

YMCA of Simcoe/Muskoka
Financial Statements
For the year ended June 30, 2011

	Contents
Auditors' Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets (Deficit)	5
Statement of Cash Flows	6
Summary of Significant Accounting Policies	7 - 9
Notes to the Financial Statements	10 - 16

GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of **YMCA of Simcoe/Muskoka**:

Report on the Financial Statements

We have audited the accompanying financial statements of **YMCA of Simcoe/Muskoka**, which comprise the statement of financial position as at June 30, 2011, and the statements of operations, changes in net assets (deficit) 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 generally accepted accounting principles 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 the auditors' 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 auditors consider internal control relevant to the Association'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 Association'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 **YMCA of Simcoe/Muskoka** as at June 30, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gaviller & Company LLP

Licensed Public Accountant
Collingwood, Ontario
September 28, 2011

**YMCA of Simcoe/Muskoka
Statement of Financial Position**

	June 30, 2011	Operating Fund	Capital Fund	Future Fund	2011	2010
Assets						
Current						
Cash	\$ 404,819	\$ -	\$ -	\$ 75,637	\$ 480,455	\$ 209,918
Accounts receivable	1,146,382	929,739	-	-	2,076,121	2,168,554
Inventory (Note 12)	158,134	-	-	-	158,134	145,293
Prepaid expenses	69,915	-	-	-	69,915	262,320
	<u>1,779,251</u>	<u>929,739</u>	<u>2,784,625</u>			
Capital Assets (Note 3)						
	-	35,883,798	-	-	35,883,798	34,095,626
Other Assets						
Portfolio investments (Note 2)	-	-	1,995,697	-	1,995,697	1,814,796
Goodwill	-	458,810	-	-	458,810	458,810
Customer list (net of \$420,000 accumulated amortization; 2010 - \$360,000)	-	180,000	-	-	180,000	240,000
	-	638,810	1,995,697	-	2,634,508	2,513,606
	<u>\$ 1,779,251</u>	<u>\$ 37,452,347</u>	<u>\$ 2,071,334</u>	<u>\$ 41,302,932</u>	<u>\$ 39,395,317</u>	

Liabilities and Net Assets (Deficit)						
Current Liabilities						
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317
Accounts payable and accrued liabilities	2,656,599	376,670	-	-	3,033,268	3,458,924
Deferred revenue	2,423,424	-	-	-	2,423,424	1,666,402
Current portion of long-term debt (Note 5)	-	459,010	-	-	459,010	2,293,292
	<u>5,080,022</u>	<u>835,680</u>	<u>-</u>	<u>-</u>	<u>5,915,702</u>	<u>7,418,935</u>
Long-term Debt (Note 5)						
	-	3,547,952	-	-	3,547,952	2,118,072
Deferred Contributions (Note 6)						
	-	23,477,376	227,286	-	23,704,663	23,052,421
	<u>5,080,022</u>	<u>27,861,008</u>	<u>227,286</u>	<u>33,168,316</u>	<u>32,589,428</u>	
Net Assets (Deficit)	<u>\$ (3,300,772)</u>	<u>\$ 9,591,339</u>	<u>\$ 1,844,048</u>	<u>\$ 8,134,616</u>	<u>\$ 6,805,889</u>	

Net Assets (Deficit) consist of:						
Unrestricted	\$ (3,300,772)	\$ -	\$ -	\$ -	\$ (3,300,772)	\$ (2,857,880)
Invested in capital assets	-	9,591,339	-	-	9,591,339	8,076,576
Internally restricted	-	-	1,844,048	-	1,844,048	1,587,193
	<u>\$ (3,300,772)</u>	<u>\$ 9,591,339</u>	<u>\$ 1,844,048</u>	<u>\$ 8,134,616</u>	<u>\$ 6,805,889</u>	

