

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

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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, 2016 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, 2016 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 Professional Accountants
Licensed Public Accountants
Kingston, Ontario
April 27, 2017

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u> (restated) (note 18)
Assets		
Current Assets		
Cash	\$ 708,169	\$ 778,191
Accounts receivable (note 3)	126,302	137,909
Prepaid expenses	<u>6,104</u>	<u>11,987</u>
	840,575	928,087
Capital Assets (note 4)	<u>8,544,139</u>	<u>8,989,192</u>
	<u>\$ 9,384,714</u>	<u>\$ 9,917,279</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 568,277	\$ 666,288
Deferred revenue (note 7)	89,592	29,578
Deferred revenue - St. Lawrence College (note 8)	57,107	37,473
Scheduled repayments for long-term debt (note 9)	<u>387,602</u>	<u>372,686</u>
	1,102,578	1,106,025
Current liabilities before callable debt	3,482,294	<u>231,596</u>
Callable debt (note 9)	<u>4,584,872</u>	1,337,621
	-	3,638,051
Long-Term Debt (note 9)	-	97,500
Unspent Capital Contributions (note 10(b))	-	-
Unamortized Contributions for Capital Assets (note 10(a))	<u>2,538,806</u>	<u>2,534,555</u>
	<u>7,123,678</u>	<u>7,607,727</u>
Net Assets		
Investment in Capital Assets (note 11(a))	2,135,437	2,212,304
Unrestricted	<u>125,599</u>	<u>97,248</u>
	<u>2,261,036</u>	<u>2,309,552</u>
	<u>\$ 9,384,714</u>	<u>\$ 9,917,279</u>
Commitment (note 12)		
Contingency note 13)		

Approved on behalf of the Board:

Member

Member

See accompanying notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
Revenues		
Membership services	\$ 2,654,285	\$ 2,872,622
Childcare services	2,634,874	2,301,139
St. Lawrence College Campus (schedule D)	365,393	365,341
Administration	353,895	383,192
Day camps and school break programs	337,836	292,489
Donations and fundraising (excluding capital gifts)	270,622	389,007
Amortization of deferred contributions related to capital assets	133,353	129,626
Aquatic programs	87,987	94,110
Community and international outreach	62,748	116,647
Y-Abilities programs	42,154	39,505
Child and youth programs	22,263	15,976
Adult programs	9,563	21,689
	<u>6,974,973</u>	<u>7,021,343</u>
Expenses		
Child care services	1,982,836	1,778,670
Plant and facility (schedule C)	1,248,422	1,163,181
Administration (schedule C)	1,003,558	1,040,624
Membership services	764,337	733,634
Amortization of capital assets	513,509	515,695
Aquatic programs	508,427	516,270
St. Lawrence College Campus (schedule D)	365,393	365,341
Day camps and school break programs	201,653	227,338
Interest on long-term debt	163,675	175,265
Community and international outreach	69,009	123,997
Y-Abilities programs	66,242	61,534
Child and youth programs	65,773	72,158
Adult programs	3,893	6,397
	<u>6,956,727</u>	<u>6,780,104</u>
Excess of revenues over expenses before the undernoted items	<u>18,246</u>	<u>241,239</u>
Loss on disposal of capital assets	53,447	54,137
Minor capital repairs	13,315	17,257
	<u>66,762</u>	<u>71,394</u>
Excess (deficiency) of revenues over expenses for the year	<u>\$ (48,516)</u>	<u>\$ 169,845</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, 2016

	2016		
	Investment in Capital Assets	Unrestricted	Total
Net assets at beginning of year	\$ 2,212,304	\$ 97,248	\$ 2,309,552
Excess (deficiency) of revenues over expenses for the year (note 11(b))	(433,633)	385,117	(48,516)
Net change in investment in capital assets (note 11(b))	<u>356,766</u>	<u>(356,766)</u>	<u>-</u>
Net assets at end of year	<u><u>\$ 2,135,437</u></u>	<u><u>\$ 125,599</u></u>	<u><u>\$ 2,261,036</u></u>

	2015		
	Investment in Capital Assets	Unrestricted	Total
Net assets (deficiency) at beginning of year	\$ 2,368,050	\$ (308,284)	\$ 2,059,766
Effect of correction of prior period error (note 18)	<u>-</u>	<u>79,941</u>	<u>79,941</u>
Net assets (deficiency) at beginning of year, as restated	2,368,050	(228,343)	2,139,707
Excess (deficiency) of revenues over expenses for the year (note 11(b))	(440,206)	610,051	169,845
Net change in investment in capital assets (note 11(b))	<u>284,460</u>	<u>(284,460)</u>	<u>-</u>
Net assets at end of year	<u><u>\$ 2,212,304</u></u>	<u><u>\$ 97,248</u></u>	<u><u>\$ 2,309,552</u></u>

