

**The Young Men's and Young
Women's Christian Association
of Winnipeg Incorporated**

Financial Statements
August 31, 2011

January 26, 2012

Independent Auditor's Report

**To the Members of
The Young Men's and Young Women's Christian Association of Winnipeg Incorporated**

We have audited the accompanying financial statements of The Young Men's and Young Women's Christian Association of Winnipeg Incorporated, which comprise the balance sheet as at August 31, 2011 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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 generally accepted accounting principles, 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Young Men's and Young Women's Christian Association of Winnipeg Incorporated as at August 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Balance Sheet

As at August 31, 2011

	2011 \$	2010 \$
Assets		
Current assets		
Cash and cash equivalents	126,858	331,403
Accounts receivable (note 3)	512,317	590,397
Prepaid expenses and deposits	153,511	122,924
	<u>792,686</u>	<u>1,044,724</u>
Pledges related to capital campaign (note 3)	111,344	76,810
Capital assets (note 4)	<u>20,073,439</u>	<u>20,282,507</u>
	<u>20,977,469</u>	<u>21,404,041</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,914,333	2,012,285
Current portion of long-term debt (note 10)	-	200,000
	<u>1,914,333</u>	<u>2,212,285</u>
Deferred revenue	327,469	431,927
	<u>2,241,802</u>	<u>2,644,212</u>
Long-term debt (note 10)	-	1,550,000
Deferred building and equipment capital contributions (note 8)	108,604	97,610
Deferred contributions related to capital assets (note 9)	<u>4,252,456</u>	<u>4,506,352</u>
	<u>4,361,060</u>	<u>6,153,962</u>
	<u>6,602,862</u>	<u>8,798,174</u>
Net assets		
Net assets invested in and committed to capital assets	15,879,489	14,027,945
Unrestricted net assets	<u>(1,504,882)</u>	<u>(1,422,078)</u>
	<u>14,374,607</u>	<u>12,605,867</u>
	<u>20,977,469</u>	<u>21,404,041</u>

Approved by the Board of Directors

_____ Director

_____ Director

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Statement of Operations

For the year ended August 31, 2011

	2011 \$	2010 \$
Revenue		
Membership and program fees	14,448,695	13,994,266
Government purchase of service	4,287,842	4,071,316
United Way	475,977	475,450
Amortization of deferred contributions (note 9)	519,969	560,280
Other contributions and fundraising (notes 6 and 13)	332,593	1,145,500
Interest income	3,203	626
Rentals and other	250,246	207,250
	20,318,525	20,454,688
Expenses		
Salaries	9,371,963	8,980,156
Benefits	1,705,261	1,579,036
Repairs, maintenance and minor refurbishments	807,594	933,757
Utilities	918,775	909,935
Amortization of capital assets	2,230,307	2,037,700
Contributions (note 6)	59,560	841,383
Bank charges and interest (note 10)	262,062	314,090
Contract services	524,605	396,391
Maintenance supplies	386,837	385,900
Program and office supplies	495,212	487,900
Provisions	294,580	259,424
Property taxes	153,447	100,560
Insurance	111,357	125,665
Facility rent	207,295	194,568
Equipment	135,299	106,865
Telephone	104,130	99,902
Postage	61,114	60,894
Promotion	139,801	104,076
Travel, transportation and excursions	277,363	281,535
Training	137,235	143,210
National allocations	281,827	240,332
International projects	35,000	65,006
Recovery of GST	(247,370)	(222,269)
Other	96,531	94,420
	18,549,785	18,520,436
Excess of revenue over expenses	1,768,740	1,934,252

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Statement of Changes in Net Assets

For the year ended August 31, 2011

			<u>2011</u>	<u>2010</u>
	Invested in capital assets \$	Unrestricted \$	Total \$	Total \$
Balance - Beginning of year	14,027,945	(1,422,078)	12,605,867	10,671,615
Excess (deficiency) of revenue over expenses	(1,719,623)	3,488,363	1,768,740	1,934,252
Investment in capital assets	3,571,167	(3,571,167)	-	-
Balance - End of year	15,879,489	(1,504,882)	14,374,607	12,605,867

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Statement of Cash Flows

For the year ended August 31, 2011

	2011 \$	2010 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	1,768,740	1,934,252
Items not affecting cash		
Amortization of capital assets	2,230,307	2,037,700
Amortization of deferred contributions	(519,969)	(560,280)
Loss on disposal of capital asset	9,285	-
	<u>3,488,363</u>	<u>3,411,672</u>
Net change in non-cash working capital items	(121,741)	776,127
	<u>3,366,622</u>	<u>4,187,799</u>
Financing activities		
Long-term debt borrowing	-	600,000
Long-term debt repayments	(1,750,000)	(2,583,706)
Capital contributions received	209,357	284,484
	<u>(1,540,643)</u>	<u>(1,699,222)</u>
Investing activities		
Additions to capital assets	<u>(2,030,524)</u>	<u>(3,102,967)</u>
Decrease in cash and cash equivalents	(204,545)	(614,390)
Cash and cash equivalents - Beginning of year	<u>331,403</u>	<u>945,793</u>
Cash and cash equivalents - End of year	<u>126,858</u>	<u>331,403</u>
Interest paid	40,182	108,759

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Notes to Financial Statements

August 31, 2011

1 Nature of the operations

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated (the "Association") is a charitable organization whose purpose is to foster the growth and development of people and communities in spirit, mind and body. The Association is incorporated under the Canadian Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

2 Significant accounting policies

Use of estimates

The preparation of 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 liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual amounts could differ from those estimates.

