

**YMCA OF GREATER SAINT JOHN INC.**

(Incorporated under the laws of New Brunswick)

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

# YMCA OF GREATER SAINT JOHN INC.

DECEMBER 31, 2016

## CONTENTS

	<b>Page</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statement of Changes in Fund Balances	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 12



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## INDEPENDENT AUDITORS' REPORT

To the Members of YMCA of Greater Saint John Inc.

We have audited the accompanying consolidated financial statements of YMCA of Greater Saint John Inc., which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of operations, statement of changes in fund balances and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated 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 organization'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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of YMCA of Greater Saint John Inc. as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in blue ink that reads 'Belyea Colwell Daley'. The signature is written in a cursive, flowing style.

CHARTERED PROFESSIONAL ACCOUNTANTS

Saint John, NB  
March 28, 2017

# YMCA OF GREATER SAINT JOHN INC.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

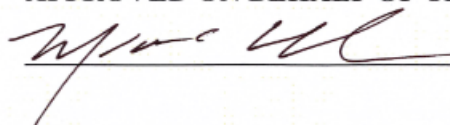
AS AT DECEMBER 31, 2016

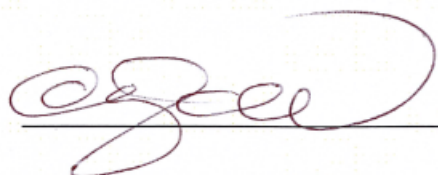
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>Total 2016</u>	<u>Total 2015</u>
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash (Note 2)	\$ 1,512,333	\$ 173,222	\$ 16,447	\$ 1,702,002	\$ 1,496,362
Accounts receivable (Note 3)	208,750	29,871	2,437	241,058	1,265,898
Prepaid expenses	<u>101,939</u>	<u>-</u>	<u>-</u>	<u>101,939</u>	<u>60,007</u>
	1,823,022	203,093	18,884	2,044,999	2,822,267
<b>INVESTMENTS (Note 4)</b>	-	-	804,350	804,350	756,463
<b>PROPERTY, PLANT AND EQUIPMENT (Note 5)</b>	<u>1,032,669</u>	<u>20,123,688</u>	<u>-</u>	<u>21,156,357</u>	<u>21,759,774</u>
	<u>\$ 2,855,691</u>	<u>\$ 20,326,781</u>	<u>\$ 823,234</u>	<u>\$ 24,005,706</u>	<u>\$ 25,338,504</u>
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities (Note 6)	\$ 354,901	\$ 59,705	\$ 2,401	\$ 417,007	\$ 2,281,690
Deferred revenue (Note 7)	1,045,525	-	-	1,045,525	837,041
Demand term loan (Note 8)	<u>976,763</u>	<u>1,353,237</u>	<u>-</u>	<u>2,330,000</u>	<u>2,500,000</u>
	2,377,189	1,412,942	2,401	3,792,532	5,618,731
<b>DEFERRED CONTRIBUTIONS (Note 9)</b>	39,773	17,139,899	-	17,179,672	17,067,941
<b>INTER-FUND ACCOUNTS PAYABLE (RECEIVABLE)</b>	<u>158,476</u>	<u>4,305</u>	<u>(162,781)</u>	<u>-</u>	<u>-</u>
	<u>2,575,438</u>	<u>18,557,146</u>	<u>(160,380)</u>	<u>20,972,204</u>	<u>22,686,672</u>
<b>FUND BALANCES</b>					
<b>INVESTED IN PROPERTY, PLANT AND EQUIPMENT</b>	-	1,544,635	-	1,544,635	1,654,231
<b>EXTERNALLY RESTRICTED</b>	-	-	606,871	606,871	589,554
<b>INTERNALLY RESTRICTED</b>	-	-	376,743	376,743	350,606
<b>RESTRICTED FOR CAPITAL REPLACEMENT (Note 2)</b>	-	225,000	-	225,000	-
<b>UNRESTRICTED</b>	<u>280,253</u>	<u>-</u>	<u>-</u>	<u>280,253</u>	<u>57,441</u>
	<u>280,253</u>	<u>1,769,635</u>	<u>983,614</u>	<u>3,033,502</u>	<u>2,651,832</u>
	<u>\$ 2,855,691</u>	<u>\$ 20,326,781</u>	<u>\$ 823,234</u>	<u>\$ 24,005,706</u>	<u>\$ 25,338,504</u>

See accompanying notes to financial statements.

