

**The YMCA of  
Hamilton/Burlington/Brantford  
Financial Statements  
For the year ended December 31, 2016**

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Hamilton/Burlington/Brantford  
Financial Statements  
For the year ended December 31, 2016**

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## Independent Auditor's Report

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### 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, 2016, 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, 2016, 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 30, 2017

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

December 31	2016	2015
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 2)	\$ 5,421,997	\$ 6,011,724
Accounts receivable	2,612,170	1,857,076
Inventories and prepaid expenses	498,656	527,268
Restricted cash - current (Note 3)	<u>811,036</u>	<u>249,190</u>
	9,343,859	8,645,258
Capital campaign pledges receivable	944,667	483,366
Restricted cash (Note 3)	6,140,625	7,663,247
Investments (Note 4)	5,078,718	4,595,183
Capital assets (Note 5)	49,331,353	42,258,514
Capital project receivables (Note 5)	<u>2,042,685</u>	<u>2,546,873</u>
	<u>\$ 72,881,907</u>	<u>\$ 66,192,441</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 5,699,765	\$ 3,574,313
Deferred revenue (Note 7)	3,142,430	2,267,716
Special program funds unexpended (Note 8)	295,145	168,942
Current portion of capital lease obligations (Note 9)	<u>351,632</u>	<u>394,717</u>
	9,488,972	6,405,688
Capital lease obligations (Note 9)	338,865	223,573
Capital project payables (Note 5)	<u>2,042,685</u>	<u>2,546,873</u>
	<u>11,870,522</u>	<u>9,176,134</u>
Deferred capital contributions (Note 10)	<u>36,861,980</u>	<u>34,543,900</u>
<b>Net assets</b>		
Invested in capital assets (Note 11)	19,994,251	16,250,480
Invested in endowment (Note 12)	4,116,491	3,746,958
Internally restricted (Note 13)	2,458,369	3,401,731
Unrestricted	<u>(2,419,706)</u>	<u>(926,762)</u>
	<u>24,149,405</u>	<u>22,472,407</u>
	<u>\$ 72,881,907</u>	<u>\$ 66,192,441</u>

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 2016	Total 2015
<b>Balance, beginning of year</b>	<b>\$ 16,250,480</b>	<b>\$ 3,746,958</b>	<b>\$ 3,401,731</b>	<b>\$ (926,762)</b>	<b>\$ 22,472,407</b>	<b>\$ 21,496,361</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>(1,422,632)</b>	<b>-</b>	<b>-</b>	<b>3,099,630</b>	<b>1,676,998</b>	<b>976,046</b>
<b>Investment in capital assets</b>	<b>5,166,403</b>	<b>-</b>	<b>(1,684,506)</b>	<b>(3,481,897)</b>	<b>-</b>	<b>-</b>
<b>Transfers (Notes 12 and 13)</b>	<b>-</b>	<b>369,533</b>	<b>741,144</b>	<b>(1,110,677)</b>	<b>-</b>	<b>-</b>
<b>Balance, end of year</b>	<b>\$ 19,994,251</b>	<b>\$ 4,116,491</b>	<b>\$ 2,458,369</b>	<b>\$ (2,419,706)</b>	<b>\$ 24,149,405</b>	<b>\$ 22,472,407</b>

