

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

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

Independent Auditors' Report

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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, 2012, 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, 2012 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that Young Men's Christian Association of Kingston, Ontario has adopted Part III of the CICA Handbook - Accounting Standards for Not-for-Profit Organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at December 31, 2011 and the statements of operations, changes in net assets and cash flow for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

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
Licenced Public Accountants
Kingston, Ontario
April 19, 2013

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u> (unaudited)
Assets		
Current Assets		
Cash	\$ 334,737	\$ 319,351
Short-term investments	319,675	365,671
Accounts receivable (notes 4 and 10)	131,145	103,844
Prepaid expenses	<u>13,895</u>	<u>13,700</u>
	<u>799,452</u>	<u>802,566</u>
 Capital Assets (note 5)	 <u>6,671,943</u>	 <u>6,822,386</u>
	<u>\$7,471,395</u>	<u>\$ 7,624,952</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 7)	\$ 468,645	\$ 351,821
Deferred revenue (note 8)	225,752	247,870
Deferred revenue - St. Lawrence College (note 9)	54,013	143,091
Scheduled repayments for long-term debt (note 10)	<u>176,017</u>	<u>168,801</u>
Current liabilities before callable debt	924,427	911,583
 Callable debt (note 10)	 <u>553,321</u>	 <u>241,760</u>
	1,477,748	1,153,343
 Long-Term Debt (note 10)	 1,470,289	 2,199,634
 Unamortized Contributions for Capital Assets (note 11)	 2,383,109	 2,394,048
 Unspent Contributions for Capital Assets (note 11)	 <u>-</u>	 <u>3,812</u>
	<u>5,331,146</u>	<u>5,750,837</u>
Net Assets		
Investment in Capital Assets (note 12)	2,089,207	1,818,143
Internally Restricted	51,042	55,972
Unrestricted	<u>-</u>	<u>-</u>
	<u>2,140,249</u>	<u>1,874,115</u>
	<u>\$7,471,395</u>	<u>\$ 7,624,952</u>
Commitment (note 14)		
Contingency (note 15)		

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, 2012

	<u>2012</u>	<u>2011</u> (unaudited)
Revenues		
Donations and fundraising (excluding capital gifts)	\$ 175,752	\$ 154,111
Administration	328,771	304,302
Membership services	2,021,431	1,875,459
Adult programs	27,391	38,045
Aquatic programs	142,304	122,228
Child and youth programs	52,591	46,544
Community and international outreach	63,654	80,945
Y-Knot programs	32,646	31,246
Childcare services	1,997,696	1,896,814
Day camps and school break programs	335,824	411,222
St. Lawrence College Campus (schedule D)	325,019	316,874
Amortization of deferred contributions related to capital assets (note 12)	<u>120,241</u>	<u>120,794</u>
	<u>5,623,320</u>	<u>5,398,584</u>
Expenses		
Membership services	492,412	459,142
Adult programs	30,012	32,840
Aquatic programs	338,301	307,995
Child and youth programs	66,208	57,296
Community and international outreach	68,961	87,228
Y-Knot programs	66,534	68,215
Child care services	1,517,259	1,418,256
Day camps and school break programs	323,387	312,133
Administration (schedule C)	799,874	798,599
Plant and facility (schedule C)	822,998	796,623
Interest on long-term debt	142,216	166,054
St. Lawrence College Campus (schedule D)	325,019	316,874
Amortization of capital assets (note 12)	362,289	377,926
Loss on disposal of capital assets	<u>1,716</u>	<u>663</u>
	<u>5,357,186</u>	<u>5,199,844</u>
Excess of revenues over expenses	<u>\$ 266,134</u>	<u>\$ 198,740</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, 2012

	2012			
	<u>Investment in Capital Assets</u>	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Net assets, beginning of year	\$ 1,818,143	\$ 55,972	\$ -	\$1,874,115
Excess (deficiency) of revenues over expenses (note 12(b))	(243,764)	-	509,898	266,134
Net change in investment in capital assets (note 12(b))	514,828	-	(514,828)	-
Internally imposed restrictions (note 13)	-	(4,930)	4,930	-
Net assets, end of year	<u>\$ 2,089,207</u>	<u>\$ 51,042</u>	<u>\$ -</u>	<u>\$2,140,249</u>

