YMCA of Greater Toronto

Financial Statements
March 31, 2016

July 14, 2016

Independent Auditor's Report

To the Members of
YMCA of Greater Toronto

We have audited the accompanying financial statements of YMCA of Greater Toronto, which comprise the statement of financial position as at March 31, 2016 and the statements of operations, changes in fund balances 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.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of YMCA of Greater Toronto as at March 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 of Greater Toronto

Statement of Financial Position

As at March 31, 2016

(in thousands of dollars)

	2016 $	2015 $
Assets		
Current assets		
Cash and cash equivalents (note 6)	12,365	3,788
Accounts receivable	11,141	7,490
Prepaid expenses	961	899
	24,467	12,177
Investments (note 3)	17,109	19,325
Capital assets (note 4)	80,333	79,978
	121,909	111,480
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 13)	15,554	15,751
Current portion of long-term debt (note 7)	131	-
Deferred revenue (note 5)	11,052	5,153
Deferred annual giving campaign contributions	418	390
	27,155	21,294
Long-term debt (note 7)	869	-
Deferred capital contributions (note 8)	26,580	26,360
	54,604	47,654
Fund Balances		
Unrestricted	(10,973)	(17,534)
Internally restricted	7,416	8,075
Invested in capital assets	53,753	53,960
Endowment	17,109	19,325
	67,305	63,826
	121,909	111,480

Commitments and contingencies (note 10)

Approved by the Board of Directors

____________ Director   Diane Seinhuber Director

July 14/16

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

YMCA of Greater Toronto

Statement of Operations

For the year ended March 31, 2016

(in thousands of dollars)

	2016 $	2015 $
Revenue		
Government	102,664	88,911
Program fees	68,430	61,090
Membership fees	35,041	34,965
Other	4,306	3,435
Contributions	2,415	2,531
United Way	1,698	1,656
Amortization of deferred capital contributions (note 8)	3,184	2,654
Investment income	584	629
	218,322	195,871
Expenses		
Salaries and benefits	135,370	122,715
Program costs	48,592	47,806
Occupancy costs	20,056	19,580
Allocation to YMCA Canada	1,449	1,436
Amortization of capital assets	8,235	8,165
	213,702	199,702
Excess (deficiency) of revenue over expenses before undernoted item	4,620	(3,831)
Fair value changes in investments	(1,181)	1,172
Excess (deficiency) of revenue over expenses for the year	3,439	(2,659)

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

YMCA of Greater Toronto

Statement of Changes in Fund Balances

For the year ended March 31, 2016

(in thousands of dollars)

					2016	2015
	Unrestricted $	**Internally restricted $**	**Endowment $**	**Invested in capital assets $**	**Total $**	**Total $**
Fund balances - Beginning of year	(17,534)	8,075	19,325	53,960	63,826	62,911
Excess (deficiency) of revenue over expenses for the year	8,489	-	-	(5,050)	3,439	(2,659)
Interfund transfer - net investment income	661	-	(661)	-	-	-
Net change in investment in capital assets	(4,203)			4,203	-	-
Interfund transfers	1,614	(659)	(1,595)	640	-	-
Endowment contributions	-	-	40	-	40	3,574
Fund balances - End of year	(10,973)	7,416	17,109	53,753	67,305	63,826

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

YMCA of Greater Toronto

Statement of Cash Flows

For the year ended March 31, 2016

(in thousands of dollars)

	2016 $	2015 $
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	3,439	(2,659)
Items not affecting cash		
Amortization of deferred capital contributions	(3,184)	(2,654)
Amortization of capital assets	8,235	8,165
Fair value changes in investments	1,181	(1,172)
Net change in non-cash working capital items		
Accounts receivable	(3,651)	(2,530)
Prepaid expenses	(62)	(79)
Accounts payable and accrued liabilities	(197)	(2,862)
Deferred revenue	5,899	347
Deferred annual giving campaign contributions	28	124
	11,688	(3,320)
Financing activities		
Deferred capital contributions received	3,404	2,286
Endowment contributions received	40	3,574
Proceeds from long-term debt	1,000	-
	4,444	5,860
Investing activities		
Purchase of capital assets	(8,590)	(9,937)
Contributions to investments - net	1,035	(2,690)
	(7,555)	(12,627)
Increase (decrease) in cash and cash equivalents during the year	8,577	(10,087)
Cash and cash equivalents - Beginning of year	3,788	13,875
Cash and cash equivalents - End of year	12,365	3,788

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

(in thousands of dollars)

1 Nature of operations

The mission and vision statements of the YMCA of Greater Toronto (the Association) are:

Mission

The YMCA of Greater Toronto is a charity offering opportunities for personal growth, community involvement and leadership.

Vision

Our communities will be home to the healthiest children, teens and young adults.

The Association was incorporated by a Special Act of the Legislature of Ontario on March 4, 1868. The Association is a registered charity under the Income Tax Act (Canada) (the Act) and accordingly is exempt from income taxes, provided certain requirements of the Act are met.

