

Financial Statements of

**YOUNG WOMEN'S CHRISTIAN
ASSOCIATION OF LETHBRIDGE
AND DISTRICT**

And Independent Auditors' Report thereon

Year ended March 31, 2019

Management's Responsibility for Financial Reporting

Management of the Young Women's Christian Association of Lethbridge and District (the Association) is responsible for the integrity of the accompanying financial statements. The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, as established by the Chartered Professional Accountants of Canada.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

To assist in meeting its responsibility, management maintains accounting, budget and other internal controls including written policies, directives and procedures. These controls provide reasonable assurance that transactions are appropriately authorized and accurately recorded, and that assets are properly accounted for and safeguarded.

The Board of the Young Women's Christian Association of Lethbridge and District is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Association's external auditors.

The financial statements have been audited by the independent firm of KPMG LLP. Their report to the Board Members of the Young Women's Christian Association of Lethbridge and District, stating the scope of their examination and opinion on the financial statements, follows.



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INDEPENDENT AUDITORS' REPORT

To Board of Directors of Young Women's Christian Association of Lethbridge and District

Opinion

We have audited the financial statements of Young Women's Christian Association of Lethbridge and District (the Association), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the *Annual Report*. The *Annual Report* is expected to be made available to us after the date of the auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

When we read the *Annual Report*, if we conclude that there is a material misstatement of this other information, we are required to report the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Lethbridge, Canada

June 20, 2019

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF LETHBRIDGE AND DISTRICT

Statement of Financial Position

Year ended March 31, 2019 with comparative information for 2018

	Operating Fund	Gaming Fund	Capital Fund	2019	2018
Assets:					
Current assets:					
Cash and cash equivalents	\$1,888,382	\$ 31,571	\$ 313,695	\$2,233,648	\$ 2,353,871
Accounts receivable	120,517	-	-	120,517	73,878
Inventory	-	-	-	-	739
Prepaid expenses	38,511	-	-	38,511	37,788
	2,047,410	31,571	313,695	2,392,676	2,466,276
Capital assets (note 2)	-	-	874,654	874,654	885,680
	\$2,047,410	\$ 31,571	\$1,188,349	\$3,267,330	\$ 3,351,956

Liabilities and Fund balances:

Current liabilities:

Accounts payable and accrued liabilities (note 3)	\$ 208,851	\$ -	\$ -	\$ 208,851	\$ 237,087
Unearned revenue	1,759	-	-	1,759	22,137
Restricted deferred contributions (note 4)	1,427,729	-	-	1,427,729	1,474,812
Current portion of long-term debt	-	-	6,910	6,910	37,266
	1,638,339	-	6,910	1,645,249	1,771,302
Long-term debt (note 5)	-	-	-	-	6,905
Unamortized capital contributions (note 6)	-	-	541,025	541,025	510,495
	1,638,339	-	547,935	2,186,274	2,288,702

Fund balances:

Internally restricted					
Capital investment reserve	-	-	287,291	287,291	267,828
Operating reserve	291,005	-	-	291,005	271,541
Externally restricted					
Gaming reserve	-	31,571	-	31,571	49,401
Capital replacement reserve (note 7)	-	-	26,404	26,404	25,404
Invested in capital assets	-	-	326,719	326,719	331,014
Unrestricted	118,066	-	-	118,066	118,066
	409,071	31,571	640,414	1,081,056	1,063,254

\$2,047,410	\$ 31,571	\$1,188,349	\$3,267,330	\$ 3,351,956
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See accompanying notes to financial statements.

