National Capital Region
YMCA-YWCA
de la région de la capitale nationale

Financial Statements

For the year ended December 31, 2008

Collins Barrow
Chartered Accountants

Praxity ASSOCIATE
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Ottawa Young Men's and Young Women's Christian Association

Operating as National Capital Region YMCA-YWCA

Financial Statements

For the year ended December 31, 2008

Contents

Management Report 1

Auditors' Report 2

Financial Statements

- Statement of Financial Position 3
- Statement of Changes in Net Assets (Deficiency) 4
- Statement of Operations 5
- Statement of Cash Flows 6
- Summary of Significant Accounting Policies 7
- Notes to Financial Statements 13

National Capital Region
YMCA-YWCA
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Management Report

**Management's Responsibility
for the Financial Statements**

The accompanying financial statements of Ottawa Young Men's and Young Women's Christian Association operating as National Capital Region YMCA-YWCA for the year ended December 31, 2008 are the responsibility of the Association's management and have been prepared in accordance with Canadian generally accepted accounting principles. The accounting policies followed by the Association are included in the summary of significant accounting policies accompanying the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Association's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Audit Committee of the Board of Directors meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to the Audit Committee's and Board of Directors' approval of the financial statements.

The accompanying financial statements have been audited by Collins Barrow Ottawa LLP, independent external auditors appointed by the Board of Directors. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Association's financial statements.

Tony Pacheco
President and CEO

Stephen Davies, CMA
Vice President, Finance, Human Resource Services and IT

March 13, 2009

Collins Barrow
Chartered Accountants

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Auditors' Report

To the Members of
Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA

We have audited the statement of financial position of the Ottawa Young Men's and Young Women's Christian Association operating as National Capital Region YMCA-YWCA as at December 31, 2008 and the statements of operations, changes in net assets (deficiency) and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Association as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Corporations Act of Ontario, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Collins Barrow Ottawa LLP

Chartered Accountants, Licensed Public Accountants

March 13, 2009

Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Statement of Financial Position
(in 000's)

December 31		2008		2007
Assets				
Current				
Cash	**$**	**362**	$	12
Accounts receivable		**1,029**		806
Prepaid supplies, expenses and deposits		**148**		340
		1,539		1,158
Long-term investments (Note 1)		**178**		228
Deferred lease expenses		**659**		664
Capital assets (Note 2)		**9,463**		8,333
	$	**11,839**	$	10,383
Liabilities and Net Assets (Deficiency)				
Current				
Bank indebtedness (Note 3)	**$**	**3,812**	$	1,867
Accounts payable and accrued liabilities (Note 4)		**1,809**		1,226
Funds held for others		**94**		264
Deferred revenue		**1,366**		1,232
Current portion of long-term debt (Note 5)		**622**		170
		7,703		4,759
Long-term debt (Note 5)		**4,254**		4,876
Deferred capital contributions (Note 6)		**1,842**		1,828
		13,799		11,463
Net assets (deficiency)				
Invested in capital assets (deficiency) (Note 7)		**(199)**		469
Invested in deferred lease expenses		**659**		664
Restricted net assets (Note 8)		**177**		179
Unrestricted net assets (deficiency) (Note 14)				
Operating		**(1,995)**		(1,800)
Capital Campaign		**(602)**		(592)
		(1,960)		(1,080)
	$	**11,839**	$	10,383

On behalf of the Board:

Marion Balla

Director

Director

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

Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Statement of Changes in Net Assets (Deficiency)
(in 000's)

For the year ended December 31 — **2008** / 2007

	Invested in Capital Assets (Deficiency)	Invested in Deferred Lease Expenses	Restricted Net Assets	Unrestricted Net Assets (Deficiency) Operating	Unrestricted Net Assets (Deficiency) Capital Campaign	2008 Total	2007 Total
Balance, beginning of year	$ 469	$ 664	$ 179	$ (1,800)	$ (592)	$ (1,080)	$ (26)
Excess (deficiency) of revenue over expenses for the year	(908)	(5)	(2)	45	(10)	(880)	(1,054)
Investment in capital assets							
Acquisition of capital assets net of proceeds of disposals, contributions received for the acquisition of capital assets and net debt financing	70	-	-	(70)	-	-	-
Net repayment of long-term debt related to capital assets	170	-	-	(170)	-	-	-
Balance, end of year	$ (199)	$ 659	$ 177	$ (1,995)	$ (602)	$ (1,960)	$ (1,080)

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

Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA

Statement of Operations

(in 000's)