	2011			
	(unaudited)			
	<u>Investment in Capital Assets</u>	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Net assets, beginning of year	\$ 1,662,061	\$13,314	\$ -	\$1,675,375
Excess (deficiency) of revenues over expenses (note 12(b))	(257,795)	-	456,535	198,740
Net change in investment in capital assets (note 12(b))	413,877	-	(413,877)	-
Internally imposed restrictions (note 13)	-	42,658	(42,658)	-
Net assets, end of year	<u>\$ 1,818,143</u>	<u>\$55,972</u>	<u>\$ -</u>	<u>\$1,874,115</u>

See accompanying notes to financial statements

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

STATEMENT OF CASH FLOW

YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u> (unaudited)
Cash flow from (used in) operating activities		
Excess of revenues over expenses	\$ 266,134	\$ 198,740
Add (deduct) items not affecting cash		
Amortization of capital assets	362,289	377,926
Net loss on disposal of capital assets	1,716	663
Amortization of deferred contributions related to capital assets	<u>(120,241)</u>	<u>(120,794)</u>
	509,898	456,535
Changes in non-cash working capital balances		
Accounts receivable	(27,301)	26,545
Prepaid expenses	(195)	(4,894)
Accounts payable and accrued liabilities	116,824	(27,991)
Deferred revenue	(22,118)	(9,109)
Deferred revenue - St. Lawrence College	<u>(89,078)</u>	<u>(65,485)</u>
	<u>488,030</u>	<u>375,601</u>
Cash flow from (used in) investing and financing activities		
Proceeds on disposal of other assets	-	100
Repayment of long-term debt	(410,568)	(434,135)
Capital assets acquired	(213,562)	(84,438)
Proceeds from deferred contributions for capital assets	109,302	104,696
Reduction of unspent contributions for capital assets	<u>(3,812)</u>	<u>(9,321)</u>
	<u>(518,640)</u>	<u>(423,098)</u>
Net decrease in cash and short-term investments	(30,610)	(47,497)
Cash and short-term investments at beginning of year	<u>685,022</u>	<u>732,519</u>
Cash and short-term investments at end of year	<u>\$ 654,412</u>	<u>\$ 685,022</u>
Cash and short-term investments are comprised of:		
Cash	\$ 334,737	\$ 319,351
Short-term investments	<u>319,675</u>	<u>365,671</u>
	<u>\$ 654,412</u>	<u>\$ 685,022</u>

See accompanying notes to financial statements

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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. Adoption of Accounting Standards for Not-for-Profit Organizations

These financial statements have been prepared in accordance with Part III of the CICA Handbook - Accounting standards for Not-for-Profit Organizations.

Young Men's Christian Association of Kingston, Ontario's first reporting period using Part III is for the year ended December 31, 2012. As a result, the date of transition to Part III is January 1, 2011. The association presented financial statements under its previous Canadian generally accepted accounting principles annually to December 31 of each fiscal year up to, and including, December 31, 2011.

As these financial statements are the first financial statements for which the association has applied Part III, the financial statements have been prepared in accordance with the provisions set out in Section 1501 of Part III, First-time Adoption by Not-for-Profit Organizations.

The adoption of the new standards had no impact on the previously reported assets, liabilities and net assets of the association. Accordingly, no adjustments have been recorded in the comparative statement of financial position, statement of operations, statement of changes in net assets and statement of cash flow. Certain of the association's disclosures included in these financial statements reflect the new disclosure requirement of Part III.

3. Significant Accounting Policies

The financial statements 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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2012

3. Significant Accounting Policies (continued)

(a) Revenue Recognition (continued)

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.

(c) Short-Term Investments

Short-term investments are made up 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. 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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2012

3. Significant Accounting Policies (continued)

(e) Allocation of Expenses

The association, in conjunction with the fulfilment of its mission, runs a number of different programs in two primary locations: its main facility on Wright Crescent and 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 \$76,164 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.

(f) Use of Estimates

The preparation of financial statements in accordance 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 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 collectibility of accounts receivable, as well as estimated useful life of capital assets.

