

Financial Statements of

**SUDBURY YOUNG MEN'S
CHRISTIAN ASSOCIATION**

Year ended March 31, 2014



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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, 2014 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, 2014, 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

June 23, 2014
Sudbury, Canada

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Financial Position

March 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash and investments	\$ 812,000	1,383,332
Accounts receivable (note 2)	520,167	342,395
Current portion of net investment in leases (note 3)	15,180	14,170
Prepaid expenses	42,393	17,791
	<u>1,389,740</u>	<u>1,757,688</u>
Net investment in leases (note 3)	5,260	20,440
Capital assets (note 4)	9,819,795	9,754,460
	<u>\$ 11,214,795</u>	<u>11,532,588</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	471,524	530,323
Deferred revenue (note 7)	389,942	465,217
Current portion of loans payable (note 8)	258,103	234,444
	<u>1,119,569</u>	<u>1,229,984</u>
Loans payable (note 8)	6,302,444	6,520,144
	<u>7,422,013</u>	<u>7,750,128</u>
Fund balances	3,792,782	3,782,460
	<u>\$ 11,214,795</u>	<u>11,532,588</u>

See accompanying notes to financial statements.

On behalf of the Board:


 _____ Director

 _____ Director


SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Operations and Changes in Fund Balances (Deficit)

Year ended March 31, 2014, with comparative information for 2013

	Operating		Capital		Restricted and Endowment		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue:								
Employment programs	\$ 4,190,737	3,813,403	-	64,910	-	-	4,190,737	3,878,313
Membership and programs	2,117,817	2,023,889	-	-	-	-	2,117,817	2,023,889
John Island / Falcona Camps	886,830	879,527	-	-	-	-	886,830	879,527
Child care	1,422,405	1,500,657	-	-	-	-	1,422,405	1,500,657
Provincial grants	18,460	77,830	-	-	-	-	18,460	77,830
Federal grants	26,670	19,514	56,904	-	-	-	83,574	19,514
United Way	71,400	72,461	-	-	-	-	71,400	72,461
Fundraising and other contributions	118,559	97,869	71,686	13,299	-	-	190,245	111,168
Lease finance income	-	-	1,946	2,888	-	-	1,946	2,888
Facility cost recoveries	258,404	254,605	-	-	-	-	258,404	254,605
Other interest	3,984	3,436	-	-	-	-	3,984	3,436
Miscellaneous	240,296	241,358	-	-	-	-	240,296	241,358
	9,355,562	8,984,549	130,536	81,097	-	-	9,486,098	9,065,646
Expenses:								
Employment programs	3,866,699	3,551,842	-	-	-	-	3,866,699	3,551,842
Membership and programs	1,089,050	1,050,454	-	-	-	-	1,089,050	1,050,454
John Island / Falcona Camps	799,936	820,987	-	-	-	-	799,936	820,987
Child care	1,365,046	1,435,305	-	-	-	-	1,365,046	1,435,305
Administration	445,328	449,649	-	-	-	-	445,328	449,649
Plant	1,272,957	1,250,887	-	-	-	-	1,272,957	1,250,887
Interest on loans payable	195,299	198,331	-	-	-	-	195,299	198,331
Amortization of capital assets	-	-	441,461	408,560	-	-	441,461	408,560
	9,034,315	8,757,455	441,461	408,560	-	-	9,475,776	9,166,015
Excess (deficiency) of revenue over expenses	321,247	227,094	(310,925)	(327,463)	-	-	10,322	(100,369)
Fund balances (deficit), beginning of year	(1,356,453)	(1,390,287)	5,092,127	5,226,330	46,786	46,786	3,782,460	3,882,829
Interfund transfers:								
Capital asset purchases and debt repayment	(196,594)	(193,260)	196,594	193,260	-	-	-	-
Fund balances (deficit), end of year	\$ (1,231,800)	(1,356,453)	4,977,796	5,092,127	46,786	46,786	3,792,782	3,782,460

See accompanying notes to financial statements.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 10,322	(100,369)
Adjustments for:		
Amortization of capital assets	441,461	408,560
	451,783	308,191
Change in non-cash working capital (note 10)	(336,448)	(187,475)
	115,335	120,716
Cash flows from investing activities:		
Capital asset purchases	(506,796)	(117,475)
Cash flows from financing activities:		
Proceeds of long-term debt	-	2,128,190
Decrease in reduction of long-term obligations	(194,041)	(262,819)
Decrease in net investment in leases	14,170	13,228
	(179,871)	1,878,599
Increase (decrease) in cash	(571,332)	1,881,840
Cash and investments, beginning of year	1,383,332	(498,508)
Cash and investments, end of year	\$ 812,000	1,383,332

See accompanying notes to financial statements.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2014

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.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2014

1. Significant accounting policies (continued):

(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%

(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 loans payable, 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.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2014

2. Accounts receivable:

	2014	2013
Accounts receivable	\$ 553,787	372,710
Less allowance for doubtful accounts	(33,620)	(30,315)
	<u>\$ 520,167</u>	<u>342,395</u>

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 \$20,440 (2013 - \$34,610).

