

Brockville Young Men's Christian Association
Financial Statements
December 31, 2016

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, 2016, and the statements of earnings, 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, 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.

Brockville, Ontario

March 27, 2017

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

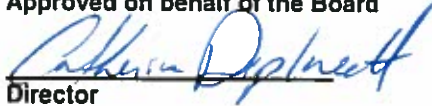
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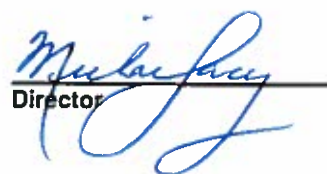
Brockville Young Men's Christian Association
Statement of Financial Position

As at December 31, 2016

	<i>2016</i>	<i>2015</i>
Assets		
Current		
Cash	299,257	281,138
Accounts receivable (Note 3)	135,024	127,079
Prepaid expenses	32,516	26,855
Inventory	-	1,948
	466,797	437,020
Capital assets (Note 4)	1,955,068	2,097,985
	2,421,865	2,535,005
Liabilities		
Current		
Accounts payable and accruals	239,997	232,244
Government remittances payable	32,955	33,423
Deferred membership and program fees	121,028	133,824
Current portion of long-term debt (Note 5)	24,863	24,863
Deferred contributions: expenses of future years (Note 6)	57,287	41,452
	476,130	465,806
Long-term debt (Note 5)	26,935	51,798
Deferred contributions: capital assets (Note 7)	1,032,396	1,157,598
	1,535,461	1,675,202
Net Assets		
Investment in capital assets (Note 8)	870,874	863,726
Unrestricted	15,530	(3,923)
	886,404	859,803
	2,421,865	2,535,005

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, 2016

	2016	2015
Revenue		
Membership and program fees	1,498,653	1,404,360
Licensed child care fees	1,073,653	1,143,033
Camp fees	81,866	152,597
Grants and sponsorships	546,922	492,850
Donations and fundraising	256,431	273,186
Facility enhancement fee	12,976	27,238
Amortization of deferred contributions related to capital assets	190,567	188,731
Administration fees	78,498	74,784
Total revenue	3,739,566	3,756,779
Expenses		
Salaries and benefits	2,141,789	2,073,797
Contractors	426,997	452,132
Professional fees	26,590	31,219
Supplies (Note 9)	250,389	261,308
Interest on long-term debt	1,932	2,751
Telecommunications	16,673	17,084
Leases and rents	48,729	66,919
Repairs and maintenance	100,542	113,387
Utilities	230,618	230,063
Bank charges	34,732	33,994
Insurance	34,917	37,866
Promotion	25,540	41,817
Training	10,509	5,285
Travel and meals	17,302	22,764
Dues	69,986	73,420
Amortization of capital assets	270,826	285,835
Bad debts	4,894	2,780
Total expenses	3,712,965	3,752,421
Excess (deficiency) of revenue over expenses	26,601	4,358

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, 2016

	<i>Investment in capital assets</i>	<i>Unrestricted</i>	<i>2016</i>	<i>2015</i>
Net assets, beginning of year	863,726	(3,923)	859,803	855,445
Excess (deficiency) of revenue over expenses	(80,259)	106,860	26,601	4,358
Net change in investment in capital assets	87,407	(87,407)	-	-
Net assets, end of year	870,874	15,530	886,404	859,803

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, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	26,601	4,358
Deferred contributions for expenses of future years recognized as revenue	(40,952)	(61,200)
Amortization of deferred contributions related to capital assets	(190,567)	(188,731)
Amortization of capital assets	270,826	285,835
	65,908	40,262
Changes in working capital accounts		
Accounts receivable	(7,945)	34,097
Prepaid expenses	(5,661)	(2,389)
Inventory	1,948	2,758
Accounts payable and accrued liabilities	7,753	(21,830)
Government remittances payable	(468)	8,224
Deferred membership and program fees	(12,796)	9,734
Increase in deferred contributions for expenses of future years	56,787	40,952
	105,526	111,808
Financing		
Repayment of long-term debt	(24,863)	(24,863)
Deferred contributions related to capital assets	65,365	3,194
	40,502	(21,669)
Investing		
Additions to capital assets	(127,909)	(186,814)
Increase (decrease) in cash	18,119	(96,675)
Cash, beginning of year	281,138	377,813
Cash, end of year	299,257	281,138

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, 2016

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.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions (including pledges) are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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 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

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 Organization 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.