See accompanying notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

STATEMENT OF CASH FLOW

YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
Cash flow from (used in) operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ (48,516)	\$ 169,845
Items which do not involve cash		
Amortization of capital assets	513,509	515,695
Net loss on disposal of capital assets	53,447	54,137
Amortization of deferred contributions related to capital assets	<u>(133,353)</u>	<u>(129,626)</u>
	385,087	610,051
Changes in non-cash working capital balances		
Accounts receivable	11,607	29,287
Prepaid expenses	5,883	(4,015)
Accounts payable and accrued liabilities	(22,281)	65,569
Deferred revenue	60,014	(59,597)
Deferred revenue - St. Lawrence College	<u>19,634</u>	<u>(3,165)</u>
	<u>459,944</u>	<u>638,130</u>
Cash flow from (used in) investing and financing activities		
Proceeds (repayment) of bank loan	-	(200,000)
Proceeds of long-term debt	-	200,000
Repayment of long-term debt	(372,437)	(342,448)
Capital assets acquired	(197,633)	(148,768)
Proceeds from deferred contributions for capital assets	137,604	27,455
Unspent contributions for capital assets	<u>(97,500)</u>	<u>97,500</u>
	<u>(529,966)</u>	<u>(366,261)</u>
Net increase (decrease) in cash	(70,022)	271,869
Cash at beginning of year	<u>778,191</u>	<u>506,322</u>
Cash at end of year	<u>\$ 708,169</u>	<u>\$ 778,191</u>
Supplemental cash flow information:		
Deferred capital contributions used to reduce loss on disposal of capital assets	<u>\$ -</u>	<u>\$ 8,698</u>
Capital additions in 2015 accounts payable, not paid until 2016	<u>\$ (75,730)</u>	<u>\$ 75,730</u>

See accompanying notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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, 2016

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 fulfillment 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, 2016

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>2016</u>	<u>2015</u>
Membership services and childcare fees receivable (net of \$68,343 allowance for bad debts (2015 - \$246,558))	\$ 8,974	\$ 18,381
Purchase of service user fees	78,977	57,384
Other grants and funding	23,185	49,107
Employer health tax receivable	15,166	13,037
	<u>\$ 126,302</u>	<u>\$ 137,909</u>

4. Capital Assets

	<u>2016</u>			<u>2015</u>
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 530,643	\$ -	\$ 530,643	\$ 530,643
Building	11,678,788	4,139,728	7,539,060	7,765,726
General equipment	1,276,269	906,290	369,979	487,387
Computer hardware	211,681	168,923	42,758	56,852
Land improvements	132,698	82,826	49,872	63,142
Leasehold improvements	95,303	83,976	11,327	20,857
Capital work-in-progress	500	-	500	64,585
	<u>\$ 13,925,882</u>	<u>\$ 5,381,743</u>	<u>\$ 8,544,139</u>	<u>\$ 8,989,192</u>

Cost and accumulated amortization at December 31, 2015 amounted to \$13,903,032 and \$4,913,840 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, 2016 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, 2016

6. Accounts Payable and Accrued Liabilities

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

	<u>2016</u>	<u>2015</u>
Commodity taxes (HST)	<u>\$ 19,944</u>	<u>\$ 9,494</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>2016</u>	<u>2015</u>
Memberships and programs paid in advance	\$ 42,153	\$ 19,917
Restricted contributions and grants	<u>47,439</u>	<u>9,661</u>
	<u>\$ 89,592</u>	<u>\$ 29,578</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>2016</u>	<u>2015</u>
Balance at beginning of year	\$ 37,473	\$ 40,638
Add amount received in the current year	375,123	353,650
Less amount recognized as revenue in the year	<u>(355,489)</u>	<u>(356,815)</u>
Balance at end of year	<u>\$ 57,107</u>	<u>\$ 37,473</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2016

9. Long-Term Debt

	<u>2016</u>	<u>2015</u>
4.3% Royal Bank of Canada term loan, blended monthly payments of \$19,627, due August 2019	\$ 2,297,330	\$ 2,430,652
3.83% Royal Bank of Canada term loan blended monthly payment of \$2,168, due November 2017	157,807	177,353
3.62% Royal Bank of Canada term loan, blended monthly payment of \$15,854, due February 2018	1,039,596	1,189,303
3.55% Royal Bank of Canada term loan, blended monthly payments of \$3,381, due June 2020	231,837	263,855
3.61% Royal Bank of Canada term loan, blended monthly payments of \$3,648, due June 2020	<u>143,326</u>	<u>181,170</u>
	3,869,896	4,242,333
Scheduled principal repayments required in the next twelve months	387,602	372,686
Callable debt	<u>3,482,294</u>	<u>231,596</u>
	<u>\$ -</u>	<u>\$ 3,638,051</u>

The Royal Bank of Canada term loans, including the bank loans in note 5 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 \$5,594,953 and \$2,524,622 respectively.