On behalf of the board:

Director

Director

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF LETHBRIDGE AND DISTRICT

Statement of Operations and Changes in Operating Fund Balance

Year ended March 31, 2019, with comparative information for 2018

	Budget (Unaudited)	Operating Fund	Gaming Fund	Capital Fund	2019 Actual	2018 Actual
Revenue:						
Grants	\$ 2,639,203	\$ 2,611,833	\$ -	\$ 1,520	\$2,613,353	\$ 2,548,302
Fees for service	428,400	366,817	-	-	366,817	354,142
Donations	253,104	166,301	-	-	166,301	215,193
Fundraising	326,775	119,545	2,539	-	122,084	152,539
Other	27,149	33,468	-	-	33,468	9,882
Interest	33,000	-	-	33,792	33,792	23,781
Amortization of capital contributions	116,000	-	-	80,406	80,406	113,970
	3,823,631	3,297,964	2,539	115,718	3,416,221	3,417,809
Expenses:						
Salaries and honorariums	2,786,588	2,505,901	-	-	2,505,901	2,383,270
Direct client costs	111,145	109,320	-	-	109,320	102,8102
Telephone and utilities	142,210	164,100	-	-	164,100	159,469
Travel and training	89,450	84,191	-	-	84,191	82,220
Repairs and maintenance	75,925	61,694	-	-	61,694	64,162
Supplies and stationery	66,423	55,628	-	-	55,628	61,117
Fundraising costs	66,551	41,561	-	-	41,561	46,969
Professional fees	75,910	88,747	-	-	88,747	33,995
Membership and fees	58,607	51,797	-	-	51,797	52,392
Advertising and promotion	29,550	27,354	-	-	27,354	21,966
Insurance	28,395	24,126	-	-	24,126	32,233
Grant	8,500	7,644	-	-	7,644	7,058
Information and technology	38,265	12,956	-	-	12,956	16,580
Other	62,439	16,043	-	-	16,043	16,552
Volunteer costs	6,250	9,692	-	-	9,692	6,890
Interest and bank charges	5,175	5,868	-	-	5,868	6,546
Small equipment	14,300	961	-	-	961	306
Property taxes	1,032	1,083	-	-	1,083	1,099
Interest on long-term debt	30,880	-	-	845	845	2,214
Loss on sale of capital assets	-	-	-	1,618	1,618	-
Amortization	180,000	-	-	127,290	127,290	184,123
	3,877,595	3,268,666	-	129,753	3,398,419	3,281,973
Excess of revenue over expenses before the undernoted	(53,964)	29,298	2,539	(14,035)	17,802	135,836
Fund balance, beginning of year	1,063,254	389,607	49,401	624,246	1,063,254	927,418
Interfund transfers (note 8)	-	(9,834)	(20,369)	30,203		
Fund balance, end of year	\$ 1,009,290	\$ 409,071	\$ 31,571	\$ 640,414	\$1,081,056	\$ 1,063,254

See accompanying notes to financial statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF LETHBRIDGE AND DISTRICT

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 17,802	\$ 135,836
Adjustments for items which do not affect cash		
Amortization	127,290	184,123
Amortization of capital contributions	(80,406)	(113,970)
Loss on sale of capital assets	1,618	-
Change in non-cash financial assets and liabilities:		
Accounts receivable	(46,639)	47,380
Inventory	739	-
Prepaid expenses	(723)	(956)
Accounts payable and accrued liabilities	(28,237)	(71,708)
Unearned revenue	(20,378)	(1,104)
Restricted deferred contributions	(47,083)	(70,202)
	(76,017)	109,399
Financing and investing activities:		
Purchase of capital assets	(121,581)	(118,140)
Proceeds on sale of capital assets	3,700	-
Capital contributions received	110,936	43,931
Repayment of long term debt	(37,261)	(46,287)
	(44,206)	(120,496)
Decrease in cash	(120,223)	(11,097)
Cash and cash equivalents, beginning of year	2,353,871	2,364,968
Cash and cash equivalents, end of year	\$ 2,233,648	\$ 2,353,871

See accompanying notes to financial statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF LETHBRIDGE AND DISTRICT

Notes to Financial Statements

Year ended March 31, 2019

Young Women's Christian Association of Lethbridge and District (the Association) is an organization committed to women and the enhancement of their lives. The Association is a not-for-profit organization and is a registered charity under the Income Tax Act. The Association is exempt from income taxes under Section 149(1)(l) of the Income Tax Act.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook. The significant policies are detailed as follows:

(a) Fund accounting

Revenue and expenses related to the operation of the Association's programs and administrative activities are reported in the Operating Fund.