The lease for Daycare is being amortized over 15 years. There is an option to purchase the condominium space for nominal consideration at the lease expiration date.

The leases also provide for the recovery of the lessees' share of the annual operating and maintenance costs, on a square footage basis.

Future minimum lease payments for the Daycare to be received are as follows:

2015	\$ 15,180
2016	5,260
	<u>\$ 20,440</u>

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2014

4. Capital assets:

March 31, 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	25,352	46,815
Vehicles	34,093	34,093	-
	<u>692,998</u>	<u>541,380</u>	<u>151,618</u>
	<u>\$ 16,250,162</u>	<u>6,430,366</u>	<u>9,819,795</u>

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2014

4. Capital assets (continued):

March 31, 2013	Cost	Accumulated Amortization	Net Book Value
Durham Street:			
Land	\$ 729,033	—	729,033
Building	9,861,280	3,088,182	6,773,098
Furnishings and equipment	1,330,099	1,230,562	99,537
Computer equipment	93,098	93,098	—
	12,013,510	4,411,842	7,601,668
John Island Camp:			
Land, at nominal value	1	—	1
Buildings	1,072,248	221,520	850,728
Furnishings and equipment	805,404	632,986	172,418
Vehicles	114,641	114,641	—
	1,992,294	969,147	1,023,147
Falcona Camp:			
Land	450,000	—	450,000
Buildings	472,242	37,593	434,649
Furnishings and equipment	91,226	58,808	32,418
Vehicles	31,093	31,093	—
	1,044,561	127,494	917,067
Elm Street:			
Leasehold improvements	537,436	378,889	158,547
Computer equipment	49,302	49,302	—
Furnishings and equipment	72,167	18,136	54,031
Vehicles	34,093	34,093	—
	692,998	480,420	212,578
	\$ 15,743,363	5,988,903	9,754,460

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%.

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$7,828 (2013 - \$7,173) which includes amounts payable for payroll related taxes.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2014

7. Deferred revenue:

	2014	2013
Memberships and camps	\$ 353,810	355,442
Employment	5,251	107,953
Child Care	360	1,017
Gift Cards	1,014	805
DSSAB	29,507	—
	\$ 389,942	465,217

8. Loans payable:

Details of the loans payable are as follows:

			2014	2013
	Interest	Maturity	Total Outstanding	Total Outstanding
Heritage Fund	N/A	—	\$ 1,300,000	1,300,000
RBC term loan	3.60%	2032	5,260,547	5,452,359
Ford Credit	0%	2014	—	2,229
			6,560,547	6,754,588
Less current portion			(258,103)	(234,444)
			\$ 6,302,444	6,520,144

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 Heritage Fund loan is interest-free with principal due in annual payments of \$20,000 commencing April 2002 plus a contingent amount equal to 50% of the annual operating surplus which is defined as the operating surplus adjusted for non-cash items, less principal debt reduction and capital expenditures of up to \$400,000. The terms on the balance outstanding have yet to be finalized. No principal payments have been made on the loan since 2012.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2014

8. Loans payable (continued):

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

2015	\$ 258,103
2016	224,985
2017	232,593
2018	240,484
2019	248,668
Thereafter	5,355,714

9. Restricted and endowment funds:

The balance is comprised of the following:

	2014	2013
Endowment fund	\$ 16,786	16,786
Reserve for health benefits	30,000	30,000
	\$ 46,786	46,786

10. Change in non-cash working capital:

	2014	2013
Cash provided by (used in):		
Decrease (increase) in accounts receivable	\$ (177,772)	128,432
Decrease (increase) in prepaid expenses	(24,602)	9,332
Increase in accounts payable and accrued liabilities	(58,799)	(222,470)
Decrease in deferred revenue	(75,275)	(102,769)
	\$ (336,448)	(187,475)

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2014

11. 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 2013.

(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.

12. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2014 financial statements.