

Financial Statements of

**SADBURY YOUNG MEN'S
CHRISTIAN ASSOCIATION**

Year ended March 31, 2017



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Members of Sudbury Young Men's Christian Association

We have audited the accompanying financial statements of Sudbury Young Men's Christian Association which comprise the statement of financial position as at March 31, 2017 and the statements of operations and changes in fund balances (deficit) and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider 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 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 Sudbury Young Men's Christian Association as at March 31, 2017, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

September 12, 2017
Sudbury, Canada

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,039,356	1,027,764
Accounts receivable (note 2)	605,960	531,967
Prepaid expenses	85,491	87,849
	<u>1,730,807</u>	<u>1,647,580</u>
Capital assets (note 3)	8,700,799	9,069,150
	<u>\$ 10,431,606</u>	<u>10,716,730</u>

Liabilities and Fund Balances


Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 585,457	508,776
Deferred revenue (note 5)	557,152	448,218
Current portion of loans payable (note 6)	4,605,827	231,516
	<u>5,748,436</u>	<u>1,188,510</u>
Loans payable (note 6)	-	4,605,827
	<u>5,748,436</u>	<u>5,794,337</u>
Fund balances	4,683,170	4,922,393
Subsequent events (notes 6 and 12)		
Commitments (note 9)		
	<u>\$ 10,431,606</u>	<u>10,716,730</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

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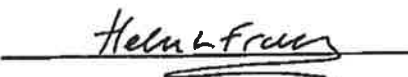
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See accompanying notes to financial statements.

On behalf of the Board:


Director


Director

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Operations and Changes in Fund Balances (Deficit)

Year ended March 31, 2017, with comparative information for 2016

	Operating			Capital		Restricted and Endowment		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	
Revenue:									
Employment programs	\$ 4,768,883	4,492,160	-	-	-	-	4,768,883	4,492,160	
Membership and programs	2,117,053	2,126,329	-	-	-	-	2,117,053	2,126,329	
John Island / Falcona Camps	839,044	847,106	-	-	3,761	-	842,805	847,106	
Child care	1,984,154	1,812,643	-	-	-	-	1,984,154	1,812,643	
Provincial grants	86	42,360	72,500	-	-	-	72,586	42,360	
Federal grants	47,063	29,830	-	-	-	-	47,063	29,830	
United Way	74,824	75,000	-	-	-	-	74,824	75,000	
Fundraising and other contributions	94,263	105,333	-	18,905	-	-	94,263	124,238	
Facility cost recoveries	172,794	232,454	-	-	-	-	172,794	232,454	
Investment income	5,019	5,471	-	-	121	431	5,140	5,902	
Miscellaneous	470,072	370,765	-	-	-	-	470,072	370,765	
	10,573,255	10,139,451	72,500	18,905	3,882	431	10,649,637	10,158,787	
Expenses:									
Employment programs	4,552,050	4,235,217	-	-	-	-	4,552,050	4,090,675	
Membership and programs	1,279,866	1,140,557	-	-	-	-	1,279,866	1,140,557	
John Island / Falcona Camps	788,486	810,008	-	-	-	-	788,486	810,008	
Child care	1,901,725	1,586,207	-	-	-	-	1,901,725	1,586,207	
Administration	359,558	428,683	-	-	-	-	359,558	573,225	
Plant	1,343,737	1,309,796	-	-	-	-	1,343,737	1,309,796	
Interest on loans payable	160,965	171,835	-	-	-	-	160,965	171,835	
Amortization of capital assets	-	-	502,473	398,073	-	-	502,473	398,073	
	10,386,387	9,682,303	502,473	398,073	-	-	10,888,860	10,080,376	
Excess (deficiency) of revenue over expenses	186,868	457,148	(429,973)	(379,168)	3,882	431	(239,223)	78,411	
Fund balances (deficit), beginning of year	(871,671)	(1,221,091)	5,746,863	6,018,303	47,201	46,770	4,922,393	4,843,982	
Interfund transfers:									
Capital asset purchases and debt repayment	(188,521)	(107,728)	218,521	107,728	(30,000)	-	-	-	
Fund balances (deficit), end of year	\$ (873,324)	(871,671)	5,535,411	5,746,863	21,083	47,201	4,683,170	4,922,393	

