

**THE LETHBRIDGE YOUNG MEN'S
CHRISTIAN ASSOCIATION**

FINANCIAL STATEMENTS

For the year ended August 31, 2018

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
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August 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
The Lethbridge Young Men's Christian Association

We have audited the accompanying financial statements of The Lethbridge Young Men's Christian Association, which comprise the statement of financial position as at August 31, 2018, 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.

Auditor's Responsibility

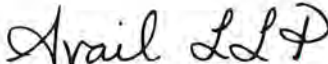
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization'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 The Lethbridge Young Men's Christian Association as at August 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.



Lethbridge, Alberta

November 22, 2018

Chartered Professional Accountants

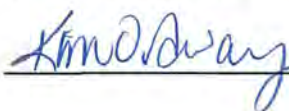
THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
STATEMENT OF FINANCIAL POSITION
As at August 31, 2018

	2018	2017
ASSETS		
Current		
Cash	\$ 1,142,316	\$ 303,704
Accounts receivable (note 3)	245,108	239,820
Inventory	202	617
Prepaid expenses	11,224	4,543
	1,398,850	548,684
Investments (note 4)	31,607	29,252
Funds held in trust (note 5)	3,797,098	3,752,949
Capital assets (note 6)	987,825	1,115,638
	\$ 6,215,380	\$ 5,446,523

LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	\$ 77,757	\$ 127,076
Government remittances payable	35,014	31,758
Deferred revenue (note 7)	1,074,700	249,195
GST payable	3,721	3,555
Current portion of callable debt	12,789	12,602
	1,203,981	424,186
Callable debt (note 8)	33,687	46,249
	1,237,668	470,435
Unamortized capital contributions (note 9)	687,158	764,389
Deferred donation - Cor Van Raay (note 10)	3,797,098	3,752,949
Deferred Y's Mens' youth camp revenue	34,758	33,938
	5,756,682	5,021,711
Net assets		
Unrestricted	172,900	103,162
Invested in capital assets	254,191	292,398
Endowment fund (note 11)	31,607	29,252
	458,698	424,812
	\$ 6,215,380	\$ 5,446,523

Approved on behalf of the board:

Director:



Director:



THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
STATEMENT OF OPERATIONS
For the year ended August 31, 2018

	2018 Budget (unaudited)	2018 Actual	2017 Actual
Revenue			
Memberships	\$ 1,174,713	\$ 1,122,454	\$ 1,198,585
Grants (note 12)	705,015	456,410	242,106
YMCA camps	210,952	156,850	200,724
Programs	181,900	155,990	155,608
Strong Kids campaign	108,000	115,786	120,785
Day passes	39,000	47,188	42,705
Community campaign	-	13,479	5,395
Food services and merchandise	15,000	11,595	14,925
Facility rent	13,750	11,505	13,558
GST	14,000	9,175	9,737
Casino	-	6,333	21,490
	2,462,330	2,106,765	2,025,618
Expenses			
Wages, salaries and benefits	1,400,907	1,274,685	1,069,592
Repairs and maintenance	135,600	149,500	161,674
Utilities	125,591	130,564	130,874
Crossings readiness expense (note 13)	179,676	99,072	116,138
Programs and camp supplies	158,999	72,015	94,020
Office	60,670	56,821	34,969
Advertising and promotion	41,350	47,156	43,481
Staff and volunteer development	58,534	35,933	39,198
National and Provincial dues - YMCA	36,000	32,487	34,512
Interest and bank charges	26,400	29,418	28,499
Professional fees	48,550	19,810	23,414
Insurance	25,200	18,740	22,633
Community campaign	36,500	13,479	13,246
Downtown Child Care expense	-	12,487	-
Merchandise	9,000	8,203	9,912
Strong Kids	3,250	4,800	7,700
	2,346,227	2,005,170	1,829,862
Excess of revenue over expenses from operations	116,103	101,595	195,756
Other revenue (expenses)			
Amortization of capital contributions	-	84,594	90,845
Investment income	-	1,374	615
Unrealized gain (loss) on investments	-	1,063	868
Equipment purchases	(25,670)	(19,564)	(47,330)
Amortization	-	(135,176)	(141,691)
	(25,670)	(67,709)	(96,693)
Excess of revenue over expenses	\$ 90,433	\$ 33,886	\$ 99,063

