

The Young Men's Christian Association of Northern BC

2020 Massey Drive
PO Box 1808
Prince George BC
V2L 4V7

February 4, 2016

To DMC Chartered Professional Accountants Inc.
696 Brunswick Street
Prince George, British Columbia
V2L 2C1

Dear Sir/Madame:

This representation letter is provided in connection with your audit of the financial statements of The Young Men's Christian Association of Northern BC for the period ended August 31, 2015 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian accounting standards for not for profit organizations.

We confirm that (to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves):

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated January 14, 2014 for the preparation of the financial statements in accordance with Canadian accounting standards for not for profit organizations; in particular, the financial statements are fairly presented in accordance therewith.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian accounting standards for not for profit organizations.
- All events subsequent to the date of the financial statements and for which Canadian accounting standards for not for profit organizations require adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.

Information Provided

- We have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

All transactions have been recorded in the accounting records and are reflected in the financial statements.

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.

Yours truly,

 Title: CEO

Amanda Alexander, CEO

 Title: Director of Finance

Ken Schmitz, Director of Finance

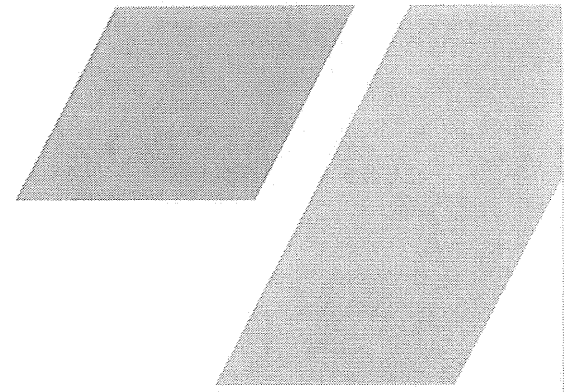
THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

AUGUST 31, 2015

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
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INDEPENDENT AUDITOR'S REPORT

To the Director of
The Young Men's Christian Association of Northern BC

We have audited the accompanying financial statements of The Young Men's Christian Association of Northern BC, which comprise the statement of financial position as at August 31, 2015, and the statements of operations, changes in net assets and cash flow 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 organization'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 organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 Young Men's Christian Association of Northern BC as at August 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.

Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, Canadian accounting standards for not-for-profits organizations have been applied on a basis consistent with that of the preceding year.

Prince George, B.C.
December 22, 2015

DmC Chartered Professional Accountants Inc.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
STATEMENT OF OPERATIONS
YEAR ENDED AUGUST 31, 2015**

	2015	%	2014	%
REVENUES				
Capital joiner fees	\$ 27,623	0.6	\$ 40,338	0.9
Child care	2,131,400	42.9	2,030,294	44.6
Community events and donations	45,981	0.9	57,987	1.3
Facility and equipment rental	28,022	0.6	26,922	0.6
Gaming	200,000	4.0	200,000	4.4
Government contracts	692,989	14.0	699,663	15.4
Membership fees	1,401,404	28.2	1,317,019	28.9
Miscellaneous income	83,110	1.7	43,939	1.0
Program fees	354,890	7.1	137,712	3.0
	4,965,419	100.0	4,553,874	100.0
EXPENDITURES (Schedule 1)	4,789,100	96.4	4,608,401	101.2
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER ITEMS	176,319	3.6	(54,527)	(1.2)
OTHER ITEMS				
Loss on sale of tangible capital assets	(24,665)	(0.5)	(168)	
Interest income	2,879	0.1	2,340	0.1
	(21,786)	(0.4)	2,172	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 154,533	3.1	\$ (52,355)	(1.1)

