



Financial Statements

For the year ended December 31, 2009

**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, 2009

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



Management Report

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Ottawa Young Men's and Young Women's Christian Association operating as the National Capital Region YMCA-YWCA ("the Association") for the year ended December 31, 2009 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 audit 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

April 16, 2010

Auditors' Report

**To the Members of the
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 the National Capital Region YMCA-YWCA ("the Association") as at December 31, 2009 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 the Association as at December 31, 2009 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

April 16, 2010

**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 **2009** **2008**

Assets

Current

Cash	\$	148	\$	211
Internally restricted cash (Note 1)		503		151
Accounts receivable (Note 16)		1,026		1,029
Prepaid supplies and expenses, and deposits		198		148

1,875 **1,539**

Long-term investments (Note 2)

220 **178**

Deferred lease expenses

627 **659**

Capital assets (Note 3)

11,344 **9,463**

\$ 14,066 **\$ 11,839**

Liabilities and Net Assets (Deficiency)

Current

Bank indebtedness (Note 4)	\$	5,222	\$	3,812
Accounts payable and accrued liabilities (Note 5)		1,613		1,809
Funds held for others		83		94
Deferred revenue		1,490		1,366
Current debt (Note 6)		442		-
Current portion of long-term debt (Note 7)		4,254		622

13,104 **7,703**

Long-term debt (Note 7)

- **4,254**

Deferred capital contributions (Note 8)

2,246 **1,842**

15,350 **13,799**

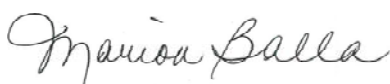
Net assets (deficiency)

Restricted net assets (deficiency)				
Invested in capital assets (deficiency) (Note 9)	858			(199)
Invested in deferred lease expenses (Note 10)	627			659
Other restricted net assets (Note 11)	220			177
Unrestricted net assets (deficiency) (Note 19)				
Operating	(2,976)			(1,995)
Capital Campaign (Note 17)	(13)			(602)

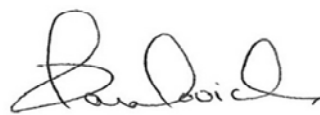
(1,284) **(1,960)**

\$ 14,066 **\$ 11,839**

On behalf of the Board:



Director



Director

**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

2009

2008

	<u>Restricted Net Assets</u>			<u>Unrestricted Net Assets (Deficiency)</u>			Total	Total
	<u>Invested in Capital Assets (Deficiency)</u>	<u>Invested in Deferred Lease Expenses</u>	<u>Other Restricted Net Assets</u>	<u>Operating</u>	<u>Capital Campaign</u>			
Balance, beginning of year	\$ (199)	\$ 659	\$ 177	\$ (1,995)	\$ (602)	\$ (1,960)	\$ (1,080)	
Excess (deficiency) of revenue over expenses for the year	(470)	(32)	-	901	234	633	(880)	
Internal transfer (Note 16)	-	-	-	(355)	355	-	-	
Investment in capital assets								
Acquisition of capital assets net of proceeds of disposals, contributions related to capital assets acquired, and related net capital debt financing	1,347	-	-	(1,347)	-	-	-	
Net repayment of capital debt related to capital assets	180	-	-	(180)	-	-	-	
Endowment contributions	-	-	43	-	-	43	-	
Balance, end of year	\$ 858	\$ 627	\$ 220	\$ (2,976)	\$ (13)	\$ (1,284)	\$ (1,960)	

**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 **2009** **2008**

Revenue

Programs and services (including revenue, subsidies and direct rebates from governments of \$7,024 (2008 - \$6,538))	\$	11,425	\$	10,273
Membership revenue		6,105		5,133
Bequests, donations and fundraising		758		569
Investment earnings (loss) (Note 2)		36		(51)
Shenkman Residence		1,019		1,009
United Way		415		415
		19,758		17,348

