

**FINANCIAL STATEMENTS OF**

**BOYS & GIRLS CLUBS OF  
KAWARTHA LAKES**

**March 31, 2021**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of  
Boys & Girls Clubs of Kawartha Lakes

### *Qualified Opinion*

We have audited the financial statements of Boys & Girls Clubs of Kawartha Lakes, which comprise the statement of financial position as at March 31, 2021, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Except as noted in the following paragraph, in our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Boys & Girls Clubs of Kawartha Lakes as at March 31, 2021 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 Qualified Opinion*

In common with most not-for-profit organizations, Boys & Girls Clubs of Kawartha Lakes derives a material amount of revenue from program fees and donations which are not susceptible to complete audit verification. Accordingly, our verifications of these revenues was limited to the amounts recorded in the records of the Organization. Consequently, we were unable to determine whether any adjustments to services, donations, and other revenue sources, excess of revenues over expenses and net assets might be necessary.

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 Boys & Girls Clubs of Kawartha Lakes 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 qualified 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 Boys & Girls Clubs of Kawartha Lakes' 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 Boys & Girls Clubs of Kawartha Lakes or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Boys & Girls Clubs of Kawartha Lakes' financial reporting process.

## **ASSURANCE • TAX • ADVISORY**

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## INDEPENDENT AUDITOR'S REPORT, continued

### *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 Boys & Girls Clubs of Kawartha Lakes' 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 Boys & Girls Clubs of Kawartha Lakes' 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 Boys & Girls Clubs of Kawartha Lakes 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.



Chartered Professional Accountants  
Licensed Public Accountants

Lindsay, Ontario  
June 17, 2021

**BOYS & GIRLS CLUBS OF KAWARTHA LAKES**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31, 2021**

	2021	2020
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash (note 4)	565,372	385,204
Accounts receivable (note 5)	141,745	215,831
Prepaid expenses	35,707	41,458
	<u>742,824</u>	<u>642,493</u>
<b>Other assets</b>		
Amount receivable from Boys & Girls Clubs of Kawartha Lakes Foundation (note 6)	7,687	16,403
Tangible capital assets (note 7)	5,737,898	6,052,569
	<u>5,745,585</u>	<u>6,068,972</u>
	<u>6,488,409</u>	<u>6,711,465</u>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	269,709	334,971
Customer deposits	69,053	66,124
Current portion of long-term debt (note 8)	107,767	62,129
	<u>446,529</u>	<u>463,224</u>
<b>Long-term debt (note 8)</b>	321,887	408,079
<b>Deferred contributions - operating (note 9)</b>	304,400	374,729
<b>Deferred contributions - tangible capital assets (note 10)</b>	4,596,666	4,827,337
	<u>5,669,482</u>	<u>6,073,369</u>
<b>Net assets (deficit)</b>		
Investment in tangible capital assets	711,578	755,024
Internally restricted (note 11)	35,000	35,000
Unrestricted (deficit)	72,349	(151,928)
	<u>818,927</u>	<u>638,096</u>
	<u>6,488,409</u>	<u>6,711,465</u>

*The accompanying notes are an integral part of these financial statements*

# BOYS & GIRLS CLUBS OF KAWARTHA LAKES

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2021

	Investment in tangible capital assets \$	Internally restricted (note 11) \$	Unrestricted \$	Total 2021 \$	Total 2020 \$
<b>Balance - beginning of year</b>	755,024	35,000	(151,928)	638,096	434,710
Excess (deficiency) of revenues over expenses for the year	(194,495)	-	375,326	180,831	203,386
Purchase of tangible capital assets	172,359	-	(172,359)	-	-
Capital grants and donations received	(60,769)	-	60,769	-	-
Contributions from Boys & Girls Clubs of Kawartha Lakes Foundation	(1,095)	-	1,095	-	-
Repayment of long term debt	40,554	-	(40,554)	-	-
<b>Balance - end of year</b>	<b>711,578</b>	<b>35,000</b>	<b>72,349</b>	<b>818,927</b>	<b>638,096</b>

