

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

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Independent Auditor's Report

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INDEPENDENT AUDITOR'S 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, 2015 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 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.

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 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 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, 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, 2015 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.

Secker Ross & Perry LLP

Chartered Accountants
Licensed Public Accountants
Kingston, Ontario
April 20, 2016

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash	\$ 778,191	\$ 506,322
Accounts receivable (note 3)	137,909	167,196
Prepaid expenses	<u>11,987</u>	<u>7,972</u>
	928,087	681,490
 Capital Assets (note 4)	 <u>8,989,192</u>	 <u>9,343,225</u>
	<u>\$ 9,917,279</u>	<u>\$ 10,024,715</u>
 Liabilities		
Current Liabilities		
Bank loan (note 9)	\$ -	\$ 200,000
Accounts payable and accrued liabilities (note 6)	666,288	524,990
Deferred revenue (note 7)	109,519	169,116
Deferred revenue - St. Lawrence College (note 8)	37,473	40,638
Scheduled repayments for long-term debt (note 10)	<u>372,686</u>	<u>323,215</u>
Current liabilities before callable debt	1,185,966	1,257,959
 Callable debt (note 10)	 <u>231,596</u>	 <u>177,318</u>
	1,417,562	1,435,277
 Long-Term Debt (note 10)	 3,638,051	 3,884,248
 Unspent Capital Contributions (note 11(b))	 97,500	 55,030
 Unamortized Contributions for Capital Assets (note 11(a))	 <u>2,534,555</u>	 <u>2,590,394</u>
	<u>7,687,668</u>	<u>7,964,949</u>
 Net Assets		
Investment in Capital Assets (note 12(a))	2,212,304	2,368,050
Unrestricted (deficit)	<u>17,307</u>	<u>(308,284)</u>
	<u>2,229,611</u>	<u>2,059,766</u>
	<u>\$ 9,917,279</u>	<u>\$ 10,024,715</u>

Commitment (note 13)
Contingency note 14)

Approved on behalf of the Board:

Member

Member

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Revenues		
Membership services	\$ 2,872,622	\$ 2,351,085
Adult programs	21,689	18,025
Administration	383,192	400,232
Aquatic programs	91,851	127,565
Day camps and school break programs	292,489	311,779
St. Lawrence College Campus (schedule D)	365,341	359,061
Amortization of deferred contributions related to capital assets	129,626	117,801
Donations and fundraising (excluding capital gifts)	389,007	137,503
Child and youth programs	18,235	19,091
Community and international outreach	116,647	77,672
Y-Abilities programs	39,505	26,190
Childcare services	<u>2,301,139</u>	<u>1,983,457</u>
	<u>7,021,343</u>	<u>5,929,461</u>
Expenses		
Amortization of capital assets	515,695	420,093
Interest on long-term debt	175,265	107,969
Membership services	733,634	679,290
Plant and facility (schedule C)	1,163,181	1,000,011
St. Lawrence College Campus (schedule D)	365,341	359,061
Adult programs	6,397	9,440
Aquatic programs	516,270	440,085
Child and youth programs	72,158	54,270
Community and international outreach	123,997	85,214
Y-Abilities programs	61,534	65,952
Child care services	1,778,670	1,575,735
Day camps and school break programs	227,338	221,216
Administration (schedule C)	<u>1,040,624</u>	<u>963,609</u>
	<u>6,780,104</u>	<u>5,981,945</u>
Excess (deficiency) of revenues over expenses before the undernoted items	<u>241,239</u>	<u>(52,484)</u>
Loss on disposal of capital assets	54,137	68,385
Minor capital repairs	<u>17,257</u>	<u>49,709</u>
	<u>71,394</u>	<u>118,094</u>
Excess (deficiency) of revenues over expenses for the year	<u>\$ 169,845</u>	<u>\$ (170,578)</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, 2015

	2015			
	Investment in Capital Assets	Internally Restricted	Unrestricted	Total
Net assets (deficiency) at beginning of year	\$ 2,368,050	\$ -	\$ (308,284)	\$ 2,059,766
Excess (deficiency) of revenues over expenses for the year (note 12(b))	(440,206)	-	610,051	169,845
Net change in investment in capital assets (note 12(b))	<u>284,460</u>	<u>-</u>	<u>(284,460)</u>	<u>-</u>
Net assets at end of year	<u><u>\$ 2,212,304</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,307</u></u>	<u><u>\$ 2,229,611</u></u>

	2014			
	Investment in Capital Assets	Internally Restricted	Unrestricted	Total
Net assets (deficiency) at beginning of year	\$ 2,312,676	\$ -	\$ (82,332)	\$ 2,230,344
Excess (deficiency) of revenues over expenses for the year (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>
Net assets (deficiency) at end of year	<u><u>\$ 2,368,050</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (308,284)</u></u>	<u><u>\$ 2,059,766</u></u>

