

YOUNG MEN'S CHRISTIAN ASSOCIATION OF CHRISTCHURCH (INC.)

NOTES TO ACCOUNTS

For the Year Ended 31 January 2007

1. Statement of Accounting Policies

1.1 General Accounting Policies

These financial statements have been prepared as special purpose financial statements. The trustees believe that full disclosure as defined by general accepted accounting practice is unnecessary for the board of the YMCA.

These financial statements have been prepared according to the "Not for Profit Financial Reporting Guide" issued by the NZICA in 2006 and utilising the differential reporting concessions. This reflects the fact that the YMCA has no "Members" in the conventional accounting sense of the term, and the accounts are not used as the basis of decision making by anyone who does not have ready access to the full accounts of the organisation.

The application of the above recommendations on reporting have resulted in changes to some accounting policies. The reports include a set of accounts prepared on a similar basis to previous years and then a further set of accounts reflecting the change of policy including amendment of the previous years comparative figures to reflect the new policy. The main impact of the change is depreciating buildings which was not previously done due to the appreciating value of property. Buildings have not been revalued as the specialised nature of the properties make setting of true market value very difficult. There is minimal computer software book value which is part of the operating systems so no transfer has been made to intangible assets.

Note 1 sets out the changes resulting from the change in policy.

Other than these exemptions the measurement basis adopted is historical cost accounting and reliance is placed on the fact the business is a going concern. Accrual accounting is used to match expenses and revenues.

1.2 General Disclosures

The Young Men's Christian Association of Christchurch is a Charitable Trust. This report includes all the activities of the entity plus inclusion in the Statement of Financial Position of the Boys Gordon Hall Charitable Trust which is a small trust administered by the YMCA and for the benefit of members of the Christchurch YMCA.

The currency used is the \$NZ and figures are rounded to the nearest dollar.

1.3 Particular Accounting Policies

The following particular accounting policies have a material effect on the measurement of results and financial position.

(a) Depreciation

Depreciation is provided using the straight line method. Average economic lives for the main classes of property, plant and equipment are as follows:-

<u>Assets</u>	<u>Economic Lives</u>
Buildings	60 years
Plant and Equipment	2-10 years
Furniture and Fittings	5-10 years
Motor Vehicles	5-10 years

Previously buildings were not depreciated but this policy has now been changed and the effect is reported in the notes.

(b) Property Plant & Equipment

Land is stated at cost. Other assets are stated at cost less accumulated depreciation.

(c) Accounts Receivable

Accounts receivable are stated at expected realisable value.

(d) Investments

Investments are stated at cost less provision for any loss on realisation.

(e) Liabilities

Liabilities are stated at the estimated amounts payable.

(f) Stock

Raw materials and inventory held for resale are stated at the lower of cost or net realisable value and determined on a first in, first out basis.

(g) GST

This set of financial statements has been prepared on a GST exclusive basis.

(h) Credit Risk

Financial instruments which potentially subject the YMCA to credit risk principally consist of bank balances and accounts receivable.

(i) Revenue

All revenue related to the Association is accounted for on an accrual basis with the exception of grants which are accounted for on a cash received basis.

The interest earned by funds held in relation to the Boys Gordon Hall Trust is credited directly to the Boys Gordon Hall Trust liability recorded on the Statement of Financial Position.

Asset	Cost		Accumulated Depreciation		Current Depreciation		Book Value	
Plant & Equipment	967,410	1,508,512	645,127	778,504	117,022	133,375	322,283	730,008
Vehicles	226,358	252,846	169,585	194,746	21,865	25,162	56,773	58,100
Buildings	9,593,274	13,206,728	1,539,922	1,707,840	107,515	167,915	8,053,352	11,498,883
Land	1,568,384	1,568,384					1,568,384	1,568,384
	12,967,64	17,373,5	2,799,4	3,271,3	278,57	364,83	10,168,2	14,102,21

No impairment adjustment has been made during the current year.

The table below summarises the impact on the opening equity values of the change in depreciation policy.

	Opening values prior to depreciation adjustment	Depreciation adjustments	Opening values after depreciation adjustments
Buildings	9,593,274	1,539,922	8,053,352

5. Special Funds

Normally investments are held to offset the Special Funds. At balance date these had been withdrawn to help meet Bishopdale capital costs. They will be reinvested once cash funds are available.

Endowment Fund shares ex bequest \$1.00 (Market value 31 January 2007 \$149)

6. Boys Gordon Hall Trust

The trust is managed by the YMCA which is the beneficiary of the income to be used to assist young people.

Opening balance	47,192
Plus: interest received	199
Less: loan to YMCA	(46,179)
Grants made to individuals subsidising fees	<u>(1,120)</u>
Closing balance	\$92
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Represented by: Westpac Trust Account	\$92
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7. Term Liabilities

	\$	
Westpac Trust		
-Accommodation	2,326,173	Secured on Hereford St and Wainui properties
- Bishopdale	3,775,158	Secured on YMCA properties
BGH Loan	46,180	Unsecured
Christchurch City Council	20,000	Unsecured

Debentures	10,000	Unsecured
National Council YMCA	300,000	Unsecured
New Plymouth YMCA	200,000	Unsecured
South Canterbury YMCA	<u>150,000</u>	Unsecured
	6,827,511	
<u>Less Current Portion</u>	<u>233,000</u>	
<u>Net Amount</u>	6,594,511	
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Westpac Accommodation \$326,173 8.60% reviewed 3 monthly
 Westpac Accommodation \$2,000,000 7.95% fixed to 27/04/2008.
 Westpac Wainui mortgage \$0 Fully repaid during year.
 Westpac Bishopdale \$1,150,000 8.80% fixed to 27/04/2008.
 Westpac Bishopdale \$2,625,158. 9.45% reviewed monthly
 City Council loan \$20,000 4%.
 Debenture \$10,000 No interest
 YMCA loans \$650,000 Reviewed quarterly and at balance date ranged from 8.29% to 8.61%.