For the year ended December 31	2008	2007
Revenue		
Programs and services (including revenue from governments of $5,995 (2007 - $5,204))	$ 10,340	$ 9,743
Membership revenue	5,133	4,981
Bequests, donations and fundraising	502	376
Investment earnings (loss) (Note 1)	(51)	21
Shenkman residence	1,009	1,013
United Way	415	417
	17,348	16,551
Expenses		
Salaries and benefits	9,909	8,955
Programs and services	2,694	2,610
Facility costs	3,439	3,365
Communications	386	347
National and regional dues	258	242
Bank and finance charges	163	150
Interest (Note 5)	442	387
Bad debts	19	35
	17,310	16,091
Excess of revenue over expenses for the year before undernoted items	38	460
Amortization of capital contributions (Note 6)	363	283
Amortization of capital assets	(1,271)	(1,205)
Deficiency of revenue over expenses for the year before Capital Campaign expenses	(870)	(462)
Capital Campaign expenses (Note 13)	(10)	(592)
Deficiency of revenue over expenses for the year	$ (880)	$ (1,054)

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

Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Statement of Cash Flows
(in 000's)

For the year ended December 31	2008	2007
Net inflow (outflow) of cash related to the following activities:		
Cash from (used in) operating activities		
Deficiency of revenue over expenses for the year	**$ (880)**	$ (1,054)
Items not affecting cash		
Amortization of capital contributions	**(363)**	(283)
Amortization of capital assets	**1,271**	1,205
Net change in non-cash working capital items related to operations	**88**	(23)
Net decrease (increase) in fair value of financial instruments	**26**	(5)
Net change in deferred lease expenses	**5**	(20)
Interest expense not paid and added to the bank indebtedness balance (Note 3)	**106**	-
Net cash from (used in) operating activities	**253**	(180)
Cash from (used in) investing and financing activities		
Net change in deposits for the acquisition of capital assets	**192**	(192)
Net disposal (acquisition) of long-term investments	**24**	(5)
Acquisition of capital assets	**(2,401)**	(1,336)
Net change in accounts payable and accrued liabilities related to capital expenditures (Note 4)	**406**	-
Increase (decrease) in funds held for others	**(170)**	167
Net principal proceeds from current and long-term indebtedness	**1,793**	295
Receipt of capital contributions restricted for capital asset acquisitions	**377**	665
Net cash from (used in) investing and financing activities	**221**	(406)
Net increase (decrease) in cash and cash equivalents	**474**	(586)
Cash and cash equivalents (deficiency), beginning of year	**(112)**	474
Cash and cash equivalents (deficiency), end of year	**$ 362**	$ (112)
Represented by:		
Cash	**$ 362**	$ 12
Bank overdraft (Note 3)	**-**	(124)
	$ 362	$ (112)
Additional information:		
Interest paid	**$ 329**	$ 390

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

Summary of Significant Accounting Policies

December 31, 2008

Nature and Purpose of Association

The Ottawa YMCA and Ottawa YWCA were incorporated as corporations without share capital by Special Acts of the Legislature of Ontario in the years 1900 and 1901 respectively.

The Ottawa YMCA and Ottawa YWCA were amalgamated under the provisions of Section 96 of the Corporations Act of Ontario on November 15, 1963 with the object of promoting Christian character and citizenship amongst people of both sexes of all colours, races and faiths through the provision of facilities and the conduct of activities conducive to the spiritual, intellectual, social and physical well-being of the individual.

The Association has very diverse activities organized and operating in several facilities and communities.

The Association is a registered charity within the meaning of the Income Tax Act of Canada and is exempt from income taxes.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

Financial Instruments

The accounting standards for financial instruments require that all financial assets and liabilities be classified according to their characteristics, management’s intention, or the choice of category in certain circumstances. All financial assets must be classified as either held-for-trading, held-to-maturity, available-for-sale or loans and receivables. Financial liabilities must be classified as held-for-trading or other liabilities. When initially recognized, all financial assets and financial liabilities are recorded at fair value on the statement of financial position. In subsequent periods, financial assets and financial liabilities classified as held-for-trading will be valued at fair value with gains or losses arising from a change in fair value recognized in operations as they occur. Financial assets classified as available-for-sale are also recorded at fair value with any change in fair value recognized in the statement of changes in net assets until realized or impaired in which case they would be transferred to the statement of operations. Items that are classified in the following categories, will be measured at amortized cost using the effective interest method with gains or losses recognized in operations when realized. These categories are loans and receivables, investments held-to-maturity and other liabilities.

