

**Oakville Family YMCA**  
**(a corporation without share capital)**  
**Financial Statements**  
**For the year ended December 31, 2012**

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## Independent Auditor's Report

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To the Board of Directors of Oakville Family YMCA (a corporation without share capital)

We have audited the accompanying financial statements of the Oakville Family YMCA (the "Association"), which comprise the statement of financial position as at December 31, 2012, the statements of changes in net assets, revenue and expenses 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 includes 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 Association'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 Association'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 qualified audit opinion.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2012, current assets as at December 31, 2012 and net assets as at January 1 and December 31, 2012.

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Oakville Family YMCA as at December 31, 2012 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.

### Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that the Association adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1, 2011, and the statements of changes in net assets, revenue and expenses and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

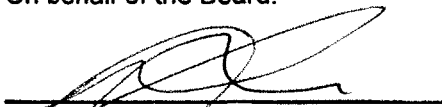
*BDO Canada LLP*


Chartered Accountants, Licensed Public Accountants  
Burlington, Ontario  
April 23, 2013

**Oakville Family YMCA**  
**(a corporation without share capital)**  
**Statement of Financial Position**

	December 31 2012	December 31 2011	January 1 2011
		(Note 2)	(Note 2)
<b>Assets</b>			
<b>Current</b>			
Cash	\$ 519,359	\$ 614,876	\$ 932,075
Accounts receivable	283,128	308,792	296,444
Prepaid expenses	4,516	-	9,518
	807,003	923,668	1,238,037
<b>Capital assets (Note 3)</b>	<b>9,500,310</b>	<b>9,953,686</b>	<b>10,461,283</b>
	<b>\$ 10,307,313</b>	<b>\$ 10,877,354</b>	<b>\$ 11,699,320</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	\$ 323,981	\$ 297,582	\$ 296,966
Deferred revenue	86,442	10,187	25,659
Current portion of long-term debt (Note 4)	543,022	1,006,835	1,287,639
	953,445	1,314,604	1,610,264
<b>Long-term debt (Note 4)</b>	-	743,255	2,146,056
	<b>953,445</b>	<b>2,057,859</b>	<b>3,756,320</b>
<b>Deferred capital donations and grants (Note 5)</b>	<b>5,276,683</b>	<b>5,616,408</b>	<b>5,874,340</b>
<b>Net Assets</b>			
Net assets invested in capital assets (Note 6)	3,680,605	2,587,189	1,153,248
Net assets internally restricted for repayment of debt and capital refurbishment (Note 7)	300,000	300,000	300,000
Unrestricted net assets	96,580	315,898	615,412
	4,077,185	3,203,087	2,068,660
	<b>\$ 10,307,313</b>	<b>\$ 10,877,354</b>	<b>\$ 11,699,320</b>

On behalf of the Board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

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

**Oakville Family YMCA**  
**(a corporation without share capital)**  
**Statement of Changes in Net Assets**

**For the year ended December 31**

	Invested in Capital Assets	Internally Restricted	Operating	2012 Total	2011 Total
					(Note 2)
<b>Balance, beginning of year (Note 2)</b>	\$ 2,587,189	\$ 300,000	\$ 315,898	\$ 3,203,087	\$ 2,068,660
<b>Excess (deficiency) of revenue over expenses</b>	(382,097)	-	1,256,195	874,098	1,134,427
<b>Investment in capital assets</b>	1,475,513	-	(1,475,513)	-	-
<b>Balance, end of year</b>	<b>\$ 3,680,605</b>	<b>\$ 300,000</b>	<b>\$ 96,580</b>	<b>\$ 4,077,185</b>	<b>\$ 3,203,087</b>

