The YMCA of Hamilton/Burlington/Brantford

Financial Statements

For the year ended December 31, 2014

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Contents

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Independent Auditor's Report

To the Members of
The YMCA of Hamilton/Burlington/Brantford

We have audited the accompanying financial statements of The YMCA of Hamilton/Burlington/Brantford (the "YMCA"), which comprise the statement of financial position as at December 31, 2014, and the statements of changes in net assets, operations and cash flows for the year then ended, and 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.

Auditor's 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 the auditor's 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, the auditor considers internal control relevant to the YMCA'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 YMCA'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 The YMCA of Hamilton/Burlington/Brantford as at December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
May 26, 2015

The YMCA of Hamilton/Burlington/Brantford
Statement of Financial Position

December 31	2014	2013
Assets		
Current		
Cash	$ 230,228	$ 1,355,995
Short-term investments (Note 2)	5,793,951	3,369,042
Accounts receivable	652,618	687,005
Inventories and prepaid expenses	464,688	523,239
Special program funds receivable (Note 3)	200,079	-
	7,341,564	5,935,281
Capital campaign pledges receivable	663,500	939,167
Restricted cash (Note 4)	9,107,207	9,394,096
Investments (Note 5)	4,533,042	4,175,516
Capital project receivables (Note 6)	942,524	-
Capital assets (Note 6)	38,844,025	37,954,181
	$ 61,431,862	$ 58,398,241
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 4,142,132	$ 2,526,952
Deferred revenue (Note 8)	1,459,429	1,510,268
Current portion of capital lease obligations (Note 9)	354,704	216,020
Special program funds unexpended (Note 3)	-	170,008
	5,956,265	4,423,248
Capital lease obligations (Note 9)	377,466	301,998
	6,333,731	4,725,246
Deferred capital contributions (Note 10)	33,601,770	33,299,593
Net assets		
Invested in capital assets (Note 11)	15,020,858	14,701,505
Invested in endowment (Note 12)	3,800,567	3,499,240
Internally restricted (Note 13)	3,249,093	2,804,655
Unrestricted (deficiency)	(574,157)	(631,998)
	21,496,361	20,373,402
	$ 61,431,862	$ 58,398,241

On behalf of the Board:

_______________ Director _______________ Director

The accompanying notes are an integral part of these financial statements.

The YMCA of Hamilton/Burlington/Brantford
Statement of Changes in Net Assets

For the year ended December 31

	Invested in Capital Assets	Invested in Endowment	Internally Restricted	Unrestricted	Total 2014	Total 2013
Balance, beginning of year	$ 14,701,505	$ 3,499,240	$ 2,804,655	$ (631,998)	$ 20,373,402	$ 18,551,096
Excess (deficiency) of revenue over expenses	(1,522,631)	-	-	2,645,590	1,122,959	1,822,306
Investment in capital assets	1,841,984	-	(191,447)	(1,650,537)	-	-
Transfers (Note 12 & 13)	-	301,327	635,885	(937,212)	-	-
Balance, end of year	$ 15,020,858	$ 3,800,567	$ 3,249,093	$ (574,157)	$ 21,496,361	$ 20,373,402

The accompanying notes are an integral part of these financial statements.

The YMCA of Hamilton/Burlington/Brantford
Statement of Operations

For the year ended December 31	2014	2013
Revenue		
Child care fees	**$ 18,296,802**	$ 16,605,387
Membership revenue	**9,562,465**	9,390,132
Program fees	**3,973,632**	3,767,703
Purchase of service (Note 15)	**11,264,875**	10,122,786
Residence	**818,312**	823,716
United Way	**350,158**	345,893
Strong Kids Annual Giving Program	**967,706**	953,805
Contract service revenue	**320,931**	162,737
Interest and dividend income	**245,735**	276,528
Donations	**188,482**	157,649
Other revenues	**407,504**	338,792
Investment gains	**248,439**	470,387
	46,645,041	43,415,515
Expenses		
Salaries	**27,846,441**	25,007,197
Benefits	**4,006,748**	3,741,374
Program services	**4,213,501**	4,246,158
Facility costs	**5,653,470**	5,269,447
Administration	**1,856,091**	1,507,601
Loan interest and bank charges	**542,901**	612,097
YMCA Canada dues	**504,135**	422,091
Investment management fees	**37,693**	22,232
Other (income) expenses	**(635,885)**	(639,718)
	44,025,095	40,188,479
Excess of revenue over expenses before amortization	**2,619,946**	3,227,036
Other income (expenses)		
Amortization of capital assets	**(2,561,598)**	(2,459,946)
Amortization of deferred capital contributions	**1,064,611**	1,055,216
	(1,496,987)	(1,404,730)
Excess of revenue over expenses	**$ 1,122,959**	$ 1,822,306

The accompanying notes are an integral part of these financial statements.

