

BGC Ottawa
Financial Statements
For the year ended December 31, 2022

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Independent Auditor's Report

To the Directors of BGC Ottawa

Opinion

We have audited the financial statements of BGC Ottawa (the Club), which comprise the statement of financial position as at December 31, 2022, and the results 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 Club as at December 31, 2022, and its statements of operations, changes in net assets and 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 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:

- 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 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 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.

Supplementary Financial Information

The supplementary information presented at pages 14 to 15 was derived from the underlying accounting and other records used to prepare the financial statements. The supplementary information is presented for the purposes of additional information, are not a required part of the financial statements and are marked as unaudited. Such supplementary information is the responsibility of management.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
May 10, 2023

BGC Ottawa Statement of Financial Position

For the year ended December 31	Operating Fund	Investment Fund	2022	2021
Assets				
Current				
Cash and cash equivalents (Note 2)	\$ 1,221,669	\$ 298,857	\$ 1,520,526	\$ 2,747,841
Term deposits	28,653	-	28,653	383,572
Accounts receivable	321,817	1,742	323,559	2,687,171
Donation pledges	133,753	-	133,753	30,000
Prepaid expenses	113,917	-	113,917	66,688
	<u>1,819,809</u>	<u>300,599</u>	<u>2,120,408</u>	<u>5,915,272</u>
Tangible capital assets (Note 3)	12,789,727	-	12,789,727	12,413,843
Investments (Note 2)	-	707,816	707,816	335,401
	<u>\$ 14,609,536</u>	<u>\$ 1,008,415</u>	<u>\$ 15,617,951</u>	<u>\$ 18,664,516</u>
Liabilities and Net Assets				
Current				
Demand loans (Note 4)	\$ 335,000	-	\$ 335,000	\$ 1,400,000
Accounts payable and accrued liabilities	364,058	-	364,058	2,287,430
Deferred contributions (Note 6)	1,547,366	-	1,547,366	2,279,547
Current portion of long-term debt (Note 5)	39,360	-	39,360	-
	<u>2,285,784</u>	<u>-</u>	<u>2,285,784</u>	<u>5,966,977</u>
Deferred contributions related to tangible capital assets (Note 7)	10,430,961	-	10,430,961	9,909,907
Long-term debt (Note 5)	409,189	-	409,189	-
	<u>13,125,934</u>	<u>-</u>	<u>13,125,934</u>	<u>15,876,884</u>
Net Assets				
Invested in tangible capital assets (Note 8)	1,910,217	-	1,910,217	2,503,936
Externally restricted	-	-	-	76,879
Internally restricted - Contingency fund (Note 9)	-	850,000	850,000	850,000
Unrestricted	(426,615)	158,415	(268,200)	(643,183)
	<u>1,483,602</u>	<u>1,008,415</u>	<u>2,492,017</u>	<u>2,787,632</u>
	<u>\$ 14,609,536</u>	<u>\$ 1,008,415</u>	<u>\$ 15,617,951</u>	<u>\$ 18,664,516</u>

On behalf of the Board:

_____ Director

_____ Director

BGC Ottawa
Statement of Changes in Net Assets

For the year ended December 31	Operating Fund	Investment Fund	2022	2021
Balance, beginning of the year	\$ 1,418,114	\$ 1,369,518	\$ 2,787,632	\$ 2,872,309
Excess (deficiency) of revenues over expenses	(261,391)	(34,224)	(295,615)	(84,677)
Transfer (from investment fund) to operating fund	326,879	(326,879)	-	-
Balance, end of the year	\$ 1,483,602	\$ 1,008,415	\$ 2,492,017	\$ 2,787,632

BGC Ottawa
Statement of Operations

For the year ended December 31	Operating Fund	Investment Fund	2022	2021
Revenues				
Grants				
City of Ottawa	\$ 1,030,214	\$ -	\$ 1,030,214	\$ 1,340,952
Government of Canada - Employment Grants	209,663	-	209,663	171,075
Government of Canada - Canada Emergency Wage Subsidy	-	-	-	384,965
Other grants	1,274,139	-	1,274,139	790,096
Province of Ontario - A802, A804 and A905	798,530	-	798,530	799,731
Province of Ontario - Other	181,290	-	181,290	110,000
United Way East / Centraide Est Ontario	457,701	-	457,701	423,453
Donations	2,708,236	-	2,708,236	1,502,511
Fundraising events	1,101,748	-	1,101,748	1,090,506
Amortization of deferred contributions related to tangible capital assets (Note 7)	459,570	-	459,570	326,048
Rentals	383,615	-	383,615	111,050
Camp fees	88,331	-	88,331	34,660
Sponsorship	25,000	-	25,000	18,328
Other	5,747	-	5,747	16,111
Investment income (loss)	372	(24,027)	(23,655)	74,901
	<u>8,724,156</u>	<u>(24,027)</u>	<u>8,700,129</u>	<u>7,194,387</u>
Expenses				
Amortization of tangible capital assets	627,575	-	627,575	454,028
Bad debts	-	-	-	124
Employee benefits	732,479	-	732,479	613,305
Fundraising expenses	221,839	-	221,839	156,001
Gain (loss) on disposal of tangible capital assets	17,500	-	17,500	(17,500)
Occupancy costs	910,227	-	910,227	717,044
Office expenses	335,908	-	335,908	167,796
Professional fees	136,844	10,197	147,041	155,779
Program costs	640,618	-	640,618	654,906
Salaries	5,277,838	-	5,277,838	4,327,679
Transportation	84,719	-	84,719	49,902
	<u>8,985,547</u>	<u>10,197</u>	<u>8,995,744</u>	<u>7,279,064</u>
Excess (deficiency) of revenues over expenses	<u>\$ (261,391)</u>	<u>\$ (34,224)</u>	<u>\$ (295,615)</u>	<u>\$ (84,677)</u>