Interest paid on the long-term debt was \$163,675 (2015 - \$175,265) during the year and is reported on the statement of operations.

As a part of its financing agreement with Royal Bank of Canada, the association is required to meet a debt service coverage ratio of 1.25 to 1. The association evaluates actual performance compared to the established financial covenant and has calculated the actual debt service ratio for the 2016 year to be 1.24 to 1. Therefore, the debt service covenant was not met at December 31, 2016, and as such, all of the long-term debt is presented as a current liability under callable debt.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2016

9. Long-Term Debt (continued)

Management believes that the maturing debt will be renewed under same or similar terms. As such, the expected minimum principal payments in each of the next five years are as follows:

2017	\$ 387,602
2018	402,308
2019	418,159
2020	412,174
2021	406,454
Thereafter	<u>1,843,199</u>
	<u>\$3,869,896</u>

10. 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>2016</u>	<u>2015</u>
Unamortized contributions for capital assets, beginning of year	\$2,534,555	\$ 2,590,394
Add contributions received during the year	137,604	82,485
Reduction on disposal of capital assets	-	(8,698)
Less amounts amortized to revenue	<u>(133,353)</u>	<u>(129,626)</u>
Unamortized contributions for capital assets, end of year	<u>\$2,538,806</u>	<u>\$ 2,534,555</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>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 97,500	\$ 55,030
Capital contributions received in the year but unspent	-	97,500
Less spent and transferred during the year to unamortized contributions for capital assets	<u>(97,500)</u>	<u>(55,030)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 97,500</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2016

11. Investment in Capital Assets

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

	<u>2016</u>	<u>2015</u>
Capital assets	\$ 8,544,139	\$ 8,989,192
Amounts financed by:		
Unamortized deferred contributions	(2,538,806)	(2,534,555)
Long-term debt	<u>(3,869,896)</u>	<u>(4,242,333)</u>
	<u>\$ 2,135,437</u>	<u>\$ 2,212,304</u>

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

	<u>2016</u>	<u>2015</u>
Excess (deficiency) of revenues over expenses:		
Amortization of deferred contributions related to capital assets	\$ 133,353	\$ 129,626
Amortization of capital assets	(513,509)	(515,695)
Net loss on disposal of capital assets	<u>(53,477)</u>	<u>(54,137)</u>
	<u>\$ (433,633)</u>	<u>\$ (440,206)</u>
Net change in investment in capital assets:		
Capital assets acquired	\$ 121,933	\$ 224,497
Long-term debt on capital assets received	-	(200,000)
Principal repayment of long-term debt	372,437	342,448
Deferred contributions received	<u>(137,604)</u>	<u>(82,485)</u>
	<u>\$ 356,766</u>	<u>\$ 284,460</u>

12. Commitment

The association is committed to annual operating lease payments for equipment of \$4,859 expiring in 2019.

13. Contingency

At December 31, 2016, 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.

14. 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, 2016

15. 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.

16. 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 \$121,242 (2015 - \$122,792) 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.

17. 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.

(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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2016

17. Financial Instrument Risk and Management (continued)

(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.

18. Correction of Error

During the preparation of the current year's financial statements, management identified a \$79,941 adjustment related to deferred administration revenues. The error resulted from registration and accounting systems changes in 2006, after which the NSF fees charged prior to the change were no longer being cleared from the deferred revenue to income upon write-off. The correction of this error resulted in a decrease to deferred revenue of \$79,941 and an increase to opening unrestricted net assets at January 1, 2015. There is no effect on the excess of revenues over expenses or cash flows for 2016 nor 2015.

