

**Brockville Young Men's Christian Association**  
**Financial Statements**  
*December 31, 2018*

## Independent Auditor's Report

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

### Opinion

We have audited the financial statements of Brockville Young Men's Christian Association (the "Association"), which comprise the statement of financial position as at December 31, 2018, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2018, 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 Opinion

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 Association 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 opinion.

### Emphasis of Matter - Subsequent Event

We draw attention to Note 12 of the financial statements, which describes the plan to amalgamate the Association with the Young Men's Christian Association of Kingston, Ontario, and continue operations as the amalgamated entity, YMCA of Eastern Ontario. Our opinion is not modified in respect of this matter.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

Brockville, Ontario

March 25, 2019

*MNP LLP*

Chartered Professional Accountants


Licensed Public Accountants


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

As at December 31, 2018

	2018	2017
<b>Assets</b>		
<b>Current</b>		
Cash	69,056	341,302
Accounts receivable (Note 3)	138,043	118,536
Prepaid expenses	120,372	89,237
	327,471	549,075
<b>Capital assets (Note 4)</b>	1,835,478	1,975,281
	2,162,949	2,524,356
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	313,080	276,712
Government remittances payable	33,334	27,781
Deferred membership and program fees	92,139	123,801
Deferred contributions related to expenses of future years (Note 6)	41,958	94,922
Current portion of long-term debt (Note 5)	2,072	24,863
	482,583	548,079
<b>Long-term debt (Note 5)</b>	-	2,072
<b>Deferred capital contributions (Note 7)</b>	824,403	1,037,482
	1,306,986	1,587,633
<b>Net Assets</b>		
Investment in capital assets (Note 8)	1,009,003	910,864
Unrestricted (deficiency)	(153,040)	25,859
	855,963	936,723
	2,162,949	2,524,356

Approved on behalf of the Board

  
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Director

  
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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, 2018*

	2018	2017
<b>Revenue</b>		
Membership and program fees	1,511,068	1,593,088
Licensed child care fees	995,183	1,024,858
Grants and sponsorships	579,297	600,382
Donations and fundraising	372,215	256,543
Amortization of deferred contributions related to capital assets	214,276	202,871
Camp fees	83,875	107,634
Facility enhancement fee	1,501	7,341
<b>Total revenue</b>	<b>3,757,415</b>	<b>3,792,717</b>
<b>Expenses</b>		
Salaries and benefits	2,328,852	2,190,502
Contractors	293,917	365,024
Amortization of capital assets	289,499	280,304
Supplies (Note 9)	287,615	271,731
Utilities (Note 9)	208,967	219,291
Repairs and maintenance	88,622	102,770
YMCA Canada dues	65,525	65,817
Professional fees	61,124	25,022
Promotion	45,352	43,100
Leases and rents	44,687	51,324
Bank charges	38,069	37,853
Insurance	31,414	28,351
Travel and meals	21,559	20,585
Telecommunications	19,794	17,893
Training	11,416	24,206
Bad debts (recovery)	1,178	(2,670)
Interest on long-term debt	585	1,295
<b>Total expenses</b>	<b>3,838,175</b>	<b>3,742,398</b>
<b>Excess of revenue over expenses (expenses over revenue)</b>	<b>(80,760)</b>	<b>50,319</b>

*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, 2018*

	<i>Investment in capital assets</i>	<i>Unrestricted</i>	<i>2018</i>	<i>2017</i>
<b>Net assets, beginning of year</b>	910,864	25,859	<b>936,723</b>	886,404
<b>Excess of revenue over expenses (expenses over revenue) (Note 8)</b>	(75,223)	(5,537)	<b>(80,760)</b>	50,319
<b>Net change in investment in capital assets (Note 8)</b>	173,362	(173,362)	-	-
<b>Net assets, end of year</b>	<b>1,009,003</b>	<b>(153,040)</b>	<b>855,963</b>	936,723

*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, 2018*

	<b>2018</b>	<b>2017</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses (expenses over revenue)	(80,760)	50,319
Amortization of capital assets	289,499	280,304
Amortization of deferred capital contributions	(214,276)	(202,871)
Deferred contributions for expenses of future years recognized as revenue	(93,755)	(56,353)
	(99,292)	71,399
Changes in working capital accounts		
Accounts receivable	(19,507)	16,488
Prepaid expenses	(31,135)	(56,721)
Accounts payable and accrued liabilities	36,368	36,715
Government remittances payable	5,553	(5,174)
Deferred membership and program fees	(31,662)	2,773
Deferred contributions received for expenses of future years	40,791	93,988
	(98,884)	159,468
<b>Financing</b>		
Repayment of long-term debt	(24,863)	(24,863)
Deferred capital contributions received	1,197	207,957
	(23,666)	183,094
<b>Investing</b>		
Additions to capital assets	(149,696)	(300,517)
<b>Increase (decrease) in cash</b>	(272,246)	42,045
<b>Cash, beginning of year</b>	341,302	299,257
<b>Cash, end of year</b>	69,056	341,302

*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, 2018*

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**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, 2018*

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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.

**Measurement uncertainty (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. Actual results could differ from these estimates.

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**

**Initial measurement**

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.

**Subsequent measurement**

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, government remittances payable and long-term debt.