**COMMITMENTS (Notes 10)**

**APPROVED ON BEHALF OF THE BOARD:**

 Director

 Director

**YMCA OF GREATER SAINT JOHN INC.**

**CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b><u>Operating Fund</u></b>	<b><u>Capital Fund</u></b>	<b><u>Endowment Fund</u></b>	<b><u>Total 2016</u></b>	<b><u>Total 2015</u></b>
<b>BALANCE AT BEGINNING OF YEAR</b>	\$ 57,441	\$ 1,654,231	\$ 940,160	\$ 2,651,832	\$ 2,557,463
<b>ENDOWMENT CONTRIBUTIONS</b>	-	-	1,000	1,000	106,600
<b>TRANSFER TO FUND BALANCE RESTRICTED FOR CAPITAL REPLACEMENT (Note 2)</b>	(225,000)	225,000	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE</b>	<u>447,812</u>	<u>(109,596)</u>	<u>42,454</u>	<u>380,670</u>	<u>(12,231)</u>
<b>BALANCE AT END OF YEAR</b>	<u>\$ 280,253</u>	<u>\$ 1,769,635</u>	<u>\$ 983,614</u>	<u>\$ 3,033,502</u>	<u>\$ 2,651,832</u>

See accompanying notes to financial statements.

# YMCA OF GREATER SAINT JOHN INC.

## CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>Total 2016</u>	<u>Total 2015</u>
<b>REVENUE</b>					
Newcomer services	\$ 2,551,771	\$ -	\$ -	\$ 2,551,771	\$ 1,343,454
Childcare centres	2,160,098	-	-	2,160,098	1,795,397
Health, fitness and aquatics	2,019,444	-	-	2,019,444	644,698
Community centres and after school sites	1,939,591	-	-	1,939,591	1,960,951
Camps	505,545	-	-	505,545	524,731
Other revenue and donations	229,458	-	9,063	238,521	209,884
Investment income	5,962	-	24,019	29,981	43,342
Rental income	-	-	4,000	4,000	12,000
Amortization of deferred contributions (Note 9)	<u>32,017</u>	<u>448,157</u>	<u>-</u>	<u>480,174</u>	<u>206,968</u>
	<u>9,443,886</u>	<u>448,157</u>	<u>37,082</u>	<u>9,929,125</u>	<u>6,741,425</u>
<b>EXPENDITURE</b>					
Salaries and benefits	5,983,045	-	-	5,983,045	4,606,553
Programs supplies and equipment	1,016,373	-	-	1,016,373	524,164
Maintenance and utilities	641,070	-	-	641,070	295,331
Office and general	245,254	68	-	245,322	149,707
Rent	222,934	-	-	222,934	299,105
Professional fees	206,379	-	-	206,379	207,947
Bank and financial	190,382	52,535	-	242,917	74,720
Staff and volunteer development	119,795	-	-	119,795	77,934
Advertising	64,742	-	-	64,742	67,160
Endowment	-	-	43,694	43,694	41,912
Fundraising	13,480	-	-	13,480	41,014
Amortization	<u>292,620</u>	<u>505,150</u>	<u>3,234</u>	<u>801,004</u>	<u>363,799</u>
	<u>8,996,074</u>	<u>557,753</u>	<u>46,928</u>	<u>9,600,755</u>	<u>6,749,346</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE BEFORE NET GAIN (LOSS) ON INVESTMENTS</b>					
	447,812	(109,596)	(9,846)	328,370	(7,921)
<b>NET GAIN (LOSS) ON INVESTMENTS</b>					
	<u>-</u>	<u>-</u>	<u>52,300</u>	<u>52,300</u>	<u>(4,310)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE</b>					
	<u>\$ 447,812</u>	<u>\$ (109,596)</u>	<u>\$ 42,454</u>	<u>\$ 380,670</u>	<u>\$ (12,231)</u>

See accompanying notes to financial statements.