See accompanying notes to these financial statements

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2015**


	INVESTED IN TANGIBLE CAPITAL ASSETS	FUTURE CAPITAL RESERVE FUND	CONTINGENCY FUND RESERVE	NET ASSETS APPROPRIATED	UNRESTRICTED NET ASSETS	TOTAL 2015	TOTAL 2014
NET ASSETS, BEGINNING OF YEAR	\$ 1,481,297	\$ 107,619	\$ 107,619	\$ 39,015	\$ 165,939	\$ 1,901,489	\$ 1,952,904
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	154,533	154,533	(52,355)
Appropriation of net assets	-	-	-	7,620	-	7,620	940
Reserve funding	-	3,636	3,636	-	(7,272)	-	-
Amortization of tangible capital assets	(258,804)	-	-	-	258,804	-	-
Purchase of tangible capital assets	139,237	-	-	-	(139,237)	-	-
Disposal of tangible capital assets	(24,665)	-	-	-	24,665	-	-
Repayment of callable debt	83,533	-	-	-	(83,533)	-	-
NET ASSETS, END OF YEAR	\$ 1,420,598	\$ 111,255	\$ 111,255	\$ 46,635	\$ 373,899	\$ 2,063,642	\$ 1,901,489

See accompanying notes to these financial statements

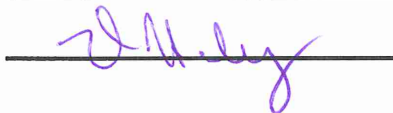
**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2015**

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	\$ 934,383	\$ 575,066
Accounts receivable	141,358	115,070
Prepaid expenses	4,184	4,319
Due from government agencies (Note 4)	4,924	3,718
	<u>1,084,849</u>	698,173
RESTRICTED CASH (Note 2)	577,399	245,109
TANGIBLE CAPITAL ASSETS (Note 3)	<u>2,702,521</u>	<u>2,846,753</u>
	<u>\$ 4,364,769</u>	<u>\$ 3,790,035</u>

Approved on behalf of the board



Director



Director

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2015**

	2015	2014
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 329,669	\$ 171,886
Due to government agencies (Note 4)	39,673	38,916
Current portion of callable debt (Note 5)	85,178	82,207
Deferred revenue (Note 6)	<u>649,862</u>	<u>312,288</u>
Current liabilities before callable debt	1,104,382	605,297
Callable debt (Note 5)	<u>1,196,745</u>	<u>1,283,249</u>
	2,301,127	1,888,546
COMMITMENTS (Note 7)		
CONTINGENCY (Note 8)		
NET ASSETS (Note 9)	<u>2,063,642</u>	<u>1,901,489</u>
	<u>\$ 4,364,769</u>	<u>\$ 3,790,035</u>

See accompanying notes to these financial statements

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
STATEMENT OF CASH FLOW
YEAR ENDED AUGUST 31, 2015**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 154,533	\$ (52,355)
Adjustments for items which do not affect cash		
Amortization	258,804	282,055
Loss on disposal of tangible capital assets	24,665	168
Net assets appropriated	7,620	940
	<u>445,622</u>	<u>230,808</u>
Change in non-cash working capital items (Note 10)	468,755	97,415
	<u>914,377</u>	<u>328,223</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible capital assets	(139,237)	(94,560)
Proceeds on disposal of tangible capital assets	-	350
	<u>(139,237)</u>	<u>(94,210)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of callable debt	(83,533)	(79,124)
INCREASE IN CASH	691,607	154,889
CASH, BEGINNING OF YEAR	820,175	665,286
CASH, END OF YEAR	\$ 1,511,782	\$ 820,175
CASH CONSISTS OF:		
Cash	\$ 934,383	\$ 575,066
Restricted cash	577,399	245,109
	<u>\$ 1,511,782</u>	<u>\$ 820,175</u>

See accompanying notes to these financial statements

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015**

DESCRIPTION OF OPERATIONS

The Young Men's Christian Association of Northern BC (the "Association" or the "YMCA") is an independent, charitable organization dedicated to the development of people in spirit, mind and body as well as the improvement of local communities. The Association is incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act (Canada) and accordingly is not subject to income taxes

1. SIGNIFICANT ACCOUNTING POLICIES

The organization follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

Revenue recognition

The Association follows the deferral method of accounting for contributions, which include grants and donations. Externally restricted contributions are initially deferred and then recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, including grants and donations, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Program fees, childcare fees and membership fees are recognized as revenue over the period to which the fees relate. Funds from government sources for services are recognized as revenue as the services to which the funds relate are delivered or performed. Amounts received in advance of meeting the criteria for revenue recognition are initially deferred and then recognized as revenue when earned. Contributions related to capital development projects and capital assets represent restricted contributions and are recognized as income on the same basis as the related assets are amortized.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenues over expenditures in the period incurred.