Financial Instruments (continued)

The Association's financial instruments consist of cash, accounts receivable, deposits, long-term investments, bank indebtedness, accounts payable and accrued liabilities, funds held for others and long-term debt. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Cash, accounts receivable, deposits, bank indebtedness, accounts payable and accrued liabilities, and funds held for others are valued at amortized cost which approximates fair value at the year-end due to their short-term maturities and/or if they are interest bearing, due to their bearing of a variable rate of interest. Long-term investments are classified as held-for-trading and are recorded at fair value based on quoted market prices. Long-term debt is not considered held-for-trading and is recorded at amortized cost. The fair value of the long-term debt is not reasonably determinable and as such has not been disclosed.

Financial Risk Management

The Association manages its investment portfolio to earn investment income on the restricted net assets. The Association is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for the acquisition and development of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired and/or developed capital assets. Endowment contributions are recognized as direct increases in net assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably assured. Contributions pledged are recognized in the year that the funds are received.

Contributed Materials and Services

Volunteers contribute an indeterminable number of hours per year to the Association. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Other donated materials and services are not reflected in the financial statements.

Summary of Significant Accounting Policies

December 31, 2008

Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, bank balances and short-term investments with original term to maturities of three months or less unless they are subject to restrictions that prevent its use for current purposes as set out in Note 1. It also includes the bank overdraft (line of credit 1) as set out in Note 3. This line of credit forms an integral part of the Association's cash management since the Association's net bank balances may fluctuate on a short-term basis from being positive to overdrawn thereby utilizing this line of credit. The other lines of credit are not considered to be cash equivalents since some lines of credit are used to either fund capital assets, special initiatives or operations on more than a temporary short-term basis and as such do not meet the definition of a cash equivalent.

Lease Inducements

The benefits of lease inducements which consist of costs paid by landlords for leasehold improvements and periods of free, nominal or reduced rents during the lease term, are aggregated and amortized on a systematic basis to facility costs over the term of the lease. This results in a consistent annual rent expense before realty taxes and operating expenses. The difference between the cumulative amount of rent expense charged to operations and amounts due under the terms of the leases are presented as deferred lease expenses and deferred lease inducements, as appropriate, on the Association's statement of financial position.

Capital Assets

Capital assets consisting of land, buildings and equipment are recorded at cost; and in the case of donated capital assets, at fair value on the date of contribution, when it can be reasonably determined. Several years ago, two properties of camp land were contributed to the Association, for which their fair values were not reasonably determinable. These have been recorded at the nominal value of $1 to recognize the existence of these assets. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value.

Capital Assets (continued)

Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	40 years
Building improvements	The greater of remaining estimated original life of the building or the estimated useful life of the improvement which ranges from 10 to 20 years
Furniture, fixtures and equipment	4 to 10 years
Leasehold improvements	The lesser of the estimated useful life and remaining lease term

Pre-development costs consist of costs incurred prior to the commencement of the development, redevelopment or betterment of the Association's facilities and are not amortized. These costs will form part of the capital asset and will be amortized when the capital asset is put in use. Should the project be abandoned, these costs will be charged to operations at the time the decision to abandon is made.

Funds Held for Others

The Association holds funds for certain clubs and/or groups. Any funds deposited or withdrawn by these clubs, groups or other organizations flow through the Association's operating bank account. These funds are offset by a current liability in the statement of financial position.

Deferred Revenue

Deferred revenue consists of residence, membership and camping program revenue received in advance; unexpended funds received from program contracts, program grants, international projects and fund-raising; and deposits.

Internally Restricted Net Assets

The Association's Board of Directors have established an internally restricted development fund consisting of certain bequests, donations and fundraising. This fund is available at the discretion of the Board of Directors to support ongoing development and growth of the Association.

Salaries, Benefits and Other Expenses

Salaries, benefits and other expenses presented in the statement of operations represent the total amounts incurred for the year except for those salaries, benefits and other expenses related to the Capital Campaign which are included in the Capital Campaign expenses line in the statement of operations.

Future Changes in Accounting Standards

The CICA has revised certain Canadian generally accepted accounting principles for not-for-profit organizations as set out in CICA Handbook Section 4400, Financial Statement Presentation by Not-For-Profit Organizations. These revisions relate to presentation and disclosure standards and hence will have no impact on the organization's net financial position or its results of operations. In addition, the CICA has issued a new standard, CICA Handbook Section 4470, Disclosure of Allocated Expenses by Not-For-Profit Organizations.

