The Young Women's Christian Association of Banff

Financial Statements

March 31, 2018

Kenway Mack
Slusarchuk Stewart LLP
Chartered Professional Accountants,
Chartered Accountants

Celebrating 30+ years

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, 2018 and the statements of operations and changes in fund balances, 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 fundraising, special events and donations, 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 society and we were not able to determine whether any adjustments might be necessary to assets, revenues, deficiency of revenues over expenses and fund balances.

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, 2018, 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 26, 2018 — Chartered Professional Accountants,
Calgary, Alberta — Chartered Accountants

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

As at March 31,				2018	2017
	Operating fund	Sustainability fund	Capital fund	Total	Total (Restated - note 13)
Assets					
Current assets					
Cash and cash equivalents (note 4)	$ 255,673	$ -	$ -	**$ 255,673**	$ 501,145
Restricted cash and cash equivalents (note 4)	1,115,594	374,017	70,476	**1,560,087**	725,351
Accounts receivable	57,378	-	-	**57,378**	5,568
Inventory	2,390	-	-	**2,390**	5,044
Prepaid expenses	18,069	-	-	**18,069**	6,024
	1,449,104	374,017	70,476	**1,893,597**	1,243,132
Capital assets (note 6)	-	-	4,147,944	**4,147,944**	4,338,249
	$ 1,449,104	$ 374,017	$ 4,218,420	**$ 6,041,541**	$ 5,581,381
Liabilities and net assets					
Current liabilities					
Accounts payable and accrued liabilities	$ 229,723	$ -	$ -	**$ 229,723**	$ 331,659
Demand mortgage loans (note 8)	-	-	1,759,399	**1,759,399**	1,916,594
Damage deposits	15,763	-	-	**15,763**	15,278
Customer deposits	33,688	-	-	**33,688**	96,147
Deferred contributions (note 9)	1,129,346	-	-	**1,129,346**	639,819
	1,408,520	-	1,759,399	**3,167,919**	2,999,497
Net Assets					
Internally restricted (note 4)	-	374,017	70,476	**444,493**	242,905
Invested in capital assets	-	-	2,388,545	**2,388,545**	2,421,655
Unrestricted	40,584	-	-	**40,584**	(82,676)
	40,584	374,017	2,459,021	**2,873,622**	2,581,884
	$ 1,449,104	$ 374,017	$ 4,218,420	**$ 6,041,541**	$ 5,581,381

Approved by the Board

__________________________ Director   __________________________ Director

See accompanying notes to the financial statements

The Young Women's Christian Association of Banff
Statement of Operations and Changes in Fund Balances

Year ended March 31,				**2018**	**2017**
	Operating fund	**Sustainability fund**	**Capital fund**	**Total**	**Total** (Restated - note 13)
Revenue					
Social enterprise	$ 1,385,988	$ -	$ -	**$ 1,385,988**	$ 1,204,045
Permanent residence	567,219	-	-	**567,219**	579,064
Grants	475,978	-	-	**475,978**	404,670
Donations and fundraising, unrestricted	457,449	-	-	**457,449**	29,080
Conferences and groups	341,960	-	-	**341,960**	172,866
Donations and fundraising, restricted	273,377	-	-	**273,377**	258,790
Other	70,735	1,367	222	**72,324**	39,026
Food, beverage and merchandise	51,961	-	-	**51,961**	107,946
Programs and services	36,374	-	-	**36,374**	287
	3,661,041	1,367	222	**3,662,630**	2,795,774
Expenses					
Salaries and benefits	1,398,417	-	-	**1,398,417**	1,471,405
Building occupancy	637,484	-	-	**637,484**	465,486
Programs and services	419,965	-	-	**419,965**	47,094
General and administrative	278,466	-	-	**278,466**	200,219
Amortization	-	-	244,570	**244,570**	237,578
Fundraising (note 10)	202,075	-	-	**202,075**	192,462
Other social enterprise, permanent residence and group	70,614	-	-	**70,614**	70,963
Interest on demand mortgage loan	-	-	70,593	**70,593**	62,735
Food, beverage and merchandise	48,708	-	-	**48,708**	58,697
	3,055,729	-	315,163	**3,370,892**	2,806,639
Excess (deficiency) of revenues over expenses	605,312	1,367	(314,941)	**291,738**	(10,865)
Net assets, beginning of the year	(82,676)	172,650	2,491,910	**2,581,884**	2,592,749
Transfer from Operating fund to Capital fund	(282,052)	-	282,052	-	-
Transfer from Operating fund to Sustainability fund	(200,000)	200,000	-	-	-
Net assets, end of the year	$ 40,584	$ 374,017	$ 2,459,021	**$ 2,873,622**	$ 2,581,884

See accompanying notes to the financial statements

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

Years ended March 31,	2018	2017 (Restated - note 13)
Operating activities:		
Excess (deficiency) of revenues over expenses	$ 291,738	$ (10,865)
Item not affecting cash:		
Amortization	244,570	237,578
	536,308	226,713
Changes in non cash working capital items:		
Accounts receivable	(51,810)	(4,391)
Inventory	2,654	7,562
Prepaid expenses	(12,045)	207
Accounts payable and accrued liabilities	(101,936)	167,112
Damage deposits	485	357
Customer deposits	(62,459)	57,889
Deferred contributions	489,527	159,787
	800,724	615,236
Investing activities		
Purchase of capital assets	(54,265)	(36,786)
Financing activities		
Repayment of demand mortgage loans	(157,195)	(145,462)
Increase in cash and cash equivalents	589,264	432,988
Cash and cash equivalents, beginning of year	1,226,496	793,508
Cash and cash equivalents, end of year	$ 1,815,760	$ 1,226,496
Cash and cash equivalents consists of:		
Cash	$ 183,047	$ 428,519
Guaranteed investment certificates	72,626	72,626
Restricted cash	1,560,087	725,351
	$ 1,815,760	$ 1,226,496

See accompanying notes to the financial statements

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) Change of accounting policy

The Association changed its method of accounting for capital and sustainability contributions from the deferral method to the restricted fund method to provide more relevant information. The change has been made retrospectively and the comparative year's financial statements have been restated as described in note 13.