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

On behalf of the Board:  Director  Director

**YMCA of Simcoe/Muskoka
Statement of Operations**

	Operating Fund	Capital Fund	Future Fund	2011	2010
For the year ended June 30, 2011					
Revenue					
Memberships and Service Charges	\$ 8,537,715	\$ -	\$ -	\$ 8,537,715	\$ 7,963,753
Child Care Fees	9,237,548	-	-	9,237,548	8,916,572
Government Contracts (Note 9)	6,138,066	-	-	6,138,066	5,538,110
Leadership Training & Conferences	2,598,894	-	-	2,598,894	2,743,620
Camp Income	2,999,553	-	-	2,999,553	2,494,344
Program Grant and Service Fees	564,124	-	-	564,124	547,187
Rentals, Recoveries, Sundry	292,327	11,435	-	303,763	340,407
Contributions and Fundraising	693,748	685,057	277,070	1,655,875	787,482
Investment Income	-	-	51,249	51,249	47,757
United Way Support	23,867	-	-	23,867	35,181
Amortization of Deferred Capital Contributions (Note 6)	-	1,275,703	-	1,275,703	1,294,313
Total Revenue	31,085,843	1,972,196	328,319	33,386,357	30,708,726
Expenses					
Training and Development	271,606	-	-	271,606	242,332
Human Resources	19,219,631	157,637	-	19,377,268	18,359,299
Occupancy Costs	4,282,416	-	-	4,282,416	4,216,044
Mortgage Interest	-	163,278	-	163,278	181,538
Bank Charges and Interest	316,364	-	-	316,364	298,269
Fundraising	75,449	18,519	-	93,968	253,504
National and Regional Fees	311,080	-	-	311,080	272,349
Program Expenses	4,970,343	123,604	-	5,093,947	4,390,034
Professional Fees	94,742	-	-	94,722	143,252
Amortization of Capital Assets	-	2,178,691	-	2,178,691	2,189,563
Amortization of Customer List - Geneva Park	-	60,000	-	60,000	60,000
(Gain) Loss on Disposal	-	(2,243)	(183,465)	(185,708)	(38,453)
Excess of revenue over expenses (expenses over revenues)	\$ 1,544,232	\$ (727,289)	\$ 511,785	\$ 1,328,727	\$ 140,995
	29,541,611	2,699,485	(183,465)	32,057,630	30,567,731

YMCA of Simcoe/Muskoka
Statement of Changes in Net Assets (Deficit)

	2011			2010	
	Operating Fund	Capital Fund	Future Fund	Total	Total
Balance, beginning of year	\$ (2,857,880)	\$ 8,076,576	\$ 1,587,193	\$ 6,805,889	\$ 6,471,485
Inter-fund Transfers (Note 11)	(1,987,124)	2,242,053	(254,930)	-	-
Transfer to Deferred Contributions	-	-	-	-	193,409
Excess of revenue over expenses (Expenses over revenue) for the year	1,544,232	(727,289)	511,785	1,328,727	140,995
Balance, end of year	\$ (3,300,772)	\$ 9,591,339	\$ 1,844,048	\$ 8,134,616	\$ 6,805,889

YMCA of Simcoe/Muskoka Statement of Cash Flows

For the year ended June 30, 2011	2011	2010
Cash flows from operating activities		
Excess of revenue over expenses	\$ 1,328,727	\$ 140,995
Charges (credits) to operations not involving cash		
(Gain) Loss on disposal of capital assets	(185,708)	(38,453)
Amortization of capital assets	2,167,377	2,189,563
Amortization of deferred capital contributions	(1,275,703)	(1,294,313)
Amortization of customer list	60,000	60,000
Dividend re-invested	(29,855)	(11,942)
Net change in non-cash operating working capital balances related to operations (Note 8)	603,363	269,255
	2,668,201	1,315,105
Cash flows from investing activities		
Additions to capital assets	(3,955,550)	(1,405,150)
Proceeds from sale of capital assets	2,243	-
Proceeds on sale of portfolio investments	128,983	946,949
Purchase of portfolio investments	(96,564)	(733,509)
Increase in deferred capital contributions	1,927,944	1,232,522
	(1,992,944)	40,812
Cash flows from financing activities		
Increase (decrease) in long-term debt	(404,402)	(75,907)
Bank loan proceeds (net)	-	(1,200,000)
	(404,402)	(1,275,907)
Net increase in cash during the year	270,854	80,010
Cash (bank overdraft), beginning of year	209,601	129,591
Cash, end of year	\$ 480,455	\$ 209,601
Represented by		
Cash	\$ 480,455	\$ 209,918
Bank overdraft		(317)
	\$ 480,455	\$ 209,601
Cash paid for interest	\$ 163,278	\$ 163,310

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

YMCA of Simcoe/Muskoka Nature of Association and Summary of Significant Accounting Policies

June 30, 2011

Nature of Association

The Association is a charitable, community-based organization open to all. It offers diverse services provided by a partnership of volunteers and staff and provides fellowship and opportunities for personal growth in spirit, mind and body including the provision of programs and services that foster health, education and the relief of poverty.

The Association is incorporated without share capital under the Corporations Act (Ontario) and is a charitable organization within the meaning of the Income Tax Act (Canada).

Summary of Significant Accounting Policies

Fund Accounting

The Operating Fund reports the assets, liabilities, revenues and expenses related to the Association's program delivery and administrative activities.