The notes are an integral part of these financial statements.

BGC Ottawa
Statement of Cash Flows

For the year ended December 31	2022	2021
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ (295,615)	\$ (84,677)
Items not affecting cash:		
Amortization of deferred contributions related to tangible capital assets	(459,570)	(326,048)
Amortization of tangible capital assets	627,575	454,028
	(127,610)	43,303
Changes in non-cash working capital:		
Accounts receivable	2,363,612	(2,467,598)
Donation pledges	(103,753)	250,000
Prepaid expenses	(47,229)	(47,737)
Accounts payable and accrued liabilities	(1,923,372)	1,918,936
Deferred contributions	(732,181)	543,498
	(570,533)	240,402
Cash flows from investing activities		
Change in investments and term deposits	(17,496)	122,859
Acquisition of tangible capital assets	(1,003,459)	(5,024,498)
Deferred contributions related to tangible capital assets	980,624	3,587,705
	(40,331)	(1,313,934)
Cash flows from financing activities		
Proceeds of long-term debt	458,389	-
Repayment of long-term debt	(9,840)	-
Increase in demand loans	335,000	1,400,000
Repayment of demand loans	(1,400,000)	-
	(616,451)	1,400,000
Net (decrease) increase in cash and cash equivalents	(1,227,315)	326,468
Cash and cash equivalents, beginning of the year	2,747,841	2,421,373
Cash and cash equivalents, end of the year	\$ 1,520,526	\$ 2,747,841
Represented by:		
Operating fund, cash	\$ 1,221,669	\$ 1,714,847
Investment fund, cash and cash equivalents	298,857	1,032,994
	\$ 1,520,526	\$ 2,747,841

BGC Ottawa
Notes to Financial Statements

December 31, 2022

1. Accounting Policies

Purpose of Organization	BGC Ottawa (the Club) is a charitable organization incorporated without share capital under the Ontario Corporations Act. The Club's purpose is to provide a safe, supportive place where children and youth can experience new opportunities, overcome barriers, build positive relationships and develop confidence and skills for life. The Club is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.
Basis of Accounting	The Club applies the Canadian accounting standards for not-for-profit organizations.
Use of Estimates	The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the year covered. The main estimates relate to useful lives of tangible capital assets, valuation of accounts receivable and the collectibility of donation pledges.
Fund Accounting	<p>The operating fund accounts for current operations and programs as well as the revenues and expenses related to the Club's tangible capital assets. Unrestricted contributions and restricted contributions to be used for operations are reported in this fund.</p> <p>The investment fund accounts for externally restricted bequests with the primary purpose of earning income to fund specific purposes, net assets internally restricted for contingencies and revenue and expenses related to investments held by the Club.</p>
Revenue Recognition	<p>The Club follows the restricted fund method. Under this method, externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. If there is no fund relating to the restricted contribution, they are recognized in the operating fund and are deferred until the corresponding expense has been made. Unrestricted contributions are recognized as revenues in the operating fund.</p> <p>Donation pledges are recognized when the funds are received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.</p> <p>Camp fees, purchase of service, rental revenue and sponsorships are recognized as revenue when the event occurs or the service is provided.</p> <p>Investment income is recognized as revenue in the year in which it is earned.</p>

BGC Ottawa
Notes to Financial Statements

December 31, 2022

1. Accounting Policies (continued)

Cash and Cash Equivalents Cash and cash equivalents includes bank balances, including mutual fund savings accounts.

Financial Instruments Initial and subsequent measurement
The Club initially measures its financial assets and liabilities at fair value. The Club subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which consist of money market funds, fixed income investments and equities, and are measured at fair value. Changes in fair value of these financial instruments are recognized in the statement of operations in the year incurred.

Impairment
Financial assets measured at amortized cost are tested for impairment when there are indications of possible impairment.