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

**Oakville Family YMCA**  
**(a corporation without share capital)**  
**Statement of Revenue and Expenses**

<b>For the year ended December 31</b>	<b>2012</b>	<b>2011</b>
		(Note 2)
<b>Revenue</b>		
Childcare (Note 8)	<b>\$ 8,195,978</b>	\$ 7,230,880
Membership	<b>4,132,758</b>	4,206,499
Program (Note 8)	<b>1,072,918</b>	965,909
Donations, grants and fundraising	<b>229,357</b>	420,006
Other	<b>7,947</b>	5,386
Amortization of capital donations and grants (Note 5)	<b>365,325</b>	363,432
	<b>14,004,283</b>	13,192,112
<b>Expenses</b>		
Childcare (Page 13)	<b>7,150,452</b>	6,026,046
Programs and membership (Page 13)	<b>5,922,499</b>	5,914,112
Interest on long-term debt	<b>57,234</b>	117,527
	<b>13,130,185</b>	12,057,685
<b>Excess of revenue over expenses</b>	<b>\$ 874,098</b>	\$ 1,134,427

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

**Oakville Family YMCA**  
**(a corporation without share capital)**  
**Statement of Cash Flows**

For the year ended December 31	2012	2011
		(Note 2)
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	\$ 874,098	\$ 1,134,427
Adjustments for items not affecting cash		
Amortization of capital assets	747,422	796,777
Amortization of deferred capital donations and grants	(365,325)	(363,432)
Loss on disposal of capital assets	-	3,711
Changes in non-cash working capital balances		
Accounts receivable	25,664	(12,348)
Prepaid expenses	(4,516)	9,518
Accounts payable and accrued liabilities	26,399	616
Deferred revenue	76,255	(15,472)
	<b>1,379,997</b>	<b>1,553,797</b>
<b>Cash flows from investing activity</b>		
Capital asset purchases	<b>(294,046)</b>	<b>(292,891)</b>
<b>Cash flows from financing activities</b>		
Capital donations and grants received	25,600	105,500
Repayment of long-term debt	<b>(1,207,068)</b>	<b>(1,683,605)</b>
	<b>(1,181,468)</b>	<b>(1,578,105)</b>
<b>Net decrease in cash</b>	<b>(95,517)</b>	<b>(317,199)</b>
<b>Cash, beginning of year</b>	<b>614,876</b>	<b>932,075</b>
<b>Cash, end of year</b>	<b>\$ 519,359</b>	<b>\$ 614,876</b>

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

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**Oakville Family YMCA**  
**(a corporation without share capital)**  
**Notes to Financial Statements**

**December 31, 2012**

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**1. Significant Accounting Policies**

**Nature of Business**

The Association was created without share capital on October 6, 1964 under Supplementary Letters Patent. The Association is a registered charity and accordingly is not subject to income tax.

The YMCA of Oakville is a charity that strengthens community in Spirit, Mind and Body.

The Association's sources of revenue are largely from childcare that is operated at 41 (2011 - 40) off-site locations, memberships in the membership centre, day camps and community programs.

**Basis of Accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**Capital Assets**

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis as follows:

Building and site costs	-	25 years
Furniture and equipment		
Childcare	-	4 years
Health, fitness and recreation	-	5 years
Association services	-	5 years

Building additions are amortized over the remaining life of the building, on which amortization commenced in 2003.

**Revenue Recognition**

Childcare, membership and program fees are recognized over the related period of service. One time adult membership "building fees" are recognized as revenue in the year of receipt.

The Association follows the deferral method of accounting for contributions.

Unrestricted donations, grants and fundraising revenue are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions relating to the purchase of amortizable capital assets are amortized on the same basis as the related assets.



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**Oakville Family YMCA**  
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**December 31, 2012**

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**1. Significant Accounting Policies (Continued)**

**Government Grants and Fee Subsidies**

General operating grants and fee subsidies are recorded as revenue. Grants designated to be applied towards specific capital or operating expenditures, if significant, are deferred and amortized over the same period as the related capital asset or they are recorded as a reduction of the relevant expenditure.

**Allocation of Association Services**

The Association's principal activities are childcare, programs and membership services. The costs of each include wages and benefits, supplies, facility rentals and other direct costs. The Association also incurs a number of general and administrative support expenses that are common to the administration of the Association and each of its activities.

