

Financial Statements

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

Year ended December 31, 2018

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.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Greater Moncton Y.M.C.A Inc., which comprise the statement of financial position as at December 31, 2018, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity 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 entity 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 the financial statements in accordance with ASNPO, 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT, continued

- 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 organization'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 organization 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.

Thiel Greene

Chartered Professional Accountants
Moncton, New Brunswick
April 11, 2019

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

Statement of Financial Position

December 31, 2018

			2018	2017
	Operating Fund	Capital Fund	Total	Total
Assets				
Current assets:				
Marketable securities & other investments	\$ 918,148	\$ -	\$ 918,148	\$ 1,029,260
Accounts receivable	47,153	211,362	258,515	53,018
Inventory	1,501	-	1,501	2,241
Prepaid expenses	36,955	-	36,955	29,190
	1,003,757	211,362	1,215,119	1,113,709
Capital assets (note 2)	-	8,148,623	8,149,623	8,267,052
	\$1,003,757	\$ 8,359,985	\$ 9,363,742	\$ 9,380,761
Liabilities and Net Assets				
Current liabilities:				
Bank indebtedness (note 3)	\$ 502,920	\$ -	\$ 502,920	\$ 381,962
Accounts payable and accrued liabilities	232,046	-	232,046	177,864
Custodial accounts	20,291	-	20,291	12,213
Unearned revenue	212,798	-	212,798	233,422
	968,055	-	968,055	805,461
Deferred contributions (note 5)	918,148	5,177,500	6,095,648	6,247,847
Fund balances:				
Invested in capital assets (note 6)	-	3,182,485	3,182,485	2,990,233
Unrestricted	(882,446)	-	(882,446)	(662,780)
	(882,446)	3,182,485	2,300,039	2,327,453
	\$1,003,757	\$ 8,359,985	\$ 9,363,742	\$ 9,380,761

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, 2018

			2018	2017
	Operating Fund	Capital Fund	Total	Total
Revenue:				
Program fees:				
Child care	\$ 693,945	\$ -	\$ 693,945	\$ 717,990
Health and wellness	2,235,037	-	2,235,037	2,148,404
	2,928,982	-	2,928,982	2,866,394
Food service sales	172,661	-	172,661	159,553
Contributions	112,030	-	112,030	176,813
Fundraising	196,409	-	196,409	249,526
Federal government	302,664	-	302,664	225,890
Provincial government	367,484	-	367,484	350,948
Provincial government, childcare fees	252,024	-	252,024	241,147
Municipal government	183,946	-	183,946	162,300
Administrative fees	243,365	-	243,365	252,598
Room rental	24,273	-	24,273	20,857
Consulting	9,098	-	9,098	25,655
Merchandise	32,136	-	32,136	32,828
Amortization of deferred contributions	-	258,339	258,339	283,164
Gain on disposal of equipment	-	565	565	2,474
	4,825,072	258,904	5,083,976	5,050,147
Expenses:				
Salaries and benefits	2,965,132	-	2,965,132	2,921,072
Occupancy:				
Utilities, maintenance and repairs	638,438	-	638,438	657,865
Insurance	57,019	-	57,019	58,431
Property taxes	25,201	-	25,201	25,201
Supplies and expendables:				
Programs	376,175	-	376,175	387,613
Administration	159,015	-	159,015	124,333
Resale merchandise	10,085	-	10,085	11,262
Interest	13,343	-	13,343	6,267
National and area YMCA assessments	103,139	-	103,139	87,550
Advertising and promotion	43,896	-	43,896	50,767
Bad debts	16,053	-	16,053	13,278
Contract services	135,115	-	135,115	127,905
Telephone	25,672	-	25,672	27,265
Postage	2,783	-	2,783	2,678
Staff development	90,346	-	90,346	94,213
Travel and meals	31,494	-	31,494	36,934
Special events	6,895	-	6,895	30,117
Amortization of capital assets	-	360,409	360,409	395,373
Loss on impairment of assets (Note 9)	-	51,180	51,180	-
	4,699,801	411,589	5,111,390	5,111,400
Excess (deficiency) of revenue over expenses \$	125,271	\$ (152,685)	\$ (27,414)	\$ (7,977)

See accompanying notes to financial statements.

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

Statement of Changes in Fund Balances

Year ended December 31, 2018

			2018	2017
	Operating Fund	Capital Fund	Total	Total
Fund balance, beginning of year	\$ (662,780)	\$ 2,990,233	\$ 2,327,453	\$ 2,335,430
Excess (deficiency) of revenue over expenses	125,271	(152,685)	(27,414)	(7,977)
Inter-fund transfers (note 6)	(344,937)	344,937	-	-
Fund balances, end of year	\$ (882,446)	\$ 3,182,485	\$ 2,300,039	\$ 2,327,453

See accompanying notes to financial statements.

