YMCA of Greater Toronto

Financial Statements
March 31, 2018

July 9, 2018

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, 2018 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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"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, 2018 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, 2018

(in thousands of dollars)

	2018 $	2017 $
Assets		
Current assets		
Cash and cash equivalents	13,074	17,568
Accounts receivable	14,903	11,116
Prepaid expenses	964	996
	28,941	29,680
Long-term accounts receivable (note 3)	17,322	-
Investments (note 4)	17,142	18,199
Capital assets (note 5)	164,267	112,831
	227,672	160,710
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 15)	27,125	18,818
Long-term debt (note 8)	836	924
Deferred revenue (note 6)	8,965	9,460
Deferred annual giving campaign contributions	324	441
	37,250	29,643
Long-term debt (note 8)	35,988	14,617
Capital lease obligation	83	101
Deferred capital contributions (note 9)	62,005	41,730
	135,326	86,091
Fund Balances		
Unrestricted	6,899	(6,351)
Internally restricted (note 10)	3,063	5,115
Invested in capital assets	65,338	57,702
Endowment	17,046	18,153
	92,346	74,619
	227,672	160,710

Commitments and contingencies (note 11)

Approved by the Board of Directors

Martin Bryan 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, 2018

(in thousands of dollars)

	2018 $	2017 $
Revenue		
Government	113,747	110,225
Program fees	84,156	76,464
Membership fees	36,062	35,238
Other	3,835	3,778
Donations	2,810	2,406
United Way	1,534	1,588
Amortization of deferred capital contributions (note 9)	4,796	3,192
Investment income	587	488
	247,527	233,379
Expenses		
Salaries and benefits	156,092	146,217
Program costs	52,897	52,979
Financing costs	600	427
Occupancy costs	21,946	21,642
Allocation to YMCA Canada	1,289	1,411
Amortization of capital assets	11,613	8,816
	244,437	231,492
Excess of revenue over expenses before undernoted item	3,090	1,887
Fair value changes in investments	600	2,337
Excess of revenue over expenses for the year	3,690	4,224

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, 2018

(in thousands of dollars)

	Unrestricted $	Internally restricted $	Endowment $	Invested in capital assets $	2018 Total $	2017 Total $
Fund balances - Beginning of year	(6,351)	5,115	18,153	57,702	74,619	67,305
Excess (deficiency) of revenue over expenses for the year	10,507	-	-	(6,817)	3,690	4,224
Interfund transfer - net investment income	(1,038)	-	1,038	-	-	-
Purchases of capital assets - net	(49,057)	-	-	49,057	-	-
Contributed land	-	-	-	13,993	13,993	3,000
Receipt of funding for capital assets	25,071	-	-	(25,071)	-	-
Payment of long-term debt	(941)	-	-	941	-	-
Proceeds from long-term debt	22,207	-	-	(22,207)	-	-
Interfund transfers	6,501	(2,052)	(2,189)	(2,260)	-	-
Endowment contributions	-	-	44	-	44	90
Fund balances - End of year	6,899	3,063	17,046	65,338	92,346	74,619

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, 2018

(in thousands of dollars)

	2018 $	2017 $
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	3,690	4,224
Items not affecting cash		
Amortization of deferred capital contributions	(4,796)	(3,192)
Amortization of capital assets	11,613	8,816
Fair value changes in investments	(600)	(2,337)
Investment income reinvested	(499)	(492)
Net change in non-cash working capital items		
Accounts receivable	(3,787)	25
Prepaid expenses	32	(35)
Accounts payable and accrued liabilities	(2,626)	1,762
Deferred revenue	(495)	(1,592)
Deferred annual giving campaign contributions	(117)	23
	2,415	7,202
Financing activities		
Deferred capital contributions received	8,849	4,755
Endowment contributions received	44	90
Repayment of capital lease obligation	(18)	-
Repayment of long-term financing	(924)	(228)
Proceeds from long-term financing	21,107	14,769
	29,058	19,386
Investing activities		
Purchase of capital assets	(38,123)	(23,124)
Proceeds from sale of investments	2,156	1,739
	(35,967)	(21,385)
Increase (decrease) in cash and cash equivalents during the year	(4,494)	5,203
Cash and cash equivalents - Beginning of year	17,568	12,365
Cash and cash equivalents - End of year	13,074	17,568

Non-cash transactions (note 13)

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

The Association 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:

- fixed income investments are determined based on quoted market values and equities are determined based on closing bid prices; and
- 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 5 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, the Canadian YMCA Retirement Fund. The Association contributed $4,192 (2017 - $3,852) to the 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 $6,865 (2017 - $7,658).

