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# Financial statements of The YMCAs of Québec

December 31, 2014

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## Independent Auditor's Report

To the Members of  
The YMCAs of Québec

We have audited the accompanying financial statements of The YMCAs of Québec, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, 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 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.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of The YMCAs of Québec as at December 31, 2014, and the results of its activities and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP<sup>1</sup>

April 21, 2015

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<sup>1</sup> CPA auditor, CA, public accountancy permit No. A120628

**The YMCAs of Québec**  
**Statement of operations**  
Year ended December 31, 2014

	Notes	<b>2014</b>	2013
		\$	\$
<b>Revenue</b>			
Program activities		29,872,957	29,367,873
Government – fees for services		8,466,114	8,999,958
Institutional services		3,849,076	3,696,940
Rent		1,703,772	1,697,555
Additional grant for installations		1,710,452	1,563,418
Additional grant for installations – interest		460,186	525,782
Centraide of Greater Montreal – community services		1,464,404	1,486,754
Donations of the YMCAs of Québec Foundation		1,078,551	1,216,386
Investment revenue		207,047	81,588
		<b>48,812,559</b>	<b>48,636,254</b>
<b>Expenses</b>			
Salaries and social benefits		28,690,784	27,873,725
Program expenses		4,056,330	4,154,286
Repairs and replacements, maintenance supplies and service contracts		4,572,966	4,589,800
Heat and electricity		1,586,526	1,520,617
Rent		1,141,436	1,189,133
Office expenses		924,270	909,150
Professional fees		960,083	995,335
Advertising expenses		657,309	724,071
Employees expenses and development		704,766	712,405
Insurance and taxes		705,412	674,794
Bank charges		500,783	474,735
YMCA Canada fees and other dues		633,752	595,142
Contributions to the YMCAs of Québec Foundation's operations		324,065	339,260
Bad debts		237,682	228,918
Other expenses		348,565	393,767
		<b>46,044,729</b>	<b>45,375,138</b>
Excess of revenue over expenses before the following items		<b>2,767,830</b>	3,261,116
Interest on mortgage loan and other financing costs		<b>(660,431)</b>	(742,124)
Amortization of capital assets		<b>(3,521,483)</b>	(3,575,253)
Amortization of deferred contributions related to capital assets	8	<b>1,455,696</b>	1,499,085
Excess of revenue over expenses before the change in fair value of interest rate swap agreements		<b>41,612</b>	442,824
Change in fair value of interest rate swap agreements		<b>48,216</b>	128,872
<b>Excess of revenue over expenses</b>		<b>89,828</b>	<b>571,696</b>

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

**The YMCAs of Québec**  
**Statement of changes in net assets**  
Year ended December 31, 2014

	Invested in capital assets	Internally restricted	Unrestricted	Total
	\$	\$	\$	\$
Balances, January 1, 2013	9,403,742	1,500,000	1,507,312	12,411,054
Excess (deficiency) of revenue over expenses	(1,979,728) <sup>(1)</sup>	(177,805)	2,729,229	571,696
Investment in capital assets	2,564,558 <sup>(2)</sup>	(459,786)	(2,104,772)	—
Balances, December 31, 2013	9,988,572 <sup>(3)</sup>	862,409	2,131,769	12,982,750
Excess (deficiency) of revenue over expenses	<b>(2,017,571)<sup>(1)</sup></b>	—	<b>2,107,399</b>	<b>89,828</b>
Investment in capital assets	<b>2,989,054<sup>(2)</sup></b>	—	<b>(2,989,054)</b>	—
Transfer	—	<b>(862,409)</b>	<b>862,409</b>	—
Balances, December 31, 2014	<b>10,960,055<sup>(3)</sup></b>	—	<b>2,112,523</b>	<b>13,072,578</b>

	2014	2013
	\$	\$
<sup>(1)</sup> Composed of: Amortization of capital assets	<b>(3,521,483)</b>	(3,575,253)
Loss on disposal of capital assets	—	(32,432)
Amortization of deferred contributions related to capital assets	<b>1,455,696</b>	1,499,085
Change in fair value of interest rate swap agreements	<b>48,216</b>	128,872
	<b>(2,017,571)</b>	(1,979,728)
<sup>(2)</sup> Composed of: Receipt of grants receivable	<b>(1,141,934)</b>	(1,083,871)
Additions to capital assets	<b>2,632,998</b>	2,225,802
Repayment of long-term debt	<b>1,639,014</b>	1,570,762
Repayment of obligation under capital leases	—	28,712
Increase in deferred contributions related to capital assets	<b>(141,024)</b>	(176,847)
	<b>2,989,054</b>	2,564,558

