Young Men's Christian Association of Brandon

Financial Statements
For the year ended August 31, 2017

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For the year ended August 31, 2017

Contents

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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, 2017 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, 2017 and 2016, and current assets and net assets at August 31, 2017 and 2016. Our audit opinion of the financial statements for the year ended August 31, 2016 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 paragragh, the financial statements present fairly, in all material respects, the financial position of **Young Men's Christian Association of Brandon** as at August 31, 2017, 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
October 24, 2017

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

August 31		2017		2016
Assets				
Current Assets				
Cash	$	**47,861**	$	199,221
Restricted cash		**432,651**		338,620
Accounts receivable		**208,018**		170,178
Prepaid expenses		**9,111**		24,111
		697,641		732,130
Property, plant and equipment (Note 2)		**17,170,079**		17,867,110
	$	**17,867,720**	$	18,599,240
Liabilities and Net Assets				
Current Liabilities				
Accounts payable (Note 3)	$	**158,742**	$	391,123
Deferred revenue (Note 4)		**262,622**		276,783
Current portion of long-term debt (Note 5)		**164,400**		187,290
Current portion of capital lease obligation (Note 7)		**67,312**		67,312
		653,076		922,508
Long-term debt (Note 5)		**2,492,504**		2,712,418
Deferred capital contributions (Note 6)		**12,223,386**		12,784,986
Capital lease obligation (Note 7)		**22,041**		74,251
		15,391,007		16,494,163
Net Assets				
Unrestricted		**2,476,713**		2,105,077
	$	**17,867,720**	$	18,599,240

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		2017		2016
Balance, beginning of year	**$**	**2,105,077**	$	1,775,801
Excess of revenues over expenses		**371,636**		329,276
Balance, end of year	**$**	**2,476,713**	$	2,105,077

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	2017	2016
Revenue		
Parent fees	**$ 1,876,125**	$ 1,817,368
Memberships	**1,978,289**	1,801,510
Grant revenue	**1,383,806**	1,316,296
Amortization of deferred capital contributions	**662,414**	683,189
Program revenue	**512,553**	509,766
	6,413,187	6,128,129
Expenses		
Administration fee	**256,460**	256,460
Amortization of property, plant and equipment	**965,373**	981,916
Bank interest and charges	**86,509**	66,352
Interest on long-term debt	**118,827**	126,733
Occupancy costs	**338,294**	374,458
Office supplies and expenses	**120,431**	94,994
Professional fees	**12,642**	11,627
Program supplies	**258,845**	258,546
Salaries and benefits	**3,753,913**	3,511,193
Training	**72,518**	32,760
Travel and vehicles	**33,674**	26,539
YMCA affiliation dues	**105,882**	97,678
	6,123,368	5,839,256
Excess of revenues over expenses before other items	**289,819**	288,873
Other Items		
Gain (loss) on investments	**81,817**	40,403
Excess of revenue over expenses	**$ 371,636**	$ 329,276

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 Cash Flows

For the year ended August 31	2017	2016
Cash Flows from Operating Activities		
Excess of revenue over expenses	**$ 371,636**	$ 329,276
Adjustments for		
Amortization of property, plant and equipment	**965,373**	981,916
	1,337,009	1,311,192
Changes in non-cash working capital balances		
Accounts receivable	**(37,840)**	(82,801)
Prepaid expenses	**15,000**	(15,000)
Accounts payable	**(232,381)**	61,634
Deferred capital contributions	**(561,600)**	(546,757)
Deferred revenue	**(14,161)**	57,153
	(830,982)	(525,771)
	506,027	785,421
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	**(268,342)**	(260,185)
Cash Flows from Financing Activities		
Repayment of long-term debt	**(242,804)**	(337,704)
Advances of long-term debt	**-**	75,000
Repayment of capital lease	**(52,210)**	(66,927)
	(295,014)	(329,631)
Increase (decrease) in cash and cash equivalents	**(57,329)**	195,605
Cash and cash equivalents, beginning of year	**537,841**	342,236
Cash and cash equivalents, end of year	**$ 480,512**	$ 537,841
Represented by		
Cash	**$ 47,861**	$ 199,221
Restricted cash	**432,651**	338,620
	$ 480,512	$ 537,841

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

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%	
Intangibles	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.

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.

2. Property, Plant and Equipment

	2017		2016	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 665,452**	**$ -**	$ 665,452	$ -
Buildings	**18,473,127**	**3,386,423**	18,471,000	2,592,386
Computer equipment	**204,926**	**186,074**	200,973	177,994
Equipment	**1,285,234**	**911,631**	1,215,342	827,398
Intangibles	**108,137**	**21,627**	-	-
Leasehold Improvements - Y-South	**953,369**	**300,926**	869,136	258,610
Leasehold improvements- Y-West	**167,616**	**68,692**	167,616	63,485
Leasehold improvements- New Era	**20,559**	**8,249**	20,559	7,602
Park	**204,191**	**28,910**	204,191	19,684
	$ 22,082,611	**$ 4,912,532**	$ 21,814,269	$ 3,947,159
Net book value		**$ 17,170,079**		$ 17,867,110

3. Accounts Payable

Included in accounts payable is $46,757 (2016 - $40,307) in government remittances payable.

4. Deferred Revenue

	2017	2016
Opening deferred revenue	**$ 276,783**	$ 219,630
Revenue received	**3,410,150**	1,660,281
Revenue recognized	**(3,424,311)**	(1,603,128)
	$ 262,622	$ 276,783

5. Long-Term Debt

		2017		2016
Bridge financing loan, due on demand, interest only payable monthly at 2.45%, secured by building, matured during the year.	**$**	**-**	$	25,000
Royal Bank loan, repayable at $10,000 monthly plus interest at 4.48%, secured by building with a carrying value of $15,086,704, maturing in 2037.		**2,483,000**		2,669,514
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 with a carrying value of $612,029, maturing in 2023.		**173,904**		205,194
		2,656,904		2,899,708
Less amounts due within one year included in current liabilities		**164,400**		187,290
	$	**2,492,504**	$	2,712,418

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

2018	$	164,400
2019		165,549
2020		166,739
2021		167,971
2022		167,502
Thereafter		1,824,743
	$	2,656,904

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.

	2017	2016
Opening deferred capital contributions	**$ 12,784,986**	$ 13,331,743
Deferred capital contributions received	**86,215**	136,432
Deferred capital contributions recognized	**(647,815)**	(683,189)
Ending deferred capital contributions	**$ 12,223,386**	$ 12,784,986

7. Capital Lease Obligation

	2017	2016
Royal Bank capital lease, repayable at $5,609 monthly, including interest, maturing in 2019. The lease is secured with a general security agreement and a mortgage of lease.	**$ 89,353**	$ 141,563
Less amounts due within one year included in current liabilities	**67,312**	67,312
	$ 22,041	$ 74,251

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

2018	$ 67,312
2019	22,041
	$ 89,353

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 is 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. During the fiscal year 2016-2017, these transactions amounted to $43,094 with two different companies.