

Financial Statements of

**SUDBURY YOUNG MEN'S
CHRISTIAN ASSOCIATION**

Year ended March 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Members of Sudbury Young Men's Christian Association

We have audited the accompanying financial statements of **Sudbury Young Men's Christian Association** which comprise the statement of financial position as at March 31, 2015 and the statements of operations and changes in fund balances (deficit) and cash flows for the year then ended, and notes, comprising 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.

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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we 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, the financial statements present fairly, in all material respects, the financial position of Sudbury Young Men's Christian Association as at March 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants

July 13, 2015
Sudbury, Canada

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash and investments	\$ 710,858	812,000
Accounts receivable (note 2)	365,742	520,167
Current portion of net investment in leases (note 3)	5,260	15,180
Prepaid expenses	44,097	42,393
	<u>1,125,957</u>	<u>1,389,740</u>
Net investment in leases (note 3)	-	5,260
Capital assets (note 4)	9,436,311	9,819,795
	<u>\$ 10,562,268</u>	<u>11,214,795</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	286,143	471,524
Deferred revenue (note 7)	374,235	389,942
Current portion of loans payable (note 8)	218,862	258,103
	<u>879,240</u>	<u>1,119,569</u>
Loans payable (note 8)	4,839,046	6,302,444
	<u>5,718,286</u>	<u>7,422,013</u>
Fund balances	4,843,982	3,792,782
Commitments (note 11)		
	<u>\$ 10,562,268</u>	<u>11,214,795</u>

See accompanying notes to financial statements.

On behalf of the Board:



Helen Francis Director



Brian Cowell Director

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Operations and Changes in Fund Balances (Deficit)

Year ended March 31, 2015, with comparative information for 2014

	Operating		Capital		Restricted and Endowment		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue:								
Employment programs	\$ 4,311,539	4,190,737	-	-	-	-	4,311,539	4,190,737
Membership and programs	2,155,256	2,117,817	-	-	-	-	2,155,256	2,117,817
John Island / Falcona Camps	855,152	886,830	-	-	-	-	855,152	886,830
Child care	1,519,158	1,422,405	-	-	-	-	1,519,158	1,422,405
Provincial grants	10,636	18,460	-	-	-	-	10,636	18,460
Federal grants	42,347	26,670	-	56,904	-	-	42,347	83,574
United Way	72,300	71,400	-	-	-	-	72,300	71,400
Fundraising and other contributions	148,318	118,559	38,416	71,686	-	-	186,734	190,245
Lease finance income	-	-	936	1,946	-	-	936	1,946
Facility cost recoveries	263,801	258,404	-	-	-	-	263,801	258,404
Debt forgiveness (note 8)	-	-	1,227,000	-	-	-	1,227,000	-
Investment income (loss)	6,216	3,984	-	-	(16)	-	6,200	3,984
Miscellaneous	258,603	240,296	-	-	-	-	258,603	240,296
	9,643,326	9,355,562	1,266,352	130,536	(16)	-	10,909,662	9,486,098
Expenses:								
Employment programs	3,946,675	3,866,699	-	-	-	-	3,946,675	3,866,699
Membership and programs	1,174,907	1,039,050	-	-	-	-	1,174,907	1,089,050
John Island / Falcona Camps	782,706	799,936	-	-	-	-	782,706	799,936
Child care	1,428,126	1,365,046	-	-	-	-	1,428,126	1,365,046
Administration	546,833	495,328	-	-	-	-	546,833	445,328
Plant	1,358,157	1,272,957	-	-	-	-	1,358,157	1,272,957
Interest on loans payable	185,279	195,299	-	-	-	-	185,279	195,299
Amortization of capital assets	-	-	435,779	441,461	-	-	435,779	441,461
	9,422,683	9,034,315	435,779	441,461	-	-	9,858,462	9,475,776
Excess (deficiency) of revenue over expenses	220,643	321,247	830,573	(310,925)	(16)	-	1,051,200	10,322
Fund balances (deficit), beginning of year	(1,231,800)	(1,356,453)	4,977,796	5,092,127	46,786	46,786	3,792,782	3,782,460
Interfund transfers:								
Capital asset purchases and debt repayment	(209,934)	(196,594)	209,934	196,594	-	-	-	-
Fund balances (deficit), end of year	\$ (1,221,091)	(1,231,800)	6,018,303	4,977,796	46,770	46,786	4,843,982	3,792,782

