YMCA of Greater Toronto

Financial Statements
March 31, 2012

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July 12, 2012

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, 2012 and the statements of operations, changes in fund balance 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 generally accepted accounting principles, 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, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

YMCA of Greater Toronto

Statement of Financial Position

As at March 31, 2012

(in thousands of dollars)

	2012 $	2011 $
Assets		
Current assets		
Cash and cash equivalents	8,876	12,539
Accounts receivable (note 3)	7,694	11,305
Prepaid expenses	778	1,025
	17,348	24,869
Investments (note 2)	12,848	13,772
Capital campaign pledges (note 3)	889	789
Capital assets (note 4)	82,673	82,647
	113,758	122,077
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	13,936	13,956
Revenue received in advance (note 5)	4,821	5,667
Deferred annual giving campaign contributions (note 6)	323	162
Deferred gain on sale of capital assets (note 4)	-	6,263
	19,080	26,048
Long-term liabilities	234	364
Capital lease obligation	116	-
Deferred capital contributions (note 8)	30,963	32,499
	50,393	58,911
Fund Balances		
General Fund		
Unrestricted	(11,010)	(9,259)
Internally restricted	8,323	6,720
Invested in capital assets (note 9)	53,240	51,956
Legacy Fund		
Restricted for endowment	12,812	13,749
	63,365	63,166
	113,758	122,077

Commitments and contingencies (note 12)

Approved by the Board of Directors

_______________ Director D. Sinhuber _______________ 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, 2012

(in thousands of dollars)

	General Fund			2012	2011
	Unrestricted $	Invested in capital assets $	Legacy Fund $	Total $	Total $
Revenue					
Government revenue	64,572	-	-	64,572	78,349
Program fees	62,108	-	-	62,108	58,183
Membership fees	34,777	-	-	34,777	35,236
Other revenues	4,571	-	-	4,571	5,410
Contributions	2,474	-	-	2,474	3,180
United Way	1,879	-	-	1,879	1,925
Amortization of deferred capital contributions (note 8)	-	2,451	-	2,451	3,307
Investment income	165	-	383	548	377
Realized gain on disposal of investments	-	-	234	234	282
Unrealized gain (loss) on investments	-	-	(1,431)	(1,431)	1,241
	170,546	2,451	(814)	172,183	187,490
Expenses					
Salaries and benefits	107,218	-	-	107,218	113,101
Program costs	41,668	-	-	41,668	44,467
Occupancy costs	18,250	-	-	18,250	17,614
Allocation of YMCA Canada	1,108	-	-	1,108	1,131
Amortization of capital assets	-	9,998	-	9,998	10,258
Management fees	-	-	42	42	27
	168,244	9,998	42	178,284	186,598
Excess (deficiency) of revenue over expenses before below noted item	2,302	(7,547)	(856)	(6,101)	892
Gain on sale of capital assets (note 4)	6,263	-	-	6,263	6,720
Excess (deficiency) of revenue over expenses for the year	8,565	(7,547)	(856)	162	7,612

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

YMCA of Greater Toronto

Statement of Changes in Fund Balance

For the year ended March 31, 2012

(in thousands of dollars)

	General Fund				2012	2011
	Unrestricted $	Internally restricted $	Invested in capital assets $	Legacy Fund $	Total $	Total $
Fund balance - Beginning of year	(9,259)	6,720	51,956	13,749	63,166	55,515
Excess (deficiency) of revenue over expenses for the year	8,565	-	(7,547)	(856)	162	7,612
Net change in investment in capital assets (note 9)	(4,831)	(4,000)	8,831	-	-	-
Interfund transfer relating to gain on sale of capital assets	(6,263)	6,263	-	-	-	-
Interfund transfers	778	(660)	-	(118)	-	-
Endowment contributions	-	-	-	37	37	39
Fund balance - End of year	(11,010)	8,323	53,240	12,812	63,365	63,166

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, 2012

(in thousands of dollars)

