

# **The Young Women's Christian Association of Banff**

**Financial Statements**

**March 31, 2016**



## Independent Auditors' Report

To: The Members of **The Young Women's Christian Association of Banff**

We have audited the accompanying financial statements of The Young Women's Christian Association of Banff, which comprise the statements of financial position as at March 31, 2016 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.

### 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 the auditors' 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 auditors 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 controls. 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 Young Women's Christian Association of Banff derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to assets, revenues, excess of revenues over expenses and net assets.

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion, the financial statements present fairly, in all material respects, the financial position of The Young Women's Christian Association of Banff as at March 31, 2016, 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.

*Kenway Mack Slusarchuk Stewart LLP*

June 20, 2016  
Calgary, Alberta

Chartered Professional Accountants,  
Chartered Accountants

**The Young Women's Christian Association of Banff  
Statement of Financial Position**

| <b>As at March 31,</b>                          | <b>2016</b>         | <b>2015</b>         |
|---|---------------------|---------------------|
| <b>Assets</b>                                   |                     |                     |
| <b>Current assets</b>                           |                     |                     |
| Cash and cash equivalents (note 4)              | \$ 197,622          | \$ 110,770          |
| Restricted cash and cash equivalents (note 4)   | 595,886             | 201,179             |
| Accounts receivable                             | 1,177               | 33,202              |
| Inventory                                       | 12,606              | 9,544               |
| Prepaid expenses                                | 6,231               | 14,044              |
|   | <u>813,522</u>      | <u>368,739</u>      |
| <b>Capital assets (note 6)</b>                  | <u>4,449,524</u>    | <u>4,674,721</u>    |
|   | <u>\$ 5,263,046</u> | <u>\$ 5,043,460</u> |
| <b>Liabilities and net assets</b>               |                     |                     |
| <b>Current liabilities</b>                      |                     |                     |
| Accounts payable and accrued liabilities        | \$ 164,547          | \$ 211,617          |
| Demand mortgage loans (note 8)                  | 2,062,055           | 2,203,582           |
| Damage deposits                                 | 14,921              | 14,392              |
| Customer deposits                               | 38,258              | 44,568              |
| Deferred contributions (note 9)                 | 505,782             | 135,736             |
|   | <u>2,785,563</u>    | <u>2,609,895</u>    |
| <b>Deferred capital contributions (note 10)</b> | <u>1,860,753</u>    | <u>1,944,505</u>    |
|   | <u>4,646,316</u>    | <u>4,554,400</u>    |
| <b>Net Assets</b>                               |                     |                     |
| Invested in capital assets                      | 605,538             | 618,386             |
| Internally restricted (note 4)                  | 75,183              | 51,051              |
| Unrestricted                                    | (63,991)            | (180,377)           |
|   | <u>616,730</u>      | <u>489,060</u>      |
|   | <u>\$ 5,263,046</u> | <u>\$ 5,043,460</u> |

Approved by the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**The Young Women's Christian Association of Banff  
Statement of Operations**

| <b>Years ended March 31,</b>                           | <b>2016</b>       | <b>2015</b>      |
|--|-------------------|------------------|
| <b>Revenue</b>   |                   |                  |
| Social enterprise                                      | \$ 987,689        | \$ 950,231       |
| Permanent residence and group                          | 760,432           | 846,847          |
| Donations and fundraising, restricted                  | 232,220           | 135,669          |
| Food, beverage and merchandise                         | 213,971           | 328,157          |
| Grants   | 168,364           | 143,442          |
| Capital contributions recognized                       | 98,868            | 100,489          |
| Donations and fundraising, unrestricted                | 42,333            | 10,116           |
| Other  | 22,064            | 18,958           |
| Programs and services                                  | 833               | 13,445           |
|  | <u>2,526,774</u>  | <u>2,547,354</u> |
| <b>Expenses</b>  |                   |                  |
| Salaries and benefits                                  | 1,357,197         | 1,387,029        |
| Building occupancy                                     | 338,014           | 376,553          |
| Amortization   | 251,556           | 258,986          |
| General and administrative                             | 166,855           | 192,500          |
| Food, beverage and merchandise                         | 94,228            | 120,068          |
| Programs and services                                  | 78,142            | 54,693           |
| Interest on demand mortgage loan                       | 66,606            | 68,069           |
| Other social enterprise, permanent residence and group | 46,506            | 51,445           |
|  | <u>2,399,104</u>  | <u>2,509,343</u> |
| <b>Excess of revenues over expenses</b>                | <u>\$ 127,670</u> | <u>\$ 38,011</u> |