**The YMCAs of Québec**  
**Statement of changes in net assets (continued)**

Year ended December 31, 2014

	<b>2014</b>	2013
	\$	\$
(3) Composed of: Short-term grants receivable	<b>1,212,328</b>	1,069,515
Long-term grants receivable	<b>8,287,453</b>	9,572,200
Capital assets	<b>38,836,329</b>	39,724,814
Current portion of long-term debt	<b>(2,194,096)</b>	(3,941,051)
Long-term debt	<b>(12,314,758)</b>	(12,206,817)
Deferred contributions related to capital assets	<b>(22,669,030)</b>	(23,983,702)
Interest rate swap agreements	<b>(198,171)</b>	(246,387)
	<b>10,960,055</b>	9,988,572

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

**The YMCAs of Québec**  
**Statement of financial position**  
As at December 31, 2014

	Notes	2014 \$	2013 \$
<b>Assets</b>			
Current assets			
Cash		2,160,775	1,916,080
Investments	3	3,494,632	2,677,283
Accounts receivable	4	2,215,900	2,667,354
Grants receivable	7	1,212,328	1,069,515
Amount receivable from the YMCAs of Québec Foundation	10	626,065	489,454
Supplies and prepaid expenses		540,112	433,979
		<b>10,249,812</b>	<b>9,253,665</b>
Investments	3	2,255,678	2,910,549
Grants receivable	7	8,287,453	9,572,200
Capital assets	5	38,836,329	39,724,814
		<b>59,629,272</b>	<b>61,461,228</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	6	4,976,146	4,270,903
Deferred revenue related to program activities		1,079,452	759,341
Deferred revenue – other		2,864,597	2,726,204
Current portion of long-term debt	7	2,194,096	3,941,051
		<b>11,114,291</b>	<b>11,697,499</b>
Long-term debt	7	12,314,758	12,206,817
Deferred contributions related to capital assets	8	22,669,030	23,983,702
Interest rate swap agreements		198,171	246,387
Other long-term liabilities		260,444	344,073
		<b>46,556,694</b>	<b>48,478,478</b>
Commitments	12		
<b>Net assets</b>			
Invested in capital assets		10,960,055	9,988,572
Internally restricted		—	862,409
Unrestricted		2,112,523	2,131,769
		<b>13,072,578</b>	<b>12,982,750</b>
		<b>59,629,272</b>	<b>61,461,228</b>

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

Approved by the Board

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

**The YMCAs of Québec**  
**Statement of cash flows**  
Year ended December 31, 2014

	Notes	<b>2014</b>	2013
		\$	\$
<b>Operating activities</b>			
Excess of revenue over expenses		<b>89,828</b>	571,696
Adjustments for			
Change in fair value of investments		<b>(81,004)</b>	67,582
Amortization of capital assets		<b>3,521,483</b>	3,575,253
Loss on disposal of capital assets		—	32,432
Amortization of deferred contributions related to capital assets		<b>(1,455,696)</b>	(1,499,085)
Change in fair value of interest rate swap agreements		<b>(48,216)</b>	(128,872)
		<b>2,026,395</b>	2,619,006
Changes in non-cash operating working capital items	11	<b>1,509,068</b>	(122,756)
		<b>3,535,463</b>	2,496,250
<b>Investing activities</b>			
Increase of the amount receivable from the YMCAs of Québec Foundation		<b>(136,611)</b>	(9,104)
Investments acquisition		<b>(1,684,498)</b>	(3,175,279)
Investments disposal		<b>1,603,024</b>	2,964,648
Additions to capital assets		<b>(2,632,998)</b>	(2,225,802)
		<b>(2,851,083)</b>	(2,445,537)
<b>Financing activities</b>			
Receipt of grants receivable		<b>1,141,934</b>	1,083,871
Repayment of long-term debt		<b>(1,639,014)</b>	(1,570,762)
Repayment of obligation under capital leases		—	(28,712)
Increase in deferred contributions related to capital assets		<b>141,024</b>	176,847
Decrease of other long-term liabilities		<b>(83,629)</b>	(21,001)
		<b>(439,685)</b>	(359,757)
Net increase (decrease) in cash		<b>244,695</b>	(309,044)
Cash, beginning of year		<b>1,916,080</b>	2,225,124
<b>Cash, end of year</b>		<b>2,160,775</b>	1,916,080

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

**1. Status and nature of activities**

The YMCAs of Québec (the “YMCA”) is a registered charity committed to the fulfilment of people in spirit, mind and body and to the development of self-reliance in the individual, family and to the community.