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, long-term 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 Long-term accounts receivable

The Association is building a new YMCA Centre of Community in Vaughan. The new Centre of Community is 109,000 square feet, including 77,000 square feet for a YMCA Centre of Community and 32,000 square feet for a library and performing arts centre, to be operated by the City of Vaughan. The project is estimated to cost $75,100, of which the City of Vaughan has committed to fund up to $57,200. The project is currently under construction, with the association utilizing construction financing from Infrastructure Ontario (note 8) until the project is completed, upon which the financing will be converted to a 20-year term loan.

The City of Vaughan is responsible for its share of construction financing and following conversion in November 2019, over a 20-year period, will pay its share of monthly principal and interest payments. The long-term accounts receivable reflect the City of Vaughan's share of principle outstanding on construction completed to March 31, 2018.

4 Investments

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

	2018 $	2017 $
Endowment Fund		
Units in pooled private funds	16,935	18,043
Bonds	111	110
	17,046	18,153
Other investments		
Bonds	96	46
	17,142	18,199

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

(in thousands of dollars)

5 Capital assets

			2018	2017
	Cost $	Accumulated amortization $	Net $	Net $
Land	35,911	-	35,911	21,821
Buildings	235,751	155,983	79,768	75,780
Office furnishings and equipment	46,456	44,640	1,816	1,886
Computers	11,096	10,218	878	1,290
Leasehold improvements	16,058	14,395	1,663	2,257
Construction-in-progress	44,231	-	44,231	9,797
	389,503	225,236	164,267	112,831

6 Deferred revenue

	2018 $	2017 $
Membership fees	2,646	2,633
Resident camp fees	1,144	1,193
Day camp fees	1,867	1,967
Government contract fees	2,622	2,915
Child care fees	118	144
Other	568	608
	8,965	9,460

7 Bank facility

The Association has a line of credit with TD Canada Trust of up to $20,000. As at March 31, 2018, the balance of this line of credit was $nil (2017 - $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 $3,899 (2017 - $3,735).

(in thousands of dollars)

8 Long-term debt

	2018 $	2017 $
City of Toronto Sustainable Energy Plan Financing (a)	6,368	3,994
Infrastructure Ontario (b)		
Term loan, payable in blended monthly principal and interest payments of $51, due April 15, 2041, fixed rate of 3.65% (i)	9,513	9,772
Term loan, payable in blended monthly principal and interest payments of $9, due July 4, 2042, fixed rate of 3.53% (i)	1,745	-
Term loan, payable in blended monthly principal and interest payments of $12, due August 15, 2027, fixed rate of 3.15% (i)	1,135	-
Construction loan, non-revolving floating rate, interest only paid monthly (i)	-	1,775
Construction loan, non-revolving floating rate, interest only paid monthly (ii)	18,063	-
Subtotal	36,824	15,541
Less: Current portion	836	924
Long-term portion	35,988	14,617

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, a $2,950 loan amount was received in fiscal 2017, a $2,950 loan amount was received in fiscal 2018 and the remainder of the financing amount of $611 is to be received in 2019. The loan is non-interest bearing for the first year, with interest at 3.15% thereafter and repayments made quarterly beginning March 2017. The term of the loan is 15 years, due on December 31, 2031. The loan is secured with a letter of credit in the amount of $500.

b) The Association has entered into various loans with Infrastructure Ontario for the financing of the construction of new YMCA Centres of Community and related equipment. The Association is required to comply with certain covenants associated with these loans. As at March 31, 2018, the Association was in compliance with these covenants.

i) Cooper Koo Family YMCA

The loans are secured by a first charge on the property, general security agreement on the property and a general security agreement over all of the borrower’s assets, ranking pari passu with Toronto Dominion Bank. The loan is secured with a letter of credit in the amount of $3,000.

(in thousands of dollars)

ii) Vaughan Metropolitan Centre (VMC) YMCA

In July 2017, the Association entered into a financing agreement with Infrastructure Ontario for the construction of the VMC YMCA. Interest is paid monthly based on the Infrastructure Ontario floating lending rate. The construction loan agreement provides for conversion into a term loan of a maximum of 20 years at the completion of construction. The loan includes borrowing repayable by the Association, as well as borrowing repayable by the City of Vaughan, in the amount of $17,322, which is reflected as a long-term loan receivable (note 3). The loan is secured by a first charge on the property, a first ranking general security agreement on the property, a general security agreement over all of the borrower's assets, ranking pari passu with Toronto Dominion Bank, and a corporate guarantee by the City of Vaughan.

