

**YMCA OF GREATER SAINT JOHN INC.**

(Incorporated under the laws of New Brunswick)

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

# YMCA OF GREATER SAINT JOHN INC.

DECEMBER 31, 2014

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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, 2014, 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, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Belyea Colwell & Associates*

CHARTERED ACCOUNTANTS

Saint John, NB  
April 28, 2015

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# YMCA OF GREATER SAINT JOHN INC.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>Total 2014</u>	<u>Total 2013</u>
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash	\$ 460,650	\$ 3,530,675	\$ 80,581	\$ 4,071,906	\$ 2,220,593
Accounts receivable (Note 2)	152,993	1,430,858	2,365	1,586,216	99,158
Prepaid expenses	<u>49,047</u>	<u>393</u>	<u>-</u>	<u>49,440</u>	<u>43,656</u>
	662,690	4,961,926	82,946	5,707,562	2,363,407
<b>INVESTMENTS (Note 3)</b>	-	-	897,466	897,466	710,705
<b>PROPERTY, PLANT AND EQUIPMENT (Note 4)</b>	<u>187,306</u>	<u>10,911,160</u>	<u>180,334</u>	<u>11,278,800</u>	<u>1,593,788</u>
	<u>\$ 849,996</u>	<u>\$15,873,086</u>	<u>\$ 1,160,746</u>	<u>\$17,883,828</u>	<u>\$ 4,667,900</u>
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities	\$ 154,320	\$ 1,227,009	\$ 5,327	\$ 1,386,656	\$ 178,042
Holdback payable (Note 4)	-	1,228,211	-	1,228,211	-
Deferred revenue (Note 6)	584,826	-	-	584,826	393,506
Deferred capital contributions (Note 7)	-	2,053,279	-	2,053,279	1,768,419
Principal due within one year on long-term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,800</u>
	739,146	4,508,499	5,327	5,252,972	2,350,767
<b>LONG-TERM (Note 8)</b>	-	-	-	-	12,711
<b>DEFERRED CONTRIBUTIONS (Note 9)</b>	82,160	9,991,233	-	10,073,393	553,620
<b>INTER-FUND ACCOUNTS PAYABLE (RECEIVABLE)</b>	<u>(500)</u>	<u>(253,784)</u>	<u>254,284</u>	<u>-</u>	<u>-</u>
	<u>820,806</u>	<u>14,245,948</u>	<u>259,611</u>	<u>15,326,365</u>	<u>2,917,098</u>
<b>FUND BALANCES</b>					
<b>INVESTED IN PROPERTY, PLANT AND EQUIPMENT</b>	-	1,627,138	-	1,627,138	1,162,099
<b>EXTERNALLY RESTRICTED</b>	-	-	649,218	649,218	524,862
<b>INTERNALLY RESTRICTED</b>	-	-	251,917	251,917	297,846
<b>UNRESTRICTED</b>	<u>29,190</u>	<u>-</u>	<u>-</u>	<u>29,190</u>	<u>(234,005)</u>
	<u>29,190</u>	<u>1,627,138</u>	<u>901,135</u>	<u>2,557,463</u>	<u>1,750,802</u>
	<u>\$ 849,996</u>	<u>\$15,873,086</u>	<u>\$ 1,160,746</u>	<u>\$17,883,828</u>	<u>\$ 4,667,900</u>

COMMITMENTS (Notes 10)

CONTRACTUAL OBLIGATIONS (Note 12)

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, 2014**

	<b><u>Operating Fund</u></b>	<b><u>Capital Fund</u></b>	<b><u>Endowment Fund</u></b>	<b><u>Total 2014</u></b>	<b><u>Total 2013</u></b>
<b>BALANCE AT BEGINNING OF YEAR</b>	\$ (234,005)	\$ 1,162,099	\$ 822,708	\$ 1,750,802	\$ 1,538,555
<b>ENDOWMENT CONTRIBUTIONS</b>	-	-	90,427	90,427	710
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE</b>	263,195	(3,161)	63,000	323,034	211,537
<b>CONTRIBUTION OF LAND (Note 4)</b>	-	393,200	-	393,200	-
<b>INTER-FUND TRANSFERS</b>					
Capital campaign contributions from Endowment Fund to Capital Fund	<u>-</u>	<u>75,000</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>
<b>BALANCE AT END OF YEAR</b>	<b><u>\$ 29,190</u></b>	<b><u>\$ 1,627,138</u></b>	<b><u>\$ 901,135</u></b>	<b><u>\$ 2,557,463</u></b>	<b><u>\$ 1,750,802</u></b>

