TORONTO KIWANIS BOYS AND GIRLS CLUBS

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Clarke
Henning
LLP
Chartered Accountants

10 Bay Street, Suite 801
Toronto, Ontario
Canada M5J 2R8
Tel: (416) 364-4421
Fax: (416) 367-8032
Email: ch@clarkehenning.com

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TORONTO KIWANIS BOYS AND GIRLS CLUBS

Report on the Financial Statements

We have audited the accompanying financial statements of Toronto Kiwanis Boys and Girls Clubs, which comprise the balance sheet as at December 31, 2011, and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended, 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 generally accepted accounting principles, 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 audit. We conducted our audit 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many similar organizations, Toronto Kiwanis Boys and Girls Clubs derives revenues from fund-raising events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Toronto Kiwanis Boys and Girls Clubs and we are not able to determine whether any adjustments might be necessary to revenues, deficiency of revenues over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, if any, these financial statements present fairly, in all material respects, the financial position of Toronto Kiwanis Boys and Girls Clubs as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

In accordance with Corporations Act (Ontario), we report that the Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Clarke Henning LLP

CHARTERED ACCOUNTANTS
Licensed Public Accountants

Toronto, Ontario
May 25, 2012

TORONTO KIWANIS BOYS AND GIRLS CLUBS

BALANCE SHEET

AS AT DECEMBER 31, 2011

		2011		2010
ASSETS				
Current assets				
Cash	$	**833,222**	$	398,509
Investments *(note 4)*		**-**		314,709
Grants receivable		**53,231**		64,503
HST rebate *(note 19)*		**348,997**		137,908
Contribution receivable - current portion *(note 5)*		**250,000**		-
Contribution receivable - Government *(note 6)*		**249,574**		-
Prepaid expenses		**31,677**		24,419
		1,766,701		940,048
Contributions receivable - Long-term *(note 5)*		**1,050,000**		-
Property and equipment *(note 7)*		**5,921,743**		1,423,782
		8,738,444		2,363,830
LIABILITIES				
Current liabilities				
Accounts payable - Spruce St. redevelopment project *(note 18)*		**1,905,645**		457,332
Accounts payable and accrued liabilities		**128,143**		149,397
Deferred revenues *(note 8)*		**100,390**		77,926
Current portion of long term debt *(note 9)*		**200,000**		-
		2,334,178		684,655
Long-term debt *(note 9)*		**600,000**		-
Deferred contributions *(note 10)*		**75,000**		90,000
Deferred capital contributions *(note 11)*		**5,195,179**		1,052,206
		8,204,357		1,826,861
NET ASSETS				
Invested in property and equipment		**726,564**		371,576
Internally restricted contingency fund		**-**		337,500
Unrestricted net assets		**(192,477)**		(172,107)
		534,087		536,969
	$	**8,738,444**	$	2,363,830

Approved on behalf of the Board:

_______________, Director _______________, Director

TORONTO KIWANIS BOYS AND GIRLS CLUBS

STATEMENT OF REVENUES AND EXPENSES

YEAR ENDED DECEMBER 31, 2011

	2011	2010
Revenues		
Funding from The Kiwanis Club of Toronto sources *(note 2)*		
The Toronto Kiwanis T.P. Loblaw Charitable Trust	$ **243,600**	$ 327,600
The Kiwanis Club of Toronto Foundation	**14,100**	14,100
	257,700	341,700
Government and other grants *(note 12)*	**698,998**	690,754
United Way of Greater Toronto grant	**289,492**	283,792
Donations and fundraising	**192,322**	201,592
User fees	**121,782**	113,638
Other	**84,832**	58,347
Investment income (loss) *(note 15)*	**(13,713)**	20,090
	1,631,413	1,709,913
Expenses		
Salaries and benefits	**969,954**	998,083
Occupancy	**99,474**	142,235
Fundraising	**31,536**	38,899
Program	**439,726**	441,254
General and administrative	**93,605**	91,268
	1,634,295	1,711,739
Deficiency of revenues over expenses for the year	$ **(2,882)**	$ (1,826)

TORONTO KIWANIS BOYS AND GIRLS CLUBS

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2011

				Total	
	Invested in Property and Equipment	*Internally Restricted Contingency Fund*	*Unrestricted*	*2011*	*2010*
Balance - at beginning of year	$ 371,576	$ 337,500	$ (172,107)	$ 536,969	$ 538,795
Deficiency of revenues over expenses for the year	-	-	(2,882)	(2,882)	(1,826)
Inter-fund transfers representing					
Redevelopment project costs	4,497,961	-	(4,497,961)	-	-
Capital contributions	(4,142,973)	-	4,142,973	-	-
Transfer to unrestricted funds	-	(337,500)	337,500	-	-
Balance - at end of year	$ 726,564	$ -	$ (192,477)	$ 534,087	$ 536,969

