

**YOUNG MEN'S CHRISTIAN ASSOCIATION  
OF KINGSTON, ONTARIO**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2014**

Independent Auditors' Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flow

Notes to Financial Statements

Schedules

A Program Revenues

B Program Expenses

C Administration and Plant and Facility Expense

D Revenues and Expenses - St. Lawrence College Campus

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Young Men's Christian Association of Kingston, Ontario

We have audited the accompanying financial statements of Young Men's Christian Association of Kingston, Ontario which comprise the statement of financial position as at December 31, 2014, and the statements of operations, changes in net assets and cash flow 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 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' judgement, 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 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.

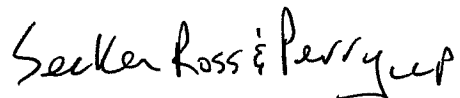
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, these financial statements present fairly, in all material respects the financial position of Young Men's Christian Association of Kingston, Ontario as at December 31, 2014 and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in Schedules A, B, C and D is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Chartered Accountants  
Licensed Public Accountants  
Kingston, Ontario  
April 15, 2015

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO**

**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Current Assets		
Cash	\$ 506,322	\$ 566,513
Short-term investments	-	11,491
Accounts receivable (note 3)	167,196	261,267
Prepaid expenses	<u>7,972</u>	<u>20,466</u>
	681,490	859,737
Capital Assets (note 4)	<u>9,343,225</u>	<u>6,829,217</u>
	<u>\$10,024,715</u>	<u>\$ 7,688,954</u>
<b>Liabilities</b>		
Current Liabilities		
Bank loan (note 9)	\$ 200,000	\$ -
Accounts payable and accrued liabilities (note 6)	524,990	610,034
Deferred revenue (note 7)	169,116	204,645
Deferred revenue - St. Lawrence College (note 8)	40,638	127,390
Scheduled repayments for long-term debt ( note 10)	<u>323,215</u>	<u>188,535</u>
Current liabilities before callable debt	1,257,959	1,130,604
Callable debt (note 10)	<u>177,318</u>	<u>295,251</u>
	1,435,277	1,425,855
Long-Term Debt (note 10)	3,884,248	1,530,373
Unspent Capital Contributions (note 11(b))	55,030	-
Unamortized Contributions for Capital Assets (note 11(a))	<u>2,590,394</u>	<u>2,502,382</u>
	<u>7,964,949</u>	<u>5,458,610</u>
<b>Net Assets</b>		
Investment in Capital Assets (note 12(a))	2,368,050	2,312,676
Unrestricted (deficit)	<u>( 308,284)</u>	<u>( 82,332)</u>
	<u>2,059,766</u>	<u>2,230,344</u>
	<u>\$10,024,715</u>	<u>\$ 7,688,954</u>

**Commitment (note 13)**

**Contingency (note 14)**

Approved on behalf of the Board

Director

Director

See accompanying notes to financial statements

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO**

**STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>Revenues</b>		
Donations and fundraising (excluding capital gifts)	\$ 87,503	\$ 123,191
Administration	450,232	327,659
Membership services	2,351,085	2,108,881
Adult programs	18,025	22,125
Aquatic programs	127,565	130,881
Child and youth programs	19,091	43,986
Community and international outreach	77,672	70,520
Y-Knot programs	26,190	37,270
Childcare services	1,983,457	1,839,843
Day camps and school break programs	311,779	341,517
St. Lawrence College Campus (schedule D)	359,061	364,632
Amortization of deferred contributions related to capital assets (note 11(a))	<u>117,801</u>	<u>125,977</u>
	<u>5,929,461</u>	<u>5,536,482</u>
<b>Expenses</b>		
Membership services	679,290	517,120
Adult programs	9,440	14,983
Aquatic programs	440,085	364,529
Child and youth programs	54,270	54,113
Community and international outreach	85,214	77,760
Y-Knot programs	65,952	73,305
Child care services	1,575,735	1,488,417
Day camps and school break programs	221,216	237,158
Administration (schedule C)	963,609	946,145
Plant and facility (schedule C)	1,000,011	839,071
Interest on long-term debt	107,969	89,279
St. Lawrence College Campus (schedule D)	359,061	364,632
Amortization of capital assets (note 12(b))	<u>420,093</u>	<u>370,570</u>
	<u>5,981,945</u>	<u>5,437,082</u>
<b>Excess (deficiency) of revenues over expenses before undernoted items</b>	<u>( 52,484)</u>	<u>99,400</u>
Loss on disposal of capital assets	68,385	9,305
Minor capital repairs	<u>49,709</u>	<u>-</u>
	<u>118,094</u>	<u>9,305</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u><u>\$( 170,578)</u></u>	<u><u>\$ 90,095</u></u>

