

Financial Statements of

**SUDBURY YOUNG MEN'S
CHRISTIAN ASSOCIATION**

Year ended March 31, 2016



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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, 2016 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, 2016, 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 13, 2016

Sudbury, Canada

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,027,764	710,858
Accounts receivable (note 2)	531,967	365,742
Current portion of net investment in leases (note 3)	-	5,260
Prepaid expenses	87,849	44,097
	<u>1,647,580</u>	<u>1,125,957</u>
Capital assets (note 4)	9,069,150	9,436,311
	<u>\$ 10,716,730</u>	<u>10,562,268</u>
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 508,776	286,143
Deferred revenue (note 6)	448,218	374,235
Current portion of loans payable (note 7)	231,516	218,862
	<u>1,188,510</u>	<u>879,240</u>
Loans payable (note 7)	4,605,827	4,839,046
	<u>5,794,337</u>	<u>5,718,286</u>
Fund balances	4,922,393	4,843,982
Commitments (note 10)		
	<u>\$ 10,716,730</u>	<u>10,562,268</u>

See accompanying notes to financial statements.

On behalf of the Board:

Helen L. Francis Director

Johanne Beausseau Director

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Operations and Changes in Fund Balances (Deficit)

Year ended March 31, 2016, with comparative information for 2015

	Operating		Capital		Restricted and Endowment		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue:								
Employment programs	\$ 4,492,160	4,311,539	-	-	-	-	4,492,160	4,311,539
Membership and programs	2,126,329	2,155,256	-	-	-	-	2,126,329	2,155,256
John Island / Falcona Camps	847,106	855,152	-	-	-	-	847,106	855,152
Child care	1,812,643	1,519,158	-	-	-	-	1,812,643	1,519,158
Provincial grants	42,360	10,636	-	-	-	-	42,360	10,636
Federal grants	29,830	42,347	-	-	-	-	29,830	42,347
United Way	75,000	72,300	-	-	-	-	75,000	72,300
Fundraising and other contributions	105,333	148,318	18,793	38,416	-	-	124,126	186,734
Lease finance income	-	-	112	936	-	-	112	936
Facility cost recoveries	232,454	263,801	-	-	-	-	232,454	263,801
Debt forgiveness	5,471	6,216	-	1,227,000	-	-	5,902	1,227,000
Investment income (loss)	370,765	258,603	-	-	431	(16)	370,765	258,603
Miscellaneous								
	10,139,451	9,643,326	18,905	1,266,352	431	(16)	10,158,787	10,909,662
Expenses:								
Employment programs	4,090,675	3,946,675	-	-	-	-	4,090,675	3,946,675
Membership and programs	1,140,557	1,174,907	-	-	-	-	1,140,557	1,174,907
John Island / Falcona Camps	810,008	782,706	-	-	-	-	810,008	782,706
Child care	1,586,207	1,428,126	-	-	-	-	1,586,207	1,428,126
Administration	573,225	546,833	-	-	-	-	573,225	546,833
Plant	1,309,796	1,358,157	-	-	-	-	1,309,796	1,358,157
Interest on loans payable	171,835	185,279	398,073	435,779	-	-	171,835	185,279
Amortization of capital assets	-	-	398,073	435,779	-	-	398,073	435,779
	9,682,303	9,422,683	398,073	435,779	-	-	10,080,376	9,858,462
Excess (deficiency) of revenue over expenses	457,148	220,643	(379,168)	830,573	431	(16)	78,411	1,051,200
Fund balances (deficit), beginning of year	(1,221,091)	(1,231,800)	6,018,303	4,977,796	46,770	46,786	4,843,982	3,792,782
Interfund transfers:								
Capital asset purchases and debt repayment	(107,728)	(209,934)	107,728	209,934	-	-	-	-
Fund balances (deficit), end of year	\$ (871,671)	(1,221,091)	5,746,863	6,018,303	47,201	46,770	4,922,393	4,843,982

See accompanying notes to financial statements.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 78,411	1,051,200
Adjustments for:		
Amortization of capital assets	398,073	435,779
Debt forgiveness		(1,227,000)
	476,484	259,979
Change in non-cash working capital (note 9)	86,639	(48,367)
	563,123	211,612
Cash flows from investing activities:		
Capital asset purchases	(30,909)	(52,294)
Cash flows from financing activities:		
Debt repayment	(220,568)	(275,640)
Decrease in net investment in leases	5,260	15,180
	(215,308)	(260,460)
Increase (decrease) in cash	316,906	(101,142)
Cash and cash equivalents, beginning of year	710,858	812,000
Cash and cash equivalents, end of year	\$ 1,027,764	710,858

See accompanying notes to financial statements.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2016

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.