See accompanying notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO
STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Cash flow from (used in) operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ 169,845	\$ (170,578)
Items which do not involve cash		
Amortization of capital assets	515,695	420,093
Net loss on disposal of capital assets	54,137	68,385
Amortization of deferred contributions related to capital assets	<u>(129,626)</u>	<u>(117,801)</u>
	610,051	200,099
 Changes in non-cash working capital balances		
Accounts receivable	29,287	(28,821)
Prepaid expenses	(4,015)	12,494
Accounts payable and accrued liabilities	65,569	137,284
Deferred revenue	(59,597)	(35,529)
Deferred revenue - St. Lawrence College	<u>(3,165)</u>	<u>(86,752)</u>
	<u>638,130</u>	<u>198,775</u>
 Cash flow from (used in) investing and financing activities		
Proceeds (repayment) of bank loan	(200,000)	200,000
Proceeds on disposition of other assets	-	2,850
Proceeds of long-term debt	200,000	2,600,000
Repayment of long-term debt	(342,448)	(229,378)
Capital assets acquired	(148,768)	(3,261,493)
Proceeds from deferred contributions for capital assets	27,455	362,534
Unspent contributions for capital assets received	<u>97,500</u>	<u>55,030</u>
	<u>(366,261)</u>	<u>(270,457)</u>
 Net increase (decrease) in cash	271,869	(71,682)
 Cash at beginning of year	<u>506,322</u>	<u>578,004</u>
 Cash at end of year	<u>\$ 778,191</u>	<u>\$ 506,322</u>
 Supplemental cash flow information:		
Deferred capital contributions used to reduce loss on disposal of capital assets	<u>\$ 8,698</u>	<u>\$ 33,829</u>
Capital additions in 2013 accounts payable, paid in 2014	<u>\$ -</u>	<u>\$ (222,328)</u>
Capital additions in 2015 accounts payable, not paid until 2016	<u>\$ 75,730</u>	<u>\$ -</u>
Capital funding in 2013 accounts receivable, received in 2014	<u>\$ -</u>	<u>\$ 122,892</u>
Unspent contributions for capital assets spent in year	<u>\$ 55,030</u>	<u>\$ -</u>

See accompanying notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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. Summary of 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, 2015

2. Significant Accounting Policies (continued)

(c) 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.

(d) 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 \$84,661 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, 2015

2. Significant Accounting Policies (continued)

(e) Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting 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>2015</u>	<u>2014</u>
Membership services and childcare fees receivable (net of \$246,558 allowance for bad debts (2014 - \$217,621))	\$ 18,381	\$ 20,509
Purchase of service user fees	57,384	64,479
Other grants and funding	49,107	71,280
Employer health tax receivable	13,037	10,928
	<u>\$ 137,909</u>	<u>\$ 167,196</u>

4. Capital Assets

	<u>2015</u>			<u>2014</u>
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 530,643	\$ -	\$ 530,643	\$ 530,643
Building	11,545,708	3,779,982	7,765,726	7,962,884
General equipment	1,328,622	841,235	487,387	607,601
Computer hardware	205,473	148,621	56,852	79,387
Land improvements	132,698	69,556	63,142	76,412
Leasehold improvements	95,303	74,446	20,857	30,388
Capital work-in-progress	64,585	-	64,585	55,910
	<u>\$ 13,903,032</u>	<u>\$ 4,913,840</u>	<u>\$ 8,989,192</u>	<u>\$ 9,343,225</u>

Cost and accumulated amortization at December 31, 2014 amounted to \$13,894,682 and \$4,551,457 respectively.

5. Operating Line

The association has arranged three credit facilities with its chartered bank with an aggregate limit of \$133,235 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, 2015 there were letters of credit outstanding as described in note 14.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2015

6. Accounts Payable and Accrued Liabilities

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

	<u>2015</u>	<u>2014</u>
Commodity taxes (HST)	<u>\$ 9,494</u>	<u>\$ 7,455</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>2015</u>	<u>2014</u>
Memberships and programs paid in advance	\$ 99,857	\$ 109,301
Restricted contributions and grants	<u>9,662</u>	<u>59,815</u>
	<u>\$ 109,519</u>	<u>\$ 169,116</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>2015</u>	<u>2014</u>
Balance at beginning of year	\$ 40,638	\$ 127,390
Add amount received in the current year	353,650	273,340
Less amount recognized as revenue in the year	(356,815)	(347,874)
Less student fee reserves repaid	<u>-</u>	<u>(12,218)</u>
Balance at end of year	<u>\$ 37,473</u>	<u>\$ 40,638</u>