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	2016	2015
<b>Revenue</b>		
Child care fees	\$ 20,342,686	\$ 18,363,563
Membership revenue	9,063,164	9,388,036
Program fees	5,492,724	5,192,900
Purchase of service (Note 15)	13,776,924	12,349,493
Residence	792,826	807,538
United Way	318,391	304,911
Strong Kids Annual Giving Program	1,037,727	1,051,735
Contract service revenue	234,245	235,112
Investment income	284,927	300,830
Donations	199,488	158,732
Other revenues	468,816	455,393
Fair value changes in investments	371,209	(71,893)
	<u>52,383,127</u>	<u>48,536,350</u>
<b>Expenses</b>		
Salaries	31,373,168	29,465,686
Benefits	4,831,273	4,250,995
Program services	4,394,021	4,146,435
Facility costs	6,356,004	6,031,671
Administration	1,935,690	1,733,230
Interest and bank charges	547,341	530,091
YMCA Canada dues	545,620	525,743
Investment management fees	41,524	40,468
Other income (Note 13)	(741,144)	(643,770)
	<u>49,283,497</u>	<u>46,080,549</u>
<b>Excess of revenue over expenses before the under noted</b>	<u>3,099,630</u>	<u>2,455,801</u>
<b>Capital asset changes</b>		
Amortization of capital assets	(2,425,890)	(2,559,350)
Amortization of deferred capital contributions	1,003,258	1,064,595
Gain on disposal of capital assets	-	15,000
	<u>(1,422,632)</u>	<u>(1,479,755)</u>
<b>Excess of revenue over expenses</b>	<u>\$ 1,676,998</u>	<u>\$ 976,046</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	2016	2015
<b>Cash and cash equivalents provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 1,676,998	\$ 976,046
Items not affecting cash and cash equivalents		
Amortization of capital assets	2,425,890	2,559,350
Amortization of deferred capital contributions	(1,003,258)	(1,064,595)
Gain on disposal of capital assets	-	(15,000)
Fair value changes in investments	(371,209)	71,893
Changes in non-cash working capital balances		
Accounts receivable	(755,094)	(1,204,458)
Inventories and prepaid expenses	28,612	(62,580)
Capital project receivables	504,188	(1,604,349)
Accounts payable and accrued liabilities	2,125,452	374,705
Deferred revenue	874,714	808,287
Special program funds unexpended	126,203	369,021
Capital project payables	(504,188)	1,604,349
	<u>5,128,308</u>	<u>2,812,669</u>
<b>Investing activities</b>		
Capital asset purchases	(9,031,803)	(5,630,441)
Proceeds on sale of capital assets	-	15,000
Endowment investment purchases	(112,326)	(134,034)
Change in capital campaign pledges receivable	(461,301)	180,134
Change in restricted cash	960,776	1,194,770
	<u>(8,644,654)</u>	<u>(4,374,571)</u>
<b>Financing activities</b>		
Capital contributions received/receivable	3,321,338	2,006,725
Repayment of capital lease obligations	(394,719)	(457,278)
	<u>2,926,619</u>	<u>1,549,447</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(589,727)</b>	<b>(12,455)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>6,011,724</b>	<b>6,024,179</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,421,997</b>	<b>\$ 6,011,724</b>

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

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# The YMCA of Hamilton/Burlington/Brantford

## Notes to Financial Statements

December 31, 2016

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### 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 (2015 - 21) licensed pre-school childcare centres and 84 (2015 - 84) licensed before and after school programs throughout Hamilton, Burlington and Brantford. The YMCA operates 5 (2015 - 5) health, fitness and recreation centres and provides 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 net asset balance 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.



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# The YMCA of Hamilton/Burlington/Brantford

## Notes to Financial Statements

**December 31, 2016**

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### 1. Significant Accounting Policies (Continued)

#### **Revenue Recognition (continued)**

The Association runs a Strong Kids Annual Giving Program campaign to raise much needed resources to support proven YMCA programs that give kids the opportunities they need to reach their full potential. A portion of the contributions received that are intended for programs that will occur subsequent to year end are deferred.

#### **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. All other leases are accounted for as operating leases wherein rental payments are expensed on a straight-line basis.

#### **Capital Assets**

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 contribute to the YMCA's ability to provide services, the carrying amount is written down to net realizable value.

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

Buildings	-	30 to 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.

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# The YMCA of Hamilton/Burlington/Brantford

## Notes to Financial Statements

December 31, 2016

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### 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 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 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 \$677,000 (2015 - \$748,000) 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 cash and cash equivalents) 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. 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.

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

**December 31, 2016**

### 2. Cash and Cash Equivalents

	2016	2015
Cash	\$ 232,111	\$ 1,001,616
Money market funds	5,189,886	5,010,108
	\$ 5,421,997	\$ 6,011,724

### 3. Restricted Cash

Included in restricted cash are externally restricted amounts for eligible costs relating to the Laurier Brantford YMCA capital project (Note 5).

	2016	2015
Government of Ontario's Strategic Investments Fund	\$ 6,041,194	\$ 7,003,277
Other externally restricted cash	910,467	909,160
Less: Current portion of Government of Ontario's Strategic Investments Fund	(811,036)	(249,190)
	\$ 6,140,625	\$ 7,663,247

The current portion of the Government of Ontario's Strategic Investments Fund represents eligible development expenditures incurred at year end to be funded by the Government of Ontario that have not yet been withdrawn from the Fund.