COMPARATIVE FIGURES (Note 12)

# YMCA OF GREATER SAINT JOHN INC.

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>Total 2016</u>	<u>Total 2015</u>
<b>CASH PROVIDED BY (USED IN)</b>					
Operating activities					
Excess (deficiency) of revenue over expenditure	\$ 447,812	\$ (109,596)	\$ 42,454	\$ 380,670	\$ (12,231)
Items not involving cash					
Amortization	292,620	505,150	3,234	801,004	363,799
Amortization of deferred contributions related to property, plant and equipment	(32,017)	(448,157)	-	(480,174)	(206,968)
Loss (gain) on disposal of property, plant and equipment	1,038	-	-	1,038	(3,404)
Net (gain) loss on investments	<u>-</u>	<u>-</u>	<u>(52,300)</u>	<u>(52,300)</u>	<u>4,310</u>
	709,453	(52,603)	(6,612)	650,238	145,506
Changes in non-cash working capital balances					
Accounts receivable	73,521	950,818	501	1,024,840	320,318
Prepaid expenses	(41,932)	-	-	(41,932)	(10,567)
Accounts payable and accrued liabilities	89,525	(1,953,414)	(794)	(1,864,683)	895,034
Holdback payable	-	-	-	-	(1,228,211)
Deferred revenue	<u>208,484</u>	<u>-</u>	<u>-</u>	<u>208,484</u>	<u>252,215</u>
	<u>1,039,051</u>	<u>(1,055,199)</u>	<u>(6,905)</u>	<u>(23,053)</u>	<u>374,295</u>
Investing activities					
Purchase of investments	-	-	(74,790)	(74,790)	(403,615)
Proceeds on disposal of investments	-	-	79,203	79,203	540,308
Purchase of property, plant and equipment	(129,201)	(70,555)	-	(199,756)	(10,856,387)
Proceeds on disposal of property, plant and equipment	<u>1,131</u>	<u>-</u>	<u>-</u>	<u>1,131</u>	<u>15,018</u>
	<u>(128,070)</u>	<u>(70,555)</u>	<u>4,413</u>	<u>(194,212)</u>	<u>(10,704,676)</u>
Financing activities					
Proceeds of demand term loan	-	450,000	-	450,000	2,500,000
Repayment of demand term loan	(120,000)	(500,000)	-	(620,000)	-
Deferred contributions received	26,221	565,684	-	591,905	5,148,237
Inter-fund accounts	(91,486)	84,163	7,323	-	-
Endowment contributions	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>106,600</u>
	<u>(185,265)</u>	<u>599,847</u>	<u>8,323</u>	<u>422,905</u>	<u>7,754,837</u>
<b>INCREASE (DECREASE) IN CASH</b>	725,716	(525,907)	5,831	205,640	(2,575,544)
<b>CASH AT BEGINNING OF YEAR</b>	<u>786,617</u>	<u>699,129</u>	<u>10,616</u>	<u>1,496,362</u>	<u>4,071,906</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 1,512,333</u>	<u>\$ 173,222</u>	<u>\$ 16,447</u>	<u>\$ 1,702,002</u>	<u>\$ 1,496,362</u>

See accompanying notes to financial statements.

# YMCA OF GREATER SAINT JOHN INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### PURPOSE OF THE ORGANIZATION

YMCA of Greater Saint John Inc. is a membership and volunteer association committed to excellence in serving the community through the development of spirit, mind and body.

Additionally, YMCA of Greater Saint John Inc. controls the activities of YMCA of Greater Saint John Endowment Fund Inc. by virtue of its ability to approve the election or appointment of the majority of the Board of Directors. The purpose of YMCA of Greater Saint John Endowment Fund Inc. is to raise, invest and direct the management of funds and distribute investment income for the purpose of providing for the future financial stability of YMCA of Greater Saint John Inc. and to enhance the "Y" presence in the community.

These organization are incorporated under the laws of New Brunswick and, as a registered charities under the Income Tax Act, are exempt from paying income taxes.

### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **Consolidated Financial Statements**

These financial statements have been prepared on a consolidated basis and include the accounts of both YMCA of Greater Saint John Inc. and YMCA of Greater Saint John Endowment Fund Inc.

#### **Fund Accounting**

YMCA of Greater Saint John Inc., which follows the deferral method of accounting for contributions, uses three funds to record its transactions, the Operating Fund, the Capital Fund and the Endowment Fund.

##### *Operating Fund*

The Operating Fund includes all revenue and expenditure related to program delivery and administrative activities.

##### *Capital Fund*

The Capital Fund reports the assets, liabilities, revenue and expenditure related to the organization's land, buildings and leasehold improvements and revenue and expenditure related to the fundraising campaign to raise money for construction of the Saint John Regional Y and revitalization of Camp Glenburn.

##### *Endowment Fund*

The Endowment Fund consists of the assets, liabilities, revenue and expenditure of YMCA of Greater Saint John Endowment Fund Inc. Certain endowment contributions and the investment income earned thereon are subject to restrictions imposed by contributors. The remaining Endowment Fund balance has been internally restricted and is not available for operating purposes without the approval of the board of directors of YMCA of Greater Saint John Endowment Fund Inc.

