

The Young Men's Christian Association of Northern BC

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

January 12, 2017

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, 2016 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 12, 2017 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, Chief Executive Officer

 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, 2016

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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, 2016, 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 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 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.

See accompanying notes to these financial statements

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, 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.

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.
January 12, 2017

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
STATEMENT OF OPERATIONS
YEAR ENDED AUGUST 31, 2016**

	2016	%	2015	%
REVENUES				
Capital joiner fees	\$ 9,060	0.2	\$ 27,623	0.6
Child care	2,399,251	44.9	2,131,400	42.9
Community events and donations	77,889	1.5	59,745	1.2
Facility and equipment rental	22,385	0.4	28,022	0.6
Gaming	247,815	4.6	200,000	4.0
Government contracts	850,933	15.9	692,989	13.9
Fundraising	17,092	0.3	9,094	0.2
Membership fees	1,337,600	25.0	1,401,404	28.2
Miscellaneous income	51,050	1.0	63,130	1.3
Program fees	332,109	6.2	354,890	7.1
	5,345,184	100.0	4,968,297	100.0
EXPENDITURES (Schedule 1)	5,228,761	97.8	4,789,099	96.4
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER ITEM	116,423	2.2	179,198	3.6
OTHER ITEMS				
Loss on sale of tangible capital assets	(4,601)	(0.1)	(24,665)	(0.5)
EXCESS OF REVENUES OVER EXPENDITURES	\$ 111,822	2.1	\$ 154,533	3.1

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, 2016**

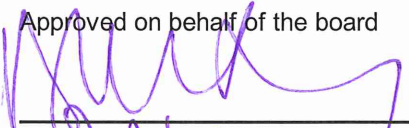
	INVESTED IN TANGIBLE CAPITAL ASSETS	FUTURE CAPITAL RESERVE FUND	CONTINGENCY FUND RESERVE	NET ASSETS APPROPRIATED	UNRESTRICTED NET ASSETS	TOTAL 2016	TOTAL 2015
NET ASSETS, BEGINNING OF YEAR	\$ 1,420,598	\$ 111,255	\$ 111,255	\$ 46,635	\$ 373,899	\$ 2,063,642	\$ 1,901,489
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-	111,822	111,822	154,533
Appropriation of net assets	-	-	-	(4,717)	-	(4,717)	7,620
Reserve funding	-	3,604	3,604	-	(7,208)	-	-
Amortization of tangible capital assets	(250,400)	-	-	-	250,400	-	-
Purchase of tangible capital assets	204,919	-	-	-	(204,919)	-	-
Disposal of tangible capital assets	(6,373)	-	-	-	6,373	-	-
Repayment of callable debt	88,962	-	-	-	(88,962)	-	-
NET ASSETS, END OF YEAR	\$ 1,457,706	\$ 114,859	\$ 114,859	\$ 41,918	\$ 441,405	\$ 2,170,747	\$ 2,063,642

See accompanying notes to these financial statements


**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2016**

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash	\$ 996,254	\$ 934,383
Accounts receivable	158,205	141,358
Due from government agencies (Note 4)	4,901	4,924
Prepaid expenses	18,476	4,184
	<u>1,177,836</u>	1,084,849
RESTRICTED CASH (Note 2)	551,277	577,399
TANGIBLE CAPITAL ASSETS (Note 3)	<u>2,650,851</u>	<u>2,702,521</u>
	<u>\$ 4,379,964</u>	<u>\$ 4,364,769</u>

