

Financial Statements

GREATER MONCTON Y.M.C.A. INC.

Year ended December 31, 2017

100 Cameron St, Suite 5002
PO Box 903
Moncton, NB
Canada E1C 8N8

INDEPENDENT AUDITOR'S REPORT

To the Members of The Greater Moncton Y.M.C.A. Inc.

We have audited the accompanying financial statements of The Greater Moncton Y.M.C.A. Inc. which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in fund balances and cash flow 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 Audit Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting principles 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 Greater Moncton Y.M.C.A. Inc. as at December 31, 2017, and the results of its operations, changes in fund balances and its cash flow for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Thiel Greene

Chartered Professional Accountants

Moncton, New Brunswick
April 5, 2018

GREATER MONCTON Y.M.C.A. INC.

Statement of Financial Position

December 31, 2017

			2017	2016
	Operating Fund	Capital Fund	Total	Total
Assets				
Current assets:				
Marketable securities & other investments	\$ 1,029,260	\$ -	\$ 1,029,260	\$ 1,071,288
Accounts receivable	50,542	2,476	53,018	79,829
Inventory	2,241	-	2,241	3,701
Prepaid expenses	29,190	-	29,190	27,958
	1,111,233	2,476	1,113,709	1,182,776
Capital assets (note 2)	-	8,267,052	8,267,052	8,133,683
	\$ 1,111,233	\$ 8,269,528	\$ 9,380,761	\$ 9,316,459
Liabilities and Net Assets				
Current liabilities:				
Bank indebtedness (note 3)	\$ 381,962	\$ -	\$ 381,962	\$ 183,289
Accounts payable and accrued liabilities	117,156	60,708	177,864	132,883
Custodial accounts	12,213	-	12,213	16,766
Unearned revenue	233,422	-	233,422	237,861
	744,753	60,708	805,461	570,799
Deferred contributions (note 5)	1,029,260	5,218,587	6,247,847	6,410,230
Fund balances:				
Invested in capital assets (note 6)	-	2,990,233	2,990,233	2,798,215
Unrestricted	(662,780)	-	(662,780)	(462,785)
	(662,780)	2,990,233	2,327,453	2,335,430
	\$ 1,111,233	\$ 8,269,528	\$ 9,380,761	\$ 9,316,459

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director _____ Director

GREATER MONCTON Y.M.C.A. INC.

Statement of Operations

Year ended December 31, 2017

			2017	2016
	Operating Fund	Capital Fund	Total	Total
Revenue:				
Program fees:				
Child care	\$ 717,990	\$ -	\$ 717,990	\$ 663,539
Health and wellness	2,148,404	-	2,148,404	2,233,362
	2,866,394	-	2,866,394	2,896,901
Food service sales	159,553	-	159,553	168,414
Contributions	176,813	-	176,813	103,879
Fundraising	249,526	-	249,526	309,745
Federal government	225,890	-	225,890	107,612
Provincial government	350,948	-	350,948	380,926
Provincial government, childcare fees	241,147	-	241,147	252,116
Municipal government	162,300	-	162,300	147,000
Administrative fees	252,598	-	252,598	214,836
Room rental	20,857	-	20,857	21,358
Consulting	25,655	-	25,655	94,233
Merchandise	32,828	-	32,828	42,575
Investment Income	-	-	-	5,418
Amortization of deferred contributions	-	283,164	283,164	251,521
Gain on disposal of equipment	-	2,474	2,474	1,457
	4,764,509	285,638	5,050,147	4,997,991
Expenses:				
Salaries and benefits	2,921,072	-	2,921,072	2,846,618
Occupancy:				
Utilities, maintenance and repairs	657,865	-	657,865	649,822
Insurance	58,431	-	58,431	56,998
Property taxes	25,201	-	25,201	23,859
Supplies and expendables:				
Programs	387,613	-	387,613	312,904
Administration	124,333	-	124,333	109,127
Resale merchandise	11,262	-	11,262	18,425
Interest	6,267	-	6,267	4,233
National and area YMCA assessments	87,550	-	87,550	100,736
Advertising and promotion	50,767	-	50,767	34,586
Bad debts	13,278	-	13,278	19,754
Contract services	127,905	-	127,905	146,510
Telephone	27,265	-	27,265	28,589
Postage	2,678	-	2,678	5,425
Staff development	94,213	-	94,213	86,048
Travel and meals	36,934	-	36,934	39,996
Special events	30,117	-	30,117	30,137
Amortization of capital assets	-	395,373	395,373	350,280
	4,662,751	395,373	5,058,124	4,864,047
Excess (deficiency) of revenue over expenses	\$ 101,758	\$ (109,735)	\$ (7,977)	\$ 133,944

See accompanying notes to financial statements.