See accompanying notes to financial statements.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 1,051,200	10,322
Adjustments for:		
Amortization of capital assets	435,779	441,461
Debt forgiveness	(1,227,000)	-
	259,979	451,783
Change in non-cash working capital (note 10)	(48,367)	(336,448)
	211,612	115,335
Cash flows from investing activities:		
Capital asset purchases	(52,294)	(506,796)
Cash flows from financing activities:		
Debt repayment	(275,640)	(194,041)
Decrease in net investment in leases	15,180	14,170
	(260,460)	(179,871)
Decrease in cash	(101,142)	(571,332)
Cash and investments, beginning of year	812,000	1,383,332
Cash and investments, end of year	\$ 710,858	812,000

See accompanying notes to financial statements.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2015

Sudbury Young Men's Christian Association (the "Association") is incorporated without share capital under the laws of Ontario and its principal activities include health, fitness, recreational and camping programs, child care and the operation of youth employment services.

1. Significant accounting policies:

(a) Basis of presentation:

As the Association receives funding for various purposes, the accounts are maintained in a manner which segregates transactions according to the following funds:

- Operating fund, which represents the day-to-day fitness, recreational, administrative, employment services and maintenance operations of the Association.
- Capital fund, which represents the equity in property and equipment resulting from capital additions, disposals, funding, financing and amortization charges.
- Restricted and endowment funds includes funds provided by various sources. The expense is internally restricted or endowed where the principal remains and investment income can be expended as specified by the donor.

(b) Revenue recognition:

The Association follows the restricted fund method of accounting. Under this method, the following principles have been applied:

- Contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the donor.
- Contributions including pledges and donations are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Unearned membership, program and grant revenues received are recorded as a liability and included in deferred revenue on the statement of financial position.

(c) Capital assets:

Capital assets are stated at cost, or fair value, if donated and amount is determinable. Amortization is provided on the straight-line basis using the following annual rates:

Assets	Rate
Buildings	2 1/2%
Leasehold improvements	10%
Furnishings and equipment	10%
Vehicles and computer equipment	33 1/3%

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2015

1. Significant accounting policies (continued):

(d) Use of estimates:

The preparation of the financial statements in conformity 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets and valuation allowances for receivables. Actual results could differ from those estimates.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Accounts receivable:

	2015	2014
Accounts receivable	\$ 377,358	553,787
Less allowance for doubtful accounts	(11,616)	(33,620)
	\$ 365,742	520,167

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2015

3. Net investment in leases:

The City of Greater Sudbury leases space in the building for Daycare programs.

The net investment in City of Greater Sudbury – Daycare leases is \$5,260 (2014 - \$20,440) which expires June 30, 2105.

4. Capital assets:

2015	Cost	Accumulated Amortization	Net Book Value
Durham Street:			
Land	\$ 729,033	–	729,033
Building	10,022,663	3,588,727	6,433,936
Furnishings and equipment	1,643,849	1,334,329	309,520
Computer equipment	93,098	93,098	–
	<u>12,488,643</u>	<u>5,016,154</u>	<u>7,472,489</u>
John Island Camp:			
Land, at nominal value	1	–	1
Buildings	1,155,370	278,189	877,181
Furnishings and equipment	805,404	688,189	117,215
Vehicles	114,641	114,641	–
	<u>2,075,416</u>	<u>1,081,019</u>	<u>994,397</u>
Falcona Camp:			
Land	450,000	–	450,000
Buildings	472,242	61,206	411,036
Furnishings and equipment	91,226	74,053	17,173
Vehicles	31,093	31,093	–
	<u>1,044,561</u>	<u>166,352</u>	<u>878,209</u>
Elm Street:			
Leasehold improvements	537,436	486,376	51,060
Computer equipment	50,139	49,581	558
Furnishings and equipment	72,167	32,569	39,598
Vehicles	34,093	34,093	–
	<u>693,835</u>	<u>602,619</u>	<u>91,216</u>
	<u>\$ 16,302,455</u>	<u>6,866,144</u>	<u>9,436,311</u>

