

FINANCIAL STATEMENTS OF

**BOYS & GIRLS CLUBS OF
KAWARTHA LAKES
(Operating as BGC Kawarthas)**

March 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Boys & Girls Clubs of Kawartha Lakes

Opinion

We have audited the financial statements of Boys & Girls Clubs of Kawartha Lakes (operating as BGC Kawarthas), which comprise the statement of financial position as at March 31, 2022, 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.

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, 2022, 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 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 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.

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:

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INDEPENDENT AUDITOR'S REPORT, continued

- ◆ 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Lindsay, Ontario
June 20, 2022

BOYS & GIRLS CLUBS OF KAWARTHA LAKES

(Operating as BGC Kawarthas)

STATEMENT OF FINANCIAL POSITION

As at March 31, 2022

	2022	2021
	\$	\$
ASSETS		
Current assets		
Cash (note 4)	714,320	565,372
Accounts receivable (note 5)	191,747	141,745
Prepaid expenses	42,567	35,707
	<u>948,634</u>	<u>742,824</u>
Other assets		
Amount receivable from Boys & Girls Clubs of Kawartha Lakes Foundation (note 6)	14,415	7,687
Tangible capital assets (note 7)	5,402,924	5,737,897
	<u>5,417,339</u>	<u>5,745,584</u>
	<u>6,365,973</u>	<u>6,488,408</u>
LIABILITIES AND NET ASSETS (DEFICIT)		
Current liabilities		
Accounts payable and accrued liabilities	282,076	269,708
Customer deposits	198,215	69,053
Current portion of long-term debt (note 8)	110,233	107,767
	<u>590,524</u>	<u>446,528</u>
Long-term debt (note 8)	236,566	321,887
Deferred contributions - operating (note 9)	449,571	304,400
Deferred contributions - tangible capital assets (note 10)	4,403,566	4,596,666
	<u>5,680,227</u>	<u>5,669,481</u>
Net assets (deficit)		
Investment in tangible capital assets	652,559	711,577
Internally restricted (note 11)	35,000	35,000
Unrestricted (deficit)	(1,813)	72,350
	<u>685,746</u>	<u>818,927</u>
	<u>6,365,973</u>	<u>6,488,408</u>

The accompanying notes are an integral part of these financial statements

BOYS & GIRLS CLUBS OF KAWARTHA LAKES

(Operating as BGC Kawarthas)

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2022

	Investment in tangible capital assets \$	Internally restricted (note 11) \$	Unrestricted \$	Total 2022 \$	Total 2021 \$
Balance - beginning of year	711,577	35,000	72,350	818,927	638,096
Excess (deficiency) of revenues over expenses for the year	(187,476)	-	54,295	(133,181)	180,831
Purchase of tangible capital assets	141,098	-	(141,098)	-	-
Capital grants and donations received	(95,495)	-	95,495	-	-
Repayment of long term debt	82,855	-	(82,855)	-	-
Balance - end of year	652,559	35,000	(1,813)	685,746	818,927

The accompanying notes are an integral part of these financial statements

BOYS & GIRLS CLUBS OF KAWARTHA LAKES

(Operating as BGC Kawarthas)

STATEMENT OF OPERATIONS

For the year ended March 31, 2022

	2022	2021
	\$	\$
Revenues		
Grants (note 12)	1,779,192	2,395,680
Program fees	1,134,562	502,415
Mental health supports program (note 15)	268,121	247,524
Space rental	152,555	110,785
Infant development program (note 15)	141,856	141,026
Solar power generation	81,946	84,757
Youth Justice program	36,000	36,000
Donations	16,097	22,744
Insurance claim	-	39,818
	3,610,329	3,580,749
Expenses		
Salaries and benefits	2,869,472	2,417,006
Program supplies	222,867	268,636
Repairs and maintenance	149,464	158,820
Program costs	134,980	90,111
Utilities	116,335	97,747
Insurance	84,189	67,935
Professional fees	22,931	49,090
Advertising and promotion	22,036	12,502
Interest and bank charges	21,967	13,473
Vehicle operations	21,611	22,878
Telephone	21,164	21,605
Training	17,747	12,598
Club funded family subsidies	16,314	15,474
Interest on long term debt	15,651	17,088
Travel	8,743	4,401
Municipal taxes	8,420	3,343
Volunteer and staff recognition	8,013	13,107
	3,761,904	3,285,814
Excess(deficiency) of revenues over expenses before undernoted items	(151,575)	294,935
Contributions from B&G Clubs of KL Foundation		
- operating purposes (note 6)	212,900	112,274
- capital purposes (note 6)	-	1,095
Contributions to B & G Clubs of KL Foundation (note 6)	(7,030)	(31,882)
	205,870	81,487
Excess of revenues over expenses before amortization	54,295	376,422
Amortization of deferred tangible capital contributions (note 10)	288,596	291,440
Amortization of tangible capital assets	(476,072)	(487,031)
Excess (deficiency) of revenues over expenses for the year	(133,181)	180,831

