## YMCA OF CENTRAL EAST ONTARIO

FINANCIAL STATEMENTS

December 31, 2015



## INDEPENDENT AUDITOR'S REPORT

To the Members of YMCA OF CENTRAL EAST ONTARIO

We have audited the accompanying financial statements of YMCA OF CENTRAL EAST ONTARIO, which comprise the statement of financial position as at December 31, 2015, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation'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 Corporation'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 qualified audit opinion.

## **Basis for Qualified Opinion**

In common with many not-for-profit organizations, YMCA OF CENTRAL EAST ONTARIO derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Corporation and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2015 and 2014, current assets as at December 31, 2015 and 2014 and net assets for the years then ended. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified because of the possible effects of this limitation in scope.

## **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of YMCA OF CENTRAL EAST ONTARIO as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Welch LLP

Belleville, Ontario April 27, 2016 CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Welch LLP = Chartered Professional Accountants 525 Dundas Street East, Belleville, ON K8N 1G4 = T: 613 966 2844 — F: 613 966 2206 — W; www.welchllp.com An Independent Member of BKR International

## YMCA OF CENTRAL EAST ONTARIO

(Incorporated without share capital under the laws of Ontario)

## STATEMENT OF FINANCIAL POSITION **DECEMBER 31, 2015**

## **ASSETS**

CURRENT ASSETS           Cash         \$ 357,506         \$ 119,272           Short-term investments - note 4         4,305,361         4,425,219           Accounts receivable         242,923         141,741           Prepaid expenses         34,288         21,671           TANGIBLE CAPITAL ASSETS - note 5         11,458,855         11,554,724           INTANGIBLE CAPITAL ASSETS - note 6         2,938         6,907           LIABILITIES AND NET ASSETS           CURRENT LIABILITIES           Accounts payable and accrued liabilities         741,822         472,301           Government remittances payable         108,354         103,294           Deferred revenue         115,828         188,395           Current portion of long-term debt         1,138,004         896,990           LONG-TERM DEBT - note 7         4,183,000         4,355,000           DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS - note 8         6,007,718         6,212,304           NET ASSETS - note 8         1,099,075         831,328           Invested in tangible and intangible capital development reserve - note 9         2,475,683         2,543,077           Unrestricted - debt repayment and capital development reserve - note 9         2,475,683         2,543,077<		_	2015	_	2014
Cash         \$357,506         \$119,272           Short-term investments - note 4         4,305,361         4,425,219           Accounts receivable         242,923         141,741           Prepaid expenses         34,288         21,671           4,940,078         4,707,903           TANGIBLE CAPITAL ASSETS - note 5         11,458,855         11,554,724           INTANGIBLE CAPITAL ASSETS - note 6         2,938         6,907           LIABILITIES AND NET ASSETS           CURRENT LIABILITIES           Accounts payable and accrued liabilities         \$741,822         \$472,301           Government remittances payable         108,354         103,294           Deferred revenue         115,828         158,395           Current portion of long-term debt         172,000         163,000           LONG-TERM DEBT - note 7         4,183,000         4,355,000           DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS - note 8         6,007,718         6,212,304           NET ASSETS           Invested in tangible and intangible capital assets - internally restricted and capital development reserve - note 9         2,475,683         2,543,077           Unrestricted         1,498,391         1,430,835           5,073,149         4,805	CUDDENIT ACCETS				
Short-term investments - note 4         4,305,361         4,425,219           Accounts receivable         242,923         141,741           Prepaid expenses         34,288         21,671           4,940,078         4,707,903           TANGIBLE CAPITAL ASSETS - note 5         11,458,855         11,554,724           LIABILITIES AND NET ASSETS           CURRENT LIABILITIES           Accounts payable and accrued liabilities         741,822         472,301           Government remittances payable         108,354         103,294           Deferred revenue         115,828         158,395           Current portion of long-term debt         172,000         163,000           LONG-TERM DEBT - note 7         4,183,000         4,355,000           DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS - note 8         6,007,718         6,212,304           NET ASSETS           Invested in tangible and intangible capital assets - internally restricted         1,099,075         831,328           Internally restricted - debt repayment and capital development reserve - note 9         2,475,683         2,543,077           Unrestricted         1,498,391         1,430,835           5,073,149         4,805,240           6,14,401,871         3,		\$	357.506	\$	119.272
Prepaid expenses         34,288         21,671           TANGIBLE CAPITAL ASSETS - note 5         11,458,855         11,554,724           INTANGIBLE CAPITAL ASSETS - note 6         2,938         6,907           LIABILITIES AND NET ASSETS           CURRENT LIABILITIES           Accounts payable and accrued liabilities         741,822         472,301           Government remittances payable         108,354         103,294           Deferred revenue         115,828         158,395           Current portion of long-term debt         172,000         163,000           LONG-TERM DEBT - note 7         4,183,000         4,355,000           DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS - note 8         6,007,118         6,212,304           NET ASSETS         11,099,075         831,328           Invested in tangible and intangible capital assets - internally restricted debt repayment and capital development reserve - note 9         2,475,683         2,543,077           Unrestricted         1,498,391         1,430,835           5,073,149         4,805,246           May 1,498,391         1,430,835           1,498,391         1,430,835           1,498,391         1,430,835           1,5073,149         4,805,246           1,	<del></del>	•		•	
