YMCA of Greater Toronto

Financial Statements
March 31, 2017

August 31, 2017

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, 2017 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, 2017 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, 2017

(in thousands of dollars)

	2017 $	2016 $
Assets		
Current assets		
Cash and cash equivalents (note 6)	17,568	12,365
Accounts receivable	11,116	11,141
Prepaid expenses	996	961
	29,680	24,467
Investments (note 3)	18,199	17,109
Capital assets (note 4)	112,831	80,333
	160,710	121,909
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 14)	18,818	15,554
Current portion of long-term debt (note 7)	931	131
Deferred revenue (note 5)	9,460	11,052
Deferred annual giving campaign contributions	441	418
	29,650	27,155
Long-term debt (note 7)	14,610	869
Capital lease obligation	101	-
Deferred capital contributions (note 8)	41,730	26,580
	86,091	54,604
Fund Balances		
Unrestricted	(6,351)	(10,973)
Internally restricted	5,115	7,416
Invested in capital assets	57,702	53,753
Endowment	18,153	17,109
	74,619	67,305
	160,710	121,909

Commitments and contingencies (note 11)

Approved by the Board of Directors

Martin Inman Director Diane Seinhuber Director

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

YMCA of Greater Toronto

Statement of Operations

For the year ended March 31, 2017

(in thousands of dollars)

	2017 $	2016 $
Revenue		
Government	110,225	102,522
Program fees	76,233	68,430
Membership fees	35,238	35,041
Other	4,009	4,448
Contributions	2,406	2,415
United Way	1,588	1,698
Amortization of deferred capital contributions (note 8)	3,192	3,184
Investment income	488	584
	233,379	218,322
Expenses		
Salaries and benefits	146,217	135,370
Program costs	52,979	48,592
Financing costs	427	-
Occupancy costs	21,642	20,056
Allocation to YMCA Canada	1,411	1,449
Amortization of capital assets	8,816	8,235
	231,492	213,702
Excess of revenue over expenses before undernoted item	1,887	4,620
Fair value changes in investments	2,337	(1,181)
Excess of revenue over expenses for the year	4,224	3,439

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, 2017

(in thousands of dollars)

	Unrestricted $	Internally restricted $	Endowment $	Invested in capital assets $	2017 Total $	2016 Total $
Fund balances - Beginning of year	(10,973)	7,416	17,109	53,753	67,305	63,826
Excess (deficiency) of revenue over expenses for the year	9,848	-	-	(5,624)	4,224	3,439
Interfund transfer - net investment income	(2,767)	-	2,767	-	-	-
Net change in investment in capital assets	(5,313)	-	-	8,313	3,000	-
Interfund transfers	2,854	(2,301)	(1,813)	1,260	-	-
Endowment contributions	-	-	90	-	90	40
Fund balances - End of year	(6,351)	5,115	18,153	57,702	74,619	67,305

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, 2017

(in thousands of dollars)

	2017 $	2016 $
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	4,224	3,439
Items not affecting cash		
Amortization of deferred capital contributions	(3,192)	(3,184)
Amortization of capital assets	8,816	8,235
Fair value changes in investments	(2,337)	1,181
Net change in non-cash working capital items		
Accounts receivable	25	(3,651)
Prepaid expenses	(35)	(62)
Accounts payable and accrued liabilities	1,762	243
Deferred revenue	(1,592)	5,899
Deferred annual giving campaign contributions	23	28
	7,694	12,128
Financing activities		
Deferred capital contributions received	4,755	3,404
Endowment contributions received	90	40
Repayment of long-term financing	(228)	-
Proceeds from long-term financing	14,769	1,000
	19,386	4,444
Investing activities		
Purchase of capital assets	(23,124)	(9,030)
Proceeds from sale of investments - net	1,247	1,035
	(21,877)	(7,995)
Increase in cash and cash equivalents during the year	5,203	8,577
Cash and cash equivalents - Beginning of year	12,365	3,788
Cash and cash equivalents - End of year	17,568	12,365
Non-cash transactions		
Purchase of capital assets included in accounts payable and accrued liabilities	2,232	747
Acquisition of capital assets through finance leases	118	-
Contributed capital assets acquired	13,587	-
Contributed non-amortized capital assets acquired	3,000	-

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 YMCA of Greater Toronto (the Association) are:

Mission

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. When property, plant and equipment no longer contribute to the Association's ability to provide services, their carrying amounts are written down to their residual value.

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.

(in thousands of dollars)

Pension plan

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

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 $7,658 (2016 - $8,806).

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 consist of the Endowment Fund and other investments (Capital Expenditure Reserve). They are summarized as follows:

	2017 $	2016 $
Endowment Fund		
Units in pooled private funds	18,043	17,003
Bonds	110	106
	18,153	17,109
Other investments		
Bonds	46	-
	18,199	17,109

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

			2017	2016
	Cost $	Accumulated amortization $	Net $	Net $
Land	21,821	-	21,821	17,321
Buildings	222,811	147,031	75,780	53,453
Office furnishings and equipment	45,770	43,884	1,886	1,698
Computers	10,848	9,558	1,290	1,334
Leasehold improvements	15,406	13,149	2,257	2,604
Construction-in-progress	9,797	-	9,797	3,923
	326,453	213,622	112,831	80,333

During the year, the Association purchased the Cooper Koo Family YMCA from the Province of Ontario.

