

YMCA Canada

Financial Statements
December 31, 2016



June 21, 2017

Independent Auditor's Report

To The National Council of Young Men's Christian Associations of Canada

We have audited the accompanying financial statements of The National Council of Young Men's Christian Associations of Canada (YMCA Canada), which comprise the balance sheet as at December 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215*



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of YMCA Canada as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

YMCA Canada

Balance Sheet

As at December 31, 2016

	2016 \$	2015 \$
Assets		
Current assets		
Cash and cash equivalents (note 3)	479,725	150,790
Short-term investments (note 5(c))	2,510,045	1,000,000
Accounts receivable	409,349	485,852
Note receivable (note 6)	-	273,672
Other receivables (note 4)	933,514	-
Prepaid expenses	60,462	69,012
	<u>4,393,095</u>	<u>1,979,326</u>
Investments (note 5(a))	20,173,185	20,270,119
Note receivable (note 6)	-	310,647
Capital assets (note 7)	50,789	63,117
Intangible assets (note 8)	3,652,992	1,627,718
Other long-term assets	<u>240,926</u>	<u>301,843</u>
	<u>28,510,987</u>	<u>24,552,770</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,052,481	768,309
Deferred contributions (note 9)	<u>1,353,309</u>	<u>1,046,547</u>
	2,405,790	1,814,856
Deferred capital contributions (note 10)	2,760,347	-
Deferred lease inducement	<u>92,166</u>	<u>111,914</u>
	<u>5,258,303</u>	<u>1,926,770</u>
Net Assets		
Endowments (note 11)	15,312,852	15,187,653
Board restricted reserves (note 12)	4,554,347	5,508,588
Unrestricted	1,400,254	238,924
Investment in capital and intangible assets	<u>1,985,231</u>	<u>1,690,835</u>
	<u>23,252,684</u>	<u>22,626,000</u>
	<u>28,510,987</u>	<u>24,552,770</u>
Commitments (note 14)		

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

YMCA Canada

Statement of Operations

For the year ended December 31, 2016

	2016 \$	2015 \$
Revenue		
Allocations from YMCA Member Associations	9,447,882	9,105,910
Foundation grants	395,076	520,893
National meetings and conferences	377,330	450,157
Dividend income	756,519	919,737
Recoveries from YMCA Member Associations	381,065	275,260
Government and other grants	214,156	430,235
Miscellaneous	103,891	82,593
	<u>11,675,919</u>	<u>11,784,785</u>
Expenses		
Salaries and employee benefits	3,115,595	3,637,996
Purchased services (note 18)	1,649,152	1,481,091
Travel and meetings (note 18)	1,286,605	1,173,124
YMCA Lead and other Member Association agreements	1,009,730	1,164,855
YMCA Resource Development Centre dues	1,144,296	1,508,728
YMCA Resource Development Centre support	201,685	533,714
Communications	258,614	235,244
Uncollected Member Association charges	363,811	306,117
World YMCA services	320,816	317,274
Rent and office	337,102	292,551
Licence fees	323,032	35,995
Affiliations, professional services and insurance	337,156	248,543
Amortization of capital and intangible assets	398,587	180,836
Grants distributed	214,156	430,235
	<u>10,960,337</u>	<u>11,546,303</u>
Excess of revenue over expenses before the undernoted	715,582	238,482
Change in fair value of investments (note 5(b))	<u>(21,462)</u>	<u>686,436</u>
Excess of revenue over expenses for the year	<u>694,120</u>	<u>924,918</u>

The accompanying notes are an integral part of these financial statements.

YMCA Canada

Statement of Changes in Net Assets For the year ended December 31, 2016

					2016	2015
	Endowments	Board restricted reserves	Unrestricted	Investment in capital and intangible assets	Total	Total
	\$	\$	\$	\$	\$	\$
Balance - Beginning of year	15,187,653	5,508,588	238,924	1,690,835	22,626,000	21,333,446
Excess of revenue over expenses for the year	-	-	694,120	-	694,120	924,918
Investment income on externally restricted endowments (note 5(b))	72,609	-	-	-	72,609	159,566
Endowment contributions	21,613	-	-	-	21,613	208,070
Literacy fund transfer to deferred contributions (note 11)	(161,658)	-	-	-	(161,658)	-
Interfund transfers (note 13)	192,635	(954,241)	467,210	294,396	-	-
Balance - End of year	15,312,852	4,554,347	1,400,254	1,985,231	23,252,684	22,626,000

The accompanying notes are an integral part of these financial statements.