The YMCA of Hamilton/Burlington/Brantford
Statement of Cash Flows

For the year ended December 31	2014	2013
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	**$ 1,122,959**	$ 1,822,306
Items not affecting cash		
Amortization of capital assets	**2,561,598**	2,459,946
Amortization of deferred capital contributions	**(1,064,611)**	(1,055,216)
Loss on disposal of capital assets	**25,644**	3,473
Investment gains	**(248,439)**	(470,387)
Changes in non-cash working capital balances		
Accounts receivable	**34,387**	56,564
Capital project receivables	**(942,524)**	-
Inventories and prepaid expenses	**58,551**	(37,211)
Accounts payable and accrued liabilities	**1,615,180**	(189,414)
Deferred revenue	**(50,839)**	16,824
Special program funds receivable/unexpended	**(370,087)**	(234,793)
	2,741,819	2,372,092
Investing activities		
Capital asset purchases	**(2,986,105)**	(1,529,297)
Proceeds on sale of capital assets	**9,500**	22,598
Endowment investment purchases	**(109,087)**	(81,320)
Change in short-term investments	**(2,424,909)**	148,477
Change in capital campaign pledges	**275,667**	(200,268)
Change in restricted cash	**286,889**	(165,411)
	(4,948,045)	(1,805,221)
Financing activities		
Capital contributions received	**1,366,788**	992,700
Repayment of bank loans	**-**	(1,546,146)
Repayment of capital lease obligations	**(286,329)**	(138,281)
	1,080,459	(691,727)
Net decrease in cash	**(1,125,767)**	(124,856)
Cash, beginning of year	**1,355,995**	1,480,851
Cash, end of year	**$ 230,228**	$ 1,355,995

The accompanying notes are an integral part of these financial statements.

1. Significant Accounting Policies

Nature of Business
The charitable mission and vision statements of The YMCA of Hamilton/Burlington/Brantford are:

Charitable Mission
The YMCA of Hamilton/Burlington/Brantford is a charitable organization helping people achieve personal growth in spirit, mind and body through participation and service to the community.

Vision
The YMCA of Hamilton/Burlington/Brantford will focus on healthy communities in which individuals and families have opportunities to reach their potential.

The YMCA of Hamilton/Burlington/Brantford was founded in 1856 and was incorporated under the Ontario Corporations Act without share capital in 1886. The YMCA is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The YMCA's core offerings include provision of child care through 21 (2013 - 22) licensed pre-school childcare centres and 84 (2013 - 79) licensed before and after school programs throughout Hamilton, Burlington and Brantford. The YMCA operates 5 (2013 - 5) health, fitness and recreation centres and numerous community, outreach, settlement and newcomer services throughout the communities it serves.

Basis of Accounting
The financial statements of the YMCA have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition
Child care fees, membership revenue, program fees and residence revenue are recognized over the related period of service. Purchase of service and general operating grants are recorded as revenue when the service is provided.

The YMCA follows the deferral method of accounting for contributions.

Unrestricted revenues, including donations, are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions relating to the purchase of amortizable capital assets are amortized on the same basis as the related assets.

Deferred capital contributions related to capital assets represent the unamortized and unallocated amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

Endowment contributions are recognized as revenue during the year. Investment income (losses) of the assets of the endowment are added to the endowment. The Board of Directors has approved a transfer of these amounts from unrestricted net assets to net assets invested in endowment. The endowment contributions are administered by the YMCA's Endowment Fund Committee.

1. Significant Accounting Policies (Continued)

Revenue Recognition (continued)
The Association runs a Strong Kids Annual Giving Program campaign to raise money for operations. A portion of the contributions received that are intended for programs that will occur subsequent to year end are recorded as deferred Strong Kids Annual Giving Program campaign contributions.

Contributed Services
A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Inventories
Inventories include maintenance, program and office supplies and are measured at the lower of cost and net realizable value.

Capital Campaign Pledges Receivable
Capital campaign pledges are recorded as an asset when there is a written pledge, the amount to be received can be reasonably estimated and collection is reasonably assured. The balance is shown, net of an impairment allowance. Actual amounts collected could differ from the amounts recorded.