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2015

4. Capital assets (continued):

2014	Cost	Accumulated Amortization	Net Book Value
Durham Street:			
Land	\$ 729,033	—	729,033
Building	10,025,853	3,338,829	6,687,024
Furnishings and equipment	1,633,189	1,282,018	351,171
Computer equipment	93,098	93,098	—
	<u>12,481,173</u>	<u>4,713,945</u>	<u>7,767,228</u>
John Island Camp:			
Land, at nominal value	1	—	1
Buildings	1,111,384	249,305	862,079
Furnishings and equipment	805,404	663,229	142,175
Vehicles	114,641	114,641	—
	<u>2,031,430</u>	<u>1,027,175</u>	<u>1,004,255</u>
Falcona Camp:			
Land	450,000	—	450,000
Buildings	472,242	49,399	422,843
Furnishings and equipment	91,226	67,374	23,852
Vehicles	31,093	31,093	—
	<u>1,044,561</u>	<u>147,866</u>	<u>896,695</u>
Elm Street:			
Leasehold improvements	537,436	432,633	104,803
Computer equipment	49,302	49,302	—
Furnishings and equipment	72,167	25,353	46,814
Vehicles	34,093	34,093	—
	<u>692,998</u>	<u>541,381</u>	<u>151,617</u>
	<u>\$ 16,250,162</u>	<u>6,430,367</u>	<u>9,819,795</u>

5. Bank indebtedness:

The Association has a line of credit of \$300,000 available for use. This unsecured balance bears interest at prime plus 1.50%. The line was not utilized in 2015.

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$4,566 (2014 - \$7,828) which includes amounts payable for payroll related taxes.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2015

7. Deferred revenue:

	2015	2014
Memberships and camps	\$ 329,913	353,810
Employment	14,203	5,251
Child Care	892	360
Gift Cards	2,062	1,014
Manitoulin – Sudbury District Social Service Administration Board (DSSAB)	27,165	29,507
	\$ 374,235	389,942

8. Loans payable:

Details of the loans payable are as follows:

			2015	2014
	Interest	Maturity	Total Outstanding	Total Outstanding
RBC term loan	3.60%	2032	\$ 5,057,908	5,260,547
Heritage Fund	N/A	–	–	1,300,000
			5,057,908	6,560,547
Less current portion			(218,862)	(258,103)
			\$ 4,839,046	6,302,444

The term loan is secured by a general security agreement and a collateral mortgage on the 140 Durham Street property. Renewals and rates are determined annually.

The \$1,300,000 balance of the interest free Heritage Fund loan was settled on February 6, 2015. The Sudbury YMCA agreed to pay \$73,000 to settle the obligation.

On the basis that repayments will be made pursuant to the terms of the agreements currently in place, principal due is approximately as follows:

2016	\$ 218,862
2017	226,646
2018	234,707
2019	243,055
2020	251,700
Thereafter	3,882,938

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2015

9. Restricted and endowment funds:

The balance is comprised of the following:

	2015	2014
Endowment fund	\$ 16,770	16,786
Reserve for health benefits	30,000	30,000
	\$ 46,770	46,786

10. Change in non-cash working capital:

	2015	2014
Cash provided by (used in):		
Decrease (increase) in accounts receivable	\$ 154,425	(177,772)
Increase in prepaid expenses	(1,704)	(24,602)
Decrease in accounts payable and accrued liabilities	(185,381)	(58,799)
Decrease in deferred revenue	(15,707)	(75,275)
	\$ (48,367)	(336,448)

11. Commitments:

The Association leases premises under an operating lease, which expires on August 31, 2020. The minimum annual rental payments are approximately as follows:

2016	\$ 166,000
2017	175,000
2018	182,000
2019	190,000
2020	197,000
	\$ 910,000

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2015

12. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2014.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk with respect to the accounts receivable. The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

13. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2015 financial statements.