See accompanying notes to financial statements

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO**

**STATEMENT OF CHANGES IN NET ASSETS**

**YEAR ENDED DECEMBER 31, 2014**

	<b>2014</b>			
	<b>Investment in Capital Assets</b>	<b>Internally Restricted</b>	<b>Unrestricted</b>	<b>Total</b>
<b>Net assets (deficiency), beginning of year</b>	\$ 2,312,676	\$ -	\$( 82,332)	\$2,230,344
Excess (deficiency) of revenues over expenses (note 12(b))	( 370,677)	-	200,099	( 170,578)
Net change in investment in capital assets (note 12(b))	<u>426,051</u>	<u>-</u>	<u>(426,051)</u>	<u>-</u>
<b>Net assets (deficiency), end of year</b>	<u><u>\$ 2,368,050</u></u>	<u><u>\$ -</u></u>	<u><u>\$(308,284)</u></u>	<u><u>\$2,059,766</u></u>

	<b>2013</b>			
	<b>Investment in Capital Assets</b>	<b>Internally Restricted</b>	<b>Unrestricted</b>	<b>Total</b>
<b>Net assets, beginning of year</b>	\$ 2,089,207	\$51,042	\$ -	\$2,140,249
Excess (deficiency) of revenues over expenses (note 12(b))	( 253,898)	-	343,993	90,095
Net change in investment in capital assets (note 12(b))	477,367	-	(477,367)	-
Fund transfer	<u>-</u>	<u>(51,042)</u>	<u>51,042</u>	<u>-</u>
<b>Net assets (deficiency), end of year</b>	<u><u>\$ 2,312,676</u></u>	<u><u>\$ -</u></u>	<u><u>\$(82,332)</u></u>	<u><u>\$2,230,344</u></u>

See accompanying notes to financial statements

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

## STATEMENT OF CASH FLOW

YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
<b>Cash flow from (used in) operating activities</b>		
Excess (deficiency) of revenues over expenses	\$( 170,578)	\$ 90,095
Add (deduct) items not affecting cash		
Amortization of capital assets	420,093	370,570
Net loss on disposal of capital assets	68,385	9,305
Amortization of deferred contributions related to capital assets	<u>( 117,801)</u>	<u>(125,977)</u>
	200,099	343,993
Changes in non-cash working capital balances		
Accounts receivable	( 28,821)	( 7,230)
Prepaid expenses	12,494	( 6,571)
Accounts payable and accrued liabilities	137,284	( 80,939)
Deferred revenue	( 35,529)	( 21,107)
Deferred revenue - St. Lawrence College	<u>( 86,752)</u>	<u>73,377</u>
	<u>198,775</u>	<u>301,523</u>
<b>Cash flow from (used in) investing and financing activities</b>		
Proceeds on bank loan	200,000	-
Proceeds on disposal of other assets	2,850	2,275
Proceeds of long-term debt	2,600,000	-
Repayment of long-term debt	( 229,378)	(185,468)
Capital assets acquired	(3,261,493)	(317,096)
Proceeds from deferred contributions for capital assets	362,534	122,358
Unspent contributions for capital assets received	<u>55,030</u>	<u>-</u>
	<u>( 270,457)</u>	<u>(377,931)</u>
<b>Net decrease in cash and short-term investments</b>	( 71,682)	( 76,408)
<b>Cash and short-term investments at beginning of year</b>	<u>578,004</u>	<u>654,412</u>
<b>Cash and short-term investments at end of year</b>	<u>\$ 506,322</u>	<u>\$ 578,004</u>
<b>Cash and short-term investments are comprised of:</b>		
Cash	\$ 506,322	\$ 566,513
Short-term investments	<u>-</u>	<u>11,491</u>
	<u>\$ 506,322</u>	<u>\$ 578,004</u>
<b>Supplemental cash flow information:</b>		
Deferred capital contributions used to reduce loss on disposal of capital assets	<u>\$ 33,829</u>	<u>\$ -</u>
Capital additions in 2013 accounts payable	<u>\$( 222,328)</u>	<u>\$ 222,328</u>
Capital funding in 2013 accounts receivable	<u>\$ 122,892</u>	<u>\$(122,892)</u>

