

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

FINANCIAL STATEMENTS

For the year ended August 31, 2016

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
TABLE OF CONTENTS
August 31, 2016

| | |
|-------------------------------------|----------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| FINANCIAL STATEMENTS | |
| STATEMENT OF FINANCIAL POSITION | 2 |
| STATEMENT OF OPERATIONS | 3 |
| STATEMENT OF CHANGES IN NET ASSETS | 4 |
| STATEMENT OF CASH FLOWS | 5 |
| NOTES TO THE FINANCIAL STATEMENTS | 6 - 9 |



CHARTERED PROFESSIONAL ACCOUNTANTS

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, 2016, 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, 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.

A handwritten signature in cursive script that reads "Avail LLP".

Lethbridge, Alberta

November 21, 2016

Chartered Professional Accountants

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
STATEMENT OF FINANCIAL POSITION
As at August 31, 2016

| | 2016 | 2015 |
|---|--------------|--------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 141,714 | \$ 91,292 |
| Accounts receivable (note 3) | 184,069 | 50,383 |
| Inventory | 498 | 1,060 |
| Prepaid expenses | 1,462 | 559 |
| Deposits | 4,922 | - |
| | 332,665 | 143,294 |
| Investments (note 4) | 27,805 | 28,075 |
| Capital assets (note 5) | 1,086,277 | 1,209,944 |
| | \$ 1,446,747 | \$ 1,381,313 |
| LIABILITIES AND NET ASSETS | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 93,494 | \$ 106,682 |
| Government remittances payable | 29,064 | 21,127 |
| Deferred revenue (note 6) | 210,238 | 31,996 |
| GST payable | 3,547 | 3,664 |
| | 336,343 | 163,469 |
| Unamortized capital contributions (note 7) | 750,717 | 836,702 |
| Deferred Y's Men's' youth camp revenue | 33,938 | 33,938 |
| | 1,120,998 | 1,034,109 |
| Net assets | | |
| Unrestricted | (37,616) | (54,113) |
| Invested in capital assets | 335,560 | 373,242 |
| Endowment fund (note 8) | 27,805 | 28,075 |
| | 325,749 | 347,204 |
| | \$ 1,446,747 | \$ 1,381,313 |

Approved on behalf of the board:

Director: _____

Director: _____

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
STATEMENT OF OPERATIONS
For the year ended August 31, 2016

| | 2016 Budget (unaudited) | 2016 Actual | 2015 Actual |
|--|-------------------------------|--------------------|-------------------|
| Revenue | | | |
| Memberships | \$ 1,164,184 | \$ 1,059,381 | \$ 1,098,000 |
| Programs | 224,504 | 184,736 | 208,621 |
| YMCA camps | 186,760 | 174,610 | 135,921 |
| Grants | 43,001 | 117,858 | 134,016 |
| Strong Kids campaign | 88,480 | 101,331 | 98,766 |
| Day passes | 38,500 | 33,546 | 45,436 |
| Facility rent | 11,070 | 16,783 | 13,327 |
| Food services and merchandise | 13,800 | 14,029 | 12,190 |
| GST | 10,500 | 12,350 | 13,644 |
| Casino | - | - | 14,359 |
| | 1,780,799 | 1,714,624 | 1,774,280 |
| Expenses | | | |
| Wages, salaries and benefits | 1,040,831 | 1,113,796 | 1,028,429 |
| Repairs and maintenance | 199,386 | 147,150 | 163,654 |
| Utilities | 157,033 | 117,812 | 129,871 |
| Program and camp supplies | 76,350 | 75,853 | 66,292 |
| Staff and volunteer development | 39,450 | 38,431 | 27,671 |
| Advertising and promotion | 19,400 | 37,277 | 34,435 |
| Office | 21,420 | 32,787 | 42,284 |
| National and Provincial dues - YMCA | 35,136 | 31,794 | 30,956 |
| Professional fees | 24,000 | 25,532 | 23,059 |
| Insurance | 17,400 | 20,473 | 18,207 |
| Interest and bank charges | 25,200 | 20,011 | 22,700 |
| Strong Kids | - | 15,885 | 4,448 |
| Merchandise | 8,400 | 10,402 | 7,952 |
| Interest on callable debt | - | - | 857 |
| | 1,664,006 | 1,687,203 | 1,600,815 |
| Excess of revenue over expenses from operations | 116,793 | 27,421 | 173,465 |
| Other revenue (expenses) | | | |
| Amortization of deferred capital contributions | - | 85,985 | 90,468 |
| Investment income | - | 1,807 | 2,114 |
| Unrealized loss on investments | - | (2,040) | (840) |
| Equipment purchases | (43,908) | (1,466) | (20,613) |
| Amortization | - | (133,162) | (142,908) |
| | (43,908) | (48,876) | (71,779) |
| Excess (deficiency) of revenue over expenses | \$ 72,885 | \$ (21,455) | \$ 101,686 |

