

**Oakville Family YMCA**  
**(a corporation without share capital)**  
**Financial Statements**  
**For the year ended December 31, 2018**

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**Contents**

<b>Independent Auditor's Report</b>	2-3
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Revenue and Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-13
Expense Schedules	14



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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)

### Opinion

We have audited the financial statements of the Oakville Family YMCA (the "Association"), which comprise the statement of financial position as at December 31, 2018, and the statements of changes in net assets, revenue and expenses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.



### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Burlington, Ontario  
April 30, 2019

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

**December 31** **2018** **2017**

**Assets**

**Current**

Cash - unrestricted	\$ 3,116,832	\$ 3,339,927
Accounts receivable	542,164	535,498
Prepaid expenses	4,117	9,157

	3,663,113	3,884,582
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**Investments** (Note 2 and 8)

	2,530,895	2,026,679
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**Capital assets** (Note 3)

	7,458,905	8,031,168
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**Intangible assets** (Note 4)

	587,028	339,596
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	\$ 14,239,941	\$ 14,282,025
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**Liabilities**

**Current**

Accounts payable and accrued liabilities	\$ 1,169,106	\$ 920,356
Deferred revenue	49,976	286,199

	1,219,082	1,206,555
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**Deferred capital donations and grants** (Note 6)

	3,197,644	3,565,625
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	4,416,726	4,772,180
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**Net Assets**

Net assets invested in capital and intangible assets (Note 7)	4,848,289	4,805,139
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Net assets internally restricted for capital expenditures (Note 8)	2,500,000	2,000,000
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Unrestricted net assets	2,474,926	2,704,706
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	9,823,215	9,509,845
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	\$ 14,239,941	\$ 14,282,025
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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 and Intangible Assets	Internally Restricted	Unrestricted	2018 Total	2017 Total
<b>Balance, beginning of year</b>	<b>\$ 4,805,139</b>	<b>\$ 2,000,000</b>	<b>\$ 2,704,706</b>	<b>\$ 9,509,845</b>	<b>\$ 8,838,689</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>(831,226)</b>	<b>-</b>	<b>1,144,596</b>	<b>313,370</b>	<b>671,156</b>
<b>Additions to capital and intangible assets net of capital donation and grants</b>	<b>874,376</b>	<b>-</b>	<b>(874,376)</b>	<b>-</b>	<b>-</b>
<b>Transfers</b>	<b>-</b>	<b>500,000</b>	<b>(500,000)</b>	<b>-</b>	<b>-</b>
<b>Balance, end of year</b>	<b>\$ 4,848,289</b>	<b>\$ 2,500,000</b>	<b>\$ 2,474,926</b>	<b>\$ 9,823,215</b>	<b>\$ 9,509,845</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>2018</b>	<b>2017</b>
<b>Revenue</b>		
Childcare - fees (Note 9)	\$ 15,045,883	\$ 14,049,313
- wage subsidy grants (Note 10)	2,032,617	2,041,783
	17,078,500	16,091,096
Membership	3,935,995	3,896,905
Program (Note 9)	1,703,177	1,735,925
Donations, grants and fundraising	717,629	491,849
Amortization of capital donations and grants (Note 6)	374,990	370,107
Other income	48,410	27,481
Investment income	21,449	38,362
	23,880,150	22,651,725
<b>Expenses</b>		
Childcare (Page 14)	16,319,983	15,033,868
Programs and membership (Page 14)	7,246,797	6,946,701
	23,566,780	21,980,569
<b>Excess of revenue over expenses</b>	<b>\$ 313,370</b>	<b>\$ 671,156</b>

