
YMCA of Northeastern Ontario
Financial Statements
For the year ended March 31, 2018

**YMCA of Northeastern Ontario
Financial Statements
For the year ended March 31, 2018**

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Independent Auditor's Report

To the Directors and Members of YMCA of Northeastern Ontario

We have audited the accompanying financial statements of YMCA of Northeastern Ontario, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets (deficit) 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 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 YMCA of Northeastern Ontario as at March 31, 2018 and the results of its operations, change in its net assets (deficit) and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matters

The financial statements of YMCA of North Bay and District and Sudbury Young Men's Christian Association for the year ended March 31, 2017 were audited by another public accounting firm who expressed an unmodified opinion on those financial statements dated September 12, 2017.

BAD Carode CPA

Chartered Professional Accountants, Licensed Public Accountants
North Bay, Ontario
August 31, 2018

YMCA of Northeastern Ontario
Statement of Financial Position

March 31 2018 2017
(Note 2)

Assets

Current

Cash and cash equivalents	\$ 553,896	\$ 1,210,235
Short-term investments (Note 3)	431,220	693,058
Accounts receivable (Note 4)	820,626	826,571
Prepaid expense	103,544	113,776
	1,909,286	2,843,640
Long-term investments (Note 3)	1,402,926	1,356,279
Capital assets (Note 5)	9,378,937	9,539,888
	\$ 12,691,149	\$ 13,739,807

Liabilities and Net Assets (Deficit)

Liabilities

Accounts payable and accrued liabilities (Note 6)	\$ 747,019	\$ 1,013,476
Deferred revenue (Note 7)	717,083	659,626
Current portion of long-term debt (Note 8)	4,442,306	4,605,827
	5,906,408	6,278,929
Long-term debt (Note 8)	80,314	-
	5,986,722	6,278,929
Net assets (deficit)		
Internally Restricted	1,341,228	1,491,444
Endowments	260,553	258,883
Invested in capital assets	6,387,202	6,374,500
Unrestricted	(1,284,556)	(663,949)
	6,704,427	7,460,878
	\$ 12,691,149	\$ 13,739,807

Commitments (Note 9)

On behalf of the Board:

 Director

 Director

YMCA of Northeastern Ontario
Statement of Changes in Net Assets (Deficit)

For the year ended March 31	2018		2017 (Note 2)		
	Internally Restricted	Endowments	Invested Capital Assets	Unrestricted	Total
Fund balances, beginning of year	\$ 1,491,444	\$ 258,883	\$ 6,374,500	\$ (663,949)	\$ 7,460,878
Excess (deficiency) of revenue over expenses	99,784	1,670	(382,969)	(474,936)	(756,451)
Interfund transfers	(250,000)	-	395,671	(145,671)	-
Fund balances, end of year	\$ 1,341,228	\$ 260,553	\$ 6,387,202	\$ (1,284,556)	\$ 6,704,427
					\$ 7,460,878

The accompanying notes are an integral part of these financial statements.

YMCA of Northeastern Ontario
Statement of Operations

For the year ended March 31

2018

2017
(Note 2)

Revenues

Health, Fitness Aquatics Memberships	\$ 3,489,701	\$ 3,453,311
Child care & Family support	4,477,420	5,402,082
Government fees:		
Child care (WEG)	366,348	572,470
Newcomer services	213,918	194,009
Employment & Youth programs	4,024,736	4,573,203
Program grants	110,084	241,018
Annual Giving	374,501	285,924
Rentals, recoveries & miscellaneous	443,530	465,709
Investment income	101,454	80,766
Day camps & outdoor education	143,448	161,882
Residence camp	1,080,374	997,444
United Way	72,594	75,000
	14,898,108	16,502,818

Expenses

Human Resources:		
Salaries & Benefits	9,868,279	9,793,669
Staff & volunteer expenses	158,132	118,877
Facilities:		
Insurance & property taxes	161,547	162,782
Rent	299,721	331,485
Repairs, maintenance & refurbishment	410,863	362,435
Utilities	881,188	825,486
Amortization	464,043	605,426
Program & Administration:		
Professional services	144,991	196,625
Service providers	399,202	704,558
Stipends	1,061,337	1,373,265
Program food & catering	338,365	346,007
Supplies	908,587	1,023,945
Postage & telephone	86,822	109,541
Marketing & communications	50,185	56,572
YMCA affiliation fees	202,619	288,696
Bank charges & interest	71,063	95,357
Interest on long term debt	147,615	160,965
	15,654,559	16,555,691

Deficiency of revenue over expenses	\$ (756,451)	\$ (52,872)
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YMCA of Northeastern Ontario
Statement of Cash Flows

