

Brockville Young Men's Christian Association
Financial Statements
December 31, 2017

Independent Auditors' Report

To the Members of Brockville Young Men's Christian Association:

We have audited the accompanying financial statements of Brockville Young Men's Christian Association, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, 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 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.

Auditors' 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 auditors' 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Brockville Young Men's Christian Association as at December 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.

Brockville, Ontario

March 26, 2018

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

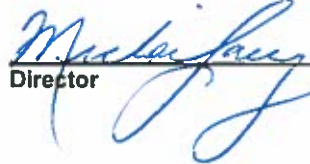
Brockville Young Men's Christian Association
Statement of Financial Position

As at December 31, 2017

	2017	2016
Assets		
Current		
Cash	341,302	299,257
Accounts receivable (Note 3)	118,536	135,024
Prepaid expenses	89,237	32,516
	549,075	466,797
Capital assets (Note 4)	1,975,281	1,955,068
	2,524,356	2,421,865
Liabilities		
Current		
Accounts payable and accrued liabilities	276,712	239,997
Government remittances payable	27,781	32,955
Deferred membership and program fees	123,801	121,028
Deferred contributions: expenses of future years (Note 6)	94,922	57,287
Current portion of long-term debt (Note 5)	24,863	24,863
	548,079	476,130
Long-term debt (Note 5)	2,072	26,935
Deferred capital contributions (Note 7)	1,037,482	1,032,396
	1,587,633	1,535,461
Net Assets		
Investment in capital assets (Note 8)	910,864	870,874
Unrestricted	25,859	15,530
	936,723	886,404
	2,524,356	2,421,865

Approved on behalf of the Board


Director


Director

The accompanying notes are an integral part of these financial statements

Brockville Young Men's Christian Association
Statement of Operations

For the year ended December 31, 2017

	2017	2016
Revenue		
Membership and program fees	1,517,562	1,498,653
Licensed child care fees	1,024,858	1,073,653
Camp fees	107,634	81,866
Grants and sponsorships	600,382	546,922
Donations and fundraising	256,543	256,431
Facility enhancement fee	7,341	12,976
Amortization of deferred contributions related to capital assets	202,871	190,567
Administration fees	75,526	78,498
Total revenue	3,792,717	3,739,566
Expenses		
Salaries and benefits	2,190,502	2,141,789
Contractors	365,024	426,997
Professional fees	25,022	26,590
Supplies (Note 9)	271,731	250,389
Interest on long-term debt	1,295	1,932
Telecommunications	17,893	16,673
Leases and rents	51,324	48,729
Repairs and maintenance	102,770	100,542
Utilities	219,291	230,618
Bank charges	37,853	34,732
Insurance	28,351	34,917
Promotion	43,100	25,540
Training	24,207	10,509
Travel and meals	20,585	17,302
Dues	65,817	69,986
Amortization of capital assets	280,304	270,826
Bad debts (recovery)	(2,670)	4,894
Total expenses	3,742,399	3,712,965
Excess of revenue over expenses	50,318	26,601

The accompanying notes are an integral part of these financial statements

Brockville Young Men's Christian Association
Statement of Changes in Net Assets
For the year ended December 31, 2017

	<i>Investment in capital assets</i>	<i>Unrestricted</i>	<i>2017</i>	<i>2016</i>
Net assets, beginning of year	870,874	15,530	886,404	859,803
Excess of revenue over expenses (Note 8)	(77,433)	127,752	50,318	26,601
Net change in investment in capital assets (Note 8)	117,423	(117,423)	-	-
Net assets, end of year	910,864	25,859	936,722	886,404

The accompanying notes are an integral part of these financial statements

Brockville Young Men's Christian Association
Statement of Cash Flows
For the year ended December 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	50,318	26,601
Amortization of capital assets	280,304	270,826
Amortization of deferred capital contributions	(202,871)	(190,567)
Deferred contributions for expenses of future years recognized as revenue	(56,353)	(40,952)
	71,398	65,908
Changes in working capital accounts		
Accounts receivable	16,488	(7,945)
Inventory	-	1,948
Prepaid expenses	(56,721)	(5,661)
Accounts payable and accrued liabilities	36,716	7,753
Government remittances payable	(5,174)	(468)
Deferred membership and program fees	2,773	(12,796)
Deferred contributions received for expenses of future years	93,988	56,787
	159,468	105,526
Financing		
Repayment of long-term debt	(24,863)	(24,863)
Deferred capital contributions received	207,957	65,365
	183,094	40,502
Investing		
Additions to capital assets	(300,517)	(127,909)
Increase in cash	42,045	18,119
Cash, beginning of year	299,257	281,138
Cash, end of year	341,302	299,257

The accompanying notes are an integral part of these financial statements

Brockville Young Men's Christian Association

Notes to the Financial Statements

For the year ended December 31, 2017

1. Incorporation and nature of the organization

The Brockville Young Men's Christian Association (the "Association") is an independent association of volunteers and professionals whose purpose is to offer people opportunities for personal growth and service to others through its fitness and child care facilities. The Association is incorporated under the Ontario Corporations Act as a not-for-profit corporation and is a registered charity under the Income Tax Act (Canada) and is exempt from income taxes, providing certain requirements of the Act are met.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Revenue recognition

Revenue from memberships is recognized as revenue on a daily pro-rata basis over the term of the membership.