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
For the year ended August 31, 2018

	Unrestricted	Invested in capital assets	Endowment fund	Total 2018	Total 2017
Balance, beginning of year	\$ 103,162	\$ 292,398	\$ 29,252	\$ 424,812	\$ 325,749
Excess of revenue over expenses	33,886	-	-	33,886	99,063
Purchase of capital assets	(7,363)	7,363	-	-	-
Amortization of capital assets	135,176	(135,176)	-	-	-
Amortization of capital contributions	(84,594)	84,594	-	-	-
Capital contributions	7,363	(7,363)	-	-	-
Investment income	(1,292)	-	1,292	-	-
Unrealized gain on investments	(1,063)	-	1,063	-	-
Repayment of callable debt	(12,375)	12,375	-	-	-
Balance, end of year	\$ 172,900	\$ 254,191	\$ 31,607	\$ 458,698	\$ 424,812

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
STATEMENT OF CASH FLOWS
For the year ended August 31, 2018

	2018	2017
Cash flows from operating activities		
Excess of revenue over expenses	\$ 33,886	\$ 99,063
Adjustments for items which do not affect cash		
Amortization	135,176	141,691
Amortization of capital contributions	(84,594)	(90,845)
Unrealized (gain) loss on investments	(1,063)	(868)
	83,405	149,041
Change in non-cash working capital items		
Accounts receivable	(5,288)	(55,751)
Inventory	415	(119)
Prepaid expenses	(6,681)	(3,081)
Deposits	-	4,922
Accounts payable and accrued liabilities	(49,320)	33,582
Government remittances payable	3,256	2,694
Deferred revenue	826,325	38,957
GST	166	8
	852,278	170,253
Cash flows from investing activities		
Increase in investments	(1,291)	(579)
Purchase of capital assets	(7,363)	(171,052)
Capital contributions	7,363	104,517
	(1,291)	(67,114)
Cash flows from financing activities		
Proceeds of callable debt	-	67,000
Repayment of callable debt	(12,375)	(8,149)
	(12,375)	58,851
Net increase in cash	838,612	161,990
Cash, beginning of year	303,704	141,714
Cash, end of year	\$ 1,142,316	\$ 303,704

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018

1. Nature of operations

The Lethbridge Young Men's Christian Association (YMCA) is a not-for-profit organization and a registered charity under the Income Tax Act that is dedicated to the growth of persons in spirit, mind, and body and the development of a sense of responsibility to each other and to the global community. The YMCA utilizes its facilities, programs, and services to achieve this objective. The YMCA has received permission from the Canada Revenue Agency to change its year end to December 31, commencing with the four month period ended December 31, 2018.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Revenue recognition

The YMCA follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures 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.

Membership fees are recognized as revenue over the term of the membership. The portion of the annual membership paid before year end which relates to months after year end has been included in deferred revenue.

Program, camp and day passes and other service revenues are recognized as income in the period the services are provided.

(b) Financial instruments

The YMCA initially measures its financial assets and liabilities at fair value.

The YMCA subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

(c) Cash and cash equivalents

The YMCA includes cash on hand, funds held by financial institutions in operating accounts, cheques issued in excess of cash on hand, and an operating loan in the determination of cash and cash equivalents.

(d) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the specific item method.

