

GREATER MONCTON YMCA FOUNDATION INC.

Audit Findings Report to the Board of Directors

December 31, 2017

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

April 20, 2018

To the Board of Directors of
Greater Moncton YMCA Foundation Inc.

Our audit of the financial statements of Greater Moncton YMCA Foundation Inc. for the year ended December 31, 2017 is complete and we are reporting on these financial statements and refer you to our Auditors' Report attached to the financial statements.

This report to the Board of Directors has been prepared in accordance with the assurance recommendations issued by the Chartered Professional Accountants of Canada ("CPA Canada"). Those standards requires we communicate with the Board certain matters regarding our responsibility as auditors, significant accounting policies and other matters which may be of interest to the Board.

We express our appreciation for the cooperation and assistance received during the course of our audit.

We will respond to any questions relating to this report or on any other matters of interest to the Board at any time.

Yours very truly,



THIEL GREENE
Chartered Professional Accountants

Greater Moncton YMCA Foundation Inc.
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Introduction

This report summarizes those significant matters that we believe should be brought to your attention. We emphasize that the audit and this report would not necessarily identify all matters that may be of interest to the Board.

This report has been prepared solely for the purpose of assisting the Board of Directors in the discharge of its responsibility and should not be used for any other purpose. We disclaim any obligation to any other party that may rely upon this report.

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Audit Scope and Responsibility

Auditor's report

We have completed our audit of the financial statements for the year ended December 31, 2017. Our Independent Auditor's Report is dated April 20, 2018.

Our audit report is issued without reservation and indicates that the financial statements present fairly in all material respects, the financial position, results of operation, changes in net assets and cash flows of the Greater Moncton YMCA Foundation Inc. in accordance with Canadian accounting standards for not-for-profit organizations.

Our audit of the financial statements was performed in accordance with Canadian Audit Standards, and was performed to obtain reasonable, rather than absolute, assurance whether the financial statements are free of material misstatement. Our audit included assessing the risk that the financial statements may contain material misstatements, examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and their application, and assessing the significant estimates made by management.

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Responsibility of Management

Preparation of financial statements

The preparation and fair presentation of the financial statements, including the accompanying notes, is the responsibility of management. This includes the preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

Management is responsible for selecting the significant accounting policies used in the preparation of the financial statements, and for applying judgement in preparing accounting estimates contained in the financial statements, as well as for preparing or obtaining documentation supporting amounts and disclosures in the financial statements. In addition, management is responsible for assessing the impact of any misstatements detected during the preparation and audit of the financial statements, individually and in aggregate, on the fair presentation of amounts and disclosures contained in the financial statements and determining if such adjustments should be recorded.

Management's representations

The transactions and estimates reflected in the accounts and in the financial statements are within the direct control of management. Accordingly, the fairness of the representations made through the financial statements is an implicit and integral part of management's responsibility.

Throughout the course of our audit, we obtain representations from management in the form of answers to our audit enquiries. We also obtained a formal representation letter from management at the conclusion of the audit.

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Significant Matters to be Reported

CPA Canada has specified matters that should be brought to the attention of the Board. The following summarizes the matters to be communicated.

Significant accounting principles and policies

Significant accounting principles and policies are disclosed in the notes to the financial statements. Within the context of the audit, management has represented to us that there have not been any material changes in the accounting principles and policies during the year. We have not noted any significant unusual transactions.

Management's judgements and accounting estimates

Management has the responsibility for applying judgement in preparing the accounting estimates and disclosures contained within the financial statements.

We have not noted any particularly sensitive accounting estimates, which we believe should be brought to the attention of the Board.

Materiality

Thiel Greene planned the audit with the objective of having reasonable assurance of detecting misstatements that would be material to the financial statements taken as a whole. As required by audit standards, materiality was utilized during the conduct of the audit and the evaluation of any misstatements identified.

Misstatements and significant audit adjustments

Misstatements represent audit findings for which we do not agree with the amount, classification, presentation or disclosure of items in the financial statements.