Association services have been allocated as childcare expenses and programs and memberships expenses proportionately based on percentages of revenue as follows:

Childcare	- 61% (2011 - 58%)
Programs and memberships	- 39% (2011 - 42%)

**Contributed Services**

Volunteers contributed about 14,390 hours (2011 - 15,811) to assist the Association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**Impairment of Long-Lived Assets**

The Association monitors events and changes in circumstances which may require an assessment of the recoverability of its long-lived assets. If required, the Association would assess recoverability using estimated undiscounted future operating cash flows. If the carrying amount of an asset is not recoverable, an impairment loss is recognized in operations, measured by comparing the carrying amount of the asset to its fair value.

**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 amount of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Oakville Family YMCA**  
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**Notes to Financial Statements**

**December 31, 2012**

**2. First-time Adoption of Canadian Accounting Standards for Not-for-Profit Organizations**

Effective January 1, 2011, the Association adopted the requirements of the new accounting framework, Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) or Part III of the requirements of the Canadian Institute of Chartered Accounts (CICA) Handbook - Accounting. These are the Association's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information presented in these financial statements for the year ended December 31, 2011 and in the preparation of an opening ASNPO statement of financial position at the date of transition of January 1, 2011.

The Association issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V - Pre-changeover Accounting Standards. The pre-changeover Canadian GAAP financial statements were previously subject to audit, however were not audited under ASNPO. The adoption of ASNPO resulted in no adjustments to the previously reported assets, liabilities, net assets, excess of revenue over expenses and cash flows of the Association.

**3. Capital Assets**

	<b>2012</b>		<b>2011</b>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization (Note 2)
Land	\$ 39,825	\$ -	\$ 39,825	\$ -
Building and site costs	14,486,245	5,505,337	14,395,632	4,910,901
Furniture and equipment				
- Childcare	521,332	463,631	481,536	437,028
- Health, fitness and recreation	1,238,723	1,029,712	1,253,783	1,063,882
- Association services	864,499	651,634	772,139	577,418
	<b>\$ 17,150,624</b>	<b>\$ 7,650,314</b>	<b>\$ 16,942,915</b>	<b>\$ 6,989,229</b>
Net book value		<b>\$ 9,500,310</b>		<b>\$ 9,953,686</b>

**Oakville Family YMCA**  
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**Notes to Financial Statements**

**December 31, 2012**

**4. Long-term Debt**

	2012	2011
		(Note 2)
Non-revolving term facility - repaid	\$ -	\$ 591,199
Non-revolving term facility - repaid	-	578,728
Non-revolving term facility, interest at 5.79%, maturing April 30, 2013	543,022	580,163
	543,022	1,750,090
Less: Current portion	543,022	1,006,835
	\$ -	\$ 743,255

In addition to the above term loan, the Association has available a demand operating facility to a maximum of \$1,250,000 (2011 - \$1,000,000). There were no advances outstanding under this facility as at the year end.

The term and demand operating facilities are secured by a general security agreement, an assignment of insurance and a first collateral mortgage for \$8,000,000 on the land and building.

**5. Deferred Capital Donations and Grants**

	2012	2011
		(Note 2)
Capital donations, fundraising and grants for:		
Building	\$ 7,969,734	\$ 7,969,734
Less: accumulated amortization	(2,729,211)	(2,379,845)
	5,240,523	5,589,889
Childcare equipment and premise renovation	78,780	53,180
Less: accumulated amortization	(45,120)	(30,161)
	33,660	23,019
Health, fitness and recreation equipment	5,000	5,000
Less: accumulated amortization	(2,500)	(1,500)
	2,500	3,500
	\$ 5,276,683	\$ 5,616,408