(e) Capital assets

Capital assets with a value of \$5,000 or more are capitalized and recorded at cost. The YMCA provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Building improvements	20 years
Building	40 years
Equipment	5 years

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018

2. Significant accounting policies, continued

- (f) **Contributed services**
Volunteers occasionally contribute time to assist the YMCA in carrying out certain programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
- (g) **Net assets invested in capital assets**
The YMCA has chosen to continue to treat net assets invested in capital assets as a separate component of net assets.
- (h) **Income taxes**
Under Section 149(1)(f) of the Income Tax Act, the YMCA is exempt from income taxes on income earned in the normal course of business.
- (i) **Measurement uncertainty**
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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

3. Accounts receivable

	2018	2017
Graham Greenslade estate donation	\$ 117,975	\$ 117,975
Canada summer jobs grant	86,680	77,371
Golf tournament proceeds	25,298	33,768
City of Lethbridge grants	14,360	4,575
Other	795	6,131
	<u>\$ 245,108</u>	<u>\$ 239,820</u>

4. Investments

	2018	2017
CI funds (cost: 2018 \$23,925, 2017 \$22,634)	\$ 30,973	\$ 28,618
Cash	634	634
	<u>\$ 31,607</u>	<u>\$ 29,252</u>

These investments are internally restricted as an endowment (note 11).

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018

5. **Funds held in trust**

	2018	2017
Donation - Cor Van Raay	\$ 3,750,000	\$ 3,750,000
Accrued interest	47,098	2,949
	<u>\$ 3,797,098</u>	<u>\$ 3,752,949</u>

The amount related to a community campaign donation is held in trust with Stringam LLP.

6. **Capital assets**

	2018		2017	
	Cost	Accumulated amortization	Net	Net
Building improvements	\$ 2,808,938	\$ 1,891,670	\$ 917,268	\$ 1,024,548
Building	853,724	853,724	-	-
Equipment	591,726	528,532	63,194	91,090
Leasehold improvements	7,363	-	7,363	-
	<u>\$ 4,261,751</u>	<u>\$ 3,273,926</u>	<u>\$ 987,825</u>	<u>\$ 1,115,638</u>

7. **Deferred revenue**

Deferred revenue represents unspent resources received in the current period that are related to the subsequent period. Changes in the deferred revenue balance are as follows:

	Balance, beginning of year	Received	Recognized	Capital contributions	Balance, end of year
Downtown Child Care	\$ -	\$ 650,000	\$ (22,903)	\$ (7,363)	619,734
Crossings Readiness	84,677	500,000	(306,388)	-	278,289
Graham Greenslade estate	117,975	-	-	-	117,975
Community campaign	-	50,000	(1,494)	-	48,506
Membership fees	14,175	133,755	(140,273)	-	7,657
Casino funds	7,812	-	(6,333)	-	1,479
City of Lethbridge	24,556	14,360	(37,856)	-	1,060
	<u>\$ 249,195</u>	<u>\$ 1,348,115</u>	<u>\$ (515,247)</u>	<u>\$ (7,363)</u>	<u>1,074,700</u>

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018

8. Callable debt

	2018	2017
Alberta Treasury Branches		
This loan is repayable at \$1,225 per month including interest at the prime rate plus 1%. Security pledged is described in note 14. The loan is due in 2019.	\$ 46,476	\$ 58,851
Repayable within one year	12,789	12,602
	\$ 33,687	\$ 46,249
Estimated principal repayments based on currently accepted repayment terms are as follows:		
2019	\$ 12,789	
2020	13,403	
2021	14,046	
2022	6,238	
	\$ 46,476	

9. Unamortized capital contributions

Unamortized capital contributions represent contributed capital assets and restricted contributions with which a portion of the YMCA's building, subsequent renovations and equipment were funded. The changes in unamortized capital contributions for the year are as follows:

	2018	2017
Beginning balance	\$ 764,389	\$ 750,717
Capital contributions	7,363	104,517
Amounts amortized to revenue	(84,594)	(90,845)
	\$ 687,158	\$ 764,389

10. Deferred donation - Cor Van Raay

	2018	2017
Donation - Cor Van Raay	\$ 3,797,098	\$ 3,752,949

This amount is restricted for the purposes described in the community campaign which will support the YMCA in four general areas: health and wellness initiatives, youth programs and program development, early learning and childcare program development, and the program legacy fund.

