

**The YMCA of
Hamilton/Burlington/Brantford
Financial Statements
For the year ended December 31, 2015**

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Financial Statements
For the year ended December 31, 2015**

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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, 2015, 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

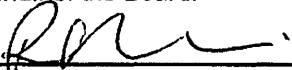
In our opinion, the financial statements present fairly, in all material respects, the financial position of The YMCA of Hamilton/Burlington/Brantford as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
May 31, 2016


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

December 31	2015	2014
Assets		
Current		
Cash	\$ 1,001,616	\$ 230,228
Short-term investments (Note 2)	5,010,108	5,793,951
Accounts receivable	1,857,076	652,618
Inventories and prepaid expenses	527,268	464,688
Special program funds receivable (Note 3)	-	200,079
	8,396,068	7,341,564
Capital campaign pledges receivable	483,366	663,500
Restricted cash (Note 4)	7,912,437	9,107,207
Investments (Note 5)	4,595,183	4,533,042
Capital project receivables (Note 6)	2,546,873	942,524
Capital assets (Note 6)	42,258,514	38,844,025
	\$ 66,192,441	\$ 61,431,862
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 3,574,313	\$ 3,199,608
Deferred revenue (Note 8)	2,267,716	1,459,429
Current portion of capital lease obligations (Note 9)	394,717	354,704
Special program funds unexpended (Note 3)	168,942	-
	6,405,688	5,013,741
Capital lease obligations (Note 9)	223,573	377,466
Capital project payables (Note 6)	2,546,873	942,524
	9,176,134	6,333,731
Deferred capital contributions (Note 10)	34,543,900	33,601,770
Net assets		
Invested in capital assets (Note 11)	16,250,480	15,020,858
Invested in endowment (Note 12)	3,746,958	3,800,567
Internally restricted (Note 13)	3,401,731	3,249,093
Unrestricted	(926,762)	(574,157)
	22,472,407	21,496,361
	\$ 66,192,441	\$ 61,431,862

On behalf of the Board:



Director



Director

**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 2015	Total 2014
Balance, beginning of year	\$ 15,020,858	\$ 3,800,567	\$ 3,249,093	\$ (574,157)	\$ 21,496,361	\$ 20,373,402
Excess (deficiency) of revenue over expenses	(1,479,755)	-	-	2,455,801	976,046	1,122,959
Investment in capital assets	2,709,377	-	(491,132)	(2,218,245)	-	-
Transfers (Notes 12 and 13)	-	(53,609)	643,770	(590,161)	-	-
Balance, end of year	\$ 16,250,480	\$ 3,746,958	\$ 3,401,731	\$ (926,762)	\$ 22,472,407	\$ 21,496,361

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	2015	2014
Revenue		
Child care fees	\$ 19,646,246	\$ 18,367,680
Membership revenue	9,388,036	9,491,587
Program fees	3,910,217	3,973,632
Purchase of service (Note 15)	12,349,493	11,264,875
Residence	807,538	818,312
United Way	304,911	350,158
Strong Kids Annual Giving Program	1,051,735	967,706
Contract service revenue	235,112	320,931
Interest and dividend income	300,830	245,735
Donations	158,732	188,482
Other revenues	455,393	433,148
Investment (losses) gains	(71,893)	248,439
	<u>48,536,350</u>	<u>46,670,685</u>
Expenses		
Salaries	29,465,686	27,846,441
Benefits	4,250,995	4,006,748
Program services	4,146,435	4,213,501
Facility costs	6,031,671	5,653,470
Administration	1,733,230	1,856,091
Loan interest and bank charges	530,091	542,901
YMCA Canada dues	525,743	504,135
Investment management fees	40,468	37,693
Other income (Note 13)	(643,770)	(635,885)
	<u>46,080,549</u>	<u>44,025,095</u>
Excess of revenue over expenses before amortization and other	<u>2,455,801</u>	<u>2,645,590</u>
Other income (expenses)		
Amortization of capital assets	(2,559,350)	(2,561,598)
Amortization of deferred capital contributions	1,064,595	1,064,611
Gain (loss) on disposal of capital assets	15,000	(25,644)
	<u>(1,479,755)</u>	<u>(1,522,631)</u>
Excess of revenue over expenses	<u>\$ 976,046</u>	<u>\$ 1,122,959</u>

