

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and cash equivalents and receivables.

Financial liabilities measured at amortized cost include payables and accruals.

The investments in pooled funds are valued at the unit values supplied by the pooled fund administrator which represent the Foundation's proportionate share of underlying net assets at fair values determined using closing market prices.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less.

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# **BGC Foundation of South Coast BC**

(formerly The Boys' and Girls' Clubs of Greater Vancouver Foundation)

## **Notes to the financial statements**

December 31, 2012

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### **2. Summary of significant accounting policies (continued)**

#### **Property and equipment**

Purchased property and equipment is recorded at cost. Contributed property and equipment is recorded at fair value at the date of contribution.

Amortization is provided on the straight-line basis over the assets' estimated useful lives, which for the buildings is 20 years.

Computer software and hardware are amortized on a declining balance basis at a rate of 55%.

#### **Revenue recognition**

The Foundation follows the deferral method of accounting for revenue. Endowment contributions are recognized as direct increases in the endowment fund balance when received. Unrestricted revenue is recognized when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### **Fund accounting**

Endowment funds are amounts received from donors who specify that the Foundation must invest the donation to earn income. This income may be applied towards the Foundation's purposes.

#### **Gifts in kind**

Donations of products which the Foundation would otherwise have purchased are recognized as revenue at their fair market value.

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### **3. First-time adoption of accounting standards for not-for-profit organizations**

These are the Foundation's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations. The date of transition to these standards is January 1, 2011.

These financial statements have been prepared using policies specified by those standards that are in effect at the end of the reporting period ended December 31, 2012. The significant accounting policies that have been applied in the presentation of these financial statements are summarized in Note 2. These significant accounting policies have been applied throughout all periods presented in these financial statements.

The Foundation has also applied The Canadian Institute of Chartered Accountants Handbook Section 1501 *First-time Adoption* in preparing these financial statements. The Foundation has applied all of the mandatory exceptions and has not applied any of the optional exemptions.

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# **BGC Foundation of South Coast BC**

(formerly The Boys' and Girls' Clubs of Greater Vancouver Foundation)

## **Notes to the financial statements**

December 31, 2012

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### **3. First-time adoption of accounting standards for not-for-profit organizations** (continued)

The Foundation's transition from Canadian generally accepted accounting principles to Canadian accounting standards for not-for-profit organizations had no impact to the Foundation's statements of financial position as at January 1, 2011, or the statements of operations, changes in fund balances or cash flows for the year ended December 31, 2011.

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### **4. Receivables**

Included in receivables are pledges that total \$10,000 (December 31, 2011: \$10,000; January 1, 2011: \$6,000). The amount has been recorded as revenue for the current year.

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<b>5. Investments</b>	<b>December 31 2012</b>	December 31 2011	January 1 2011
Investments in pooled funds	\$ <b>1,250,525</b>	\$ 1,158,480	\$ 1,108,156
Equity fund investments (Note 7)	<u>76,397</u>	<u>67,197</u>	<u>68,100</u>
	\$ <u><b>1,326,922</b></u>	\$ <u>1,225,677</u>	\$ <u>1,176,256</u>

The investments in pooled funds have contributed principal of \$939,798 (December 31, 2011: \$939,798; January 1, 2011: \$939,798).

The equity fund investments have a contributed principal of \$50,000 (December 31, 2011: \$50,000; January 1, 2011: \$50,000).

Due to the inherent nature of pooled funds, it is not possible to determine the weighted average yield or maturity date.