**Oakville Family YMCA**  
**(a corporation without share capital)**  
**Notes to Financial Statements**

**December 31, 2012**

**6. Net Assets Invested in Capital Assets**

	2012	2011
		(Note 2)
Capital assets, net	\$ 9,500,310	\$ 9,953,686
Long-term debt	(543,022)	(1,750,089)
Deferred capital donations and grants	(5,276,683)	(5,616,408)
	<b>\$ 3,680,605</b>	<b>\$ 2,587,189</b>

**7. Net Assets Internally Restricted for Repayment of Debt and Capital Refurbishment**

Internally restricted funds represent capital specifically set aside by the Board of Directors to be used solely for the purpose of repayment on debt and capital refurbishment. Internally restricted net assets are not available for other purposes without approval by the Board of Directors.

**8. Regional Municipality Fee Subsidies**

The Association receives fee subsidies from the Regional Municipality of Halton, which are included with the revenues of the Association as follows:

	2012	2011
		(Note 2)
Childcare	\$ 766,255	\$ 742,202
Program	211,350	200,129
	<b>\$ 977,605</b>	<b>\$ 942,331</b>

**9. Government Grants**

During the year, grants in the following amounts were received from the Regional Municipality of Halton. They were applied by the Association as a reduction of childcare wages and benefits.

	2012	2011
		(Note 2)
Wage Subsidy	\$ 530,225	\$ 530,225
Best Start Wage Improvement	225,856	175,045
Best Start Wage Subsidy	166,711	172,383
	<b>\$ 922,792</b>	<b>\$ 877,653</b>

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**Oakville Family YMCA**  
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**Notes to Financial Statements**

**December 31, 2012**

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**10. YMCA Fee Assistance**

In addition to the fee subsidies provided by the Regional Municipality of Halton (Note 8), the Association assisted families with direct fee assistance in childcare, memberships and programs. The value of the fee assistance was \$706,890 (2011 - \$677,688) and is excluded from the Association's revenues.

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**11. Commitments**

The Association leases premises and equipment in the normal course of its operations.

The minimum annual lease payments for the next four years are as follows:

2013	\$	181,463
2014		142,497
2015		125,930
2016		74,585

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**12. Employee Future Benefits**

The Association makes matching contributions to a defined contribution pension plan for its employees. Total pension expense in the financial statements is \$232,941 (2011 - \$212,832).

The Association has no obligations in excess of the contributions discussed above, as it does not have any defined benefit retirement plans.

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**13. Financial Instrument Risk**

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Association is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Association's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable balances. This risk has not changed from the prior year.

**Liquidity Risk**

Liquidity risk is the risk that the Association encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes risk that, as a result of operational liquidity requirements, the Association will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from the Association's accounts payable and accrued liabilities, long-term debt and commitments. This risk has not changed from the prior year.

**Oakville Family YMCA**  
**(a corporation without share capital)**  
**Expense Schedules**

<b>For the year ended December 31</b>	<b>2012</b>	<b>2011</b>
		(Note 2)
<b>Childcare</b>		
Association services	\$ 922,552	\$ 813,901
Amortization of capital assets	26,603	20,022
Bank charges	118,198	101,883
Facility rental	444,814	377,425
Other	101,466	103,278
Program supplies	594,633	508,511
Repairs and maintenance	93,770	125,166
Wages and benefits (Note 9)	4,748,233	3,886,398
YMCA dues	100,183	89,462
	<b>\$ 7,150,452</b>	<b>\$ 6,026,046</b>
<b>Programs and memberships</b>		
Association services	\$ 589,828	\$ 589,377
Advertising and promotion	85,147	86,272
Amortization of capital assets	720,819	776,755
Bank charges	75,569	73,777
Facility rental	91,493	64,178
Program delivery costs	236,829	255,833
Program supplies	114,733	140,591
Repairs and maintenance	376,219	443,345
Utilities	392,848	331,466
Wages and benefits	3,174,963	3,087,736
YMCA dues	64,051	64,782
	<b>\$ 5,922,499</b>	<b>\$ 5,914,112</b>