Expenses

Salaries and benefits (Note 18)	10,838	9,909
Purchased services and supplies (Note 18)	3,020	2,876
Building and maintenance	3,844	3,439
Marketing and communications (Note 18)	476	386
National and regional dues (Note 18)	306	258
Interest (Note 7)	405	442
	18,889	17,310

Excess of revenue over expenses for the year before undernoted items

869 **38**

Capital asset related items

Amortization of capital contributions (Note 8)	311	363
Amortization of capital assets	(1,282)	(1,271)
Net insurance proceeds (Note 16)	501	-
	(470)	(908)

Excess (deficiency) of revenue over expenses for the year before the Capital Campaign

399 **(870)**

Capital Campaign

Contributions recognized (Note 17)	739	440
Expenses (Notes 17 and 18)	(505)	(450)
Excess (deficiency) of revenue over expenses for the year for the Capital Campaign	234	(10)

Excess (deficiency) of revenue over expenses for the year **\$ 633** **\$ (880)**

**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	2009	2008
Cash from (used in) operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 633	\$ (880)
Items not affecting cash		
Amortization of capital contributions (Note 8)	(311)	(363)
Amortization of capital assets	1,282	1,271
Net insurance proceeds (Note 16)	(501)	-
Net change in non-cash working capital items related to operations	192	88
Net decrease (increase) in fair value of financial instruments	(29)	26
Net decrease in deferred lease expenses	32	5
Interest expense not paid and added to the bank indebtedness balance (Note 4)	119	106
	<u>1,417</u>	<u>253</u>
Cash from (used in) investing activities		
Net decrease in deposits for the acquisition of capital assets	-	192
Net principal disposal (acquisition) of long-term investments	(13)	24
Acquisition of capital assets	(3,163)	(2,401)
Net (decrease) increase in accounts payable and accrued liabilities related to capital expenditures (Note 5)	(88)	406
	<u>(3,264)</u>	<u>(1,779)</u>
Cash from (used in) financing activities		
Net insurance proceeds received (Note 16)	278	-
Decrease in funds held for others	(11)	(170)
Net principal proceeds from increased current and long-term bank indebtedness excluding the bank overdraft	807	1,793
Receipt of capital contributions restricted for capital asset acquisitions	715	377
Proceeds of endowment contributions	43	-
	<u>1,832</u>	<u>2,000</u>
Net increase (decrease) in cash and cash equivalents	(15)	474
Cash and cash equivalents (deficiency), beginning of year	<u>362</u>	<u>(112)</u>
Cash and cash equivalents, end of year	\$ 347	\$ 362
Represented by:		
Cash	\$ 148	\$ 211
Internally restricted cash (Note 1)	503	151
Bank overdraft (Note 4)	(304)	-
	<u>\$ 347</u>	<u>\$ 362</u>
Additional information:		
Interest paid	\$ 297	\$ 329

Ottawa Young Men's and Young Women's Christian Association Operating as National Capital Region YMCA-YWCA Summary of Significant Accounting Policies

December 31, 2009

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. These organizations were amalgamated under the provisions of Section 96 of the Corporations Act of Ontario on November 15, 1963 to become the Ottawa Young Men's and Young Women's Christian Association ("the Association") 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.

Significant estimates include assumptions used in estimating the amounts and collectibility of accounts receivable, in estimating the fair value of investments and other financial instruments, in establishing the useful lives and related amortization of capital assets as well as the related amortization of capital contributions, in estimating the amounts of accounts payable and related accrued liabilities, in estimating deferred lease expenses, in estimating the portion of revenue from governments earned in the year, and in estimating the fair value of contributed capital assets.

Financial Instruments

The accounting standards for financial instruments require that financial assets and liabilities be classified according to their characteristics, management's intention, or the choice of category in certain circumstances. 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, 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.

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Summary of Significant Accounting Policies**

December 31, 2009

Financial Instruments
(continued)

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.

The Association's financial instruments consist of cash, internally restricted cash, accounts receivable, deposits, long-term investments, bank indebtedness, accounts payable and accrued liabilities, current debt, 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. Current debt and long-term debt are not considered held-for-trading and are recorded at amortized cost. The fair value of the current debt and long-term debt approximate their amortized cost since the debt bears a variable rate of interest or matures with one year.