A misstatement may arise from an error or from fraud and other irregularities. An error refers to an unintentional misstatement in financial statements, including an omission of amount or disclosure.

Fraud and other irregularities refer to an intentional misstatement in financial statements, including an omission of amount or disclosure, or to a misstatement arising from theft of the entity's assets.

In concluding our procedures, we may identify misstatements that require adjustments to the recorded amounts. These audit adjustments are discussed with management, who

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in consultation with us, determine if an adjustment should be recorded. For the year ended December 31, 2017, there were no unrecorded audit adjustments.

Internal controls

The responsibility of the design and operation of an effective system of internal controls which provides reasonable assurance that the accounting systems provide timely, accurate and reliable financial information, as well as safeguard the assets of the Foundation, is the day to day responsibility of management. As there are inherent limitations in internal controls, errors and fraud may nevertheless occur and remain undetected. In addition, controls functioning at one point in time may later be found to be deficient as the persons responsible may not be performing their function as designed. Thus there can be no assurance that controls currently in place will be adequate in the future as changes at the Foundation occur.

Our review of internal controls and accounting systems at the Foundation will not necessarily disclose all internal control matters that might be significant weaknesses under assurance standards established by CPA Canada. A weakness in internal control is significant if the deficiency is such that a material misstatement is not likely to be presented or detected in the financial statements being audited.

We did not note any matters involving internal control procedures at the Foundation which we wish to bring to your attention.

Illegal acts

Our inquiries of management and our testing of financial records did not reveal any illegal or possible illegal acts. However, please be aware that improper conduct is usually carefully and often elaborately concealed and therefore, the probability of detecting such is not high. Management is also asked in the formal letter of representations to disclose if they are aware of any illegal or possible illegal acts.

Related party transactions

Testing of financial records and discussions with management did not reveal any significant related party transactions not in the normal course of operations involving significant judgments by management concerning their measurement or disclosure in the financial statements.

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Consultation with other accountants

To our knowledge, management discussed no accounting or auditing matters with other accountants.

Difficulties

We did not encounter any serious difficulties in the performance of the audit. We received the full cooperation of management of Greater Moncton YMCA Foundation Inc. and, to our knowledge, had complete access to the accounting records and other documents that we needed in order to carry out our audit. We have had no disagreements with management, and have resolved all auditing, accounting and presentation issues to our satisfaction.

Cooperation during the Audit

We report that we have received cooperation from management of Greater Moncton YMCA Foundation Inc. To our knowledge, we were provided access to all necessary accounting records and other documentation. Issues identified as a result of the audit work, whether in amounts for the financial statements or disclosure, were discussed with management and issues have been resolved to our satisfaction. There were no limitations placed on the scope of our work.

Other matters

We are not aware of any other matters that require the attention of the Board before they approve the financial statements.

Financial Statements

**THE GREATER MONCTON
Y.M.C.A. FOUNDATION INC.**

Year ended December 31, 2017

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100 Cameron St, Suite 5002
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Canada E1C 8N8

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Greater Moncton Y.M.C.A. Foundation Inc. which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in net assets 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 generally accepted auditing 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. Foundation Inc. as at December 31, 2017, and the results of its operations, changes in net assets 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 20, 2018

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

Statement of Financial Position

December 31,

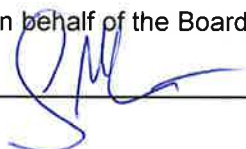
	2017	2016
Assets		
Current assets:		
Cash	\$ 1,123	\$ -
Investments (note 2)	1,187,169	1,186,495
	<u>\$ 1,188,292</u>	<u>\$ 1,186,495</u>

Liabilities and Net Assets

Current liabilities:		
Bank indebtedness	\$ -	\$ 2,464
Accrued liabilities	5,100	2,600
	<u>5,100</u>	<u>5,064</u>
Net assets:		
Contributions by members and others	1,135,682	1,133,921
Endowments and contributions functioning as endowments	47,510	47,510
	<u>1,183,192</u>	<u>1,181,431</u>
	<u>\$ 1,188,292</u>	<u>\$ 1,186,495</u>

See accompanying notes to financial statements.