*See accompanying notes to the financial statements*

**The Young Women's Christian Association of Banff**  
**Statement of Changes in Net Assets**

| Years ended March 31,                                     |                            |                       |                    | 2016              | 2015              |
|---|----------------------------|-----------------------|--------------------|-------------------|-------------------|
|   | Invested in capital assets | Internally restricted | Unrestricted       | Total             | Total             |
| Balance, beginning of year                                | \$ 618,386                 | \$ 51,051             | \$ (180,377)       | \$ 489,060        | \$ 451,049        |
| Excess of revenues over expenses                          | -                          | -                     | 127,670            | 127,670           | 38,011            |
| Investment in capital assets                              | 26,358                     | -                     | (26,358)           | -                 | -                 |
| Amortization of capital assets                            | (251,556)                  | -                     | 251,556            | -                 | -                 |
| Principal payments on loan related to capital assets, net | 128,598                    | -                     | (128,598)          | -                 | -                 |
| Capital contributions recognized as revenue               | 98,868                     | -                     | (98,868)           | -                 | -                 |
| Capital contributions spent                               | (15,116)                   |                       | 15,116             |                   |                   |
| Additions to contingency fund                             | -                          | 24,132                | (24,132)           | -                 | -                 |
| Balance, end of year                                      | <u>\$ 605,538</u>          | <u>\$ 75,183</u>      | <u>\$ (63,991)</u> | <u>\$ 616,730</u> | <u>\$ 489,060</u> |

*See accompanying notes to the financial statements*

**The Young Women's Christian Association of Banff  
Statement of Cash Flows**

| <b>Years ended March 31,</b>                        | <b>2016</b>       | <b>2015</b>       |
|---|-------------------|-------------------|
| <b>Operating activities:</b>                        |                   |                   |
| Excess of revenues over expenses                    | \$ 127,670        | \$ 38,011         |
| Items not affecting cash:                           |                   |                   |
| Amortization  | 251,556           | 258,986           |
| Capital contributions recognized                    | (98,868)          | (100,489)         |
|   | <u>280,358</u>    | <u>196,508</u>    |
| Changes in non cash working capital items           |                   |                   |
| Accounts receivable                                 | 32,025            | (4,424)           |
| Inventory   | (3,062)           | (2,570)           |
| Prepaid expenses                                    | 7,813             | (11,444)          |
| Accounts payable and accrued liabilities            | (47,072)          | 82,573            |
| Damage deposits                                     | 529               | (926)             |
| Customer deposits                                   | (6,310)           | (4,163)           |
| Deferred contributions                              | 385,162           | 69,020            |
|   | <u>649,443</u>    | <u>324,574</u>    |
| <b>Investing activities</b>                         |                   |                   |
| Purchase of capital assets                          | (26,358)          | (188,700)         |
| <b>Financing activities</b>                         |                   |                   |
| Capital contributions received                      | -                 | 143,550           |
| Repayment of demand mortgage loans                  | (141,526)         | (140,569)         |
|   | <u>(141,526)</u>  | <u>2,981</u>      |
| <b>Increase in cash and cash equivalents</b>        | 481,559           | 138,855           |
| <b>Cash and cash equivalents, beginning of year</b> | <u>311,949</u>    | <u>173,094</u>    |
| <b>Cash and cash equivalents, end of year</b>       | <u>\$ 793,508</u> | <u>\$ 311,949</u> |
| <b>Cash and cash equivalents consists of:</b>       |                   |                   |
| Cash  | \$ 124,996        | \$ 90,541         |
| Guaranteed investment certificates                  | 72,626            | 20,229            |
| Restricted cash                                     | 595,886           | 150,020           |
| Restricted guaranteed investment certificates       | -                 | 51,159            |
|   | <u>\$ 793,508</u> | <u>\$ 311,949</u> |

