

Financial Statements of

**SUDBURY YOUNG MEN'S
CHRISTIAN ASSOCIATION**

Year ended March 31, 2012



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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, 2012, the statements of operations and changes in fund balances 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 generally accepted accounting principles 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, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

September 26, 2012
Sudbury, Canada

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Financial Position

March 31, 2012, with comparative figures for 2011

	Operating	Capital	Restricted and Endowment (note 7)	2012 Total	2011 Total
Assets					
Current assets:					
Cash and investments	\$ -	-	46,786	46,786	43,320
Accounts receivable	448,663	22,164	-	470,827	563,684
Current portion of net investment in leases (note 2)	-	13,228	-	13,228	12,969
Prepaid expenses	27,123	-	-	27,123	34,443
	475,786	35,392	46,786	557,964	654,416
Net investment in leases (note 2)	-	34,610	-	34,610	48,848
Capital assets (note 3)	-	10,045,545	-	10,045,545	10,280,503
	\$ 475,786	10,115,547	46,786	10,638,119	10,983,767

Liabilities and Fund Balances

Current liabilities:					
Bank indebtedness (note 4 and 6)	\$ 545,294	-	-	545,294	372,993
Accounts payable and accrued liabilities	752,793	-	-	752,793	673,268
Deferred revenue (note 5)	567,986	-	-	567,986	821,482
Current portion of loans payable (note 6)	-	280,800	-	280,800	403,760
	1,866,073	280,800	-	2,146,873	2,271,503
Loans payable (note 6)	-	4,608,417	-	4,608,417	4,815,482
Fund balances (deficit)	(1,390,287)	5,226,330	46,786	3,882,829	3,896,782
Contingencies (note 9)					
Subsequent events (note 11)					
	\$ 475,786	10,115,547	46,786	10,638,119	10,983,767

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

Year ended March 31, 2012, with comparative figures for 2011

	Operating		Capital		Restricted and Endowment		2011 Total
	2012	2011	2012	2011	2012	2011	
Revenue:							
Employment programs	\$ 4,065,472	4,377,268	-	-	-	-	4,065,472
Membership and programs	2,075,443	2,062,563	-	-	-	-	2,075,443
John Island / Falcona Camps	793,972	726,863	-	-	-	-	793,972
Child care	1,320,090	746,490	-	-	-	-	1,320,090
Provincial grants	54,871	54,567	58,664	119,516	-	-	113,535
Federal grants	19,514	19,303	17,984	119,516	-	-	37,498
United Way	60,047	68,212	-	-	-	-	60,047
Fundraising and other contributions	83,056	85,319	101,820	70,078	-	-	184,876
Lease finance income	-	-	2,001	5,508	-	-	2,001
Facility cost recoveries	258,431	239,113	-	-	-	-	258,431
Other interest	2,537	2,683	-	-	-	-	2,537
Miscellaneous	273,684	125,053	-	-	-	-	273,684
	9,007,117	8,507,434	180,469	314,618	-	-	9,187,586
Expenses:							
Employment programs	3,579,082	3,931,180	-	-	-	-	3,579,082
Membership and programs	905,129	982,321	-	-	-	-	905,129
John Island / Falcona Camps	772,047	725,565	-	-	-	-	772,047
Child care	1,260,563	729,595	-	-	-	-	1,260,563
Administration	893,872	702,259	-	-	-	-	893,872
Plant	1,172,445	1,183,262	-	-	-	-	1,172,445
Interest on loans payable	215,138	224,565	-	-	-	-	215,138
Amortization of capital assets	-	-	403,263	415,829	-	-	403,263
	8,798,276	8,478,747	403,263	415,829	-	-	9,201,539
Excess (deficiency) of revenue over expenses	208,841	28,687	(222,794)	(101,211)	-	-	(13,953)
Fund balances (deficit), beginning of year	(1,253,082)	(896,994)	5,133,078	4,849,514	16,786	16,786	3,896,782
Interfund transfers:							
Capital asset purchases and debt repayment	(316,046)	(384,775)	316,046	384,775	-	-	-
Transfer for health benefits reserve	(30,000)	-	-	-	30,000	-	-
Fund balances (deficit), end of year	\$ (1,390,287)	(1,253,082)	5,226,330	5,133,078	46,786	16,786	3,882,829
							8,894,576

See accompanying notes to financial statements.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Cash Flows

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (13,953)	(72,524)
Adjustments for:		
Amortization of capital assets	403,263	415,829
	389,310	343,305
Change in non-cash working capital (note 8)	(73,794)	382,555
	315,516	725,860
Cash flows from investing:		
Capital asset purchases	(168,305)	(439,217)
Cash flows from financing activities:		
Decrease in reduction of long-term obligations	(330,025)	(282,021)
Decrease in capital campaign receivable	-	10,000
Decrease in net investment in leases	13,979	11,845
	(316,046)	(260,176)
Increase (decrease) in cash	(168,835)	26,467
Cash position, beginning of year	(329,673)	(356,140)
Cash position, end of year	\$ (498,508)	(329,673)
Represented by:		
Cash and investments	\$ 46,786	43,320
Bank indebtedness	(545,294)	(372,993)
	\$ (498,508)	(329,673)

See accompanying notes to financial statements.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2012

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, 2012

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:

The Association accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles.

The financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the statement of financial position at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost.