5 Deferred revenue

	2017 $	2016 $
Membership fees	2,633	2,219
Resident camp fees	1,193	1,085
Day camp fees	1,967	1,402
Government contract fees	2,915	5,702
Child care fees	144	100
Other	608	544
	9,460	11,052

(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, 2017, the balance of this line of credit was $nil (2016 - $nil). The line of credit is secured by a first charge/mortgage on the 325 Burnhamthorpe Road, Mississauga YMCA and a first ranking general security agreement over all of the borrower's assets, ranking pari passu with Infrastructure Ontario.

The Association has issued letters of credit in the normal course of business totalling $3,735 (2016 - $735).

7 Long-term debt

	2017 $	2016 $
City of Toronto Sustainable Energy Plan Financing (a)	3,994	1,000
Infrastructure Ontario (b)	11,547	-
	15,541	1,000
Less: Current portion	931	131
Long-term portion	14,610	869

a) In fiscal 2015, the Association entered into an agreement with the City of Toronto that provides financing up to $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 fiscal year 2016, the second loan amount of $2,950 was received in fiscal 2017 and the remainder of the financing amount to be received is as follows: $2,950 in 2018 and $611 in 2019. 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. The loan is secured with a letter of credit in the amount of $500.

b) In May 2016, YMCA of Greater Toronto entered into a $10 million loan agreement with Infrastructure Ontario (IO) for the purchase of Cooper Koo YMCA. It is a 25-year term loan with a 3.65% interest rate with principal and interest paid monthly. In addition, in fiscal 2016 an additional $1.8 million in construction financing was borrowed from IO. The interest is paid monthly based on the IO floating lending rate. The construction loan agreement provides for conversion of the loan into a term loan at a future date. The loans are secured by a first charge on the property, a first ranking general security agreement on the property and first ranking general security agreement over all of the borrower's assets, ranking pari passu with The Toronto Dominion Bank.

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.

(in thousands of dollars)

				2017	2016
	Government capital $	Capital campaign $	Capital others $	Total $	Total $
Balance - Beginning of year	7,516	19,009	55	26,580	26,360
Contributions received during the year	1,184	16,948	210	18,342	3,404
Amounts amortized to revenue	(1,406)	(1,751)	(35)	(3,192)	(3,184)
Balance - End of year	7,294	34,206	230	41,730	26,580

9 Internally restricted fund

During the year, the Board of Directors transferred $3,034 to an internally restricted fund as a debt servicing reserve, to be utilized if needed on Board approval. The remaining $2,081 in the internally restricted fund is to be used towards the construction of the Kingston Road YMCA.

10 Pension plan

The Association contributed $3,852 (2016 - $3,637) to the Canadian YMCA Retirement Fund, a multi-employer defined contribution plan.

11 Commitments and contingencies

Commitments

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

	$
2018	3,252
2019	2,405
2020	1,529
2021	1,056
2022	858
Thereafter	616
	9,716

In fiscal 2014, the Association entered into a contract with a private developer to build a base building. The contract includes selling the air rights on the YMCA property and purchasing additional land from the developer to increase the occupied area. The developer will demolish the existing building and construct a condominium building, which will include two floors allocated to the Association. The net cost to the developer will be approximately $10.9 million. As of March 31, 2017, $4.6 million of this commitment had been paid to the developer. The Association will subsequently bear the additional cost of outfitting its occupied space. The expected completion date of the facility is in 2018.

(in thousands of dollars)

In fiscal 2016, the Association entered into a binding agreement of purchase and sale with a private developer to receive a transfer of land at a nominal value and the construction of a base building on that land. The land will be transferred and construction commenced once conditions precedent are satisfied. A development management agreement will be subsequently entered into with the developer, including the construction cost of the base building. The Association will subsequently bear the additional cost of outfitting its occupied space. The expected completion date of the facility is 2020.

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.

12 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 and fitness memberships. In fiscal 2017, the total assistance provided was $6,657 (2016 - $6,291).

13 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					
Historical allocation	-	974	-	974	-
Priority operating fund	-	1,388	400	1,788	-
Child subsidy	-	10,978	990	11,968	-
Provincial wage enhancement	-	1,655	-	1,634	21
Transition operating grants	-	223	-	223	-
Repairs and maintenance grants	-	389	-	389	-
Mitigation grants	551	-	-	551	-
Training grants	-	50	-	50	-
	551	15,657	1,390	17,577	21

(in thousands of dollars)

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, York Youth Justice, Peel Youth Justice, Youth Outreach Worker 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:

	Early Literacy Specialist $	York Youth Justice $	Peel Youth Justice $	Youth Outreach Worker $	Youth in Transition Worker $
Government revenue					
Grant	99	178	17	124	70
Program expenses	99	178	17	124	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	2,370
Other revenue	21
Total revenue	2,391
Program expenses	2,391
	-

14 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, $460 (2016 - $401) is included in accounts payable and accrued liabilities.

(in thousands of dollars)

15 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.

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.