# YMCA OF GREATER SAINT JOHN INC.

## CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>Total 2014</u>	<u>Total 2013</u>
<b>REVENUE</b>					
Fitness	\$ 343,852	\$ -	\$ -	\$ 343,852	\$ 337,686
Childcare centres	2,255,808	-	-	2,255,808	2,060,389
Community centres	1,379,450	-	-	1,379,450	1,167,616
Residential camp	508,636	-	-	508,636	403,051
Immigrant services	1,404,365	-	-	1,404,365	1,355,431
Employment services	24,157	-	-	24,157	78,353
Youth and other activities	30,717	-	-	30,717	40,057
Recognized grants and donations	153,864	16,511	1,590	171,965	179,224
Investment income	-	37,795	28,319	66,114	27,427
Rental income	-	-	12,000	12,000	12,000
Amortization of deferred contributions (Note 9)	<u>51,172</u>	<u>15,080</u>	<u>-</u>	<u>66,252</u>	<u>56,410</u>
	<u>6,152,021</u>	<u>69,386</u>	<u>41,909</u>	<u>6,263,316</u>	<u>5,717,644</u>
<b>EXPENDITURE</b>					
Salaries and benefits	4,190,053	-	-	4,190,053	3,906,723
Rent	416,696	-	-	416,696	403,372
Office and general	153,053	-	-	153,053	146,254
Programs supplies and equipment	416,245	-	-	416,245	354,108
Professional fees	169,069	-	-	169,069	157,166
Maintenance and utilities	69,858	-	-	69,858	76,652
Staff and volunteer development	183,642	-	-	183,642	149,246
Advertising	64,048	-	-	64,048	32,953
Bank and financial	95,060	-	-	95,060	90,974
Fundraising	20,982	54,306	-	75,288	74,478
Amortization	110,120	18,241	9,700	138,061	132,618
Endowment	<u>-</u>	<u>-</u>	<u>32,016</u>	<u>32,016</u>	<u>29,384</u>
	<u>5,888,826</u>	<u>72,547</u>	<u>41,716</u>	<u>6,003,089</u>	<u>5,553,928</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE BEFORE NET GAIN ON INVESTMENTS</b>					
	263,195	(3,161)	193	260,227	163,716
<b>NET REALIZED GAIN ON INVESTMENTS</b>					
	-	-	25,461	25,461	3,171
<b>NET UNREALIZED GAIN ON INVESTMENTS</b>					
	<u>-</u>	<u>-</u>	<u>37,346</u>	<u>37,346</u>	<u>44,650</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE</b>					
	<u>\$ 263,195</u>	<u>\$ (3,161)</u>	<u>\$ 63,000</u>	<u>\$ 323,034</u>	<u>\$ 211,537</u>