The scheduled principal repayments on the long term debt excluding construction loans are as follows:

	$
2019	836
2020	859
2021	888
2022	918
2023	949
Thereafter	14,311
	18,761

9 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.

				2018	2017
	Government capital $	Capital campaign $	Capital others $	Total $	Total $
Balance - Beginning of year	7,294	34,206	230	41,730	26,580
Contributions received during the year	22,463	2,422	186	25,071	18,342
Amounts amortized to revenue	(2,408)	(2,312)	(76)	(4,796)	(3,192)
Balance - End of year	27,349	34,316	340	62,005	41,730

10 Internally restricted fund

During 2017, the Board of Directors transferred $3,034 to an internally restricted fund as a debt servicing reserve, to be utilized if needed upon Board approval; $29 in interest was earned during 2018 fiscal year.

(in thousands of dollars)

11 Commitments and contingencies

Commitments

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

	$
2019	3,490
2020	2,038
2021	1,549
2022	1,287
2023	1,140
Thereafter	899
	10,403

In fiscal 2014, the Association entered into a contract with a private developer to build a base building for a new YMCA Centre of Community on Kingston Road. The contract includes selling the air rights on an existing YMCA property and purchasing additional land from the developer. The developer has demolished an existing building and is in the process of constructing a condominium building, which will include two floors allocated to the Association. The net commitment to the developer is approximately $10,900. As at March 31, 2018, $9,274 of this commitment had been paid to the developer. The Association will subsequently complete the outfitting of its occupied space. The expected completion date of the facility is in 2019.

In December 2017, the Association entered into a contract with a private developer to build a base building for a new YMCA Centre of Community in the VMC. The developer is building a mixed used building, including an office tower and space for a YMCA Centre of Community and a City of Vaughan library and performing arts centre. The commitment to the developer is approximately $38,675. As at March 31, 2018, $16,030 of this commitment had been paid to the developer. The Association will subsequently complete the outfitting its occupied space. The expected completion date of the facility is in 2019.

In February 2018, the Association entered into a contract with a private developer, to build a base building for a new YMCA Centre of Community at 505 Richmond Street in Toronto. The developer is building a mixed used building, including condominiums, retail and space for a YMCA Centre of Community. The commitment to the developer is approximately $22,000. As at March 31, 2018, $1,381 of this commitment had been paid to the developer. The Association will subsequently complete the outfitting of its occupied space. The expected completion date of the facility is in 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.

(in thousands of dollars)

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 2018, the total assistance provided was $6,309 (2017 - $6,657).

13 Non-cash transactions

The following are non-cash transactions during the fiscal period:

	2018 $	2017 $
Purchase of capital assets included in accounts payable and accrued liabilities	10,933	2,232
Long-term receivable included in deferred capital contribution received	16,222	-
Long-term receivable for repayment of long-term debt	1,100	-
Contributed land	13,993	3,000
Acquisition of capital assets through finance leases	-	118
Contributed capital assets acquired	-	13,587

14 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	-	967	-	(967)	-
Priority operating fund	-	1,282	420	(1,702)	-
Child subsidy	-	10,548	897	(11,445)	-
Provincial wage enhancement	21	1,688	-	(1,706)	3
Repairs and maintenance grants	-	584	-	(584)	-
Mitigation grants	-	81	-	(81)	-
Training grants	-	50	-	(50)	-
	21	15,200	1,317	(16,535)	3

(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	73	178	17	150	75
Program expenses	73	178	17	150	75
	-	-	-	-	-

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	1,779
Other revenue	10
Total revenue	1,789
Program expenses	1,789
	-

Cooper Koo Family YMCA Centre

The association administers the Cooper Koo Family YMCA Centre. The following revenues and expenses are included in total revenue and total expenses as presented in the statement of operations:

(in thousands of dollars)

	2018 $	2017 $
Operating revenue	4,145	2,284
Operating expenses	2,739	1,977
Gross contribution	1,406	307

Gross contribution is calculated as health and fitness membership revenue less direct expenses.

15 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, $468 (2017 - $460) is included in accounts payable and accrued liabilities.

16 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.

(in thousands of dollars)

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.

17 Comparative figures

Revenues and cash flows in the comparative financial statements have been reclassified from the financial statements previously presented to conform to the presentation of the 2018 financial statements.