

Oakville Family YMCA
(a corporation without share capital)
Financial Statements
For the year ended December 31, 2015

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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, 2015, 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, 2015 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
REPORT DATE

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

December 31	2015	2014
Assets		
Current		
Cash - unrestricted	\$ 2,032,096	\$ 1,103,983
Cash - internally restricted	1,600,000	1,600,000
Accounts receivable	392,885	365,883
Prepaid expenses	4,029	5,022
	4,029,010	3,074,888
Capital assets (Note 2)	8,266,671	8,608,025
	\$ 12,295,681	\$ 11,682,913

Liabilities

Current		
Accounts payable and accrued liabilities	\$ 638,951	\$ 683,487
Deferred revenue	107,851	131,762
	746,802	815,249
Deferred capital donations and grants (Note 4)	4,230,915	4,595,340
	4,977,717	5,410,589

Net Assets

Net assets invested in capital assets (Note 5)	4,035,756	4,012,685
Net assets internally restricted for capital expenditures (Note 6)	1,600,000	1,600,000
Unrestricted net assets	1,682,208	659,639
	7,317,964	6,272,324
	\$ 12,295,681	\$ 11,682,913

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	2015 Total	2014 Total
Balance, beginning of year	\$ 4,012,685	\$ 1,600,000	\$ 659,639	\$ 6,272,324	\$ 5,197,973
Excess (deficiency) of revenue over expenses	(524,043)	-	1,569,683	1,045,640	1,074,351
Additions to capital assets net of capital donation and grants	547,114	-	(547,114)	-	-
Balance, end of year	\$ 4,035,756	\$ 1,600,000	\$ 1,682,208	\$ 7,317,964	\$ 6,272,324

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	2015	2014
Revenue		
Childcare (Note 7)	\$ 12,492,678	\$ 11,203,422
Membership	3,822,925	3,998,171
Program (Note 7)	1,385,437	1,238,029
Donations, grants and fundraising	493,082	396,148
Amortization of capital donations and grants (Note 4)	368,985	366,174
Other	52,378	42,767
	18,615,485	17,244,711
Expenses		
Childcare (Page 13)	11,377,103	10,157,106
Programs and membership (Page 13)	6,192,742	6,013,254
	17,569,845	16,170,360
Excess of revenue over expenses	\$ 1,045,640	\$ 1,074,351

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	2015	2014
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 1,045,640	\$ 1,074,351
Adjustments for items not affecting cash		
Amortization of capital assets	893,028	797,706
Amortization of deferred capital donations and grants	(368,985)	(366,174)
Gain on disposal of capital assets	(9,400)	-
Changes in non-cash working capital balances		
Accounts receivable	(27,002)	(103,544)
Prepaid expenses	993	(1,043)
Accounts payable and accrued liabilities	(44,536)	317,859
Deferred revenue	(23,911)	(970)
	<u>1,465,827</u>	<u>1,718,185</u>
Cash flows from investing activities		
Capital asset purchases	(551,674)	(433,518)
Proceeds on sale of capital assets	9,400	-
	<u>(542,274)</u>	<u>(433,518)</u>
Cash flows from financing activity		
Capital donations and grants received	4,560	39,000
Net increase in cash	928,113	1,323,667
Cash, beginning of year	2,703,983	1,380,316
Cash, end of year	\$ 3,632,096	\$ 2,703,983
Represented by:		
Cash - unrestricted	\$ 2,032,096	\$ 1,103,983
Cash - internally restricted	1,600,000	1,600,000
	<u>\$ 3,632,096</u>	<u>\$ 2,703,983</u>

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, 2015

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 (2014 - 42) offsite locations, delivered 91 (2014 - 89) childcare programs and expanded 6 (2014 - 10) childcare programs at existing locations 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 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, which was constructed 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.

