

**Young Men's Christian  
Association of Brandon**

**Financial Statements  
For the year ended August 31, 2015**

# **Young Men's Christian Association of Brandon**

## **Financial Statements**

For the year ended August 31, 2015

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## Independent Auditor's Report

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### **To the Members of Young Men's Christian Association of Brandon**

We have audited the accompanying financial statements of **Young Men's Christian Association of Brandon**, which comprise the statement of financial position as at August 31, 2015 and the statement of operations, statement of changes in net assets and cash flow statement 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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 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 charitable organizations, the organization derives revenue from donations and other fundraising activities, 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 the organization. We were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, and cash flows from operations, for the year ended August 31, 2015 and 2014, and current assets and net assets at August 31, 2015 and 2014. Our audit opinion of the financial statements for the year ended August 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Young Men's Christian Association of Brandon** as at August 31, 2015, 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.

*BDO Canada LLP*

Chartered Professional Accountants

Brandon, Manitoba  
November 10, 2015

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## Young Men's Christian Association of Brandon Statement of Financial Position

August 31	2015	2014
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 73,141	\$ 170,187
Restricted cash	269,095	297,706
Accounts receivable	87,377	232,822
Prepaid expenses	9,111	9,111
	438,724	709,826
<b>Property, plant and equipment (Note 2)</b>	<b>18,588,842</b>	<b>18,844,833</b>
	<b>\$ 19,027,566</b>	<b>\$ 19,554,659</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable (Note 3)	\$ 329,489	\$ 456,656
Deferred revenue (Note 4)	219,630	219,669
Current portion of long-term debt (Note 5)	332,219	154,184
Current portion of capital lease obligation (Note 6)	67,312	67,312
	948,650	897,821
<b>Long-term debt (Note 5)</b>	<b>2,830,194</b>	<b>2,977,413</b>
<b>Deferred capital contributions (Note 6)</b>	<b>13,331,743</b>	<b>13,644,266</b>
<b>Capital lease obligation (Note 7)</b>	<b>141,178</b>	<b>200,746</b>
	<b>17,251,765</b>	<b>17,720,246</b>
<b>Net Assets</b>		
Unrestricted	1,775,801	1,834,413
	<b>\$ 19,027,566</b>	<b>\$ 19,554,659</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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**Young Men's Christian Association of Brandon**  
**Statement of Changes in Net Assets**

<b>For the year ended August 31</b>	<b>2015</b>	<b>2014</b>
<b>Balance, beginning of year</b>	<b>\$ 1,834,413</b>	<b>\$ 1,823,981</b>
Net income for the year	<u>(58,612)</u>	<u>10,432</u>
<b>Balance, end of year</b>	<b>\$ 1,775,801</b>	<b>\$ 1,834,413</b>

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The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## Young Men's Christian Association of Brandon Statement of Operations

<b>For the year ended August 31</b>	<b>2015</b>	<b>2014</b>
<b>Revenue</b>		
Parent fees	\$ 1,775,330	\$ 1,650,097
Memberships	1,655,478	1,511,563
Grant revenue	1,246,557	1,198,171
Amortization of deferred capital contributions	704,415	720,870
Earned revenue	450,546	435,882
	<u>5,832,326</u>	<u>5,516,583</u>
<b>Expenses</b>		
Administration fee	256,460	254,142
Amortization of property, plant and equipment	1,026,947	1,057,814
Bank interest and charges	68,716	74,770
Interest on long term debt	132,224	141,197
Occupancy costs	339,023	341,647
Office supplies and expenses	112,894	100,523
Professional fees	13,433	10,577
Program supplies	254,527	219,400
Salaries and benefits	3,524,190	3,311,848
Training	32,898	-
Travel and vehicles	18,186	16,938
YMCA affiliation dues	88,869	73,050
	<u>5,868,367</u>	<u>5,601,906</u>
<b>Income before other items</b>	<u>(36,041)</u>	<u>(85,323)</u>
<b>Other Items</b>		
Capital campaign costs	(8,541)	(3,480)
Gain (loss) on investments	(14,030)	93,110
Gain on disposal of property, plant and equipment	-	6,125
	<u>(22,571)</u>	<u>95,755</u>
<b>Excess (deficiency) of revenue over expenses</b>	<u>\$ (58,612)</u>	<u>\$ 10,432</u>