Leased Assets
Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed on a straight-line basis.

Capital Assets
Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When capital assets no longer contributes to the YMCA's ability to provide services, its carrying amount is written down to its realizable value.

Capital assets are amortized on a straight-line basis at the following annual rates:

Buildings	-	40 years
Fixtures and equipment	-	3 to 5 years

Building additions are amortized over the remaining life of the related building. Projects in progress are not amortized as the assets are not in use. Fixtures and equipment recorded under capital leases are amortized on a straight-line basis over the term of the lease, which is the estimated useful life of the assets.

1. Significant Accounting Policies (Continued)

Deferred Revenue

Membership and program fees received before December 31 that relate to member privileges and programs for the time periods after December 31 are deferred to the following year and disclosed as deferred revenue on the statement of financial position.

Special Program Funds Receivable/Unexpended

The YMCA operates various special programs which are funded by specifically designated provincial, federal and municipal grants. To the extent such grants are unspent at December 31, they are disclosed as special program funds unexpended on the statement of financial position. To the extent such grants received are in deficiency of amounts expended at December 31, they are disclosed as special program funds receivable on the statement of financial position.

Third Party Programs

The YMCA administers third party programs for which they receive funds from the third party, to be used to carry out the programs. As the YMCA is considered the agent in the transaction, amounts have been recorded on a net basis. During the year, approximately $609,000 (2013 - $708,000) of revenues and expenditures were incurred with respect to the administration of third party programs.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities, fixed income and pooled fund investments (included in investments) traded in an active market and RBC Investments Savings Account Series A money market funds (included in short-term investments) are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Foreign Currency Translation

Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transaction. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the balance sheet date. Gains and losses on translation of monetary assets and liabilities are included in net income.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Short-term Investments

	2014	2013
Money market funds	**$ 5,793,951**	$ 3,369,042

3. Special Program Funds Receivable/Unexpended

	2014	2013
Funding in deficiency of amounts expended	**$ 1,117,254**	$ 987,765
Less: funding received unexpended	**(917,175)**	(1,157,773)
Special program funds receivable (unexpended)	**$ 200,079**	$ (170,008)

4. Restricted Cash

Included in restricted cash is $8,201,085 (2013 - $8,493,378) which has been externally restricted by the Government of Ontario's Strategic Investments Fund for eligible costs relating to the Laurier Brantford YMCA capital project as stipulated in the funding agreement. Also included in restricted cash is $906,122 (2013 - $900,718) which has been externally restricted for land and building costs relating to the Laurier Brantford YMCA capital project (Note 6).

5. Investments

	2014		2013	
	Fair Value	**Cost**	Fair Value	Cost
Equities	**$ 3,738,067**	**$ 3,433,042**	$ 3,436,797	$ 3,213,310
Fixed income	**532,260**	**526,214**	434,699	429,527
Pooled fund investments	**134,445**	**134,445**	176,331	176,331
Cash	**128,270**	**128,270**	127,689	127,689
	$ 4,533,042	**$ 4,221,971**	$ 4,175,516	$ 3,946,857

The effective interest rate on fixed income securities during the year varied from 2.4% to 5.2%. The maturities of these securities range from 2015 to 2020.

The above amounts are monitored by the YMCA Audit, Endowment Fund and Enterprise Risk Management Committee for compliance with the YMCA's Statement of Investment Policy.

6. Capital Assets

	2014		2013	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 1,887,045**	**$ -**	$ 1,887,045	$ -
Buildings	**49,740,093**	**17,363,486**	49,485,083	15,812,821
Fixtures and equipment	**4,310,222**	**2,417,900**	4,171,835	2,377,875
Projects in progress	**2,688,051**	**-**	600,914	-
	58,625,411	**19,781,386**	56,144,877	18,190,696
Net book value		**$ 38,844,025**		$ 37,954,181

During 2014, the YMCA purchased capital assets of $3,486,585 (2013 - $2,093,563) of which $1,756,952 (2013 - $492,169) are included in accounts payable and accrued liabilities at year end. Included in the purchase of capital assets is acquisition of capital leases of $500,480 (2013 - $564,266).

Projects in progress relate to incurred costs of a Wanakita renovation as well as the design and site preparation stages of the capital project in Brantford as described below.