The changes will impact the following:

- presentation of the Association's statement of cash flows whereby the Association will be required to adopt the same standards as for-profit entities as set out in CICA Handbook Section 1540, Cash Flow Statements;
- presentation of the Association's statement of financial position and statement of changes in net assets whereby the requirement to treat net assets invested in capital assets as a separate component of net assets is no longer required but rather can be presented as a category of internally restricted net assets when the Association chooses to do so;
- presentation and recognition of revenues and expenses on a gross basis and not a net basis when the Association is acting as a principal in transactions; and
- new disclosure standards for organizations that choose to classify some or all of their expenses by function and allocate expenses to a number of functions to which the expenses relate.

  The main features of these new disclosure standards are:
  - a requirement for an organization that allocates its general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made; and
  - a requirement for an organization to disclose the amounts allocated from each of its general support functions and the amounts and functions to which they have been allocated.

Future Changes in Accounting Standards (continued)

These sections are effective for fiscal periods commencing on or after January 1, 2009 which would be the Association's December 31, 2009 fiscal year however earlier adoption is permitted. The effects on the Association's financial statement presentation and disclosure of adopting these changes has not yet been fully determined but it is expected that certain items now presented on a net basis related to its agreements set out in Note 13 to these financial statements may need to be presented on a gross basis thereby increasing Association's revenues and expenses by the same amount. In addition, in its statement of cash flows the Association will be required to present its investing and financing activities separately.

1. Long-Term Investments

		2008 (in 000's)		2007 (in 000's)
		Fair Value and Carrying Value		Fair Value and Carrying Value
Cash in brokerage account	**$**	**67**	$	-
Equities		**111**		16
Balanced Growth Mutual Funds		**-**		195
Life Insurance policies		**-**		17
	$	**178**	$	228

Included above are long-term investments of $177,000 (2007 - $179,000) which represent the restricted net assets set out in Note 8. The above cash is being held in the Association's brokerage account pending its placement in suitable investments.

In 2008, unrealized gains and losses resulting from the application of the financial instruments standards amounted to a net unrealized loss of $9,000 (2007 - gain of $5,000) which is recorded in investment earnings on the Statement of Operations.

2. Capital Assets

	2008 (in 000's)			2007 (in 000's)		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Land	**$ 2,305**	**$ -**	**$ 2,305**	$ 2,305	$ -	$ 2,305
Buildings	**8,340**	**6,078**	**2,262**	8,340	5,877	2,463
Building improvements	**5,730**	**3,919**	**1,811**	5,156	3,614	1,542
Furniture, fixtures and equipment	**9,185**	**6,949**	**2,236**	7,941	6,526	1,415
Leasehold improvements	**980**	**619**	**361**	966	383	583
Pre-development costs	**488**	**-**	**488**	25	-	25
	$ 27,028	**$ 17,565**	**$ 9,463**	$ 24,733	$ 16,400	$ 8,333

3. **Bank Indebtedness and Credit Facilities**

The Association has an operating line of credit available by way of overdrafts of $600,000, with interest at prime plus 0.75% and a standby charge of 0.25% on the unused portion. The amount effectively drawn on this facility at December 31, 2008 was nil (2007 - $124,000). This facility and the term loan set out in Note 5 are secured by a $3,250,000 registered debenture.

The Association has an additional line of credit with another financial institution for $1,000,000 with interest at prime plus 1.00% and a standby charge of 0.25% on the unused portion. This line of credit is secured by real estate. Of this line of credit, $824,000 was in use at December 31, 2008 (2007 - $728,000).

The Association has a third line of credit with the same financial institution as the paragraph directly above for $3,500,000 with interest at prime plus 1.00% and a standby charge of 0.15% on the unused portion. Of this $3,500,000, the availability for draw down is $3,000,000 and the remaining $500,000 will be available to provide for accrued interest on the drawn down amounts for a period of at least 2 years. This line of credit is secured by real estate. Of this line of credit, $2,988,000 was in use at December 31, 2008 (2007 - $1,015,000) of which $106,000 (2007 - nil) was interest expensed which was not paid and added to the balance of the line of credit.