Brockville Young Men's Christian Association
Notes to the Financial Statements
For the year ended December 31, 2016

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

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.

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 net income. The previously recognized impairment loss may be reversed to the extent of the recovery. The amount of any reversal is recognized in net income.

3. Accounts receivable

Accounts receivable consist of the following:

	<i>2016</i>	<i>2015</i>
Amounts due from government agencies	46,875	67,331
Licensed child care fees	54,093	43,836
Membership fees	12,242	10,521
Amounts due from not for profit organizations	6,793	5,244
Pledges receivable	16,380	6,265
Other	6,641	1,882
Allowance for doubtful accounts	(8,000)	(8,000)
	135,024	127,079

4. Capital assets

	<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

Brockville Young Men's Christian Association
Notes to the Financial Statements
For the year ended December 31, 2016

4. Capital assets (Continued from previous page)

	Cost	Accumulated amortization	2015 Net book value
Land	296,742	-	296,742
Buildings	6,262,565	4,621,913	1,640,652
Computer equipment	180,806	171,879	8,927
Equipment	677,488	580,546	96,942
Paving	100,693	46,569	54,124
Tennis courts	94,206	93,608	598
	7,612,500	5,514,515	2,097,985

5. Long-term debt

	2016	2015
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	51,798	76,661
Less current portion	(24,863)	(24,863)
	26,935	51,798

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

2017	24,863
2018	24,863
2019	2,072
	51,798

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, 2016, there were no amounts advanced under this loan facility.

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:

	2016	2015
Balance, beginning of year	41,452	61,700
Less: Amount recognized as revenue during the year	(40,952)	(61,200)
Amount received related to future years	56,787	40,952
	57,287	41,452

Brockville Young Men's Christian Association
Notes to the Financial Statements
For the year ended December 31, 2016

7. Deferred contributions related to capital assets

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:

	2016	2015
Balance, beginning of year	1,157,598	1,343,135
Amount received during the year	65,365	3,194
Less: Amounts recognized as revenue during the year	(190,567)	(188,731)
Balance, end of year	1,032,396	1,157,598

8. Investment in capital assets

	2016	2015
(a) The investment in capital assets is calculated as follows:		
Capital assets	1,955,068	2,097,985
Deferred capital contributions	(1,032,396)	(1,157,598)
Long-term debt	(51,798)	(76,661)
	870,874	863,726
(b) Change in investment in capital assets is calculated as follows:		
Amortization of deferred contributions related to capital assets	190,567	188,731
Amortization of capital assets	(270,826)	(285,835)
	(80,259)	(97,104)
Additions to capital assets	127,909	186,814
Additions financed by deferred capital contributions	(65,365)	(3,194)
Principal payments on long-term debt	24,863	24,863
	87,407	208,483

9. Donations and fundraising

- (a) Donations revenue includes \$40,000 (2015 - \$40,752) from the Brockville & Area Young Men's Christian Association Foundation.
- (b) In-kind contributions in the amount of \$7,684 (2015 - \$16,699) 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 \$26,350 (2015 - \$29,666). Costs of \$14,293 (2015 - \$17,838) 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.

Brockville Young Men's Christian Association
Notes to the Financial Statements
For the year ended December 31, 2016

10. Pension costs and obligations *(Continued from previous page)*

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 \$33,517 (2015 - \$34,592).

11. Financial Instruments

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 or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The bank loan bears interest at the bank prime rate plus 0.25%.

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.

(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, 2016

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	2016	2015
Cash	87,887	10,884
Investments	850,955	910,154
	938,842	921,038
Deferred contributions	300,000	300,000
Unrestricted net assets	638,842	621,038
	938,842	921,038
Year ended December 31	2016	2015
Gain on investments	55,772	3,289
Donation revenue	3,000	500,000
Interest revenue	2	148
Donation to Brockville Young Men's Christian Association	(40,000)	(40,752)
Bank fees	(39)	(32)
Office supplies	(931)	-
Excess of revenue over expenses	17,804	462,653