Cash and cash equivalents

For the purposes of these financial statements, cash and cash equivalents include cash, outstanding cheques and short-term investments with maturities at the time of acquisition of up to three months.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Buildings	20 years
Leasehold improvements	5 years
Computer equipment	3 years
Furnishings and equipment	5 years
Water treatment equipment	20 years

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Notes to Financial Statements

August 31, 2011

Revenue recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions and fundraising are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions and fundraising for the purchase of capital assets are deferred and when expended, are recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Unrestricted contributions, including pledges, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Pledges related to capital campaigns are recognized when the above criteria are met. Such pledges are presented net of an allowance for doubtful collection.

Membership fees are recorded as revenue over the term of the membership. Program fees are recorded as revenue when the related program occurs.

Investment income is recognized as revenue when earned.

Contributions, memberships, program fees and other receipts that do not meet these criteria are reported as deferred revenue.

Contributed services

No amount has been reflected in these financial statements for contributed services since no objective basis to measure the value of such services is available. Nevertheless, a substantial number of volunteers donated significant amounts of time to the activities of the Association.

Financial instruments

Fair values

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Association's designation of such instruments.

Classification

Cash and cash equivalents	Held for trading
Accounts receivable and pledges	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Long-term debt	Other liabilities

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Notes to Financial Statements

August 31, 2011

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income.

Loans and receivables

Financial assets designated as loans and receivables are recorded at amortized cost using the effective interest method. Given the short-term nature of these assets, the carrying value approximates fair value.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities. Given the nature of these liabilities, the carrying value approximates fair value.

3 Accounts receivable

Details of accounts receivable are as follows:

	2011	2010
	\$	\$
Membership fees	29,648	38,567
Program fees	369,070	359,290
Construction grant - Province of Manitoba - Department of Infrastructure and Transportation	-	100,000
Current portion of pledges receivable	55,766	22,590
GST receivables and other	57,833	69,950
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	512,317	590,397
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Also included in long-term assets are pledges of \$111,344 (2010 - \$76,810) which are expected to be received after August 31, 2011.

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Notes to Financial Statements

August 31, 2011

4 Capital assets

			<u>2011</u>	<u>2010</u>
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Land				
West Portage Branch	1,178,799	-	1,178,799	1,178,799
Camp Y Woodlands	14,218	-	14,218	14,218
Buildings	35,190,149	17,580,636	17,609,513	17,831,581
Leasehold improvements	44,924	17,970	26,954	44,335
Furnishings and equipment	6,822,443	5,848,385	974,058	926,448
Water treatment equipment	344,550	74,653	269,897	287,126
	<u>43,595,083</u>	<u>23,521,644</u>	<u>20,073,439</u>	<u>20,282,507</u>

The Association leases the land used by the Downtown Branch from the North Portage Development Corporation and leases the land used by the South and Elmwood-Kildonan Branches from the City of Winnipeg. There is a nominal annual cost to the Association for these leases. The leases have no expiry date and no amounts relating to these lands have been recorded as capital assets.

The Association also owns four islands on Lake of the Woods from which Camp Stephens operates, whose book value is nil.

5 Bank indebtedness

The Association has a credit facility of up to \$1,000,000 with the TD Bank which bears interest at the bank prime rate plus .5%. The Association has provided the lender with a general security agreement as collateral for the credit facility. At August 31, 2011, the Association had not drawn on this facility.

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Notes to Financial Statements

August 31, 2011

6 North End Wellness Centre

The Association is involved with the North End Wellness Centre (“NEWC”) on McGregor Street. In prior years, the Association facilitated fundraising efforts related to the NEWC and disbursed amounts to the NEWC to fund construction related activities. These contributions have been included in Other contributions and fundraising revenue with the related disbursements in Contributions. On a cumulative basis, on August 31, 2011, amounts paid to the NEWC were less than the amounts raised, resulting in a payable of \$9,263 to the NEWC (2010 - amounts received exceeded those paid by \$10,329).

The Association entered into a property management agreement with NEWC which will see the Association overseeing the property management function of the NEWC on McGregor Street. No fee is charged by the Association for these services.

Further, the Association has entered into a joint operating agreement with various other unrelated parties who occupy the NEWC. Under this agreement, the Association occupies space in the NEWC and runs programs from that space for nominal fees. Based on its relative share of the space occupied, the Association paid \$91,205 (2010 - \$83,746) which is the Association’s share of the operating costs of the NEWC.

7 Capital campaign

During the year, the Association continued with the capital redevelopment of Camp Y in Woodlands, Manitoba and Camp Stephens near Kenora, Ontario. The Association expects to incur additional costs of approximately \$700,000 to make improvements at both of the camp facilities over the next four years.