*The accompanying notes are an integral part of these financial statements*

# BOYS & GIRLS CLUBS OF KAWARTHA LAKES

## STATEMENT OF OPERATIONS

For the year ended March 31, 2021

	2021	2020
	\$	\$
<b>Revenues</b>		
Grants (note 12)	2,395,680	1,456,196
Program fees	502,415	1,797,624
Mental health supports program (note 15)	247,524	234,824
Infant development program (note 15)	141,026	141,856
Space rental	110,785	177,293
Solar power generation	84,757	83,114
Insurance claim	39,818	-
Youth Justice program	36,000	35,000
Donations	22,744	40,090
Interest earned	-	3,906
	<b>3,580,749</b>	<b>3,969,903</b>
<b>Expenses</b>		
Salaries and benefits	2,417,006	2,847,940
Program supplies	268,636	261,789
Repairs and maintenance	158,820	109,381
Utilities	97,747	97,881
Program costs	90,111	145,556
Insurance	67,935	62,390
Professional fees	49,090	77,356
Vehicle operations	22,878	34,272
Telephone	21,605	15,405
Interest on long term debt	17,088	19,065
Club funded family subsidies	15,474	60,688
Interest and bank charges	13,473	25,303
Volunteer and staff recognition	13,107	5,229
Training	12,598	29,090
Advertising and promotion	12,502	14,986
Travel	4,401	16,624
Municipal taxes	3,343	3,348
	<b>3,285,814</b>	<b>3,826,303</b>
<b>Excess(deficiency) of revenues over expenses before undernoted items</b>	<b>294,935</b>	<b>143,600</b>
Contributions from B&G Clubs of KL Foundation		
- operating purposes (note 6)	112,274	203,329
- capital purposes (note 6)	1,095	51,881
Contributions to B & G Clubs of KL Foundation (note 6)	(31,882)	-
	<b>81,487</b>	<b>255,210</b>
<b>Excess of revenues over expenses before amortization</b>	<b>376,422</b>	<b>398,810</b>
<b>Amortization of deferred tangible capital contributions (note 10)</b>	<b>291,440</b>	<b>281,622</b>
<b>Amortization of tangible capital assets</b>	<b>(487,031)</b>	<b>(477,046)</b>
<b>Excess of revenues over expenses for the year</b>	<b>180,831</b>	<b>203,386</b>

The accompanying notes are an integral part of these financial statements

**BOYS & GIRLS CLUBS OF KAWARTHA LAKES**  
**STATEMENT OF CASH FLOWS**  
For the year ended March 31, 2021

	2021	2020
	\$	\$
<b>CASH PROVIDED FROM (USED FOR)</b>		
<b>Operating activities</b>		
Excess of revenues over expenses for the year	180,831	203,386
Items not affecting cash		
Amortization of deferred capital contributions	(291,440)	(281,622)
Amortization of tangible capital assets	487,031	478,352
Gain on disposal of tangible capital asset	-	1,306
	376,422	401,422
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	74,086	(72,961)
Decrease (increase) in prepaid expenses	5,751	(25,800)
Decrease in accounts payable and accrued liabilities	(65,263)	(31,143)
Increase (decrease) in customer deposits	2,929	(17,231)
Increase (decrease) in deferred contributions - operating	(70,329)	(149,141)
	323,596	105,146
<b>Investing activities</b>		
Repayment of amount receivable from Boys & Girls Clubs of Kawartha Lakes Foundation	8,716	20,448
Purchase of tangible capital assets	(172,359)	(695,613)
	(163,643)	(675,165)
<b>Financing activities</b>		
Repayment of long-term debt	(40,554)	(110,475)
Proceeds from long-term debt	-	80,319
Capital grants and donations	60,769	462,029
	20,215	431,873
<b>Increase (decrease) in cash</b>	180,168	(138,146)
<b>Cash - beginning of year</b>	385,204	523,350
<b>Cash - end of year</b>	565,372	385,204

*The accompanying notes are an integral part of these financial statements*

# BOYS & GIRLS CLUBS OF KAWARTHA LAKES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

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### 1. NATURE OF ACCOUNTING ENTITY

Boys & Girls Clubs of Kawartha Lakes is a not-for-profit registered charity incorporated without share capital under the laws of Ontario and therefore is not subject to income taxes.