A,940,078	Accounts receivable		242,923		141,741
TANGIBLE CAPITAL ASSETS - note 6	Prepaid expenses	_	34,288	_	21,671
NTANGIBLE CAPITAL ASSETS - note 6			4,940,078		4,707,903
Sample   S	TANGIBLE CAPITAL ASSETS - note 5		11,458,855		11,554,724
CURRENT LIABILITIES	INTANGIBLE CAPITAL ASSETS - note 6		2,938	_	6,907
CURRENT LIABILITIES		\$	16,401,871	\$	16,269,534
Accounts payable and accrued liabilities Government remittances payable Deferred revenue Current portion of long-term debt  LONG-TERM DEBT - note 7  DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS - note 8  Invested in tangible and intangible capital assets - internally restricted Internally restricted - debt repayment and capital development reserve - note 9 Unrestricted  Approved by the Board  Approved by the Board  Accounts payable and intangible in 108,354 1103,294 115,828 1158,395 1172,000 163,000 1,138,004 896,990 1,138,000 4,355,000 4,355,000 1,1328,722 11,464,294 11,328,722 11,464,294  1,099,075 831,328 1,498,391 1,430,835 5,073,149 4,805,240 \$ 16,401,871 \$ 16,269,534	LIABILITIES AND NET ASSETS				
Accounts payable and accrued liabilities Government remittances payable Deferred revenue Current portion of long-term debt  LONG-TERM DEBT - note 7  DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS - note 8  Invested in tangible and intangible capital assets - internally restricted Internally restricted - debt repayment and capital development reserve - note 9 Unrestricted  Approved by the Board  Approved by the Board  Accounts payable and intangible in 108,354 1103,294 115,828 1158,395 1172,000 163,000 1,138,004 896,990 1,138,000 4,355,000 4,355,000 1,1328,722 11,464,294 11,328,722 11,464,294  1,099,075 831,328 1,498,391 1,430,835 5,073,149 4,805,240 \$ 16,401,871 \$ 16,269,534	CUDDENIE I IA DII ISIEC				
Covernment remittances payable   108,354   103,294   Deferred revenue   115,828   158,395   Current portion of long-term debt   172,000   163,000   1,138,004   896,990   LONG-TERM DEBT - note 7   4,183,000   4,355,000   ASSETS - note 8   6,007,718   6,212,304   11,328,722   11,464,294   ASSETS - note 8   6,007,718   6,212,304   11,328,722   11,464,294   ASSETS - note 8   1,099,075   831,328   Internally restricted   1,099,075   831,328   Internally restricted - debt repayment   and capital development reserve - note 9   2,475,683   2,543,077   Unrestricted   1,498,391   1,430,835   1,430,835   1,498,391   1,498,391   1,498,391   1,498,391   1,498,391   1,498,391   1,498,391   1,498,391   1,498,391   1,498,391   1,498,391   1,498,391   1,498,391   1,498,391   1,498,391   1,498,391   1,498,391   1,498,391   1,498,391   1,498,391   1,4	<del></del>	¢	741 822	¢	472 301
Deferred revenue		Ψ	•	Ψ	,
Current portion of long-term debt       172,000       163,000         1,138,004       896,990         LONG-TERM DEBT - note 7       4,183,000       4,355,000         DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS - note 8       6,007,718       6,212,304         NET ASSETS       11,328,722       11,464,294         NET ASSETS       1 1,099,075       831,328         Invested in tangible and intangible capital assets - internally restricted       1,099,075       831,328         Internally restricted - debt repayment and capital development reserve - note 9       2,475,683       2,543,077         Unrestricted       1,498,391       1,430,835         5,073,149       4,805,240         \$ 16,401,871       \$ 16,269,534         Approved by the Board			,		
1,138,004   896,990					
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS - note 8	į and į		1,138,004	_	896,990
ASSETS - note 8 6,007,718 6,212,304  11,328,722 11,464,294  NET ASSETS  Invested in tangible and intangible capital assets - internally restricted I1,099,075 831,328 Internally restricted - debt repayment and capital development reserve - note 9 2,475,683 2,543,077 Unrestricted 1,498,391 1,430,835 5,073,149 4,805,240  Approved by the Board  Director	LONG-TERM DEBT - note 7		4,183,000		4,355,000
ASSETS - note 8 6,007,718 6,212,304  11,328,722 11,464,294  NET ASSETS  Invested in tangible and intangible capital assets - internally restricted I1,099,075 831,328 Internally restricted - debt repayment and capital development reserve - note 9 2,475,683 2,543,077 Unrestricted 1,498,391 1,430,835 5,073,149 4,805,240  Approved by the Board  Director	DEFERRED CONTRIBUTIONS RELATED TO CAPITAL				
NET ASSETS         Invested in tangible and intangible capital assets - internally restricted       1,099,075       831,328         Internally restricted - debt repayment and capital development reserve - note 9       2,475,683       2,543,077         Unrestricted       1,498,391       1,430,835         5,073,149       4,805,240         \$ 16,401,871       \$ 16,269,534    Approved by the Board			6,007,718	_	6,212,304
Invested in tangible and intangible			11,328,722		11,464,294
Invested in tangible and intangible	NET ASSETS				*
capital assets - internally restricted       1,099,075       831,328         Internally restricted - debt repayment       2,475,683       2,543,077         Unrestricted       1,498,391       1,430,835         5,073,149       4,805,240         \$ 16,401,871       \$ 16,269,534    Approved by the Board Director					
Internally restricted - debt repayment and capital development reserve - note 9 Unrestricted  2,475,683 2,543,077 1,498,391 1,430,835 5,073,149 4,805,240 \$ 16,401,871 \$ 16,269,534  Approved by the Board  Director			1,099,075		831,328
Unrestricted 1,498,391 1,430,835 5,073,149 4,805,240 \$ 16,401,871 \$ 16,269,534  Approved by the Board Director					
5,073,149 4,805,240 \$ 16,401,871 \$ 16,269,534  Approved by the Board  Director	and capital development reserve - note 9				
\$ 16,401,871 \$ 16,269,534  Approved by the Board  Director	Unrestricted	_			
Approved by the Board  Director			5,073,149		4,805,240
Director		\$_	16,401,871	\$	16,269,534
	Approved by the Board				
Director	Director				
	Director				

