

Oakville Family YMCA
(a corporation without share capital)
Financial Statements
For the year ended December 31, 2016

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Independent Auditor's Report

**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, 2016, 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Oakville Family YMCA 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.

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
April 24, 2017

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

December 31	2016	2015
Assets		
Current		
Cash - unrestricted	\$ 3,122,995	\$ 2,032,096
Cash - internally restricted	1,600,000	1,600,000
Accounts receivable	401,267	392,885
Prepaid expenses	144,019	4,029
	5,268,281	4,029,010
Capital assets (Note 2)	8,376,745	8,266,671
	\$ 13,645,026	\$ 12,295,681
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 654,235	\$ 638,951
Deferred revenue	253,163	107,851
	907,398	746,802
Deferred capital donations and grants (Note 4)	3,898,939	4,230,915
	4,806,337	4,977,717
Net Assets		
Net assets invested in capital assets (Note 5)	4,477,806	4,035,756
Net assets internally restricted for capital expenditures (Note 6)	1,600,000	1,600,000
Unrestricted net assets	2,760,883	1,682,208
	8,838,689	7,317,964
	\$ 13,645,026	\$ 12,295,681

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	Unrestricted	2016 Total	2015 Total
Balance, beginning of year	\$ 4,035,756	\$ 1,600,000	\$ 1,682,208	\$ 7,317,964	\$ 6,272,324
Excess (deficiency) of revenue over expenses	(624,529)	-	2,145,254	1,520,725	1,045,640
Additions to capital assets net of capital donation and grants	1,066,579	-	(1,066,579)	-	-
Balance, end of year	\$ 4,477,806	\$ 1,600,000	\$ 2,760,883	\$ 8,838,689	\$ 7,317,964

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

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

For the year ended December 31	2016	2015
Revenue		
Childcare - fees (Note 7)	\$ 13,766,439	\$ 12,492,678
- wage subsidy grants (Note 8)	<u>2,026,584</u>	<u>1,623,860</u>
	15,793,023	14,116,538
Membership	3,775,710	3,822,925
Program (Note 7)	1,590,321	1,385,437
Donations, grants and fundraising	470,682	493,083
Amortization of capital donations and grants (Note 4)	370,435	368,985
Investment and other income	51,045	52,378
	<u>22,051,216</u>	<u>20,239,346</u>
Expenses		
Childcare (Page 13)	13,999,834	13,013,296
Programs and membership (Page 13)	<u>6,530,657</u>	<u>6,180,410</u>
	<u>20,530,491</u>	<u>19,193,706</u>
Excess of revenue over expenses	<u>\$ 1,520,725</u>	<u>\$ 1,045,640</u>

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	2016	2015
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 1,520,725	\$ 1,045,640
Adjustments for items not affecting cash		
Amortization of capital assets	1,001,344	893,028
Amortization of deferred capital donations and grants	(370,435)	(368,985)
Gain on disposal of capital assets	(6,380)	(9,400)
Changes in non-cash working capital balances		
Accounts receivable	(8,382)	(27,002)
Prepaid expenses	(139,990)	993
Accounts payable and accrued liabilities	15,284	(44,536)
Deferred revenue	145,312	(23,911)
	2,157,478	1,465,827
Cash flows from investing activities		
Capital asset purchases	(1,115,738)	(551,674)
Proceeds on sale of capital assets	10,700	9,400
	(1,105,038)	(542,274)
Cash flows from financing activity		
Capital donations and grants received	38,459	4,560
Net increase in cash	1,090,899	928,113
Cash, beginning of year	3,632,096	2,703,983
Cash, end of year	\$ 4,722,995	\$ 3,632,096
Represented by:		
Cash - unrestricted	\$ 3,122,995	\$ 2,032,096
Cash - internally restricted	1,600,000	1,600,000
	\$ 4,722,995	\$ 3,632,096

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

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

December 31, 2016

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, memberships in the membership centre, day camps and community programs. The Association operated 43 (2015 - 43) offsite locations and delivered 91 (2015 - 91) childcare programs during the year.

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 based on the estimated useful life of the asset, is calculated on a straight-line basis as follows:

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

Building additions are amortized over the remaining life of the building, which was constructed in 2003.

Revenue Recognition

Childcare, membership and program fees are recognized over the related period of service.

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.

Deferred capital contributions related to capital assets represent the unamortized and unallocated amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of revenue and expenses.

Deferred Revenue

The Association operates various special programs which are funded by specifically designated grants and donations. To the extent such grants and donations are unspent at December 31, they are disclosed as deferred revenue on the statement of financial position.

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

December 31, 2016

1. Significant Accounting Policies (Continued)

Government Grants and Fee Subsidies

General operating grants, fee subsidies and wage subsidy grants are recorded as revenue. Grants designated to be applied towards specific capital expenditures are deferred and amortized over the same period as the related capital asset.