4. Accounts Receivable

Accounts receivable consist of:

	<u>2012</u>	<u>2011</u>
Annual membership (net of \$134,234 allowance for bad debts; 2011 \$114,431)	\$ 75,832	\$ 54,556
Purchase of service user fees	42,809	42,213
Other	<u>12,504</u>	<u>7,075</u>
	<u>\$131,145</u>	<u>\$103,844</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2012

5. Capital Assets

	2012			2011
	Cost	Accumulated Amortization	Net	Net
Land	\$ 180,643	\$ -	\$ 180,643	\$ 180,643
Building	9,247,942	3,129,620	6,118,322	6,347,073
Equipment	917,830	743,961	173,869	168,643
Computers	192,871	148,336	44,535	34,489
Land improvements	133,901	29,810	104,091	31,601
Capital work-in-progress	500	-	500	500
Leasehold improvements	95,809	45,826	49,983	59,437
	<u>\$10,769,496</u>	<u>\$4,097,553</u>	<u>\$6,671,943</u>	<u>\$6,822,386</u>

Cost and accumulated amortization at December 31, 2011 amounted to \$10,566,221 and \$3,743,835 respectively.

6. 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, 2012 there was a letter of credit outstanding as described in note 15.

7. Accounts Payable and Accrued Liabilities

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

	2012	2011
Commodity taxes (HST)	\$ 19,681	\$ 18,994

8. 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:

	2012	2011
Memberships and programs paid in advance	\$135,136	\$131,169
Restricted contributions and grants	90,616	116,701
	<u>\$225,752</u>	<u>\$247,870</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2012

9. 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>2012</u>	<u>2011</u>
Balance at beginning of year	\$ 143,091	\$ 208,576
Add amount received in the current year	264,510	264,510
Less amount recognized as revenue in the year	(312,274)	(302,013)
Less student fee reserves repaid	<u>(41,314)</u>	<u>(27,982)</u>
Balance at end of year	<u>\$ 54,013</u>	<u>\$ 143,091</u>

10. Long-Term Debt

	<u>2012</u>	<u>2011</u>
5.77% Royal Bank of Canada term loan, blended monthly payments of \$2,499, due November 2012	\$ -	\$ 257,309
5.83% Royal Bank of Canada term loan, blended monthly payments of \$2,509, due November 2013	242,009	257,472
5.60% Royal Bank of Canada term loan, blended monthly payments of \$17,268, due February 2013; renewed at 3.62% blended monthly payments of \$15,853, due February 2018	1,604,651	1,718,576
5.74% Royal Bank of Canada term loan, blended monthly payments of \$3,735, due June 2013	<u>352,967</u>	<u>376,838</u>
	2,199,627	2,610,195
Scheduled principal repayments required within twelve months	176,017	168,801
Callable debt	<u>553,321</u>	<u>241,760</u>
	<u>\$1,470,289</u>	<u>\$2,199,634</u>

The Royal Bank of Canada term loans are secured by a general security agreement, a collateral mortgage and first ranking security interest on accounts receivable.

The collateral mortgages are in the amount of \$4,083,500 and constitute a first fixed charge on lands and building located at 100 Wright Crescent, Kingston, Ontario. The net book value of the land and building is \$6,403,056 (2011 - \$6,559,317).

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2012

10. Long-Term Debt (continued)

Although long-term debt 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:

2013	\$ 176,017
2014	183,431
2015	191,171
2016	199,259
2017	207,709
Thereafter	<u>1,242,040</u>
	<u>\$2,199,627</u>

11. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized or unspent amounts of donations and grants received for the purchase of capital assets, as well as interest earned on investments in the construction period. The amortization of capital contributions is recorded as revenue in the statement of operations.