### 2. PURPOSE OF THE ORGANIZATION

The purpose of the Boys & Girls Clubs of Kawartha Lakes 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

#### (a) *Tangible capital assets*

Purchased tangible capital assets are stated at acquisition cost. Contributed tangible capital assets are stated at fair market value at the date of contribution. The cost of tangible capital assets are amortized over the assets estimated useful life, using rates as follows:

Buildings	40 years straight-line
Equipment	3 years straight-line
Automotive	30% declining balance
Paving	8 years straight-line
Land improvements	20 years straight-line
Furniture & fixtures	10 years straight-line
Signs	5 years straight-line
Solar power generating equipment	10 years straight-line

#### (b) *Revenue recognition*

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Contributions of tangible capital assets are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related capital asset.

Program fees, rental income, solar power generation and all other revenues are recognized into income once the service has been performed.



**BOYS & GIRLS CLUBS OF KAWARTHA LAKES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2021

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3. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(c) *Financial instruments*

(i) *Measurement of financial instruments*

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in statement of operations.

Financial assets measured at amortized cost includes cash, accounts receivable and related party receivable.

Financial liabilities measured at amortized cost includes accounts payable and accrued liabilities and long-term debt.

The Organization has not designated any financial instruments to be measured at fair value.

(ii) *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in statement of operations.

(d) *Contributed services*

Volunteers contributed time to assist the Organization in carrying out its programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

In-kind donations with a determinable fair market value are recorded at fair market value in the year the goods are received.

**BOYS & GIRLS CLUBS OF KAWARTHA LAKES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2021

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3. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(e) *Use of estimates*

The preparation of Boys & Girls Clubs of Kawartha Lakes 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 Boys & Girls Clubs of Kawartha Lakes financial statements, and the reported amounts of revenues and expenses during the reporting period.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, the useful lives of tangible capital assets; impairment of assets; amortization; revenues; and allowance for doubtful accounts. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

4. **CREDIT FACILITIES**

An overdraft limit has been authorized to a maximum of \$200,000 (2020 - \$200,000) and bears interest at the bank's prime lending rate plus 1.25% (2020 - Prime + 1.25%) per annum and is secured by a general security agreement over all personal property, second charge on land and buildings with a net book value of \$3,370,803 (2020 - \$3,501,168), assignment of fire insurance, assignment of rents and assignment of Ontario Power Authority solar contract. As at March 31, 2021, there was NIL (2020 - \$59,004) drawn on the facility.

5. **ACCOUNTS RECEIVABLE**

	2021	2020
	\$	\$
Program fees receivable	32,108	45,889
Grants receivable	69,136	100,952
Canada Emergency Wage Subsidy	21,336	31,200
HST rebate receivable	18,020	34,675
Payroll advances receivable	1,145	3,115
	141,745	215,831

# BOYS & GIRLS CLUBS OF KAWARTHA LAKES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 6. AMOUNTS DUE TO/FROM RELATED PARTY AND RELATED PARTY TRANSACTIONS

The Boys & Girls Clubs of Kawartha Lakes Foundation was established to receive and maintain funds for charitable purposes and in particular for the Boys & Girls Clubs of Kawartha Lakes.

#### Transactions

a) During the year the Foundation contributed \$112,274 to the operating activities of the Club (2020 - \$203,329), and \$1,095 for capital purchases (2020 - \$51,881). The Club contributed back to the Foundation from operating \$31,882 (2020 - NIL) to subsidize wages with the Canada Emergency Wage Subsidy received (see note 17).

c) In 2019, the Foundation advanced the Club a total of \$25,000 to fund required City of Kawartha Lakes security deposit in the form of a note payable, repayable when the Club is returned the security deposit by the City. The balance owing is included in long-term debt. No payments were made on the debt during 2021.