TORONTO KIWANIS BOYS AND GIRLS CLUBS

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2011

		2011		2010
Cash flows from operating activities				
Cash receipts from The Kiwanis Club of Toronto sources	$	**257,700**	$	341,700
Cash receipts from government and other grants		**947,820**		921,049
Cash receipts from fundraising and donations		**192,322**		201,592
Cash receipts from other revenues		**54,932**		124,238
Interest and distributions from mutual fund		**767**		10,161
Cash paid to employees and suppliers		**(1,662,810)**		(1,203,291)
		(209,269)		395,449
Cash flows from financing activities				
Loan from Toronto Kiwanis TP Loblaw Charitable Trust		**800,000**		-
Spruce St. redevelopment project capital contributions received, net of fundraising costs		**2,593,399**		942,448
Other capital contributions received		**-**		17,000
		3,393,399		959,448
Cash flows from investing activities				
Purchase of investments		**-**		(8,934)
Proceeds from sale of investments		**300,230**		-
Cash paid towards Spruce St. redevelopment project		**(3,049,647)**		(1,406,782)
Cash paid for equipment		**-**		(17,000)
		(2,749,417)		(1,432,716)
Change in cash during the year		**434,713**		(77,819)
Cash - at beginning of year		**398,509**		476,328
Cash - at end of year	$	**833,222**	$	398,509

1. PURPOSE AND ORGANIZATION

Toronto Kiwanis Boys and Girls Clubs (the "Clubs") is a voluntary organization providing a wide range of programs and services for children and youth aged 6 to 18 years, through professional staff, part time program staff and volunteers. The Clubs provide a safe and positive environment where children and youth can learn, grow and develop the skills they will need as contributing members of society.

Toronto Kiwanis Boys and Girls Clubs is a registered charitable organization incorporated without share capital under the laws of the Province of Ontario and, as such, is exempt from income tax.

2. ECONOMIC DEPENDENCE

The Toronto Kiwanis T.P. Loblaw Charitable Trust ("The Loblaw Trust") was created by The Kiwanis Club of Toronto to receive and administer funds it receives in perpetuity from a trust created by Theodore Pringle Loblaw, a former member of The Kiwanis Club of Toronto. Such funds are to be used for the benefit of underprivileged boys and girls and for other charitable purposes.

The Kiwanis Club of Toronto Foundation ("KCT Foundation") was created by The Kiwanis Club of Toronto to support Kiwanis Club of Toronto sponsored activities, particularly the Toronto Kiwanis Boys and Girls Clubs and other worthy projects.

The Clubs receive a significant part of its funding from these sources and is economically dependent on this continued support. Such funding amounted to $257,700 in 2011 ($341,700 in 2010).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

Investments are classified as held for trading and are recorded at fair value. Unrealized holding gains and losses related to held for trading investments are included in the statement of revenues and expenses. The quoted market price of investments is used to estimate fair value.

Property and Equipment and depreciation

Property and equipment are recorded at cost. Depreciation has not been recorded as the property and equipment is not in use.

Deferred Contributions

Deferred contributions are amortized over a ten year period on the straight line method (see note 10 for additional details).

Deferred Capital Contributions

Funds received for the acquisition of property and equipment are deferred in the accounts and amortized to revenue on the same basis as the depreciation on the related property and equipment.

Fundraising revenues included in deferred capital contributions is net of fundraising costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Clubs use the deferral method in accounting for grants. Accordingly, grants subject to externally imposed restrictions are initially recorded as deferred revenue and are subsequently recognized as revenue in the period in which the related expenses are incurred.

Contributions from governments, foundations and other funding agencies that are not for a specific purpose are recognized as revenue when received.

Donations are recognized as revenue when received.

Revenues from fundraising events are recognized as revenue in the period in which the event takes place.

User fees and other revenues are recognized as revenue when the service has been performed or revenue has been earned.

Investment income is recognized as revenue as earned. Investment income is comprised of interest, distributions from mutual funds, realized and unrealized gains and losses related to the investments.

Financial Assets and Liabilities

Cash is classified as held for trading and is stated at fair value.

Grants and contribution receivables are classified as loans and receivables and are measured at amortized cost.

Accounts payable - Spruce St. redevelopment project, accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities and are measured at amortized cost.

Contributed Goods and Services

Contributed goods and services are not recorded in the accounts of the Clubs, except when fair value of such goods and services can reasonably be established and when the goods and services are normally purchased by the Clubs and would be paid for if not donated.