Repayment dates are as follows:

Westpac – Wainui	Fully repaid 2006
Accommodation	Matures 2010 but extension anticipated
Bishopdale	Matures 2006 but extension anticipated
Christchurch City Council	Repaid by 2008
YMCA National	Repayments 2007-2012
YMCA New Plymouth	Repayment 2011
YMCA South Canterbury	Repayment 2008

8. Capital Commitments

	<u>2006</u>	<u>2007</u>
	4,500,000	0

9. Contingent Liabilities

The Christchurch City Council made a grant of \$1m towards the new Bishopdale facility. They have been granted an Encumbrance for 20 years from 2005 which provides for a reducing amount to be paid if the YMCA ceases to be the registered proprietor of the land or ceased to use the property to meet community needs.

10. Credit Risk

Mortgage - WestpacTrust

As stated in note 7 the mortgage at balance date was \$6,101,331

11. Fair Values,

The following methods and assumptions have been used to estimate the fair value of each class of financial instrument.

Cash, Accounts Receivable, Accounts Payable, Short Term debt, Long Term debt.

The carrying amount is the fair value for each of these classes of financial instrument.

12. Costs Included in Operating Expenses

	<u>2006</u>	<u>2007</u>
Audit Fees	\$ 4,930	\$ 6,950
Doubtful & Bad Debt Adjustments	\$ 719	\$ 314
Cost of Leasing & Renting	\$ 83,869	\$ 95,619
Interest payments	\$222,490	\$423,440

Bishopdale interest costs capitalised during the financial year:	\$110,595	\$ 66,568
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13. Ministry of Social Development

The Ministry makes grants towards holiday programmes. The total receipts from this source amount to 1% of income and are considered not material in accounting terms so have not been included as a separate item in the Statement of Financial Performance. They are included in the \$214,558 figure for grants although it could be argued that it was in fact contracted services with the income included in gross revenue from activities.

A reconciliation of this years receipts is:

Cash Received		\$16,000
Debtor		<u>47,144</u>
		63,144
Contribution to YMCA QSM	\$ (1,200)	
Reduction in received in advance provision	<u>\$ 45,634</u>	
		<u>\$ 44,434</u>
Credited to income		\$ 107,578
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14. Liquidity and Going Concern

Current liabilities exceed current assets. This arose from the construction and fit out of the new Bishopdale recreation centre which is now completed and fully operational. No cash flow problems are anticipated and the liquidity ratio should now progressively improve as the Bishopdale centre reaches full operational targets. Net assets remain positive at \$6,452,093 (2006: \$5,819,749) therefore the going concern basis is appropriate for the preparation of the financial statements.

15. Aggregate Lease Commitments as at 31 January 2007

Lease commitments under operating leases:

Not later than one year	\$ 109,311
Later than one year but not later than two years	\$ 103,357
Later than two years but not later than five years	\$ 27,116
Greater than five years	\$ 0
Total operating lease commitments	\$ 239,784

16. Volunteer Services

The value of volunteer services has not been included in the Statement of Financial Performance because it cannot be reliably measured. It is estimated that in excess of 40,000 volunteer hours are contributed in the course of a year.

17. Fundraising Costs

Gross direct fundraising costs have not been separately shown as the amount of time and cost is too difficult to measure. There is no person specifically employed for fundraising and direct costs other than time are minimal.

18. Related Party Transactions

Terry Hill, previous CEO of the YMCA of Christchurch, is also Chairman of Treshna Enterprises, whose CEO Andrew Hill is Terry's son. Treshna provide IT solutions for

the YMCA. The total value of transactions with Treshna for the year were \$102,872 (\$88,504 in 2005/06) and the balance owed to Treshna at the year end was \$9,766 (\$5,317 at 31/1/06)

Major Donations and Grants for Year to 31st January 2007

The Canterbury Community Trust	250,000
NZ Lottery Grants Board	36,000
NZ Community Trust	16,000
Canterbury Foundation	12,500
Christchurch Casino Charitable Trust	5,000
Scargill Trust	5,000
Paul Murphy	5,000
SPARC	5,000
Caversham Foundation	4,888
Powell Fund	2,486
Y's Men of Bryndwr	1,723
Carter Charitable Trust	1,000
Neil Chalken	1,000
Corner Hill Law	1,000
Department of Internal Affairs	1,000
L Govan Charitable Trust	1,000
AM & J Wallace	1,000
Dion Crooks	600
David Eaton	500
Inner Wheel Club Riccarton	500
Gavin Luxton	500
Rotary Club Bishopdale/Burnside	500
Rotary Club Lincoln	500
Sir John Hall Trust	500
Steelebro (NZ) Ltd	500
Kiwanis Club of NW Christchurch	460
Lions Club Riccarton	460
Anonymous	450
John & Margaret Simpson	300
Lions Club Wigram	260
Terence Keith Hill	200
Rotary Club Avonhead	200
David Tier	200
William Turner	200
Pauline Clark	180
Zonta Club Christchurch South	150
Guy Crozier	100
Jude Edwards	100
A Bruce Hille	100
Vernon Shadbolt	100
Sparks Property Maintenance	100

Others

Debenture holders who have lent money interest free. People and firms who have donated services or materials and our big team of volunteers.

Christchurch City Council

Donations for Programmes etc	7,660
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Ministry of Social Development

Grant towards Holiday programmes and Camps 61,944