(See accompanying notes)

# YMCA OF CENTRAL EAST ONTARIO STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS YEAR ENDED DECEMBER 31, 2015

		2015	2014
REVENUE  Membership fees Program fees United Way Grants and subsidies Donations and fundraising Rental and other Amortization of deferred contributions related to capital assets	\$	5,029,071 \$ 3,755,366 24,018 31,084 450,616 441,147 212,492 9,943,794	5,051,463 3,271,024 118,563 40,698 392,600 401,338 210,444 9,486,130
EXPENSES  Salaries, wages and benefits Program Administrative and support services Building maintenance Allocations to YMCA Canada Amortization of tangible capital assets Amortization of intangible capital assets Interest on long-term debt	_	6,201,639 596,044 494,165 1,455,143 144,559 556,705 3,969 223,661 9,675,885	5,895,293 553,876 517,039 1,376,964 142,249 521,610 4,587 233,485 9,245,103
EXCESS OF REVENUE OVER EXPENSES		267,909	241,027
NET ASSETS, beginning of year	_	4,805,240	4,564,213
NET ASSETS, end of year	\$_	5,073,149	4,805,240

## YMCA OF CENTRAL EAST ONTARIO STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2015

		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES	Φ.	0.00 f	0.11.007
Excess of revenue over expenses	\$	267,909 \$	241,027
Adjustments for:  Amortization of tangible capital assets		556,705	521,610
Amortization of tangible capital assets  Amortization of intangible capital assets		3,969	4,587
Amortization of thrangible capital assets  Amortization of deferred contributions related to capital assets		(212,492)	(210,444)
Gain on disposal of capital assets		(39,192)	(4,190)
		576,899	552,590
Change in non-cash working capital components:			
Accounts receivable		(101,182)	65,763
Prepaid expenses		(12,617)	(7,417)
Accounts payable and accrued liabilities		269,521	(51,975)
Government remittances payable		5,060	(22,350)
Deferred revenue	_	(42,567)	(12,955)
		695,114	523,656
	_	095,114	323,030
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(3,216,705)	(1,326,007)
Proceeds from sale/maturity of investments		3,336,562	890,450
Purchase of tangible capital assets		(460,835)	(309,524)
Proceeds from sale of tangible capital assets		39,192	4,190
Purchase of intangible capital assets			(6,091)
		(301,786)	(746,982)
CASH FLOWS FROM FINANCING ACTIVITIES		(1(3,000)	(155,000)
Repayment of long-term debt		(163,000)	(155,000)
Contributions received related to tangible capital assets	_	7,906	91,274
		(155,094)	(63,726)
	_	(133,034)	(05,720)
INCREASE (DECREASE) IN CASH		238,234	(287,052)
ALL VARIANCE ( & MUZINIANE) BLI VIAVAL			(,,,
CASH, beginning of year		119,272	406,324
			· · · · · · · · · · · · · · · · · · ·
CASH, end of year	\$	357,506 \$	119,272

