

CUMBERLAND YMCA
Financial Statements
Year Ended March 31, 2018

CUMBERLAND YMCA
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Year Ended March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Cumberland YMCA

We have audited the accompanying financial statements of Cumberland YMCA, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets 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 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 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.

(continues)

Independent Auditor's Report to the Members of Cumberland YMCA (continued)

Basis for Qualified Opinion

In common with many not-for-profit organizations, Cumberland YMCA derives revenue from donation 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 Cumberland YMCA. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at April 1, 2017 and March 31, 2018. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Long term debt of the organization bearing interest at a rate lower than market rate is not originally recorded at fair value, as required under Accounting Standards for Not-for-Profit Organizations. The fair value of such loans at inception is lower than the actual cash advanced. The original balance of these loans should be recorded at fair value, based on the present value of the future cash flows of the loan, discounted at a market interest rate for similar borrowings. The effect of this departure from Canadian accounting standards for not-for-profit organizations is that long term debt is overstated and deferred revenue is understated by \$61,121 (2017 - \$66,617). Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this departure from accounting standards.

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 Cumberland YMCA as at March 31, 2018 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit organizations.9Sasha



Amherst, Nova Scotia
June 19, 2018

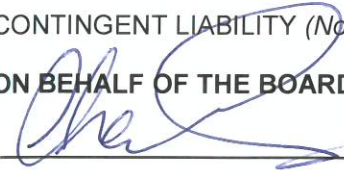
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

CUMBERLAND YMCA
Statement of Financial Position
March 31, 2018

	General Fund 2018	Endowment Fund 2018	Total 2018	Total 2017
ASSETS				
CURRENT				
Cash	\$ 204,723	\$ -	\$ 204,723	\$ 175,727
Accounts receivable (Note 3)	60,164	-	60,164	62,041
Inventory	525	-	525	525
Prepaid expenses	-	-	-	7,027
	265,412	-	265,412	245,320
INVESTMENTS (Note 4)	188,178	-	188,178	185,000
RESTRICTED CASH	-	68,995	68,995	68,995
LAND, BUILDING AND EQUIPMENT (Note 5)	4,421,917	-	4,421,917	4,582,721
	\$ 4,875,507	\$ 68,995	\$ 4,944,502	\$ 5,082,036
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable and accrued liabilities	\$ 150,608	\$ -	\$ 150,608	\$ 133,249
Current portion of long term debt (Note 8)	11,800	-	11,800	12,200
	162,408	-	162,408	145,449
DEFERRED REVENUE (Note 7)	1,932,717	-	1,932,717	1,942,918
LONG TERM DEBT (Note 8)	250,233	-	250,233	261,987
	2,345,358	-	2,345,358	2,350,354
NET ASSETS				
General fund	2,530,149	-	2,530,149	2,475,507
Endowment fund	-	68,995	68,995	68,995
Internally restricted for capital (Note 9)	-	-	-	187,180
	2,530,149	68,995	2,599,144	2,731,682
	\$ 4,875,507	\$ 68,995	\$ 4,944,502	\$ 5,082,036

CONTINGENT LIABILITY (Note 10)

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CUMBERLAND YMCA
Statement of Operations
Year Ended March 31, 2018

	<i>Budget</i> <i>(Note 14)</i> 2018	2018	2017
REVENUE			
Programs (Note 11)	\$ 1,090,467	\$ 1,068,796	\$ 1,106,208
Grants (Note 11)	534,627	559,343	506,555
Membership	349,274	344,637	346,719
Donations and fundraising - general	97,700	118,998	115,909
Courses and instruction	71,664	63,629	70,397
Rental	56,240	49,962	53,273
Merchandise	8,740	9,200	10,343
Interest	-	3,213	-
Donations and fundraising - endowment	-	-	25,142
	<u>2,208,712</u>	<u>2,217,778</u>	<u>2,234,546</u>
EXPENSES			
Bad debt	-	6,736	7,600
Bank and service charges	17,622	18,460	18,473
Donations and fundraising	5,280	9,739	9,993
Dues and fees	40,252	42,809	42,075
Equipment	12,050	20,251	22,646
Insurance	16,798	16,977	16,707
Interest on long term debt	-	2,686	2,807
Maintenance	86,300	81,166	84,487
Merchandise	5,010	5,092	5,493
Office and communications	20,899	19,475	18,806
Professional fees	30,961	23,391	20,193
Program supplies	71,886	135,876	123,023
Rent and utilities	172,949	143,153	166,138
Salaries and benefits (Note 12)	1,584,016	1,620,814	1,573,708
Staff and volunteer development	16,095	25,677	13,182
Travel	15,607	11,831	8,231
	<u>2,095,725</u>	<u>2,184,133</u>	<u>2,133,562</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>112,987</u>	<u>33,645</u>	<u>100,984</u>
OTHER EXPENSES (INCOME)			
Amortization of building and equipment	\$ -	\$ 230,987	\$ 225,928
Loss on disposal of assets	-	14,158	-
Recognition of previously deferred capital donations (Notes 7, 11)	-	(78,962)	(80,858)
	<u>-</u>	<u>166,183</u>	<u>145,070</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 112,987</u>	<u>\$ (132,538)</u>	<u>\$ (44,086)</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CUMBERLAND YMCA
Statement of Changes in Net Assets
Year Ended March 31, 2018