	<u>2012</u>	<u>2011</u>
Deferred contributions for capital assets, beginning of year	\$ 2,397,860	\$ 2,423,280
Add contributions received during the year	105,490	95,374
Less amounts amortized to revenue	<u>(120,241)</u>	<u>(120,794)</u>
Deferred contributions for capital assets, end of year	<u>\$ 2,383,109</u>	<u>\$ 2,397,860</u>

The balance of deferred capital contributions related to capital assets consists of the following:

	<u>2012</u>	<u>2011</u>
Unamortized capital contributions used to purchase capital assets	\$ 2,383,109	\$ 2,394,048
Unspent contributions for capital assets	<u>-</u>	<u>3,812</u>
	<u>\$ 2,383,109</u>	<u>\$ 2,397,860</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2012

12. Investment in Capital Assets

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

	<u>2012</u>	<u>2011</u>
Capital assets	\$ 6,671,943	\$ 6,822,386
Amounts financed by:		
Unamortized deferred contributions	(2,383,109)	(2,394,048)
Long-term debt	<u>(2,199,627)</u>	<u>(2,610,195)</u>
	<u>\$ 2,089,207</u>	<u>\$ 1,818,143</u>

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

	<u>2012</u>	<u>2011</u>
Excess (deficiency) of revenues over expenses:		
Amortization of deferred contributions related to capital assets	\$ 120,241	\$ 120,794
Amortization of capital assets	(362,289)	(377,926)
Net loss on disposal of capital assets	<u>(1,716)</u>	<u>(663)</u>
	<u>\$(243,764)</u>	<u>\$(257,795)</u>
Net change in investment in capital assets:		
Net capital assets acquired, consisting of equipment and building improvements	\$ 205,456	\$ 84,438
Amount funded by:		
Principal repayment of long-term debt	410,568	434,135
Amounts funded by deferred contributions	<u>(101,196)</u>	<u>(104,696)</u>
	<u>\$ 514,828</u>	<u>\$ 413,877</u>

13. Internally Restricted Net Assets

The association monitors and internally restricts a portion of the accumulated surplus for future capital projects. During the year, by way of board approval, \$4,930 was transferred from the internally restricted fund to the unrestricted fund to assist with various cash requirements relating to debt retirement.

14. Commitment

The association is committed to annual operating lease payments of \$11,610 expiring between March 2014 to April 2016.

15. Contingency

At December 31, 2012, 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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2012

16. 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.

17. 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.

During 2008 the association completed the construction of a new pool facility. This growth initiative was partially financed by capital loaned from the Royal Bank of Canada. There are no capital requirements placed on the association under the financing arrangements. However, there is a restrictive financial covenant requiring the association to maintain a certain debt service ratio. The debt service covenant was met at December 31, 2012.

18. 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 \$59,440 (2011 - \$49,684) 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.

19. 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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2012

19. Financial Instrument Risk and Management (continued)

(b) Credit Risk

Financial instruments which are potentially exposed to credit risk include cash, cash equivalents, 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.

(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 has taken steps to ensure that it has sufficient working capital available to meet its obligations.

19. Comparative Figures

Certain figures of the prior year have been reclassified to conform with the current year's presentation.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

PROGRAM REVENUES

YEAR ENDED DECEMBER 31, 2012

	<u>Administration</u>	<u>Membership Services</u>	<u>Adult Programs</u>	<u>Acquatic Programs</u>	<u>Child and Youth Programs</u>	<u>Community and International Outreach</u>	<u>Y-Knot Programs</u>	<u>Child Care Services</u>	<u>Day Camps and School Break Programs</u>	<u>2012 Total</u>	<u>2011 Total</u>
Memberships		\$ 1,994,649								\$ 1,994,649	\$ 1,895,660
Fees	\$ 32,644	135,929	\$ 16,611	\$ 122,176	\$ 3,422		\$ 28,739	\$ 1,270,688	\$ 337,808	1,948,017	1,808,777
Purchase of service	96,428		6,991		387			470,375	13,246	587,427	658,339
Subsidies awarded		(121,957)		(730)			(519)	(24,531)	(17,730)	(165,467)	(202,791)
Investment income	6,356									6,356	6,749
Sundry	15,500									15,500	2,310
Rentals		9,476		17,058	24,480					51,014	59,403
Non-government grants/gifts	68,906	468	363	3,628	9,084	\$ 50	2,562	37,159	2,500	124,720	172,348
Government grants	15,000		3,427	172	15,218	63,604		244,006		341,426	307,127
HST retained	93,937									93,937	95,317
Merchandise sales		2,866					1,864			4,730	3,566
	<u>\$ 328,771</u>	<u>\$ 2,021,431</u>	<u>\$ 27,391</u>	<u>\$ 142,304</u>	<u>\$ 52,591</u>	<u>\$ 63,654</u>	<u>\$ 32,646</u>	<u>\$ 1,997,696</u>	<u>\$ 335,824</u>	<u>\$ 5,002,309</u>	<u>\$ 4,806,805</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