Bank indebtedness is comprised of the following:

	2008 (in 000's)	2007 (in 000's)
Line of credit 1 (bank overdraft)	**$ -**	$ 124
Line of credit 2	**824**	728
Line of credit 3	**2,988**	1,015
	$ 3,812	$ 1,867

4. Accounts Payable and Accrued Liabilities

		2008 (in 000's)		2007 (in 000's)
Operating	$	1,403	$	1,226
Capital expenditures		406		-
	$	1,809	$	1,226

5. Long-Term Debt

		2008 (in 000's)		2007 (in 000's)
Term Loan Term loan due November 2009, interest at 6.09%, repayable in monthly instalments of $8,693 principal and interest. The payments are based on an amortization period that ends in 2014. This term loan and the operating line of credit of $600,000 set out in Note 3 are secured by a $3,250,000 registered debenture.	$	517	$	588
Mortgage Payable 5.6% loan repayable in monthly instalments of $28,655, principal and interest, secured by a mortgage on land and building at 180 Argyle, Ottawa and a general security agreement. The payments are based on a 25 year amortization period commencing in 2005 and maturing in 2010. This loan also has a 10% annual prepayment privilege, if the loan is not in default.		4,359		4,458
		4,876		5,046
Less: Current portion		622		170
Long-term portion	$	4,254	$	4,876

The agreement governing the term loan facility contains certain covenants regarding: (i) cash coverage test; and (ii) future expansion and renovations. At December 31, 2008, the Association did not meet the cash coverage test. The term loan provider is aware of this breach and has waived the cash coverage covenant for the year ended December 31, 2008 such that the term loan provider has indicated that it is not their intention to act on this breach at this time.

5. **Long-Term Debt** (continued)

Principal payments scheduled for the next five years are as follows:

	Term Loan (in 000's)	Mortgage Payable (in 000's)	Total (in 000's)
2009	**$ 517**	**$ 105**	**$ 622**
2010	**-**	**4,254**	**4,254**
	$ 517	**$ 4,359**	**$ 4,876**

The scheduled principal payment in 2009 includes the maturity of the term loan, and the scheduled principal payment in 2010 includes the maturity of the mortgage payable. If the term loan and mortgage are renewed with the same amortization period and interest rate as the current term loan and mortgage then the principal payments for the next 5 years would be as follows:

	Term Loan (in 000's)	Mortgage Payable (in 000's)	Total (in 000's)
2009	$ 75	$ 105	$ 180
2010	80	111	191
2011	85	118	203
2012	90	124	214
2013	95	131	226
	$ 425	$ 589	$ 1,014

Interest expense presented on the Association's statement of operations is comprised of the following:

	2008 (in 000's)	2007 (in 000's)
Long-term debt (Note 5)	**$ 244**	$ 347
Other short-term interest on bank indebtedness (Note 3)	**198**	40
	$ 442	$ 387

6. Deferred Capital Contributions

Deferred capital contributions related to capital assets represent the unamortized amount of grants and donations received for the acquisition of capital assets. The amortization of capital contributions is recorded as revenue on the statement of operations.

		2008 (in 000's)		2007 (in 000's)
Balance, beginning of year	**$**	**1,828**	$	1,446
Add: Contributions received		**377**		665
Less: Contributions recognized as revenue		**(363)**		(283)
Balance, end of year	**$**	**1,842**	$	1,828
Comprised of:				
Contributions expended to acquire capital assets - unamortized balance (Note 7)	**$**	**1,691**	$	1,828
Contributions not yet expended		**151**		-
	$	**1,842**	$	1,828

7. Invested in Capital Assets (Deficiency)

Net assets invested in capital assets (deficiency) is calculated as follows:

		2008 (in 000's)		2007 (in 000's)
Capital assets (Note 2)	**$**	**9,463**	$	8,333
Less amounts financed by:				
Bank indebtedness		**(2,689)**		(990)
Accounts payable and accrued liabilities related to capital expenditures (Note 4)		**(406)**		-
Long-term debt (Note 5)		**(4,876)**		(5,046)
Contributions used to acquire capital assets - unamortized balance (Note 6)		**(1,691)**		(1,828)
	$	**(199)**	$	469

8. Restricted Net Assets

Restricted net assets are either externally restricted for endowment purposes or internally restricted by the Board of Directors. The use of earnings on the endowment assets is restricted by the terms of the original endowments to the Association.

The changes in these restricted components are as follows:

	2008 (in 000's)			2007 (in 000's)
	Externally Restricted for Endowment Purposes	**Internally Restricted**	**Total**	Total
Balance, beginning of year	**$ 69**	**$ 110**	**$ 179**	$ 176
Excess (deficiency) of revenue over expenses for the year	**(1)**	**(1)**	**(2)**	3
Balance, end of year	**$ 68**	**$ 109**	**$ 177**	$ 179

9. Pensions

The Association is a member of the YMCA Retirement Fund which provides a money purchase pension plan for the employees of the YMCAs and YMCA-YWCAs across Canada. The Association charges to expense the employer portion of the annual cost of contributions required to be made to this plan. In 2008, the employer's cost related to this pension plan was $219,000 (2007 - $210,000).