	General Fund	Endowment Fund	Internally Restricted for Capital	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 2,475,507	\$ 68,995	\$ 187,180	\$ 2,731,682	\$ 2,775,768
Deficiency of revenue over expenses	(132,538)	-	-	(132,538)	(44,086)
Transfer to unrestricted net assets of the General Fund <i>(Note 9)</i>	187,180	-	(187,180)	-	-
NET ASSETS - END OF YEAR	\$ 2,530,149	\$ 68,995	\$ -	\$ 2,599,144	\$ 2,731,682

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CUMBERLAND YMCA
Statement of Cash Flows
Year Ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Cash receipts from customers and donors	\$ 2,251,620	\$ 2,279,910
Cash paid to suppliers and employees	(2,153,010)	(2,108,336)
Cash flow from operating activities	<u>98,610</u>	<u>171,574</u>
INVESTING ACTIVITIES		
Purchase of building and equipment	(84,341)	(62,073)
Purchase of investments	-	(185,000)
Proceeds from matured investments	37,000	-
Increase in investment cash	(40,178)	-
Increase in endowment cash	-	(25,142)
Cash flow used by investing activities	<u>(87,519)</u>	<u>(272,215)</u>
FINANCING ACTIVITIES		
Capital contributions	30,055	59,821
Repayment of long term debt	(12,150)	(12,034)
Cash flow from financing activities	<u>17,905</u>	<u>47,787</u>
INCREASE (DECREASE) IN CASH FLOW	28,996	(52,854)
Cash - beginning of year	<u>175,727</u>	<u>228,581</u>
CASH - END OF YEAR	\$ 204,723	\$ 175,727

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2018

1. DESCRIPTION OF OPERATIONS

The association operates a YMCA in Cumberland County, Nova Scotia. The organization is incorporated as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit organizations and include the following significant accounting policies:

Fund accounting

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and externally restricted contributions for which no separate fund exists.

The Endowment Fund reports resources contributed for endowment. Investment income earned on resources of the Endowment Fund and directly related expenses are reported in the General Fund.

Revenue recognition

Cumberland YMCA follows the deferral method of accounting for contributions.

Restricted contributions from government and donors related to general operations and for which there is no separate fund are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Endowment contributions are recognized as revenue of the Endowment Fund in the year received. Restricted donations related to assets not subject to amortization are recognized as a direct increase to net assets in the year received.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership and program revenues are recognized over the period for which the membership is valid or the program is held.

Donated goods and services

Donated goods and services are recorded at their fair market value at the time of the donation if fair value can be reasonably estimated, provided the goods or services would otherwise be purchased. During the year \$45,663 in donated services and \$nil in donated assets were recorded (2017 donated services \$42,400 and donated assets \$nil). These have been included in membership and plant and facility donation revenue, and plant and facility and membership and administrative expenses.

Volunteers contribute many hours per year to assist the Cumberland YMCA in carrying out its operations. Because of the difficulty in determining the fair value, contributed labour is not recognized in the financial statements.

(continues)

CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits payable

The future cost of vacation days earned but not used by the employees up to March 31, 2018 has been accrued in the financial statements. Sick days do not vest and no accrual is recorded for unused sick time.

Investments

Investments are recorded at fair value, based on quoted market values at year end. In determining fair values, adjustments have not been made for commissions and fees on purchase and sale because these transaction costs are not considered to be material.

Land, building and equipment

Land, building and equipment are stated at cost or deemed cost less accumulated amortization. Land, building and equipment are amortized over their estimated useful life on a straight-line basis at the following rates and methods:

Land		non-amortizable
Building	25 years	straight-line method
Equipment	5 years - 25 years	straight-line method
Paving	10 years	straight-line method

The association regularly reviews its building and equipment to eliminate obsolete items.

On half year's amortization is taken in the year of acquisition. Land, building and equipment acquired or constructed during the year but not placed into use are not amortized until the fiscal year in which they are placed into use.