## Young Men's Christian Association of Brandon Statement of Cash Flows

<b>For the year ended August 31</b>	<b>2015</b>	<b>2014</b>
<b>Cash Flows from Operating Activities</b>		
Excess of revenue over expenditures	\$ (58,612)	\$ 10,432
Adjustments for		
Amortization of property, plant and equipment	1,026,947	1,057,814
Gain (loss) on disposal of property, plant and equipment	-	(6,125)
	<u>968,335</u>	<u>1,062,121</u>
Changes in non-cash working capital balances		
Accounts receivable	145,445	(25,131)
Accounts payable	(127,169)	(256,586)
Deferred capital contributions	(312,523)	(118,795)
Deferred revenue	(39)	48,781
	<u>(294,286)</u>	<u>(351,731)</u>
	<u>674,049</u>	<u>710,390</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(770,956)	(1,354,427)
Proceeds on disposal of capital assets	-	6,125
	<u>(770,956)</u>	<u>(1,348,302)</u>
<b>Cash Flows from Financing Activities</b>		
Repayment of long-term debt	(144,092)	(151,184)
Advances of long-term debt	175,000	268,058
Repayment of capital lease	(59,658)	-
	<u>(28,750)</u>	<u>116,874</u>
<b>Decrease in cash and cash equivalents</b>	<b>(125,657)</b>	<b>(521,038)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>467,893</b>	<b>988,931</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 342,236</b>	<b>\$ 467,893</b>
<b>Represented by</b>		
Cash	\$ 73,141	\$ 170,187
Restricted cash	269,095	297,706
	<u>\$ 342,236</u>	<u>\$ 467,893</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.



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# Young Men's Christian Association of Brandon

## Notes to Financial Statements

August 31, 2015

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### 1. Nature of Operations and Summary of Significant Accounting Policies

<b>Nature of Operations</b>	<p>The Young Men's Christian Association of Brandon is a charitable association dedicated to providing quality programs and services for all individuals in the development of spirit, mind and body, in Brandon and the surrounding area.</p> <p>The organization is a non-profit entity; therefore any surplus that it generates is non-taxable.</p>										
<b>Basis of Accounting</b>	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>										
<b>Property, Plant and Equipment</b>	<p>Property, plant and equipment is recorded at cost. Amortization is provided for on a declining balance basis in accordance with the following rates:</p> <table><tr><td>Buildings</td><td>5%</td></tr><tr><td>Computer equipment</td><td>30%</td></tr><tr><td>Equipment</td><td>20%</td></tr><tr><td>Leasehold improvements</td><td>5%</td></tr><tr><td>Park</td><td>5%</td></tr></table>	Buildings	5%	Computer equipment	30%	Equipment	20%	Leasehold improvements	5%	Park	5%
Buildings	5%										
Computer equipment	30%										
Equipment	20%										
Leasehold improvements	5%										
Park	5%										
<b>Revenue Recognition</b>	<p>Pledge revenue and fundraising revenue are recorded when received. Grant revenue is recognized in the period that the expenditures related to the revenue are incurred. All other revenue is recorded when earned.</p> <p>The organization follows the deferral method of accounting for restricted contributions. Contributions are recognized as revenue in the period the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.</p>										
<b>Contributed Goods</b>	<p>Contributed goods and services are recorded in the financial statements at their estimated fair market value at the time of contribution when the fair value of the contributed goods and services can be reasonably estimated and when the goods and services are used in the normal course of operations and would have otherwise been purchased.</p>										

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# Young Men's Christian Association of Brandon

## Notes to Financial Statements

August 31, 2015

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### 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

#### 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates have been used by management in the following areas:

The settlement amount of liabilities accrued at year end,

The recoverable amount of accounts receivable outstanding at year end,

The useful life of property, plant and equipment

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

## Young Men's Christian Association of Brandon Notes to Financial Statements

**August 31, 2015**

### 2. Property, Plant and Equipment

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 665,452	\$ -	\$ 665,452	\$ -
Buildings	18,284,645	1,756,670	17,735,527	886,776
Computer equipment	200,973	168,144	193,695	154,073
Equipment	1,146,234	740,062	1,134,906	648,678
Leasehold Improvements - Y-South	869,136	225,469	865,374	190,332
Leasehold improvements- Y-West	167,616	58,004	167,616	52,235
Leasehold improvements- New Era	20,559	6,920	20,559	6,202
Park	199,469	9,973	-	-
	<b>\$ 21,554,084</b>	<b>\$ 2,965,242</b>	<b>\$ 20,783,129</b>	<b>\$ 1,938,296</b>
Net book value		<b>\$ 18,588,842</b>		<b>\$ 18,844,833</b>

### 3. Accounts Payable

Included in accounts payable is \$40,974 (2014 - \$63,594) in government remittances payable.