Contributed goods and services consisted of food contributed to the Clubs and are valued to be approximately the same as in the prior year. Contributed goods and services are recorded in the financial statements at their estimated fair value of $11,100 ($13,850 - 2010).

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates, the impact of which will be recorded in future periods. These financial statements contain no significant estimates.

4. *INVESTMENTS*

Details of the investments are as follows:

		2011	2010
Money Market Fund		$ -	$ 8,933
Bonds			
21,000	Province of Ontario, maturing May 3, 2012, yielding 4.044%	-	20,495
21,000	Province of Quebec, maturing June 1, 2013, yielding 4.291%	-	19,868
21,000	Province of Ontario, maturing June 2, 2014, yielding 4.248%	-	19,271
17,077	Province of Quebec, maturing June 1, 2015, yielding 4.454%	-	15,006
36,000	Province of Ontario, maturing March 8, 2018, yielding 4.2%	-	37,886
36,000	Province of Quebec, maturing December 1, 2017, yielding 4.5%	-	38,598
37,000	Province of British Columbia, maturing December 18, 2019, yielding 4.1%	-	38,356
18,000	Scotiabank Cap Tr (Bats) II maturing December 31, 2049, yielding 6.282%	-	19,466
18,000	Citigroup Finance Canada, yielding 6.75%, maturing September 22, 2014	-	19,643
36,000	GE Capital Canada Fndg Co., maturing June 1, 2016, yielding 5.1%	-	38,163
18,000	Manulife Fin Cap Tr (Macs), maturing December 31, 2051, yielding 6.7%	-	18,929
19,000	Toronto Dominion Bank, maturing October 30, 2104, yielding 4.97%	-	20,095
Total investments, at fair value		$ -	$ 314,709

All investments were sold during the year *(note 15)*.

5. *CONTRIBUTIONS RECEIVABLE*

The Clubs entered into an agreement on March 3, 2011 with Miles Nadal regarding a donation commitment of $1,500,00 for the 101 Spruce St. redevelopment project *(note 18)* and the Clubs programs. $1,000,000 was to be used to fund construction of the Miles & Kelly Nadal Youth Centre located on the 4th floor of the building and $500,000 was to be used in support of the Clubs programs. The Clubs received $200,000 of the commitment during 2011. In January 2012, agreement was subsequently amended to allow for the redirection of the $500,000 from support of the Clubs programs to the capital campaign for redevelopment project. The amounts have also been included in deferred capital contributions.

5. CONTRIBUTIONS RECEIVABLE (continued)

Under the terms of the amended agreement, funds are due as follows:

By March 15, 2012	$ 250,000
By March 15, 2013	250,000
By March 15, 2014	350,000
By March 15, 2015	450,000
	1,300,000
Less current portion	250,000
Long term portion	$ 1,050,000

Subsequent to the year end, the Clubs received the first instalment that was due March 15, 2012.

6. CONTRIBUTIONS RECEIVABLE - GOVERNMENT

The Federal and Ontario governments pledged for the 101 Spruce St. redevelopment project a total of $2,000,000 of which $1,750,426 has been received as at December 31, 2011. The remainder of the funding of $249,574 is to be received when the project's costs have been paid in full. Subsequent to the year, $49,574 was received.

7. PROPERTY AND EQUIPMENT

The details of property and equipment are as follows:

	Cost	Accumulated Depreciation	Net Book Value 2011	Net Book Value 2010
Spruce St. redevelopment project costs incurred to date	**$ 5,904,743**	**$** -	**$ 5,904,743**	$ 1,406,782
Fitness equipment	**17,000**	-	**17,000**	17,000
	$ 5,921,743	**$** -	**$ 5,921,743**	$ 1,423,782

Leasehold improvements and fitness equipment are related to the Spruce Street redevelopment project that began in 2010 *(note 18)*. Construction is not complete as of the date of these financial statements and accordingly no depreciation has been recorded.