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%
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, 2016

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:

	2016	2015
Accounts receivable	\$ 551,967	377,358
Less allowance for doubtful accounts	(20,000)	(11,616)
	<u>\$ 531,967</u>	<u>365,742</u>

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Notes to Financial Statements

Year ended March 31, 2016

3. Net investment in leases:

The City of Greater Sudbury was previously leasing space in the building for Daycare programs. The lease ended on June 30, 2015 thus making the net investment in City of Greater Sudbury – Daycare leases \$Nil. (2015 - \$5,260)

4. Capital assets:

2016	Cost	Accumulated Amortization	Net Book Value
Durham Street:			
Land	\$ 729,033	–	729,033
Building	10,022,663	3,839,294	6,183,369
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>

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2016

4. Capital assets (continued):

2015	Cost	Accumulated Amortization	Net Book Value
Durham Street:			
Land	\$ 729,033	—	729,033
Building	10,022,663	3,588,727	6,433,936
Furnishings and equipment	1,643,849	1,334,329	309,520
Computer equipment	93,098	93,098	—
	12,488,643	5,016,154	7,472,489
John Island Camp:			
Land, at nominal value	1	—	1
Buildings	1,155,370	278,189	877,181
Furnishings and equipment	805,404	688,189	117,215
Vehicles	114,641	114,641	—
	2,075,416	1,081,019	994,397
Falcona Camp:			
Land	450,000	—	450,000
Buildings	472,242	61,206	411,036
Furnishings and equipment	91,226	74,053	17,173
Vehicles	31,093	31,093	—
	1,044,561	166,352	878,209
Elm Street:			
Leasehold improvements	537,436	486,376	51,060
Computer equipment	50,139	49,581	558
Furnishings and equipment	72,167	32,569	39,598
Vehicles	34,093	34,093	—
	693,835	602,619	91,216
	\$ 16,302,455	6,866,144	9,436,311

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$5,734 (2015 - \$4,566) which includes amounts payable for payroll related taxes.

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Notes to Financial Statements

Year ended March 31, 2016

6. Deferred revenue:

	2016	2015
Memberships and camps	\$ 397,530	329,913
Employment	5,609	14,203
Child Care	29,529	892
Gift Cards	1,550	2,062
Manitoulin – Sudbury District Social Service Administration Board (DSSAB)	14,000	27,165
	\$ 448,218	374,235

7. Loans payable:

Details of the loans payable are as follows:

			2016	2015
	Interest	Maturity	Total Outstanding	Total Outstanding
RBC term loan	3.60%	2032	\$ 4,837,343	5,057,908
Less current portion			(231,516)	(218,862)
			\$ 4,605,827	4,839,046

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

On the basis that repayments will be made pursuant to the terms of the agreements currently in place, principal due is approximately as follows:

2017	\$ 231,516
2018	234,941
2019	243,297
2020	251,700
2021	260,911
Thereafter	3,614,978

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2016

8. Restricted and endowment funds:

The balance is comprised of the following:

	2016	2015
Endowment fund	\$ 17,201	16,770
Reserve for health benefits	30,000	30,000
	\$ 47,201	46,770

9. Change in non-cash working capital:

	2016	2015
Cash provided by (used in):		
Decrease (increase) in accounts receivable	\$ (166,225)	154,425
Increase in prepaid expenses	(43,752)	(1,704)
Increase (decrease) in accounts payable and accrued liabilities	222,633	(185,381)
Increase (decrease) in deferred revenue	73,983	(15,707)
	\$ 86,639	(48,367)

10. Commitments:

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

2017	\$ 175,000
2018	182,000
2019	190,000
2020	197,000
	\$ 744,000

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2016

11. 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 2015.

(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.