YMCA Canada

Statement of Cash Flows

For the year ended December 31, 2016

	2016 \$	2015 \$
Operating activities		
Excess of revenue over expenses for the year	694,120	924,918
Non-cash items		
Amortization of capital and intangible assets	398,587	180,836
Change in fair value of investments excluding management fees	(39,302)	(747,741)
Amortization of deferred lease inducement	(19,748)	(19,749)
	<u>1,033,657</u>	<u>338,264</u>
Net change in non-cash working capital balances related to operations	(564,289)	(767,450)
Net change in deferred contributions	<u>131,987</u>	<u>181,022</u>
	<u>601,355</u>	<u>(248,164)</u>
Investing activities		
Purchase of capital assets	(19,091)	(24,223)
Purchase of intangible assets	(2,392,442)	(719,758)
Purchase of short-term investments	(1,510,045)	(1,000,000)
Net purchases of investments	(1,189,686)	(858,432)
Withdrawals from long-term investments	1,469,000	1,910,000
Proceeds from repayment of note receivable	584,319	264,298
Decrease (increase) in other long-term assets	60,917	(24,468)
	<u>(2,997,028)</u>	<u>(452,583)</u>
Financing activities		
Deferred capital contributions received (note 4)	2,702,995	-
Endowment contributions	21,613	208,070
	<u>2,724,608</u>	<u>208,070</u>
Increase (decrease) in cash and cash equivalents during the year	328,935	(492,677)
Cash and cash equivalents - Beginning of year	<u>150,790</u>	<u>643,467</u>
Cash and cash equivalents - End of year	<u>479,725</u>	<u>150,790</u>
Non-cash transactions to reallocate amounts		
Deferred contributions	70,469	87,982
Deferred capital contributions	57,352	-
Endowments	(161,658)	-

The accompanying notes are an integral part of these financial statements.

YMCA Canada

Notes to Financial Statements

December 31, 2016

1 Nature of organization

The National Council of Young Men's Christian Associations of Canada, which operates as YMCA Canada, is continued under the Canada Not-for-Profit Corporations Act. YMCA Canada is registered as a charitable organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

YMCA Canada is a federation made up of 43 YMCAs and five YMCA-YWCA Member Associations (Member Associations). YMCA Canada is a community-based charity, which has provided vital services to Canadians for over 160 years so they can enjoy healthy and active lives. YMCA Canada fosters supportive and inclusive spaces where people feel a sense of belonging that helps them achieve greater health and well-being.

YMCA Canada represents the federation nationally and fosters the development of strong Canadian YMCA and YMCA-YWCA Member Associations, encourages collaborative initiatives, protects and enhances the reputation of the YMCA, and advocates on behalf of Member Associations regionally, nationally and internationally. YMCA Canada receives revenue from Member Associations under several circumstances, including federation membership allocations, fees for attending meetings and conferences. YMCA Canada may also reimburse Member Associations for expenses incurred when conducting business on behalf of YMCA Canada, including travel and meetings, the work of the development network to support and strengthen Member Associations and fulfilling obligations under Lead Association agreements.

2 Summary of significant accounting policies

The financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada Handbook - Accounting, which sets out Canadian accounting standards for not-for-profit organizations (ASNPO) and includes the significant accounting policies set out below.