Revenue from child care services is recognized when the services are provided.

Revenue from camp fees, programs and other services is recognized when the related activities are commenced.

The Association follows the deferral method of accounting for contributions which includes government funding. The Association receives funding from the United Counties of Leeds and Grenville pursuant to service contract arrangements established by the United Counties. Government funding is recorded as revenue in the period to which it relates. Where a portion of government funding relates to a future period, it is deferred and recognized in that subsequent period.

Other restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recognized as revenue, in the period pledged, solely to the extent of amounts received or collected subsequent to year end.

Externally restricted contributions utilized for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding with the amortization rates used for the related capital assets.

Sales of break-open tickets are recognized in fundraising revenue when the sales occur.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Buildings	25 years
Computer equipment	3 years
Equipment	5 years
Paving	25 years
Tennis courts	25 years

Impairment of long-lived assets

Long-lived assets consist of capital assets.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Brockville Young Men's Christian Association
Notes to the Financial Statements
For the year ended December 31, 2017

2. Summary of significant accounting policies *(Continued from previous page)*

Contributed materials

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

Volunteers contribute a substantial number of hours each year to assist the Association in carrying out its activities. Due to the difficulty in measuring the fair value of these services, volunteer services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value.

The Organization subsequently measures its financial assets and liabilities at amortized cost. Financial assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the impairment is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the recovery. The amount of any reversal is recognized in excess of revenue over expenses.

3. Accounts receivable

Accounts receivable consist of the following:

	2017	2016
Amounts due from government agencies	66,547	46,875
Licensed child care fees	29,374	54,093
Membership fees	12,232	12,242
Amounts due from not for profit organizations	1,937	6,793
Donations, collected subsequent to year end	7,000	16,380
Other	9,446	6,641
Allowance for doubtful accounts	(8,000)	(8,000)
	118,536	135,024

Brockville Young Men's Christian Association
Notes to the Financial Statements
For the year ended December 31, 2017

4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2017 Net book value</i>
Land	296,742	-	296,742
Buildings	6,541,201	5,058,921	1,482,280
Computer equipment	203,698	188,437	15,261
Equipment	804,386	671,087	133,299
Paving	100,693	53,017	47,676
Tennis courts	94,206	94,183	23
	8,040,926	6,065,645	1,975,281

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2016 Net book value</i>
Land	296,742	-	296,742
Buildings	6,349,167	4,837,995	1,511,172
Computer equipment	192,871	181,412	11,459
Equipment	706,730	622,005	84,725
Paving	100,693	49,793	50,900
Tennis courts	94,206	94,136	70
	7,740,409	5,785,341	1,955,068

5. Long-term debt

	<i>2017</i>	<i>2016</i>
Bank loan, payable in monthly instalments of \$2,072, plus interest of Toronto-Dominion Bank prime rate plus 0.25%, due January, 2019 and secured by a second charge on all equipment	26,935	51,798
Less current portion	(24,863)	(24,863)
	2,072	26,935

Principal repayments on long-term debt in each of the next two years, assuming all term debt is subject to contractual terms of repayment are estimated as follows:

2018		24,863
2019		2,072
		26,935

The Association has negotiated a \$100,000 demand operating loan facility with the Royal Bank of Canada which is secured by a general security agreement and bears interest at the bank's prime rate plus 0.80% per annum. As at December 31, 2017, there were no amounts advanced under this loan facility.

Brockville Young Men's Christian Association
Notes to the Financial Statements
For the year ended December 31, 2017

6. Deferred contributions: expenses of future years

Deferred contributions consist of unspent contributions externally restricted for government funded programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2017	2016
Balance, beginning of year	57,287	41,452
Less: Amount recognized as revenue during the year	(56,353)	(40,952)
Amount received related to future years	93,988	56,787
Balance, end of year	94,922	57,287

7. Deferred capital contributions

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets and the unamortized portion of contributed capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2017	2016
Balance, beginning of year	1,032,396	1,157,598
Amount received during the year	207,957	65,365
Less: Amounts recognized as revenue during the year	(202,871)	(190,567)
Balance, end of year	1,037,482	1,032,396