See accompanying notes to financial statements.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ (239,223)	78,411
Adjustments for:		
Amortization of capital assets	502,473	398,073
	263,250	476,484
Change in non-cash working capital (note 8)	113,980	86,639
	377,230	563,123
Cash flows from investing activities:		
Capital asset purchases	(134,122)	(30,909)
Cash flows from financing activities:		
Debt repayment	(231,516)	(220,568)
Decrease in net investment in leases	-	5,260
	(231,516)	(215,308)
Increase in cash	11,592	316,906
Cash and cash equivalents, beginning of year	1,027,764	710,858
Cash and cash equivalents, end of year	\$ 1,039,356	1,027,764

See accompanying notes to financial statements.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2017

Sudbury Young Men's Christian Association (the "Association") is incorporated without share capital under the laws of Ontario and its principal activities include health, fitness, recreational and camping programs, child care and the operation of youth employment services. The Association is a registered charity and as such is not subject to Canadian income taxes.

1. Significant accounting policies:

(a) Basis of presentation:

As the Association receives funding for various purposes, the accounts are maintained in a manner which segregates transactions according to the following funds:

- Operating fund, which represents the day-to-day fitness, recreational, administrative, employment services and maintenance operations of the Association.
- Capital fund, which represents the equity in property and equipment resulting from capital additions, disposals, funding, financing and amortization charges.
- Restricted and endowment funds includes funds provided by various sources. The expense is internally restricted or endowed where the principal remains and investment income can be expended as specified by the donor.

(b) Revenue recognition:

The Association follows the restricted fund method of accounting. Under this method, the following principles have been applied:

- Contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the donor.
- Contributions including pledges and donations are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Unearned membership, program and grant revenues received are recorded as a liability and included in deferred revenue on the statement of financial position.

(c) Capital assets:

Capital assets are stated at cost, or fair value, if donated and amount is determinable. Amortization is provided on the straight-line basis using the following annual rates:

Assets	Rate
Buildings	2 1/2%
Leasehold improvements	10%
Pool, furnishings and equipment	10%
Vehicles and computer equipment	33 1/3%

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2017

1. Significant accounting policies (continued):

(d) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets and valuation allowances for receivables. Actual results could differ from those estimates.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Accounts receivable:

	2017	2016
Accounts receivable	\$ 625,960	551,967
Less allowance for doubtful accounts	(20,000)	(20,000)
	<u>\$ 605,960</u>	<u>531,967</u>

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2017

3. Capital assets:

2017	Cost	Accumulated Amortization	Net Book Value
Durham Street:			
Land	\$ 729,033	—	729,033
Building	10,036,599	4,202,719	5,833,880
Pool, furnishings and equipment	1,716,349	1,439,124	277,225
Computer equipment	140,786	93,098	47,688
	<u>12,622,767</u>	<u>5,734,941</u>	<u>6,887,826</u>
John Island Camp:			
Land, at nominal value	1	—	1
Buildings	1,171,345	336,756	834,589
Furnishings and equipment	805,404	730,563	74,841
Vehicles	129,579	117,629	11,950
	<u>2,106,329</u>	<u>1,184,948</u>	<u>921,381</u>
Falcona Camp:			
Land	450,000	—	450,000
Buildings	472,242	84,818	387,424
Furnishings and equipment	91,226	84,717	6,509
Vehicles	31,093	31,093	—
	<u>1,044,561</u>	<u>200,628</u>	<u>843,933</u>
Elm Street:			
Leasehold improvements	537,436	515,215	22,221
Computer equipment	50,139	50,139	—
Furnishings and equipment	72,167	46,729	25,438
Vehicles	34,093	34,093	—
	<u>693,835</u>	<u>646,176</u>	<u>47,659</u>
	<u>\$ 16,467,492</u>	<u>7,766,693</u>	<u>8,700,799</u>

