

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

**Financial Statements
For the year ended August 31, 2016**

Young Men's Christian Association of Brandon

Financial Statements

For the year ended August 31, 2016

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Independent Auditor's Report

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, 2016 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, 2016 and 2015, and current assets and net assets at August 31, 2016 and 2015. Our audit opinion of the financial statements for the year ended August 31, 2015 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, 2016, 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.

A handwritten signature in blue ink that reads "BDO Canada".

Chartered Professional Accountants

Brandon, Manitoba
October 24, 2016

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

August 31	2016	2015
Assets		
Current Assets		
Cash	\$ 199,221	\$ 73,141
Restricted cash	338,620	269,095
Accounts receivable	170,178	87,377
Prepaid expenses	24,111	9,111
	732,130	438,724
Property, plant and equipment (Note 2)	17,867,110	18,588,842
	\$ 18,599,240	\$ 19,027,566
Liabilities and Net Assets		
Current Liabilities		
Accounts payable (Note 3)	\$ 391,123	\$ 329,489
Deferred revenue (Note 4)	276,783	219,630
Current portion of long-term debt (Note 5)	187,290	332,219
Current portion of capital lease obligation (Note 7)	67,312	67,312
	922,508	948,650
Long-term debt (Note 5)	2,712,418	2,830,194
Deferred capital contributions (Note 6)	12,784,986	13,331,743
Capital lease obligation (Note 7)	74,251	141,178
	16,494,163	17,251,765
Net Assets		
Unrestricted	2,105,077	1,775,801
	\$ 18,599,240	\$ 19,027,566

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 Changes in Net Assets**

For the year ended August 31	2016	2015
Balance, beginning of year	\$ 1,775,801	\$ 1,834,413
Excess (deficiency) of revenues over expenses	329,276	(58,612)
Balance, end of year	\$ 2,105,077	\$ 1,775,801

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

For the year ended August 31

2016

2015

Revenue

Parent fees	\$ 1,817,368	\$ 1,775,330
Memberships	1,801,510	1,655,478
Grant revenue	1,316,296	1,246,557
Amortization of deferred capital contributions	683,189	704,415
Earned revenue	509,766	450,546
	6,128,129	5,832,326

Expenses

Administration fee	256,460	256,460
Amortization of property, plant and equipment	981,916	1,026,947
Bank interest and charges	66,352	68,716
Interest on long-term debt	126,733	132,224
Occupancy costs	374,458	339,023
Office supplies and expenses	94,994	112,894
Professional fees	11,627	13,433
Program supplies	258,546	254,527
Salaries and benefits	3,511,193	3,524,190
Training	32,760	32,898
Travel and vehicles	26,539	18,186
YMCA affiliation dues	97,678	88,869
	5,839,256	5,868,367

**Excess (deficiency) of revenues over expenses
before other items**

288,873 **(36,041)**

Other Items

Capital campaign costs	-	(8,541)
Gain (loss) on investments	40,403	(14,030)
	40,403	(22,571)

Excess (deficiency) of revenue over expenses

\$ 329,276 **\$ (58,612)**

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

For the year ended August 31	2016	2015
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenses	\$ 329,276	\$ (58,612)
Adjustments for		
Amortization of property, plant and equipment	981,916	1,026,947
	<u>1,311,192</u>	<u>968,335</u>
Changes in non-cash working capital balances		
Accounts receivable	(82,801)	145,445
Prepaid expenses	(15,000)	-
Accounts payable	61,634	(127,169)
Deferred capital contributions	(546,757)	(312,523)
Deferred revenue	57,153	(39)
	<u>(525,771)</u>	<u>(294,286)</u>
	<u>785,421</u>	<u>674,049</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	<u>(260,185)</u>	<u>(770,956)</u>
Cash Flows from Financing Activities		
Repayment of long-term debt	(337,704)	(144,092)
Advances of long-term debt	75,000	175,000
Repayment of capital lease	(66,927)	(59,658)
	<u>(329,631)</u>	<u>(28,750)</u>
Increase (decrease) in cash and cash equivalents	195,605	(125,657)
Cash and cash equivalents, beginning of year	342,236	467,893
Cash and cash equivalents, end of year	\$ 537,841	\$ 342,236
Represented by		
Cash	\$ 199,221	\$ 73,141
Restricted cash	338,620	269,095
	<u>\$ 537,841</u>	<u>\$ 342,236</u>

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

Young Men's Christian Association of Brandon

Notes to Financial Statements

August 31, 2016

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

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.

