YMCA of Greater Toronto

Financial Statements
March 31, 2013, March 31, 2012 and April 1, 2011
(in thousands of dollars)

July 11, 2013

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 statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations, changes in fund balance and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 audits. We conducted our audits 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 in our audits 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, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

YMCA of Greater Toronto

Statements of Financial Position

(in thousands of dollars)

	March 31, 2013 $	March 31, 2012 $ (note 2)	April 1, 2011 $ (note 2)
Assets			
Current assets			
Cash and cash equivalents	7,333	8,876	12,539
Accounts receivable	6,074	6,887	10,286
Prepaid expenses	966	778	1,025
	14,373	16,541	23,850
Investments (note 3)	13,583	12,848	13,772
Capital assets (note 4)	77,045	82,673	82,647
	105,001	112,062	120,269
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (note 13)	14,005	13,936	13,956
Deferred revenue (note 5)	3,692	4,821	5,667
Deferred annual giving campaign contributions (note 6)	537	323	162
Deferred gain on sale of capital assets (note 4)	-	-	6,263
	18,234	19,080	26,048
Long-term liabilities	244	234	364
Capital lease obligation	66	116	-
Deferred capital contributions (note 8)	28,124	29,267	30,691
	46,668	48,697	57,103
Fund Balances			
Unrestricted	(12,340)	(11,010)	(9,259)
Internally restricted	8,323	8,323	6,720
Invested in capital assets	48,805	53,240	51,956
Endowment	13,545	12,812	13,749
	58,333	63,365	63,166
	105,001	112,062	120,269

Commitments and contingencies (note 10)

Approved by the Board of Directors

Diane Sinhuber Director _______________ Director

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

YMCA of Greater Toronto

Statements of Operations

For the years ended March 31, 2013 and March 31, 2012

(in thousands of dollars)

				2013	2012
	Unrestricted $	Endowment Fund $	Invested in capital assets $	Total $	Total $
Revenue					
Government	53,332	-	-	53,332	64,572
Program fees	66,244	-	-	66,244	62,108
Membership fees	35,174	-	-	35,174	34,777
Other	4,997	-	-	4,997	4,571
Contributions	2,827	-	-	2,827	2,474
United Way	1,962	-	-	1,962	1,879
Amortization of deferred capital contributions (note 8)	-	-	2,612	2,612	2,451
Investment income	140	363	-	503	548
	164,676	363	2,612	167,651	173,380
Expenses					
Salaries and benefits	106,387	-	-	106,387	107,218
Program costs	38,497	-	-	38,497	41,668
Occupancy costs	17,228	-	-	17,228	18,250
Allocation from YMCA Canada	1,238	-	-	1,238	1,108
Amortization of capital assets	-	-	9,858	9,858	9,998
Management fees	-	44	-	44	42
	163,350	44	9,858	173,252	178,284
Excess (deficiency) of revenue over expenses before below-noted items	1,326	319	(7,246)	(5,601)	(4,904)
Fair value changes on investments	(3)	498	-	495	(1,197)
Gain on sale of capital assets (note 4)	-	-	-	-	6,263
Excess (deficiency) of revenue over expenses for the year	1,323	817	(7,246)	(5,106)	162

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

YMCA of Greater Toronto

Statements of Changes in Fund Balance

For the years ended March 31, 2013 and March 31, 2012

(in thousands of dollars)

	2013					2012
	Unrestricted $	Internally restricted $	Endowment $	Invested in capital assets $	Total $	Total $
Fund balance - Beginning of year	(11,010)	8,323	12,812	53,240	63,365	63,166
Excess (deficiency) of revenue over expenses for the year	1,323	-	817	(7,246)	(5,106)	162
Net change in investment in capital assets	(2,811)	-	-	2,811	-	-
Interfund transfers	158	-	(158)	-	-	-
Endowment contributions	-	-	74	-	74	37
Fund balance - End of year	(12,340)	8,323	13,545	48,805	58,333	63,365

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

YMCA of Greater Toronto

Statements of Cash Flows

For the years ended March 31, 2013 and March 31, 2012

(in thousands of dollars)

	2013 $	2012 $
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	(5,106)	162
Items not affecting cash		
Amortization of deferred capital contributions	(2,612)	(2,451)
Amortization of capital assets	9,858	9,998
Gain on sale of capital assets	-	(6,263)
Fair value changes on investments	(495)	1,197
Net change in non-cash working capital items		
Accounts receivable	813	3,399
Prepaid expenses	(188)	247
Accounts payable and accrued liabilities	69	(70)
Deferred revenue	(1,129)	(846)
Deferred annual giving campaign contributions	214	161
	1,424	5,534
Financing activities		
Deferred capital contributions received	1,469	1,027
Endowment contributions received	74	37
Proceeds (repayment) of long-term liabilities	10	(130)
Capital lease obligation	(50)	166
	1,503	1,100
Investing activities		
Purchase of capital assets	(4,230)	(10,024)
Contributions to investments - net	(240)	(273)
	(4,470)	(10,297)
Decrease in cash and cash equivalents during the year	(1,543)	(3,663)
Cash and cash equivalents - Beginning of year	8,876	12,539
Cash and cash equivalents - End of year	7,333	8,876

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 (Canada) are met.