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, 2015

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

Childcare	- 71% (2014 - 68%)
Programs and memberships	- 29% (2014 - 32%)

Contributed Services

Volunteers contributed approximately 9,700 hours (2014 - 9,491) 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
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Notes to Financial Statements

December 31, 2015

2. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 39,825	\$ -	\$ 39,825	\$ -
Building and site costs	14,773,800	7,326,711	14,682,594	6,711,484
Furniture and equipment				
- Childcare	983,372	631,697	724,317	523,171
- Health, fitness and recreation	1,275,656	1,168,765	1,244,223	1,140,839
- Association services	1,271,635	950,444	1,134,466	841,906
	\$ 18,344,288	\$ 10,077,617	\$ 17,825,425	\$ 9,217,400
Net book value		\$ 8,266,671		\$ 8,608,025

3. Demand Operating Facility

The Association has available a demand operating facility to a maximum of \$1,250,000 (2014 - \$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
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Notes to Financial Statements

December 31, 2015

4. Deferred Capital Donations and Grants

	2015	2014
Capital donations, fundraising and grants for:		
Building	\$ 7,969,734	\$ 7,969,734
Less: accumulated amortization	(3,777,310)	(3,427,944)
	4,192,424	4,541,790
Childcare equipment and premise renovation	109,540	104,980
Less: accumulated amortization	(86,249)	(71,930)
	23,291	33,050
Health, fitness and recreation equipment	29,000	29,000
Less: accumulated amortization	(13,800)	(8,500)
	15,200	20,500
	\$ 4,230,915	\$ 4,595,340

5. Net Assets Invested in Capital Assets

	2015	2014
Capital assets, net	\$ 8,266,671	\$ 8,608,025
Deferred capital donations and grants - unamortized	(4,230,915)	(4,595,340)
	\$ 4,035,756	\$ 4,012,685

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. During the year, the Board of Directors approved a transfer of \$Nil (2014 - \$1,000,000) from unrestricted net assets to net assets internally restricted for capital expenditures.

Oakville Family YMCA
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Notes to Financial Statements

December 31, 2015

7. 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:

	2015	2014
Childcare revenue	\$ 1,318,107	\$ 1,146,776
Program revenue	367,998	312,858
	\$ 1,686,105	\$ 1,459,634

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 applied by the Association as a reduction of childcare wages and benefits.

	2015	2014
Wage Subsidy	\$ 530,225	\$ 530,225
ELCD Wage Subsidy	593,528	489,570
Wage Enhancement	439,538	-
Special Needs School Age Support	60,569	-
	\$ 1,623,860	\$ 1,019,795

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 \$683,017 (2014 - \$743,530) and is excluded from the Association's revenues.

10. Commitments

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

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

2016	\$	112,110
2017		39,520
2018		36,641
2019		33,872

Oakville Family YMCA
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Notes to Financial Statements

December 31, 2015

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 \$255,848 (2014 - \$260,306).

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. 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	2015	2014
Childcare		
Wages and benefits (Note 8 & 11)	\$ 7,768,106	\$ 6,949,652
Association services	1,080,390	1,030,268
Program supplies	1,032,519	891,173
Facility rental	763,099	663,565
Program delivery costs	183,122	159,054
YMCA Canada and other dues	178,682	140,220
Bank charges	150,552	159,513
Repairs and maintenance	112,107	130,897
Amortization of capital assets	108,526	32,764
	\$ 11,377,103	\$ 10,157,106
Programs and memberships		
Wages and benefits (Note 11)	\$ 3,367,647	\$ 3,266,068
Amortization of capital assets	784,502	764,942
Association services	441,286	484,832
Repairs and maintenance	421,714	431,111
Utilities	378,630	372,986
Program delivery costs	277,172	223,550
Facility rental	150,279	124,966
Program supplies	142,024	123,828
Advertising and promotion	95,012	79,920
YMCA Canada and other dues	72,983	65,986
Bank charges	61,493	75,065
	\$ 6,192,742	\$ 6,013,254