The financial statements of the Association have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

2 Summary of significant accounting policies

Revenue recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expenses related to the acquired capital assets. Restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets.

Annual giving pledges are recognized when cash is received. The Association runs an annual giving campaign to raise money for operations. Some of the contributions that are for programs that will occur in the subsequent fiscal year are recorded as deferred annual giving campaign contributions.

Capital campaign pledges are recognized as deferred capital contributions when cash is received.

Endowment contributions are recognized as a direct increase to the Endowment Fund in the year in which the contribution is received.

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.

Investment income is recognized as revenue when earned.

(in thousands of dollars)

Investments and investment income

Investments are accounted for at their fair values, which are determined as follows:

a) Fixed income investments are determined based on quoted market values and equities are determined based on closing bid prices.

b) Investments in pooled funds are valued at their net asset values.

Investment income for these funds includes dividends and interest. Dividends are recorded when declared and interest is recorded when earned. Transaction costs and investment management fees associated with the acquisition and disposal of the investments are expensed as incurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of change in value and have a short maturity term of less than 120 days.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Buildings	period not exceeding 25 years
Office furnishings and equipment	period not exceeding 5 years
Computers	period not exceeding 3 years
Leasehold improvements	over the term of the lease

Construction-in-progress comprises direct construction and development costs. No amortization is recorded until construction is substantially complete and the assets are ready for use.

Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are expensed over the term of the lease. Assets recorded under capital leases are amortized in accordance with the Association's amortization policies.

Pension plan

The Association is part of a multi-employer defined contribution plan and accounts for it as a defined contribution plan.

(in thousands of dollars)

Endowment Fund

The Endowment Fund was established to record bequests received by and in memoriam funds set up for the Association. As well, other contributions may be classified as Endowment Fund on being internally restricted at the discretion of the board of directors.

The annual appropriation to the unrestricted net assets, which is shown as an interfund transfer, is calculated as an amount not to exceed the net change in fair values at the beginning and end of the year, adjusted for any increases in capital, disbursements, management fees and annual average consumer price index.

Capital campaign pledges

The Association records pledges when received. Capital campaign pledges committed for future years are $8,806 (2015 - $6,118).

Contributed services

A number of volunteers contribute their services to the Association each year. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the financial statements.

Financial assets and liabilities

The Association initially records cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities at fair value, and subsequently at amortized cost.

The Association records investments at fair value on the statement of financial position, with changes in fair value recorded in the statement of operations.

Financial assets, other than those measured at fair value, are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the revenue and expenses during the reporting period. Actual results could differ from those estimates.

(in thousands of dollars)

3 Investments

The investments represent the Endowment Fund and are summarized as follows:

	2016 $	2015 $
Units in pooled private funds	17,003	19,221
Bonds	106	104
	17,109	19,325

Bonds have a yield to maturity of 9.119% to 10.000% with maturity dates ranging from May 2021 to April 2028.

4 Capital assets

			2016	2015
	Cost $	Accumulated amortization $	Net $	Net $
Land	17,321	-	17,321	17,321
Buildings	194,261	140,808	53,453	54,129
Office furnishings and equipment	44,786	43,088	1,698	2,334
Computers	10,245	8,911	1,334	424
Leasehold improvements	14,603	11,999	2,604	1,554
Construction-in-progress	3,923	-	3,923	4,216
	285,139	204,806	80,333	79,978

5 Deferred revenue

	2016 $	2015 $
Membership fees	2,219	1,804
Resident camp fees	1,085	1,008
Day camp fees	1,402	964
Government contract fees	5,702	903
Child care fees	100	115
Other	544	359
	11,052	5,153

(in thousands of dollars)

6 Bank facility

The Association has a line of credit with TD Canada Trust of up to $20,000. As at March 31, 2016, the balance of this line of credit was $nil (2015 - $3,160). A general security agreement is in place as security thereon.

The Association has issued letters of credit in the normal course of business totalling $735 (2015 - $542).

7 Long-term debt

In fiscal 2015, the Association entered into an agreement with the City of Toronto that will provide financing in the amount of $7,511. The financing is to be used for the sole purpose of energy efficiency projects. The first loan amount of $1,000 was received in September 2015, the remainder of the financing amount to be received is as follows: July 1, 2016 - $2,000; July 1, 2017 - $2,000; and July 1, 2018 - $2,511. The loan is non-interest bearing for the first year, with interest at 3.15% thereafter, with repayments made quarterly. The term of the loan is 15 years, due on December 31, 2031. The first quarterly repayment of interest and principal is due on March 31, 2017.

	2016 $	2015 $
City of Toronto Sustainable Energy Plan Financing	1,000	-
Less: Current portion	131	-
	869	-

8 Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. These contributions are amortized into revenue and recorded in the statement of operations at a rate corresponding to the amortization rate of the related capital assets.