Adoption of Canadian accounting standards for not-for-profit organizations

Effective April 1, 2012, the Association adopted the requirements of Canadian accounting standards for not-for-profit organizations (ASNPO) (Part III of The Canadian Institute of Chartered Accountants Handbook), as issued by the Canadian Accounting Standards Board. In accordance with Section 1501, First-time Adoption by Not-for-Profit Organizations, the accounting policies under this framework have been applied consistently and retrospectively as if the policies had always been in effect.

The Association has elected to use the following exemption:

- In accordance with ASNPO transitional provisions, the Association has elected to measure its investments at fair value, with subsequent changes in fair value to be recognized in the statements of operations and changes in fund balance.

There were no adjustments to the statements of financial position or the statements of operations, changes in fund balance and cash flows on transition from Canadian generally accepted accounting principles to ASNPO.

These financial statements are the first financial statements for which the Association has applied ASNPO.

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.

(in thousands of dollars)

Restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets.

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.

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.

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. 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 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

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.

(in thousands of dollars)

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.

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 $3,115 (2012 - $1,785).

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 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)

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 statements of financial position, with changes in fair value recorded in the statements of operations.

Financial assets are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

2 Change in accounting policy

In the current year, an accounting policy change was made by the Association to no longer recognize capital campaign pledges as receivables, which included a corresponding recognition of a deferred capital contribution. This change was made due to the uncertainty of collection associated with capital campaign pledges. The Association adopted a policy whereby pledges are only recorded when the cash is received.

As a result of the accounting policy change, capital campaign pledges and the associated deferred capital contributions have been derecognized from the statements of financial position. This accounting change has been applied on a retroactive basis. Therefore, the following balances were restated:

			March 31, 2012
	As previously stated $	Decrease $	As restated $
Capital campaign pledges	889	(889)	-
Accounts receivable	7,694	(807)	6,887
Deferred capital contributions	30,963	(1,696)	29,267

			April 1, 2011
	As previously stated $	Decrease $	As restated $
Capital campaign pledges	789	(789)	-
Accounts receivable	11,305	(1,019)	10,286
Deferred capital contributions	32,499	(1,808)	30,691

(in thousands of dollars)

3 Investments

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

	2013 $	2012 $
Units in pooled private funds	13,494	12,767
Bonds	89	81
	13,583	12,848

Bonds have a yield to maturity of 9.119% to 10.000%. The maturity dates for the investments range from May 2021 to April 2028.

4 Capital assets

			2013
	Cost $	Accumulated amortization $	Net $
Land	14,134	-	14,134
Buildings	177,364	123,210	54,154
Office furnishings and equipment	42,924	39,022	3,902
Computers	8,417	7,463	954
Leasehold improvements	13,596	11,340	2,256
Construction-in-progress	1,645	-	1,645
	258,080	181,035	77,045

			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

During fiscal 2011, 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 in fiscal 2011 and $6,263 was recognized in fiscal 2012.

(in thousands of dollars)

5 Deferred revenue

	2013 $	2012 $
Membership fees	1,619	1,922
Resident camp fees	804	726
Day camp fees	340	94
Government contract fees	712	1,954
Other	217	125
	3,692	4,821

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.

7 Bank facility

The Association has a line of credit with TD Canada Trust of up to $20,000. As at March 31, 2013, the balance of this line of credit was $2,620 (2012 - $400), 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 (2012 - $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.

			2013	2012
	Government capital $	Capital campaign $	Total $	Total $
Balance - Beginning of year	8,420	20,847	29,267	30,691
Contributions received during the year	367	1,102	1,469	1,027
Amounts amortized to revenue	(954)	(1,658)	(2,612)	(2,451)
Balance - End of year	7,833	20,291	28,124	29,267

(in thousands of dollars)

9 Pension plan

The Association contributed $3,161 (2012 - $2,890) to the Canadian YMCA Retirement Fund, a multi-employer defined contribution plan.

10 Commitments and contingencies

Commitments

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

	$
2014	3,559
2015	2,760
2016	2,349
2017	2,164
2018	1,818
Thereafter	2,588
	15,238

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 2013, the total assistance provided was $6,414 (2012 - $6,087).

12 Specific programs

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	1,053
Youth Support Service	(8)
Discretionary	6
	1,051

(in thousands of dollars)

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 contract 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 break-even position as at March 31, 2013:

	$
Grant	747
Expenses	747
	-

Childcare centre programs in the Regional Municipality of Peel

The Association administers childcare centre programs in the Regional Municipality of Peel. The following subsidy grants from the Regional Municipality of Peel are included in the total government revenue and total program fees as presented in the statements of operations:

	$
Government revenue	
Wage subsidy	1,033
Program fees	
Child subsidy	4,637
	5,670

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, $289 (2012 - $374) 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.

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 set investment policies.

15 Subsequent event

On June 17, 2013 the Association entered into a purchase and sale agreement to acquire a property on Vanauley Avenue in Toronto and submitted a deposit of $260. The purchase price of the property is $5,200 and the transaction is expected to close on August 16, 2013.