Fund accounting

These financial statements include the following funds:

- **Endowment** - Endowments consist of internally and externally restricted amounts where the endowment principal is to be maintained intact.
- **Board restricted reserves** - Board restricted reserves comprise amounts internally restricted by the board of directors for future use.
- **Unrestricted** - The unrestricted fund accounts for YMCA Canada's administrative activities. This fund reports unrestricted resources available for immediate purposes.
- **Investment in capital and intangible assets** - The investment in capital and intangible assets fund represents the net investment in YMCA Canada's capital and intangible assets as described in notes 7 and 8. Amounts required for the purchase of capital assets or representing donated capital assets are transferred from the unrestricted fund or board restricted reserves to the investment in capital and intangible assets fund.

YMCA Canada

Notes to Financial Statements

December 31, 2016

Revenue recognition

Allocations from Member Associations are recognized in the year to which the amounts relate or when costs are incurred. Fees for national meetings and conferences are recognized in the year during which the event is held.

YMCA Canada follows the deferral method of accounting for contributions, which include donations and government grants. Other donations are recognized when received since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when received. Externally restricted contributions and grants are initially deferred when received in the accounts and are recognized as revenue in the year in which the related expenses are incurred except for endowment contributions, which are recognized as direct increases in net assets.

Externally restricted contributions for the acquisition of intangible assets are deferred and amortized over the life of the related intangible asset. Externally restricted contributions that have not been expended are recorded as part of deferred capital contributions on the balance sheet.

The change in fair value of investments consists of realized and unrealized gains and losses less management fees, and is recorded in the statement of operations, except to the extent it relates to externally restricted endowment funds, in which case it is added to/deducted from endowed funds or deferred contributions on the balance sheet.

Cash and cash equivalents

Cash and cash equivalents include cash and any short-term investments with a short-term maturity of three months or less from the date of purchase unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

Financial instruments

Investments in short-term securities are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost, net of any provision for impairment. Other investments are recorded at fair value and transaction costs are expensed as incurred. All transactions are recorded on a trade date basis.

Other financial instruments including accounts receivable, note receivable and accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

Capital and intangible assets

Purchased capital and intangible assets are stated at acquisition cost. Contributed capital and intangible assets are recorded at fair value at the date of contribution. Implementation expenditures, including consulting and legal costs, to bring the intangible asset to use are capitalized where there is deemed to be a future benefit.

YMCA Canada

Notes to Financial Statements

December 31, 2016

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

Capital assets	
Leasehold improvements	over term of lease
Office equipment	5 years
Computer equipment	3 years
Intangible assets	
Internally developed software	5 years
Externally developed software	5 years

YMCA Canada reviews the carrying amount, amortization and useful lives of its long-lived assets regularly. If the long-lived asset no longer has any long-term service potential, the excess of the net carrying amount over any residual value is recognized as an expense in the statement of operations.

Deferred lease inducement

The deferred lease inducement represents the value of a period of free rent and an incentive allowance paid by the landlord. It is being amortized on a straight-line basis over the term of the lease as a reduction of rent expense.

Pension plan

Contributions to the Canadian YMCA Retirement Fund, a multi-employer defined contribution pension plan, are expensed on an accrual basis as the plan is accounted for as a defined contribution plan.

Contributed materials and services

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

Use of estimates

The financial statements of YMCA Canada have been prepared by management in accordance with ASNPO, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses for the reporting period. Actual results could differ from those estimates.

3 Cash and cash equivalents

Cash totalling \$68,264 (2015 - \$53,629) is restricted and will be transferred to YMCA Member Associations for future use; a corresponding amount is included in accounts payable and accrued liabilities.

YMCA Canada

Notes to Financial Statements

December 31, 2016

4 Externally developed software

In 2016, YMCA Canada entered into a master services agreement with a vendor to implement and license an enterprise database solution on behalf of YMCA Member Associations for membership sales and management. YMCA Canada is the pay master on behalf of participating YMCA Member Associations who have each signed a participation agreement with YMCA Canada.

The contract includes one-time costs payable to the vendor for the development, build, configuration and implementation of the solution by participating YMCA Member Associations. All participating YMCA Member Associations pay a proportionate share of the one-time costs. Total payments to December 31, 2016 were \$2,789,161, of which \$2,702,995 (note 10) was recorded in deferred capital contributions and the balance of \$86,166 was expensed as purchased services in the statement of operations. The remaining amount due to the vendor is \$4,963,694 payable in monthly instalments to September 2017; this amount will in turn be collected from participating YMCA Member Associations and will be recorded as deferred capital contributions.