8. DEFERRED REVENUES

The details of deferred revenue are as follows:

	Balance at December 31, 2010	Funds Received in 2011	Transferred to Revenue in 2011	**Balance at December 31, 2011**
Boys and Girls Clubs	$ 7,600	$ 5,750	$ (12,600)	**$ 750**
Ministry of Health Promotions	48,711	387,908	(415,196)	**21,423**
Miscellaneous	21,615	76,602	(20,000)	**78,217**
	$ 77,926	$ 470,260	$ (447,796)	**$ 100,390**

9. LONG TERM DEBT

Long term debt consists of a credit facility with The Toronto Kiwanis TP Loblaw Charitable Trust used as a bridging loan until the Miles Nadal Spruce St. redevelopment project donation is received *(note 5)*:

	2011	*2010*
Credit facility with a limit of $800,000 bearing interest at 4.5% annually. Interest is payable on the 26th of each month following each quarter end on the outstanding balance during that period.	**$ 800,000**	$ -
Less current portion	**200,000**	-
Long term portion	**$ 600,000**	$ -

Current maturities of long term debt in each of the next four years is as follows:

Fiscal year	2012	$ 200,000
	2013	200,000
	2014	200,000
	2015	200,000
		$ 800,000

All payments are due on March 15 of each year.

10. DEFERRED CONTRIBUTIONS

Deferred contributions consist of funds received in 2006 to be used for the funding of the summer camp program over a ten year period. The changes in the deferred contributions are as follows:

	2011	*2010*
Balance - at beginning of year	**$ 90,000**	$ 105,000
Amortization of deferred contributions	**15,000**	15,000
Balance - at end of year	**$ 75,000**	$ 90,000

11. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of equipment and the 101 Spruce Street redevelopment project. Amortization has not been recorded as the redevelopment project is not complete and the equipment is not in use. Changes in the deferred capital contributions as follows:

	2011	*2010*
Balance - at beginning of year	**$ 1,052,206**	$ 92,758
Capital contributions received - fitness equipment	**-**	17,000
Capital contributions received - Spruce St. redevelopment project	**2,593,399**	942,448
Capital contribution receivable - Spruce St. redevelopment project *(notes 5 and 6)*	**1,549,574**	-
Balance - at end of year	**$ 5,195,179**	$ 1,052,206

12. GOVERNMENT GRANTS AND OTHER GRANTS

The details of government and other grants are as follows:

	2011	*2010*
Human Resources Development Canada, Summer Career Placements	**$ 62,974**	$ 28,737
RBC Foundation, After School Grant Program	**20,000**	25,000
City of Toronto		
General and Recreational Grants Program	**44,737**	44,737
Community Services	**42,460**	42,460
Children's Services	**19,504**	19,504
Boys and Girls Club of Ontario		
Youth Power Up Grant	**3,600**	2,400
Ministry of Health Promotions, After School Program	**415,196**	428,098
Amortization of deferred contributions	**15,000**	15,000
Other miscellaneous grants	**75,527**	84,818
	$ 698,998	$ 690,754

13. FINANCIAL INSTRUMENTS

The Clubs' financial instruments consist of cash, grants receivables, contributions receivable, accounts payable - Spruce St. redevelopment project, accounts payable and accrued liabilities and long term debt. It is management's opinion that the Clubs are not exposed to significant currency or credit risks.

The Clubs are exposed to interest rate risk on its long-term debt. 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 Clubs are exposed to a liquidity risk in that the Clubs will not be able to meet its financial obligations as they fall due. Management continuously monitors actual and projected cash flows to ensure the Clubs will always have sufficient liquidity to meets its liabilities when due.

The carrying amounts of these financial instruments approximate their fair value.

14. CAPITAL MANAGEMENT

The Clubs considers its capital to be its net assets. The Clubs' objective when managing its capital is to safeguard its ability to continue as a going concern and ensure that it has sufficient resources to enable it to provide services to members.

The Clubs manages and adjusts its capital in light of changes to the economic conditions, the risk characteristics of the underlying assets and working capital requirements. In addition, the need for sufficient liquid assets is considered in the preparation of the operating and capital annual budgets and in monitoring cash flows and actual operating results compared to the budget.

15. INVESTMENT INCOME

Details of investment income are as follows:

	2011	*2010*
Interest earned and distribution from mutual funds	$ **767**	$ 10,981
Unrealized gain/loss on investment	-	9,109
Realized loss on disposal of investments *(note 4)*	**(14,480)**	-
	$ **(13,713)**	$ 20,090

16. LEASE COMMITMENTS

Effective January 1, 2010, the Clubs has entered into a lease renewal, which expires on December 31, 2019, for the premises located at 101 Spruce Street. Under the lease agreement for the 101 Spruce Street location, the Clubs have an option to renew the lease for an additional three years and the Clubs have the right of first refusal if the landlord decides to accept an offer to purchase the building. Effective October 1, 2010, the Clubs has entered into a new office equipment lease which expires on September 30, 2016.