9. Bank Loan

In the prior year, the association established a variable rate term loan, payable interest only at Royal Bank of Canada prime rate plus 0.25%, due June 30, 2015. The loan was refinanced during the year and is disclosed in note 10.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2015

10. Long-Term Debt

	<u>2015</u>	<u>2014</u>
4.3% Royal Bank of Canada term loan, blended monthly payments of \$19,627, due August 2019	\$ 2,430,652	\$ 2,558,946
3.83% Royal Bank of Canada term loan blended monthly payment of \$2,168, due November 2017	177,353	196,876
3.62% Royal Bank of Canada term loan, blended monthly payment of \$15,854, due February 2018	1,189,303	1,333,710
3.25% Royal Bank of Canada term loan, blended monthly payments of \$3,377, due June 2016	263,855	295,249
3.61% Royal Bank of Canada term loan, blended monthly payments of \$3,648, due June 2020	<u>181,170</u>	<u>-</u>
	4,242,333	4,384,781
Scheduled principal repayments required in the next twelve months	372,686	323,215
Callable debt	<u>231,596</u>	<u>177,318</u>
	<u>\$ 3,638,051</u>	<u>\$ 3,884,248</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, buildings and land improvements are \$5,883,837 and \$2,475,673 respectively.

Interest paid on the long-term debt was \$171,728 (2014 - \$105,515) during the year and is reported on the statement of operations.

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

2016	\$ 372,686
2017	387,164
2018	402,211
2019	417,850
2020	411,636
Thereafter	<u>2,250,786</u>
	<u>\$ 4,242,333</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2015

11. Deferred Contributions Related to Capital Assets

(a) Unamortized Contributions for Capital Assets

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>2015</u>	<u>2014</u>
Unamortized contributions for capital assets, beginning of year	\$2,590,394	\$ 2,502,382
Add contributions received during the year	82,485	239,642
Reduction on disposal of capital assets	(8,698)	(33,829)
Less amounts amortized to revenue	<u>(129,626)</u>	<u>(117,801)</u>
Unamortized contributions for capital assets, end of year	<u>\$2,534,555</u>	<u>\$ 2,590,394</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>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 55,030	\$ -
Capital contributions received in the year but unspent	97,500	55,030
Less transferred during the year to unamortized contributions for capital assets	<u>(55,030)</u>	<u>-</u>
Balance, end of year	<u>\$ 97,500</u>	<u>\$ 55,030</u>

12. Investment in Capital Assets

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

	<u>2015</u>	<u>2014</u>
Capital assets	\$ 8,989,192	\$ 9,343,225
Amounts financed by:		
Unamortized deferred contributions	(2,534,555)	(2,590,394)
Long-term debt	<u>(4,242,333)</u>	<u>(4,384,781)</u>
	<u>\$ 2,212,304</u>	<u>\$ 2,368,050</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2015

12. Investment in Capital Assets (continued)

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

	<u>2015</u>	<u>2014</u>
Excess (deficiency) of revenues over expenses:		
Amortization of deferred contributions related to capital assets	\$ 129,626	\$ 117,801
Amortization of capital assets	(515,695)	(420,093)
Net loss on disposal of capital assets	<u>(54,137)</u>	<u>(68,385)</u>
	<u>\$ (440,206)</u>	<u>\$ (370,677)</u>
Net change in investment in capital assets:		
Capital assets acquired	\$ 224,497	\$ 3,039,165
Long-term debt on capital assets received	(200,000)	(2,600,000)
Principal repayment of long-term debt	342,448	229,378
Deferred contributions received	(82,485)	(239,642)
Proceeds on disposal of capital assets	<u>-</u>	<u>(2,850)</u>
	<u>\$ 284,460</u>	<u>\$ 426,051</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, 2015, the association has outstanding letters 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 and in the amount of \$10,303 in favour of Hydro One Networks Inc.

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, 2015

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, 2015.

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 \$122,792 (2014 - \$79,033) 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 for designing operating processes that ensure the effective implementation of the objectives and policies. In general, the association 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 and accounts receivable. Management considers its exposure to credit risk attributable to cash 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, 2015

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 restated in order to conform to the financial statement presentation adopted for the current year.