Through its actions, programs and services, the YMCA reflects the needs and aspirations of communities and works with individuals and local communities in developing countries to achieve social justice and control of their environment.

The YMCA is incorporated under Part III of the *Companies Act* (Québec) and is a registered charity under the *Income Tax Act*.

**2. Accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not for-profit organizations and include the following significant accounting policies:

*Revenue recognition*

The YMCA 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.

Restricted contributions related to capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

The revenue related to the program activities, institutional services and rent, as well as the fees for services is recognized when the underlying services to such income were made.

*Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value when the YMCA becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments that are recognized at fair value at the date of the financial statements. The investments fair value is established at bid price. Fair value fluctuations, which include interest earned, accrued interests, realized gain and loss and unrealized gain and loss, are included in the investment revenue.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the YMCA recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

**2. Accounting policies (continued)**

*Interest rate swap agreements*

The YMCA uses interest rate swap agreements to manage the interest rate risk related to bank acceptances. The YMCA has chosen not to prepare the documentation necessary for the application of hedge accounting.

Therefore, the interest rate swap agreements have been recorded at fair value as a liability in the statement of financial position. The fair value is determined based on stock quotes and prices obtained from financial institutions for identical or similar derivative financial instruments. Changes in the fair value of interest rate swap agreements are presented in the statement of operations as a change in fair value of interest rate swap agreements.

*Supplies*

Supplies are valued at the lower of cost, which is determined on the basis of the latest invoice price or replacement value. The first-in, first-out method is used in the calculation of the cost.

*Capital assets*

Capital assets are recorded at cost and are amortized over their estimated useful lives using the straight-line method over the following terms:

Buildings	25 and 40 years
Leasehold improvements	over the term of the lease
Leasehold improvements	10 years
Vehicles, furniture and equipment	3 to 5 years

*Deferred revenue related to program activities*

Deferred revenue related to program activities relates to community development programs that are government funded.

*Internally restricted net assets*

This restricted balance represents resources set aside by the Board of Directors for purposes of going forward with certain aspects of the YMCA's strategic plan.

*Use of estimates*

The preparation of financial statements in accordance 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

**The YMCAs of Québec**  
**Notes to the financial statements**  
December 31, 2014

**3. Investments**

	2014	2013
	\$	\$
Term deposit, 1.55%, maturing in July 2015 (as at December 31, 2013: 1.55%, maturing in January 2014)	<b>101,448</b>	100,684
Canadian bonds, 2.25% to 4.85%, maturing between February 2015 and December 2016, (as at December 31, 2013: 2.25% to 4.95%, maturing between January 2014 and December 2016)	<b>1,011,082</b>	2,609,012
Diversified mutual funds	<b>4,637,780</b>	2,878,136
	<b>5,750,310</b>	5,587,832
Current portion	<b>3,494,632</b>	2,677,283
	<b>2,255,678</b>	2,910,549

**4. Accounts receivable**

	2014	2013
	\$	\$
Clients	<b>224,921</b>	285,416
Allowance for doubtful accounts	<b>(104,000)</b>	(144,900)
	<b>120,921</b>	140,516
Accrued interest receivable on subsidized debts	<b>246,248</b>	277,110
Other	<b>1,848,731</b>	2,249,728
	<b>2,215,900</b>	2,667,354

**5. Capital assets**

	2014			2013
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Lands	<b>2,601,730</b>	—	<b>2,601,730</b>	2,601,730
Buildings, leasehold improvements and major renovations	<b>78,541,804</b>	<b>44,069,983</b>	<b>34,471,821</b>	35,386,336
Vehicles, furniture and equipment	<b>13,904,686</b>	<b>12,141,908</b>	<b>1,762,778</b>	1,736,748
	<b>95,048,220</b>	<b>56,211,891</b>	<b>38,836,329</b>	39,724,814

**The YMCAs of Québec**  
**Notes to the financial statements**  
December 31, 2014

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**6. Accounts payable and accrued liabilities**

As at December 31, 2014, accounts payable and accrued liabilities include government remittances in the amount of \$24,411 (\$166,521 in 2013).