GREATER MONCTON Y.M.C.A. INC.

Statement of Changes in Fund Balances

Year ended December 31, 2017

			2017	2016
	Operating Fund	Capital Fund	Total	Total
Fund balance, beginning of year	\$ (462,785)	\$ 2,798,215	\$ 2,335,430	\$ 2,201,486
Excess (deficiency) of revenue over expenses	101,758	(109,735)	(7,977)	133,944
Inter-fund transfers (note 6)	(301,753)	301,753	-	-
Fund balances, end of year	\$ (662,780)	\$ 2,990,233	\$ 2,327,453	\$ 2,335,430

See accompanying notes to financial statements.

GREATER MONCTON Y.M.C.A. INC.

Statement of Cash Flow

Year ended December 31, 2017

			2017	2016
	Operating Fund	Capital Fund	Total	Total
Cash provided by (used in):				
Operations:				
Excess (deficiency) of revenue over expenses	\$ 101,758	\$ (109,735)	\$ (7,977)	\$ 133,944
Amortization of capital assets	-	395,373	395,373	350,280
Amortization of deferred contributions	-	(283,164)	(283,164)	(251,521)
Gain on disposal of equipment	-	(2,474)	(2,474)	(1,457)
Net change in non-cash working capital	1,322	61,706	63,028	82,444
	103,080	61,706	164,786	313,690
Financing activities:				
Inter-fund transfers to fund acquisition of capital assets	(301,753)	301,753	-	-
Deferred contributions	(42,028)	162,809	120,781	(21,242)
Proceeds on disposal of marketable securities	107,100	-	107,100	20,000
Change in receivable from the Moncton Y.M.C.A. Foundation Inc.	-	-	-	31,391
	(236,681)	464,562	227,881	30,149
Investing activities:				
Proceeds on disposal of capital assets	-	2,474	2,474	1,457
Acquisition of capital assets	-	(528,742)	(528,742)	(235,367)
Investment income deferred	(65,072)	-	(65,072)	(38,438)
	(65,072)	(526,268)	(591,340)	(272,348)
Increase (decrease) in cash position	(198,673)	-	(198,673)	71,491
Bank indebtedness, beginning of year	(183,289)	-	(183,289)	(254,780)
Bank indebtedness, end of year	\$ (381,962)	\$ -	\$ (381,962)	\$ (183,289)

See accompanying notes to financial statements.

GREATER MONCTON Y.M.C.A. INC.

Notes to Financial Statements

Year ended December 31, 2017

Greater Moncton Y.M.C.A. Inc. is incorporated as a corporation without share capital under the laws of Province of New Brunswick. The Organization provides physical, cultural, social and other charitable programs for the community of Greater Moncton. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO).

(b) Fund accounting:

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

Assets and expenses related to the Organization's capital assets are reported in the Capital Fund.

(c) Financial instruments:

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expenses when incurred.

(d) Revenue recognition:

The Organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable.

Contributions restricted for the construction or purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Investment income is recognized as revenue in the applicable Fund when earned, with the exception of investment income generated by marketable securities purchased with the proceeds of restricted contributions, which is deferred until such time as the related expenses are incurred.

GREATER MONCTON Y.M.C.A. INC.

Notes to Financial Statements, page 2

Year ended December 31, 2017

1. Significant accounting policies: continued

(e) Capital assets:

Capital assets are stated at cost in the Capital Fund. Amortization is provided using the straight-line basis at the following annual rates:

Asset	Rate
Building	2.5%
Equipment	20%
Paving	8%

(f) Contributed services:

Volunteers contribute hundreds of hours each year to the Organization in carrying out its service delivery and fund-raising activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

(g) Impairment of long-lived assets:

Long-lived assets, including capital assets, subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset.

(h) Use of estimates:

The preparation of financial statements in conformity 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 amounts of revenues and expenses during the reporting period. The significant area requiring the use of management estimates relates to the determination of impairment in the value of assets, and provision of contingencies. Actual results could differ from those estimates.

(i) Cash and cash equivalents:

The Corporation defines its cash position to consist of its petty cash and its bank indebtedness.

GREATER MONCTON Y.M.C.A. INC.

Notes to financial statements, page 3

Year ended December 31, 2017

2. Capital assets:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 309,190	\$ -	\$ 309,190	\$ 309,190
Building	10,918,746	3,300,193	7,618,553	7,663,725
Equipment	2,429,874	2,112,363	317,511	159,258
Paving	47,988	39,857	8,131	1,510
North End facility development	13,667	-	13,667	-
	\$ 13,719,465	\$ 5,452,413	\$ 8,267,052	\$ 8,133,683

No amortization has been taken to date on the North End facility as it is only in the early stages of design phase and is not yet operational.