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	2015	2014
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ 976,046	\$ 1,122,959
Items not affecting cash		
Amortization of capital assets	2,559,350	2,561,598
Amortization of deferred capital contributions	(1,064,595)	(1,064,611)
(Gain) loss on disposal of capital assets	(15,000)	25,644
Investment losses (gains)	71,893	(248,439)
Changes in non-cash working capital balances		
Accounts receivable	(1,204,458)	34,387
Inventories and prepaid expenses	(62,580)	58,551
Capital project receivables	(1,604,349)	(942,524)
Accounts payable and accrued liabilities	374,705	672,656
Deferred revenue	808,287	(50,839)
Special program funds receivable/unexpended	369,021	(370,087)
Capital project payables	1,604,349	942,524
	<u>2,812,669</u>	<u>2,741,819</u>
Investing activities		
Capital asset purchases	(5,630,441)	(2,986,105)
Proceeds on sale of capital assets	15,000	9,500
Endowment investment purchases	(134,034)	(109,087)
Change in short-term investments	783,843	(2,424,909)
Change in capital campaign pledges	180,134	275,667
Change in restricted cash	1,194,770	286,889
	<u>(3,590,728)</u>	<u>(4,948,045)</u>
Financing activities		
Capital contributions received	2,006,725	1,366,788
Repayment of capital lease obligations	(457,278)	(286,329)
	<u>1,549,447</u>	<u>1,080,459</u>
Net increase (decrease) in cash	771,388	(1,125,767)
Cash, beginning of year	230,228	1,355,995
Cash, end of year	\$ 1,001,616	\$ 230,228

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

The YMCA of Hamilton/Burlington/Brantford

Notes to Financial Statements

December 31, 2015

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 (2014 - 21) licensed pre-school childcare centres and 84 (2014 - 84) licensed before and after school programs throughout Hamilton, Burlington and Brantford. The YMCA operates 5 (2014 - 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.

The YMCA of Hamilton/Burlington/Brantford

Notes to Financial Statements

December 31, 2015

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. 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.

The YMCA of Hamilton/Burlington/Brantford

Notes to Financial Statements

December 31, 2015

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 \$748,000 (2014 - \$609,000) 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.

The YMCA of Hamilton/Burlington/Brantford Notes to Financial Statements

December 31, 2015

1. Significant Accounting Policies (Continued)

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. Management's estimates and assumptions used in determining amortization methods and rates and useful life of capital assets are reviewed annually and are based on management's best estimates. These estimates are subject to measurement uncertainty, and the effect on the financial statements in future periods could be significant.

2. Short-term Investments

	2015	2014
Money market funds	\$ 5,010,108	\$ 5,793,951

3. Special Program Funds Receivable/Unexpended

	2015	2014
Funding in deficiency of amounts expended	\$ 1,046,170	\$ 1,117,254
Less: funding received unexpended	(1,215,112)	(917,175)
Special program funds receivable (unexpended)	\$ (168,942)	\$ 200,079

4. Restricted Cash

Included in restricted cash is \$7,003,277 (2014 - \$8,201,085) 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 \$909,160 (2014 - \$906,122) which has been externally restricted for land and building costs relating to the Laurier Brantford YMCA capital project (Note 6).

The YMCA of Hamilton/Burlington/Brantford Notes to Financial Statements

December 31, 2015

5. Investments

	2015		2014	
	Fair Value	Cost	Fair Value	Cost
Equities	\$ 3,692,212	\$ 3,597,532	\$ 3,738,067	\$ 3,433,042
Fixed income	530,806	526,214	532,260	526,214
Pooled fund investments	185,973	185,973	134,445	134,445
Cash	186,192	186,192	128,270	128,270
	\$ 4,595,183	\$ 4,495,911	\$ 4,533,042	\$ 4,221,971

The effective interest rate on fixed income securities during the year varied from 2.46% to 5.20%. The maturities of these securities range from 2016 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

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,887,045	\$ -	\$ 1,887,045	\$ -
Buildings	49,847,176	18,926,366	49,740,093	17,363,486
Fixtures and equipment	4,618,357	2,803,981	4,310,222	2,417,900
Projects in progress	7,636,283	-	2,688,051	-
	63,988,861	21,730,347	58,625,411	19,781,386
Net book value		\$ 42,258,514		\$ 38,844,025

During the year, the YMCA purchased capital assets of \$5,973,839 (2014 - \$3,486,585) of which \$3,148,315 (2014 - \$1,756,952) are included in accounts payable and accrued liabilities and capital project payable balances at year end. Included in the purchase of capital assets is acquisition of capital leases of \$343,398 (2014 - \$500,480).

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 of Hamilton/Burlington/Brantford Notes to Financial Statements

December 31, 2015

6. Capital Assets (Continued)

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 122,000 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 the funding of the construction of the Laurier Brantford and YMCA Athletics and Recreation Complex, 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 2015, with expectation of construction commencing in 2016.

Included in projects in progress is \$6,976,589 (2014 - \$2,543,056), 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 are \$546,076 (2014 - \$643,125) of development expenses payable to Laurier at year end. Also, the YMCA's capital project payables balance of \$2,546,873 (2014 - \$942,524) consists of development expenses payable to Laurier at year end and relate to the contributions from the Government of Canada and the City of Brantford.

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:

	2015	2014
Government of Canada	\$ 1,940,327	\$ 718,059
City of Brantford	606,546	224,465
	\$ 2,546,873	\$ 942,524

The YMCA of Hamilton/Burlington/Brantford Notes to Financial Statements

December 31, 2015

7. Bank Loans

The YMCA has a revolving operating line, to a maximum of \$500,000 (2014 - \$300,000), bearing interest at prime plus 0.5% (2014 - prime minus 0.5%). This facility was unused as at December 31, 2015.