See accompanying notes to financial statements

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

### 1. Purpose of the Association

The association is incorporated without share capital as a not-for-profit organization under the laws of Ontario. Its principal activity is the operation of recreational facilities. As a registered charity, the association is exempt from income tax under the Income Tax Act of Canada.

### 2. Significant Accounting Policies

These financial statements have been prepared in accordance with Part III of the CPA Canada Handbook - Accounting Standards for Not-for-Profit Organizations and include the following significant accounting policies:

#### (a) Revenue Recognition

The association follows the deferral method of accounting for contributions, which include donations and government grants.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Endowment contributions are recognized as a direct increase in net assets in the year received. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Donated assets are recorded at fair market value when the fair market value can be reasonably estimated and when the association would otherwise have purchased these items.

Pledges under regular fundraising and specific fundraising campaigns are not recognized until cash on the pledge is received.

Revenue from fees related to membership and other services are recognized when the services are provided as per the terms of the related agreements.

#### (b) Donated Services

The operation of the association is dependent on services provided by volunteers. Since these services are not normally purchased by the association and due to the difficulty of determining their fair market value, donated services are not recorded in the accounts.



# YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

## NOTES TO FINANCIAL STATEMENTS (continued)

### YEAR ENDED DECEMBER 31, 2014

#### 2. Significant Accounting Policies (continued)

##### (c) Short-Term Investments

Short-term investments are composed of cashable guaranteed investment certificates and other investments with maturity dates within the next year. Short-term investments are carried at cost plus accrued interest, which approximates market value.

##### (d) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense as incurred. Betterments, which extend the estimated useful life of an asset, are capitalized as incurred. When a capital asset no longer contributes to the association's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Land improvements	10 years
Building	10-40 years
Equipment	5-10 years
Leasehold improvements	10 years
Computers	5 years

The costs incurred for major capital projects are classified separately as capital work-in-progress until the project is complete. Costs include all direct construction costs and overhead costs, such as interest during the construction period, directly attributable to the construction activity. When construction is complete the costs are transferred to the appropriate capital asset category and amortization begins.

##### (e) Allocation of Expenses

The association, in conjunction with the fulfilment of its mission, runs a number of different programs in three primary locations: its two main facilities on Wright Crescent and Progress Avenue as well as the facility located at St. Lawrence College. Generally, the costs of operating these programs and services, including wages and benefits, are attributed directly to the respective programs and services. During the year there were also \$81,540 of shared administrative costs and managerial salaries and benefits allocated to St. Lawrence College operations. These costs are included in Schedule D. The basis for the allocation of these costs is agreed annually between the association and St. Lawrence College.

The association does not have a practice of allocating fundraising or other general overhead costs to its programs and services; instead, such costs are included in administration and plant and facility expenses, set out in Schedule C to the financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**YEAR ENDED DECEMBER 31, 2014**

**2. Significant Accounting Policies (continued)**

(f) Use of Estimates

The preparation of financial statements in accordance with Canadian 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 revenues and expenses during the period. Actual results could differ from those estimates.

Significant estimates in these financial statements include the collectibility of accounts receivable, as well as the estimated useful life of capital assets.