3. Bank indebtedness:

The bank has provided a credit facility which provides a demand operating credit line of \$750,000 bearing interest at the lender's prime rate. The credit facility is secured by a General Security Agreement creating a first priority interest in all present and future undertakings and personal property of the Organization; a collateral mortgage of \$8 million conveying a first priority mortgage over properties located at 30 War Veterans Avenue, Moncton; assignment of fire insurance; and assignment of all present and future pledges committed to the YMCA building.

4. The Moncton Y.M.C.A. Foundation Inc.:

The Moncton Y.M.C.A. Foundation Inc. was established to receive and invest donations and to make contributions from revenue earned to the charitable activities of the Organization. The Organization neither controls nor exerts significant influence over the Foundation. The Foundation is incorporated under the laws of New Brunswick and is a registered charity under the Income Tax Act. As at December 31, 2017 its fiscal period end, the Foundation reported in its audited financial statements that its total assets were \$1,188,292 and its total liabilities were \$5,100.

During the year, the Organization received contributions for operations of \$42,000 from the Foundation (2016 - \$50,000).

GREATER MONCTON Y.M.C.A. INC.

Notes to Financial Statements, page 4

Year ended December 31, 2017

5. Deferred contributions:

(a) Capital Fund:

	2017	2016
Contributions:		
Moncton Y.M.C.A. Foundation Inc.	\$ 646,275	\$ 646,275
Public campaign	8,414,867	8,414,867
Proceeds from sale of old building	350,000	350,000
Interest	33,889	33,889
ACOA, for building renovations	96,435	96,435
Other	404,172	241,363
	9,945,638	9,782,829
Less:		
Campaign administration	718,386	718,386
New facility start-up costs	113,196	113,196
Amortization	3,895,469	3,612,305
	\$ 5,218,587	\$ 5,338,942

(b) Operating Fund:

	2017	2016
Contributions		
Les Filles de Marie de - l'Assomption	\$ 1,000,000	\$ 1,000,000
Other	21,242	21,242
Investment income deferred	195,118	130,046
Transferred to operations	(101,242)	(80,000)
Transferred to capital	(85,858)	-
Deferred contribution, end of year	\$ 1,029,260	\$ 1,071,288

GREATER MONCTON Y.M.C.A. INC.

Notes to Financial Statements, page 5

Year ended December 31, 2017

6. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2017	2016
Capital assets:	\$ 8,267,052	\$ 8,133,683
Amounts financed by:		
Deferred contributions	(5,218,587)	(5,338,942)
Accounts receivable and accounts payable	(58,232)	3,474
	\$ 2,990,233	\$ 2,798,215

(b) Change in net assets invested in capital assets is calculated as follows:

	2017	2016
Deficiency of revenues over expenses:		
Gain on disposal of equipment	\$ 2,474	\$ 1,457
Amortization of deferred contributions related to capital assets	283,164	251,521
Amortization of capital assets	(395,373)	(350,280)
	\$ (109,735)	\$ (97,302)

	2017	2016
Net change in investment in capital assets:		
Purchase of capital assets	\$ (528,742)	\$ (235,367)
Proceeds on disposal of capital assets	2,474	1,457
Amounts funded by:		
Working capital	61,706	(3,052)
Deferred contributions	162,809	
Inter-fund transfers	\$ (301,753)	\$ (236,962)

7. Pension plan:

The Organization is a member of the Canadian YMCA Retirement Fund, which operates as a defined contribution pension plan. Full-time employees of the Organization are required to join the plan following two years of continuous service. Members are required to make regular contributions, by payroll deduction, of an amount equal to 5% of their earnings, which is matched by the Organization. Members over the age of 55 may elect to contribute up to 9%, which is matched by the Organization.

In 2017, the Organization contributed \$ 55,710 (2016 - \$ 67,318) to the plan.

GREATER MONCTON Y.M.C.A. INC.

Notes to Financial Statements, page 6

Year ended December 31, 2017

8. Financial instruments:

The Corporation is exposed to various risks through its financial instruments. The following analysis provides information about the Corporation's risk exposure and concentration as of December 31, 2016.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Corporation has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources, bank indebtedness and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Corporation is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Corporation manages exposure through its normal operating and financing activities. The Corporation is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

9. Comparative figures:

Certain comparative figures have been re-classified to conform with the financial statement presentation adopted in the current year.