Schedule B

PROGRAM EXPENSES

YEAR ENDED DECEMBER 31, 2012

	Membership Services	Adult Programs	Acquatic Programs	Child and Youth Programs	Community and International Outreach	Y-Knot Programs	Child Care Services	Day Camps and School Break Programs	2012 Total	2011 Total
Direct										
Salaries	\$ 392,349	\$ 16,801	\$ 285,725	\$ 53,088	\$ 48,815	\$ 25,019	\$ 1,117,682	\$ 255,277	\$ 2,194,756	\$ 2,049,044
Benefits	46,971	1,978	22,559	5,114	9,013	3,146	153,174	23,254	265,209	260,508
Program supplies	50,170	9,245	29,241	7,861	6,473	38,369	37,866	44,856	224,081	206,787
Food supplies							169,488		169,488	179,366
Rent							30,558		30,558	30,558
Promotion				90	247				337	5,282
Staff training	2,922	1,988	776	55			5,619		11,360	6,333
Equipment grant expense							2,872		2,872	-
International support					4,413				4,413	5,227
	<u>\$ 492,412</u>	<u>\$ 30,012</u>	<u>\$ 338,301</u>	<u>\$ 66,208</u>	<u>\$ 68,961</u>	<u>\$ 66,534</u>	<u>\$ 1,517,259</u>	<u>\$ 323,387</u>	<u>\$ 2,903,074</u>	<u>\$ 2,743,105</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

ADMINISTRATION AND PLANT AND FACILITY EXPENSE

YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
Administration		
Association dues	\$ 76,335	\$ 71,814
Bad debt	23,829	29,353
Bank service charges	66,619	61,683
Benefits	51,689	55,256
CEO and board expense	8,305	6,129
Fundraising	7,870	18,556
Insurance	46,074	47,965
Marketing and promotion	29,382	39,850
Office	27,055	21,820
PCI-DSS compliance	16,062	21,237
Professional fees	30,344	22,874
RKY allocation	9,000	9,000
Salaries	343,576	342,029
Staff development	9,757	16,896
Supplies	<u>53,977</u>	<u>34,137</u>
	<u>\$799,874</u>	<u>\$798,599</u>
 Plant and Facility		
Benefits	\$ 40,233	\$ 39,820
Maintenance, supplies and repairs	215,084	186,381
Salaries	290,232	292,158
Staff development	1,138	
Utilities	272,100	276,187
Vehicle	<u>4,211</u>	<u>2,077</u>
	<u>\$822,998</u>	<u>\$796,623</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

REVENUES AND EXPENSES - ST. LAWRENCE COLLEGE CAMPUS

YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
Revenues		
Student fees	\$312,274	\$302,013
Memberships	6,960	8,280
Fees	1,329	2,600
Miscellaneous	4,456	3,981
	<u>\$325,019</u>	<u>\$316,874</u>
Expenses		
Membership		
Salaries	\$156,279	\$147,893
Benefits	19,397	18,191
Supplies	9,656	12,465
Promotion	2,733	1,849
Equipment maintenance	895	4,105
Minor capital	1,112	5,926
Staff development	1,710	952
	<u>191,782</u>	<u>191,381</u>
Administration		
PCI-DSS compliance	644	2,500
Supplies	6,777	4,794
Office	1,730	1,688
Insurance	1,920	1,854
YMCA administration allocation	21,240	20,823
YMCA management fee	36,988	35,227
Bank service charges	734	1,076
Association dues	4,872	4,872
	<u>74,905</u>	<u>72,834</u>
Plant and Facility		
Salaries	46,133	42,221
Benefits	4,441	4,443
Supplies	7,518	5,658
Vehicle	240	337
	<u>58,332</u>	<u>52,659</u>
	<u>\$325,019</u>	<u>\$316,874</u>