*See accompanying notes to the financial statements*

# The Young Women's Christian Association of Banff

## Notes to Financial Statements

March 31, 2016

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### 1. Nature of operations

The Young Women's Christian Association of Banff (the "Association") is a voluntary charitable organization directed by women dedicated to improving the quality of life in Banff through the provision of high quality services and programs for the community. The Association was incorporated in 1995 under the Alberta Societies Act as a registered charity and non-profit organization, and as such is not subject to corporate income taxes. The Association is dependent on its contributors to continue as a going concern.

### 2. Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically Canadian accounting standards for not-for-profit organizations ("ASNFPO").

### 3. Significant accounting policies

#### (a) Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents, restricted cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and the demand mortgage loan.

#### Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

#### (b) Cash and cash equivalents

The Association considers all bank accounts and bank loans that are utilized periodically for day to day operations, and all investments with maturities of three months or less or guaranteed investment certificates that are redeemable to be cash equivalents.

# The Young Women's Christian Association of Banff

## Notes to Financial Statements

March 31, 2016

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### 3. Significant accounting policies (continued)

#### (c) Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined using a first-in-first-out basis. Previous write-downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventories.

#### (d) Capital assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value unless the fair value cannot be reasonably determined and are recorded at nominal value. The Association provides for amortization using the following declining balance rates, designed to amortize the cost of the property and equipment over their estimated useful lives. Amortization on additions to capital assets has been calculated using one-half of the normal rates. The annual amortization rates are as follows:

|                        |   |                       |
|------------------------|---|-----------------------|
| Buildings              | - | 5% declining balance  |
| Furniture and fixtures | - | 20% declining balance |
| Computer hardware      | - | 25% declining balance |
| Computer software      | - | 50% declining balance |

The Association records a write-down when the capital assets no longer has any long-term service potential to the Association and its net carrying amount exceeds the residual value. The excess net carrying amount over residual value is recognized as an expense in the statement of operations. Previous write-downs are not reversed.

#### (e) Revenue recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions, which is comprised of grants, donations designated for a specific purpose, and casino revenue, are recognized as revenue in the year in which related costs are incurred. Restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Social enterprise, permanent residence and group, food & beverage and merchandise, programs and services and other operating revenues are recognized as revenue when the related goods and services are provided to the customer and collection is reasonably assured.

Interest income is recognized in the period in which it is earned.



# The Young Women's Christian Association of Banff

## Notes to Financial Statements

March 31, 2016

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### 3. Significant accounting policies (continued)

#### (f) Contributed materials and services

The Association records the value of contributed materials and services when the fair value can be reasonably estimated and when the materials and services would otherwise have been purchased.

Due to the difficulty of determining their fair value, volunteer services are not recognized in the financial statements.

### 4. Cash and cash equivalents

Guaranteed investment certificates redeemable on demand at the discretion of management with interest rates of .65% to .85% (2015 – .80% to 1.05%).

Restricted cash and cash equivalents have been set aside for the following purposes:

|  | 2016 |         | 2015 |         |
|--|------|---------|------|---------|
| Internally restricted contingency fund | \$   | 75,183  | \$   | 51,051  |
| Contributions received but not spent   |      | 505,782 |      | 135,736 |
| Damage deposits on room rentals        |      | 14,921  |      | 14,392  |
|  | \$   | 595,886 | \$   | 201,179 |

### 5. Related party balances and transactions

During the year the Association provided Alberta Association of Young Women's Christian Association with bookkeeping services of \$11,600 (2015 – \$11,600).

The related party transactions are in the normal course of business and have been measured at the exchange amount.