#### **Cash and Cash Equivalents**

The organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition.



# YMCA OF GREATER SAINT JOHN INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Property, Plant and Equipment

Purchased property, plant and equipment are recorded at acquisition cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Land, building and leasehold improvements are recorded in the Capital Fund and equipment is recorded in the Operating Fund. Amortization is being provided for using the straight-line method at the following annual rates:

Buildings	2.5% - 5%
Equipment	10% - 33%
Leasehold improvements	33%

#### Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenditure is incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the fund balance in the year.

Revenue from membership sales is recognized over the term of the memberships.

Pledges receivable are not recognized as revenue until collected because the organization cannot make a reasonable estimate of the amount that will be collected and collection is not reasonably assured. Pledges collected subsequent to December 31, 2016 for the construction of the Regional Y and the revitalization of Camp Glenburn will be deferred and amortized to income over the remaining estimated useful life of the assets.

All other revenue is recorded on an accrual basis.

#### Financial Instruments

##### *Measurement of Financial Instruments*

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenditure.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and demand term loan.

The organization's financial assets measured at fair value include investments.

# YMCA OF GREATER SAINT JOHN INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenditure. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenditure.

#### *Transaction Costs*

The organization recognizes its transaction costs in excess of revenue over expenditure in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

#### **Contributed Services**

Volunteers contribute an indeterminable number of hours per year. Due to the difficulty of determining their fair value, contributed services are not recognized in the consolidated financial statements.

#### **Use of Estimates**

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

### 2. INTERNAL RESTRICTION FOR CAPITAL REPLACEMENT

In November 2015, the Board of Directors established an internally restricted fund for capital replacement. The purpose of the restricted fund is to provide for major repairs to the organization's three main assets - the Regional Y, Glen Carpenter Centre and Camp Glenburn. All contributions to and withdrawals from the capital replacement fund must be approved by the Board of Directors. For 2016, the Board of Directors approved a transfer of \$225,000 to the internally restricted fund.

### 3. ACCOUNTS RECEIVABLE

	<b><u>Operating Fund</u></b>	<b><u>Capital Fund</u></b>	<b><u>Endowment Fund</u></b>	<b><u>Total 2016</u></b>	<b><u>Total 2015</u></b>
Other accounts receivable	\$ 81,674	\$ -	\$ 2,437	\$ 84,111	\$ 64,406
Provincial Government	80,359	-	-	80,359	196,053
Programs	56,998	-	-	56,998	37,134
Federal Government	-	18,381	-	18,381	525,001
HST recoverable	-	11,490	-	11,490	455,687
Allowance for doubtful accounts	<u>(10,281)</u>	<u>-</u>	<u>-</u>	<u>(10,281)</u>	<u>(12,383)</u>
	<b><u>\$ 208,750</u></b>	<b><u>\$ 29,871</u></b>	<b><u>\$ 2,437</u></b>	<b><u>\$ 241,058</u></b>	<b><u>\$ 1,265,898</u></b>

# YMCA OF GREATER SAINT JOHN INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 4. INVESTMENTS

	<u>2016</u>	<u>2015</u>
Money market funds	\$ <u>39,864</u>	\$ <u>4,563</u>
Government of Canada bonds, bearing coupon rates of 5% to 8%, due 2027 to 2037, face value of \$34,000 (2015 - \$34,000)	51,309	53,581
Provincial bonds, bearing coupon rates of 1.45% to 6.5%, due 2018 to 2037, face value of \$45,507 (2015 - \$45,507)	50,747	51,373
Corporate bonds, bearing coupon rates of 1.58% to 2.85%, due 2017 to 2023, face value of \$218,524 (2015 - \$215,524)	<u>215,944</u>	<u>212,049</u>
	<u>318,000</u>	<u>317,003</u>
Equities:		
Canadian equities	317,075	298,582
Foreign equities	<u>129,411</u>	<u>136,315</u>
	<u>446,486</u>	<u>434,897</u>
	<u>\$ 804,350</u>	<u>\$ 756,463</u>