**3. Accounts Receivable**

Accounts receivable consist of:

	<u>2014</u>	<u>2013</u>
Membership services and childcare fees receivable (net of \$217,621 allowance for bad debts; 2013 - \$189,132)	\$ 20,509	\$ 10,900
Purchase of service user fees	64,479	50,932
Federal CIIF Accessible Grant	-	122,892
Other grants and funding	71,280	26,819
Sales and other tax receivable	<u>10,928</u>	<u>49,724</u>
	<u>\$167,196</u>	<u>\$261,267</u>

**4. Capital Assets**

	<u>2014</u>			<u>2013</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 530,643	\$ -	\$ 530,643	\$ 180,643
Buildings	11,481,792	3,518,908	7,962,884	6,284,853
Equipment	1,339,236	731,635	607,601	186,800
Computers	259,100	179,713	79,387	39,321
Land improvements	132,698	56,286	76,412	89,682
Capital work-in-progress	55,910	-	55,910	8,000
Leasehold improvements	<u>95,303</u>	<u>64,915</u>	<u>30,388</u>	<u>39,918</u>
	<u>\$13,894,682</u>	<u>\$4,551,457</u>	<u>\$9,343,225</u>	<u>\$6,829,217</u>

Cost and accumulated amortization at December 31, 2013 amounted to \$11,240,621 and \$4,411,404 respectively.

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

## NOTES TO FINANCIAL STATEMENTS (continued)

### YEAR ENDED DECEMBER 31, 2014

#### 5. Operating Line

The association has arranged two credit facilities with its chartered bank with an aggregate limit of \$122,932 to be drawn by way of prime-based loans, letters of credit or letters of guarantee. While the loan component of the facility was undrawn at December 31, 2014 there was a letter of credit outstanding as described in note 14.

#### 6. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is the following government remittance owing:

	<u>2014</u>	<u>2013</u>
Commodity taxes (HST)	<u>\$ 7,455</u>	<u>\$ -</u>

#### 7. Deferred Revenue

This represents cash received in advance for membership services and other programs as well as grants and other externally restricted contributions for which the related expenses will not be recognized until a later period. The deferred revenue is comprised of:

	<u>2014</u>	<u>2013</u>
Memberships and programs paid in advance	\$109,301	\$126,966
Restricted contributions and grants	<u>59,815</u>	<u>77,679</u>
	<u>\$169,116</u>	<u>\$204,645</u>

#### 8. Deferred Revenue - St. Lawrence College

This represents cash received in advance that is for use in a subsequent period and is externally restricted through a facility management agreement with St. Lawrence College.

Changes in the deferred revenue balance is as follows:

	<u>2014</u>	<u>2013</u>
Balance at beginning of year	\$ 127,390	\$ 54,013
Add amount received in the current year	273,340	447,680
Less amount recognized as revenue in the year	(347,874)	(352,822)
Less student fee reserves repaid	<u>( 12,218)</u>	<u>( 21,481)</u>
Balance at end of year	<u>\$ 40,638</u>	<u>\$ 127,390</u>

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

## NOTES TO FINANCIAL STATEMENTS (continued)

### YEAR ENDED DECEMBER 31, 2014

#### 9. Bank Loan

The association has established a variable rate term loan, payable interest only at Royal Bank of Canada prime rate plus 0.25%, due June 30, 2015. The security and other conditions relating to this loan are described in note 10.

#### 10. Long-Term Debt

	<u>2014</u>	<u>2013</u>
4.3% Royal Bank of Canada term loan, blended monthly payments of \$19,627, due August 2019	\$2,558,946	\$ -
3.42% Royal Bank of Canada term loan, blended monthly payments of \$2,166, due November 2015	196,876	215,800
3.62% Royal Bank of Canada term loan, blended monthly payments of \$15,854, due February 2018	1,333,710	1,472,701
3.25% Royal Bank of Canada term loan, blended monthly payments of \$3,377, due June 2016	<u>295,249</u>	<u>325,658</u>
	4,384,781	2,014,159
Scheduled principal repayments required in the next twelve months	323,215	188,535
Callable debt	<u>177,318</u>	<u>295,251</u>
	<u>\$3,884,248</u>	<u>\$1,530,373</u>

The Royal Bank of Canada term loans, including the bank loans in notes 5 and 9, are secured by a general security agreement, collateral mortgages, and first ranking security interest on accounts receivable.

