

Oakville Family YMCA
(a corporation without share capital)
Financial Statements
For the year ended December 31, 2017

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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, 2017, 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, 2017 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, 2018

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

December 31 **2017** **2016**

Assets

Current

Cash - unrestricted	\$	3,339,927	\$	3,122,995
Accounts receivable		535,498		401,267
Prepaid expenses		9,157		144,019
		3,884,582		3,668,281
Cash - internally restricted (Note 2 and 8)		-		1,600,000
Investments (Note 2 and 8)		2,026,679		-
Capital assets (Note 3)		8,031,168		8,376,745
Intangible assets (Note 4)		339,596		-
		\$ 14,282,025		\$ 13,645,026

Liabilities

Current

Accounts payable and accrued liabilities	\$	920,356	\$	654,235
Deferred revenue		286,199		253,163
		1,206,555		907,398
Deferred capital donations and grants (Note 6)		3,565,625		3,898,939
		4,772,180		4,806,337

Net Assets

Net assets invested in capital and intangible assets (Note 7)		4,805,139		4,477,806
Net assets internally restricted for capital expenditures (Note 8)		2,000,000		1,600,000
Unrestricted net assets		2,704,706		2,760,883
		9,509,845		8,838,689
		\$ 14,282,025		\$ 13,645,026

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	2017 Total	2016 Total
Balance, beginning of year	\$ 4,477,806	\$ 1,600,000	\$ 2,760,883	\$ 8,838,689	\$ 7,317,964
Excess (deficiency) of revenue over expenses	(764,764)	-	1,435,920	671,156	1,520,725
Additions to capital and intangible assets net of capital donation and grants	1,092,097	-	(1,092,097)	-	-
Transfers	-	400,000	(400,000)	-	-
Balance, end of year	\$ 4,805,139	\$ 2,000,000	\$ 2,704,706	\$ 9,509,845	\$ 8,838,689

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	2017	2016
Revenue		
Childcare - fees (Note 9)	\$ 14,049,313	\$ 13,766,439
- wage subsidy grants (Note 10)	2,041,783	2,026,584
	16,091,096	15,793,023
Membership	3,896,905	3,775,710
Program (Note 9)	1,735,925	1,590,321
Donations, grants and fundraising	491,849	470,682
Amortization of capital donations and grants (Note 6)	370,107	370,435
Other income	27,481	51,045
Investment income	38,362	-
	22,651,725	22,051,216
Expenses		
Childcare (Page 14)	15,033,868	14,070,849
Programs and membership (Page 14)	6,946,701	6,459,642
	21,980,569	20,530,491
Excess of revenue over expenses	\$ 671,156	\$ 1,520,725

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	2017	2016
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 671,156	\$ 1,520,725
Adjustments for items not affecting cash		
Amortization of capital assets	1,134,871	1,001,344
Amortization of deferred capital donations and grants	(370,107)	(370,435)
Gain on disposal of capital assets	-	(6,380)
Unrealized gain on investments	(6,596)	-
Changes in non-cash working capital balances		
Accounts receivable	(134,231)	(8,382)
Prepaid expenses	134,862	(139,990)
Accounts payable and accrued liabilities	266,121	15,284
Deferred revenue	33,036	145,312
	1,729,112	2,157,478
Cash flows from investing activities		
Capital asset purchases	(789,294)	(1,115,738)
Proceeds on sale of capital assets	-	10,700
Intangible assets purchases (Note 4)	(339,596)	-
Investment purchases (Note 2)	(2,020,083)	-
	(3,148,973)	(1,105,038)
Cash flows from financing activity		
Capital donations and grants received	36,793	38,459
Net increase (decrease) in cash	(1,383,068)	1,090,899
Cash, beginning of year	4,722,995	3,632,096
Cash, end of year	\$ 3,339,927	\$ 4,722,995
Represented by:		
Cash - unrestricted	\$ 3,339,927	\$ 3,122,995
Cash - internally restricted (Note 2)	-	1,600,000
	\$ 3,339,927	\$ 4,722,995

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, 2017

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 (2016 - 43) offsite locations and delivered 91 (2016 - 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.

