

YMCA of Greater Toronto

Financial Statements

March 31, 2015

(in thousands of dollars)

July 9, 2015

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, 2015 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 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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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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, 2015 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.

Chartered Professional Accountants, Licensed Public Accountants

YMCA of Greater Toronto

Statement of Financial Position

As at March 31, 2015

(in thousands of dollars)

	2015 \$	2014 \$
Assets		
Current assets		
Cash and cash equivalents (note 6)	3,788	13,875
Accounts receivable	7,490	4,960
Prepaid expenses	899	820
	<u>12,177</u>	<u>19,655</u>
Investments (note 3)	19,325	15,463
Capital assets (note 4)	<u>79,978</u>	<u>78,206</u>
	<u>111,480</u>	<u>113,324</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	15,716	18,561
Deferred revenue (note 5)	5,153	4,806
Deferred annual giving campaign contributions	390	266
	<u>21,259</u>	<u>23,633</u>
Long-term liabilities	35	35
Capital lease obligation	-	17
Deferred capital contributions (note 7)	<u>26,360</u>	<u>26,728</u>
	<u>47,654</u>	<u>50,413</u>
Fund Balances		
Unrestricted	(17,534)	(14,852)
Internally restricted	8,075	10,928
Invested in capital assets	53,960	51,411
Endowment	19,325	15,424
	<u>63,826</u>	<u>62,911</u>
	<u>111,480</u>	<u>113,324</u>

Commitments and contingencies (note 9)

Approved by the Board of Directors

_____ Director _____ 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, 2015

(in thousands of dollars)

	2015	2014
	\$	\$
Revenue		
Government	88,911	76,332
Program fees	61,090	53,050
Membership fees	34,965	35,753
Other	3,435	3,792
Contributions	2,531	2,201
United Way	1,656	1,855
Amortization of deferred capital contributions (note 7)	2,654	2,470
Investment income	686	540
	<hr/>	<hr/>
	195,928	175,993
Expenses		
Salaries and benefits	122,715	110,225
Program costs	47,806	41,104
Occupancy costs	19,580	18,554
Allocation to YMCA Canada	1,436	1,322
Amortization of capital assets	8,165	10,187
Management fees	57	50
	<hr/>	<hr/>
	199,759	181,442
Excess (deficiency) of revenue over expenses before below-noted items	(3,831)	(5,449)
Fair value changes in investments	1,172	2,002
Gain on sale of capital assets (note 4)	-	7,905
	<hr/>	<hr/>
Excess (deficiency) of revenue over expenses for the year	(2,659)	4,458

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, 2015

(in thousands of dollars)

					2015	2014
	Unrestricted	Internally	Endowment	Invested	Total	Total
	\$	restricted	\$	in capital	\$	\$
		\$		assets		
		\$		\$		\$
Fund balance - Beginning of year	(14,852)	10,928	15,424	51,411	62,911	58,333
Excess (deficiency) of revenue over expenses for the year	1,176	-	1,676	(5,511)	(2,659)	4,458
Net change in investment in capital assets	(7,701)	-	-	7,701	-	-
Interfund transfers	3,843	(2,853)	(1,349)	359	-	-
Endowment contributions	-	-	3,574	-	3,574	120
Fund balance - End of year	(17,534)	8,075	19,325	53,960	63,826	62,911

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, 2015

(in thousands of dollars)

	2015 \$	2014 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	(2,659)	4,458
Items not affecting cash		
Amortization of deferred capital contributions	(2,654)	(2,470)
Amortization of capital assets	8,165	10,187
Gain on sale of capital assets	-	(7,905)
Fair value changes in investments	(1,172)	(2,002)
Net change in non-cash working capital items		
Accounts receivable	(2,530)	1,114
Prepaid expenses	(79)	146
Accounts payable and accrued liabilities	(2,845)	4,556
Deferred revenue	347	1,114
Deferred annual giving campaign contributions	124	(271)
	<u>(3,303)</u>	<u>8,927</u>
Financing activities		
Deferred capital contributions received	2,286	1,074
Endowment contributions received	3,574	120
Repayment of long-term liabilities	-	(209)
Payment of capital lease obligation	(17)	(49)
	<u>5,843</u>	<u>936</u>
Investing activities		
Purchase of capital assets	(9,937)	(11,348)
Proceeds on disposal of capital assets	-	7,905
Contributions to investments - net	(2,690)	122
	<u>(12,627)</u>	<u>(3,321)</u>
Increase (decrease) in cash and cash equivalents during the year	(10,087)	6,542
Cash and cash equivalents - Beginning of year	<u>13,875</u>	<u>7,333</u>
Cash and cash equivalents - End of year	<u>3,788</u>	<u>13,875</u>

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

YMCA of Greater Toronto

Notes to Financial Statements

March 31, 2015

(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**

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 (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.