(See accompanying notes)

#### 1. NATURE OF THE ORGANIZATION

The YMCA of Central East Ontario is an independent charitable association of volunteers and staff dedicated to promoting well-being within the community.

The Corporation has been granted tax-exempt status as a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

## 2. SIGNIFICANT ACCOUNTING POLICIES

## **Basis of accounting**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### Short-term investments

The purchase and sale of investments are accounted for using settlement date accounting. Transaction costs associated with the acquisition of investments and investment management fees are expensed as incurred.

## Tangible capital assets

Land is carried at cost. Purchased tangible capital assets are recorded at acquisition cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is provided for on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	25-40 years
Parking lot	10 years
Office equipment	10 years
Program and fitness equipment	5 years
Computer equipment	3 years

## Intangible capital assets

The costs of intangible capital assets are capitalized upon meeting the criteria for recognition as an intangible asset; otherwise, costs are expensed as incurred. Intangible assets, consisting of computer software are measured at cost less accumulated amortization. Amortization of computer software is provided for on a straight-line basis over the estimated useful life of three years.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## Revenue recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital asset. Externally restricted capital asset contributions that have not been expended are recorded as part of deferred contributions related to capital assets on the statement of financial position.

### Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management makes accounting estimates when determining the estimated useful life of the Corporation's tangible capital assets and intangible assets its allowance for doubtful accounts and accrued liabilities. Actual results could differ from those estimates.

## Contributed services

Volunteers contribute an indeterminable number of hours each year to assist the Corporation in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### Financial instruments

The Corporation initially measures its financial assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or financial liability is subsequently measured at amortized cost.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and government remittances payable.

## 3. FINANCIAL INSTRUMENTS

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Corporation has a significant number of customers which minimizes concentration of credit risk.

## Liquidity risk

Liquidity risk is the risk that the Corporation cannot meet its commitments when they become due. Liquidity risk also includes the risk of the Corporation not being able to liquidate assets in a timely manner. The Corporation's management manages this risk by reviewing expected future cash flow requirements, anticipating investing and financing activities and holding assets that can be readily converted to cash.

#### Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments and future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Corporation's exposure to interest rate risk arises from its interest bearing assets and its long-term debt. The Corporation manages interest rate risk exposure by investing in guaranteed investment certificates.

### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Corporation is not exposed to other price risk.

## Change in risk

There were no changes in the risk exposure of the Corporation during the year.

## 4. SHORT-TERM INVESTMENTS

		2015	2014
Guaranteed Investment Certificates	\$	3,676,705 \$	3,399,053
High interest savings funds		401,842	796,928
Ontario Savings Bonds		200,400	201,851
Equities		-	2,960
Accrued interest	_	26,414	24,427
	\$	4,305,361 \$	4,425,219

Investments are managed by the Corporation in consultation with the Corporation's financial advisor. The Corporation limits its investments to Guaranteed Investment Certificates, high interest savings funds, Ontario Savings Bonds and minimal equities to ensure the capital is preserved and to provide access to the funds when needed.

Guaranteed Investment Certificates have interest rates ranging from 0.9% to 2.25% and maturity dates spanning March 10, 2016 to June 21, 2017.

## 5. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

		2014		
	Cost	Accumulated amortization Net		Net
Land	\$ 532,028	\$ -	\$ 532,028	\$ 532,028
Buildings	14,813,210	4,575,385	10,237,825	10,538,252
Parking lot	61,352	42,267	19,085	23,726
Office equipment	226,119	174,254	51,865	45,870
Program and fitness equipment	2,193,012	1,607,289	585,723	374,652
Computer equipment	244,417	212,088	32,329	40,196
	\$ 18,070,138	\$ 6,611,283	\$ 11,458,855	\$ 11,554,724

#### INTANGIBLE CAPITAL ASSETS 6.

7.