In 2015, the board of directors approved a designated fund of \$2,000,000 for technology projects (note 12). In 2016, the total draw down from this designated fund was \$714,907, of which \$494,699 (note 8) was transferred to the investment in capital and intangible assets account and the balance of \$220,208 was transferred to the unrestricted fund (note 13)

In accordance with the master services agreement, YMCA Canada has a commitment to purchase a total of 1,200 licences for a total value of \$2,000,000. YMCA Canada has paid the vendor \$933,514 to secure the licences, and has been recorded in other receivables to be reimbursed by participating YMCA Member Associations.

5 Investments

- a) YMCA Canada's investment portfolio consists of units of various funds managed by Mawer Investment Management Ltd. As at December 31, the mix of assets held in those funds is as follows:

	2016		2015	
	\$	%	\$	%
Canadian equities	3,481,178	17	3,224,301	16
US equities	3,180,197	16	3,225,238	16
International equities	3,500,389	17	3,515,088	17
Fixed income	10,011,421	50	10,305,492	51
	20,173,185	100	20,270,119	100

YMCA Canada

Notes to Financial Statements

December 31, 2016

- b) The investment income, realized and unrealized, recorded in the statement of operations is calculated as follows:

	2016	2015
	\$	\$
Investment income	938,900	1,915,026
Less: Management fees	(60,764)	(61,305)
	<u>878,136</u>	<u>1,853,721</u>
Investment income on externally restricted endowment funds added to endowment net assets (note 11)	(72,609)	(159,566)
Amount made available for spending on externally restricted endowments added to deferred contributions (note 9)	(70,470)	(87,982)
	<u>735,057</u>	<u>1,606,173</u>
Less: Dividend income	(756,519)	(919,737)
	<u>(21,462)</u>	<u>686,436</u>
Change in fair value of investments	<u>(21,462)</u>	<u>686,436</u>

The investment income recognized in the statement of operations is related to the following balances:

	2016	2015
	\$	\$
Internally restricted endowment funds (note 11)	460,433	1,151,936
Other	274,624	454,237
	<u>735,057</u>	<u>1,606,173</u>

- c) The short-term investments include government investment certificates with interest rates varying from 0.5% to 0.9% with varying maturity dates from May 2017 to December 2017.

6 Note receivable

The note receivable from a Member Association was repaid in full during 2016.

7 Capital assets

Capital assets consist of the following:

	2016		2015	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Leasehold improvements	55,015	38,357	16,658	22,160
Office equipment	193,642	190,753	2,889	13,697
Computer equipment	173,554	142,312	31,242	27,260
	<u>422,211</u>	<u>371,422</u>	<u>50,789</u>	<u>63,117</u>

YMCA Canada

Notes to Financial Statements

December 31, 2016

8 Intangible assets

Intangible assets consist of the following:

			<u>2016</u>	<u>2015</u>
	Cost	Accumulated	Net	Net
	\$	\$	\$	\$
Internally developed software	2,060,417	620,674	1,439,743	1,627,718
Externally developed software under development (note 4)	<u>2,213,249</u>	-	<u>2,213,249</u>	-
	<u>4,273,666</u>	<u>620,674</u>	<u>3,652,992</u>	<u>1,627,718</u>

Intangible assets include internally developed software under development of \$nil (2015 - \$235,440), on which no amortization has been charged. Amortization has not been charged on externally developed software under development as the asset has not yet been brought into use.