	2016				2015
	Government capital $	Capital campaign $	Capital others $	Total $	Total $
Balance - Beginning of year	7,397	18,904	59	26,360	26,728
Contributions received during the year	1,859	1,545	-	3,404	2,286
Amounts amortized to revenue	(1,740)	(1,440)	(4)	(3,184)	(2,654)
Balance - End of year	7,516	19,009	55	26,580	26,360

9 Pension plan

The Association contributed $3,637 (2015 - $3,436) to the Canadian YMCA Retirement Fund, a multi-employer defined contribution plan.

(in thousands of dollars)

10 Commitments and contingencies

Commitments

Minimum future rental commitments for operating leases, excluding operating costs, are as follows:

	$
2017	3,503
2018	2,698
2019	2,256
2020	1,206
2021	436
Thereafter	465
	10,564

In fiscal 2012, the Association entered into a contract to purchase land and building for $10 million plus applicable taxes through financing with Infrastructure Ontario. The Association took possession on April 15, 2016.

In fiscal 2014, the Association entered into a contract with a private developer to sell the air rights on a YMCA property that will include purchasing additional land from the developer to increase the occupied area. The developer will demolish an existing building and construct a condominium building that is anticipated to be completed in May 2017, which will include two floors allocated to the Association. The net cost to the Association will be approximately $10.9 million. The Association will subsequently bear the cost of outfitting its occupied space. The expected completion date of the facility is July 2018.

Contingencies

In the normal course of operations, various claims are brought against the Association. The Association contests the validity of these claims as appropriate and management believes any settlement amounts required will not have a material effect on the financial position of the Association.

11 Financial assistance

As part of its charitable mission, the Association provides financial assistance in the form of reduced fees to individuals who qualify for subsidized child care and health, fitness and recreation memberships. In fiscal 2015, the total assistance provided was $6,291 (2015 - $6,412).

(in thousands of dollars)

12 Specific programs

The following notes outline details of funding and expenses as required by certain funders.

Childcare centre programs in the Regional Municipality of Peel

The Association administers childcare centre programs in the Regional Municipality of Peel. The following subsidy and other grants from the Regional Municipality of Peel are included and presented in the statements of operations and financial position. The continuity of the deferred grants for various programs is as follows:

	Deferred grants - Beginning of year $	Grants received $	Grants accrued $	Government revenues and capital grants recognized $	Deferred grants - End of year $
Government grants					
Wage subsidy	-	1,813	317	2,130	-
Child subsidy	-	11,430	-	11,430	-
Provincial wage enhanced	-	687	381	1,068	-
Transition operating grants	-	1,665	-	1,665	-
Repairs and maintenance grants	190	320	-	510	-
Play-based material and equipment grants	142	243	-	385	-
Transformation grants	212	43	-	255	-
Mitigation grants	-	551	-	-	551
Capital retrofits grants	-	903	-	903	-
Training grants	-	50	-	50	-
	544	17,705	698	18,396	551

Early Literacy Specialist, Summer Jobs for Youth, Youth Outreach Worker, After School Jobs for Youth and Youth in Transition Worker Programs

The Early Literacy Specialist, Summer Jobs for Youth, Youth Outreach Worker, After School Jobs for Youth and Youth in Transition Worker Programs are programs administered by the Association and funded by the Ministry of Children and Youth Services. The following grants and expenses are included in total government revenue and total program fees as presented in the statement of operations:

(in thousands of dollars)

	Early Literacy Specialist $	Summer Jobs for Youth $	Youth Outreach Worker $	After School Jobs for Youth $	Youth in Transition Worker $
Government revenue					
Grant	100	778	124	128	70
Program expenses	100	778	124	128	70
	-	-	-	-	-

Ontario Early Years Centres

The Ontario Early Years Centres Programs are programs administered by the Association and funded by the Ministry of Education. The following grants and expenses are included in total government revenue and total program fees as presented in the statement of operations:

	Ontario Early Years Centres $
Government revenue	
Ministry of Education grants	2,373
Other revenue	12
Total revenue	2,385
Program expenses	2,401
	(16)

13 Government remittances

Government remittances consist of property taxes, workplace safety insurance, sales taxes and payroll withholding taxes required to be paid to government authorities, and are recognized when the amounts come due. With respect to government remittances, $401 (2015 - $459) is included in accounts payable and accrued liabilities.

14 Risks arising from financial instruments

The main risks to which the Association's financial instruments are exposed are credit risk, interest rate risk and market risk.

Credit risk

Credit risk is the risk one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

(in thousands of dollars)

Financial instruments that potentially subject the Association to concentrations of credit risk consist primarily of accounts receivable. In order to mitigate this risk, credit reviews are performed on a regular basis and an allowance for bad debts is recorded when appropriate. The maximum credit risk is the fair value of the accounts receivable balance. There are no significant concentrations of credit risk.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Association is exposed to interest rate risk on its bank indebtedness. The interest rate risk on investments is considered insignificant, as the majority of the Association's investments are held in units in a pooled private balanced fund.

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Association's investments are susceptible to market risk. The Association manages its market risk by monitoring the performance of the individual investments and compliance of the investment managers with the Association's investment policy.

15 Comparative figures

Certain prior year figures have been reclassified to conform to the current year's financial statement presentation.