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 to childcare expenses and programs and memberships expenses proportionately based on percentages of revenue as follows:

Childcare	- 72% (2015 - 71%)
Programs and memberships	- 28% (2015 - 29%)

Contributed Services

Volunteers contributed approximately 9,300 hours (2015 - 9,260) to assist the Association in carrying out its service delivery activities. The criteria for recruiting summer camp volunteers changed during the year, which reduced the number of applicants eligible to volunteer. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

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
(a corporation without share capital)
Notes to Financial Statements

December 31, 2016

2. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 39,825	\$ -	\$ 39,825	\$ -
Building and site costs	14,958,850	7,957,360	14,773,800	7,326,711
Furniture, equipment and leasehold improvements				
- Childcare	1,252,944	791,469	983,372	631,697
- Health, fitness and recreation	1,396,975	845,234	1,275,656	1,168,765
- Association services	1,395,880	1,073,666	1,271,635	950,444
	\$ 19,044,474	\$ 10,667,729	\$ 18,344,288	\$ 10,077,617
Net book value		\$ 8,376,745		\$ 8,266,671

3. Demand Operating Facility

The Association has available a demand operating facility to a maximum of \$1,250,000 (2015 - \$1,250,000). There were no advances outstanding under this facility as at the year end.

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

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

December 31, 2016

4. Deferred Capital Donations and Grants

	2016	2015
Capital donations, fundraising and grants for:		
Building	\$ 7,969,734	\$ 7,969,734
Less: accumulated amortization	(4,126,676)	(3,777,310)
	3,843,058	4,192,424
Childcare equipment and leasehold improvements	120,340	109,540
Less: accumulated amortization	(98,656)	(86,249)
	21,684	23,291
Health, fitness and recreation equipment	56,659	29,000
Less: accumulated amortization	(22,462)	(13,800)
	34,197	15,200
	\$ 3,898,939	\$ 4,230,915

5. Net Assets Invested in Capital Assets

	2016	2015
Capital assets, net	\$ 8,376,745	\$ 8,266,671
Deferred capital donations and grants - unamortized	(3,898,939)	(4,230,915)
	\$ 4,477,806	\$ 4,035,756

6. Net Assets Internally Restricted for Capital Expenditures

Net assets internally restricted for capital expenditures represent funds specifically set aside by the Board of Directors to be used solely for the purpose of capital expenditures. Net assets internally restricted for capital expenditures are not available for other purposes without approval by the Board of Directors.

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

December 31, 2016

7. Regional Municipality Fee Subsidies

The Association receives fee subsidies on behalf of qualifying families based on income eligibility from the Regional Municipality of Halton, which are included with the revenues of the Association as follows:

	2016	2015
Childcare revenue	\$ 1,377,112	\$ 1,318,107
Program revenue	384,339	367,998
	\$ 1,761,451	\$ 1,686,105

8. Government Grants

During the year, grants in the following amounts were received from the Regional Municipality of Halton as direct wage subsidies to childcare workers. They were recognized in the Association's revenue.

	2016	2015
Wage Subsidy	\$ -	\$ 530,225
ELCD Wage Subsidy	-	593,528
General Operating Grant	1,028,645	-
Wage Enhancement	898,103	439,538
Special Needs School Age Support	99,836	60,569
	\$ 2,026,584	\$ 1,623,860

During the year, the Regional Municipality of Halton replaced the Wage Subsidy Grants with the General Operating Grant.

The Association also received a one-time Wage Enhancement Administration Grant of \$65,946 from the Regional Municipality of Halton during the year. This grant was used to support the costs of the Wage Enhancement administration, and has been recognized in the Association's grant revenue.

9. YMCA Fee Assistance

In addition to the fee subsidies provided by the Regional Municipality of Halton (Note 7), the Association assisted families with direct fee assistance in memberships, programs and childcare. The value of the fee assistance was \$723,812 (2015 - \$683,017) and is excluded from the Association's revenues.

Oakville Family YMCA
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Notes to Financial Statements

December 31, 2016

10. Commitments

The Association leases premises, association services equipment and a software platform in the normal course of its operations.

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

2017	\$	213,568
2018		36,641
2019		33,872

11. Employee Future Benefits

The Association makes matching contributions to a defined contribution pension plan for its employees. Total pension expense included in the financial statements is \$283,406 (2015 - \$255,848).

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

12. Financial Instrument Risks

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 and commitments. This risk has not changed from the prior year.

13. Subsequent Event

Subsequent to year end, the Association invested cash of \$2,000,000 into fixed income and Canadian and US equity investments. These investments were made in accordance with the Association's Statement of Investment Policy.

14. Comparative Amounts

Certain comparative figures presented in the financial statements have been reclassified to conform with the current year's presentation.

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

For the year ended December 31	2016	2015
Childcare		
Wages and benefits (Note 11)	\$ 10,117,568	\$ 9,391,967
Association services	1,212,250	1,092,722
Program supplies	1,117,086	1,032,519
Facility rental	792,862	763,099
YMCA Canada and other dues	193,727	178,682
Program delivery costs	174,829	183,122
Amortization of capital assets	159,772	108,526
Bank charges	131,878	150,552
Repairs and maintenance	99,862	112,107
	\$ 13,999,834	\$ 13,013,296
Programs and memberships		
Wages and benefits (Note 11)	\$ 3,587,362	\$ 3,367,647
Amortization of capital assets	841,572	784,502
Association services	471,430	446,323
Repairs and maintenance	408,503	421,714
Utilities	383,491	378,630
Program delivery costs	274,747	262,822
Facility rental	174,400	150,279
Program supplies	163,895	156,374
Advertising and promotion	98,633	77,643
YMCA Canada and other dues	75,338	72,983
Bank charges	51,286	61,493
	\$ 6,530,657	\$ 6,180,410