Revenue and expenses related to the Association's Raffle and Casino activities are reported in the Gaming Fund. These funds are expended in accordance with the Association's license issued under the Alberta Gaming Commission.

The Capital Fund reports the assets, liabilities, revenue and expenses related to the Association's capital assets. The Association has chosen to continue to treat amounts invested in capital assets as a separate component of the capital fund.

(b) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF LETHBRIDGE AND DISTRICT

Notes to Financial Statements

Year ended March 31, 2019

1. Significant accounting policies (continued):

(c) 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.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transactions costs incurred on acquisition and financing costs, which are amortized using the straight-line method over the life of the asset.

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 the event and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial cost or amortized cost.

(d) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, and other short-term deposits, which are highly liquid investments with maturities of less than three months from the date of acquisition.

(e) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first in, first out method.

(f) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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. Actual results could differ from those estimates.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF LETHBRIDGE AND DISTRICT

Notes to Financial Statements

Year ended March 31, 2019

1. Significant accounting policies (continued):

(g) Capital assets

Purchased capital assets are recorded at cost. Contributed assets are recorded at fair value at the date of contribution. Amortization is provided using the following methods and rates:

Assets	Method	Rate
Buildings	Straight-line	35 years
Equipment – other	Declining balance	20%
Office equipment	Declining balance	20%
Computer software	Declining balance	30%

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the renewal option.

Capital assets are reviewed for impairment whenever events or changes in circumstance indicate that the asset no longer has any long-term service potential to the Association. Any such impairment is measured by a comparison of the carrying amount of an asset to estimated residual value.

(h) Contributed services

Contributed services to assist the Association in carrying out its activities are not recognized in the financial statements due to the difficulty in determining their fair value.

(i) Allocated expenses

The Association incurs expenses that can be directly identified with program activities and therefore can be charged to the appropriate function. However, there are certain support services that relate to more than one program activity and must be allocated out based on management's best determination of where the expenses were incurred. These expenses include administration wages and benefits, facility rent, equipment and repairs and maintenance, advertising, facility repairs and maintenance, office supplies and postage, telephone, professional fees and insurance. These expenses are allocated out based on the space used by the program, time spent on the program or by dollar value of the program.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF LETHBRIDGE AND DISTRICT

Notes to Financial Statements

Year ended March 31, 2019

2. Capital assets:

	Cost	Accumulated amortization	2019	2018
Land	\$ 160,000	\$ -	\$ 160,000	\$ 160,000
Buildings	3,753,628	3,397,177	356,451	392,811
Computer software	152,962	145,214	7,748	11,066
Improvements – building	946,922	675,937	270,985	231,393
Equipment – other	286,207	249,621	36,586	45,647
Office equipment	204,523	161,639	42,884	44,763
	\$ 5,504,242	\$ 4,629,588	\$ 874,654	\$ 885,680

Cost of capital assets in 2018 was \$5,397,722 and accumulated amortization was \$4,512,042.

3. Accounts payable and accrued liabilities:

	2019	2018
Accounts payable	\$ 125,856	\$ 159,990
Vacation and lieu time payable	82,995	77,097
	\$ 208,851	\$ 237,087

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF LETHBRIDGE AND DISTRICT

Notes to Financial Statements

Year ended March 31, 2019

4. Restricted deferred contributions:

Restricted deferred contributions represent restricted program funding received that is related to subsequent years.

	2019	2018
Harbour House	\$ 554,186	\$ 556,671
Shelter Outreach	295,404	291,410
Alberta Government Family and Community Safety Grant	125,185	85,742
Other	110,784	105,605
Project Child Recovery donations	19,769	54,719
Walk a Mile donations	95,627	75,054
Girl's Space	18,940	14,300
Women of Distinction	37,316	38,465
Safe Visitation	4,394	54,526
Youth donations	32,289	32,439
Alcoa	26,122	26,263
Hestia House	9,171	16,188
Amethyst	13,956	14,543
Climb to End Family Violence	27,717	27,517
Young Girl conference donations	17,797	17,797
Special needs grant	-	20,736
Life Enrichment Centre	-	12,079
Turning Point Golf Tournament	12,735	10,380
Life-long Learning Association	6,500	6,500
Young Women's Leadership Council	5,778	5,778
Think Big Look Back	11,344	5,385
Canadian Women's Foundation	2,715	2,715
Balance, end of year	1,427,729	1,474,812