**7. Long-term debt**

	<b>2014</b>	2013
	\$	\$
Bankers' acceptances related to the Cartierville YMCA Center	<b>6,385,167</b>	6,753,950
Note payable related to the Cartierville YMCA Center	<b>5,566,349</b>	6,223,463
Du Parc YMCA Center mortgage loan	<b>2,302,038</b>	2,709,855
Equipment loan	<b>175,300</b>	350,600
Note payable	<b>80,000</b>	110,000
	<b>14,508,854</b>	16,147,868
Current portion	<b>2,194,096</b>	3,941,051
	<b>12,314,758</b>	12,206,817

Principal payments required in each of the forthcoming years are as follows:

	\$
2015	2,194,096
2016	1,508,211
2017	6,484,865
2018	1,286,360
2019	1,255,507
2020 and thereafter	1,779,815

**7. Long-term debt (continued)**

*Bankers' acceptances related to the Cartierville YMCA Center*

Under a credit agreement, the YMCA obtained, on March 31, 2010, credit facilities of an initial amount of \$7,000,000 and \$964,000 for periods of seven and five years, respectively, allowing it to borrow amounts in the form of discounted bankers' acceptances for a term varying from one month to one year. The discounted bankers' acceptances related to the Cartierville YMCA Center held as at December 31, 2014, have a term of one month, nominal values of \$5,815,077 and \$570,090, bear interest at an effective rate of 1.25% and mature on January 30, 2015. To protect against the risk of potential interest rate fluctuations on these bankers' acceptances, the YMCA has entered into interest rate swap agreements. These derivative contracts are as follows:

- (a) Initial nominal amount of \$7,000,000, reduced periodically based on a predetermined schedule until its expected maturity on May 31, 2017, bearing interest at a fixed rate of 3.64% in exchange for receiving a variable interest rate based on the one-month CDOR rate. Of this amount, an initial amount of \$1,957,430 is subsidized by an external organization.
- (b) Nominal amount of \$964,000, reduced periodically based on a predetermined schedule until its expected maturity on June 30, 2015, bearing interest at a fixed rate of 3.36% in exchange for receiving a variable interest rate based on the one-month CDOR rate.

To maintain this financing, the YMCA must satisfy the same financial ratios as those of the note payable related to the Cartierville YMCA Center. As at December 31, 2014, the YMCA was in compliance with these ratios.

*Note payable related to the Cartierville YMCA Center*

This note payable bears interest at 4.77%, repayable in monthly principal instalments of \$953,973, including interest and matures in January 2021.

A grant from the ministère de l'Éducation, du Loisir et du Sport du Québec for this project will repay the loan.

To maintain this financing, the YMCA must satisfy financial ratios related to debt service coverage and minimum net assets. The YMCA was in compliance with these ratios as at December 31, 2014.

*Du Parc YMCA Center mortgage loan*

The YMCA has a mortgage loan for which the YMCA has signed an agreement with a donor organization (the "Organization"). The Organization has agreed to pay for the mortgage loan (capital and interest) associated with the construction of the Du Parc YMCA Center. The mortgage loan, which has been renewed during the year ended December 31, 2014, bears interest at 3.63% (5.64% in 2013) and matures in October 2019. The repayment terms are renewable every five years.

*Equipment loan*

The loan is related to the financing of the Cartierville YMCA Center's equipments. It bears interest at 4.18%, matures in December 2015 and is repayable in monthly principal instalments of \$14,608.

**7. Long-term debt (continued)**

*Note payable*

In 2011, the YMCA concluded an agreement with an individual for the purchase of a residence of an amount of \$220,000, of which \$20,000 was payable upon signing the contract. The rest of the note payable is interest free and is repayable in monthly principal instalments of \$2,500, beginning January 2011 and matures in July 2017.

*Grant receivable relating to subsidized debt*

The balance of the grants receivable related to the granted debts, in the amount of \$9,499,781 (\$10,641,715 in 2013), is as follows:

	<b>2014</b>	2013
	\$	\$
Short-term grants receivable	<b>1,212,328</b>	1,069,515
Long-term grants receivable	<b>8,287,453</b>	9,572,200

The donor organizations have also agreed to pay the interest on the portion of the loans covered by the grants. The interest reimbursement is up to \$491,049 (\$553,353 in 2013).

