Financial Statements of

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Years ended March 31, 2013 and March 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the Members of Sudbury Young Men's Christian Association

We have audited the accompanying financial statements of **Sudbury Young Men's Christian Association** which comprise the statement of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations and changes in fund balances (deficit) and cash flows for the years then ended March 31, 2013 and March 31, 2012, and notes, comprising 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.

Auditors' 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 our 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, we consider internal control relevant to the entity'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 entity'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 Sudbury Young Men's Christian Association as at March 31, 2013, March 31, 2012 and April 1, 2011, and its results of operations, changes in fund balances (deficit) and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

July 9, 2013
Sudbury, Canada

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Financial Position

March 31, 2013, March 31, 2012 and April 1, 2011

		March 31, 2013	March 31, 2012	April 1, 2011
Assets				
Current assets:				
Cash and investments	$	1,383,332	46,786	43,320
Accounts receivable (note 2)		342,395	470,827	563,684
Current portion of net investment in leases (note 3)		14,170	13,228	12,969
Prepaid expenses		17,791	27,123	34,443
		1,757,688	557,964	654,416
Net investment in leases (note 3)		20,440	34,610	48,848
Capital assets (note 4)		9,754,460	10,045,545	10,280,503
	$	11,532,588	10,638,119	10,983,767
Liabilities and Fund Balances				
Current liabilities:				
Bank indebtedness (note 5 and 8)	$	-	545,294	372,993
Accounts payable and accrued liabilities (note 6)		530,323	752,793	673,268
Deferred revenue (note 7)		465,217	567,986	821,482
Current portion of loans payable (note 8)		234,444	280,800	403,760
		1,229,984	2,146,873	2,271,503
Loans payable (note 8)		6,520,144	4,608,417	4,815,482
		7,750,128	6,755,290	7,086,985
Fund balances		3,782,460	3,882,829	3,896,782
	$	11,532,588	10,638,119	10,983,767

See accompanying notes to financial statements.

On behalf of the Board:

_________________________________ Director

_________________________________ Director

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Operations and Changes in Fund Balances (Deficit)

Years ended March 31, 2013 and 2012

	Operating		Capital		Restricted and Endowment		Total	Total
	2013	2012	2013	2012	2013	2012	2013	2012
Revenue:								
Employment programs	$ 3,813,403	4,065,472	64,910	-	-	-	3,878,313	4,065,472
Membership and programs	2,023,889	2,075,443	-	-	-	-	2,023,889	2,075,443
John Island / Falcona Camps	879,527	793,972	-	-	-	-	879,527	793,972
Child care	1,500,657	1,320,090	-	-	-	-	1,500,657	1,320,090
Provincial grants	77,830	54,871	-	58,664	-	-	77,830	113,535
Federal grants	19,514	19,514	-	17,984	-	-	19,514	37,498
United Way	72,461	60,047	-	-	-	-	72,461	60,047
Fundraising and other contributions	97,869	83,056	13,299	101,820	-	-	111,168	184,876
Lease finance income	-	-	2,888	2,001	-	-	2,888	2,001
Facility cost recoveries	254,605	258,431	-	-	-	-	254,605	258,431
Other interest	3,436	2,537	-	-	-	-	3,436	2,537
Miscellaneous	241,358	273,684	-	-	-	-	241,358	273,684
	8,984,549	9,007,117	81,097	180,469	-	-	9,065,646	9,187,586
Expenses:								
Employment programs	3,350,161	3,579,082	-	-	-	-	3,350,161	3,579,082
Membership and programs	937,893	905,129	-	-	-	-	937,893	905,129
John Island / Falcona Camps	771,460	772,047	-	-	-	-	771,460	772,047
Child care	1,346,747	1,260,563	-	-	-	-	1,346,747	1,260,563
Administration	901,976	893,872	-	-	-	-	901,976	893,872
Plant	1,250,887	1,172,445	-	-	-	-	1,250,887	1,172,445
Interest on loans payable	198,331	215,138	-	-	-	-	198,331	215,138
Amortization of capital assets	-	-	408,560	403,263	-	-	408,560	403,263
	8,757,455	8,798,276	408,560	403,263	-	-	9,166,015	9,201,539
Excess (deficiency) of revenue over expenses	227,094	208,841	(327,463)	(222,794)	-	-	(100,369)	(13,953)
Fund balances (deficit), beginning of year	(1,390,287)	(1,253,082)	5,226,330	5,133,078	46,786	16,786	3,882,829	3,896,782
Interfund transfers:								
Capital asset purchases and debt repayment	(193,260)	(316,046)	193,260	316,046	-	-	-	-
Transfer for health benefits reserve	-	(30,000)	-	-	-	30,000	-	-
Fund balances (deficit), end of year	$ (1,356,453)	(1,390,287)	5,092,127	5,226,330	46,786	46,786	3,782,460	3,882,829

See accompanying notes to financial statements.