#### Due From Related Party

a) At March 31, 2021 the Foundation had sufficient cash and liquid assets available to repay the entire \$7,687 (2020 - \$16,403) owing to the Club. The advance is non-interest bearing with no fixed terms of repayment.

b) The Foundation has net assets at March 31, 2021 totaling \$668,810 (2020 - \$510,992) consisting of \$445,071 (2020 - \$445,071) in its Internally Restricted Fund and the balance of \$223,739 (2020 - \$65,851) in unrestricted net assets.

### 7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Land	308,500	-	308,500	308,500
Buildings	4,946,792	1,817,610	3,129,182	3,261,895
Equipment	1,184,685	1,107,298	77,387	64,762
Automotive	365,175	299,008	66,167	94,525
Paving	122,279	94,748	27,531	39,864
Land improvements	2,455,933	554,035	1,901,898	2,009,700
Furniture & fixtures	165,822	123,760	42,062	25,644
Signs	3,924	3,924	-	784
Solar power generating equipment	617,236	432,065	185,171	246,895
	10,170,346	4,432,448	5,737,898	6,052,569

Pursuant to an agreement with Minister of Children and Youth Services dated August 8, 2016, the Ministry holds a 44% proportional ownership of the Organization's land and building located at 107 Lindsay Street South, Lindsay.

**BOYS & GIRLS CLUBS OF KAWARTHA LAKES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2021

8. **LONG-TERM DEBT**

Long-term debt consists of the following:

	2021 \$	2020 \$
TD vehicle loan, prime + 1.25%, repayable in monthly installments of \$1,510, commencing September 2019, due August 2024, secured by vehicle with net book value of \$58,495	61,891	70,948
TD solar loan payable, 3.75, repayable in monthly blended installments of \$6,367 due February 2025. Secured as per note 4.	342,763	374,260
Boys & Girls Clubs of Kawartha Lakes Foundation Loan payable on demand without interest or payment terms	25,000	25,000
	429,654	470,208
Less principal payments due within one year	107,767	62,129
Due beyond one year	321,887	408,079
Estimated future principal re-payments over the next five years are as follows:		
		\$
2022		107,767
2023		85,233
2024		87,794
2025		148,860
		429,654

# BOYS & GIRLS CLUBS OF KAWARTHA LAKES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 9. DEFERRED CONTRIBUTIONS - OPERATING FUNDING

Deferred contributions for operating funding represent unspent resources externally restricted for funding of specific costs received in the current period that is related to the subsequent period. Changes in the deferred contributions balances are as follows:

	2021	2020
	\$	\$
Balance - beginning of year	374,729	523,870
Amount recognized as revenue in the year	(374,729)	(523,870)
Amount related to the following year	304,400	374,729
<b>Balance - end of year</b>	<b>304,400</b>	<b>374,729</b>
	\$	\$
COKL - General Operating	80,000	220,971
COKL - Wage Enhancement	40,535	35,711
COKL - General Operating Re-Investment Funding	36,000	-
Community Living Trent Highlands Enhanced Staff	29,893	17,540
Boys & Girls Clubs of Canada - Substance Use	25,359	2,350
Ontario Trillium Foundation - Resilient Communities	22,805	-
Boys & Girls Clubs of Canada - Lead Up	16,443	3,750
CHIMO Operational Costs	10,000	10,000
COKL - No Child Goes Hungry	8,750	17,500
Boys & Girls Clubs of Canada - PC Basic Needs/Brighter Future	8,377	5,000
Child Service Council - Enhanced Staff	4,474	-
COKL Community Partnership 50th Event	3,757	3,855
Boys & Girls Clubs of Canada - Kid Food Nation	2,500	500
Boys & Girls Clubs of Canada - Stronger Connections	2,000	-
Peterborough Early Years - School Nutrition Program	1,507	976
Boys & Girls Clubs of Canada - Anti-Racism Microgrants	800	-
Go Easy	11,200	-
COKL Lindsay CHEST	-	15,621
Boys & Girls Clubs of Canada - Play on PHAC	-	13,525
Boys & Girls Clubs of Canada - RBC Raising the Grade	-	7,125
Boys & Girls Clubs of Canada - GAP & Old Navy Campaigns	-	6,315
Community Foundation of Peterborough	-	5,500
Boys & Girls Clubs of Canada - Tupperware Music Program	-	3,833
Boys & Girls Clubs of Canada - Foundation Grant	-	2,000
Boys & Girls Clubs of Canada - Celgene Discovery Lab	-	1,937
Kinark Support	-	720
	304,400	374,729