Financial assets measured at amortized cost include cash, restricted cash, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable, deferred revenue, and long-term debt.

The organization has not designated any financial asset or financial liability to be measured at fair value.

(ii) Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess (deficiency) of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenues over expenditures.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

Tangible capital assets are recorded at cost. The organization provides for amortization using the following methods at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates and methods are as follows:

Buildings	25 years Straight-line
Equipment	20% Declining balance
Vehicles	30% Declining balance
Furniture and fixtures	20% Declining balance
Computer equipment	30% Declining balance
Grants- Tangible capital assets	25 years Straight-line

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

Contributed materials and services

Volunteers contributed time an indeterminable number of hours per year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are also not recognized in the financial statements.

Management 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, useful lives of tangible capital assets. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015**

2. RESTRICTED CASH

The Organization's restricted funds consist of:

	<u>2015</u>	<u>2014</u>
Reserve Funds - internally restricted	\$ 222,511	\$ 215,239
Endowment Fund - externally restricted	8,500	8,500
Garret McComb Memorial Fund (YAP Program) - externally restricted	21,370	21,370
Capital Project Fund	<u>325,018</u>	<u>-</u>
	<u>\$ 577,399</u>	<u>\$ 245,109</u>

3. TANGIBLE CAPITAL ASSETS

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Buildings	\$ 6,860,484	\$ 3,599,424	\$ 3,261,060	\$ 3,347,939
Equipment	663,385	454,720	208,665	279,419
Vehicles	91,753	60,430	31,323	44,748
Furniture and fixtures	287,235	223,304	63,931	79,462
Computer equipment	115,521	86,989	28,532	36,509
Grants- Tangible capital assets	<u>(1,258,368)</u>	<u>(367,378)</u>	<u>(890,990)</u>	<u>(941,324)</u>
	<u>\$ 6,760,010</u>	<u>\$ 4,057,489</u>	<u>\$ 2,702,521</u>	<u>\$ 2,846,753</u>

Tangible capital assets include a portion of the upgraded boiler being installed at the Massey YMCA facility. Since the boiler is not complete and ready for use at year end, the capitalized portion of the asset has not been amortized in the current year.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015**

4. DUE TO / FROM GOVERNMENT AGENCIES

	<u>2015</u>	<u>2014</u>
Receiver General- GST collected / GST paid	<u>\$ 4,924</u>	<u>\$ 3,718</u>
	<u>2015</u>	<u>2014</u>
Receiver General - Payroll source deductions	<u>\$ 27,017</u>	<u>\$ 26,933</u>
Receiver General- GST collected / GST paid	<u>12,656</u>	<u>11,983</u>
	<u>\$ 39,673</u>	<u>\$ 38,916</u>

5. CALLABLE DEBT

	<u>2015</u>	<u>2014</u>
Bank loan bearing interest at prime plus 0.5% per annum, repayable in monthly payments of \$10,724 including interest, due on demand. The loan is secured by a General Security Agreement covering all assets and a Mortgage of Lease over the property. The loan matures on November 9, 2016.	<u>\$ 1,279,342</u>	<u>\$ 1,362,445</u>
Plus accrued interest as of August 31, 2015	<u>2,581</u>	<u>3,011</u>
	<u>1,281,923</u>	<u>1,365,456</u>
Less current portion	<u>85,178</u>	<u>82,207</u>
Due beyond one year	<u>\$ 1,196,745</u>	<u>\$ 1,283,249</u>

Subsequent to the statement of financial position the bank approved to renew the loan for one more year and therefore the maturity date of the above loan has been changed to November 9, 2016. No other changes to the loan agreement were made.