### 4. Investments

	2016		2015	
	Fair Value	Cost	Fair Value	Cost
Equities	\$ 4,108,699	\$ 3,593,859	\$ 3,692,212	\$ 3,597,532
Fixed income	762,324	753,551	530,806	526,214
Pooled funds	82,243	82,243	185,973	185,973
Cash	125,452	125,452	186,192	186,192
	\$ 5,078,718	\$ 4,555,105	\$ 4,595,183	\$ 4,495,911

The effective interest rate on fixed income securities during the year varied from 1.75% to 3.80%. The maturities of these securities range from 2017 to 2022.

The investments are monitored by the YMCA Endowment Fund Committee for compliance with the YMCA's Statement of Investment Policy.

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

**December 31, 2016**

### 5. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,887,045	\$ -	\$ 1,887,045	\$ -
Buildings	48,010,814	17,694,321	49,847,176	18,926,366
Fixtures and equipment	5,309,482	2,406,412	4,618,357	2,803,981
Projects in progress	14,224,745	-	7,636,283	-
	<b>69,432,086</b>	<b>20,100,733</b>	<b>63,988,861</b>	<b>21,730,347</b>
Net book value	<b>\$ 49,331,353</b>		<b>\$ 42,258,514</b>	

During the year, the YMCA purchased capital assets of \$9,498,729 (2015 - \$5,973,839) of which \$4,177,754 (2015 - \$3,148,315) are included in accounts payable and accrued liabilities and capital project payable balances at year end. Included in the purchase of capital assets are assets financed by capital leases in the amount of \$466,926 (2015 - \$343,398).

Projects in progress relate to incurred costs of a Wanakita renovation of \$1,229,745 (2015 - \$659,694).

Also included in projects in progress is \$12,995,000 (2015 - \$6,976,589) relating to the design, site preparation and early construction stages of the capital project in Brantford. This amount represents fifty percent of the total expenditures incurred under the joint development agreement between Wilfrid Laurier University ("Laurier") and the YMCA dated June 28, 2013. Under the agreement, both parties have agreed to jointly develop and operate 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 \$1,781,105 (2015 - \$546,076) of development expenses payable to Laurier at year end. Also, the YMCA's capital project payables balance of \$2,042,685 (2015 - \$2,546,873) 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 are receivable in accordance with the terms and conditions of the agreements. Capital project receivables in the statement of financial position consist of amounts from:

	2016	2015
Government of Canada	\$ 1,199,929	\$ 1,940,327
City of Brantford	842,756	606,546
	<b>\$ 2,042,685</b>	<b>\$ 2,546,873</b>

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

**December 31, 2016**

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### 6. Bank Facilities

The YMCA has a \$1,000,000 (2015 - \$1,000,000) revolving lease line of credit. As at year end, the amount drawn on this facility was \$690,497 (2015 - \$618,290) (Note 9).

Subsequent to year end, the YMCA entered into a term loan for \$3,100,000 relating to the capital project in Brantford (Note 5). The term loan bears interest at 2.98%, has fixed monthly principal and interest payments of \$47,075 and matures March 2022.

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

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### 7. Deferred Revenue

	2016	2015
Child care fees	\$ 49,066	\$ 72,419
Membership revenue	426,113	473,880
Program fees	2,471,426	1,544,363
Residence	27,312	30,606
Strong Kids Annual Giving Program	168,513	146,448
	\$ 3,142,430	\$ 2,267,716

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### 8. Special Program Funds Unexpended

	2016	2015
Funding received unexpended	\$ 1,157,527	\$ 1,215,112
Less: costs in excess of funding received	(862,382)	(1,046,170)
Special program funds unexpended	\$ 295,145	\$ 168,942

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

**December 31, 2016**

### 9. Capital Lease Obligations

	2016	2015
Obligations under capital lease:		
- with interest rate of 3.45%, repaid	\$ -	\$ 78,259
- with interest rate of 3.59%, repaid	-	32,838
- with interest rate of 3.18%, maturing October 2017	<b>70,872</b>	162,783
- with interest rate of 3.30%, maturing May 2017	<b>26,325</b>	103,587
- with interest rate of 3.17%, maturing December 2017	<b>54,834</b>	107,961
- with interest rate of 0%, maturing February 2018	<b>71,540</b>	132,862
- with interest rate of 2.91%, maturing February 2020	<b>466,926</b>	-
	<b>690,497</b>	618,290
Current portion	<b>351,632</b>	394,717
	<b>\$ 338,865</b>	\$ 223,573

The obligations are secured by fixtures and equipment with a net book value of \$877,743 (2015 - \$594,150).