The Association also complies with CICA 3861, "Financial Instruments – Disclosure and Presentation", for the presentation and disclosure of financial instruments and non-financial derivatives.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2012

2. 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 \$47,838 (2011 - \$61,817).

The lease for Daycare is being amortized over 15 years. The amount per annum is currently under negotiation. 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.

The minimum lease payments have been calculated assuming conditions consistent with current payment streams.

On the basis that repayments will be made pursuant to the terms of the agreements, future minimum lease payments for the Daycare to be received are as follows:

2012	\$	13,228
2013		14,170
2014		15,180
2015		5,260
2016		-
	\$	47,838

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2012

3. Capital assets:

	2012		2011	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Durham Street:				
Land	\$ 729,033	—	729,033	—
Building	9,861,280	2,841,650	9,861,280	2,595,118
Furnishings and equipment	1,330,099	1,209,416	1,330,099	1,188,269
Computer equipment	93,098	92,773	93,098	91,603
	12,013,510	4,143,839	12,013,510	3,874,990
John Island Camp:				
Land, at nominal value	1	—	1	—
Buildings	1,063,301	194,714	1,019,569	168,131
Furnishings and equipment	761,786	602,743	680,426	584,998
Vehicles	114,641	113,441	114,641	110,861
	1,939,729	910,898	1,814,637	863,990
Falcona Camp:				
Land	450,000	—	450,000	—
Buildings	472,242	25,787	429,030	13,981
Furnishings and equipment	91,226	50,011	91,226	40,888
Vehicles	31,093	31,093	31,093	31,093
	1,044,561	106,891	1,001,349	85,962
Elm Street:				
Leasehold improvements	521,435	325,145	521,435	273,002
Computer equipment	49,302	48,559	49,302	47,815
Furnishings and equipment	23,259	10,919	23,259	8,593
Vehicles	34,093	34,093	34,093	22,730
	628,089	418,716	628,089	352,140
	15,625,889	5,580,344	15,457,585	5,177,082
Less accumulated amortization	5,580,344		5,177,082	
	\$ 10,045,545		10,280,503	

4. Bank indebtedness:

This unsecured balance bears interest at prime (3.0% at year end). The balance is limited to \$550,000.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2012

5. Deferred revenue:

	2012	2011
Memberships and camps	\$ 389,344	392,541
Employment	178,642	312,859
Rights and Sponsorship	—	31,443
Child Care	—	9,304
Child Care - Construction	—	35,335
Ontario Works	—	40,000
	\$ 567,986	821,482

6. Loans payable:

Details of the loans payable are as follows:

				2012	2011	
	Interest	Maturity	Long-term Portion	Current Portion	Total Outstanding	Total Outstanding
Ford Credit	0%	2014	\$ 2,229	8,918	11,147	20,064
Heritage Fund	N/A	—	1,280,000	20,000	1,300,000	1,320,000
RBC term loan	5.70%	—	3,326,188	178,657	3,504,845	3,666,381
RBC term loan	2.50%	—	—	73,225	73,225	212,797
			\$ 4,608,417	280,800	4,889,217	5,219,242

The Association's credit agreement contains a facility to refinance their existing obligations. The terms of the new agreement provide for a fixed rate term loan for up to a maximum of \$5,500,000. The Association will be using the new fixed rate term loan to repay its maturing Royal Bank (RBC) term loans of \$3,504,845 and \$73,225 respectively and the bank indebtedness of \$545,294, while the remaining funds of \$1,367,636 will be used to settle their current accounts payable and accrued liabilities and reinvested into their facilities. The new agreement came into effect on settlement of the condominium agreements subsequent to year end (note 11). The new fixed rate term loan is secured by a first mortgage on the 140 Durham Street property and a general security agreement.

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.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2012

6. Loans payable (continued):

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

2013	\$	280,800	
2014		211,339	
2015		220,176	
2016		231,889	
2017		244,287	
Thereafter		3,700,726	

7. Restricted and endowment fund:

The balance is comprised of the following:

	2012	2011
Endowment fund	\$ 16,786	16,786
Reserve for health benefits	30,000	—
	\$ 46,786	16,786

8. Change in non-cash working capital:

	2012	2011
Cash provided by (used in):		
Increase (decrease) in accounts receivable	\$ 92,857	(6,879)
Decrease in prepaid expenses	7,320	65,539
Increase in accounts payable and accrued liabilities	79,525	88,075
Increase (decrease) in deferred revenue	(253,496)	235,820
	\$ (73,794)	382,555

9. Contingencies:

The Association is involved in certain litigation, the outcome of which is not presently determinable. The costs, if any, will be accounted for in the period in which the matter is resolved.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2012

10. Fair value of financial instruments:

The carrying values of cash and investments, accounts receivable, net investment in leases, bank indebtedness and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items, that they are carried at market or because they are receivable, payable on demand or subject to renegotiation.

Information concerning loans payable is provided in note 6. Except for the loan from the Heritage Fund, the fair values approximate their carrying values given the current rates of borrowing.

The Heritage Fund loan is non-interest bearing with indefinite terms of repayment; accordingly, it is not practicable to determine its fair value.

There are no significant exposures to credit or market risks.

11. Subsequent event:

Subsequent to the year end, the Association entered into a credit facility agreement to refinance their existing obligations (note 6) on settlement of the condominium agreements which set out the terms and nature of the facility space usage and cost sharing thereof among the partners.