# BOYS & GIRLS CLUBS OF KAWARTHA LAKES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

### 10. DEFERRED CONTRIBUTIONS - TANGIBLE CAPITAL ASSETS

Deferred contributions related to tangible capital assets represent contributed tangible capital assets and restricted contributions with which tangible capital assets were originally purchased. The changes in the deferred contributions balance for the year are as follows:

	2021	2020
	\$	\$
Balance - beginning of year	4,827,337	4,646,930
Grants and donations received during the year	60,769	462,029
Disposal of capital property	-	-
Amounts amortized to revenue	(291,440)	(281,622)
	4,596,666	4,827,337

### 11. RESTRICTIONS ON NET ASSETS

The Board of Directors has internally restricted \$ 35,000 of unrestricted net assets to be used for working funds. These internally restricted resources are not available for other purposes without approval of the Board of Directors.

### 12. GRANTS

Grants for the year are as follows:

	2021	2020
	\$	\$
Federal grants	140,179	58,184
Canada Emergency Wage Subsidy	884,110	31,200
Canada Emergency Commercial Rent Assistance	14,073	-
Provincial grants	179,004	281,455
Municipal grants - childcare operating and wage enhancement	778,866	727,517
Municipal grants - childcare enhance staff	66,173	140,290
Municipal grants - No Child Goes Hungry	35,726	35,000
Foundation grants	297,549	182,550
	2,395,680	1,456,196

### 13. WAGE ENHANCEMENT

The Club received \$46,100 in wage enhancement from the City of Kawartha Lakes for the period of January 1, 2020 to December 31, 2020 (2019 - \$96,930). The entirety of this subsidy was spent on wage enhancement for day care employees.

# BOYS & GIRLS CLUBS OF KAWARTHA LAKES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

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### 14. FEE SUBSIDY

The Club received \$8,372 in subsidized day care fees from the City of Peterborough for the period of January 1, 2020 to December 31, 2020 (2019 - \$21,319). The entirety of this subsidy was spent on subsidizing fees for day care.

### 15. CONTRACTS WITH THE MINISTRY OF CHILDREN, COMMUNITY AND SOCIAL SERVICES, AND THE MINISTRY OF HEALTH AND LONG-TERM CARE

The Organization has a number of contracts with the Ministry of Children, Community and Social Services and Ministry of Health And Long Term Care as follows:

	2021	2020
	\$	\$
Mental Health Support	198,524	185,824
Community Outreach	49,000	49,000
	247,524	234,824
Infant Development	141,026	141,856
Minor Capital	-	157,950
	388,550	534,630

Program surpluses net of deficits are recorded as deferred contributions.

### 16. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Organization's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Organization's operations.

The Organization has applied for the Canada Emergency Wage Subsidy (\$884,110) to offset the cost of wages during the pandemic and the Canada Emergency Commercial Rent Assistance (\$14,073) to offset rental losses during the pandemic, both subject to revenue decreases. These items are reflected as part of the Grant revenues on the statement of operations.

The full extent of the impact of this outbreak and related containment measures on the Organization's operations cannot be reliably estimated at this time.

# BOYS & GIRLS CLUBS OF KAWARTHA LAKES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

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### 17. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) *Credit risk*

The Organization does have credit risk in cash, accounts receivable and amount receivable from the Boys & Girls Clubs of Kawartha Lakes Foundation. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

The Organization reduces its exposure to credit risk by maintaining cash accounts at chartered banks and creating an allowance for bad debts when applicable. The Organization maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the Organization is low and is not material.

(b) *Liquidity risk*

The Organization does have a liquidity risk in the accounts payable and accrued liabilities. Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the organization is low .

(c) *Market risk*

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market.

(i) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its fixed and floating interest rate long term debt. Fixed-rate financial instruments subject the Organization to a fair value risk, while the floating-rate financial instruments subject the Organization to a cash flow risk.

### 18. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year operations or net assets.