The collateral mortgages are in the amounts of \$4,083,500 constituting a first fixed charge on land and building located at 100 Wright Crescent, Kingston, Ontario, as well as \$2,600,000, constituting a first charge on land and building located at 745 Progress Avenue, Kingston, Ontario. The net book values of the land and buildings are \$6,270,978 and \$2,345,729 respectively.

Interest paid on the long-term debt was \$105,515 (2013 - \$89,279) during the year and is reported on the statement of operations

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

## NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2014

### 10. Long-Term Debt (continued)

Although the term loan maturing in the next fiscal year is classified as a current liability, management believes that the maturing debts will be renewed under same or similar terms. The expected minimum principal payments in each of the next five years are as follows:

2015	\$ 323,215
2016	335,760
2017	348,799
2018	362,352
2019	376,437
Thereafter	<u>2,638,218</u>
	<u>\$4,384,781</u>

### 11. Deferred Contributions Related to Capital Assets

#### (a) Deferred Capital Contributions

Deferred contributions related to capital assets represent the unamortized donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	<u>2014</u>	<u>2013</u>
Deferred contributions for capital assets, beginning of year	\$ 2,502,382	\$ 2,383,109
Add contributions received during the year	239,642	245,250
Reduction on disposal of capital assets	( 33,829)	
Less amounts amortized to revenue	<u>( 117,801)</u>	<u>( 125,977)</u>
Deferred contributions for capital assets, end of year	<u>\$ 2,590,394</u>	<u>\$ 2,502,382</u>

#### (b) Unspent Contributions for Capital Assets

Unspent contributions for capital assets represent grants and contributions received by the Association for the purchase of capital assets, but have yet to be acquired by the Association. The balance is comprised of:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ -	\$ -
Capital contributions received in the year but unspent	<u>55,030</u>	<u>-</u>
Balance, end of year	<u>\$55,030</u>	<u>\$ -</u>

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

## NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2014

### 12. Investment in Capital Assets

(a) Investment in capital assets is calculated as follows:

	<u>2014</u>	<u>2013</u>
Capital assets	\$ 9,343,225	\$ 6,829,217
Amounts financed by:		
Unamortized deferred contributions	(2,590,394)	(2,502,382)
Long-term debt	<u>(4,384,781)</u>	<u>(2,014,159)</u>
	<u>\$ 2,368,050</u>	<u>\$ 2,312,676</u>

(b) Change in net assets invested in capital assets is calculated as follows:

	<u>2014</u>	<u>2013</u>
Excess (deficiency) of revenues over expenses:		
Amortization of deferred contributions related to capital assets	\$ 117,801	\$ 125,977
Amortization of capital assets	( 420,093)	(370,570)
Net loss on disposal of capital assets	<u>( 68,385)</u>	<u>( 9,305)</u>
	<u>\$( 370,677)</u>	<u>\$(253,898)</u>
Net change in investment in capital assets:		
Capital assets acquired	\$ 3,039,165	\$ 539,424
Long-term debt on capital assets acquired	(2,600,000)	-
Principal repayment of long-term debt	229,378	185,468
Deferred contributions received	( 239,642)	(245,250)
Proceeds on disposal of capital assets	<u>( 2,850)</u>	<u>( 2,275)</u>
	<u>\$ 426,051</u>	<u>\$ 477,367</u>

### 13. Commitment

The association is committed to annual operating lease payments for equipment of \$13,740 expiring between October 2015 to September 2019.

### 14. Contingency

At December 31, 2014, the association has an outstanding letter of credit, related to the completion of a temporary entrance at Bath Road, in the amount of \$22,932 with the Royal Bank of Canada in favour of the City of Kingston.

### 15. Fair Value of Financial Instruments

Financial instruments are initially recognized at fair value and then subsequently at amortized cost with gains or losses recognized in the statement of operations in the period in which the gain or loss occurs. The carrying amounts for cash, accounts receivable and accounts payable approximate their fair market values because of the short-term nature of these instruments.

# YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

## NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2014

### 16. Capital Disclosures

The association considers its net assets to be the capital of the association. The association manages its capital to maintain a level of capital that enables it to adequately service the external debt and continue to provide a high level of service to its members. To achieve this goal the association actively manages its cash flows and ensures that the pricing of member fees and services are integrated with the cost of receiving such services.

As a part of its financing agreement with Royal Bank of Canada, the association is required to meet a certain debt service coverage ratio. The association evaluates actual performance compared to the established financial covenant. The debt service covenant was met at December 31, 2014.

### 17. Related Party Transactions

The association jointly operates the R.K.Y. Camp together with two other not-for-profit organizations. During the year, the association received \$79,033 (2013 - \$55,509) from R.K.Y. Camp related to management fees. The management fees are in the normal course of operations and are measured at the exchange value of the amount of consideration established and agreed to by the related parties.

### 18. Financial Instrument Risk and Management

Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance. A brief description of management's assessments of these risks are as follows:

(a) General Objective, Policies and Processes

The Board and management are responsible for the determination of the organization's risk management objectives and policies and designing operating processes that ensure the effective implementation of the objectives and policies. In general, the organization measures and monitors risk through the preparation and review of monthly reports by management.

(b) Credit Risk

Financial instruments which are potentially exposed to credit risk include cash, short-term investments, and accounts receivable. Management considers its exposure to credit risk attributable to cash and cash equivalents to be trivial as the organization holds cash deposits at only Canadian chartered banks. Accounts receivable are not concentrated and therefore bear only low to moderate risk. The carrying amount of accounts receivable represents the maximum credit risk exposure.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**YEAR ENDED DECEMBER 31, 2014**

**18. Financial Instrument Risk and Management (continued)**

(c) Interest Rate Risk

The association is exposed to interest rate risk arising from fluctuations in interest rates depending on prevailing rates at renewal of investments. To manage interest rate exposure, the association invests in various income vehicles backed by chartered banks.

The association is subject to interest rate risk arising from fluctuations in interest rates prevailing at the association's maturity dates of its long-term debt instruments. The association has not entered into any interest rate swaps or other hedging arrangements.

(d) Liquidity Risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they come due. The organization's ability to meet obligations depends on the receipt of funds from operations.

**19. Comparative Figures**

Certain comparative figures have been changed in order to conform to the financial statement presentation adopted for the current year.



YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

PROGRAM REVENUES

Schedule A

YEAR ENDED DECEMBER 31, 2014

	2014		2013								
	Administration & Fundraising	Membership Services	Adult Programs	Aquatics	Child and Youth	Community & International	Y-Knot Programs	Licensed Child Care & Camps	Day Camps & School Break Programs	Total	Total
Memberships		\$ 2,310,020								\$ 2,310,020	\$ 2,083,390
Fees	\$ 32,080	170,298	\$ 11,322	\$ 116,303	\$ 578		\$ 26,419	\$ 1,143,203	\$ 198,877	1,699,080	1,784,800
Purchase of Service	119,812		6,263		4,911			518,064	89,815	738,865	618,792
Subsidies Awarded	(660)	(166,027)	(20)	(261)			(697)	(23,466)	(11,384)	(202,515)	(181,818)
Investment Income	3,262									3,262	4,877
Sundry	27,638									27,638	4,827
Rentals		9,034		11,523	10,511					31,068	45,235
Non-Gov't Grants/Gifts	131,691	25,386	460		3,091	\$ 3,074		52,944	28,184	244,831	173,181
Government Grants						74,598		292,712	6,287	373,596	288,216
HST Retained	136,409									136,409	96,778
Merchandise Sales		2,374					468			2,842	4,404
<b>Totals</b>	<b>\$ 450,232</b>	<b>\$ 2,351,085</b>	<b>\$ 18,025</b>	<b>\$ 127,565</b>	<b>\$ 19,091</b>	<b>\$ 77,672</b>	<b>\$ 26,190</b>	<b>\$ 1,983,457</b>	<b>\$ 311,779</b>	<b>\$ 5,365,096</b>	<b>\$ 4,922,682</b>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