For the year ended March 31	2018	2017 (Note 2)
Cash flows from operating activities		
Deficiency of revenue over expenses	\$ (756,451)	\$ (52,872)
Items not involving cash		
Amortization of capital assets	464,043	605,426
Loss on sale of assets	52,852	-
	<u>(239,556)</u>	552,554
Changes in non-cash working capital balances		
Accounts receivable	5,945	(17,830)
Prepaid expense	10,232	5,615
Accounts payable and accrued liabilities	(266,457)	9,087
Deferred revenue	57,457	13,223
	<u>(432,379)</u>	562,649
Cash flows from investing activities		
Purchase of capital assets	(395,651)	(299,555)
Proceeds from sale of assets	39,708	-
Decrease (increase) in investments	215,191	(361,789)
	<u>(140,752)</u>	(661,344)
Cash flows from financing activities		
Principal payments on long term debt	(283,208)	(231,516)
Proceeds of long term debt	200,000	-
	<u>(83,208)</u>	(231,516)
Decrease in cash during the year	(656,339)	(330,211)
Cash and cash equivalents, beginning of year	1,210,235	1,540,446
Cash and cash equivalents, end of year	\$ 553,896	\$ 1,210,235

The accompanying notes are an integral part of these financial statements.

YMCA of Northeastern Ontario

Notes to Financial Statements

March 31, 2018

1. Summary of Significant Accounting Policies

Nature of Operations YMCA of Northeastern Ontario ("The Association") is engaged in the delivery of programs and services that provide individual development of mind, body and spirit in North Bay and Sudbury Ontario. Individuals are encouraged to provide leadership on a voluntary basis. Primary programs include Health, Fitness and Recreation, Leadership Training and Child Care.

Income Tax Law The Association is a registered charity under the Income Tax Act and is exempt from income taxation under section 149(1)(f) of the Income Tax Act.

Basis of Accounting The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. As the Association receives funding for various purposes, the accounts are maintained in a manner which segregates transactions according to the following funds:

Internally Restricted

Funds are to be used for future capital acquisitions and for repair and replacement of existing property and equipment.

Endowment

Funds provided by various sources, with the principal amount being maintained while interest and investment income can be expended as specified by the donor.

Revenue Recognition The Association follows the restricted fund method of accounting. Under this method, contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the donor. Contributions including pledges and donations are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured. Unearned membership, program and grant revenues received are recorded as a liability and included in deferred revenue on the statement of financial position.

Capital Assets Capital assets are recorded at cost less accumulated amortization. Donated capital assets are recorded at fair value, if the amount is determinable, at the date of contribution. Amortization is calculated using the straight-line method over the estimated useful life of the asset, using the following annual rates:

Buildings	-	2 1/2%
Leasehold improvements	-	10%
Furnishings and equipment	-	10%
Vehicles	-	10%
Computer equipment	-	10%

YMCA of Northeastern Ontario Notes to Financial Statements

March 31, 2018

1. Summary of Significant Accounting Policies (continued)

Use of Estimates The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenue dues and expenses during the reported period. Actual results could differ from managements best estimates as additional information becomes available in the future.

Financial Instruments Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

YMCA of Northeastern Ontario Notes to Financial Statements

March 31, 2018

2. Amalgamation

On April 1, 2017 the Sudbury Young Men's Christian Association and The Young Men's Christian Association of North Bay and District amalgamated and is now operating under the name YMCA of Northeastern Ontario. The comparative figures are derived from both of these organizations.

3. Investments

Short-term investments include term deposits maturing December 20, 2018 at interest rates of 0.5% per annum.

Long-term investments is comprised of a combination of Equity investments and Fixed Income Bond Funds and ETFs. The Fixed Income investments bear interest at 2% to 4% and mature at various dates.

4. Accounts Receivable

	2018	2017 (Note 2)
Government grants and clients	\$ 840,626	\$ 846,571
Less allowance for doubtful accounts	<u>(20,000)</u>	<u>(20,000)</u>
	<u>\$ 820,626</u>	<u>\$ 826,571</u>