16. LEASE COMMITMENTS (continued)

The aggregate annual lease payments are as follows:

	Office Equipment	*101 Spruce Street*
2012	$ 6,272	$ 52,536
2013	6,272	54,636
2014	6,272	56,820
2015	6,272	59,088
2016	4,704	62,040
2017 and thereafter	-	133,548
	$ 29,792	$ 418,668

Currently, the Clubs runs the programs in two Catholic schools, two local schools and one local agency and pays a fee based on the usage of their facilities. There is no long term commitment with the schools or agency. The total fees paid to the schools and agency in the current year were nominal.

In addition to basic rent, the Clubs are required to pay the operating costs which amounted to $48,670 in 2011 and $89,749 in 2010.

17. GUARANTEES AND INDEMNITIES

The Clubs have indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions. The Clubs have purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Clubs have entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements or sales and purchase contracts. In these agreements, the Clubs agree to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Clubs. The maximum amount of any potential liability cannot be reasonably estimated.

18. SPRUCE ST. REDEVELOPMENT PROJECT

In January 2010, the Clubs entered into an agreement with the Kiwanis Club of Toronto to proceed with the Spruce St. redevelopment project. The project consists of the renovation and reconstruction of the Clubs' leased premise at 101 Spruce Street. The project is substantially complete with total costs estimated to be $7,200,000. As at December 31 the Clubs have received funding from the Federal Minister of Energy and Infrastructure, the Ontario Ministry of Health Promotions, the Kiwanis Club of Toronto and donations from the public of $3,645,605.

As at December 31, 2011, the costs incurred for the redevelopment project were $5,904,743 of which $1,905,645 were unpaid and an additional $1,300,000 incurred subsequent to the year end.

The Clubs have pledges for contributions to the redevelopment project amounting to $232,500. These amounts have not been recognized in these financial statements. They will be recorded as deferred capital contributions when received.

19. SUBSEQUENT EVENT

In November 2011, the Clubs applied for a loan from the Ontario Infrastructure and Lands Corporation ("OILC"). On May 17, 2012, the Clubs signed an agreement with OILC to provide a credit facility of $1,570,311.

The terms of the credit facility are as follows:

1) $346,391 construction facility due December 31, 2012. Interest is payable $569 monthly at floating interest rate that is posted on OILC's website on the first business day of each month, currently 1.97% per annum. The Clubs have the option during the construction to convert the facility to a term loan. The lender has the option to convert the facility to a term loan at maturity if not already done so by the Clubs.

2) $1,223,920 term facility due May 15, 2017. Interest is at OILC's cost of funds plus OILC's prevailing spread assigned to the borrower sector for program delivery costs and risks, currently 2.70%. The loan payments are based on a 10 year amortization with annual payments of $142,312 on account of principal and interest until April 30, 2017 at which time a payment of $652,159 is due.

   The payments required under these facilities are based on the interest rate stated at the time the agreement was signed.

The Clubs have agreed to the following covenants:

1) The Clubs will embark on a separate capital fundraising program with all funds raised deposited into a blocked account with no withdrawal privilege, except for the $200,000 due on the long term debt (note 8). All excess proceeds are to repay the funds advanced under the credit facilities.
2) All operating surpluses will be used to retire the advances under the credit facilities.
3) All HST rebates due on the project are to be used to repay the advances.
4) The Clubs shall not incur additional indebtedness pertaining to the project or make any loans, guarantees to or investment in any affiliated or unaffiliated companies.
5) The Clubs will maintain its status as a not for profit corporation and will maintain sufficient insurance on the property.

19. SUBSEQUENT EVENT (continued)

Security for the credit facilities is as follows:

1) 1st ranking leasehold charge/mortgage on 101 Spruce Street.
2) 1st ranking general security agreement on all assets of the project.
3) A guarantee signed by Kiwanis Club of Toronto representing 25% of the balance outstanding of the loan amount.
4) 1st priority assignment of all fundraising campaign pledges of not less than $917,940.
5) OILC to be added to the Clubs' insurance as a loss payee.

20. RECENT CANADIAN ACCOUNTING PRONOUNCEMENTS

The Accounting Standards Board of the Canadian Institute of Chartered Accountants (CICA) has approved the incorporation of the standards set out in Part III of the CICA Handbook (Handbook) as the accounting standards applicable to not-for-profit organizations. First-time adoption of this Part of the Handbook is mandatory for annual financial statements relating to fiscal years beginning on or after January 1, 2012. A not-for-profit organization that prepares its financial statements in accordance with this Part of the Handbook states that they have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. A not-for-profit organization applying this Part of the Handbook also applies the standards for private enterprises in Part II of the Handbook to the extent that the Part II standards address topics not addressed in this Part.

Management is is in the process of assessing the impact that these standards will have on the Clubs' financial statements.