### 4. Deferred Revenue

	2015		2014	
Opening deferred revenue	\$ 219,669		\$ 170,888	
Revenue received	1,518,930		1,560,879	
Revenue recognized	(1,518,969)		(1,512,098)	
	<b>\$ 219,630</b>		<b>\$ 219,669</b>	

## Young Men's Christian Association of Brandon Notes to Financial Statements

**August 31, 2015**

### 5. Long Term Debt

	2015	2014
Bridge financing loan, due on demand, interest only payable monthly at 2.45%, secured by building	\$ 175,000	\$ -
Royal Bank loan, repayable at \$10,000 monthly plus interest at 4.48%, secured by building	2,752,000	2,867,000
Brandon Regional Health Authority loan, repayable at quarterly interest only payments of \$2,800 at 3.5%, for first 3 years. Remaining 10 years repayable quarterly at \$9,516 including interest at 3.5%, secured by land and building.	235,413	264,597
	<b>3,162,413</b>	3,131,597
Less amounts due within one year included in current liabilities	<b>332,219</b>	154,184
	<b>\$ 2,830,194</b>	\$ 2,977,413

Principal repayments for the next five years and thereafter are as follows:

2016	\$ 332,219
2017	162,296
2018	153,406
2019	165,561
2020	166,686
Thereafter	2,182,245
	<b>\$ 3,162,413</b>

# Young Men's Christian Association of Brandon

## Notes to Financial Statements

**August 31, 2015**

### 6. Deferred Capital Contributions

Deferred capital contributions represent the unamortized portion of restricted contributions received that were used to purchase capital assets. Recognition of these amounts as revenue is deferred to the period when the related assets are amortized.

	2015	2014
Opening deferred capital contributions	\$ 13,644,266	\$ 13,763,061
Deferred capital contributions received	391,892	602,075
Deferred capital contributions recognized	(704,415)	(720,870)
Ending deferred capital contributions	\$ 13,331,743	\$ 13,644,266

### 7. Capital Lease Obligation

	2015	2014
Royal Bank capital lease, repayable at \$5,609 monthly, including interest.	\$ 208,490	\$ 268,058
Less amounts due within one year included in current liabilities	67,312	67,312
	\$ 141,178	\$ 200,746

Principal repayments for the next five years and thereafter are as follows:

2016	\$	67,312
2017		67,312
2018		67,312
2019		6,554
	\$	208,490

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# Young Men's Christian Association of Brandon

## Notes to Financial Statements

**August 31, 2015**

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### **8. Financial Risk Management**

There have been no substantive changes in the entity's exposure to financial instrument risks. The board monitors the financial statements including its financial instruments on a monthly basis to determine if there any increases or changes in its risk.

The principal financial instruments used by the entity, from which financial risk arises, are as follows: cash, accounts receivable, accounts payable, and long-term debt.

#### **Market Risk**

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk.

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The investments of the entity are exposed to interest rate risk. The long term debt is also affected by interest rate risk.

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The entity is not exposed to foreign exchange risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The entity's is not exposed to other price risk.

#### **Liquidity Risk**

Liquidity risk is the risk that the entity will encounter difficulty in having available sufficient funds to meet its commitments. It is the entity's policy to ensure that it will have sufficient cash and short term investments to allow it to meet its liabilities when they come due.

#### **Credit Risk**

Credit risk arises principally from receivables. The entity's receivables are the result of GST that is refundable, grant funding and related holdbacks receivable, and a large number of small customer balances receivable. Due to the nature of these balances, collectibility is reasonably assured. The credit risk is minimal.

### **9. Prior Year's Figures**

Certain prior year's figures have been reclassified to conform with the current year's presentation.