

Oakville Family YMCA
(a corporation without share capital)
Financial Statements
For the year ended December 31, 2014

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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, 2014, 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2014 and 2013, current assets as at December 31, 2014 and 2013 and net assets as at January 1 and December 31 for both the 2014 and 2013 years. Our audit opinion on the financial statements for the year ended December 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Oakville Family YMCA as at December 31, 2014 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 14, 2015

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

December 31 **2014** **2013**

Assets

Current

Cash - unrestricted	\$ 1,103,983	\$ 780,316
Cash - internally restricted	1,600,000	600,000
Accounts receivable	365,883	262,339
Prepaid expenses	5,022	3,979

3,074,888 1,646,634

Capital assets (Note 2)

8,608,025 8,972,213

\$ 11,682,913 \$ 10,618,847

Liabilities

Current

Accounts payable and accrued liabilities	\$ 683,487	\$ 365,628
Deferred revenue	131,762	132,732

815,249 498,360

Deferred capital donations and grants (Note 4)

4,595,340 4,922,514

5,410,589 5,420,874

Net Assets

Net assets invested in capital assets (Note 5) 4,012,685 4,049,699

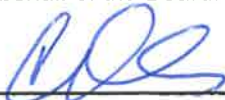
Net assets internally restricted for capital expenditures (Note 6) 1,600,000 600,000

Unrestricted net assets 659,639 548,274

6,272,324 5,197,973

\$ 11,682,913 \$ 10,618,847

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	2014 Total	2013 Total
Balance, beginning of year	\$ 4,049,699	\$ 600,000	\$ 548,274	\$ 5,197,973	\$ 4,077,185
Excess (deficiency) of revenue over expenses	(431,532)	-	1,505,883	1,074,351	1,120,788
Additions to capital assets net of capital donation and grants	394,518	-	(394,518)	-	-
Transfers	-	1,000,000	(1,000,000)	-	-
Balance, end of year	\$ 4,012,685	\$ 1,600,000	\$ 659,639	\$ 6,272,324	\$ 5,197,973

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	2014	2013
Revenue		
Childcare (Note 7)	\$ 11,203,422	\$ 9,701,109
Membership	4,017,325	3,998,889
Program (Note 7)	1,238,029	1,197,121
Donations, grants and fundraising	396,148	362,742
Other	23,612	9,495
Amortization of capital donations and grants (Note 4)	366,174	365,369
	17,244,710	15,634,725
Expenses		
Childcare (Page 13)	10,285,417	8,702,254
Programs and membership (Page 13)	5,884,942	5,801,439
Interest on long-term debt	-	10,244
	16,170,359	14,513,937
Excess of revenue over expenses	\$ 1,074,351	\$ 1,120,788

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	2014	2013
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 1,074,351	\$ 1,120,788
Adjustments for items not affecting cash		
Amortization of capital assets	797,706	769,380
Amortization of deferred capital donations and grants	(366,174)	(365,369)
Changes in non-cash working capital balances		
Accounts receivable	(103,544)	20,789
Prepaid expenses	(1,043)	537
Accounts payable and accrued liabilities	317,859	41,647
Deferred revenue	(970)	46,290
	<u>1,718,185</u>	<u>1,634,062</u>
Cash flows from investing activity		
Capital asset purchases	<u>(433,518)</u>	<u>(241,283)</u>
Cash flows from financing activities		
Capital donations and grants received	39,000	11,200
Repayment of long-term debt	-	(543,022)
	<u>39,000</u>	<u>(531,822)</u>
Net increase in cash	1,323,667	860,957
Cash, beginning of year	<u>1,380,316</u>	<u>519,359</u>
Cash, end of year	<u>\$ 2,703,983</u>	<u>\$ 1,380,316</u>
Represented by:		
Cash - unrestricted	\$ 1,103,983	\$ 780,316
Cash - internally restricted	<u>1,600,000</u>	<u>600,000</u>
	<u>\$ 2,703,983</u>	<u>\$ 1,380,316</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, 2014

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 42 (2013 - 41) offsite locations, delivered 89 (2013 - 74) childcare programs and expanded 10 (2013 - 14) 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, 2014