The accompanying notes are an integral part of these financial statements

BOYS & GIRLS CLUBS OF KAWARTHA LAKES

(Operating as BGC Kawarthas)

STATEMENT OF CASH FLOWS

For the year ended March 31, 2022

	2022	2021
	\$	\$
CASH PROVIDED FROM (USED FOR)		
Operating activities		
Excess (deficiency) of revenues over expenses for the year	(133,181)	180,831
Items not affecting cash		
Amortization of deferred capital contributions	(288,596)	(291,440)
Amortization of tangible capital assets	476,072	487,031
	54,295	376,422
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	(50,002)	74,086
Decrease (increase) in prepaid expenses	(6,860)	5,751
Increase (decrease) in accounts payable and accrued liabilities	12,368	(65,263)
Increase in customer deposits	129,162	2,929
Increase (decrease) in deferred contributions - operating	145,171	(70,329)
	284,134	323,596
Investing activities		
Repayment of amount receivable from Boys & Girls Clubs of Kawartha Lakes Foundation	-	8,716
Advances to Boys & Girls Clubs of Kawartha Lakes Foundation	(6,728)	-
Purchase of tangible capital assets	(141,098)	(172,359)
	(147,826)	(163,643)
Financing activities		
Repayment of long-term debt	(82,855)	(40,554)
Capital grants and donations	95,495	60,769
	12,640	20,215
Increase in cash	148,948	180,168
Cash - beginning of year	565,372	385,204
Cash - end of year	714,320	565,372

The accompanying notes are an integral part of these financial statements

BOYS & GIRLS CLUBS OF KAWARTHA LAKES

(Operating as BGC Kawarthas)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

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 Club 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 and collection is reasonably assured.

BOYS & GIRLS CLUBS OF KAWARTHA LAKES

(Operating as BGC Kawarthas)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) *Financial instruments*

(i) *Measurement of financial instruments*

The Club 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 Club 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 amount receivable from Boys & Girls Clubs of Kawartha Lakes Foundation.

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

The Club 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 materials and services*

Volunteers contributed time to assist the Club 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

(Operating as BGC Kawarthas)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) 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.

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 (2021 - \$200,000) and bears interest at the bank's prime lending rate plus 1.25% (2021 - 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 \$3,238,951 (2021 - \$3,370,803), assignment of fire insurance, assignment of rents and assignment of Ontario Power Authority solar contract. As at March 31, 2022, there was NIL (2021 - NIL) drawn on the facility.

5. ACCOUNTS RECEIVABLE

	2022	2021
	\$	\$
Program fees receivable	99,547	13,483
Grants receivable	76,353	69,136
Canada Emergency Wage Subsidy	-	21,336
HST rebate receivable	14,702	34,675
Payroll advances receivable	1,145	3,115
	191,747	141,745

BOYS & GIRLS CLUBS OF KAWARTHA LAKES

(Operating as BGC Kawarthas)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

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 \$212,900 to the operating activities of the Club (2021 - \$112,274), and Nil for capital purchases (2021 - \$1,095). The Club contributed back to the Foundation from operating \$7,030 (2021 - \$31,882) to subsidize wages with the Canada Emergency Wage Subsidy received (see note 17).

b) 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 2022.

Due From Related Party

a) At March 31, 2022 the Foundation had sufficient cash and liquid assets available to repay the entire \$14,415 (2021 - \$7,687) 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, 2022 totaling \$648,710 (2022 - \$668,810) consisting of \$445,071 (2021 - \$445,071) in its Internally Restricted Fund and the balance of \$203,639 (2021 - \$223,739) in unrestricted net assets.

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated	2022	2021
	\$	amortization	Net book	Net book
		\$	value	value
			\$	\$
Land	308,500	-	308,500	308,500
Buildings	5,000,136	2,005,155	2,994,981	3,129,181
Equipment	1,216,967	1,167,768	49,199	77,387
Automotive	365,175	318,858	46,317	66,167
Paving	122,279	107,082	15,197	27,531
Land improvements	2,465,599	677,314	1,788,285	1,901,898
Furniture & fixtures	211,627	134,629	76,998	42,062
Signs	3,925	3,924	-	-
Solar power generating equipment	617,236	493,789	123,447	185,171
	10,311,444	4,908,520	5,402,924	5,737,897

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

(Operating as BGC Kawarthas)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

8. LONG-TERM DEBT

Long-term debt consists of the following:

	2022	2021
	\$	\$
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	43,776	61,891
TD solar loan payable, 3.75, repayable in monthly blended installments of \$6,367 due February 2025. Secured as per note 4.	278,023	342,763
Boys & Girls Clubs of Kawartha Lakes Foundation Loan payable on demand without interest or payment terms	25,000	25,000
	346,799	429,654
Less principal payments due within one year	110,233	107,767
Due beyond one year	236,566	321,887
Estimated future principal re-payments over the next five years are as follows:		
		\$
2023		110,233
2024		87,794
2025		148,772
		346,799

BOYS & GIRLS CLUBS OF KAWARTHA LAKES

(Operating as BGC Kawarthas)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