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	2018	2017
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	\$ 313,370	\$ 671,156
Adjustments for items not affecting cash		
Amortization of capital assets	1,206,216	1,134,871
Amortization of deferred capital donations and grants	(374,990)	(370,107)
Unrealized loss (gain) on investments	57,387	(6,596)
Changes in non-cash working capital balances		
Accounts receivable	(6,666)	(134,231)
Prepaid expenses	5,040	134,862
Accounts payable and accrued liabilities	248,750	266,121
Deferred revenue	(236,223)	33,036
	<b>1,212,884</b>	<b>1,729,112</b>
<b>Cash flows from investing activities</b>		
Capital asset purchases	(633,953)	(789,294)
Intangible assets purchases (Note 4)	(247,432)	(339,596)
Investment purchases (Note 2)	(561,603)	(2,020,083)
	<b>(1,442,988)</b>	<b>(3,148,973)</b>
<b>Cash flows from financing activity</b>		
Capital donations and grants received	7,009	36,793
<b>Net decrease in cash</b>	<b>(223,095)</b>	<b>(1,383,068)</b>
<b>Cash, beginning of year</b>	<b>3,339,927</b>	<b>4,722,995</b>
<b>Cash, end of year</b>	<b>\$ 3,116,832</b>	<b>\$ 3,339,927</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, 2018**

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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, memberships in the membership centre, day camps and community programs. The Association operated 41 (2017 - 43) offsite locations and delivered 88 (2017 - 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.

**Intangible Asset**

Purchased intangible assets are initially recorded at cost. As the Dynamics for Membership IT system is currently under development and has yet to be implemented by the Association, amortization has not been recorded in the current year. In subsequent years, the intangible assets with a finite useful life are amortized over their estimated useful life.

**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.

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

**December 31, 2018**

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

**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.

**Shared Service Agreement**

On October 16, 2017, the Association entered into a shared service agreement with another YMCA allowing for the sharing of management services between associations. The cost recoveries received from this other YMCA association have been recognized as a reduction of association services expense in the statements of the Oakville Family YMCA.

**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	- 73% (2017 - 71%)
Programs and memberships	- 27% (2017 - 29%)

**Contributed Services**

Volunteers contributed approximately 5,400 hours 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, equities and fixed income (included in investments) traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other 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 expensed for those items measured at fair value each statement of financial position date and charged to the financial instrument for those measured at amortized cost. Investment fees incurred during the year are included in association services expense.

**Foreign Currency Translation**

Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transaction. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the balance sheet date. Gains and losses on translation of monetary assets and liabilities are included in net income.

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

**December 31, 2018**

**1. 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 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. Management's estimates and assumptions used in determining amortization methods and rates and useful life of capital assets and intangible assets are reviewed annually and are based on management's best estimates. These estimates are subject to measurement uncertainty, and the effect on the financial statements in future periods could be significant.

**2. Investments**

	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Equities	\$ 635,349	\$ 641,132	\$ 513,164	\$ 477,706
Fixed income	1,852,432	1,897,440	1,478,312	1,507,174
Cash	43,114	43,114	35,203	35,203
	<b>\$ 2,530,895</b>	<b>\$ 2,581,686</b>	<b>\$ 2,026,679</b>	<b>\$ 2,020,083</b>

The effective interest rate on fixed income securities during the year varied from 0.75% to 4.50% (2017 - 1.25% to 4.50%). The maturities of these securities range from 2019 to 2023.

During the year, the Association transferred \$Nil (2017 - \$1,600,000) of previously internally restricted cash and \$500,000 (2017 - \$400,000) (Note 8) of additional cash to investments. Dividends, interest and realized gains/losses on investments of \$61,603 (2017 - \$20,083) were reinvested during the year.

**3. Capital Assets**

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 39,825	\$ -	\$ 39,825	\$ -
Building and site costs	15,577,312	9,289,013	15,288,648	8,617,990
Furniture, equipment and leasehold improvements				
- Childcare	1,858,575	1,310,792	1,620,127	1,013,922
- Health, fitness and recreation	1,424,315	1,097,234	1,410,046	973,235
- Association services	1,567,694	1,311,777	1,475,122	1,197,453
	<b>\$ 20,467,721</b>	<b>\$ 13,008,816</b>	<b>\$ 19,833,768</b>	<b>\$ 11,802,600</b>
Net book value		<b>\$ 7,458,905</b>		<b>\$ 8,031,168</b>

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

**December 31, 2018**

**4. Intangible Assets**

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Membership IT system	<b>\$ 587,028</b>	-	339,596	-

The Association's Dynamics for Membership IT system relates to costs incurred for the development and implementation of a modular Enterprise Resource Planning (ERP) system, which embraces all business processes within one system. As the system is currently being developed and has yet to be implemented, no amortization has been recorded during the year. Management estimates the IT system being completed in 2019. The future costs committed to by the Association relating to the development and implementation of the IT system are disclosed in Note 12.