**Financial Instruments
Disclosures**

The Association has opted to disclose and present financial instruments under the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861, Financial Instruments - Disclosure and Presentation in these financial statements instead of the more onerous CICA Handbook Sections 3862 and 3863, which is a permitted option for not-for-profit organizations in these standards.

**Financial Risk
Management**

The Association manages its investment portfolio to earn investment income on its other restricted net assets set out in Note 11 to these financial statements. 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.

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Summary of Significant Accounting Policies**

December 31, 2009

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	<p>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.</p> <p>Contributed capital assets are recognized as assets when their fair value can be reasonably determined. Other donated materials and services are not reflected in the financial statements.</p>
Cash and Cash Equivalents	Cash and cash equivalents consists of cash on hand, bank balances and short-term investments with original terms to maturities of three months or less and internally restricted cash as set out in Note 1 to these financial statements. It also includes the bank overdraft (line of credit 1) as set out in Note 4 to these financial statements. 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 operations, as part of building and maintenance expense, 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.

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Summary of Significant Accounting Policies**

December 31, 2009

Capital Assets

Capital assets consisting of land, buildings and equipment are recorded at cost. In the case of donated capital assets, they are recorded at fair value on the date of contribution, when the fair value can be reasonably determined. Many years ago, camp land was contributed to the Association, for which the fair value was not reasonably determinable. This land has been recorded at a nominal value to recognize the existence of the asset. Repairs and maintenance costs are charged to operations as incurred. 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.

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 the 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 and construction costs consist of costs incurred prior to the commencement of the development, redevelopment or betterment of the Association's facilities, and during the construction of these facilities include the carrying costs directly attributable to the capital asset. These costs are capitalized but are not amortized until the asset is substantially complete and ready for use at which time these costs will form part of the respective capital asset category and will be amortized at the same rate as the respective capital asset category. 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, groups and/or other organizations. Any funds deposited or withdrawn by these clubs, groups and/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 as well as unexpended funds received from program contracts, program grants, and certain donations.

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Summary of Significant Accounting Policies**

December 31, 2009

**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 in the statement of operations.

Expense Allocations

The majority of the Association's expenses are presented on the Association's statement of operations according to the type of expense, including salaries and benefits, purchased services and supplies, building and maintenance, marketing and communications, national and regional dues, and interest. The Association's fundraising expenses are separated according to the type of expense rather than being totaled together as fundraising expenses on the statement of operations. In addition, the Association allocates certain types of expenses as Capital Campaign expenses. Therefore, on a year-to-year basis, the expenses allocated can vary based on the expenses incurred in the given year. A further breakdown of all such allocated expenses is set out in Notes 17 and 18 to these financial statements.

**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 have no impact on the Association'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.

These sections are effective for fiscal periods commencing on or after January 1, 2009, and accordingly, the Association has adopted these changes for the December 31, 2009 fiscal year's financial statements. The effects on the Association's financial statement presentation and disclosure of adopting these changes are set out below. These changes in disclosure and presentation standards are required on a retrospective basis and comparative amounts have been reclassified on a similar basis where practicable.

The changes impacted the following:

Statement of Cash Flows

Cash flows from investing and financing activities are now presented separately, previously they were combined.

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Summary of Significant Accounting Policies**

December 31, 2009

**Changes in
Accounting Standards
(continued)**

Net Assets Invested in Capital Assets and Deferred Lease Expenses

The impact of the revision on the Association's financial statements relate to the 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 organization chooses to do so.

The Association has chosen to continue to present net assets invested in capital assets separately but it is now categorized as internally restricted net assets.

In addition the Association has adopted the same presentation standard for its net assets invested in deferred lease expenses.

Presentation of Gross Revenues and Expenses

The impact on the Association's statement of operations is the requirement to present and recognize revenues and expenses on a gross basis when an organization is acting as a principal in transactions and on a net basis when an organization is acting in an agency capacity.