The organization is a non-profit entity; therefore any surplus that it generates is non-taxable.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost. Amortization is provided for on a declining balance basis in accordance with the following rates:

Buildings	5%
Computer equipment	30%
Equipment	20%
Leasehold improvements	5%
Park	5%

Revenue Recognition

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.

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.

Contributed Goods

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.

Young Men's Christian Association of Brandon

Notes to Financial Statements

August 31, 2016

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, 2016

2. Property, Plant and Equipment

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 665,452	\$ -	\$ 665,452	\$ -
Buildings	18,471,000	2,592,386	18,284,645	1,756,670
Computer equipment	200,973	177,994	200,973	168,144
Equipment	1,215,342	827,398	1,146,234	740,062
Leasehold Improvements - Y-South	869,136	258,610	869,136	225,469
Leasehold improvements- Y-West	167,616	63,485	167,616	58,004
Leasehold improvements- New Era	20,559	7,602	20,559	6,920
Park	204,191	19,684	199,469	9,973
	\$ 21,814,269	\$ 3,947,159	\$ 21,554,084	\$ 2,965,242
Net book value		\$ 17,867,110		\$ 18,588,842

3. Accounts Payable

Included in accounts payable is \$40,307 (2015 - \$40,974) in government remittances payable.

4. Deferred Revenue

	2016	2015
Opening deferred revenue	\$ 219,630	\$ 219,669
Revenue received	1,660,281	1,518,930
Revenue recognized	(1,603,128)	(1,518,969)
	\$ 276,783	\$ 219,630

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

August 31, 2016

5. Long-Term Debt

	2016	2015
Bridge financing loan, due on demand, interest only payable monthly at 2.45%, secured by building	\$ 25,000	\$ 175,000
Royal Bank loan, repayable at \$10,000 monthly plus interest at 4.48%, secured by building	2,669,514	2,752,000
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.	205,194	235,413
	2,899,708	3,162,413
Less amounts due within one year included in current liabilities	187,290	332,219
	\$ 2,712,418	\$ 2,830,194

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

2017	\$ 187,290
2018	164,400
2019	165,549
2020	166,739
2021	167,971
Thereafter	2,047,759
	\$ 2,899,708

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

August 31, 2016

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.

	2016	2015
Opening deferred capital contributions	\$ 13,331,743	\$ 13,644,266
Deferred capital contributions received	136,432	391,892
Deferred capital contributions recognized	(683,189)	(704,415)
Ending deferred capital contributions	\$ 12,784,986	\$ 13,331,743

7. Capital Lease Obligation

	2016	2015
Royal Bank capital lease, repayable at \$5,609 monthly, including interest.	\$ 141,563	\$ 208,490
Less amounts due within one year included in current liabilities	67,312	67,312
	\$ 74,251	\$ 141,178

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

2017	\$	67,312
2018		67,312
2019		6,939
	\$	141,563

Young Men's Christian Association of Brandon

Notes to Financial Statements

August 31, 2016

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. Payments to Directors and Senior Staff

Over the course of a year the YMCA may carry out business transactions with suppliers of goods and services with whom there exists a non-arm's length relationship with either directors or senior managers of the YMCA. These transactions occur through the normal course of operations and are subject to normal procurement practice and policies and are reviewed in conjunction with the audit. To date, these transactions have averages less than \$10,000 annually. During the fiscal year 2015-2016, these transactions amounted to \$8,348 with three different companies.