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

December 31, 2017

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	- 71% (2016 - 72%)
Programs and memberships	- 29% (2016 - 28%)

Contributed Services

Volunteers contributed approximately 10,100 hours (2016 - 9,300) 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 admeasured at fair value each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

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
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Notes to Financial Statements

December 31, 2017

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

	2017	
	Fair Value	Cost
Equities	\$ 513,164	\$ 477,706
Fixed Income	1,478,312	1,507,174
Cash	35,203	35,203
	\$ 2,026,679	\$ 2,020,083

The effective interest rate on fixed income securities during the year varied from 1.25% to 4.50%. The maturities of these securities range from 2019 to 2022.

During the year, the Association transferred \$1,600,000 of previously internally restricted cash and \$400,000 (Note 8) of additional cash to investments.

3. Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 39,825	\$ -	\$ 39,825	\$ -
Building and site costs	15,288,648	8,617,990	14,958,850	7,957,360
Furniture, equipment and leasehold improvements				
- Childcare	1,620,127	1,013,922	1,252,944	791,469
- Health, fitness and recreation	1,410,046	973,235	1,396,975	845,234
- Association services	1,475,122	1,197,453	1,395,880	1,073,666
	\$ 19,833,768	\$ 11,802,600	\$ 19,044,474	\$ 10,667,729
Net book value		\$ 8,031,168		\$ 8,376,745

Oakville Family YMCA
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Notes to Financial Statements

December 31, 2017

4. Intangible Assets

	2017	
	Cost	Accumulated Amortization
Dynamics for Membership IT system	\$ 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 2018. 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 (2016 - \$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.

6. Deferred Capital Donations and Grants

	2017	2016
Capital donations, fundraising and grants for:		
Building	\$ 7,978,214	\$ 7,969,734
Less: accumulated amortization	(4,476,813)	(4,126,676)
	3,501,401	3,843,058
Childcare equipment and leasehold improvements	148,653	120,340
Less: accumulated amortization	(108,294)	(98,656)
	40,359	21,684
Health, fitness and recreation equipment	56,659	56,659
Less: accumulated amortization	(32,794)	(22,462)
	23,865	34,197
	\$ 3,565,625	\$ 3,898,939

Oakville Family YMCA
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Notes to Financial Statements

December 31, 2017

7. Net Assets Invested in Capital and Intangible Assets

	2017	2016
Capital assets, net	\$ 8,031,168	\$ 8,376,745
Intangible assets, net	339,596	-
Deferred capital donations and grants - unamortized	(3,565,625)	(3,898,939)
	\$ 4,805,139	\$ 4,477,806

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 \$400,000 (2016 - \$Nil) 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:

	2017	2016
Childcare revenue	\$ 1,372,665	\$ 1,377,112
Program revenue	410,245	384,339
	\$ 1,782,910	\$ 1,761,451

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.

	2017	2016
General Operating Grant	\$ 1,058,525	\$ 1,028,645
Wage Enhancement	874,878	898,103
Special Needs School Age Support	108,380	99,836
	\$ 2,041,783	\$ 2,026,584

Oakville Family YMCA
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Notes to Financial Statements

December 31, 2017

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 \$706,746 (2016 - \$723,812) and is excluded from the Association's revenues.

12. Commitments

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

2018	\$	32,701
2019		29,932
2020		1,248

In addition to the above, the Association is also committed to in 2018, \$237,159 of costs associated with the development and implementation of the Dynamics for Membership IT system (Note 4).

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 \$323,900 (2016 - \$283,406).

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

Oakville Family YMCA
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Notes to Financial Statements

December 31, 2017

14. 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.

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 \$199,486 (2016 - \$NIL) 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	2017	2016
Childcare		
Wages and benefits (Note 13)	\$ 10,638,134	\$ 10,117,568
Association services	1,366,617	1,283,265
Program supplies	1,283,706	1,117,086
Facility rental	851,125	792,862
Amortization of capital assets	222,452	159,772
YMCA Canada and other dues	194,234	193,727
Program delivery costs	180,244	174,829
Repairs and maintenance	164,004	99,862
Bank charges	133,352	131,878
	\$ 15,033,868	\$ 14,070,849
Programs and memberships		
Wages and benefits (Note 13)	\$ 3,797,537	\$ 3,587,362
Amortization of capital assets	912,419	841,572
Association services	558,196	499,048
Repairs and maintenance	427,306	408,503
Utilities	415,816	383,491
Program delivery costs	335,468	274,747
Facility rental	184,759	174,400
Program supplies	181,397	163,895
YMCA Canada and other dues	79,335	75,338
Bank charges	54,468	51,286
	\$ 6,946,701	\$ 6,459,642