YMCA of Northeastern Ontario
Notes to Financial Statements

March 31, 2018

5. Capital Assets

	2018		2017 (Note 2)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Sudbury Branch				
Land	\$ 729,033	\$ -	\$ 729,033	\$ -
Building	10,036,599	4,453,624	10,036,599	4,202,709
Furnishings & equipment	1,876,454	1,490,728	1,716,349	1,439,124
Computer equipment	254,945	103,133	140,786	93,098
	12,897,031	6,047,485	12,622,767	5,734,931
John Island Camp				
Land, nominal value	1	-	1	-
Buildings	1,174,464	366,117	1,171,345	336,756
Furnishings & equipment	805,404	751,546	805,404	730,563
Vehicles	136,538	120,283	129,579	117,629
	2,116,407	1,237,946	2,106,329	1,184,948
Falcona Camp				
Land	450,000	-	450,000	-
Buildings	359,287	74,693	472,242	84,818
Furnishings & equipment	91,226	91,226	91,226	84,717
Vehicles	31,093	31,093	31,093	31,093
	931,606	197,012	1,044,561	200,628
Elm Street				
Leasehold improvements	537,436	524,512	537,436	515,215
Computer equipment	50,139	50,139	50,139	50,139
Furnishings & equipment	72,167	52,603	72,167	46,729
Vehicles	34,093	34,093	34,093	34,103
	693,835	661,347	693,835	646,186
North Bay Branch				
Building (i)	1,603,360	1,080,266	1,603,360	1,046,453
Equipment	830,021	805,695	824,567	796,270
Fitness equipment	562,853	411,792	519,816	381,247
Computer equipment	285,914	100,527	215,843	100,527
	3,282,148	2,398,280	3,163,586	2,324,497
	\$ 19,921,027	\$ 10,542,070	\$ 19,631,078	\$ 10,091,190
Net book value		\$ 9,378,937		\$ 9,539,888

- (i) The North Bay building is co-owned with the City of North Bay (City). The land on which the this building has been constructed is the property of the City. The organization has entered into a ninety-nine year lease commencing in 1967 with the City to lease the land at a nominal rental fee of \$1 per annum.

YMCA of Northeastern Ontario
Notes to Financial Statements

March 31, 2018

6. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$87,558 which include amounts payable for payroll related taxes.

7. Deferred Revenues

	2018	2017 (Note 2)
Membership and camps	\$ 560,704	\$ 530,384
Employment	27,692	-
Children services	128,687	129,242
	<u>\$ 717,083</u>	<u>\$ 659,626</u>

YMCA of Northeastern Ontario
Notes to Financial Statements

March 31, 2018

8. Long-term Debt

	2018	2017 (Note 2)
Fixed rate term loan, \$32,700 monthly including interest at 3.4% per annum, matured December 2017 secured by a general security agreement constituting a first ranking security interest in all property and a collateral mortgage in the amount of \$6,000,000 constituting a first fixed charge on the lands and improvements on 140 Durham St.	\$ 4,347,619	\$ 4,605,827
Amended fixed rate term loan, \$33,635 monthly including interest at 1.04% per annum, maturity date April 15, 2019, secured by a general security agreement constituting first ranking security interest in all property and a collateral mortgage in the amount of \$6,000,000 constituting a first fixed charge on the lands and improvements on 140 Durham St.	175,001	-
	4,522,620	4,605,827
Less current portion	(4,442,306)	(4,605,827)
	\$ 80,314	\$ -

Principal payments required on long-term debt for the next five years and thereafter assuming similar refinancing is due as follows:

2019	\$	472,714
2020		392,400
2021		392,400
2022		392,400
2023		392,400
Thereafter		2,480,306
		\$ 4,522,620

9. Commitments

The Association leases premises under an operating lease, which expires on August 31, 2020. The minimum annual rental for the next three years are as follows:

2019		190,000
2020		197,000
2021		85,120
		\$ 472,120

YMCA of Northeastern Ontario
Notes to Financial Statements

March 31, 2018

10. Financial Instrument Risk

The organization's management monitors, evaluates and manages the principal risks assumed with financial instruments on a daily basis. The risks that arise from transacting financial instruments include liquidity risk, credit risk and interest rate risk.

Liquidity risk

Liquidity risk arises from the organization's management of accounts payable and accrued liabilities, payable to affiliated clubs, and current portion of long term debt and capital lease obligations. It is the risk that the organization will encounter difficulty in meeting its financial obligations as they fall due.

Credit risk

Credit risk arises principally from the organization's accounts receivable. The organization is exposed to credit risk resulting from the possibility that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Interest rate risk

Interest rate risk arises from the company's credit facility. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization's credit facility has a variable interest rate. Changes in the bank's prime lending rate can cause fluctuations in interest payments and cash flows. The organization does not use derivative financial instruments to alter the effect of this risk.

11. Bingo and Nevada

The YMCA of Northeastern Ontario receives contributions from the North Bay Bingo and Nevada on a yearly basis. For the year ended March 31, 2018 contributions totaling \$51,137 were received. This amount is included under Annual Giving in the revenue section of the Statement of Operations.