SUDBURY YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Cash Flows

Years ended March 31, 2013 and 2012

		2013	2012
Cash flows from operating activities:			
Deficiency of revenue over expenses	$	(100,369)	(13,953)
Adjustments for:			
Amortization of capital assets		408,560	403,263
		308,191	389,310
Change in non-cash working capital (note 10)		(187,475)	(73,794)
		120,716	315,516
Cash flows from investing:			
Capital asset purchases		(117,475)	(168,305)
Cash flows from financing activities:			
Proceeds of long-term debt		2,128,190	-
Decrease in reduction of long-term obligations		(262,819)	(330,025)
Decrease in net investment in leases		13,228	13,979
		1,878,599	(316,046)
Increase (decrease) in cash		1,881,840	(168,835)
Cash position, beginning of year		(498,508)	(329,673)
Cash position, end of year	$	1,383,332	(498,508)
Represented by:			
Cash and investments	$	1,383,332	46,786
Bank indebtedness		-	(545,294)
	$	1,383,332	(498,508)

See accompanying notes to financial statements.

Sudbury Young Men's Christian Association (the "Association") is incorporated without share capital under the laws of Ontario and its principal activities include health, fitness, recreational and camping programs, child care and the operation of youth employment services.

Effective April 1, 2012, the Association adopted the revised standards for Canadian generally accepted accounting principles for not-for-profit Associations under Part III of the CICA Handbook. The effect of this adoption did not require any retrospective adjustment to the recorded values of assets, liabilities and net assets at the transition date or excess (deficiency) of revenue over expenses for the year ended March 31, 2012.

1. Significant accounting policies:

(a) Basis of presentation:

As the Association receives funding for various purposes, the accounts are maintained in a manner which segregates transactions according to the following funds:

- Operating fund, which represents the day-to-day fitness, recreational, administrative, employment services and maintenance operations of the Association.
- Capital fund, which represents the equity in property and equipment resulting from capital additions, disposals, funding, financing and amortization charges.
- Restricted and endowment funds includes funds provided by various sources. The expense is internally restricted or endowed where the principal remains and investment income can be expended as specified by the donor.

(b) Revenue recognition:

The Association follows the restricted fund method of accounting. Under this method, the following principles have been applied:

- Contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the donor.
- Contributions including pledges and donations are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Unearned membership, program and grant revenues received are recorded as a liability and included in deferred revenue on the statement of financial position.

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are stated at cost, or fair value, if donated and amount is determinable. Amortization is provided on the straight-line basis using the following annual rates:

Assets	Rate
Buildings	2 1/2%
Leasehold improvements	10%
Furnishings and equipment	10%
Vehicles and computer equipment	33 1/3%

(d) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets, and loans payable, and valuation allowances for receivables. Actual results could differ from those estimates.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Accounts receivable:

		2013	2012	2011
Accounts receivable	$	372,710	534,923	605,067
Less allowance for doubtful accounts		(30,315)	(64,096)	(41,383)
	$	342,395	470,827	563,684

3. Net investment in leases:

The City of Greater Sudbury leases space in the building for Daycare programs.

The net investment in City of Greater Sudbury – Daycare leases is $34,610 (2012 - $47,838; 2011 - $61,817).

The lease for Daycare is being amortized over 15 years. There is an option to purchase the condominium space for nominal consideration at the lease expiration date.

The leases also provide for the recovery of the lessees' share of the annual operating and maintenance costs, on a square footage basis.

The minimum lease payments have been calculated assuming conditions consistent with current payment streams.

On the basis that repayments will be made pursuant to the terms of the agreements, future minimum lease payments for the Daycare to be received are as follows:

2014	$	14,170
2015		15,180
2016		5,260
	$	34,610

4. Capital assets:

March 31, 2013		Cost	Accumulated Amortization	Net Book Value
Durham Street:				
Land	$	729,033	–	729,033
Building		9,861,280	3,088,182	6,773,098
Furnishings and equipment		1,330,099	1,230,562	99,537
Computer equipment		93,098	93,098	–
		12,013,510	4,411,842	7,601,668
John Island Camp:				
Land, at nominal value		1	–	1
Buildings		1,072,248	221,520	850,728
Furnishings and equipment		805,404	632,986	172,418
Vehicles		114,641	114,641	–
		1,992,294	969,147	1,023,147
Falcona Camp:				
Land		450,000	–	450,000
Buildings		472,242	37,593	434,649
Furnishings and equipment		91,226	58,808	32,418
Vehicles		31,093	31,093	–
		1,044,561	127,494	917,067
Elm Street:				
Leasehold improvements		537,436	378,889	158,547
Computer equipment		49,302	49,302	–
Furnishings and equipment		72,167	18,136	54,031
Vehicles		34,093	34,093	–
		692,998	480,420	212,578
	$	15,743,363	5,988,903	9,754,460