Approved on behalf of the board



Director



Director

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2016**

	2016	2015
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 241,216	\$ 329,669
Due to government agencies (Note 4)	73,038	39,673
Current portion of callable debt (Note 5)	91,485	85,178
Deferred revenue (Note 6)	<u>702,002</u>	<u>649,862</u>
Current liabilities before callable debt	1,107,741	1,104,382
Callable debt (Note 5)	<u>1,101,476</u>	<u>1,196,745</u>
	2,209,217	2,301,127
COMMITMENTS (Note 7)		
CONTINGENCY (Note 8)		
NET ASSETS (Note 10)	<u>2,170,747</u>	<u>2,063,642</u>
	<u>\$ 4,379,964</u>	<u>\$ 4,364,769</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, 2016**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 111,822	\$ 154,533
Adjustments for items which do not affect cash		
Amortization	248,738	258,804
Loss on disposal of tangible capital assets	4,601	24,665
Net assets appropriated	(4,716)	7,620
	<u>360,445</u>	<u>445,622</u>
Change in non-cash working capital items (Note 9)	(34,063)	468,755
	<u>326,382</u>	<u>914,377</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible capital assets	(204,920)	(139,237)
Proceeds on disposal of tangible capital assets	3,249	-
	<u>(201,671)</u>	<u>(139,237)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of callable debt	(88,962)	(83,533)
INCREASE IN CASH	35,749	691,607
CASH, BEGINNING OF YEAR	1,511,782	820,175
CASH, END OF YEAR	\$ 1,547,531	\$ 1,511,782
CASH CONSISTS OF:		
Cash	\$ 996,254	\$ 934,383
Restricted cash	551,277	577,399
	<u>\$ 1,547,531</u>	<u>\$ 1,511,782</u>

See accompanying notes to these financial statements

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016**

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, 2016**

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 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 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 of revenues over expenditures.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016**

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

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, 2016

2. RESTRICTED CASH

The Organization's restricted funds consist of:

	<u>2016</u>	<u>2015</u>
Reserve Funds - internally restricted	\$ 229,719	\$ 222,511
Endowment Fund - externally restricted	8,500	8,500
Garret McComb Memorial Fund (YAP Program) - externally restricted	28,531	21,370
Capital Project Fund	<u>284,527</u>	<u>325,018</u>
	<u>\$ 551,277</u>	<u>\$ 577,399</u>

3. TANGIBLE CAPITAL ASSETS

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Buildings	\$ 7,045,920	\$ 3,823,246	\$ 3,222,674	\$ 3,261,060
Computer equipment	113,588	76,411	37,177	28,532
Equipment	670,125	496,889	173,236	208,665
Furniture and fixtures	315,178	231,468	83,710	63,931
Grants- Tangible capital assets	(1,339,484)	(418,476)	(921,008)	(890,990)
Vehicles	121,128	66,066	55,062	31,323
	<u>\$ 6,926,455</u>	<u>\$ 4,275,604</u>	<u>\$ 2,650,851</u>	<u>\$ 2,702,521</u>

4. DUE TO / FROM GOVERNMENT AGENCIES

	<u>2016</u>	<u>2015</u>
Receiver General- GST collected / GST paid	<u>\$ 4,901</u>	<u>\$ 4,924</u>
	<u>2016</u>	<u>2015</u>
Receiver General - Payroll source deductions	\$ 61,827	\$ 27,017
Receiver General- GST collected / GST paid	<u>11,211</u>	<u>12,656</u>
	<u>\$ 73,038</u>	<u>\$ 39,673</u>

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016**

5. CALLABLE DEBT

	<u>2016</u>	<u>2015</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.	\$ 1,190,380	\$ 1,278,912
Plus accrued interest as of August 31, 2016	2,581	3,011
	1,192,961	1,281,923
Less current portion	91,485	85,178
	\$ 1,101,476	\$ 1,196,745

Subsequent to the year end date, 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

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:

2017	\$ 88,342
2018	91,485
2019	94,739
2020	98,108
2021	101,597
Subsequent years	105,212
Unspecified	<u>613,478</u>
	<u>\$ 1,192,961</u>

Interest on the above debt amounted to \$46,480 (2015 - \$49,564) for the year.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016**

6. DEFERRED REVENUE

	<u>2016</u>			
	<u>Opening</u>	<u>Deferred</u>	<u>Used</u>	<u>Total</u>
Capital Grant Lac De Bois	\$ 325,000	\$ -	\$ (42,985)	\$ 282,015
Childcare	27,614	110,730	(115,082)	23,262
Gaming	150,000	220,000	(264,400)	105,600
Grants	46,655	333,459	(191,892)	187,998
Membership	73,066	34,810	(37,779)	70,097
Fitness programs	17,673	60,782	(65,625)	12,830
Gift cards	9,854	1,670	(1,291)	10,233
Donations	-	10,000	-	10,000
Cardiac membership	-	244	(121)	123
	<u>\$ 649,862</u>	<u>\$ 771,695</u>	<u>\$ (719,175)</u>	<u>\$ 702,158</u>

7. COMMITMENTS

The Society leases land from the City of Prince George for \$1,000 per annum (2015 - \$1,000). The lease expires October 31, 2021 and may be renewed for a further 20 years. The Society has also committed \$50,000 to future capital improvements for the Vanderhoof facility and \$392,000 to future capital improvements to the Lac De Bois facility.