Statement of cash flows

For the purpose of the statement of cash flows the YMCA considers cash on hand and balances with banks, net of overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less as cash and cash equivalents. Bank borrowings, including short term debt, are considered to be financing activities.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standard for not-for-profit enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such significant estimates include allowance for doubtful accounts and amortization of building and equipment. Estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2018

3. ACCOUNTS RECEIVABLE

	2018	2017
Childcare/Daycare receivables	\$ 33,934	\$ 40,522
Other trade receivables	5,858	3,107
Grants receivable	22,278	24,212
HST receivable	4,994	1,800
Subtotal	67,064	69,641
Allowance for doubtful accounts	(6,900)	(7,600)
	\$ 60,164	\$ 62,041

4. INVESTMENTS

Investments consist of investment cash and term deposits with interest rates ranging from 1.55% - 2.03% and mature between 2019 and 2022.

5. LAND, BUILDING AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 333,987	\$ -	\$ 333,987	\$ 333,987
Building	5,058,714	1,237,281	3,821,433	3,981,124
Equipment	358,235	100,488	257,747	256,360
Paving	25,000	16,250	8,750	11,250
	\$ 5,775,936	\$ 1,354,019	\$ 4,421,917	\$ 4,582,721

6. BANK INDEBTEDNESS

The Cumberland YMCA has the following credit term facilities:

1. Revolving line of credit with a \$60,000 limit, bearing interest at prime plus 1.5%.

The credit facilities are secured by a claim against all property that is owned by the Cumberland YMCA, fire insurance and other perils and a borrowing resolution executed by the approved signing officers.

CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2018

7. DEFERRED REVENUE

	Opening Balance	Receipts	Recognized as revenue	2018
<u>2018</u>				
Memberships	\$ 11,912	\$ 335,660	\$ (344,637)	\$ 2,935
Grants	61,066	581,068	(533,847)	108,287
Other	14,930	10,285	(9,823)	15,392
Capital donations	1,855,010	30,055	(78,962)	1,806,103
	<u>\$ 1,942,918</u>	<u>\$ 957,068</u>	<u>\$ (967,269)</u>	<u>\$ 1,932,717</u>

Included in deferred revenue is \$1,171,142 (2017 - \$1,160,908) of government contributions.

8. LONG TERM DEBT

	<u>2018</u>	<u>2017</u>
Department of Community Services loan bearing interest at 1% per annum, repayable in monthly blended payments of \$1,237. The loan matures in August 2037 and is secured by 1st ranking mortgage on the land and building with a net book value of \$4,155,420 (2017 - \$4,315,111).	\$ 262,033	\$ 274,187
Amounts payable within one year	<u>(11,800)</u>	(12,200)
	<u>\$ 250,233</u>	<u>\$ 261,987</u>

Principal repayment terms are approximately:

2019	\$ 11,800
2020	12,400
2021	12,500
2022	12,700
2023	12,800
Thereafter	199,833
	<u>\$ 262,033</u>

9. TRANSFER TO GENERAL FUND

The Board authorized the transfer of previously restricted net assets, which had been internally restricted for capital, to the unrestricted net assets of the General Fund.

CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2018

10. CONTINGENT LIABILITY

The Province of Nova Scotia provided funding in the form of a forgivable loan of \$979,310 for construction and equipment. The forgivable loan has been accounted for as a capital donation (Note 7) and is being recognized as revenue at the same rate as the related assets are amortized.

In the event of default of the terms of the funding agreement, the loan is repayable on demand at market interest rates. As of year end, the Cumberland YMCA was in compliance with the agreement.

11. GOVERNMENT ASSISTANCE

Government assistance recognized as revenue during the year:

	<u>2018</u>	<u>2017</u>
Federal government	\$ 12,700	\$ 13,229
Provincial government	117,996	87,161
Provincial government - childcare/daycare	348,243	348,255
Municipal government	260,889	241,806
	<u>\$ 739,828</u>	<u>\$ 690,451</u>

Of the total government assistance reported above, \$134,467 (2017 - \$135,888) is included in program revenue, \$559,343 (2017 - \$506,555) is included in grant revenue and \$46,018 (2017 - \$48,008) is included in recognition of previously deferred capital donations.

12. EMPLOYEE FUTURE BENEFITS

The Cumberland YMCA contributed \$33,177 (2017 - \$27,817) to a defined contribution retirement savings plan on behalf of its employees. The contribution is allocated to salaries and benefits.

13. FINANCIAL INSTRUMENTS

The Cumberland YMCA is exposed to various risks through its financial instruments. The following analysis provides information about the association's significant risk exposure and concentration as of March 31, 2018.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The association is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and accounts payable. As described in Note 6, the association has access to a revolving line of credit to help mitigate liquidity risk.

14. BUDGET

Budgeted figures have been provided for comparison purposes. The budget was developed by management and is unaudited.

CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2018

15. COMPARATIVE FIGURES

The presentation of the statement of operations was changed to report revenue and expenses by object rather than by department. Comparative figures for 2017 have been restated to conform with the current year's presentation.