(b) Fund accounting

The Association accounts for its activities using the following funds:

Operating fund
This general fund reports asset, liabilities, revenues and expenses related to the operations of the Association in the Bow Valley.

Sustainability fund
The Sustainability fund accounts for unrestricted resources. The fund was established to sustain the existence and ensure the continuing activities of the Association. The funds will be utilized to fund operating deficits and future projects at the Board's discretion.

Capital fund
This restricted fund reports the assets, liabilities, revenues, and expenses related to the capital activities of the Association.

(c) Measurement of financial instruments

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

(c) Measurement of financial instruments (continued)

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.

(d) 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.

(e) 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.

(f) 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

(f) Capital assets (continued)

The Association records a write-down when the capital assets no longer have 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.

(g) Revenue recognition

The Association follows the restricted fund method of accounting for contributions.

Restricted contributions received related to operations for expenses to be incurred in the future are initially recorded as deferred contributions and recognized in revenue of the Operating Fund as the related expenses are incurred. Unrestricted contributions are recognized in the Sustainability Fund as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions related to capital activities and endowments are recognized as revenue of the appropriate fund when received.

Revenues from programs and courses and accommodation are recognized as revenue when services are provided, the amount to be received can be reasonably estimated and collection is reasonably assured.

Other income includes social enterprise, permanent residence, conferences and groups, 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.

(h) 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

Cash and cash equivalents are comprised of guaranteed investment certificates redeemable on demand at the discretion of management with interest rates of .75% to .85% (2017 – .75% to .85%).

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

	2018	2017
Internally restricted Capital fund	$ 70,476	$ 70,255
Internally restricted Sustainability fund	374,017	172,650
Restricted contributions received but not spent	1,115,594	482,446
	$ 1,560,087	$ 725,351

5. Related party balances and transactions

During the year, the Association provided Alberta Association of Young Women's Christian Association with bookkeeping services of $30,374 (2017 – $11,600).

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

6. Capital assets

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Buildings	$ 7,457,152	$ 3,452,461	$ 4,004,691	$ 4,177,855
Furniture and fixtures	596,208	467,775	128,433	145,430
Computer hardware	84,390	69,706	14,684	14,693
Computer software	54,196	54,060	136	271
	$ 8,191,946	$ 4,044,002	$ 4,147,944	$ 4,338,249

7. Credit facility

The Association has an operating line of credit available up to a maximum of $75,000 (2017 - $75,000) that bears interest at the bank's prime lending rate. At March 31, 2018, the balance drawn on this line of credit was $nil (2017 - $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

	2018	2017
Demand instalment loan, bearing interest at the bank's prime lending rate (2017 - 3.142%) per annum, repayable in blended monthly payments of $16,092 (2017 - $16,092), maturing August 2030.	$ 1,707,357	$ 1,851,097
Demand instalment loan, bearing interest at the bank's prime lending rate, repayable in blended monthly payments of $1,275 (2017 - $1,275), maturing September 2022.	52,042	65,497
	$ 1,759,399	$ 1,916,594

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:

2019	$ 150,140
2020	155,294
2021	160,626
2022	159,733
2023	156,171
Subsequent	977,435
	$ 1,759,399

9. Deferred contributions

Deferred contributions – contracts and deferred contributions - donations represent externally restricted amounts received that have not been spent. These amounts are restricted for various programs of the Association. The contributions will be recognized as revenue when the related expenditures are incurred.

	2018	2017
Balance, beginning of year	$ 639,819	$ 505,782
Contributions received	1,338,255	823,247
Less amount spent on capital assets	-	(25,750)
Less amounts recognized as revenue in the year	(848,728)	(663,460)
Balance, end of year	$ 1,129,346	$ 639,819

10. Expenses incurred for fundraising

Expenses incurred for soliciting contributions were $202,075 (2017 - $192,462) including $136,988 (2017 - $147,023) paid to employees involved in fundraising.

11. Contractual obligations

The Association's total obligations, under various operating leases and a property lease agreement, exclusive of occupancy costs, are as follows:

2019	$ 28,246
2020	26,400
2021	26,400
2022	26,400
2023	26,400
Subsequent	237,600
	$ 371,446

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.

Liquidity risk

The Association is exposed to the risk that it will encounter difficulty in meeting obligations associated with financial liabilities if the bank demands full repayment of the demand mortgage loans. The Association has assessed the risk as low.

Interest rate risk

The Association is exposed to the risk that future cash flows will fluctuate as there is a floating interest rate on its bank loans and some of its long-term debt.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk from customers. However, the Association has a significant number of customers which minimizes concentration of credit risk.

There is no significant market risk.

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

13. Restatement for change in accounting policy

The financial statements for the prior year has been retrospectively restated for the change in accounting policy (note 3(a)). The following table below outlines the balances that have been restated:

	As previously stated	Impact of change in accounting policy	As restated
Statement of financial position			
Deferred capital contributions	$ 1,881,317	$ (1,881,317)	$ -
Internally restricted net assets	605,836	(362,931)	242,905
Net assets invested in capital assets	70,255	2,351,400	2,421,655
Unrestricted net assets	24,477	(107,151)	(82,676)
Statement of operations and changes in fund balances			
Capital contributions recognized	94,703	(94,703)	-
Excess (deficiency) of revenues over expenses	83,838	(94,703)	(10,865)