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

Statement of Cash Flow

Year ended December 31, 2018

			2018	2017
	Operating Fund	Capital Fund	Total	Total
Cash provided by (used in):				
Operations:				
Excess (deficiency) of revenue over expenses	\$ 125,271	\$ (152,685)	\$ (27,414)	\$ (7,977)
Amortization of capital assets	-	360,409	360,409	395,373
Amortization of deferred contributions	-	(258,339)	(258,339)	(283,164)
Gain on disposal of equipment	-	(565)	(565)	(2,474)
Loss on impairment of assets	-	51,180	51,180	
Net change in non-cash working capital	98,708	(269,594)	(170,886)	63,028
	223,979	(269,594)	(45,615)	164,786
Financing activities:				
Inter-fund transfers to fund acquisition of capital assets	(344,937)	344,937	-	-
Deferred contributions	(111,112)	217,252	106,140	120,781
Proceeds on disposal of marketable securities	58,575	-	58,575	107,100
	(397,474)	562,189	164,715	227,881
Investing activities:				
Proceeds on disposal of capital assets	-	565	565	2,474
Acquisition of capital assets	-	(293,160)	(293,160)	(528,742)
Investment (income) loss deferred	52,537	-	52,537	(65,072)
	52,537	(292,595)	(240,058)	(591,340)
Increase (decrease) in cash position	(120,958)	-	(120,958)	(198,673)
Bank indebtedness, beginning of year	(381,962)	-	(381,962)	(183,289)
Bank indebtedness, end of year	\$ (502,920)	\$ -	\$ (502,920)	\$ (381,962)

See accompanying notes to financial statements.

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

Notes to Financial Statements

Year ended December 31, 2018

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, 2018

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.

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Notes to financial statements, page 3

Year ended December 31, 2018

2. Capital assets:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 309,190	\$ -	\$ 309,190	\$ 309,190
Building	10,959,362	3,574,149	7,385,213	7,618,553
Equipment	2,373,921	2,194,977	178,944	317,511
Paving	47,988	43,696	4,292	8,131
North End centre (note 10)	270,984	-	270,984	13,667
	<u>\$ 13,961,445</u>	<u>\$ 5,812,822</u>	<u>\$ 8,148,623</u>	<u>\$ 8,267,052</u>

No amortization has been taken to date on the North End centre as it is only in the 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 as well as a revolving line of credit of up to \$3 million bearing interest at the lenders prime rate plus 1.25% to finance construction of the North End Centre (note 10). 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 Greater 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, 2018 its fiscal period end, the Foundation reported in its audited financial statements that its total assets were \$1,041,172 and its total liabilities were \$5,100.

During the year, the Organization received contributions for operations of \$54,000 from the Foundation (2017 - \$42,000).

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

Notes to Financial Statements, page 4

Year ended December 31, 2018

5. Deferred contributions:

(a) Capital Fund:

	2018	2017
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	621,424	404,172
	10,162,890	9,945,638
Less:		
Campaign administration	718,386	718,386
New facility start-up costs	113,196	113,196
Amortization	4,153,808	3,895,469
	\$ 5,177,500	\$ 5,218,587

(b) Operating Fund:

	2018	2017
Contributions		
Les Filles de Marie de - l'Assomption	\$ 1,000,000	\$ 1,000,000
Other	21,242	21,242
Investment income deferred	142,581	195,118
Transferred to operations	(159,817)	(101,242)
Transferred to capital	(85,858)	(85,858)
Deferred contribution, end of year	\$ 918,148	\$ 1,029,260

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

Notes to Financial Statements, page 5

Year ended December 31, 2018

6. Investment in capital assets:

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

	2018	2017
Capital assets:	\$ 8,148,623	\$ 8,267,052
Amounts financed by:		
Deferred contributions	(5,177,500)	(5,218,587)
Accounts receivable and accounts payable	211,362	(58,232)
	\$ 3,182,485	\$ 2,990,233

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

	2018	2017
Deficiency of revenues over expenses:		
Gain on disposal of equipment	\$ 565	\$ 2,474
Amortization of deferred contributions related to capital assets	258,339	283,164
Amortization of capital assets	(360,409)	(395,373)
Loss on impairment of assets	(51,180)	-
	\$ (152,685)	\$ (109,735)

	2018	2017
Net change in investment in capital assets:		
Purchase of capital assets	\$ (293,160)	\$ (528,742)
Proceeds on disposal of capital assets	565	2,474
Amounts funded by:		
Working capital	(269,594)	61,706
Deferred contributions	217,252	162,809
Inter-fund transfers	\$ (344,937)	\$ (301,753)

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 2018, the Organization contributed \$ 54,317 (2017 - \$ 55,710) to the plan.

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

Notes to Financial Statements, page 6

Year ended December 31, 2018

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, 2018.

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. Contingent liability:

The Corporation has elected to end its participation in a software project lead by YMCA Canada due to delays, cost overruns, and uncertainty around the completion of the project. As a result, the Corporation recorded a loss on impairment of its investment to date in the project. It is the Corporation's opinion that it has no further liability to the project, however YMCA Canada had indicated that at the time of termination, its proportionate share was \$152,704, of which \$51,180 had been paid to date. As the amount and timing of any future payment is currently unknown, the Corporation has not recorded a further liability to the project as of December 31, 2018.

10. North End Centre:

The Corporation is proceeding with construction of a fitness and community centre in Moncton's North End, which is scheduled to break ground in the Spring of 2019. Project costs are estimated at \$17 million. In addition to the revolving line of credit (note 3), the Corporation has received funding commitments of \$6 million from the City of Moncton and \$4 million each from the Province of New Brunswick and the Government of Canada.