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**BGC Foundation of South Coast BC**  
(formerly The Boys' and Girls' Clubs of Greater Vancouver Foundation)  
**Notes to the financial statements**  
December 31, 2012

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**6. Property and equipment**

	<u>Cost</u>	<u>Accumulated amortization</u>	<b>December 31 2012 Net book value</b>
Land	\$ 5,000	\$ -	\$ <b>5,000</b>
Buildings	473,339	275,420	<b>197,919</b>
Computer software	25,044	24,582	<b>462</b>
Computer hardware	14,003	13,745	<b>258</b>
	<u>\$ 517,386</u>	<u>\$ 313,747</u>	<u>\$ <b>203,639</b></u>
			December 31 2011
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
Land	\$ 5,000	\$ -	\$ 5,000
Buildings	473,339	251,753	221,586
Computer software	25,044	24,017	1,027
Computer hardware	14,003	13,429	574
	<u>\$ 517,386</u>	<u>\$ 289,199</u>	<u>\$ 228,187</u>
			January 1 2011
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
Land	\$ 5,000	\$ -	\$ 5,000
Buildings	473,339	228,087	245,252
Computer software	25,044	22,762	2,282
Computer hardware	14,003	12,727	1,276
	<u>\$ 517,386</u>	<u>\$ 263,576</u>	<u>\$ 253,810</u>

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**7. Restricted fund**

The Rudy and Patricia North Endowment Fund, which is invested in equity pooled funds, includes restricted 10-year gifts received in 2000 and 2004.

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# BGC Foundation of South Coast BC

(formerly The Boys' and Girls' Clubs of Greater Vancouver Foundation)

## Notes to the financial statements

December 31, 2012

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### 8. Endowment funds

	Balance, beginning of year	<u>Contributions</u>	Balance, end of year
Anna and Joe Jetter Endowment Fund	\$ 72,747	\$ -	\$ 72,747
Boys' and Girls' Clubs of Greater Vancouver Fund	59,242	-	59,242
Camp Potlatch Fund	9,115	-	9,115
Davis & Company Endowment Fund	4,000	-	4,000
Doug and Ellen Rowa Endowment Fund	36,850	700	37,550
E.H. McCaffery Endowment Fund	12,703	-	12,703
Eaton Spencer Retired Employees' Fund	16,662	-	16,662
Elizabeth MacLeod Fund	5,000	-	5,000
Fred Withers and Kathy Jones Fund	73,000	5,000	78,000
George Bulmer Endowment Fund	4,912	-	4,912
H.C. Millham Endowment Fund	11,625	-	11,625
Honorary Directors Endowment Fund	44,923	-	44,923
Ian M. Adam Endowment Fund	10,375	150	10,525
Mark and Diana Sonne Endowment	30,000	-	30,000
Merv Ovesen Fund	2,284	-	2,284
Molly and Bob Hole Endowment Fund	935,000	-	935,000
Paul Henderson Endowment Fund	1,653	-	1,653
Robert and Elizabeth Foster Fund	35,000	-	35,000
Terry and Linda Holland Endowment Fund	60,500	-	60,500
The Jean Beaty Endowment Fund	17,250	-	17,250
The Raven Foundation	127,348	-	127,348
The Richard Ryan Endowment Fund	25,627	750	26,377
Webster Summer Activities Fund	96,899	-	96,899
	<u>\$ 1,692,715</u>	<u>\$ 6,600</u>	<u>\$ 1,699,315</u>

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# BGC Foundation of South Coast BC

(formerly The Boys' and Girls' Clubs of Greater Vancouver Foundation)

## Notes to the financial statements

December 31, 2012

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### 9. Foundations

#### Vancouver Foundation endowment funds

Endowment funds held by the Vancouver Foundation are permanent externally held endowments, only the interest of which is available for the benefit of the Foundation. These endowment funds are not included in the financial statements.

	2012		2011	
	<u>Market Value</u>	<u>Contributed Principal</u>	<u>Market Value</u>	<u>Contributed Principal</u>
The Foundation				
Endowment Fund	\$ 1,688,352	\$ 1,139,736	\$ 1,639,038	\$ 1,139,736
The Agency Bursary Fund	<u>181,482</u>	<u>160,100</u>	<u>176,181</u>	<u>160,100</u>
	<u>\$ 1,869,834</u>	<u>\$ 1,299,836</u>	<u>\$ 1,815,219</u>	<u>\$ 1,299,836</u>

During 2012, the Foundation received \$78,582 (2011: \$69,047) from these endowment funds. The Foundation also received \$98,639 from the Vancouver Foundation (2011: \$73,348).