Previously, the Association recognized and presented Capital Campaign revenues and expenses on a net basis. In accordance with the revised standards, the Association has adopted this change on a retrospective basis and the 2008 amounts presented for comparative purposes have been reclassified. The effect of the change on the current and previous fiscal year's statements of operations relates to the Association's Capital Campaign activities as set out in Note 17 to these financial statements resulting in an increase in revenues and expenses of \$505,000 (2008 - \$440,000) with no change in the current or previous year's net results of operations.

Presentation of Allocated Expenses

This change establishes disclosure standards for an organization that chooses to classify some or all of its expenses by functional category and allocates expenses to a number of functions to which the expenses relate. These disclosures include the Association's policy for the allocation of general support and fundraising expenses to other functions including the nature of the expenses being allocated, the basis on which such allocations have been made and the amounts allocated. These additional disclosures have been included in the summary of significant accounting policies under the captions "salaries, benefits and other expenses" and "expense allocations", and in Notes 17 and 18 to these financial statements.

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Notes to Financial Statements**

December 31, 2009

1. Internally Restricted Cash

Internally restricted cash is cash received that is internally restricted by the Association. As at December 31, 2009, the Association's internally restricted cash balance of \$503,000 (2008 - \$151,000) represents the capital contributions received not yet expended as set out in Note 8 to these financial statements.

2. Long-Term Investments

	2009 (in 000's)	2008 (in 000's)
	Fair Value and Carrying Value	Fair Value and Carrying Value
Cash in brokerage account	\$ 1	\$ 67
Guaranteed investment certificates (GICs)	66	-
Equities	153	111
	\$ 220	\$ 178

Included above are long-term investments of \$220,000 (2008 - \$177,000) which represent the other restricted net assets set out in Note 11 to these financial statements. The above cash is being held in the Association's brokerage account pending its placement in suitable investments.

In 2009, unrealized gains and losses resulting from the application of the financial instruments standards amounted to a net unrealized gain of \$29,000 (2008 - loss of \$9,000) which is included in investment earnings (loss) on the statement of operations.

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Notes to Financial Statements**

December 31, 2009

3. Capital Assets

	2009 (in 000's)			2008 (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	8,444	6,279	2,165	8,340	6,078	2,262
Building improvements	6,224	4,225	1,999	5,730	3,919	1,811
Furniture, fixtures and equipment	9,803	7,270	2,533	9,185	6,949	2,236
Leasehold improvements	1,413	821	592	980	619	361
Pre-development and construction costs	1,750	-	1,750	488	-	488
	\$ 29,939	\$ 18,595	\$ 11,344	\$ 27,028	\$ 17,565	\$ 9,463

4. Bank Indebtedness and Credit Facilities

The Association has an operating line of credit available by way of a bank overdraft facility of \$600,000, with interest at prime plus 2.00% (2008 - prime plus 0.75%) and a standby charge of 0.50% (2008 - 0.25%) on the unused portion. This facility and the demand instalment loan set out in Note 6 to these financial statements are secured by a general security agreement and a \$3,250,000 registered debenture. Of this line of credit \$304,000 was in use at December 31, 2009 (2008 - \$nil).

The Association has a second line of credit of \$1,000,000 with interest at prime plus 1.00% (2008 - prime plus 1.00%) and a standby charge of 0.25% (2008 - 0.25%) on the unused portion. This line of credit is secured by real estate. Of this line of credit, \$780,000 was in use at December 31, 2009 (2008 - \$824,000).

The Association has a third line of credit of \$4,500,000 (2008 - \$3,500,000) with interest at prime plus 1.00% (2008 - prime plus 1.00%) and a standby charge of 0.15% (2008 - 0.15%) on the unused portion. Of this \$4,500,000 (2008 - \$3,500,000), the availability for draw down is \$4,000,000 (2008 - \$3,000,000) and the remaining \$500,000 (2008 - \$500,000) is 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, \$4,138,000 was in use at December 31, 2009 (2008 - \$2,988,000) of which \$119,000 (2008 - \$106,000) was charged to operations as interest expense. Although this interest was not paid, it was added to the balance of the line of credit in accordance with the terms of the line of credit.