The organization is required to meet a specified debt service coverage and leverage ratio under its lending agreement. The organization is in compliance with these covenants as of the balance sheet date

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015**

5. CALLABLE DEBT (continued)

Due to the demand feature, demand loans have been recorded as current. If the bank does not demand repayment, principal repayments in the next five years are estimated to be as follows:

2016	\$ 85,178
2017	88,208
2018	91,345
2019	94,594
2020	97,959
Subsequent years	<u>824,639</u>
	<u>\$ 1,281,923</u>

Interest on the above debt amounted to \$46,480 (2014 - \$49,564) for the year.

6. DEFERRED REVENUE

	<u>2015</u>				<u>2014</u>
	<u>Opening</u>	<u>Deferred</u>	<u>Used</u>	<u>Total</u>	<u>Total</u>
Capital Grant					
Lac De Bois	\$ -	\$ 325,000	\$ -	\$ 325,000	\$ -
Childcare	32,559	-	-	27,614	32,559
Gaming	125,000	225,000	(200,000)	150,000	125,000
Grants	57,035	220,552	(230,932)	46,655	57,035
Membership	77,725	37,906	(42,564)	73,066	77,725
Other	8,371	1,916	(433)	9,854	8,371
Programs	11,598	71,291	(65,216)	17,673	11,598
	<u>\$ 312,288</u>	<u>\$ 881,665</u>	<u>\$ (539,145)</u>	<u>\$ 649,862</u>	<u>\$ 312,288</u>

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015**

7. COMMITMENTS

The Society leases land from the City of Prince George for \$1,000 per annum (2014 - \$1,000). The lease expires October 31, 2021 and may be renewed for a further 20 years.

8. CONTINGENCY

The Society has the following commitments and contingencies:

- (a) The Society has a line of credit available up to \$100,000 with an interest rate of prime plus 0.50% per annum and is secured by a General Security Agreement covering all assets and a Mortgage of Lease over the property. There is currently no funds drawn on this demand credit facility.
- (b) The Society holds a Standby Letter of credit for \$25,000 to secure a British Columbia Gaming License

These credit facilities were renewed on November 9, 2015 with no changes to terms and conditions.

9. NET ASSETS

	<u>2015</u>	<u>2014</u>
Invested in Tangible Capital Assets	\$ 1,420,598	\$ 1,481,297
Future Capital Reserve Fund	111,255	107,619
Contingency Fund Reserve	111,255	107,619
Net Assets Appropriated	46,635	39,015
Unrestricted Net Assets	<u>373,899</u>	<u>165,939</u>
	<u>\$ 2,063,642</u>	<u>\$ 1,901,489</u>

10. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	<u>2015</u>	<u>2014</u>
Accounts receivable	\$ (26,288)	\$ (14,693)
Due from government agencies	(1,206)	3,242
Prepaid expenses	135	3,636
Due to government agencies	757	27,341
Accounts payable and accrued liabilities	157,783	29,163
Deferred revenue	<u>337,574</u>	<u>48,726</u>
	<u>\$ 468,755</u>	<u>\$ 97,415</u>

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2015**

11. RELATED PARTY TRANSACTIONS

The company, YMCA of Northern BC and Traxler Haines are related by virtue of Robert Traxler's current position on the Board of Directors of the YMCA of Northern BC. There is no impact on the financial statements as a result of transactions involving Robert Traxler.

	<u>2015</u>	<u>2014</u>
Expenses - Professional fees - Traxler Haines	<u>\$ 332</u>	<u>\$ -</u>

12. INTERNALLY RESTRICTED NET ASSETS

Various funds received or raised by the Society are appropriated for specific purposes. These include the following:

(a) Caron Family Fund

- (i) The Caron family provides funding to be used for special needs programs designed for the benefit of their children.