#### Edmonton Community Foundation

The Edmonton Community Foundation owns and manages funds received from George and Rae Poole. 50% of the annual income is to be distributed in British Columbia and the Foundation is a preferred applicant. An annual grant to the Foundation is subject to the approval of the Board of Directors of the Edmonton Community Foundation.

During 2012, the Foundation received \$61,900 (2011: \$63,829) from this endowment.

#### Other foundations

During 2012, the Foundation received \$619,291 (2011: \$601,121) from other foundations, notably: \$30,000 (2011: \$40,000) from the 1988 Foundation, \$3,000 (2011: \$26,000) from the RBC Foundation, \$175,000 (2011: \$125,000) from the Jays Care Foundation, \$66,112 (2011: \$67,012) from the Canadian Tire Foundation for Families, and \$54,824 (2011: \$30,459) from the Canadian Women's Foundation.

The above noted receipts are reflected as major gifts corporate and major gifts individual in the statement of revenue and expense.

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# **BGC Foundation of South Coast BC**

(formerly The Boys' and Girls' Clubs of Greater Vancouver Foundation)

## **Notes to the financial statements**

December 31, 2012

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### **10. Related party transactions**

During the year, the Foundation contributed \$1,875,000 (2011: \$1,700,000) to the Agency.

Based on a formal agreement between the Agency and the Foundation Boards, the Foundation paid an administration allocation of \$120,000 (2011: \$110,000) to the Agency. This allocation represents the Foundation's share of the salaries and administration costs that are incurred and paid by the Agency on behalf of the Foundation.

The Foundation collects annual lease income of \$126,000 (2011: \$126,000) from leasing Camp Potlatch to the Agency. The Foundation committed to leasing the camp to 2021.

The payable of \$46,803 (December 31, 2011: \$210,255; January 1, 2011: \$117,815) represents support obligations to the Agency and will be reduced through future disbursements.

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### **11. Financial instruments**

#### *Fair value*

The Foundation's financial instruments include cash and cash equivalents, receivables, investments, and payables and accruals.

The carrying amount of financial assets measured at amortized cost is \$898,489 as at December 31, 2012 (December 31, 2011: \$1,053,074; January 1, 2011: \$925,580).

The carrying amount of financial assets measured at fair value is \$1,326,922 as at December 31, 2012 (December 31, 2011: \$1,225,677; January 1, 2011: \$1,176,256).

The carrying amount of financial liabilities measured at amortized cost is \$52,379 as at December 31, 2012 (December 31, 2011: \$215,794; January 1, 2011: \$141,478).

The fair value of financial instruments approximates the carrying value as at December 31, 2012. The Foundation has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk.

#### *Credit risk*

The Foundation is exposed to the credit risk that a counterparty defaults or becomes insolvent. The Foundation's investments in pooled funds hold debt securities that are exposed to such risks. Management believes that the Foundation is not exposed to credit risks on its receivables as this balance was collected in full after year end.

#### *Liquidity risk*

Liquidity risk is the risk that the Foundation cannot meet a demand for cash or fund its obligations as they come due. The Foundation's management monitors cash flows on a regular basis to ensure the Foundation has enough readily available funds to cover its financial obligations as they come due.

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# **BGC Foundation of South Coast BC**

(formerly The Boys' and Girls' Clubs of Greater Vancouver Foundation)

## **Notes to the financial statements**

December 31, 2012

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### **11. Financial instruments (continued)**

#### *Market risk*

The Foundation has exposure to market risks from its use of financial instruments. Market risks are the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. Other price risk includes those arising from foreign exchange rates and interest rates. The Foundation is exposed to fair value and other price risks on its investments held.

The Foundation manages its market risks on its investments by investing in funds that have a well diversified portfolio of securities. The Foundation manages its credit risk through its investment policy.

It is management's opinion that the Foundation is not exposed to liquidity risk arising from these financial instruments.