Intangible capital assets consist of the following:

	<del> </del>	2014		
	Cost	Accumulated amortization	Net	Net
Computer software	\$ 73,507	\$ 70,569	\$ 2,938	\$ 6,907
LONG-TERM DEBT				
Long-term debt consists of:				
			2015	2014
Fixed rate term loan of Banker interest at 4.675%, repayable approximately \$32,000, due Current portion	in monthly blen	_	\$ 4,011,000 172,000	\$ 4,192,000

The debt is secured by a General Security Agreement representing a first charge on all of the Corporation's assets and an assignment of all risk insurance. Under the terms of the agreement, there are certain covenants that the Corporation must maintain. During the year, the Corporation was in compliance with all covenants of the agreement.

Principal repayments on Banker Acceptances over the next two years are estimated to be as follows:

\$ 172,000 2016 4,183,000 2017

8

4,183,000 \$ 4,355,000

### 8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized amount of donations received for the purchase of capital assets. The amortization of contributions related to capital assets is recorded as revenue in the statement of operations and changes in net assets. The changes in the deferred contributions related to capital assets balance are as follows:

	_	2015	2014
BALANCE, beginning of year Deferred contributions received	\$	6,212,304 \$ 7,906	6,331,474 91,274
Amortization of deferred contributions related to capital assets	_	(212,492)	(210,444)
BALANCE, end of year	\$	6,007,718 \$	6,212,304

### 9. INTERNALLY RESTRICTED FUNDS

The Board maintains an internally restricted reserve for the purpose of debt repayment, capital development and catastrophic emergency. The Board maintains an amount equal to sixty days of operating expenses in unrestricted net assets and apportions the remaining amount to the internally restricted debt repayment and capital development reserve. At December 31, 2015, the Board has restricted \$2,475,683 (2014 - \$2,543,077) for this purpose.

## 10. OPERATING LINE OF CREDIT

The Corporation has an operating line of credit with an authorized limit of \$70,000, of which \$Nil was utilized at year-end. The line of credit bears interest at bank prime rate, and is secured by a general security agreement covering all of the assets of the Corporation.

## 11. CONTRACTUAL OBLIGATIONS

The Corporation has entered into an agreement with The Corporation of the City of Quinte West (Quinte West) to operate and manage a recreational facility at 50 Monogram Place, Trenton for a period of 20 years. The agreement acknowledges that Quinte West remains the sole owner of the facility and provides that the Corporation will manage health and fitness, aquatics, child minding, family and related recreational programs and such other programs for which there may be public demand.

The Corporation has entered into an agreement with the Municipality of Tweed (Tweed), to operate and manage a pool facility at 175 Alexander Street, Tweed.

#### 12. CHILD CARE AND OTHER WAGE SUBSIDIES

The Corporation has reported fee subsidy as revenue in the statement of operations and changes in net assets. Wage subsidies of \$647,168, excluding wage enhancement grants, have been included with salaries, wages and benefits as a reduction to the expenditure in the statement of operations and changes in net assets.

Child care subsidies earned during 2015, which have been reflected in the financial statements, are as follows:

	B	elleville	Pe	terborough	_	Lakefield	_	Total
Purchase of service fee subsidy Wage subsidy	\$	384,710 177,827	\$	231,544 98,391	\$	83,679 57,991	\$ _	699,933 334,209
	\$	562,537	<u>\$</u>	329,935	\$	141,670	\$	1,034,142

### 13. PROVINCIAL WAGE ENHANCEMENT GRANT

In January 2015, the Ministry of Education implemented a new initiative to provide a wage enhancement grant up to \$1 per hour plus up to 17.5% benefits for eligible staff working in licensed child care programs, and up to \$10 per day to home child care providers providing care through a licensed home child care agency. The Corporation, as the operator, received and disbursed the Wage Enhancement grant to eligible employees, as follows:

	_	Funding Received	-	Unspent Funds Repayable	 Disbursed Funds
Lakefield YMCA Child Care Centre	\$	12,643	\$	-	\$ 12,643
Peterborough Child Care Centre		22,028		-	22,028
St. Paul's School Age Program		1,833		933	900
Ridpath School Age Program		4,285		320	3,965
Hastings County - Belleville Child Care		40,360		1,574	38,786
Lennox and Addington - Belleville Child Care	_	875		-	 875
	\$_	82,024	\$	2,827	\$ 79,197

Unspent wage enhancement grants are to be returned to the appropriate funder.

Wage enhancement grants have been included with salaries, wages and benefits as a reduction to the expenditure in the statement of operations and changes in net assets.