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	- 68% (2013 - 65%)
Programs and memberships	- 32% (2013 - 35%)

Contributed Services

Volunteers contributed approximately 9,491 hours (2013 - 12,893) 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
(a corporation without share capital)
Notes to Financial Statements

December 31, 2014

2. Capital Assets

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 39,825	\$ -	\$ 39,825	\$ -
Building and site costs	14,682,594	6,711,484	14,551,872	6,103,272
Furniture and equipment				
- Childcare	724,317	523,171	555,527	490,407
- Health, fitness and recreation	1,244,223	1,140,839	1,235,590	1,087,812
- Association services	1,134,466	841,906	1,009,093	738,203
	<u>\$ 17,825,425</u>	<u>\$ 9,217,400</u>	<u>\$ 17,391,907</u>	<u>\$ 8,419,694</u>
Net book value		<u>\$ 8,608,025</u>		<u>\$ 8,972,213</u>

3. Demand Operating Facility

The Association has available a demand operating facility to a maximum of \$1,250,000 (2013 - \$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
(a corporation without share capital)
Notes to Financial Statements

December 31, 2014

4. Deferred Capital Donations and Grants

	2014	2013
Capital donations, fundraising and grants for:		
Building	\$ 7,969,734	\$ 7,969,734
Less: accumulated amortization	(3,427,944)	(3,078,577)
	4,541,790	4,891,157
Childcare equipment and premise renovation	104,980	89,980
Less: accumulated amortization	(71,930)	(60,123)
	33,050	29,857
Health, fitness and recreation equipment	29,000	5,000
Less: accumulated amortization	(8,500)	(3,500)
	20,500	1,500
	\$ 4,595,340	\$ 4,922,514

5. Net Assets Invested in Capital Assets

	2014	2013
Capital assets, net	\$ 8,608,025	\$ 8,972,213
Deferred capital donations and grants - unamortized	(4,595,340)	(4,922,514)
	\$ 4,012,685	\$ 4,049,699

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 \$1,000,000 (2013 - \$300,000) from unrestricted net assets to net assets internally restricted for capital expenditures.

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

December 31, 2014

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:

	2014	2013
Childcare Program	\$ 1,146,776	\$ 920,348
	312,858	249,412
	\$ 1,459,634	\$ 1,169,760

8. Government Grants

During the year, grants in the following amounts were received from the Regional Municipality of Halton. They were applied by the Association as a reduction of childcare wages and benefits.

	2014	2013
Wage Subsidy	\$ 530,225	\$ 530,225
Best Start Wage Improvement	298,262	232,498
Best Start Wage Subsidy	191,308	187,208
	\$ 1,019,795	\$ 949,931

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 \$743,530 (2013 - \$769,273) 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 five years are as follows:

2015	\$ 129,360
2016	47,685
2017	39,520
2018	36,641
2019	33,872

Oakville Family YMCA
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Notes to Financial Statements

December 31, 2014

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 \$260,306 (2013 - \$235,633).

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.

Oakville Family YMCA
(a corporation without share capital)
Expense Schedules

For the year ended December 31

2014

2013

Childcare

Association services	\$ 1,169,956	\$ 990,813
Amortization of capital assets	32,764	26,776
Bank charges	159,513	146,006
Facility rental	663,565	545,667
Other	147,957	128,443
Program supplies	890,893	724,082
Repairs and maintenance	130,897	99,022
Wages and benefits (Note 8 & 11)	6,949,652	5,928,759
YMCA dues	140,220	112,686

\$ 10,285,417 \$ 8,702,254

Programs and memberships

Association services	\$ 550,567	\$ 533,515
Advertising and promotion	78,032	78,200
Amortization of capital assets	764,942	742,604
Bank charges	75,065	78,619
Facility rental	124,966	121,608
Program delivery costs	211,906	202,992
Program supplies	129,097	118,194
Repairs and maintenance	431,391	400,711
Utilities	370,126	345,300
Wages and benefits (Note 11)	3,082,864	3,119,019
YMCA dues	65,986	60,677

\$ 5,884,942 \$ 5,801,439