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

2017	\$ 376,688
2018	179,525
2019	169,306
2020	<u>14,108</u>
Total minimum lease payments	739,627
Less: imputed interest	<u>(49,130)</u>
	<b>\$ 690,497</b>

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

**December 31, 2016**

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### 10. Deferred Capital Contributions

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

	2016	2015
Balance, beginning of year	\$ 34,543,900	\$ 33,601,770
Add: contributions received and receivable	3,321,338	2,006,725
Less: contributions recognized as revenue	(1,003,258)	(1,064,595)
	\$ 36,861,980	\$ 34,543,900

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

	2016	2015
Unamortized capital contributions	\$ 36,288,763	\$ 33,920,471
Unallocated contributions	573,217	623,429
	\$ 36,861,980	\$ 34,543,900

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### 11. Net Assets Invested in Capital Assets

	2016	2015
Capital assets, net	\$ 49,331,353	\$ 42,258,514
Restricted cash - current	811,036	249,190
Restricted cash	6,140,625	7,663,247
Deferred capital contributions - unamortized	(36,288,763)	(33,920,471)
	\$ 19,994,251	\$ 16,250,480

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### 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.

	2016	2015
Investments	\$ 5,078,718	\$ 4,595,183
Less: Investments in unrestricted net assets	(962,227)	(848,225)
	\$ 4,116,491	\$ 3,746,958

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

**December 31, 2016**

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### 12. Net Assets Invested in Endowment (Continued)

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

	2016	2015
Investment income	\$ 154,529	\$ 163,312
Donations	2,319	440
Fair value changes in investments	371,209	(71,893)
Investment management fees	(41,524)	(40,468)
Transfer to unrestricted net assets	(117,000)	(105,000)
	\$ 369,533	\$ (53,609)

During the year, the Board of Directors approved a transfer of \$117,000 (2015 - \$105,000) from net assets invested in endowment to unrestricted net assets to support the Y on Wheels program, the YMCA CEO Advisory Team (YCAT), Swim to Survive and the Wanakita Master Plan funding strategy.

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### 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 \$741,144 (2015 - \$643,770) from unrestricted net assets to net assets internally restricted. Also, the Board of Directors approved expenditures throughout the year of \$1,684,506 (2015 - \$491,132) on the Wanakita renovation project from net assets internally restricted.

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### 14. Commitments

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

2017	\$ 1,067,755
2018	608,374
2019	407,949
2020	175,376
2021	35,973
Thereafter	56,642
	\$ 2,352,069



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

**December 31, 2016**

### 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.

	2016	2015
<b>Contracted programs</b>		
Special program funding received and receivable from federal and provincial governments to operate programs related to:		
- Employment services	\$ 5,476,327	\$ 5,132,601
- Education and training	334,797	324,960
- Immigrant services	2,367,009	2,126,097
- Community initiatives	470,803	469,743
	<b>8,648,936</b>	<b>8,053,401</b>
<b>Subsidies and grants</b>		
Child care General Operating Grant and Wage Enhancement Grants:		
- Region of Halton	1,710,290	1,340,801
- The City of Hamilton	1,506,835	1,288,913
- The City of Brantford	1,309,479	1,042,034
	<b>4,526,604</b>	<b>3,671,748</b>
Child care System Priorities Grants:		
- Region of Halton	102,244	-
- The City of Hamilton	180,000	189,559
- The City of Brantford	212,492	233,673
	<b>494,736</b>	<b>423,232</b>
Other	<b>106,648</b>	<b>201,112</b>
	<b>\$ 13,776,924</b>	<b>\$ 12,349,493</b>

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# The YMCA of Hamilton/Burlington/Brantford

## Notes to Financial Statements

December 31, 2016

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### 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 \$801,660 (2015 - \$733,425).

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

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### 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 funds of \$1,240,734 (2015 - \$1,440,973) were held in US dollars and converted into Canadian dollars at year end. 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.

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### 18. Comparative Amounts

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