9 Deferred contributions

Deferred contributions represent unspent externally restricted grants and donations for various purposes. The changes in the deferred contributions balance are as follows:

	2016	2015
	\$	\$
Balance - Beginning of year	1,046,547	777,543
Amounts received during the year	1,516,262	1,565,531
Amount made available for spending on externally restricted endowments (note 11)	70,470	87,982
Transfer to deferred capital contributions (note 10)	(57,352)	-
Literacy fund transfer (note 11)	161,658	-
Amount recognized in the year	<u>(1,384,276)</u>	<u>(1,384,509)</u>
	<u>1,353,309</u>	<u>1,046,547</u>

10 Deferred capital contributions

Deferred capital contributions represent payments from YMCA Member Associations for the externally developed software as described in note 4. The changes in the deferred contributions balance are as follows:

	\$
Balance - Beginning of year	-
Amounts received for externally developed software from YMCA Member Associations (note 4)	2,702,995
Transfer from deferred contributions (note 9)	<u>57,352</u>
	<u>2,760,347</u>

YMCA Canada

Notes to Financial Statements

December 31, 2016

The balance consists of the following:

	\$
Amounts capitalized in intangible assets	1,718,550
Amounts unspent	<u>1,041,797</u>
	<u>2,760,347</u>

11 Endowments

Endowments consist of internally and externally restricted amounts where the endowment principal is to be maintained intact. The investment income generated from assets held for endowment purposes must be used in accordance with the various purposes established by the donors or the board of directors.

Endowments comprise the following:

	2016 \$	2015 \$
Externally restricted		
Income earned		
Restricted	2,990,808	3,084,977
Unrestricted	<u>889,867</u>	<u>863,135</u>
	3,880,675	3,948,112
Internally restricted by the board of directors	<u>11,432,177</u>	<u>11,239,541</u>
	<u>15,312,852</u>	<u>15,187,653</u>

YMCA Canada has a capital preservation policy which has been approved by the board of directors. This policy has the objective of protecting the real value of the endowments by limiting the amount of earned income available for spending and requiring the reinvestment of any income earned in excess of this limit. The amount of income made available for spending is calculated as 3.5% (2015 - 3.5%) of the average fair value of externally restricted endowment net assets over the previous sixteen quarters for the current year. The investment income earned as preservation of capital is recorded as a direct increase in endowment net assets for externally restricted endowments, where external restrictions allow. In any particular year, should investment income be insufficient to fund the amount to be made available for spending or the investment return is negative, the amount is funded by a transfer from endowed net assets.

In fiscal 2016, the investment income on externally restricted endowment net assets was \$173,289 (2015 - \$275,465). Of this amount, \$100,680 (2015 - \$115,899) was made available for spending, with \$70,470 (2015 - \$87,982) (note 9) added to deferred contributions, as the investment income is restricted by the donors as to how the monies are to be spent, and \$30,210 (2015 - \$27,917) was recorded as revenue in the statement of operations as the investment income was unrestricted. The return in excess of 3.5% of \$72,609 (2015 - \$159,566) (note 5(b)) was recorded directly to externally restricted endowments.

YMCA Canada

Notes to Financial Statements

December 31, 2016

For internally restricted endowments, any investment gain (loss) is recorded as revenue (expense) in the statement of operations. An amount is transferred to (from) internally restricted endowment net assets equal to the investment gain (loss) earned on these funds, adjusted by the amount approved for spending by the board of directors. In fiscal 2016, the amount of \$185,847 (2015 - \$1,068,256) transferred from unrestricted net assets to endowment net assets (note 12) represents the investment income earned on internally restricted endowment assets of \$460,433 (2015 - \$1,151,936) (note 5(b)) plus the investment income earned on board restricted reserves of \$194,414 (2015 - \$376,320) transferred to endowment net assets, less the amount approved for spending of \$469,000 (2015 - \$460,000).

During 2016, \$161,658 (note 9) from the literacy endowment fund was transferred to deferred contributions and represents the excess over the principal fund balance of \$400,000. The literacy endowment fund does not include a clause on the capital preservation option and any income earned on that fund is restricted for literacy projects. Only the principal balance is designated to remain intact as part of the endowment balance; accordingly, the excess over the principal has been included in deferred contributions until the respective expenses are incurred.