	2019	2018
Opening restricted deferred contributions	\$ 1,474,812	\$ 1,545,014
Amounts received	3,483,748	2,421,386
Amounts recognized	(3,481,072)	(2,454,325)
Amounts repaid	(49,759)	(37,263)
Ending restricted deferred contributions	\$ 1,427,729	\$ 1,474,812

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF LETHBRIDGE AND DISTRICT

Notes to Financial Statements

Year ended March 31, 2019

5. Long-term debt:

	2019	2018
Canada Mortgage and Housing Corporation	\$ -	\$ 10,379
Royal Bank of Canada: Mortgage repayable in monthly payments of \$2,307, including interest at 3.69%, secured by a building with a value of \$227,651. The mortgage is due in May, 2019.	\$ 6,910	\$ 33,792
	6,910	44,171
Current portion of long-term debt	6,910	37,266
	\$ -	\$ 6,905

6. Unamortized capital contributions:

Unamortized capital contributions represent the unamortized amount of contributions expended on the purchase of capital assets.

The changes for the year are as follows:

	2019	2018
Beginning balance	\$ 510,495	\$ 580,534
Capital contributions received	110,936	43,931
Amortization of capital contributions	(80,406)	(113,970)
	\$ 541,025	\$ 510,495

7. Capital replacement reserve:

	2019	2018
Beginning balance	\$ 25,404	\$ 24,404
Transfer from operating	1,000	1,000
	\$ 26,404	\$ 25,404

The Association appropriates a portion of current or prior years' operating surplus to be used for the replacement of capital assets in the future. This reserve had initially been established pursuant to an agreement with the Canadian Mortgage and Housing Corporation.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF LETHBRIDGE AND DISTRICT

Notes to Financial Statements

Year ended March 31, 2019

8. Inter-fund transfers:

	Unrestricted	Internally restricted			Externally restricted		Total 2019	Total 2018
		Invested in capital assets	Capital investment reserve	Operating reserve	Gaming reserve	Capital replacement reserve		
Balance, beginning of year	\$ 118,066	\$ 331,014	\$ 267,828	\$ 271,541	\$ 49,401	\$ 25,404	\$ 1,063,254	\$ 927,418
Excess of revenue over expenses	17,802	-	-	-	-	-	17,802	135,836
Net additions to tangible capital assets	(116,262)	116,262	-	-	-	-	-	-
Amortization	127,290	(127,290)	-	-	-	-	-	-
Amortization of capital contributions	30,530	(30,530)	-	-	-	-	-	-
Repayment of long-term debt used to fund capital assets	(37,261)	37,261	-	-	-	-	-	-
Transfers	(22,099)	2	19,463	19,464	(17,830)	1,000	-	-
	\$ 118,066	\$ 326,719	\$ 287,291	\$ 291,005	\$ 31,571	\$ 26,404	\$ 1,081,056	\$ 1,063,254

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF LETHBRIDGE AND DISTRICT

Notes to Financial Statements

Year ended March 31, 2019

8. Interfund transfers (continued):

The operating interfund transfers represent net capital asset transactions of \$9,738, the transfer of \$1,000 to the capital replacement reserve per the CMHC agreement and \$19,463 which represents 50% of the remaining operating surplus to the capital investment reserve. A transfer of \$20,369 was made from the gaming fund to the operating fund for administration expenses.

9. Contingencies:

In a prior year the Association was named in a legal matter. Damages are estimated to be no more than \$250,000 (\$200,000 claimed, plus costs and interest not to exceed \$50,000). At present, the amount or outcome is not determinable. The amount of any uninsured loss arising from a future settlement, if any, would be accounted for as a current transaction in the year of the settlement.

10. Financial instruments:

Management's opinion is that the Association is not exposed to significant interest rate, credit, currency, market or liquidity risks arising from these financial instruments.

11. Economic dependence:

The Association is dependent on continued funding from Alberta Human Services for the operation of the Harbour House program.