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Notes to Financial Statements

August 31, 2011

8 Deferred building and equipment capital contributions

The Association has an ongoing capital campaign to raise money for various capital expenditures including capital contributions, major refurbishments and equipment purchases. Deferred building and equipment capital contributions balance represent the balance of money raised which has not yet been spent on such expenditures.

The changes in deferred building and equipment capital contributions are as follows:

	2011	2010
	\$	\$
Balance - beginning of year	97,610	46,638
Pledges recorded during the year	277,067	371,301
Capital expenditures (note 9)	(266,073)	(320,329)
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Balance - end of year	108,604	97,610
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9 Deferred contributions related to capital assets

Deferred contributions related to capital assets represent contributed capital assets and restricted contributions. The changes in deferred contributions balance for the year are as follows:

	2011	2010
	\$	\$
Balance - beginning of year	4,506,352	4,746,303
Transferred from deferred building and equipment capital contributions account (note 8)	266,073	320,329
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Amounts amortized to revenue	4,772,425	5,066,632
	(519,969)	(560,280)
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Balance - end of year	4,252,456	4,506,352
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The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Notes to Financial Statements

August 31, 2011

10 Long-term debt

	2011 \$	2010 \$
Term loan, bearing interest at bank prime plus 1.5% and repayable in equal monthly instalments of \$8,333 plus interest	-	916,667
Term loan, bearing interest at bank prime plus .25% and repayable in equal monthly instalments of \$8,333 plus interest	-	833,333
	-	1,750,000
Less: Current portion	-	(200,000)
	-	1,550,000

During the year, all debt balances were repaid, however land, buildings and chattels at the West Portage, South and Elmwood-Kildonan Branches and Camp Stephens, a general assignment of book debts (with the exception of accounts receivable), leases and sub-leases and a floating charge over the remaining assets of the Association were still pledged as collateral with the bank as at the balance sheet date.

Interest expensed on the term loans in 2011 was \$40,182 (2010 - \$108,759).

11 Operating leases

The Association has entered into various operating leases with minimum annual lease payments as follows:

	Operating leases \$
Year ending August 31, 2012	35,462
2013	32,766
2014	21,811
2015	6,786

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Notes to Financial Statements

August 31, 2011

12 Pension plans

Certain of the Association's employees participate in the YMCA Canada Pension Plan, a defined contribution multi-employer pension plan. Contributions to this plan amount to 5% of the qualifying employees' gross earnings and administration fees. For the year ended August 31, 2011, the Association contributed and expensed \$352,925 (2010 - \$322,165) in respect of this plan.

Certain former employees participate in the United Way Agencies Employee Benefits Pension Plan, a defined benefit pension plan. The Association recognizes a pension expense related to this plan based on requested contributions. For the year ended August 31, 2011, the Association contributed and expensed nil (2010 - nil) in respect of this plan.

13 The Young Men's and Young Women's Christian Association of Winnipeg Incorporated Endowment Fund and Camp Stephens Campership Fund

The Winnipeg Foundation has established The Young Men's and Young Women's Christian Association of Winnipeg Incorporated Endowment Fund ("Endowment Fund"), whose purpose is to provide income to support the community development programs and other projects of the Association. The Association is the beneficiary of the net income of the Endowment Fund. The Endowment Fund is maintained and administered by The Winnipeg Foundation. At August 31, 2011, the Endowment Fund had a contributed capital balance of \$306,297 and a market value of \$357,715. During the year, the Association received income of \$8,793 from the Endowment Fund.

The Winnipeg Foundation has also established the Camp Stephens Campership Fund ("Campership Fund") whose purpose is to provide support for families to participate in programs offered at Camp Stephens. At August 31, 2011, the Campership Fund had a contributed capital balance of \$105,372 and a market value of \$106,363. During the year, the Association received income of \$4,987 from the Campership Fund.

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Notes to Financial Statements

August 31, 2011

14 Risk management

In the normal course of its business, the Association is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Association, management considers the avoidance of undue concentrations of risk. The Association manages its risks and risk exposures through a combination of financial instruments, insurance, a system of internal and disclosure controls and sound business practices. These risks include, and the actions taken to manage them are as follows:

Liquidity risk

Liquidity risk is the risk that the Association cannot meet its financial obligations associated with financial liabilities in full. A range of alternatives is available to the Association including cash flow provided by operations, additional debt or a combination thereof. The Association expects to be able to meet its financial obligations in the foreseeable future.

Credit risk

Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their commitments to the Association. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any allowance for doubtful accounts. The Association has credit policies to address credit risk on accounts receivable from customers. An allowance for doubtful accounts is established based upon factors surrounding credit risk of specific customers, historical trends and other information.

Currency and interest rate risk

It is management's opinion that the Association is not exposed to significant currency, credit, or interest rate risk from financial instruments.

15 Capital management

Capital is managed in accordance with policies established by the Board of Directors. The Association's objectives when managing capital are to safeguard the entity's ability to continue as a going concern. There are no externally imposed capital requirements.