The YMCA, the Province of Ontario and Wilfrid Laurier University ("Laurier") entered into an agreement in July 2011 wherein the Province has invested $16.7 million in Brantford infrastructure redevelopment for a project to construct a new 150,000 square foot athletic, recreational and community complex in Brantford, Ontario. One-half of the $16.7 million received from the Province of Ontario has been included in the YMCA's restricted cash balance (Note 4), the other half has been designated to Wilfrid Laurier University. Also, the YMCA, the City of Brantford and Laurier entered into an agreement in August 2014 to support the Municipality's funding portion of $5.2 million. In addition, the Government of Canada has approved in principle the funding of the construction of the Laurier Brantford and YMCA Athletics and Recreation Complex, subject to a contribution agreement, up to one-third of the project's total eligible costs, to a maximum federal contribution of $16.7 million. Planning relating to this capital project continued throughout 2014, with expectation of construction commencing in 2015.

Included in projects in progress is $2,543,056 (2013 - $484,577), which represents fifty percent of the total expenditures incurred under the joint development agreement between Laurier and the YMCA dated June 28, 2013. Under the agreement, both parties have agreed to jointly develop an athletic and recreation complex in Brantford and are equally and severally liable under each of the project contracts entered into. Laurier shall be responsible for the payment of development expenses as agreed upon in the agreement and provide a monthly report of activity to the YMCA.

Funds shall be transferred to Laurier at appropriate times upon approval from the YMCA to fund the payment of the development expenses. Included in the YMCA's accounts payable and accrued liabilities balance at year end are development expenses of $1,585,649 (2013 - $484,577) payable to Laurier.

6. Capital Assets (Continued)

Contributions from the Government of Canada and the City of Brantford will be received in accordance with the terms and conditions of the agreements. Capital project receivables in the statement of financial position consist of amounts from:

Government of Canada	$	718,059
City of Brantford		224,465
	$	942,524

7. Bank Loans

The YMCA has the following unused facilities available as at December 31, 2014:

(i) a revolving operating line, to a maximum of $300,000, bearing interest at prime minus 0.5%

(ii) a $1,000,000 non-revolving term facility, bearing interest at either prime plus 0.5% or at fixed rates to be determined at the time of borrowings. Maximum terms of borrowings under this facility are five years.

The YMCA also has a $1,000,000 (2013 - $1,000,000) revolving lease line of credit. As at year end, the amount drawn on this facility was $732,170 (2013 - $518,018) (Note 9).

The above facilities are secured by a general security agreement and collateral mortgages of $7,300,000 on each of three properties owned by the YMCA.

Subsequent to year end, the YMCA amended their banking agreement as follows:

(i) the interest rate on the revolving operating line was changed to prime plus 0.5%

(ii) an additional $1,000,000 revolving lease line of credit was added

8. Deferred Revenue

		2014		2013
Child care fees	$	**71,315**	$	62,740
Membership revenue		**487,462**		544,865
Program fees		**787,573**		723,817
Residence		**35,563**		21,577
Strong Kids Annual Giving Program		**77,516**		157,269
	$	**1,459,429**	$	1,510,268

9. Capital Lease Obligations

	2014	2013
Obligations under capital lease:		
- with interest rate of 3.18%, maturing October 2017	**$ 251,826**	$ -
- with interest rate of 3.30%, maturing May 2017	**178,345**	-
- with interest rate of 3.45%, maturing September 2016	**192,326**	302,531
- with interest rate of 3.59%, maturing June 2016	**109,673**	183,803
- with interest rate of 6.30%, matured	**-**	31,684
	732,170	518,018
Current portion	**354,704**	216,020
	$ 377,466	$ 301,998

The obligations are secured by fixtures and equipment with a net book value of $563,450 (2013 - $446,468).

Minimum lease payments due with respect to the obligations under capital lease are as follows:

2015	$ 388,416
2016	299,008
2017	102,194
Total minimum lease payments	789,618
Less: imputed interest	(57,448)
	$ 732,170

10. Deferred Capital Contributions

Restricted capital contributions are amortized on the same basis as the underlying capital assets.

	2014	2013
Balance, beginning of year	**$ 33,299,593**	$ 33,362,109
Add: contributions received and receivable	**1,366,788**	992,700
Less: contributions recognized as revenue	**(1,064,611)**	(1,055,216)
	$ 33,601,770	$ 33,299,593

The balance of deferred capital contributions related to capital assets consists of the following:

	2014	2013
Unamortized capital contributions	**$ 32,930,374**	$ 32,646,772
Unallocated contributions	**671,396**	652,821
	$ 33,601,770	$ 33,299,593

11. Net Assets Invested in Capital Assets

	2014	2013
Capital assets, net	$ 38,844,025	$ 37,954,181
Restricted cash	9,107,207	9,394,096
Deferred capital contributions - unamortized	(32,930,374)	(32,646,772)
	$ 15,020,858	$ 14,701,505

12. Net Assets Invested in Endowment

The amounts invested in endowments are restricted investment funds that are to be used for programs run by the YMCA at the discretion of the Board of Directors.