On behalf of the Board:

 _____ Director _____ Director

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

Statement of Operations and Changes in Net Assets

Year Ended December 31,

	2017	2016
Revenues:		
Contributions	\$ 9,108	\$ 3,310
Investment income	36,177	38,498
Gains on investments	39,940	17,131
	85,225	58,939
Expenses:		
Honorarium	16,000	14,000
Endowment Horizons	8,713	6,970
Meeting expense	846	1,397
Audit fees	2,498	1,917
Printing and promotion	1,185	433
Bank fees	305	50
Other expenses	1,000	482
Investment management fees	9,409	12,105
Life insurance	1,508	1,508
Contributions to the Greater Moncton Y.M.C.A. Inc.	42,000	50,000
	83,464	88,862
Excess (deficiency) of revenues over expenses	1,761	(29,923)
Net assets, beginning of year	1,181,431	1,211,354
Net assets, end of year	\$ 1,183,192	\$ 1,181,431

See accompanying notes to financial statements.

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

Statement of Cash Flow

Year Ended December 31,

	2017	2016
Cash provided by (used in):		
Operations:		
Cash received from:		
Contributions	\$ 9,108	\$ 3,310
Investment income	36,177	41,129
	<u>45,285</u>	<u>44,439</u>
Cash paid out to		
Investment management fees	6,909	12,105
The Greater Moncton Y.M.C.A. Inc.	72,144	106,594
Interest and bank charges	305	50
Life insurance premiums	1,508	1,508
	<u>80,866</u>	<u>120,257</u>
	(35,581)	(75,818)
Investing activities:		
Purchases of investments	(1,238,544)	(90,056)
Proceeds on sales and maturities of investments	1,277,712	165,238
	<u>39,168</u>	<u>75,182</u>
Increase (decrease) in cash	3,587	(636)
Cash position, beginning of year	(2,464)	(1,828)
Cash position, end of year	<u>\$ 1,123</u>	<u>\$ (2,464)</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

Year ended December 31, 2017

The Greater Moncton Y.M.C.A. Foundation Inc. ("the Foundation") is a not-for-profit organization without share capital incorporated under the laws of New Brunswick. The Foundation receives and invests donations from its members and others and makes contributions to the charitable activities of the Greater Moncton YMCA Inc. from the revenue earned. The Foundation is a registered public charitable foundation under the Income Tax Act of Canada 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) Revenue recognition:

Contributions are recognized as revenue as they are received. Certain members of the Foundation have indicated that they will contribute amounts for a number of years. These commitments have not been recorded as receivable.

Interest and dividends on investments are recognized as revenue as they are earned.

(c) Investments:

Investments are recorded at quoted market values. Gains and losses as a result of changes in quoted market values of investment holdings are recorded as gains and losses on investments.

(d) Net asset transfers:

The Foundation transfers any excess of revenues over expenses (expenses over revenues) incurred on the net assets represented by contributions by others, revenue producing property and earnings retained and endowments and contributions functioning as endowments to its net assets recorded as contributions by members and earnings retained.

(e) 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 gains and losses from changes in fair value 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 expensed when incurred.

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

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Year ended December 31, 2017

2. Investments:

	2017		2016	
	Cost	Market value	Cost	Market value
Cash and equivalent				
Money market funds	\$ 45,042	\$ 45,042	\$ -	\$ -
Fixed income securities				
Bonds, term notes and preferred stocks	683,287	699,247	781,880	766,161
Equities				
Stock and mutual funds	419,236	442,880	347,186	420,334
	<u>\$ 1,147,565</u>	<u>\$ 1,187,169</u>	<u>\$ 1,129,066</u>	<u>\$ 1,186,495</u>

3. Financial instruments:

The Foundation is exposed to interest rate risk via its investments in fixed income securities.

The Foundation is exposed to currency risk through its investments in equities outside of Canada with a fair market value at December 31, 2017 of \$252,260 (2016- \$244,278).

The Foundation is not exposed to significant credit or liquidity risk.