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Notes to Financial Statements**

December 31, 2009

4. Bank Indebtedness and Credit Facilities (continued)

Bank indebtedness is comprised of the following:

	2009 (in 000's)	2008 (in 000's)
Line of credit 1 (bank overdraft)	\$ 304	\$ -
Line of credit 2	780	824
Line of credit 3	<u>4,138</u>	<u>2,988</u>
	\$ 5,222	\$ 3,812

A portion of this bank indebtedness in the amount of \$3,729,000 (2008 - \$2,689,000) has been designated by the Association to finance its capital assets as set out in Note 9 to these financial statements.

In January 2010, the Association obtained approval for a fourth line of credit of \$3,500,000 with interest at prime plus 2.00%. This line of credit is secured by second charge on real estate and a general security agreement.

5. Accounts Payable and Accrued Liabilities

	2009 (in 000's)	2008 (in 000's)
Operating expenses	\$ 1,295	\$ 1,403
Capital expenditures	<u>318</u>	<u>406</u>
	\$ 1,613	\$ 1,809

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Notes to Financial Statements**

December 31, 2009

6. Current Debt

	<u>2009</u> <u>(in 000's)</u>	<u>2008</u> <u>(in 000's)</u>
<u>Demand Instalment Loan</u>		
In November 2009, the term loan set out in Note 7 to these financial statements was converted to a demand instalment loan which is repayable in monthly instalments of \$8,693 principal and interest with interest at prime plus 2.50%. This demand instalment loan and the operating line of credit of \$600,000 set out in Note 4 to these financial statements are secured by a general security agreement and a \$3,250,000 registered debenture.	\$ 442	\$ -

7. Long-Term Debt and Interest Expense

	<u>2009</u> <u>(in 000's)</u>	<u>2008</u> <u>(in 000's)</u>
<u>Term Loan</u>		
Fixed term loan due November 2009, interest at 6.09%, repayable in monthly instalments of \$8,693 principal and interest. This term loan and the operating line of credit of \$600,000 set out in Note 4 to these financial statements were secured by a general security agreement and a \$3,250,000 registered debenture. In November 2009, this term loan was converted to the demand instalment loan set out in Note 6 to these financial statements.	\$ -	\$ 517
<u>Mortgage Payable</u>		
5.60% loan repayable in monthly instalments of \$28,655 principal and interest, secured by a mortgage on real estate and a general security agreement. The payments are based on a 25 year amortization period. The current term commenced in 2005 and matures in 2010. This loan has a 10.00% annual prepayment privilege, if the loan is not in default.	4,254	4,359
	4,254	4,876
Less: Current portion	4,254	622
Long-term portion	\$ -	\$ 4,254

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Notes to Financial Statements**

December 31, 2009

7. Long-Term Debt and Interest Expense (continued)

The scheduled principal payment in 2010 includes the maturity of the mortgage payable. Management expects to renew the mortgage payable in 2010. If the mortgage is renewed with the same amortization period and interest rate then the principal payments for the next 5 years would be as follows:

	(in 000's)
2010	\$ 111
2011	118
2012	124
2013	131
2014	139
	\$ 623

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

	2009 (in 000's)	2008 (in 000's)
Long-term debt (Note 7)	\$ 239	\$ 244
Current debt (Note 6)	29	-
Bank indebtedness (Note 4)	137	198
	\$ 405	\$ 442

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Notes to Financial Statements**

December 31, 2009

8. 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.