### 6. Capital assets

|                        | 2016         |                          | 2015           |                |
|------------------------|--------------|--------------------------|----------------|----------------|
|                        | Cost         | Accumulated Amortization | Net Book Value | Net Book Value |
| Buildings              | \$ 7,387,667 | \$ 3,023,629             | \$ 4,364,038   | \$ 4,572,791   |
| Furniture and fixtures | 491,673      | 423,565                  | 68,108         | 79,240         |
| Computer hardware      | 77,842       | 61,006                   | 16,836         | 21,605         |
| Computer software      | 54,196       | 53,654                   | 542            | 1,085          |
|                        | \$ 8,011,378 | \$ 3,561,854             | \$ 4,449,524   | \$ 4,674,721   |

# The Young Women's Christian Association of Banff

## Notes to Financial Statements

March 31, 2016

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### 7. Bank indebtedness

The Association has an operating line of credit available up to a maximum of \$75,000 (2015 - \$75,000) that bears interest at the bank's prime lending rate. At March 31, 2016, the balance drawn on this line of credit was \$nil (2015 - \$nil). The line of credit is secured by a first and second charge on the Association's real property and a general security agreement covering all assets of the Association.

### 8. Demand mortgage loans

|  | <u>2016</u>         | <u>2015</u>         |
|--|---------------------|---------------------|
| Demand instalment loan, bearing interest at 3.142% (2015 - 3.142%) per annum, repayable in blended monthly payments of \$16,092 (2015 - \$16,092), maturing August 2030. | \$ 1,983,234        | \$ 2,111,829        |
| Demand instalment loan, bearing interest at the bank's prime lending, repayable in blended monthly payments of \$1,275 (2015 - \$1,275), maturing September 25, 2022.    | 78,822              | 91,753              |
|  | <u>\$ 2,062,055</u> | <u>\$ 2,203,582</u> |

The loans are secured by a first mortgage on the Association's property at 102 Spray Avenue, Banff, Alberta and a general security agreement covering all of the assets owned now and in the future.

Estimated principal payments over the next five years are as follows:

|      |   |           |
|------|---|-----------|
| 2017 | - | \$145,917 |
| 2018 | - | \$150,529 |
| 2019 | - | \$155,286 |
| 2020 | - | \$160,194 |
| 2021 | - | \$165,258 |

# The Young Women's Christian Association of Banff

## Notes to Financial Statements

March 31, 2016

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### 9. Deferred contributions

The deferred contributions represent contributions received to fund future shelter costs, capital expenditures and other programs. The contributions will be recognized as revenue when the related expenditures are incurred.

|  | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|
| Balance, beginning of year                       | \$ 135,736  | \$ 66,716   |
| Contributions                                    | 785,746     | 496,430     |
| Less amount spent on capital assets              | (15,116)    | (143,550)   |
| Less: amounts recognized as revenue in the year: | (400,584)   | (283,860)   |
|  | <hr/>       | <hr/>       |
| Balance, end of year                             | \$ 505,782  | \$ 135,736  |

### 10. Deferred capital contributions

The deferred contributions represent the unamortized portion of externally restricted grants for expenditures on the Association's property and equipment. Changes for the year in the deferred capital contributions balance are as follows:

|                                       | <u>2016</u>  | <u>2015</u>  |
|---------------------------------------|--------------|--------------|
| Balance, beginning of year            | \$ 1,944,505 | \$ 1,901,444 |
| Contributions spent on capital assets | 15,116       | 143,550      |
| Amounts recognized as revenue         | (98,868)     | (100,489)    |
|                                       | <hr/>        | <hr/>        |
| Balance, end of year                  | \$ 1,860,753 | \$ 1,944,505 |

### 11. Expenses incurred for fundraising

Expenses incurred for soliciting contributions were \$210,527 (2015 - \$85,217) including \$162,835 (2015 - \$46,576) paid to employees involved in fundraising.

# **The Young Women's Christian Association of Banff**

## Notes to Financial Statements

March 31, 2016

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### **12. Financial instruments**

The Association's use of financial instruments and its exposure to risks associated with such instruments arises out of its normal course of operations and investing activities. Operations are located in Banff.

There are no significant credit or market risks.

All the Association's financial assets are measured at amortized cost.

### **13. Comparative figures**

The financial statements for the prior year have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.