8. CONTINGENCY

The Society has the following contingencies:

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.

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, 2016 with no changes to terms and conditions.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016

9. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	<u>2016</u>	<u>2015</u>
Accounts receivable	\$ (16,847)	\$ (26,288)
Due from government agencies	23	(1,206)
Prepaid expenses	(14,292)	135
Accounts payable and accrued liabilities	(88,452)	157,783
Due to government agencies	33,365	757
Deferred revenue	52,140	337,574
	<u>\$ (34,063)</u>	<u>\$ 468,755</u>

10. NET ASSETS

	<u>2016</u>	<u>2015</u>
Invested in Tangible Capital Assets	\$ 1,457,706	\$ 1,420,598
Future Capital Reserve Fund	114,859	111,255
Contingency Fund Reserve	114,859	111,255
Net Assets Appropriated	41,918	46,635
Unrestricted Net Assets	441,405	373,899
	<u>\$ 2,170,747</u>	<u>\$ 2,063,642</u>

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>2016</u>	<u>2015</u>
Expenses		
Professional Consulting fees - Traxler Haines	\$ -	\$ 332

12. INTERNALLY RESTRICTED NET ASSETS

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

- (a) 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.
- (b) Garret McComb Memorial Fund

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016**

12. INTERNALLY RESTRICTED NET ASSETS (continued)

- (i) Donations to the fund are deposited in interest bearing investments. The fund 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 goals.

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

- (d) Lac De Bois Capital Project Fund
 - (i) The remainder of this fund will be used subsequent to the 2016 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, 2016

12. INTERNALLY RESTRICTED NET ASSETS (continued)

The Board of Directors appropriated Internally Restricted funds to be used as follows:

	Endowment Fund	Garret McComb Memorial Fund	YAP Dandelion Fund	Total
Closing balance as at August 31, 2015	\$ 7,000	\$ 28,531	\$ 9,603	\$ 45,134
Transfer from Unrestricted	-	4,136	458	4,594
	-	-	-	-
Closing balance as at August 31, 2016	<u>\$ 7,000</u>	<u>\$ 32,667</u>	<u>\$ 10,061</u>	<u>\$ 49,728</u>

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, 2016

14. FINANCIAL INSTRUMENTS RISKS AND UNCERTAINTIES

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 \$158,205 (2015 - \$141,358). 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 \$241,216 (2015 - \$329,669). 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. SALARIES

As required by the Societies Act, the society must disclose the amount, in aggregate, of salaries and number of employees whose salaries were over \$75,000 per annum. The following amount was paid to four employees throughout the fiscal year:

	<u>2016</u>
Salaries	<u>\$ 337,943</u>

16. 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, 2016**

	2016	%	2015	%
Advertising and promotion	\$ 60,231	1.1	\$ 68,048	1.4
Affiliation fees	85,326	1.6	82,069	1.7
Amortization	248,738	4.7	258,804	5.2
Bad debts	19,524	0.4	15,831	0.3
Community engagement events	28,892	0.5	38,028	0.8
Conferences and Training	85,227	1.6	54,722	1.1
Fundraising	6,290	0.1	4,562	0.1
Insurance	41,223	0.8	39,124	0.8
Interest and bank charges	82,315	1.5	83,296	1.7
Interest on long-term debt	39,726	0.7	42,143	0.8
International support	17,295	0.3	10,385	0.2
Janitorial	36,678	0.7	37,283	0.8
Office	60,213	1.1	59,935	1.2
Professional fees	14,951	0.3	33,814	0.7
Program supplies and expenses	342,347	6.4	227,288	4.6
Rent	58,286	1.1	46,887	0.9
Repairs and maintenance	90,758	1.7	80,432	1.6
Subcontract	26,539	0.5	21,999	0.4
Telephone and utilities	33,482	0.6	33,099	0.7
Travel and automotive	61,686	1.2	64,512	1.3
Utilities	101,632	1.9	111,717	2.2
Wages and benefits	3,687,402	69.0	3,375,121	67.9
	\$ 5,228,761	97.8	\$ 4,789,099	96.4