Young Men's Christian Association of Brandon

Financial Statements

For the year ended August 31, 2019

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Independent Auditor's Report

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

Qualified Opinion

We have audited the accompanying financial statements of Young Men's Christian Association of Brandon (the Organization), which comprise the statement of financial position as at August 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at August 31, 2019, 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 Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and other fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2019 and 2018, and current assets as at August 31, 2019 and 2018. Our audit opinion on the financial statements for the year ended August 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 Organization 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's 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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's 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:

- 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 Organization's 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 Organization's 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 Organization 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.

BDO Canada LLP

Chartered Professional Accountants

Brandon, Manitoba
October 23, 2019

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

August 31		2019		2018
Assets				
Current Assets				
Cash	$	**337,280**	$	312,267
Restricted cash		**547,311**		554,209
Accounts receivable		**36,960**		207,838
Prepaid expenses		**5,505**		49,111
		927,056		1,123,425
Property, plant and equipment (Note 2)		**15,630,053**		16,286,850
	$	**16,557,109**	$	17,410,275
Liabilities and Net Assets				
Current Liabilities				
Accounts payable (Note 3)	$	**251,894**	$	206,730
Deferred revenue (Note 4)		**102,256**		235,300
Current portion of long-term debt (Note 5)		**156,739**		151,549
Current portion of capital lease obligation (Note 7)		**-**		24,820
		510,889		618,399
Long-term debt (Note 5)		**2,195,216**		2,351,955
Deferred capital contributions (Note 6)		**11,169,517**		11,734,546
		13,875,622		14,704,900
Net Assets				
Unrestricted		**2,681,487**		2,705,375
	$	**16,557,109**	$	17,410,275

The accompanying 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		2019		2018
Balance, beginning of year	**$**	**2,705,375**	$	2,476,714
Excess (deficiency) of revenues over expenses		**(23,888)**		228,661
Balance, end of year	**$**	**2,681,487**	$	2,705,375

The accompanying 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	2019	2018
Revenue		
Parent fees	**$ 2,221,782**	$ 2,062,053
Memberships	**1,729,012**	1,822,402
Province of Manitoba	**1,254,673**	1,223,599
City of Brandon	**141,388**	143,926
United Way	**45,000**	50,000
Amortization of deferred capital contributions	**652,373**	601,980
Contributions	**160**	-
Program revenue	**199,524**	321,436
	6,243,912	6,225,396
Expenses		
Amortization of property, plant and equipment	**851,246**	896,420
Bank interest and charges	**85,755**	75,770
Interest on long-term debt	**114,920**	121,922
Occupancy costs	**313,546**	388,909
Office supplies and expenses	**90,637**	74,231
Professional fees	**17,872**	14,320
Program supplies	**262,231**	260,474
Salaries and benefits	**4,305,950**	3,923,481
Training	**67,604**	43,263
Travel and vehicles	**26,083**	20,365
YMCA affiliation dues	**109,816**	126,177
	6,245,660	5,945,332
Excess (deficiency) of revenues over expenses before other items	**(1,748)**	280,064
Other Items		
Gain (loss) on investments	**(22,140)**	67,529
Loss on disposal of property, plant and equipment	**-**	(118,932)
Excess (deficiency) of revenue over expenses	**$ (23,888)**	$ 228,661

The accompanying 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		2019		2018
Cash Flows from Operating Activities				
Excess (deficiency) of revenue over expenses	**$**	**(23,888)**	$	228,661
Adjustments for				
Amortization of property, plant and equipment		**851,246**		896,420
Loss on disposal of property, plant and equipment		**-**		118,932
		827,358		1,244,013
Changes in non-cash working capital balances				
Accounts receivable		**170,878**		180
Prepaid expenses		**43,606**		(40,000)
Accounts payable		**45,164**		47,990
Deferred capital contributions		**(565,029)**		(488,840)
Deferred revenue		**(133,044)**		(27,322)
		(438,425)		(507,992)
		388,933		736,021
Cash Flows from Investing Activities				
Purchase of property, plant and equipment		**(194,449)**		(132,124)
Cash Flows from Financing Activities				
Repayment of long-term debt		**(151,549)**		(153,400)
Repayment of capital lease		**(24,820)**		(64,533)
		(176,369)		(217,933)
Increase in cash and cash equivalents		**18,115**		385,964
Cash and cash equivalents, beginning of year		**866,476**		480,512
Cash and cash equivalents, end of year	**$**	**884,591**	$	866,476
Represented by				
Cash	**$**	**337,280**	$	312,267
Restricted cash		**547,311**		554,209
	$	**884,591**	$	866,476

The accompanying 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

	2019		2018	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 665,452**	**$ -**	$ 665,452	$ -
Buildings	**18,562,352**	**4,861,674**	18,501,627	4,142,184
Computer equipment	**204,926**	**195,689**	204,926	191,730
Equipment	**1,470,117**	**1,071,772**	1,356,435	993,624
Leasehold Improvements - Y-South	**973,411**	**375,649**	953,369	339,610
Leasehold improvements- Y-West	**167,616**	**78,337**	167,616	73,638
Leasehold improvements- New Era	**20,559**	**9,450**	20,559	8,865
Park	**204,191**	**46,000**	204,191	37,674
	$ 22,268,624	**$ 6,638,571**	$ 22,074,175	$ 5,787,325
Net book value		**$ 15,630,053**		$ 16,286,850

3. Accounts Payable

Included in accounts payable is $51,298 (2018 - $51,872) of government remittances payable.

4. Deferred Revenue

	2019	2018
Opening deferred revenue	**$ 235,300**	$ 262,622
Revenue received	**3,884,455**	3,478,684
Revenue recognized	**(4,017,499)**	(3,506,006)
	$ 102,256	$ 235,300

The deferred revenue balance is made up of unearned membership fees collected and restricted funds received for the purposes of capital improvement and expansion.

5. Long-Term Debt

		2019		2018
Royal Bank loan, repayable at $10,000 monthly plus interest at 4.48%, secured by building with a carrying value of $13,700,678, maturing in 2037.	**$**	**2,244,000**	$	2,362,000
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 with a carrying value of $571,897, maturing in 2023.		**107,955**		141,504
		2,351,955		2,503,504
Less amounts due within one year included in current liabilities		**156,739**		151,549
	$	**2,195,216**	$	2,351,955

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

2020	$	156,739
2021		162,971
2022		168,502
2023		139,743
2024		143,000
Thereafter		1,581,000
	$	2,351,955

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.

	2019	2018
Opening deferred capital contributions	**$ 11,734,546**	$ 12,223,386
Deferred capital contributions received	**87,344**	101,993
Deferred capital contributions recognized	**(652,373)**	(590,833)
Ending deferred capital contributions	**$ 11,169,517**	$ 11,734,546

7. Capital Lease Obligation

	2019	2018
Royal Bank capital lease, repaid in the year.	**$ -**	$ 24,820
Less amounts due within one year included in current liabilities	**-**	24,820
	$ -	$ -

8. Financial Risk Management

The organization as part of its operations, carries a number of financial instruments. It is management's opinion that the organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from the financial instruments except as otherwise noted.

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.

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 is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk arises principally from receivables. The entity's receivables are the result of grant funding and related holdbacks receivable, credit card payments 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 2019, these transactions amounted to NIL (2018 - $40,294) with two different companies.