	2012 $	2011 $
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	162	7,612
Items not affecting cash		
Amortization of deferred capital contributions	(2,451)	(3,307)
Amortization of capital assets	9,998	10,258
Gain on sale of capital assets	(6,263)	(6,720)
Realized gain on disposal of investments	(234)	(282)
Unrealized (gain) loss on investments	1,431	(1,241)
Change in working capital items		
Accounts receivable	3,399	(1,162)
Prepaid expenses	247	236
Accounts payable and accrued liabilities	(70)	1,870
Revenue received in advance	(846)	(1,674)
Deferred annual giving campaign contributions	161	(7)
	5,534	5,583
Financing activities		
Decrease in capital campaign pledges receivable	112	789
Deferred capital contributions received	1,027	3,480
Endowment contributions received	37	39
Repayment of long-term liabilities	(130)	(321)
Capital lease obligation	166	-
Decrease in unspent deferred capital contributions	(112)	(789)
Repayment of long-term debt	-	(289)
	1,100	2,909
Investing activities		
Purchase of capital assets	(10,024)	(8,252)
Net proceeds on disposal of capital assets	-	13,977
Proceeds from disposal of investments - net	(273)	(79)
	(10,297)	5,646
(Decrease) increase in cash and cash equivalents during the year	(3,663)	14,138
Cash and cash equivalents (bank indebtedness) - Beginning of year	12,539	(1,599)
Cash and cash equivalents - End of year	8,876	12,539

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

(in thousands of dollars)

1 Background and summary of significant accounting policies

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**

  The YMCA of Greater Toronto will focus on making our communities 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 and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The financial statements of the Association have been prepared by management in accordance with Canadian generally accepted accounting principles, the most significant of which are described below.

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 include capital campaign pledges, which are recorded as receivables in the year in which the pledge is made, net of any allowance for uncollectible pledges. Restricted contributions for the purchase of capital assets, which will not be amortized, are recognized as direct increases in net assets.

Endowment contributions are recognized as a direct increase to the Legacy 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted 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.

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 90 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

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 pension costs based on actual amounts contributed.

(in thousands of dollars)

Legacy Fund

The Legacy 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 Legacy Fund upon being internally restricted at the discretion of the board of directors.

The annual appropriation to the General Fund, 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.

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.

Use of estimates

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

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Association's designation of such instruments.

The Association classifies its financial instruments as follows:

Assets/liabilities	**Category**	**Measurement**
Cash and cash equivalents	held-for-trading	fair value
Accounts receivable	loans and receivables	amortized cost
Investments	held-for-trading	fair value
Capital campaign pledges	loans and receivables	amortized cost
Accounts payable and accrued liabilities	other financial liabilities	amortized cost
Long-term liabilities	other financial liabilities	amortized cost
Capital lease obligation	other financial liabilities	amortized cost

With respect to items classified as held-for-trading, interest earned or accrued, gains and losses realized on disposal and unrealized gains and losses from changes in fair value are recognized in revenue. Transaction costs are expensed as incurred.

(in thousands of dollars)

Accounts receivable and capital campaign pledges are subject to credit risk. Cash and cash equivalents, investments, bank indebtedness and long-term debt are exposed to interest rate, market and credit risks.

Future accounting policies

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable to not-for-orofit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain exemptions and exceptions contained within the standards. Early adoption of the standards is permitted. The Association is currently considering the impact of the adoption of these standards.

2 Investments

The fair value of investments is summarized as follows:

	2012 $	2011 $
Legacy		
Units in pooled private balanced fund	12,767	13,706
Bonds	81	66
	12,848	13,772

Bonds have a yield to maturity of 9.1% to 10%. The maturity dates for the investments range from May 2021 to April 2028.

3 Capital campaign pledges

Capital campaign pledges receivable in future periods are as follows:

	2012 $	2011 $
Capital campaign pledges receivable	1,785	1,903
Less: Allowance for non-collection	89	95
	1,696	1,808
Less: Current portion included in accounts receivable	807	1,019
	889	789

(in thousands of dollars)

4 Capital assets

	2012		
	Cost **$**	**Accumulated amortization** **$**	**Net** **$**
Land	14,134	-	14,134
Buildings	175,271	116,363	58,908
Office furnishings and equipment	42,183	37,079	5,104
Computers	7,656	7,118	538
Leasehold improvements	13,070	10,617	2,453
Construction-in-progress	1,536	-	1,536
	253,850	171,177	82,673

	2011		
	Cost **$**	**Accumulated amortization** **$**	**Net** **$**
Land	14,134	-	14,134
Buildings	168,631	109,296	59,335
Office furnishings and equipment	40,918	34,779	6,139
Computers	7,018	6,993	25
Leasehold improvements	11,853	10,111	1,742
Construction-in-progress	1,272	-	1,272
	243,826	161,179	82,647

During the prior year, the disposal of capital assets by the Association resulted in a gain of $12,983 after taking into account deferred capital contributions relating to the disposed assets of $3,588. Of this gain, $6,720 was recognized last fiscal year-end and $6,263 was recognized in the current year.