**8. Deferred contributions related to capital assets**

Deferred contributions related to capital assets represent restricted contributions from the YMCAs of Québec Foundation, government organizations, the City of Montreal and a private company. These contributions relate primarily to the buildings of the Cartierville YMCA Center, the Du Parc YMCA Center, the Downtown YMCA Center, the West Island YMCA Center, the YMCA Kanawana Camp and the improvements of a daycare. Changes in deferred contribution balances are as follows:

	<b>2014</b>	2013
	\$	\$
Balance, beginning of year	<b>23,983,702</b>	25,305,940
Contributions received	<b>141,024</b>	176,847
Amortization for the year	<b>(1,455,696)</b>	(1,499,085)
Balance, end of year	<b>22,669,030</b>	23,983,702

**9. Letter of guarantee**

Under an agreement between the City of Montreal and the Downtown YMCA Center, the YMCA issued a \$100,000 letter of guarantee in favour of the City. This letter of guarantee expires on July 28, 2015, and is secured by a term deposit of the same amount.

**10. The YMCAs of Québec Foundation**

The financial statements do not include the assets, liabilities and activities of the YMCAs of Québec Foundation (the "Foundation"). The Foundation was established to perform the fundraising activities of The YMCA; therefore, the YMCA has an economic interest in the Foundation.

During the year, the YMCA recorded revenue of \$1,078,551 (\$1,216,386 in 2013), deferred contributions related to capital assets of \$91,964 (\$139,900 in 2013) and other deferred revenue of \$103,243 (nil in 2013) for a total of \$1,273,758 (\$1,356,286 in 2013) from the Foundation. The YMCA has also paid the Foundation a total of \$324,065 (\$339,260 in 2013) as a contribution to the Foundation's operations.

These transactions were carried out in the normal course of business and measured at the exchange amount, which is the amount of the consideration established and agreed to by the parties.

The following table is a summary of the Foundation's financial position as at December 31, 2014, and the results of its operations for the year ended December 31, 2014:

	<b>2014</b>	2013
	\$	\$
<b>Financial position</b>		
Total assets	<b>6,236,377</b>	5,711,263
Total liabilities	<b>1,103,834</b>	791,889
Total fund balances	<b>5,132,543</b>	4,919,374

Liabilities include an amount of \$626,065 (\$489,454 in 2013) payable to the YMCA.

	<b>2014</b>	2013
	\$	\$
<b>Results of operating activities</b>		
Fund balances, beginning of year	<b>4,919,374</b>	4,459,286
Total revenue, excluding endowment contributions	<b>1,431,226</b>	1,720,594
Endowment contributions	<b>389,148</b>	291,568
Total expenses and donations	<b>(1,607,205)</b>	(1,552,074)
Net increase in fund balances	<b>213,169</b>	460,088
Fund balances, end of year	<b>5,132,543</b>	4,919,374

**11. Additional information to the statement of cash flows**

*Changes in non-cash operating working capital items*

	2014	2013
	\$	\$
Accounts receivable	451,454	(297,969)
Supplies and prepaid expenses	(106,133)	(71,509)
Accounts payable and accrued liabilities	705,243	163,199
Deferred revenue related to program activities	320,111	65,555
Deferred revenue – other	138,393	17,968
	<b>1,509,068</b>	<b>(122,756)</b>

**12. Commitments**

The YMCA is committed to leasing premises under leases and has signed service contracts with suppliers expiring through 2019. Future payments will total \$7,531,676 and include the following amounts over the forthcoming years.

	\$
2015	3,955,514
2016	3,000,347
2017	377,343
2018	180,517
2019	17,955

**13. Access for all**

As part of its charitable mission, the YMCA provides an access program to individuals who meet specific criteria. The access for all program gives individuals with limited financial resources access to community or fitness activities at a reduced fee. The amount of financial assistance provided in 2014 is \$1,217,983 (\$1,139,878 in 2013).

**14. Financial instruments**

Because of its financial assets and liabilities, the YMCA is exposed to the following risks related to the use of financial instruments:

*Credit risk*

In the normal course of business, the YMCA grants credit to members and maintains allowances for potential bad debt.

The YMCA is also exposed to credit risk as it owns bond investments. As such, there is a risk that an issuer would not meet its obligations towards the YMCA, which would have an impact on the YMCA's assets.

**14. Financial instruments (continued)**

*Interest rate risk*

The bond investments bear interest at fixed rates. Therefore, a change in market interest rates will affect the fair value of the bonds.

A portion of the long-term debt bears interest at a fixed rate, whereas the interest related to the other portion is subsidized. Consequently, cash flow risk is minimal.

The YMCA is exposed to interest rate risk due to changes in the prime rate since the bankers' acceptances bear interest at variable rates. To manage this volatility, the YMCA uses interest-rate swap agreements to fix the interest rates of the bankers' acceptances at 2.67% and 2.95% and that mature on June 30, 2015 and May 31, 2017.

**15. Comparative figures**

Certain comparative figures have been reclassified to conform to the current year's presentation.