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:

	2022	2021
	\$	\$
Balance - beginning of year	304,400	374,729
Amount recognized as revenue in the year	(304,400)	(374,729)
Amount received and unspent	449,571	304,400
Balance - end of year	449,571	304,400
	\$	\$
COKL - Lindsay CHEST	122,502	-
COKL - General Operating	64,175	80,000
MCYS Capital Funding - Facility Renewal	34,293	-
Boys & Girls Clubs of Canada - Skilled for Success	30,750	-
Second Harvest - Food Rescue Emergency Fund	30,000	-
Community Living Trent Highlands Enhanced Staff	27,863	29,893
COKL - Wage Enhancement	27,407	40,535
Ontario Trillium Foundation - Community Building Fund	20,742	-
COKL - No Child Goes Hungry	17,500	8,750
Boys & Girls Clubs of Canada - Mental Health Microgrants	16,000	-
CHIMO Operational Costs	10,000	10,000
Boys & Girls Clubs of Canada - PC Basic Needs/Brighter Future	10,000	8,377
Community Foundation of Peterborough	10,000	-
Boys & Girls Clubs of Canada - YEI Virtual Programming	8,280	-
Child Service Council - Enhanced Staff	4,118	4,474
Boys & Girls Clubs of Canada - Ontario Dairy Farmers	4,000	-
AAFC - Local Food Infrastructure Fund	3,316	-
Peterborough Early Years - School Nutrition Program	3,089	1,507
TD Bank Group - Music Program	2,500	-
Boys & Girls Clubs of Canada -Keystone Jays Care Foundation	2,000	-
Go Easy	1,036	11,200
COKL - General Operating Re-Investment Funding	-	36,000
Boys & Girls Clubs of Canada - Substance Use	-	25,359
Ontario Trillium Foundation - Resilient Communities	-	22,805
Boys & Girls Clubs of Canada - Lead Up	-	16,443
COKL Community Partnership 50th Event	-	3,757
Boys & Girls Clubs of Canada - Kid Food Nation	-	2,500
Boys & Girls Clubs of Canada - Stronger Connections	-	2,000
Boys & Girls Clubs of Canada - Anti-Racism Microgrants	-	800
	449,571	304,400

BOYS & GIRLS CLUBS OF KAWARTHA LAKES

(Operating as BGC Kawarthas)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

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:

	2022	2021
	\$	\$
Balance - beginning of year	4,596,666	4,827,337
Grants and donations received during the year	95,495	60,769
Disposal of capital property	-	-
Amounts amortized to revenue	(288,595)	(291,440)
Balance - end of year	4,403,566	4,596,666

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:

	2022	2021
	\$	\$
Municipal grants - childcare operating and wage enhancement	833,517	778,866
Provincial grants	326,041	179,004
Canada Emergency Wage Subsidy	272,282	884,110
Foundation grants	202,922	297,549
Municipal grants - childcare enhance staff	63,826	66,173
Federal grants	45,526	140,179
Municipal grants - No Child Goes Hungry	35,078	35,726
Canada Emergency Commercial Rent Assistance	-	14,073
	1,779,192	2,395,680

13. WAGE ENHANCEMENT

The Club received \$84,186 in wage enhancement from the City of Kawartha Lakes for the period of January 1, 2021 to December 31, 2021 (2020 - \$46,100). The entirety of this subsidy was spent on wage enhancement for day care employees.

BOYS & GIRLS CLUBS OF KAWARTHA LAKES

(Operating as BGC Kawarthas)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

14. FEE SUBSIDY

The Club received \$24,246 in subsidized day care fees from the City of Peterborough for the period of January 1, 2021 to December 31, 2021 (2020 - \$8,372). 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 Club has a number of contracts with the Ministry of Children, Community and Social Services and Ministry of Health And Long Term Care as follows:

	2022	2021
	\$	\$
Mental Health Support	208,424	198,524
Community Outreach	59,697	49,000
	268,121	247,524
Infant Development	141,856	141,026
Minor Capital	33,807	-
	443,784	388,550

Program surpluses net of deficits are recorded as deferred contributions.

16. COMMITMENTS

As at March 31, 2022, the Club has entered into an agreement with New Line Skateparks Inc. to build a skate park on the grounds for a total cost of \$871,000, including HST, with work expected to be completed by December 31, 2022.

17. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Club'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 Club's operations.

The Club has applied for the Canada Emergency Wage Subsidy of \$272,282 (2021 - \$884,110) to offset the cost of wages during the pandemic 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 Club's operations cannot be reliably estimated at this time.

BOYS & GIRLS CLUBS OF KAWARTHA LAKES

(Operating as BGC Kawarthas)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

18. 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) *Liquidity risk*

The Club 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 Club 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 .

(b) *Credit risk*

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

(c) *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 Club is exposed to interest rate risk on its fixed and floating interest rate long term debt. Fixed-rate financial instruments subject the Club to a fair value risk, while the floating-rate financial instruments subject the Club to a cash flow risk.