Transaction costs
Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of operations in the year incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations over the life of the instrument using the straight-line method.

Tangible Capital Assets Tangible capital assets are accounted for at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution. Amortization is provided on the basis of their useful lives using the straight-line method and following durations.

Construction in progress is not amortized until the tangible capital asset is substantially complete and ready for use.

Buildings	25 years
Furniture and equipment	3-10 years
Vehicles	5 years
Software	2 years

BGC Ottawa
Notes to Financial Statements

December 31, 2022

1. Accounting Policies (continued)

Contributed Services	Volunteers contribute many hours per year to assist the Club in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
Contributed Materials	Contributed materials and services which are used in the normal course of the Club's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if the fair value is known.
Deferred Contributions Related to Tangible Capital Assets	Contributions relating to tangible capital assets are accounted for as deferred contributions and amortized on the same basis as the related tangible capital assets.

2. Investments

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 298,857	\$ 1,032,994
Long-term Investments (measured at fair value)		
Quoted shares	\$ 406,488	\$ 244,463
Mutual funds	301,328	-
Corporate and government bonds, matured in the year	-	90,938
	<u>\$ 707,816</u>	<u>\$ 335,401</u>

BGC Ottawa
Notes to Financial Statements

December 31, 2022

3. Tangible Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Land	\$ 64,855	\$ -	\$ 64,855	\$ 64,855
Buildings	15,496,515	3,491,413	12,005,102	7,524,089
Building under development	316,595	-	316,595	4,550,110
Furniture and equipment	470,111	184,490	285,621	170,347
Vehicles	229,036	159,130	69,906	39,999
Software	128,809	81,161	47,648	64,443
	<u>\$16,705,921</u>	<u>\$ 3,916,194</u>	<u>\$12,789,727</u>	<u>\$ 12,413,843</u>

The fair value of the contributed original Police Youth Center property is not determinable and accordingly this asset is stated at nominal value.

The Don McGahan Club House is constructed on land leased for 99 years to 2068 from the Ottawa-Carleton District School Board for \$1 per year.

The Ron Kolbus Club House is constructed on land leased for 99 years to 2078 from the Muslim Association of Canada for \$1 per year.

The Taggart Parkes Family Clubhouse is constructed on land leased for 50 years to 2071 from the City of Ottawa for \$1 per year.

4. Credit Facilities

The Club holds credit facilities for the purpose of financing the Taggart Parkes Family Clubhouse construction which are as follows:

- Revolving demand loan of \$500,000, repayable on demand, plus monthly interest at prime plus 0.75% per annum.
- Revolving demand loan of \$1,150,000, repayable on demand, plus monthly interest at prime plus 1.63% per annum. \$500,000 of this demand loan is to be repaid in full and cancelled on January 30, 2023.
- Revolving demand facility for letter of credit in the amount of \$28,653.

The loans are secured by a general security agreement covering all assets of the Club and term deposits of \$28,653, first ranking security interest on the investments and a letter agreement signed by Taggart Parkes. As at December 31, 2022, the Club had an undrawn credit capacity of \$1,315,000.

BGC Ottawa
Notes to Financial Statements

December 31, 2022

5. Long-term Debt

	2022	2021
Non-revolving term loan, prime plus 2.55%, due March 2027, payable by monthly instalments of \$3,280 plus interest, secured by the assets outlined in note 4.	\$ 448,549	\$ -
Less: current portion	39,360	-
	\$ 409,189	\$ -

The principal repayments to be made during the next five years are as follows: 2023, \$39,360; 2024, \$39,360; 2025, \$39,360; 2026, \$39,360; 2027, \$39,360. These payments have been calculated under the assumption that the repayment plan will be successfully renewed, based on the present payment terms and interest rates.

6. Deferred Contributions

Deferred contributions reported in the operating fund represent grants and other externally restricted amounts related to subsequent years or for which the related expenses have not yet been incurred. The major components of the ending balance are as follows:

	2022	2021
Scholarships		
Balance, beginning of the year	\$ 181,872	\$ 167,644
Plus: amounts received during the year	60,991	74,478
Less: amounts recognized as revenue in the year	(65,000)	(60,250)
Balance, end of the year	177,863	181,872
Program contributions		
Balance, beginning of the year	2,097,675	1,568,405
Plus: amounts received during the year	3,442,678	1,954,638
Less: amounts recognized as revenue in the year	(4,170,850)	(1,425,368)
Balance, end of the year	1,369,503	2,097,675
Total deferred contributions, end of the year	\$ 1,547,366	\$ 2,279,547

BGC Ottawa
Notes to Financial Statements

December 31, 2022

7. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to tangible capital assets represents contributions received for the acquisition of tangible capital assets and restricted contributions relating to the development of the Club's buildings. The variations in the balance of deferred contributions are as follows:

	2022	2021
Balance, beginning of year	\$ 9,909,907	\$ 6,648,250
Plus: amount received during the year	980,624	3,587,705
Less: amount amortized to operations	(459,570)	(326,048)
	\$10,430,961	\$ 9,909,907

As at December 31, 2022, \$4,319,885 (2021 - \$3,556,337) were deferred contributions related to the Taggart Parkes Family Clubhouse recorded under tangible capital assets.