8. Investment in capital assets

	2017	2016
(a) The investment in capital assets is calculated as follows:		
Capital assets	1,975,281	1,955,068
Deferred capital contributions	(1,037,482)	(1,032,396)
Long-term debt	(26,935)	(51,798)
	910,864	870,874
(b) Change in investment in capital assets is calculated as follows:		
Amortization of deferred capital contributions	202,871	190,567
Amortization of capital assets	(280,304)	(270,826)
	(77,433)	(80,259)
Additions to capital assets	300,517	127,909
Additions financed by deferred capital contributions	(207,957)	(65,365)
Principal payments on long-term debt	24,863	24,863
	117,423	87,407

Brockville Young Men's Christian Association
Notes to the Financial Statements
For the year ended December 31, 2017

9. Donations and fundraising

- (a) Donations revenue includes \$50,000 (2016 - \$40,000) from the Brockville & Area Young Men's Christian Association Foundation (refer to Note 12).
- (b) In-kind contributions in the amount of \$12,749 (2016 - \$7,684) were received with respect to the Annual Giving Campaign. These contributions are included in donation revenue and supplies expense.
- (c) Fundraising revenue includes proceeds from the sales of break open tickets totaling \$39,577 (2016 - \$26,350). Costs of \$22,810 (2016 - \$14,293) related to the sales of these tickets are included in supplies expense.

10. Pension costs and obligations

Employees with at least two years of continuous employment service with the Association may participate in a defined contribution pension plan (the "Plan") and employees with at least three years continuous employment service must participate in the Plan. Under the Plan contributions of 5% of pensionable earnings are made by the members which are matched by the Association. Members are permitted to make voluntary contributions to the Plan which are not matched by the Association.

Upon retirement, death or ceasing to be actively employed by the Association, the total accumulated entitlement for a Plan member or beneficiary is, subject to vesting requirements, equal to the amounts contributed on their behalf plus their pro-rata share of investment earnings including any unrealized fair value appreciation (depreciation) pertaining to the contributed funds.

The Manulife Insurance Company is the custodian of the Plan's funds.

Contributions to the Plan made during the year by the Association on behalf of its' employees amounted to \$45,007 (2016 - \$33,517).

11. Financial risks and concentrations of risk

The significant financial risks to which the Association is exposed relating to its financial instruments are interest rate, credit and liquidity risks.

(a) Interest rate risk:

Interest rate risk is the risk that the fair value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

Changes in the bank's prime interest rate can cause fluctuations in interest payments and future cash flows. It is management's opinion that the Association is not exposed to a significant interest rate risk.

(b) Credit risk:

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

Credit risk associated with cash is minimized substantially since the Association ensures that cash is invested with major financial institutions.

The Association provides credit to its members in the normal course of operations. The credit risk associated with accounts receivable is managed through the ongoing monitoring of individual receivable balances. It is management's opinion the Association does not have significant credit risk exposure to an individual member receivable.

Brockville Young Men's Christian Association
Notes to the Financial Statements
For the year ended December 31, 2017

11. Financial risks and concentrations of risk *(Continued from previous page)*

(c) **Liquidity risk:**

Liquidity risk is the risk that the Association will not be able to meet a demand for cash or fund its obligations as they become due. The Association meets its liquidity requirements by monitoring cash flows from operations and anticipating financing and investing activities.

(d) **Changes in risk:**

There have been no significant changes in the Association's risk exposures from the prior year.

Brockville Young Men's Christian Association
Notes to the Financial Statements
For the year ended December 31, 2017

12. Financial information of the Brockville & Area Young Men's Christian Association Foundation

The Brockville & Area Young Men's Christian Association Foundation (the "Foundation") is incorporated without share capital under the Ontario Corporations Act. It is a non-profit corporation established for the purpose of receiving and maintaining a fund or funds and applying all or part of the principal and the income therefrom to the Brockville Young Men's Christian Association or such other organization, which in the judgement of the directors of the Foundation, will enhance, improve or otherwise advance the purposes of the Brockville Young Men's Christian Association. The Foundation qualifies for tax-exempt status as a registered charity under the Income Tax Act.

The Foundation is a related party of the Association through significant influence. The financial statements of the Association do not include the revenue, expenses, assets, liabilities and net assets of the Foundation.

The Foundation and the Association follow the same significant accounting policies. The Foundation's mutual funds are measured at fair value.

Pertinent financial information of the Foundation is as follows:

As at December 31	2017	2016
Cash	181,951	87,887
Investments	866,889	850,955
	1,048,840	938,842
Deferred contributions	240,000	300,000
Unrestricted net assets	808,840	638,842
	1,048,840	938,842
Year ended December 31	2017	2016
Gain on investments	54,149	55,772
Donation revenue	105,945	3,000
Interest revenue	56	2
Recognition of deferred contributions	60,000	-
Donation to Brockville Young Men's Christian Association	(50,000)	(40,000)
Bank fees	(38)	(39)
Office supplies	(115)	(931)
Excess of revenue over expenses	169,997	17,804