4. Capital assets (continued):

March 31, 2012		Cost	Accumulated Amortization	Net Book Value
Durham Street:				
Land	$	729,033	–	729,033
Building		9,861,280	2,841,650	7,019,630
Furnishings and equipment		1,330,099	1,209,416	120,683
Computer equipment		93,098	92,773	325
		12,013,510	4,143,839	7,869,671
John Island Camp:				
Land, at nominal value		1	–	1
Buildings		1,063,301	194,714	868,587
Furnishings and equipment		761,786	602,743	159,043
Vehicles		114,641	113,441	1,200
		1,939,729	910,898	1,028,831
Falcona Camp:				
Land		450,000	–	450,000
Buildings		472,242	25,787	446,455
Furnishings and equipment		91,226	50,011	41,215
Vehicles		31,093	31,093	–
		1,044,561	106,891	937,670
Elm Street:				
Leasehold improvements		521,435	325,145	196,290
Computer equipment		49,302	48,559	743
Furnishings and equipment		23,259	10,919	12,340
Vehicles		34,093	34,093	–
		628,089	418,716	209,373
	$	15,625,889	5,580,344	10,045,545

4. Capital assets (continued):

April 1, 2011		Cost	Accumulated Amortization	Net Book Value
Durham Street:				
Land	$	729,033	–	729,033
Building		9,861,280	2,595,118	7,266,162
Furnishings and equipment		1,330,099	1,188,269	141,830
Computer equipment		93,098	91,603	1,495
		12,013,510	3,874,990	8,138,520
John Island Camp:				
Land, at nominal value		1	–	1
Buildings		1,019,569	168,131	851,438
Furnishings and equipment		680,426	584,998	95,428
Vehicles		114,641	110,861	3,780
		1,814,637	863,990	950,647
Falcona Camp:				
Land		450,000	–	450,000
Buildings		429,030	13,981	415,049
Furnishings and equipment		91,226	40,888	50,338
Vehicles		31,093	31,093	–
		1,001,349	85,962	915,387
Elm Street:				
Leasehold improvements		521,435	273,002	248,433
Computer equipment		49,302	47,815	1,487
Furnishings and equipment		23,259	8,593	14,666
Vehicles		34,093	22,730	11,363
		628,089	352,140	275,949
	$	15,457,585	5,177,082	10,280,503

5. Bank indebtedness:

This unsecured balance bears interest at prime plus 0.55% (2012 - prime of 3%). The balance is limited to $300,000 (2012 - $550,000).

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $7,173 (2012 - $5,708), which includes amounts payable for HST and payroll related taxes.

7. Deferred revenue:

	March 31, 2013	March 31, 2012	April 1, 2011
Memberships and camps	$ 355,442	389,344	392,541
Employment	107,953	178,642	312,859
Rights and Sponsorship	–	–	31,443
Child Care	1,017	–	9,304
Child Care - Construction	–	–	35,335
Ontario Works	–	–	40,000
Gift Cards	805	–	–
	$ 465,217	567,986	821,482

8. Loans payable:

Details of the loans payable are as follows:

	Interest	Maturity	March 31, 2013 Total Outstanding	March 31, 2012 Total Outstanding	April 1, 2011 Total Outstanding
Ford Credit	0%	2014	$ 2,229	11,147	20,064
Heritage Fund	N/A	–	1,300,000	1,300,000	1,320,000
RBC term loan	5.70%	–	–	3,504,845	3,666,381
RBC term loan	2.50%	–	–	73,225	212,797
RBC term loan	3.65%	2032	5,452,359	–	–
			6,754,588	4,889,217	5,219,242
Less current portion			(234,444)	(280,800)	(403,760)
			$ 6,520,144	4,608,417	4,815,482

The term loan is secured by a general security agreement and a collateral mortgage on the 140 Durham Street property. Renewals and rates are determined annually.

The Heritage Fund loan is interest-free with principal due in annual payments of $20,000 commencing April 2002 plus a contingent amount equal to 50% of the annual operating surplus which is defined as the operating surplus adjusted for non-cash items, less principal debt reduction and capital expenditures of up to $400,000. The terms on the balance outstanding have yet to be finalized.

8. Loans payable (continued):

On the basis that repayments will be made pursuant to the terms of the agreements currently in place, principal due within each of the next five years is approximately as follows:

2014	$ 234,444
2015	219,350
2016	226,749
2017	234,423
2018	242,382
Thereafter	5,437,240

9. Restricted and endowment fund:

The balance is comprised of the following:

	March 31, 2013	March 31, 2012	April 1, 2011
Endowment fund	$ 16,786	16,786	16,786
Reserve for health benefits	30,000	30,000	–
	$ 46,786	46,786	16,786

10. Change in non-cash working capital:

	2013	2012
Cash provided by (used in):		
Decrease in accounts receivable	$ 128,432	92,857
Decrease in prepaid expenses	9,332	7,320
(Decrease) increase in accounts payable and accrued liabilities	(222,470)	79,525
Decrease in deferred revenue	(102,769)	(253,496)
	$ (187,475)	(73,794)

11. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2012.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk with respect to the accounts receivable. The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.