(b) Endowment Fund

- (i) Donations to the fund are deposited in interest - bearing investments; interest earned by this perpetual fund is to be used by the Society, leaving the principal intact.

(c) Garret McComb Memorial Fund

- (i) Donations to the fund are deposited in interest bearing investments. Up to 90% of the annual interest may be used to provide encouragement, support and financial assistance to help young people who have been involved with the Youth Around Prince George program meet their education goals.

(d) YAP Dandelion Fund

- (i) This fund is used for costs of youth driven programs in Prince George and Area.

(e) Lac De Bois Capital Project Fund

- (i) This fund will be used subsequent to the 2015 year end for improvements to the Lac De Bois facility.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015**

12. INTERNALLY RESTRICTED NET ASSETS (continued)

The Board of Directors appropriated Internally Restricted funds to be used as follows as at August 31, 2015:

	Endowment Fund	Garret McComb Memorial Fund	YAP Dandelion Fund	Total
Closing balance as at August 31, 2014	\$ 8,500	\$ 21,370	\$ 9,145	\$ 39,015
Transfer from Unrestricted	-	7,162	458	7,620
	-	-	-	-
Closing balance as at August 31, 2015	\$ 8,500	\$ 28,532	\$ 9,603	\$ 46,635

13. RESERVE FUNDS

The Society has the following reserve funds:

(a) The Future Capital Reserve Fund

- (i) Funds are set aside to finance unexpected or significant capital expenditures

(b) The Contingency Reserve Fund

- (i) Funds are set aside to finance an unexpected or significant change in operating revenues and / or expenditures

The Society must follow the following guidelines when using the funds from these reserves:

(a) Funds must be approved by the Finance Committee or Board of Directors

(b) Funds must be replenished in the next fiscal year unless there is a deficit then 50% of the subsequent years surplus will be used until the reserve is at \$100,000

(c) A contribution of no less than 1% of revenue over expenditures before amortization will be made to both funds

(d) No fund may exceed \$200,000

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015**

14. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

The organization does have credit risk in accounts receivable of \$141,358 (2014 - \$115,070). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The organization maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the organization is low and is not material.

(b) Liquidity risk

The organization does have a liquidity risk in the accounts payable and accrued liabilities of \$329,669 (2014 - \$171,886). Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the organization is low and is not material.

(c) Interest rate risk

The organization is exposed to interest rate risk due to the variable rate interest on their long-term debt. Changes in the lending rates may cause fluctuations in cash flows and interest expense.

15. COMPARATIVE AMOUNTS

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
SCHEDULE 1 - EXPENDITURES
YEAR ENDED AUGUST 31, 2015

	2015	%	2014	%
Advertising and promotion	\$ 68,048	1.4	\$ 83,647	1.8
Affiliation fees	82,069	1.7	73,199	1.6
Amortization	258,804	5.2	282,055	6.2
Bad debts	15,831	0.3	13,636	0.3
Community engagement events	42,590	0.9	5,246	0.1
Conferences and Training	54,722	1.1	59,473	1.3
Insurance	39,124	0.8	38,899	0.9
Interest and bank charges	83,296	1.7	73,145	1.6
Interest on long-term debt	42,143	0.8	52,576	1.2
International support	10,385	0.2	9,700	0.2
Janitorial	37,283	0.8	33,144	0.7
Office	59,936	1.2	59,610	1.3
Professional fees	33,814	0.7	29,380	0.6
Program supplies and expenses	227,288	4.6	173,884	3.8
Rent	46,887	0.9	40,958	0.9
Repairs and maintenance	80,432	1.6	75,103	1.6
Subcontract	21,999	0.4	28,945	0.6
Telephone and utilities	33,099	0.7	27,584	0.6
Travel and automotive	64,512	1.3	73,675	1.6
Utilities	111,717	2.2	123,241	2.7
Wages and benefits	3,375,121	68.0	3,251,301	71.4
	\$ 4,789,100	96.4	\$ 4,608,401	101.2