PROGRAM EXPENSES

Schedule B

YEAR ENDED DECEMBER 31, 2014

	2014							2013	
	Membership Services	Adult Programs	Aquatics	Child and Youth	Community & International	Y-Knot Programs	Licensed Child Care & Camps	Day Camps & School Break Programs	Total
Direct									
Salaries	\$ 529,122	\$ 3,096	\$ 370,445	\$ 44,328	\$ 58,523	\$ 23,064	\$ 1,162,009	\$ 166,148	\$ 2,356,735
Benefits	61,420	254	32,035	5,983	9,563	3,134	164,432	13,749	290,570
Program supplies	61,616	5,665	37,419	3,959	10,935	39,754	36,530	40,403	236,281
Food supplies							175,986		175,986
Rent							31,974		31,974
Promotion	19,122				28			494	19,644
Staff training	8,010	425	186				447	422	9,490
Equipment grant expense							4,357		4,357
International Support					6,165				6,165
<b>Totals</b>	<b>\$ 679,290</b>	<b>\$ 9,440</b>	<b>\$ 440,085</b>	<b>\$ 54,270</b>	<b>\$ 85,214</b>	<b>\$ 65,952</b>	<b>\$ 1,575,735</b>	<b>\$ 221,216</b>	<b>\$ 3,131,202</b>
									<b>\$ 2,827,385</b>

## YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

## ADMINISTRATION AND PLANT AND FACILITY EXPENSE

YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
<b>Administration</b>		
Association dues	\$ 88,955	\$ 78,913
Bad debt	31,950	56,350
Bank service charges	87,043	75,593
Benefits	67,383	59,959
CEO and board expense	8,738	11,726
Fundraising	7,051	18,065
Insurance	47,170	42,825
Market research studies	-	35,989
Marketing and promotion	21,119	33,000
Office	29,240	33,474
PCI-DSS compliance	22,039	21,837
Professional fees	29,556	28,866
RKY allocation	9,000	9,000
Salaries	424,551	382,722
Staff development	9,807	9,542
Supplies	<u>80,007</u>	<u>48,284</u>
	<u>\$ 963,609</u>	<u>\$946,145</u>
 <b>Plant and Facility</b>		
Benefits	\$ 52,601	\$ 45,525
Maintenance, supplies and repairs	260,001	197,216
Salaries	364,366	316,863
Staff development	1,411	1,971
Utilities	320,522	274,617
Vehicle	<u>1,110</u>	<u>2,879</u>
	<u>\$1,000,011</u>	<u>\$839,071</u>

## YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

## REVENUES AND EXPENSES - ST. LAWRENCE COLLEGE CAMPUS

YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
<b>Revenues</b>		
Student fees	\$347,874	\$352,822
Memberships	2,624	5,405
Fees	3,923	2,060
Miscellaneous	<u>4,640</u>	<u>4,345</u>
	<u>\$359,061</u>	<u>\$364,632</u>
<b>Expenses</b>		
Membership		
Salaries	\$170,001	\$168,182
Benefits	20,658	22,967
Supplies	7,297	10,349
Promotion	2,601	5,791
Equipment maintenance	5,394	959
Minor capital	3,525	8,064
Staff development	<u>1,730</u>	<u>1,841</u>
	<u>211,206</u>	<u>218,153</u>
Administration		
PCI-DSS compliance	1,752	1,572
Supplies	3,232	5,164
Office	2,676	2,323
Insurance	1,500	1,686
YMCA administration allocation	22,092	21,664
YMCA management fee	40,779	38,837
Bank service charges	649	726
Association dues	<u>5,592</u>	<u>5,129</u>
	<u>78,272</u>	<u>77,101</u>
Plant and Facility		
Salaries	57,332	55,418
Benefits	4,652	5,330
Supplies	7,240	8,144
Vehicle	<u>359</u>	<u>486</u>
	<u>69,583</u>	<u>69,378</u>
	<u>\$359,061</u>	<u>\$364,632</u>