5 Revenue received in advance

	2012 **$**	**2011** **$**
Membership fees	1,922	1,955
Resident camp fees	726	922
Day camp fees	94	74
Government contract fees	1,954	2,532
Other	125	184
	4,821	5,667

6 Deferred annual giving campaign contributions

The Association runs an annual giving campaign to raise money for operations. Some of the contributions are for programs that will occur in the subsequent fiscal year.

(in thousands of dollars)

7 Bank facility

The Association has a line of credit with TD Canada Trust up to $20,000. As at March 31, 2012, the balance of this line of credit was $400 (2011 - $60), which is included in cash and cash equivalents. A general security agreement is in place as security thereon.

The Association has issued letters of credit in the normal course of business totalling $557 (2011 - $557).

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 statements of operations and changes in fund balance at a rate corresponding to the amortization rate of the related capital assets.

			2012	2011
	Government capital $	Capital campaign $	Total $	Total $
Balance - Beginning of year	9,394	23,105	32,499	36,703
Additional contributions received	91	936	1,027	3,480
Decrease in unspent deferred capital contributions	-	(112)	(112)	(789)
Amounts amortized to revenue	(1,065)	(1,386)	(2,451)	(3,307)
Unamortized deferred capital contributions (note 4)	-	-	-	(3,588)
Balance - End of year	8,420	22,543	30,963	32,499

9 Invested in capital assets

Invested in capital assets is calculated as follows:

	2012 $	2011 $
Capital assets	82,673	82,647
Amounts financed by		
Deferred capital contributions (note 8)	(30,963)	(32,499)
Capital lease	(166)	-
Capital campaign pledges (note 3)	1,696	1,808
	(29,433)	(30,691)
	53,240	51,956

(in thousands of dollars)

The net change in investment in capital assets is calculated as follows:

	2012 $	2011 $
Net change in investment in capital assets		
Purchase of capital assets	10,024	8,252
Net book value of capital assets disposed of in the period	-	(5,242)
Unamortized deferred capital contributions related to capital assets disposed of	-	3,588
Amounts financed by		
Deferred capital contributions (note 8)	(1,027)	(3,480)
Capital lease obligation	(166)	-
Long-term debt	-	289
	8,831	3,407

10 Internally restricted fund

In 2011, the board of directors transferred $6,720 to an internally restricted fund to be used to fund future capital expenses and other special projects as approved by the board of directors. In the current year, $4,660 of these funds were utilized and an additional $6,263 was internally restricted by the board of directors. No operational activities occurred in this fund during the year.

11 Pension plan

The Association contributed $2,890 (2011 - $2,711) to the Canadian YMCA Retirement Fund, a multi-employer defined contribution plan.

12 Commitments and contingencies

Commitments

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

	$
2013	3,743
2014	2,692
2015	2,433
2016	2,155
2017	1,961
Thereafter	4,232
	17,216

(in thousands of dollars)

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.

13 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 2012, the total assistance provided was $6,087 (2011 - $5,706).

14 Federal Public Sector Youth Internship Program

The Federal Public Sector Youth Internship Program is a national program administered by the Association. The following amounts relating to this program are included in the total government revenue as presented in the statements of operations and changes in fund balance.

	$
Revenue	
Income support	9,000
Youth Support Service	2,586
Administration and replacement fees	614
Discretionary	270
	12,470

15 Summer Jobs for Youth Program

The Summer Jobs for Youth Program is a program administered by the Association and funded by the Ministry of Children and Youth Services. One requirement of the contracts is the completion of the transfer payment annual reconciliation (TPAR), which shows a summary for all revenues and expenses and any resulting surpluses or deficits that relate to the contract. A review of these reports shows the following services to be in a surplus position as at March 31, 2012:

	$
Grant	738
Expenses	737
	1

(in thousands of dollars)

16 Capital management

The Association defines its capital as the amounts included in its total fund balances.

The objective of the Association when managing its capital is to safeguard its ability to continue as a going concern so that it can continue to offer opportunities for personal growth, community involvement and leadership.

The Association manages its capital in line with changes in economic conditions and the risk characteristics of the underlying assets. The use of Endowment Fund assets and deferred contributions is externally restricted. The Association has been in compliance with these restrictions throughout the year.

17 Comparative figures

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