### 5. PROPERTY, PLANT AND EQUIPMENT

	<u>2016</u>			<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Operating Fund				
Equipment	\$ 1,813,847	\$ 781,178	\$ 1,032,669	\$ 1,198,257
Leasehold improvements	<u>66,142</u>	<u>66,142</u>	<u>-</u>	<u>-</u>
	<u>1,879,989</u>	<u>847,320</u>	<u>1,032,669</u>	<u>1,198,257</u>
Capital Fund				
Land	1,051,540	-	1,051,540	917,620
Buildings	<u>19,973,025</u>	<u>900,877</u>	<u>19,072,148</u>	<u>19,473,263</u>
	<u>21,024,565</u>	<u>900,877</u>	<u>20,123,688</u>	<u>20,390,883</u>
Endowment Fund				
Land	-	-	-	51,000
Building	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,634</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,634</u>
	<u>\$ 22,904,554</u>	<u>\$ 1,748,197</u>	<u>\$ 21,156,357</u>	<u>\$ 21,759,774</u>

# YMCA OF GREATER SAINT JOHN INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities includes HST payable of \$299 (2015 - \$3,304).

### 7. DEFERRED REVENUE

	<u>2016</u>	<u>2015</u>
Newcomer services	\$ 368,711	\$ 190,150
Grants and donations	284,495	245,848
Childcare centres	251,876	231,757
Early Learning Centre	89,703	124,494
Fitness	31,156	37,863
Residential camp	<u>19,584</u>	<u>6,929</u>
	<u>\$ 1,045,525</u>	<u>\$ 837,041</u>

### 8. DEMAND TERM CREDIT FACILITIES

The organization has the following credit facilities available at December 31, 2016:

Facility 1: A \$200,000 revolving demand facility at an interest rate of prime plus 0.50%; and

Facility 2: A \$3,000,000 non-revolving demand term facility with an interest rate of prime plus 0.70%, repayable in monthly payments of \$20,000 plus interest.

At December 31, 2016, YMCA of Greater Saint John Inc. has drawn on their available credit facilities as follows:

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2016</u>	<u>Total 2015</u>
Facility 1	\$ -	\$ -	\$ -	\$ -
Facility 2	<u>976,763</u>	<u>1,353,237</u>	<u>2,330,000</u>	<u>2,500,000</u>
	<u>\$ 976,763</u>	<u>\$ 1,353,237</u>	<u>\$ 2,330,000</u>	<u>\$ 2,500,000</u>

# YMCA OF GREATER SAINT JOHN INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 9. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY, PLANT AND EQUIPMENT

Deferred contributions are related to property, plant and equipment and represent contributions to YMCA of Greater Saint John Inc. from federal, provincial and municipal government and private capital campaign contributions for the purchase of property, plant and equipment. These contributions are amortized to revenue on the same basis as the related property, plant and equipment are amortized to expenditure. The change in the deferred contributions balance for the year is as follows:

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2016</u>	<u>Total 2015</u>
Balance at beginning of year	\$ 45,569	\$17,022,372	\$17,067,941	\$10,073,393
Contributions received during the year	26,221	565,684	591,905	7,201,516
Amount amortized to revenue	<u>(32,017)</u>	<u>(448,157)</u>	<u>(480,174)</u>	<u>(206,968)</u>
Balance at end of year	<u>\$ 39,773</u>	<u>\$17,139,899</u>	<u>\$17,179,672</u>	<u>\$17,067,941</u>

### 10. COMMITMENTS

The organization has made commitments for leased equipment and service contracts. The minimum annual payments over the next five year are as follows:

2017	\$ 74,175
2018	8,352
2019	7,996
2020	2,929
2021	1,680

The organization leases facilities with minimum annual lease payments over the next five years as follows:

2017	\$ 124,266
2018	98,986
2019	95,350
2020	97,667
2021	14,863

# YMCA OF GREATER SAINT JOHN INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 11. FINANCIAL INSTRUMENTS

#### *Risks and Concentrations*

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the balance sheet date:

#### *Liquidity Risk*

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its demand term loan and accounts payable and accrued liabilities.

#### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts receivable. The organization provides credit to its clients in the normal course of operations.)

#### *Market Risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

#### *Currency Risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Approximately 16% (2015 - 18%) of the organization's investments are in foreign currency. Consequently, some assets are exposed to foreign exchange fluctuations.

#### *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Approximately 40% (2015 - 42%) of the organization's investments are fixed rate investments. The organization is exposed to interest rate risk on its fixed rate investments. Fixed-rate instruments subject the organization to a fair value risk.

#### *Other Price Risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments in quoted shares.

### 12. COMPARATIVE FIGURES

Certain amounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the current year consolidated financial statements.