The YMCA also has a \$1,000,000 (2014 - \$1,000,000) revolving lease line of credit. As at year end, the amount drawn on this facility was \$618,290 (2014 - \$732,170) (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.

8. Deferred Revenue

	2015	2014
Child care fees	\$ 72,419	\$ 71,315
Membership revenue	473,880	487,462
Program fees	1,544,363	787,573
Residence	30,606	35,563
Strong Kids Annual Giving Program	146,448	77,516
	\$ 2,267,716	\$ 1,459,429

9. Capital Lease Obligations

	2015	2014
Obligations under capital lease:		
- with interest rate of 3.18%, maturing October 2017	\$ 162,783	\$ 251,826
- with interest rate of 3.30%, maturing May 2017	103,587	178,345
- with interest rate of 3.45%, maturing September 2016	78,259	192,326
- with interest rate of 3.59%, maturing June 2016	32,838	109,673
- with interest rate of 3.17%, maturing December 2017	107,961	-
- with interest rate of 0%, maturing February 2018	132,862	-
	618,290	732,170
Current portion	394,717	354,704
	\$ 223,573	\$ 377,466

The YMCA of Hamilton/Burlington/Brantford Notes to Financial Statements

December 31, 2015

9. Capital Lease Obligations (Continued)

The obligations are secured by fixtures and equipment with a net book value of \$594,150 (2014 - \$563,450).

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

2016	\$	418,305
2017		221,492
2018		<u>10,219</u>
Total minimum lease payments		650,016
Less: imputed interest		<u>(31,726)</u>
		 <u>\$ 618,290</u>

10. Deferred Capital Contributions

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

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 33,601,770	\$ 33,299,593
Add: contributions received and receivable	2,006,725	1,366,788
Less: contributions recognized as revenue	<u>(1,064,595)</u>	<u>(1,064,611)</u>
	 <u>\$ 34,543,900</u>	 <u>\$ 33,601,770</u>

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

	<u>2015</u>	<u>2014</u>
Unamortized capital contributions	\$ 33,920,471	\$ 32,930,374
Unallocated contributions	<u>623,429</u>	<u>671,396</u>
	 <u>\$ 34,543,900</u>	 <u>\$ 33,601,770</u>

The YMCA of Hamilton/Burlington/Brantford Notes to Financial Statements

December 31, 2015

11. Net Assets Invested in Capital Assets

	2015	2014
Capital assets, net	\$ 42,258,514	\$ 38,844,025
Restricted cash	7,912,437	9,107,207
Deferred capital contributions - unamortized	(33,920,471)	(32,930,374)
	\$ 16,250,480	\$ 15,020,858

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.

	2015	2014
Investments	\$ 4,595,183	\$ 4,533,042
Less: Investments in unrestricted net assets	(848,225)	(732,475)
	\$ 3,746,958	\$ 3,800,567

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

	2015	2014
Interest and dividend income	\$ 163,312	\$ 154,713
Donations	440	15,868
Investment gains (losses)	(71,893)	248,439
Investment management fees	(40,468)	(37,693)
Transfer to unrestricted net assets	(105,000)	(80,000)
	\$ (53,609)	\$ 301,327

During the year, the Board of Directors approved a transfer of \$105,000 (2014 - \$80,000) from net assets invested in endowment to unrestricted net assets to support the following; a pilot program at the Brantford YMCA - Y Leadership U, the YCAT Leadership Workshops & Conference, a YMCA fundraising event audit, a Health, Fitness & Aquatics Child & Youth Behaviour Specialist.

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 \$643,770 (2014 - \$635,885) from unrestricted net assets to net assets internally restricted. Also, the Board of Directors approved expenditures throughout the year of \$491,132 (2014 - \$191,447) on the Wanakita renovation project from net assets internally restricted.

The YMCA of Hamilton/Burlington/Brantford Notes to Financial Statements

December 31, 2015

14. Commitments

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

2016	\$	818,500
2017		518,805
2018		410,180
2019		271,389
2020		157,984
Thereafter		90,627
	\$	2,267,485

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.

	2015	2014
Contracted programs		
Special program funding received and receivable from federal and provincial governments to operate programs related to:		
- Employment services	\$ 5,132,601	\$ 5,025,431
- Education and training	324,960	304,676
- Immigrant services	2,126,097	2,336,769
- Community initiatives	469,743	457,755
	8,053,401	8,124,631
Subsidies and grants		
Child care wage subsidies received:		
- Region of Halton	1,340,801	950,792
- The City of Hamilton	1,288,913	813,828
- The City of Brantford	1,042,034	815,078
	3,671,748	2,579,698
Child care operational grants received:		
- The City of Hamilton	189,559	218,859
- The City of Brantford	233,673	214,600
- Other	201,112	127,087
	624,344	560,546
	\$ 12,349,493	\$ 11,264,875

The YMCA of Hamilton/Burlington/Brantford

Notes to Financial Statements

December 31, 2015

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 \$733,425 (2014 - \$721,686).

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 \$1,440,973 (2014 - \$1,241,477) 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.