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 - Wright Crescent and Y West

Schedule A

Year Ended December 31, 2016, with comparatives figures for 2015

	2016					2015					
	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	Total
Memberships		\$ 2,686,796								\$ 2,686,796	\$ 2,853,725
Fees	\$ 33,312	175,205	6,880	69,384	2,772		22,892	1,514,431	204,945	2,029,821	1,885,927
Purchase of Service	164,084		2,643		5,880			543,946	93,558	810,111	786,605
Subsidies Awarded	(690)	(227,190)	(82)	(1,539)	(17)		(1,403)	(14,469)	(20,623)	(266,013)	(242,785)
Investment Income	1,990									1,990	2,347
Sundry	35,422									35,422	20,473
Rentals		8,953			19,019					40,506	30,912
Government Grants	517										
Non-Gov't Grants & Gifts	272,419		121			\$ 62,748		533,208	44,381	657,011	555,457
HST Retained	117,462				1,094		3,932	57,758	15,575	358,085	495,411
Merchandise Sales		4,458					575			117,462	134,623
										5,033	3,680
Totals	\$ 624,516	\$ 2,654,285	\$ 9,562	\$ 87,987	\$ 22,263	\$ 62,748	\$ 42,153	\$ 2,634,874	\$ 337,836	\$ 6,476,224	\$ 6,526,375

Young Men's Christian Association of Kingston, Ontario

Program Expenditures - Wright Crescent and Y West

Schedule B

Year Ended December 31, 2016, with comparatives figures for 2015

	2016							2015		
	Membership Services	Adult Programs	Aquatics	Child and Youth	Community & International	Y Abilities Programs	Licensed Child Care & Camps	Day Camps & School Break Programs	Total	Total
Direct										
Salaries	\$ 619,341	\$ 322	\$ 446,378	\$ 53,000	\$ 48,298	\$ 23,295	\$ 1,465,552	\$ 149,002	\$ 2,805,188	\$ 2,655,246
Benefits	87,070	25	39,257	8,296	9,014	3,447	204,252	13,432	364,793	339,572
Program supplies	56,042	3,106	22,297	4,403	7,539	39,500	46,793	38,121	217,801	209,383
Food supplies							202,834		202,834	190,903
Rent							33,364		33,364	32,713
Staff training	1,884	440	495	74	158		718	1,098	4,867	3,580
Equipment grant expense							29,323		29,323	82,467
International Support					4,000				4,000	6,135
Totals	\$ 764,337	\$ 3,893	\$ 508,427	\$ 65,773	\$ 69,009	\$ 66,242	\$ 1,982,836	\$ 201,653	\$ 3,662,170	\$ 3,519,999

SCHEDULE C

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

ADMINISTRATION AND PLANT AND FACILITY EXPENSE

YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
Administration		
Salaries	\$ 437,849	\$ 465,180
Association dues	107,546	93,200
Supplies	79,586	80,826
Bank service charges	70,724	90,074
Benefits	69,828	75,261
Insurance	51,446	51,928
Bad debt	41,747	34,147
PCI-DSD compliance	35,963	42,767
Office	32,094	34,210
Professional fees	21,790	21,730
Marketing and promotion	20,126	26,412
Staff development	10,826	7,887
Fundraising	10,599	4,153
RKY allocation	9,000	9,000
CEO and board expense	4,434	3,849
	<u>\$ 1,003,558</u>	<u>\$ 1,040,624</u>
 Plant and Facility		
Utilities and taxes	\$ 442,575	\$ 424,739
Salaries	440,921	412,749
Maintenance, supplies and repairs	289,486	259,326
Benefits	69,061	64,432
Vehicle	4,547	1,498
Staff development	1,832	437
	<u>\$ 1,248,422</u>	<u>\$ 1,163,181</u>

SCHEDULE D

YOUNG MEN'S CHRISTIAN ASSOCIATION OF KINGSTON, ONTARIO

REVENUES AND EXPENSES - ST. LAWRENCE COLLEGE CAMPUS

YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
Revenues		
Student fees	\$ 355,489	\$ 356,815
Memberships	2,067	2,236
Fees	2,375	3,348
Miscellaneous	5,462	2,942
	<u>\$ 365,393</u>	<u>\$ 365,341</u>
Expenses		
Membership		
Salaries	\$ 170,191	\$ 176,039
Benefits	20,043	23,652
Supplies	7,408	5,756
Promotion	2,539	1,739
Equipment maintenance	1,162	999
Staff development	97	1,352
	<u>201,440</u>	<u>209,537</u>
Administration		
PCI-DSS compliance	3,618	4,363
Supplies	2,784	2,546
Office	13,436	3,119
Insurance	1,140	1,200
YMCA administration allocation	22,987	22,540
YMCA management fee	42,842	42,002
Bank service charges	374	657
Association dues	5,808	6,288
	<u>92,989</u>	<u>82,715</u>
Plant and Facility		
Salaries	59,409	59,256
Benefits	4,928	4,570
Supplies	6,146	9,050
Vehicle	481	213
	<u>70,964</u>	<u>73,089</u>
	<u>\$ 365,393</u>	<u>\$ 365,341</u>