10. Government Contribution Agreements

Contributions received from government departments may be subject to audit or final reconciliation under the terms and conditions of the respective contribution agreements. Should these audits or reconciliations reveal that any of the expenditures on the projects are not in accordance with funding guidelines or that there may be increased funding provided, the funders may require the Association to reimburse a portion of the funds advanced or advance additional funding. Currently, there is a claim for reimbursement pending in the amount of $143,000. No provision for reimbursement of funds has been made in these financial statements as it is the opinion of management that most, if not all, of this difference will be justified and will not have to be paid back to the government. At this point in time, the exact amount that is payable, if any, cannot be determined. In the event of any adjustment, it will be charged or credited to operations in the period of determination.

11. Commitments

Under the terms of the operating leases for premises, equipment and service support agreements, with various expiry dates, as well as a commitment to purchase equipment, the Association is committed to make minimum payments over the next 5 years as follows:

	(in 000's)
2009	$ 2,442
2010	1,921
2011	1,535
2012	974
2013	838
	$ 7,710

12. Contingencies

In the ordinary course of its business, the Association may be named as defendant in certain pending or threatened litigation for which the outcome is not reasonably determinable. The Association maintains comprehensive liability insurance, and it believes such coverage to be of a nature and amount sufficient to ensure that it is adequately protected from suffering any material financial loss as a result of such claims. Any settlement resulting from claims or possible claims will be reflected in operations in the year in which the settlement occurs.

13. Capital Campaign

The Association completed its Strategic Plan in 2006. As part of this Strategic Plan, the Association’s long-term financial position and its productive assets were comprehensively analyzed and a long-term financial plan was completed and approved by the Board of Directors in November 2007. This plan includes a $15,000,000 Capital Campaign and an estimated $35,000,000 investment in the Association’s existing productive assets. The Capital Campaign was kicked off in 2008. Funding for the projects is also expected to come from government grants and debt financing. Major investment in the Association’s assets is planned between 2009 and 2012, with investments primarily in the Metro Central and Orleans Y Health Fitness & Recreation Centres, Housing and Camping assets. Major assumptions underpinning the Capital Campaign and operational plans have been extensively tested by external market studies.

Consistent with the Association's revenue recognition policy set out in the summary of significant accounting policies accompanying these financial statements, contributions to the Capital Campaign in the form of donations received are restricted and recognized as revenue to the extent of related expenditures incurred. To the extent that cumulative donations received exceed cumulative Capital Campaign expenses incurred, the excess would be included in deferred contributions for the acquisition and/or development of capital assets and recognized as revenue on the same basis as the amortization expense related to these capital assets. Pledges are recognized in the year that the funds are received.

A summary of these activities as they relate to the Association's statement of operations is as follows:

	2008 (in 000's)	2007 (in 000's)
Contributions revenue	**$ 440**	$ -
Non-allocated expenses		
Professional fees	**131**	287
Salaries and benefits	**143**	78
Other	**40**	2
Total non-allocated expenses	**314**	367
Allocated expenses		
Salaries and benefits	**136**	128
Consultants	**-**	64
Other	**-**	33
Total allocated expenses	**136**	225
Total expenses	**450**	592
Net expenses	**$ (10)**	$ (592)

13. **Capital Campaign** (continued)

It is believed by the Association's management and Board of Directors that the investment in productive assets over the next several years is necessary in order for the Association to reposition itself for financial and programmatic health.

14. **Future Operations**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles that are applicable to a going concern. Under the going concern assumption, an organization is viewed as being able to realize its assets and discharge its liabilities in the normal course of operations. Therefore, the Association's financial statements do not reflect adjustments that would result if the going concern assumption was not appropriate.

As a result of the Association's operating deficits accumulated in the last number of years which have created a deficiency in net assets, as well as the increase in debt in the current year, the going concern assumption for the Association may be viewed in a different perspective. The rise in debt was mainly due to an increase in capital asset acquisitions and start-up Capital Campaign expenses but it was anticipated because of the implementation of the Strategic Plan and the need to upgrade capital assets to help strengthen revenues. Management feels that the measures described above, along with strategies to improve operations while trying to minimize expenses, will help to mitigate the effect of the current conditions.