	<u>2009</u> <u>(in 000's)</u>	<u>2008</u> <u>(in 000's)</u>
Balance, beginning of year	\$ 1,842	\$ 1,828
Add: Contributions received	715	377
Less: Contributions recognized as revenue	<u>(311)</u>	<u>(363)</u>
Balance, end of year	<u>\$ 2,246</u>	<u>\$ 1,842</u>
Comprised of:		
Contributions expended to acquire capital assets - unamortized balance (Note 9)	\$ 1,743	\$ 1,691
Contributions not yet expended (Note 1)	<u>503</u>	<u>151</u>
	<u>\$ 2,246</u>	<u>\$ 1,842</u>

9. Invested in Capital Assets (Deficiency)

The Association's net assets invested in capital assets (deficiency) are internally restricted amounts and have been calculated as follows:

	<u>2009</u> <u>(in 000's)</u>	<u>2008</u> <u>(in 000's)</u>
Capital assets (Note 3)	\$ 11,344	\$ 9,463
Less amounts financed by:		
Bank indebtedness (Note 4)	(3,729)	(2,689)
Accounts payable and accrued liabilities related to capital expenditures (Note 5)	(318)	(406)
Current debt (Note 6)	(442)	-
Long-term debt (Note 7)	(4,254)	(4,876)
Contributions used to acquire capital assets - unamortized balance (Note 8)	<u>(1,743)</u>	<u>(1,691)</u>
	<u>\$ 858</u>	<u>\$ (199)</u>

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Notes to Financial Statements**

December 31, 2009

10. Invested in Deferred Lease Expenses

Net assets invested in deferred lease expenses are internally restricted amounts of \$627,000 (2008 - \$659,000) and represent lease expenses not yet charged to operations due to the application of lease inducement accounting under Canadian generally accepted accounting principles as set out in the accompanying summary of significant accounting policies.

11. Other Restricted Net Assets

Restricted net assets are either externally restricted for endowment purposes or internally restricted by the Association's Board of Directors. The internally restricted net assets consists of certain bequests and donations which are available at the discretion of the Association's Board of Directors to support ongoing development and growth of the Association. 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:

	2009 (in 000's)			2008 (in 000's)	
	Externally Restricted for Endowment Purposes	Internally Restricted	Total		Total
Balance, beginning of year	\$ 68	\$ 109	\$ 177	\$	179
Excess (deficiency) of revenue over expenses for the year	-	-	-		(2)
Endowment contributions for the year	43	-	43		-
Balance, end of year	\$ 111	\$ 109	\$ 220	\$	177

These other restricted net assets are financed by the Association's long-term investments set out in Note 2 to these financial statements.

12. 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 operations as an expense the employer portion of the annual cost of contributions required to be made to this plan. In 2009, the employer's cost related to this pension plan was \$229,000 (2008 - \$219,000).

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Notes to Financial Statements**

December 31, 2009

13. 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. No claim for reimbursement is currently pending and management is of the opinion that no claim is forthcoming. Consequently, no provision for reimbursement of funds has been made in these financial statements. In the event of any adjustment, it will be charged or credited to operations in the period of determination.

14. Commitments

In connection with its operations, the Association regularly enters into agreements for the purchase of various supplies and services including the operating leases for premises, construction, equipment and service support agreements, with various expiry dates, as well as a commitment to purchase equipment. Certain of these agreements extend beyond the end of the 2009 fiscal year. Except for agreements related to the Association's construction activity as set out below, in the opinion of management, these agreements are in the normal course of the Association's operations, are not abnormal in amount or nature and do not include a high degree of speculative risk. The Association is committed to make minimum payments over the next 5 years as follows:

	(in 000's)
2010	\$ 9,463
2011	1,501
2012	1,026
2013	906
2014	884
	<u>\$ 13,780</u>

Included in the estimated 2010 commitment amount above is \$7,137,000 related to construction activities which are expected to be financed by the Association's Capital Campaign as set out in Note 17 to these financial statements and by the fourth line of credit as set out in Note 4 to these financial statements. Further, the commitments only reflect agreements and contracts entered into as at December 31, 2009 and to the date of preparation of these financial statements which is April 16, 2010. Therefore, additional planned capital expenditures of the Association's Capital Campaign as set out in Note 17 to these financial statements are not included.

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Notes to Financial Statements**

December 31, 2009

15. 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 management 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.