YMCA of Greater Toronto

Notes to Financial Statements

March 31, 2015

(in thousands of dollars)

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 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.

YMCA of Greater Toronto

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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 \$6,118 (2014 - \$4,333).

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.

YMCA of Greater Toronto

Notes to Financial Statements

March 31, 2015

(in thousands of dollars)

3 Investments

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

	2015	2014
	\$	\$
Units in pooled private funds	19,221	15,375
Bonds	104	88
	<u>19,325</u>	<u>15,463</u>

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

	<u>2015</u>		<u>2014</u>	
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Land	17,321	-	17,321	17,321
Buildings	190,166	136,037	54,129	49,972
Office furnishings and equipment	44,370	42,036	2,334	3,125
Computers	8,832	8,408	424	666
Leasehold improvements	12,181	10,627	1,554	1,799
Construction-in-progress	4,216	-	4,216	5,323
	<u>277,086</u>	<u>197,108</u>	<u>79,978</u>	<u>78,206</u>

5 Deferred revenue

	2015	2014
	\$	\$
Membership fees	1,804	1,785
Resident camp fees	1,008	892
Day camp fees	964	652
Government contract fees	903	1,080
Child care fees	115	99
Other	359	298
	<u>5,153</u>	<u>4,806</u>

6 Bank facility

The Association has a line of credit with TD Canada Trust of up to \$20,000. As at March 31, 2015, the balance of this line of credit was \$3,160 (2014 - \$nil). A general security agreement is in place as security thereon.

The Association has issued letters of credit in the normal course of business totalling \$542 (2014 - \$542).

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7 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.

				<u>2015</u>	<u>2014</u>
	Government capital \$	Capital campaign \$	Capital others \$	Total \$	Total \$
Balance - Beginning of year	7,139	19,589	-	26,728	28,124
Contributions received during the year	1,386	837	63	2,286	1,074
Amounts amortized to revenue	(1,128)	(1,522)	(4)	(2,654)	(2,470)
Balance - End of year	<u>7,397</u>	<u>18,904</u>	<u>59</u>	<u>26,360</u>	<u>26,728</u>

8 Pension plan

The Association contributed \$3,436 (2014 - \$3,356) to the Canadian YMCA Retirement Fund, a multi-employer defined contribution plan.

9 Commitments and contingencies

Commitments

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

	\$
2016	3,012
2017	2,446
2018	2,284
2019	1,797
2020	730
Thereafter	<u>741</u>
	<u>11,010</u>

In fiscal 2014, the Association entered into a contract to purchase land and building for \$10 million plus applicable taxes by April 26, 2016. The building will be converted subsequently for use as a YMCA Centre of Community.

In fiscal 2014, the Association entered into a contract with a private developer to sell the air rights on 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

YMCA of Greater Toronto

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May 2017, which will include two floors allocated to the Association. The net cost to the Association will be approximately \$8.6 million. The Association will bear the cost of outfitting its occupied space.

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.

10 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 \$6,412 (2014 - \$6,312).

11 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:

	Grants received \$	Government revenues and capital grants expensed \$	Deferred grants \$
Government grants			
Wage subsidy	1,306	1,306	-
Child subsidy	9,099	9,099	-
Transition operating grants	1,400	1,400	-
Repairs and maintenance grants	632	442	190
Play-based material and equipment grants	434	292	142
Transformation grants	573	361	212
Capital retrofits grants	651	651	-
Training grants	50	50	-
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	14,145	13,601	544
	<hr/>	<hr/>	<hr/>

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March 31, 2015

(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, 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:

	Early Literacy Specialist \$	Summer Jobs for Youth \$	Youth Outreach Worker \$	After School Jobs for Youth \$	Youth in Transition Worker \$
Government revenue					
Grant	101	766	124	371	59
Program					
Expenses	101	766	124	371	59
	-	-	-	-	-

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	19
	<hr/>
Total revenue	2,392
Program	
Expenses	2,411
	<hr/>
	(19)

12 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, \$459 (2014 - \$387) is included in accounts payable and accrued liabilities.

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(in thousands of dollars)

13 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.

14 Comparative figures

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