**Impairment**

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:

	<b>2018</b>	<b>2017</b>
Amounts due from government agencies	64,126	66,547
Licensed child care fees	45,660	29,374
Membership fees	6,132	12,232
Amounts due from not for profit organizations	1,988	1,937
Donations, collected subsequent to year end	1,996	7,000
Other	26,141	9,446
Allowance for doubtful accounts	(8,000)	(8,000)
	<b>138,043</b>	<b>118,536</b>

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**Brockville Young Men's Christian Association**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2018*

**4. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2018 Net book value</i>
Land	296,742	-	296,742
Buildings	6,619,688	5,285,259	1,334,429
Computer equipment	244,781	201,332	43,449
Equipment	834,512	718,106	116,406
Paving	100,693	56,241	44,452
Tennis courts	94,206	94,206	-
	<b>8,190,622</b>	<b>6,355,144</b>	<b>1,835,478</b>

	<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
	<b>8,040,926</b>	<b>6,065,645</b>	<b>1,975,281</b>

**5. Long-term debt**

	<i>2018</i>	<i>2017</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	2,072	26,935
Less current portion	(2,072)	(24,863)
	<b>-</b>	<b>2,072</b>

The Association has a \$100,000 revolving 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 2.00% per annum.

The Association also has access to up to \$400,000 in facilities with the Royal Bank of Canada through a combination of variable rate revolving term loans, fixed rate revolving term loans and a revolving lease line of credit. When accessed, the revolving term loans will be repayable by monthly principal payments plus interest based on a maximum 60 month amortization with interest at the bank's prime rate plus a premium to be determined at the time of borrowing. When accessed, the lease line of credit will be governed by a separate agreement between the Association and the bank.

As at December 31, 2018, there were no amounts advanced under any of these facilities (2017 - \$Nil).

The facilities are secured by a general security agreement constituting a first ranking security in all property. The revolving term and revolving lease line of credit facilities will also be secured by a chattel mortgage constituting a first ranking and specific security interest in specific equipment.

**Brockville Young Men's Christian Association**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2018*

**6. Deferred contributions related to expenses of future periods**

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:

	2018	2017
Balance, beginning of year	94,922	57,287
Less: Amount recognized as revenue during the year	(93,755)	(56,353)
Amount received related to future years	40,791	93,988
Balance, end of year	41,958	94,922

**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:

	2018	2017
Balance, beginning of year	1,037,482	1,032,396
Amount received during the year	1,197	207,957
Less: Amounts recognized as revenue during the year	(214,276)	(202,871)
Balance, end of year	824,403	1,037,482

**8. Investment in capital assets**

	2018	2017
<b>(a) The investment in capital assets is calculated as follows:</b>		
Capital assets	1,835,478	1,975,281
Amounts financed by deferred capital contributions	(824,403)	(1,037,482)
Amounts financed by long-term debt	(2,072)	(26,935)
	1,009,003	910,864

**(b) Change in investment in capital assets is calculated as follows:**

<b>Excess of expenses over revenue:</b>		
Amortization of deferred capital contributions	214,276	202,871
Amortization of capital assets	(289,499)	(280,304)
	(75,223)	(77,433)
<b>Net change in investment in capital assets:</b>		
Additions to capital assets	149,696	300,517
Additions financed by deferred capital contributions	(1,197)	(207,957)
Principal payments on long-term debt	24,863	24,863
	173,362	117,423

**Brockville Young Men's Christian Association**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2018*

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**9. Donations and fundraising**

- (a) Donations revenue includes \$100,000 (2017 - \$50,000) from the Brockville & Area Young Men's Christian Association Foundation (refer to Note 14).
- (b) In-kind contributions in the amount of \$18,811 (2017 - \$12,749) were received with respect to the Annual Giving Campaign. These contributions are included in donation revenue and supplies expense.
- (c) In-kind contributions in the amount of \$30,619 were received from the City of Brockville for utilities (2017 - \$Nil). These contributions are included in donation revenue and utilities expense.
- (d) Fundraising revenue includes proceeds from the sales of break open tickets totaling \$36,791 (2017 - \$39,577). Costs of \$20,404 (2017 - \$22,810) 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 \$50,555 (2017 - \$45,007).

**11. Financial instruments**

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 these financial instruments except as otherwise disclosed. There have been no changes to risk exposures from 2017 other than increased liquidity risk due to the excess of expenses over revenue in 2018.

***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market 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.

***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, 2018

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**11. Financial instruments** (Continued from previous page)

**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. Additional cash requirements can be met with the use of the available bank loan facility. The Association's borrowing arrangements are concentrated with a single Canadian financial institution.

**12. Subsequent event**

During the year, the Association approved a plan to merge with the Young Men's Christian Association of Kingston, Ontario, to become one regional YMCA, to strengthen the reach, impact and sustainability of the YMCA in Eastern Ontario. Subsequent to year end an amalgamation agreement was approved by both amalgamating associations. The assets and liabilities of both associations will be transferred, and existing operations will continue, under the name of the amalgamated entity, YMCA of Eastern Ontario.

**13. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation. Administration fees of \$75,526 have been grouped with membership and program fees.

**Brockville Young Men's Christian Association**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2018*

**14. 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:

<b>As at December 31</b>	<b>2018</b>	<b>2017</b>
Cash	282,188	181,951
Investments	743,631	866,889
	<b>1,025,819</b>	<b>1,048,840</b>
Deferred contributions	190,000	240,000
Unrestricted net assets	835,819	808,840
	<b>1,025,819</b>	<b>1,048,840</b>
<b>Year ended December 31</b>	<b>2018</b>	<b>2017</b>
Gain on investments	-	54,149
Donation revenue	121,954	105,945
Interest revenue	778	56
Recognition of deferred contributions	50,000	60,000
Donation to Brockville Young Men's Christian Association	(100,000)	(50,000)
Bank fees	(75)	(38)
Office supplies	(323)	(115)
Loss on investments	(38,956)	-
Fundraising expenses	(6,399)	-
<b>Excess of revenue over expenses</b>	<b>26,979</b>	<b>169,997</b>