	2014	2013
Investments	$ 4,533,042	$ 4,175,516
Less: Investments in unrestricted net assets	(732,475)	(676,276)
	$ 3,800,567	$ 3,499,240

The amount transferred from unrestricted net assets to net assets invested in endowment during the year is comprised of:

	2014	2013
Interest and dividend income	$ 154,713	$ 111,215
Donations	15,868	-
Investment gains	248,439	470,387
Investment management fees	(37,693)	(22,232)
Transfer to unrestricted net assets	(80,000)	(170,000)
	$ 301,327	$ 389,370

During the year, the Board of Directors approved a transfer of $80,000 (2013 - $170,000) from net assets invested in endowment to unrestricted net assets for equipment to support the ETS Youth Entrepreneur Mico-Finance program, consulting for the Wanakita master plan funding strategy, YMCA international strategy, emerging plans for Live Well programs as well as other YMCA programs and initiatives.

13. Net Assets Internally Restricted

The internally restricted balance includes funds for capital projects in Brantford and Wanakita, YMCA Strong Kids dollars reserved for funding assistance needs, and funding of future child care wages, all reserved via Board of Director's approval.

During the year, the Board of Directors approved a transfer of commodity tax rebates of $635,885 (2013 - $639,718) from unrestricted net assets to net assets internally restricted. Also, the Board of Directors approved expenditures throughout the year of $191,447 (2013 - $1,576,492) on the downtown Hamilton location's capital projects related to roofing from net assets internally restricted.

14. Commitments

Future minimum payments under operating leases with terms in excess of one year are as follows:

2015	-	$ 649,731
2016	-	328,530
2017	-	166,987
2018	-	77,810
2019	-	45,044
Thereafter	-	124,613
		$ 1,392,715

15. Purchase of Service

Purchase of service revenue consists of amounts received and receivable from federal, provincial and municipal governments relating to programs and services provided by the YMCA.

	2014	2013
Contracted programs		
Special program funding received and receivable from federal and provincial governments to operate programs related to:		
- Employment services	**$ 5,025,431**	$ 4,219,595
- Education and training	**304,676**	337,612
- Immigrant services	**2,336,769**	2,275,013
- Community initiatives	**457,755**	380,538
	8,124,631	7,212,758
Subsidies and grants		
Child care wage subsidies received:		
- Region of Halton	**950,792**	933,939
- The City of Hamilton	**813,828**	800,071
- The City of Brantford	**815,078**	815,078
	2,579,698	2,549,088
Child care operational grants received:		
- The City of Hamilton	**218,859**	137,550
- The City of Brantford	**214,600**	143,850
- Other	**127,087**	79,540
	560,546	360,940
	$ 11,264,875	$ 10,122,786

16. Employee Future Benefits

The YMCA makes matching contributions to a defined contribution pension plan for its employees. Total pension expense in the financial statements is $721,686 (2013 - $667,825).

The YMCA has no obligations in excess of the contributions discussed above, as it does not have any defined benefit pension plans.

17. Financial Instruments

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 YMCA is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The YMCA's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable, capital campaign pledges receivable and capital project receivable balances. This risk has not changed from the prior year.

Liquidity Risk
Liquidity risk is the risk that the YMCA encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the YMCA will not have sufficient funds to settle a transaction on a due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from the YMCA's accounts payable and accrued liabilities and commitments. This risk has not changed from the prior year.

Market Risk
Market risk arises from the possibility that changes in market prices will affect the level of investments held by the YMCA. The YMCA is exposed to market risk through its investment in money market funds, pooled fund investments and equities. This risk has not changed from the prior year.

Currency Risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Investments in equities and pooled fund investments of $1,241,477 (2013 - $1,035,248) were held in US dollars and converted into Canadian dollars at year end. These investments were exposed to foreign exchange fluctuations. The YMCA considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risks. This risk has not changed from the prior year.

18. Comparative Amounts

Certain comparative figures presented in the financial statements have been reclassified to conform with the current year's presentation.