# YMCA OF GREATER SAINT JOHN INC.

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Operating</u> <u>Fund</u>	<u>Capital</u> <u>Fund</u>	<u>Endowment</u> <u>Fund</u>	<u>Total</u> <u>2014</u>	<u>Total</u> <u>2013</u>
<b>CASH PROVIDED BY (USED IN)</b>					
Operating activities					
Excess (deficiency) of revenue over expenditure	\$ 263,195	\$ (3,161)	\$ 63,000	\$ 323,034	\$ 211,537
Items not involving cash					
Amortization	110,120	18,241	9,700	138,061	132,618
Amortization of deferred contributions related to property, plant and equipment	(51,172)	(15,080)	-	(66,252)	(56,410)
Net realized gain on investments	-	-	(25,461)	(25,461)	(3,171)
Net unrealized gain on investments	-	-	(37,346)	(37,346)	(44,650)
	<u>322,143</u>	<u>-</u>	<u>9,893</u>	<u>332,036</u>	<u>239,924</u>
Changes in non-cash working capital balances					
Accounts receivable	(71,159)	(1,415,421)	(978)	(1,487,558)	(25,813)
Prepaid expenses	(5,391)	(393)	-	(5,784)	6,367
Accounts payable and accrued liabilities	32,467	1,173,804	2,343	1,208,614	88,527
Holdback payable	-	1,228,211	-	1,228,211	-
Deferred revenue	191,320	-	-	191,320	149,618
Deferred capital contributions	-	284,860	-	284,860	1,125,591
	<u>469,380</u>	<u>1,271,061</u>	<u>11,258</u>	<u>1,751,699</u>	<u>1,584,214</u>
Investing activities					
Purchase of investments	-	-	(273,310)	(273,310)	(64,973)
Proceeds on disposal of investments	-	-	149,356	149,356	37,556
Purchase of property, plant and equipment	(60,404)	(9,369,469)	-	(9,429,873)	(162,064)
	<u>(60,404)</u>	<u>(9,369,469)</u>	<u>(123,954)</u>	<u>(9,553,827)</u>	<u>(189,481)</u>
Financing activities					
Repayment of long-term debt	(23,511)	-	-	(23,511)	(189,677)
Deferred contributions received	5,000	9,581,025	-	9,586,025	30,052
Inter-fund accounts	(466,482)	345,046	121,936	500	-
Endowment contributions	-	-	90,427	90,427	710
Inter-fund transfers	-	75,000	(75,000)	-	-
	<u>(484,993)</u>	<u>10,001,071</u>	<u>137,363</u>	<u>9,653,441</u>	<u>(158,915)</u>
<b>INCREASE IN CASH</b>	(76,017)	1,902,663	24,667	1,851,313	1,235,818
<b>CASH AT BEGINNING OF YEAR</b>	<u>536,667</u>	<u>1,628,012</u>	<u>55,914</u>	<u>2,220,593</u>	<u>984,775</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 460,650</u>	<u>\$ 3,530,675</u>	<u>\$ 80,581</u>	<u>\$ 4,071,906</u>	<u>\$ 2,220,593</u>

# YMCA OF GREATER SAINT JOHN INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014

### 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. YMCA of Greater Saint John Inc. is incorporated under the laws of New Brunswick and, as a registered charity under the Income Tax Act, is exempt from paying income taxes.

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. The organization is incorporated under the laws of New Brunswick and, as a registered charity under the Income Tax Act, is exempt from paying income taxes.

Under supplementary letters patent of incorporation dated May 23, 2014, the organization changed its name from The Saint John YM-YWCA Endowment Fund Inc. to YMCA of Greater Saint John Endowment Fund Inc.

### 1. SIGNIFICANT ACCOUNTING POLICIES

The 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 a new facility.

#### *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, 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Property, Plant and Equipment

Purchased property, plant and equipment is 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	5%
Equipment	25-33%
Leasehold improvements	25-33%

#### 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. (Note 7)

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 long-term debt.

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

##### *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.

# YMCA OF GREATER SAINT JOHN INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *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. Because of 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. ACCOUNTS RECEIVABLE

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Endowment Fund</b>	<b>Total 2014</b>	<b>Total 2013</b>
Childcare	\$ 119,023	\$ -	\$ -	\$ 119,023	\$ 70,935
Federal Government	-	260,173	-	260,173	-
Provincial Government	50,486	910,695	-	961,181	-
HST Recoverable	-	252,488	-	252,488	5,767
Other accounts receivable	18,254	7,502	2,365	28,121	41,106
Allowance for doubtful accounts	<u>(34,770)</u>	<u>-</u>	<u>-</u>	<u>(34,770)</u>	<u>(18,650)</u>
	<u>\$ 152,993</u>	<u>\$ 1,430,858</u>	<u>\$ 2,365</u>	<u>\$ 1,586,216</u>	<u>\$ 99,158</u>