The Capital Fund reports the assets, liabilities, deferred contributions, revenues and expenses related to the Association's capital assets, customer list and goodwill.

The Future Fund reports the assets, liabilities, deferred contributions, revenues and expenses related to certain charitable contributions that the Association deems important and necessary for its future development.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Revenue Recognition

The Association follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets excluding land are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. Externally restricted contributions for land are recorded as a direct increase in net assets invested in capital assets. Externally restricted contributions that have not been expended are recorded as part of deferred capital contributions on the statement of financial position.

YMCA of Simcoe/Muskoka

Summary of Significant Accounting Policies

June 30, 2011

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and a short-term guaranteed investment certificate.

Financial Instruments

The Association classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Association's accounting policy for each category is as follows:

Held-for trading

This category is comprised of certain investments in equity and debt instruments, stand-alone derivatives, other than those designated as hedging items, and embedded derivatives requiring separation. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of financial position. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Cash and portfolio investments have been classified as held-for-trading.

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers (accounts receivable), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

Accounts receivable have been classified as loans and receivables.

Other financial liabilities

Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprises trade payable and other short-term monetary liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

Bank overdraft, accounts payable and accrued liabilities, current portion of long-term debt, and long-term debt have been classified as other financial liabilities.

All transactions related to financial instruments are recorded on a settlement date basis.

Contributed Services

The Association is dependant on the voluntary services of many individuals. Since these services are not normally purchased by the Association and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

Inventory

Inventory is valued at the lower of cost and replacement cost. Cost is generally determined on a specific item basis.

YMCA of Simcoe/Muskoka

Summary of Significant Accounting Policies

June 30, 2011

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. When an asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value. Amortization is provided on assets placed into use on the straight-line basis over their estimated useful lives as follows:

Building and site improvements	-	25 years
Program equipment	-	3 years
Furnishings and equipment	-	5 years
Computer and software	-	3 years
Leasehold Improvements	-	25 years

Portfolio Investments

Portfolio investments classified as held-for-trading are recorded at market value.

Goodwill

Goodwill, being the excess of the purchase price over the assigned values of the net assets acquired, is valued at the lower of cost and fair value of the reporting unit. The Association's goodwill is not amortized and is tested for impairment annually. An impairment loss is recognized when the carrying amount of the goodwill of a reporting unit exceeds the fair value of the goodwill.

Customer List

The customer list is the repeat business acquired for Geneva Park. It is recorded at cost. Amortization is provided on a straight-line basis over its estimated useful life of 10 years. No amortization was taken in the year of acquisition.

Contributed Materials

The Association has not recognized contributed materials in these financial statements as these materials are not normally purchased and because of the difficulty in estimating their fair market value.

Impairment of Long Lived Assets

Assets are tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be fully recoverable. The Association monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Association's policy is to record an impairment loss in the period when it is determined that the carrying amount of the asset may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the undiscounted estimate of future cash flows from the asset.

YMCA of Simcoe/Muskoka

Notes to the Financial Statements

June 30, 2011

1. Financial Instruments

a) Fair Values

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices as appropriate, in the most advantageous active market for that instrument to which the Association has immediate access.

The Association's financial instruments are comprised of cash, accounts receivable, bank overdraft, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

b) Risks arising from financial instruments

i) Credit Risk

The Association is exposed to credit risk since the company's cash deposits in one financial institution are in excess of the amount insured by agencies of the federal government in the amounts of \$100,000 at June 30, 2011 (2010 - \$100,000)

ii) Interest Rate Risk

The Associate has a term loan which bears interest at a variable rate and as a result, it is subject to interest rate risk through fluctuations in the bank's prime interest rate.

2. Portfolio Investments

	2011 Fair Value	2010 Fair Value
Bonds	\$ 683,937	\$ 633,328
Common shares	799,140	736,018
Mutual funds	512,620	450,047
Call options		(4,597)
	<u>\$1,995,697</u>	<u>\$1,814,796</u>

Bonds held at June 30, 2011 bear fixed rates of interest ranging from 3.15% to 6.375% (2010 – 3.15% to 6.375%) and have maturity dates ranging from Sept 1, 2012 to June 2, 2020 (2010 - August 23, 2010 to June 2, 2020).

The mutual funds held at June 30, 2011 are comprised of 37,005 (2010 – 35,053) units in seven different funds (2010 - five different funds).