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2017

3. Capital assets (continued):

2016	Cost	Accumulated Amortization	Net Book Value
Durham Street:			
Land	\$ 729,033	–	729,033
Building	10,022,663	3,839,294	6,183,369
Pool, furnishings and equipment	1,643,849	1,385,702	258,147
Computer equipment	93,098	93,098	–
	<u>12,488,643</u>	<u>5,318,094</u>	<u>7,170,549</u>
John Island Camp:			
Land, at nominal value	1	–	1
Buildings	1,171,345	307,473	863,872
Furnishings and equipment	805,404	709,376	96,028
Vehicles	129,579	116,135	13,444
	<u>2,106,329</u>	<u>1,132,984</u>	<u>973,345</u>
Falcona Camp:			
Land	450,000	–	450,000
Buildings	472,242	73,012	399,230
Furnishings and equipment	91,226	79,385	11,841
Vehicles	31,093	31,093	–
	<u>1,044,561</u>	<u>183,490</u>	<u>861,071</u>
Elm Street:			
Leasehold improvements	537,436	505,912	31,524
Computer equipment	50,139	49,860	279
Furnishings and equipment	72,167	39,785	32,382
Vehicles	34,093	34,093	–
	<u>693,835</u>	<u>629,650</u>	<u>64,185</u>
	<u>\$ 16,333,368</u>	<u>7,264,218</u>	<u>9,069,150</u>

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$6,294 (2016 - \$5,734) which includes amounts payable for payroll related taxes.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2017

5. Deferred revenue:

	2017	2016
Memberships and camps	\$ 425,980	397,530
Employment	–	5,609
Child Care	79,714	29,529
Gift Cards	1,930	1,550
Manitoulin – Sudbury District Social Service Administration Board (DSSAB)	49,528	14,000
	\$ 557,152	448,218

6. Loans payable:

Details of the loans payable are as follows:

		2017	2016
	Interest	Maturity	
		Total Outstanding	Total Outstanding
RBC term loan	3.60%	\$ 4,605,827	4,837,343
Less current portion		4,605,827	(231,516)
		\$ –	4,605,827

The term loan is secured by a general security agreement and a collateral mortgage on the 140 Durham Street property.

Subsequent to year-end, the credit facilities were modified for the newly-amalgamated entity (note 12) whereby the fixed term rate of interest was struck at 3.13% and blended payments were set at \$32,700 monthly for 216 months.

There is a non-revolving term facility available to the \$4.593 million less the balance in the fixed term loan. This would bear interest at Royal Bank Prime plus 1.05%.

7. Restricted and endowment funds:

The balance is comprised of the following:

	2017	2016
Endowment fund	\$ 21,083	17,201
Reserve for health benefits	–	30,000
	\$ 21,083	47,201

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2017

8. Change in non-cash working capital:

	2017	2016
Cash provided by (used in):		
Increase in accounts receivable	\$ (73,993)	(166,225)
Decrease (increase) prepaid expenses	2,358	(43,752)
Increase in accounts payable and accrued liabilities	76,681	222,633
Increase in deferred revenue	108,934	73,983
	\$ 113,980	86,639

9. Commitments:

The Association leases premises under an operating lease, which expires on August 31, 2020. The minimum annual rental payments are approximately as follows:

2018	\$ 182,000
2019	190,000
2020	197,000
2021	85,120
	\$ 654,120

10. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2016.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk with respect to the accounts receivable. The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

11. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2017 financial statements.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2017

12. Subsequent event:

The Sudbury Young Men's Christian Association and The Young Men's Christian Association of North Bay and District have amalgamated in accordance with the Corporations Act (Ontario) as of April 1, 2017. The amalgamated entity continues as the YMCA of Northeastern Ontario.