### 3. INVESTMENTS

	<b>2014</b>	<b>2013</b>
Money market funds	<u>\$ 42,932</u>	<u>\$ 55,902</u>
Government of Canada bonds, bearing coupon rates of 5% to 8%, due 2027 to 2037, face value of \$34,000 (2013 - \$34,000)	53,318	48,405
Provincial bonds, bearing coupon rates of 4.5% to 6.5%, due 2018 to 2037, face value of \$28,000 (2013 - \$28,000)	35,822	33,439
Corporate bonds, bearing coupon rates of 2.26% to 4.85%, due 2015 to 2023, face value of \$233,000 (2013 - \$160,559)	<u>235,824</u>	<u>163,305</u>
	<u>324,964</u>	<u>245,149</u>

# YMCA OF GREATER SAINT JOHN INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014

### 3. INVESTMENTS (continued)

	<u>2014</u>	<u>2013</u>
Equities:		
Canadian equities	386,133	277,773
Foreign equities	<u>143,437</u>	<u>131,881</u>
	<u>529,570</u>	<u>409,654</u>
	<u>\$ 897,466</u>	<u>\$ 710,705</u>

### 4. PROPERTY, PLANT AND EQUIPMENT

	<u>2014</u>			<u>2013</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Operating Fund				
Equipment	\$ 1,727,448	\$ 1,540,662	\$ 186,786	\$ 235,865
Leasehold improvements	<u>66,142</u>	<u>65,622</u>	<u>520</u>	<u>1,157</u>
	<u>1,793,590</u>	<u>1,606,284</u>	<u>187,306</u>	<u>237,022</u>
Capital Fund				
Land	917,620	-	917,620	524,420
Buildings	301,599	217,588	84,011	99,092
Construction in progress	9,907,217	-	9,907,217	537,747
Equipment	5,759	5,759	-	-
Leasehold improvements	<u>629,310</u>	<u>626,998</u>	<u>2,312</u>	<u>5,473</u>
	<u>11,761,505</u>	<u>850,345</u>	<u>10,911,160</u>	<u>1,166,732</u>
Endowment Fund				
Land	51,000	-	51,000	51,000
Building	<u>194,000</u>	<u>64,666</u>	<u>129,334</u>	<u>139,034</u>
	<u>245,000</u>	<u>64,666</u>	<u>180,334</u>	<u>190,034</u>
	<u>\$13,800,095</u>	<u>\$ 2,521,295</u>	<u>\$11,278,800</u>	<u>\$ 1,593,788</u>

In 2014, land located on Churchill Boulevard was contributed to YMCA of Greater Saint John Inc. for the location of its new facility. The land has been recorded at its estimated fair value of \$393,200.

Construction in progress includes the amount of statutory contract holdbacks payable on progress billings submitted by the contractors as at December 31, 2014. Holdbacks payable are not due at the year end date but will become payable after the statutory lien period following substantial completion of the construction contract.

# YMCA OF GREATER SAINT JOHN INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014

### 5. OPERATING LINE AND TERM CREDIT FACILITIES

The organization has an operating line and two term credit facilities with the Royal Bank of Canada as follows:

- An operating credit line, to a maximum \$200,000, at an interest rate of prime plus ½%. As at December 31, 2014, the balance of the credit line was \$Nil (2013 - \$Nil).
- A non-revolving term facility for \$6,000,000 with an interest rate of prime plus 0.70%, repayable in monthly installments after one year of interest only payments.
- A non-revolving term facility for \$6,000,000 with an interest rate of prime plus 0.70%, repayable in full on December 31, 2017.

The total of the two term facilities cannot exceed \$6,000,000 at any time.

All operating line and term credit facilities are secured by a general security agreement constituting a first ranking security interest in all personal property of the organization and a collateral mortgage in the amount of \$6,000,000 signed by the borrower constituting a fixed charge on land and improvements located at 191 Churchill Boulevard, Saint John, NB.