**5. Demand Operating Facility**

The Association has available a demand operating facility to a maximum of \$2,000,000 (2017 - \$2,000,000). 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.

**6. Deferred Capital Donations and Grants**

	2018	2017
Capital donations, fundraising and grants for:		
Building	<b>\$ 7,978,214</b>	\$ 7,978,214
Less: accumulated amortization	<b>(4,826,678)</b>	(4,476,813)
	<b>3,151,536</b>	3,501,401
Childcare equipment and leasehold improvements	<b>155,662</b>	148,653
Less: accumulated amortization	<b>(123,087)</b>	(108,294)
	<b>32,575</b>	40,359
Health, fitness and recreation equipment	<b>56,659</b>	56,659
Less: accumulated amortization	<b>(43,126)</b>	(32,794)
	<b>13,533</b>	23,865
	<b>\$ 3,197,644</b>	\$ 3,565,625

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

**December 31, 2018**

**7. Net Assets Invested in Capital and Intangible Assets**

	2018	2017
Capital assets, net	\$ 7,458,905	\$ 8,031,168
Intangible assets, net	587,028	339,596
Deferred capital donations and grants - unamortized	(3,197,644)	(3,565,625)
	\$ 4,848,289	\$ 4,805,139

**8. 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.

During the year, the Board of Directors approved a transfer of \$500,000 (2017 - \$400,000) from unrestricted net assets to net assets internally restricted for capital expenditures.

**9. 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:

	2018	2017
Childcare revenue	\$ 1,466,210	\$ 1,372,665
Program revenue	458,347	410,245
	\$ 1,924,557	\$ 1,782,910

**10. 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.

	2018	2017
General Operating Grant	\$ 1,058,525	\$ 1,058,525
Wage Enhancement	841,079	874,878
Special Needs School Age Support	133,013	108,380
	\$ 2,032,617	\$ 2,041,783

Continued government support for direct wage subsidies to childcare workers is not guaranteed, but is typically renewed on an annual basis. Should this support cease, the Association is prepared to take measures to reduce the impact on its childcare services and staff.

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

**December 31, 2018**

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**11. YMCA Fee Assistance**

In addition to the fee subsidies provided by the Regional Municipality of Halton (Note 9), the Association assisted families with direct fee assistance in memberships, programs and childcare. The value of the fee assistance was \$688,176 (2017 - \$706,746) and is excluded from the Association's revenues.

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**12. Commitments**

The Association leases premises and association services equipment in the normal course of its operations. The minimum annual payments for the next two years are as follows:

2019	\$	29,932
2020		1,248

In addition to the above, the Association is also committed to in 2019, \$101,028 of costs associated with the development and implementation of the Dynamics for Membership IT system (Note 4).

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**13. 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 \$318,497 (2017 - \$323,900).

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

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**14. Financial Instrument Risks**

**Market Risk**

Market risk arises from the possibility that changes in market prices will affect the level of investments held by the Association. The Association is exposed to market risk through its investments in equities.

**Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Investments in equities of \$262,786 (2017 - \$199,486) were held in US dollars and converted into Canadian dollars at year end. The Association considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risks.

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

**For the year ended December 31** **2018** **2017**

**Childcare**

Wages and benefits (Note 13)	\$ 11,209,812	\$ 10,638,134
Association services	1,732,389	1,366,617
Program supplies	1,471,524	1,283,706
Facility rental	894,579	851,125
Amortization of capital assets	296,870	222,452
Program delivery costs	253,367	180,244
YMCA Canada and other dues	200,419	194,234
Bank charges	135,577	133,352
Repairs and maintenance	125,446	164,004

**\$ 16,319,983** **\$ 15,033,868**

**Programs and memberships**

Wages and benefits (Note 13)	\$ 4,001,287	\$ 3,797,537
Amortization of capital assets	909,346	912,419
Association services	640,746	558,196
Repairs and maintenance	446,583	427,306
Program delivery costs	424,218	335,468
Utilities	388,081	415,816
Program supplies	175,365	181,397
Facility rental	136,898	184,759
YMCA Canada and other dues	74,128	79,335
Bank charges	50,145	54,468

**\$ 7,246,797** **\$ 6,946,701**