12 Board restricted reserves

Board restricted reserves comprise amounts internally restricted by the board of directors for future use as follows:

	2016	2015
	\$	\$
Stabilization reserve	1,700,000	1,700,000
Technology reserve (note 4)	1,285,093	2,000,000
Strategic plan reserve	382,248	691,582
Reserves for future events and programs	1,187,006	1,117,006
	<hr/>	<hr/>
	4,554,347	5,508,588

YMCA Canada

Notes to Financial Statements

December 31, 2016

13 Interfund transfers

Interfund transfers consist of the following:

	Endowments		Board restricted reserves		Unrestricted		Investment in capital and intangible assets	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
Investment income transfer in accordance with board policy (note 11)	185,847	1,068,256	-	-	(185,847)	(1,068,256)	-	-
Transfers relating to the technology reserve (notes 4 and 12)	-	(2,000,000)	(220,208)	2,000,000	220,208	-	-	-
Transfers from reserves for strategic plan initiatives	-	-	(241,199)	(465,480)	241,199	465,480	-	-
Other transfers	6,788	27,453	(492,834)	(204,155)	191,650	(386,443)	294,396	563,145
	<u>192,635</u>	<u>(904,291)</u>	<u>(954,241)</u>	<u>1,330,365</u>	<u>467,210</u>	<u>(989,219)</u>	<u>294,396</u>	<u>563,145</u>

14 Lease commitment

YMCA Canada has entered into a lease commitment for office premises, which expires in August 2021. The future annual lease payments, including estimated property taxes and operating costs, are as follows:

	\$
2017	203,738
2018	207,187
2019	210,740
2020	214,399
2021	<u>145,445</u>
	<u>981,509</u>

15 Y.M.C.A. Properties Incorporated

YMCA Canada controls Y.M.C.A. Properties Incorporated (YMCA Properties), a corporation incorporated under the laws of Ontario. YMCA Properties is registered as a charitable organization and, as such, is exempt from income taxes under the Income Tax Act (Canada). The purpose of YMCA Properties is to purchase, lease or otherwise acquire, hold, sell or dispose of property in the Province of Ontario for itself or in trust for local YMCAs or YMCA-YWCAs, or for any other organization affiliated with or connected in any way with the work of the YMCA. YMCA Properties holds the title to property owned and operated by the YMCA of Simcoe/Muskoka. As at December 31, 2016, YMCA Properties had no assets and liabilities and had no revenue and expenses for the year then ended.

YMCA Canada

Notes to Financial Statements

December 31, 2016

16 Pension plan

YMCA Canada contributed \$176,940 (2015 - \$180,695) to the Canadian YMCA Retirement Fund.

17 Financial instruments

YMCA Canada is exposed to various financial risks through transactions in financial instruments.

Foreign currency risk

YMCA Canada is exposed to foreign currency risk with respect to the underlying securities of its pooled funds denominated in foreign currencies because of fluctuations in the relative value of foreign currencies against the Canadian dollar. Management assessed exposure to foreign currency risk as not significant.

Credit risk

YMCA Canada is exposed to credit risk with respect to its accounts receivable and its short-term and fixed income investments, including the underlying investments of its pooled funds. Management assessed exposure to credit risk as not significant.

Interest rate risk

YMCA Canada is exposed to interest rate risk with respect to its investments in a pooled fund that holds fixed income securities and the note receivable, the fair values of which will fluctuate with changes in market interest rates. YMCA Canada is also exposed to interest rate risk with respect to its operating line of credit since the interest rate is linked to the bank's prime rate, which changes from time to time. The interest rate risk on investments is considered insignificant, as the majority of YMCA Canada's investments are held in units in pooled funds.

Other price risk

YMCA Canada is exposed to other price risk through changes in market prices (other than changes arising from interest rate or currency risks) in connection with its investment in a pooled fund that holds equity securities. YMCA Canada manages its exposure to this risk by monitoring compliance with the investment policy approved by the board of directors.

18 Payments to Member Associations

In the statement of operations for 2016, purchased services include \$388,969 paid to Member Associations (2015 - \$14,830), travel and meetings include \$241,993 (2015 - \$163,501) paid to Member Associations.

19 Comparative financial statements

The comparative financial statements have been reclassified from the financial statements previously presented to conform to the 2016 presentation of the financial statements.