In December 2009, the Association secured a \$6,000,000 contribution agreement from the Ministry of Tourism ("the Ministry") related to capital projects for certain of its facilities. The Association is required to repay a portion of the funds or full amount received if the related project assets are disposed, sold, leased or encumbered within six years of the expiry or termination of the agreement. If the Ministry terminates the agreement prior to its expiration, the Ministry is only responsible for the payment on the portion of the project completed and eligible costs already incurred. No funds had been received as the end of the 2009 fiscal year. The Association received the first instalment in January 2010.

The City of Ottawa approved a capital grant of \$137,000 toward a portion of a building's roof. The roof was completed in 2009 and \$103,000 was received from the City of Ottawa in 2009. The remaining part of the grant of \$34,000 was received after the fiscal year end. In the event that the Association chooses not to operate a day nursery in the specific location at any time in the 15 year period following 2009, the Association must repay a prorated portion of the capital grant received.

In 2008, the Association entered into an agreement with The Corporation of the City of Clarence Rockland ("the City") under which the Association receives funding equal to the deficit of the Clarence Rockland facility for the first 5 years and 2 months of operation. In 2009, the Association recognized revenue under this agreement equal to \$136,000 (2008 - \$96,000). The Association also received transitional support from the City in the amount of \$158,000 for the period of April 2008 to October 2008. The total amount received as of December 31, 2009 is \$390,000. In the event that the Clarence Rockland facility has a surplus during the term of the agreement, the surplus will be used to repay the funding received from the City up to the total amount of funding received. After 5 years either party may terminate the agreement with a minimum 18 months written notice. At the termination date the City will have the option to purchase any assets purchased by the Association for the operation of the facility at their unamortized book value. If the asset is fully amortized or purchased during the term of the agreement using fundraising or other revenues from the facility or purchased by the City, the asset shall remain the property of the City.

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Notes to Financial Statements**

December 31, 2009

16. Net Insurance Proceeds

The total insurance proceeds related to the Association's capital assets recognized for 2009 are \$556,000 of which \$223,000 is included in accounts receivable at December 31, 2009. These insurance proceeds are related to the Association's properties that were damaged. The net book value of these properties was \$55,000. Therefore the net insurance proceeds recognized on the Association's statement of operations is \$501,000 and the net cash received during the year was \$278,000. Of these net insurance proceeds, \$355,000 was related to a camp building and transferred to Capital Campaign as set out in the Association's statement of changes in net assets and in Note 17 to these financial statements. This transfer was made since this building is included in the overall camp redevelopment of the Capital Campaign. This amount will be used to help offset the future cost of reconstructing the camp building.

17. 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 Association's 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 to come from government grants, donations, and debt financing. Major investment in the Association's assets is ongoing between 2009 and 2012, with investments primarily in the Metro Central, Carlingwood, Nepean and Orleans facilities and Camping assets. Major assumptions underpinning the Capital Campaign and operational plans have been extensively tested by external market studies.

Funds for the Capital Campaign in the form of pledges and cash include, but are not limited to, endowment donations, gifts-in-kind, bequests, restricted donations, and general donations. In addition, net insurance proceeds realized on capital assets have been allocated to the Capital Campaign as set out in Note 16 to these financial statements.

Consistent with the Association's revenue recognition policy set out in the summary of the significant accounting policies accompanying these financial statements, contributions to the Capital Campaign in the form of general purpose contributions are recognized as revenue on the same basis as the related expenditures are incurred. To the extent that cumulative Capital Campaign general purpose contributions received exceeds cumulative Capital Campaign expenses incurred, the excess would be included in deferred revenue to be recognized as revenue in the future on the same basis as the expenses are incurred. As well, consistent with the revenue recognition policy, if contributions are received with specific capital restrictions, these funds would be included in deferred capital 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. Further, if contributions are received with other specific restrictions, then these funds would be included in deferred revenue and recognized as revenue on the same basis as the related expenses are incurred. Pledges are recognized in the year that the funds are received.