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
For the year ended August 31, 2016

| | Unrestricted | Invested in capital assets | Endowment fund | Total 2016 | Total 2015 |
|---|--------------|-------------------------------|-------------------|---------------|---------------|
| Balance, beginning of year | \$ (54,113) | \$ 373,242 | \$ 28,075 | \$ 347,204 | 245,518 |
| (Deficiency) excess of revenue over expenses | (21,455) | - | - | (21,455) | 101,686 |
| Purchase of capital assets | (9,495) | 9,495 | - | - | - |
| Amortization of capital assets | 133,162 | (133,162) | - | - | - |
| Amortization of deferred capital contributions | (85,985) | 85,985 | - | - | - |
| Investment income | (1,770) | - | 1,770 | - | - |
| Unrealized loss on investments | 2,040 | - | (2,040) | - | - |
| Balance, end of year | \$ (37,616) | \$ 335,560 | \$ 27,805 | \$ 325,749 | 347,204 |

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
STATEMENT OF CASH FLOWS
For the year ended August 31, 2016

| | 2016 | 2015 |
|--|-------------|------------|
| Cash flows from operating activities | | |
| (Deficiency) excess of revenue over expenses | \$ (21,455) | \$ 101,686 |
| Adjustments for items which do not affect cash | | |
| Amortization | 133,162 | 142,908 |
| Amortization of deferred capital contributions | (85,985) | (90,469) |
| Unrealized gain on investments | 2,040 | 840 |
| | 27,762 | 154,965 |
| Change in non-cash working capital items | | |
| Accounts receivable | (133,686) | (19,799) |
| Inventory | 562 | (869) |
| Prepaid expenses | (903) | 113 |
| Deposits | (4,922) | - |
| Accounts payable and accrued liabilities | (13,187) | (1,910) |
| Government remittances payable | 7,937 | (1,807) |
| Deferred revenue | 178,242 | (102,878) |
| GST | (117) | (2,037) |
| | 61,688 | 25,778 |
| Cash flows from investing activities | | |
| Increase in investments | (1,771) | (1,930) |
| Purchase of capital assets | (9,495) | (79,859) |
| | (11,266) | (81,789) |
| Cash flows from financing activity | | |
| Repayment of callable debt | - | (42,410) |
| Net increase (decrease) in cash | 50,422 | (98,421) |
| Cash, beginning of year | 91,292 | 189,713 |
| Cash, end of year | \$ 141,714 | \$ 91,292 |

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2016

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.

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 | 40 years |
| Building improvements | 20 years |
| Equipment | 5 years |

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2016

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

| | 2016 | 2015 |
|---------------------------|-------------------|------------------|
| City of Lethbridge grants | \$ 129,242 | \$ 9,431 |
| Golf tournament proceeds | 34,775 | 33,467 |
| Canada summer jobs grant | 12,015 | 4,539 |
| Other | 8,037 | 2,946 |
| | <u>\$ 184,069</u> | <u>\$ 50,383</u> |

4. Investments

| | 2016 | 2015 |
|--------------------------|------------------|------------------|
| CI funds (cost \$18,328) | \$ 27,171 | \$ 27,441 |
| Cash | 634 | 634 |
| | <u>\$ 27,805</u> | <u>\$ 28,075</u> |

These investments are internally restricted as an endowment (note 8).

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2016

5. Capital assets

| | | | 2016 | | | 2015 |
|-----------------------|---------------------|-----------------------------|------------------|-----------|------------------|------|
| | Cost | Accumulated amortization | Net | | Net | |
| Building | \$ 853,724 | \$ 853,724 | - | \$ | - | |
| Building improvements | 2,724,223 | 1,670,595 | 1,053,628 | | 1,170,362 | |
| Equipment | 505,389 | 472,740 | 32,649 | | 39,582 | |
| | \$ 4,083,336 | \$ 2,997,059 | 1,086,277 | \$ | 1,209,944 | |

6. Deferred revenue

| | | | 2016 | | | 2015 |
|----------------------|--|--|-------------------|-----------|---------------|------|
| City of Lethbridge | | | \$ 120,997 | \$ | - | |
| Crossing readiness | | | 47,900 | | - | |
| Membership fees | | | 25,541 | | 23,781 | |
| Community foundation | | | 8,000 | | - | |
| Program fees | | | 7,800 | | 8,215 | |
| | | | \$ 210,238 | \$ | 31,996 | |

7. Unamortized capital contributions

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

| | | | 2016 | | | 2015 |
|-----------------------------|--|--|-------------------|-----------|----------------|------|
| Beginning balance | | | \$ 836,702 | \$ | 927,171 | |
| Amount amortized to revenue | | | (85,985) | | (90,469) | |
| | | | \$ 750,717 | \$ | 836,702 | |

8. 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.

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2016

9. 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.

10. Commitment

The YMCA and the City of Lethbridge are in the process of negotiating 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 final operating agreement is expected to be in place by September 15, 2017.

11. Lease commitments

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

12. 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.