8. Net Assets Invested in Tangible Capital Assets

Net assets invested in tangible capital assets consist of the net carrying amount of tangible capital assets less the unamortized balance of deferred contributions related to tangible capital assets collected by the Club, loan and long term debt balances, net contributions collected for future renovations.

	2022	2021
Invested in tangible capital assets	\$12,789,727	\$ 12,413,843
Deferred contributions related to tangible capital assets	(10,430,961)	(9,909,907)
Term loan related to tangible capital assets	(448,549)	-
	\$ 1,910,217	\$ 2,503,936

9. Internally Restricted Net Assets - Contingency Fund

The Club has established an internal Contingency Fund within the investment fund to provide for unexpected and non-recurring expenditures, including major renovation and maintenance costs relating to properties leased by the Club and operating deficits incurred due to unexpected fluctuations in funding or costs. As at December 31, 2022, \$850,000 (2021 - \$850,000) has been restricted in the fund.

BGC Ottawa
Notes to Financial Statements

December 31, 2022

10. Financial Instruments Risks

Credit risk

The Club is exposed to credit risk for its accounts and donation pledges receivable. The Club assesses the collectibility of these receivables on a continuous basis, on the basis of amounts it is virtually certain to receive. The risk has not changed since last year.

Interest rate risk

The Club is exposed to interest rate risk on its fixed and variable interest rate financial instruments. Fixed interest instruments subject the Club to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Variable rate instruments subject the Club to a related cash flow risk. There has been an increase in the interest rate risk compared to prior years due to the interest rate increases implemented by the Bank of Canada.

Other price risk

The Club is exposed to other price risk through its investments for which the value fluctuates with the quoted market price. The risk has not changed since last year.

11. Employee Future Benefits

The Club participates in the Ottawa Community Agencies Pension Plan. The Club has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. This multiemployer defined benefit pension plan covers employees of the Club and the employees of the other participating agencies. After two years of employment, the Club contributes 130% of the employee's contribution to the pension plan. The employee contribution rate is 6% of salaries. The plan provides pensions based on length of service and final average earnings. The annual funding requirements are determined in consultation with the actuaries to provide long-term stability to the plan. No significant changes were made to the contractual elements of the plan in the past year. As at the last actuarial valuation date of December 31, 2019, the plan had a solvency transfer ratio (the ratio of assets over liabilities) of 92.4% with a deficit of \$4,000,000. During the year, the Club contributed and expensed \$157,463 (2021 - \$149,634) to the plan.

BGC Ottawa

Supplementary Schedule - A802 Extrajudicial Measures and A804
Extrajudicial Sanctions (unaudited)

	January 1 to March 31	April 1 to June 30	July 1 to September 30	October 1 to December 31	2022 Total
Revenues	\$ 93,764	\$ 77,697	\$ 77,691	\$ 50,911	\$ 300,063
Expenses					
Salaries and benefits	53,552	30,011	52,244	64,052	199,859
Facilities	2,336	2,133	3,806	2,279	10,554
Program costs	24,260	9,109	7,842	10,459	51,670
Administration	13,616	7,955	7,892	8,517	37,980
	<u>93,764</u>	<u>49,208</u>	<u>71,784</u>	<u>85,307</u>	<u>300,063</u>
Excess (deficiency) of revenues over expenses	\$ -	\$ 28,489	\$ 5,907	\$ (34,396)	\$ -

The revenues and expenses in the supplementary schedule were derived from the underlying accounting and other records used to prepare the financial statements.

BGC Ottawa
 Supplementary Schedule - A905 Youth Outreach Program
 (unaudited)

	January 1 to March 31	April 1 to June 30	July 1 to September 30	October 1 to December 31	2022 Total
Revenues	\$ 123,728	\$ 120,627	\$ 120,618	\$ 133,494	\$ 498,467
Expenses					
Salaries and benefits	92,985	88,802	110,867	130,005	422,659
Facilities	1,273	1,273	2,613	1,223	6,382
Transportation	-	-	-	-	-
Program costs	17,267	1,146	985	1,616	21,014
Administration	12,203	12,085	12,062	12,062	48,412
	123,728	103,306	126,527	144,906	498,467
Excess (deficiency) of revenues over expenses	\$ -	\$ 17,321	\$ (5,909)	\$ (11,412)	\$ -

The revenues and expenses in the supplementary schedule were derived from the underlying accounting and other records used to prepare the financial statements.