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Notes to Financial Statements**

December 31, 2009

17. Capital Campaign (continued)

The sources of funds received to date and the uses of funds to date for the Capital Campaign are as follows:

	Total to Date (in 000's)	2009 (in 000's)	2008 (in 000's)
Sources of funds			
Donations			
Restricted funds	\$ 744	\$ 714	\$ 30
Restricted for operational expenses	80	40	40
General purpose funds	1,132	692	438
Other funds			
Insurance proceeds (Note 16)	355	355	-
Endowment for camp purposes	18	18	-
Total sources of funds	2,329	1,819	508
Uses of funds			
Capital assets expenditures	236	213	23
Capital Campaign expenses	1,546	505	450
Total uses of funds	1,782	718	473
Excess balance	\$ 547	1,101	35
Cumulative excess (deficiency) balance, beginning of year		(554)	(589)
Cumulative excess (deficiency) balance, end of year		\$ 547	\$ (554)
Represented by:			
Deferred revenue	\$ 50		
Unexpended deferred capital contributions	492		
Endowment purposes	18		
Unrestricted net assets (deficiency)	(13)		
	\$ 547		

The above schedule does not include any contributions pledged for the campaign which have not yet been received as at the end of the relevant reporting period. Pledges have been and will be included in the year that the funds are received. Endowment funds are included in the donated amounts, however the principal will not be used towards Capital Campaign expenditures.

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Notes to Financial Statements**

December 31, 2009

17. Capital Campaign (continued)

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

	2009 (in 000's)	2008 (in 000's)
Contributions recognized	\$ 739	\$ 440
Non-allocated expenses		
Salaries and benefits	183	143
Professional fees	71	131
Other	76	40
Total non-allocated expenses	330	314
Allocated expenses		
Salaries and benefits	158	136
Other	17	-
Total allocated expenses	175	136
Total expenses	505	450
Net revenue (expenses) for the year	\$ 234	\$ (10)

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 as further set out in Note 19 to these financial statements.

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Notes to Financial Statements**

December 31, 2009

18. Allocated Expenses

Certain expenses are allocated in the statement of operations for financial statement presentation purposes. These allocated expenses are included in the Capital Campaign expenses as set out in Note 17 to these financial statements. If these expenses were not being allocated they would have been included in the following financial statement categories:

	2009 (in 000's)	2008 (in 000's)
Salaries and benefits	\$ 341	\$ 279
Purchased services and supplies	138	145
Marketing and communications	26	26
	\$ 505	\$ 450

Within these Capital Campaign expenses are fundraising expenses as follows:

	2009 (in 000's)	2008 (in 000's)
Salaries and benefits	\$ 333	\$ 279
Purchased services and supplies	47	145
Marketing and communications	24	26
	\$ 404	\$ 450

As well, there are fundraising expenses, other than the Capital Campaign, that are allocated between financial statement categories. These other fundraising expenses are allocated as follows:

	2009 (in 000's)	2008 (in 000's)
Salaries and benefits	\$ 88	\$ 77
Purchased services and supplies	183	131
Marketing and communications	8	9
National and regional dues	1	1
	\$ 280	\$ 218

**Ottawa Young Men's and Young Women's Christian Association
Operating as National Capital Region YMCA-YWCA
Notes to Financial Statements**

December 31, 2009

19. 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 last number of years, the going concern assumption for the Association may be viewed in a different perspective. The increase in debt was mainly due to an increase in capital asset acquisitions and accumulated interest but it was anticipated because of the implementation of the Association's Strategic Plan as set out in Note 17 to these financial statements and the need to upgrade capital assets to help strengthen revenues. The 2009 actual operating results are better than the 2008 actual results, as well as the budget for 2009, and reflect management's opinion that the Capital Campaign renewal started in 2008, and the controls implemented, have ensured that the Association is continuing the process of revitalization in a positive manner, and as such will have no ongoing issues with regard to the ability of the Association to continue as a going concern.

20. Comparative Amounts

In certain instances, 2008 amounts presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current year.