Young Men's Christian Association of Kingston, Ontario

Statement of Program Revenues - Wright Crescent, Y West and Arbour Heights

Year Ended December 31, 2015, with comparatives figures for 2014

Schedule A

	2015				2014					
	Administration & Fundraising	Membership Services	Adult Programs	Aquatics	Child and Youth	Community & International	Y Abilities Programs	Licensed Child Care & Camps	Day Camps & School Break Programs	Total
Memberships		\$ 2,853,725								\$ 2,853,725
Fees	\$ 40,840	195,514	\$ 13,623	\$ 79,281	\$ 2,115		\$ 28,092	\$ 1,309,660	\$ 216,802	\$ 1,885,927
Purchase of Service	164,795		7,246	1,750	3,104			543,947	65,762	786,604
Subsidies Awarded	(483)	(201,535)	(150)	(30)	(50)		(1,079)	(24,089)	(15,369)	(202,515)
Investment Income	2,347									2,347
Sundry	20,473									20,473
Rentals		9,265		10,850	10,798					30,913
Non-Gov't Grants/Gifts	19,442	12,466	970		2,267	2,257	12,000	36,989	20,014	106,404
Government Grants	1,155					114,390		434,632	5,280	555,457
HST Retained	134,624									134,624
Merchandise Sales		3,188					492			3,680
Totals	\$ 383,192	\$ 2,872,622	\$ 21,689	\$ 91,851	\$ 18,235	\$ 116,647	\$ 39,505	\$ 2,301,139	\$ 292,489	\$ 6,137,369
										\$ 5,365,096

Young Men's Christian Association of Kingston, Ontario

Statement of Program Expenditures - Wright Crescent, Y West and Arbour Heights

Schedule B

Year Ended December 31, 2015, with comparatives figures for 2014

	2015				2014				
	Membership Services	Adult Programs	Aquatics	Child and Youth	Community & International	Y Abilities Programs	Licensed Child Care & Camps	Day Camps & School Break Programs	Total
Direct expenses									
Salaries	\$ 610,844	\$ 956	\$ 460,596	\$ 58,840	\$ 85,283	\$ 22,292	\$ 1,245,142	\$ 171,293	\$ 2,655,246
Benefits	78,538	75	38,989	6,198	13,535	3,174	182,226	16,837	339,572
Program supplies	42,220	5,288	16,607	6,937	18,994	36,068	43,180	39,208	208,502
Food supplies							190,903		190,903
Rent							32,713		32,713
Promotion	880								880
Staff training	1,152	78	78	183	50		2,039		3,580
Equipment grant expense							82,467		82,467
International Support					6,135				6,135
Totals	\$ 733,634	\$ 6,397	\$ 516,270	\$ 72,158	\$ 123,997	\$ 61,534	\$ 1,778,670	\$ 227,338	\$ 3,519,998
									\$ 3,131,202

SCHEDULE C

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

ADMINISTRATION AND PLANT AND FACILITY EXPENSE

YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Administration		
Association dues	\$ 93,200	\$ 88,955
Bad debt	34,147	31,950
Bank service charges	90,074	87,046
Benefits	75,261	67,383
CEO and board expense	3,849	8,738
Fundraising	4,153	7,051
Insurance	51,928	47,170
Marketing and promotion	26,412	21,119
Office	34,210	29,239
PCI-DSD compliance	42,767	22,039
Professional fees	21,730	29,556
RKY allocation	9,000	9,000
Salaries	465,180	424,551
Staff development	7,887	9,807
Supplies	<u>80,826</u>	<u>80,005</u>
	<u>\$ 1,040,624</u>	<u>\$ 963,609</u>
Plant and Facility		
Benefits	\$ 64,432	\$ 52,601
Maintenance, supplies and repairs	259,326	260,000
Salaries	412,749	364,367
Staff development	437	1,411
Utilities and taxes	424,739	320,522
Vehicle	<u>1,498</u>	<u>1,110</u>
	<u>\$ 1,163,181</u>	<u>\$ 1,000,011</u>

SCHEDULE D

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO
REVENUES AND EXPENSES - ST. LAWRENCE COLLEGE CAMPUS
YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Revenues		
Student fees	\$ 356,815	\$ 347,874
Memberships	2,236	2,624
Fees	3,348	3,923
Miscellaneous	2,942	4,640
	<u>\$ 365,341</u>	<u>\$ 359,061</u>
Expenses		
Membership		
Salaries	176,039	170,002
Benefits	23,652	20,659
Supplies	5,756	7,294
Promotion	1,739	2,601
Equipment maintenance	999	5,394
Minor capital	-	3,525
Staff development	1,352	1,731
	<u>209,537</u>	<u>211,206</u>
Administration		
PCI-DSS compliance	4,363	1,752
Supplies	2,546	3,232
Office	3,119	2,676
Insurance	1,200	1,500
YMCA administration allocation	22,540	22,092
YMCA management fee	42,002	40,779
Bank service charges	657	649
Association dues	6,288	5,592
	<u>82,715</u>	<u>78,272</u>
Plant and Facility		
Salaries	59,256	57,332
Benefits	4,570	4,652
Supplies	9,050	7,240
Vehicle	213	359
	<u>73,089</u>	<u>69,583</u>
	<u>\$ 365,341</u>	<u>\$ 359,061</u>