YMCA of Simcoe/Muskoka
Notes to the Financial Statements

June 30, 2011

3. Capital Assets

	2011		2010			
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Land	\$ 2,747,242	\$ -	\$ 2,747,242	\$ 2,747,242	\$ -	\$ 2,747,242
Building and site improvements	30,230,543	12,886,390	17,344,153	26,932,782	11,903,111	15,029,671
Leasehold Improvements	16,246,854	1,628,224	14,618,630	16,151,752	981,533	15,170,219
Program equipment	4,104,718	3,193,922	910,796	3,614,263	2,753,886	860,377
Furnishings and equipment	842,996	729,546	113,450	842,996	684,446	158,550
Computer and software	773,057	623,529	149,528	700,824	571,257	129,567
	\$ 54,945,409	\$ 19,061,611	\$ 35,883,798	\$ 50,989,859	\$ 16,894,233	\$ 34,095,626

During the year, the Association purchased additional capital assets in the amount of \$3,955,550 (2010 - \$1,405,150) for cash.

YMCA of Simcoe/Muskoka Notes to the Financial Statements

June 30, 2011

4. Bank Loan

The Association has a line of credit due on demand to the TD Canada Trust and bears interest at the bank's prime rate plus 0.5%, calculated and payable monthly in the amount of \$1,500,000. Unused credit facilities at June 30, 2011 amounted to \$1,456,578 (2010 - \$1,456,578). There are outstanding Letters of Credit to the Town of Orillia for \$43,422 and to the Town of Collingwood for \$240,000.

The Association has an established Committed Reducing Facility with the TD Canada Trust in original principal amount of \$2,000,000 with the bank to assist in the financing of various development projects. At June 30, 2011, \$1,888,889 remained outstanding. (Note 6)

The banking agreement that covers these loans is secured by a general security agreement, a borrowing resolution, an assignment of fire insurance, a chattel mortgage, and a continuing collateral mortgage for \$6,000,000 on real property.

5. Long-term Debt	2011	2010
YMCA Canada mortgage loan, 4.26%, blended principal and interest payments of \$24,516 payable at the first of each month. The loan is secured by a collateral mortgage and is due January 2014.	\$ 1,669,691	\$ 1,888,340
Optimist Club mortgage loan, non-interest bearing, \$91,184 to be forgiven each anniversary of March 30th for each of the first ten years, due March 2017.	448,382	509,024
TD Canada Trust term loan, payable, prime plus 1% repayable \$3,500 monthly principal plus interest, matures October 26, 2010, secured by a general security agreement and continuing collateral mortgage on real property.	-	14,000
TD Canada Trust Committed Reducing Term Facility, prime plus .5%, equal monthly principal payments of \$13,889 plus interest.	1,888,889	2,000,000
	4,006,962	4,411,364
Less: current portion	459,010	2,293,292
	\$ 3,547,952	\$ 2,118,072

Principal payments due in the next five years are as follows:

2012	\$ 459,010
2013	471,852
2014	486,146
2015	501,125
2016	516,822
2017 and thereafter	1,572,007
Total	\$ 4,006,692

The banking agreement with the TD Canada Trust contains a covenant with respect to the debt service ratio. The Association was in compliance with the covenant as at June 30, 2011.

YMCA of Simcoe/Muskoka
Notes to the Financial Statements

June 30, 2011

6. Deferred Contributions

	2011	2010
Deferred capital contributions related to capital assets	\$ 23,477,376	\$ 22,825,135
Deferred contributions in the future fund	227,286	227,286
Total deferred contributions	\$ 23,704,663	\$ 23,052,421

(a) Deferred capital contributions related to capital assets

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. These contributions are amortized and recorded as revenue in the Statement of Operations on the same basis as the amortization of the related asset.

	2011	2010
Balance, beginning of year	\$ 22,825,135	\$ 22,886,926
Additional contributions received	1,927,944	1,232,522
Amounts amortized to revenue	(1,275,703)	(1,294,313)
Balance, end of year	\$ 23,477,376	\$ 22,825,135

(b) Deferred contributions for future fund

This balance represents the unexpended amounts of donations that have been received where the donor has specified that the amounts be used for designated purposes. Of this amount, \$60,838 is to be used to support program and capital expenditures for Camp Kitchikewana and \$166,448 is to be used to support the programs and capital for Geneva Park and the determination of the timing and the amount of these payments are at the discretion of the Board.