### 6. DEFERRED REVENUE

	<u>2014</u>	<u>2013</u>
Fitness	\$ 23,953	\$ 29,258
Childcare centres	160,575	146,117
Residential camp	54,551	10,153
Immigrant services	78,076	59,281
Employment services	-	2,165
Early Learning Centre	103,610	73,613
Grants and donations	<u>164,061</u>	<u>72,919</u>
	<u>\$ 584,826</u>	<u>\$ 393,506</u>

### 7. DEFERRED CAPITAL CONTRIBUTIONS

The organization is in the midst of a capital campaign to raise \$7 million for the construction of its new facility. The current campaign administration expenditures relate to the start-up and ongoing campaign activities. The campaign started in 2011. Campaigns of this size typically run at least 3 years and the budgeted accumulated expense is \$243,500. The campaign surpassed its target by \$1.7 million and has raised \$8.7 million (as at December 31, 2014), this equates to 2.8% for the ratio of campaign expenses to funds raised. Donations and pledges typically are received over several years. The monies received have been internally restricted as deferred capital contributions. A summary of the cumulative campaign results to December 31, 2014 are as follows:

# YMCA OF GREATER SAINT JOHN INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014

### 7. DEFERRED CAPITAL CONTRIBUTIONS (continued)

	<u>2014</u>	<u>2013</u>
Accumulated contributions	\$ 6,417,908	\$ 1,961,830
Accumulated campaign costs	<u>247,717</u>	<u>193,411</u>
	6,170,191	1,768,419
Allocated to deferred contributions related to property, plant and equipment	<u>4,116,912</u>	<u>-</u>
Deferred capital contributions at end of year	\$ <u>2,053,279</u>	\$ <u>1,768,419</u>

### 8. LONG-TERM DEBT

	<u>2014</u>	<u>2013</u>
Loan payable to YMCA Canada in monthly installments of \$900, due February 2017, non-interest bearing and unsecured.	\$ -	\$ 23,511
Less installments included in current liabilities	<u>-</u>	<u>10,800</u>
	\$ <u>-</u>	\$ <u>12,711</u>

### 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. 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 2014</u>	<u>Total 2013</u>
Balance at beginning of year	\$ 128,332	\$ 425,288	\$ 553,620	\$ 579,978
Contributions received during the year	5,000	9,581,025	9,586,025	30,052
Amount amortized to revenue	<u>(51,172)</u>	<u>(15,080)</u>	<u>(66,252)</u>	<u>(56,410)</u>
Balance at end of year	\$ <u>82,160</u>	\$ <u>9,991,233</u>	\$ <u>10,073,393</u>	\$ <u>553,620</u>

# YMCA OF GREATER SAINT JOHN INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014

### 10. LEASE COMMITMENTS

The organization leases certain office equipment which have been accounted for as operating leases. The minimum annual lease payments over the next three year are as follows:

2015	\$	2,748
2016		687

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

2015	\$	72,256
2016		73,825
2017		76,292
2018		59,978
2019		55,842

### 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, i.e. December 31, 2014.

#### *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 long-term debt 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% (2013 - 19%) 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 36% (2013 - 34%) 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.

# YMCA OF GREATER SAINT JOHN INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014

### 11. FINANCIAL INSTRUMENTS (continued)

#### *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. CONTRACTUAL OBLIGATIONS

The YMCA of Greater Saint John Inc. has signed contracts totaling \$19,321,000 for the design and construction of a new 70,000 sq. ft. facility in Saint John. Construction began in March 2014 and is scheduled to be completed in late 2015. In April 2014, the organization entered into an agreement with the Royal Bank of Canada to borrow up to \$6,000,000 in the form of a construction financing loan (Note 5). This debt, combined with grants from the federal government (\$5,250,000), the provincial government (\$4,300,000) and a public campaign will be used to fund construction of the facility. The loan is expected to be repaid upon completion with a mortgage loan on the facility and Capital Campaign pledge proceeds.