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018

11. Endowment fund

Effective September 1, 2003 the Endowment Fund of the Lethbridge Young Men's Christian Association transferred all of its assets into the YMCA. The purpose of the endowment fund is to provide ongoing support to the YMCA. The principal balance is designated to remain in the fund. Interest income can be used for community programs and facilities of the YMCA.

12. Grant revenue

	2018	2017
Crossings Readiness	\$ 306,388	\$ 113,224
Canada Summer Jobs	86,263	86,458
City of Lethbridge	37,856	39,424
Downtown Child Care	22,903	-
Heart of Our City	3,000	2,500
Community Foundation	-	500
	\$ 456,410	\$ 242,106

13. Crossings readiness

The YMCA has received grants from the City of Lethbridge to develop plans for the Crossroads Leisure Centre. The Crossings readiness expense includes amounts incurred to date, with the exception of approximately \$207,000 included in wages and benefits.

14. Operating line

A revolving operating loan has been authorized by Alberta Treasury Branches to a maximum of \$150,000 and bears interest at the bank's prime lending rate plus 1%. Security pledged consists of a general security agreement covering all present and after-acquired personal property. The loan was not drawn upon during the year.

15. Closure of facility

The YMCA has announced that it will be closing the facility which is located on the land leased from the City of Lethbridge. The exact date of closure is not known at this time, however it is expected to be some time in 2019. The YMCA intends to terminate the lease and vacate the premises, moving all operations to the new Crossroads Leisure Centre. Currently, the remaining net book value of the building improvements, net of unamortized capital contributions, is approximately \$230,000. At the time of relocation, this amount will be written off.

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018

16. **Commitments**

Crossings Leisure Complex

The YMCA and the City of Lethbridge have negotiated an agreement where the YMCA will operate the warm side of the new Crossings Leisure Complex in West Lethbridge, which is currently under construction. The operating agreement was approved in September 2017.

The YMCA has agreed to make capital contributions of an estimated amount of \$2,550,000 under the operating agreement, subject to adjustments after final construction and acquisition costs.

The City has committed to provide funding to the YMCA to a maximum of \$4,716,200, payable over a four year period, commencing in 2019 as follows:

2019	\$	2,192,700
2020		1,394,400
2021		843,200
2022		285,900
		\$ 4,716,200

YMCA Canada

The YMCA has made a commitment with YMCA Canada for one time costs for technology for the use of YMCA Canada's DFM software. This amount will be paid as follows:

2018	\$	4,034
2019		9,025
2020		9,025
2021		6,769
		\$ 28,853

Downtown Child Care

The YMCA has committed to develop a child care centre with expected capital costs of approximately \$1,000,000. The centre will be funded through a grant from the Government of Alberta, a tenant improvement allowance (\$400,000) and the remainder from the YMCA Community Campaign.

The Government of Alberta grant provides \$650,000 to establish and deliver the child care program, of which \$246,000 is allocated to capital costs. Subsequent to year end the YMCA has applied to have additional funds allocated towards capital (approval pending). The term of this agreement is from March 26, 2018 to March 31, 2019. To date, \$30,266 of the grant funds have been spent.

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018

17. **Lease commitments**

Stafford Drive South

The YMCA leases its land for \$1 per year from the City of Lethbridge under a 99 year lease entered into January 1967.

Lethbridge Centre

The YMCA has entered into a lease agreement with Melcor REIT Limited Partnership for the opening of the Downtown Child Care Centre, located at Lethbridge Centre. The term is for 15 years beginning October 1, 2018. The first 18 months of the lease are rent free. The YMCA's total commitment under this lease agreement, exclusive of occupancy costs, on a calendar year basis is as follows:

2019	\$	-
2020		45,255
2021		61,541
2022		65,142
2023		66,355
Subsequent years		748,613
		<hr/>
		\$ 986,906
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18. **Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.