	2011	2010
Balance, beginning of year	\$ 227,286	\$ 420,695
Gains (losses) on portfolio investments	-	(7,339)
Additional contributions received	-	15,124
Excess of revenue over expenses	-	7,844
Transfer to capital fund	-	(209,038)
Balance, end of year	\$ 227,286	\$ 227,286

YMCA of Simcoe/Muskoka Notes to the Financial Statements

June 30, 2011

7. Commitments

The Association has obligations under long-term leases for certain premises and office equipment for the next five years. Future minimum lease payments as at June 30, 2011 are as follows:

Year	Amount
2012	\$ 423,054
2013	287,539
2014	165,619
2015	72,357
Thereafter	116,347
	<u>\$ 1,064,916</u>

The Association has entered into an agreement with the Corporation of the Town of Wasaga Beach regarding the operation and management of a YMCA facility. The YMCA has agreed to operate the facility up to October 2026 with an optional renewal to 2046. As part of the agreement, the Association has committed to contribute furnishings and equipment valued at approximately \$1,000,000. To June 30, 2011, \$615,003 (2010 - \$ 610,578) has been contributed.

The Association has entered into an agreement with the Town of Innisfil regarding the operation of a portion of the Multi-Use Recreation Facility for a term of fifteen years (2009 to 2024). As part of the agreement, the Association has committed to contribute cash, furnishings and equipment valued at \$1,500,000. To June 30, 2011, the entire amount of \$1,500,000 (2010 - \$ 1,500,000) has been contributed.

8. Change in Non-cash Operating Working Capital

	2011	2010
Change in:		
Accounts receivable	\$ 92,433	\$ 1,025,537
Prepaid expenses	192,405	30,246
Inventory	(12,841)	818
Accounts payable and accruals	(425,656)	(821,104)
Deferred revenue	757,022	33,758
	<u>\$ 603,363</u>	<u>\$ 269,255</u>

Decreases in assets and increases in liabilities result in a source of funds. Increases in assets and decreases in liabilities result in a use of funds and are indicated by brackets.

YMCA of Simcoe/Muskoka Notes to the Financial Statements

June 30, 2011

9. Government Contract Revenue

	2011	2010
Government contracts consist of:		
Childcare		
County of Simcoe	\$ 1,266,184	\$ 1,433,058
District of Muskoka	99,164	138,101
District of Parry Sound	79,521	60,500
Newcomer Services	645,129	649,481
Employment Services	3,989,556	3,090,175
Town of Innisfil	-	122,357
Program and Other	58,511	44,438
	\$ 6,138,066	\$ 5,538,110

10. Pension Plan

Certain employees of the Association belong to the Canadian YMCA Retirement Fund, a multi-employer defined contribution plan. The following amounts were contributed during the year.

	2011	2010
By employees	\$ 380,789	\$ 349,506
By employer	414,442	376,836
	\$ 795,232	\$ 726,342

11. Inter-fund Transfers

During the year the Association transferred \$1,987,124 from the operating fund and \$254,930 from the future fund. \$2,242,053 was transferred to the capital fund to support the acquisition of capital assets and the repayment of long-term debt.

YMCA of Simcoe/Muskoka Notes to the Financial Statements

June 30, 2011

12. Inventory

The Association's inventory consists of:

	<u>2011</u>	<u>2010</u>
Food	\$ 49,977	\$ 49,142
Fuel	6,511	57,424
Maintenance Supplies	74,376	31,041
Office Supplies	27,270	7,686
Total	<u>\$ 158,134</u>	<u>\$ 145,293</u>

Inventory expensed during the year amounted to \$ 665,404 (2010 - \$707,669)

13. Capital Disclosures

For its own purposes, the Association defines capital as the sum of deferred contributions related to operations, deferred contributions related to capital assets, net assets invested in capital assets and unrestricted net assets. The Association is subject to externally imposed requirements on capital, and those related to capital assets.

The Association's objectives when managing capital are to generally match the structure of its capital to the underlying nature and term of the assets being financed, and to hold sufficient unrestricted net assets to enable it to withstand negative unexpected financial events, in order to maintain stability of the financial structure.

The Association seeks to maintain sufficient liquidity and short term borrowing capacity to enable it to meet its obligations as they become due. The Association maintains a backup short-term credit facility with a Canadian chartered bank to ensure sufficient liquidity.

The Association is subject to externally imposed minimum capital requirements relating to bank credit facilities and debt – see Notes 5 and 7

14. Future Accounting Pronouncements

The Accounting Standards Board (AcSB) responsible for the accounting standards for private sector not-for-profit organizations has decided to replace the existing set of accounting standards known as GAAP. The AcSB has concluded that Not-for-Profit organizations will be given a choice of adopting International Financial Reporting Standards (IFRS) or Canadian Accounting Standards for Not-for-Profit Organizations (a new set of standards for not-for-profit organizations which include the currently applied Canadian GAAP 4400 series with the new Accounting Standards for Private Enterprises). The AcSB proposes that not-for-profit organizations select one of the two available sets of accounting standards and apply that set for the fiscal year ending June 30, 2013. Earlier application would be permitted. The impact on the financial statements is dependent upon the alternative selected.