

Financial Statements of

YMCA OF GREATER TORONTO

And Independent Auditor's Report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of YMCA of Greater Toronto

Opinion

We have audited the financial statements of YMCA of Greater Toronto (the Entity), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

July 20, 2023

YMCA OF GREATER TORONTO

Statement of Financial Position
(In thousands of dollars)

March 31, 2023, with comparative information for 2022

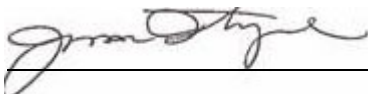
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 86,869	\$ 132,224
Accounts receivable (notes 2, 3 and 12)	41,761	41,941
Prepaid expenses	1,540	1,314
	<u>130,170</u>	<u>175,479</u>
Long-term accounts receivable (note 3)	53,937	54,963
Investments (note 4)	17,853	18,629
Capital assets (note 5)	274,254	268,865
	<u>\$ 476,214</u>	<u>\$ 517,936</u>

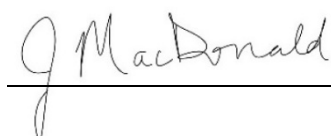
Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (notes 12 and 15)	\$ 37,398	\$ 43,553
Current portion of long-term debt (note 8)	22,339	21,683
Deferred revenue (note 6)	20,404	33,556
	<u>80,141</u>	<u>98,792</u>
Long-term debt (note 8)	92,568	95,074
Deferred capital contributions (note 9)	139,894	133,463
Net assets:		
Unrestricted	47,764	74,830
Internally restricted (note 10)	98,730	97,840
Endowment	17,117	17,937
	<u>163,611</u>	<u>190,607</u>
Commitments and contingencies (note 11)		
	<u>\$ 476,214</u>	<u>\$ 517,936</u>

See accompanying notes to financial statements.

On behalf of the Board of Directors:

 Board Chair

 Audit Committee Chair

YMCA OF GREATER TORONTO

Statement of Operations
(In thousands of dollars)

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Government (note 2)	\$ 164,248	\$ 170,332
Program fees	72,245	52,035
Membership fees	21,991	6,352
Other	9,919	5,856
Amortization of deferred capital contributions (note 9)	3,306	1,823
Donations	2,734	2,570
Investment	3,387	3,276
	<u>277,830</u>	<u>242,244</u>
Expenses:		
Salaries and benefits	203,976	178,986
Program costs	62,230	45,957
Occupancy costs	28,342	21,728
Amortization of capital assets	6,912	4,703
Allocation to YMCA Canada	1,250	1,250
Financing costs	1,140	867
	<u>303,850</u>	<u>253,491</u>
Deficiency of revenue over expenses before the undernoted items	(26,020)	(11,247)
Change in fair value of investments	(1,003)	(744)
Gain on sale of capital and intangible assets	–	3,000
Deficiency of revenue over expenses	<u>\$ (27,023)</u>	<u>\$ (8,991)</u>

See accompanying notes to financial statements.

YMCA OF GREATER TORONTO

Statement of Changes in Net Assets
(In thousands of dollars)

Year ended March 31, 2023, with comparative information for 2022

2023	Unrestricted	Internally restricted (note 10)	Endowment	Total
Net assets, beginning of year	\$ 74,830	\$ 97,840	\$ 17,937	\$ 190,607
Deficiency of revenue over expenses	(27,023)	–	–	(27,023)
Interfund transfers	(43)	890	(847)	–
Endowment contributions	–	–	27	27
Net assets, end of year	\$ 47,764	\$ 98,730	\$ 17,117	\$ 163,611

2022	Unrestricted	Internally restricted (note 10)	Endowment	Total
Net assets, beginning of year	\$ 99,863	\$ 78,886	\$ 20,810	\$ 199,559
Deficiency of revenue over expenses	(8,991)	–	–	(8,991)
Interfund transfers	(16,042)	18,954	(2,912)	–
Endowment contributions	–	–	39	39
Net assets, end of year	\$ 74,830	\$ 97,840	\$ 17,937	\$ 190,607

See accompanying notes to financial statements.

YMCA OF GREATER TORONTO

Statement of Cash Flows
(In thousands of dollars)

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (27,023)	\$ (8,991)
Items not affecting cash:		
Amortization of deferred capital contributions	(3,306)	(1,823)
Amortization of capital assets	6,912	4,703
Change in fair value of investments	1,003	744
Investment income reinvested	(805)	(1,693)
Gain on sale of capital and intangible assets	–	(3,000)
Change in non-cash operating working capital:		
Accounts receivable	3,829	13,027
Prepaid expenses	(226)	(512)
Accounts payable and accrued liabilities	278	2,924
Deferred revenue	(13,152)	17,868
	(32,490)	23,247
Financing activities:		
Long-term accounts receivable received	1,240	–
Deferred capital contributions received	5,874	4,576
Endowment contributions received	27	39
Repayment of long-term financing	(2,766)	(3,504)
Proceeds from long-term financing	916	8,603
	5,291	9,714
Investing activities:		
Purchase of capital assets	(18,734)	(24,190)
Proceeds from sale of investments	578	3,749
Mortgage receivable received	–	70,613
	(18,156)	50,172
Increase (decrease) in cash and cash equivalents	(45,355)	83,133
Cash and cash equivalents, beginning of year	132,224	49,091
Cash and cash equivalents, end of year	\$ 86,869	\$ 132,224
Supplemental disclosure of non-cash transactions:		
Purchase of capital assets included in accounts payable and accrued liabilities	\$ (6,433)	\$ (1,472)
Long-term receivable included in capital contribution received	1,511	13,786
Accrual receivable for capital grant	2,352	–
Consideration for sale of intangible asset in the form of acquired capital asset (\$1,822) and reduction of accounts payable and accrued liabilities (\$1,178)	–	3,000

See accompanying notes to financial statements.

YMCA OF GREATER TORONTO

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2023

The mission and vision statements of YMCA of Greater Toronto (the "Association") are as follows:

Our Mission:

The YMCA of Greater Toronto is a charity that ignites the potential in people, helping them grow, lead, and give back to their communities.

Our Vision:

Vibrant communities where everyone can shine.

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.

1. Significant accounting policies:

The financial statements of the Association have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the significant accounting policies summarized below:

(a) Revenue recognition:

The Association follows the deferral method of accounting for contributions, which include grants, bequests and other donations. Unrestricted grants and bequests are recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions, except endowment contributions, are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Externally restricted endowment contributions are recognized as direct increases in net assets when recorded in the accounts. Externally restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets.

YMCA OF GREATER TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2023

1. Significant accounting policies (continued):

Contributions received in the form of donations and grants for specific capital expenditures are initially deferred and recorded as deferred capital contributions. These deferred contributions are realized into revenue on the same basis as the amortization of the cost of the related capital assets when they are put into use.

Investment revenue, which consists of interest, dividends and income distributions from pooled funds, is recognized in the statement of operations.

Program and membership fees are recognized when the services have been provided.

(b) Financial instruments:

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.

Changes in fair value of investments are recognized in the statement of operations. The change in fair value of investments includes the realized and the unrealized gains/losses on investments. Investment transactions are recorded on a trade date basis. Transaction costs and investment management fees associated with the acquisition and disposal of the investments are expensed as incurred.

Other financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and long-term debt, are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

(c) Cash and cash equivalents:

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments unless they are held for investment rather than liquidity purposes, in which case they are classified as investments. Short-term investments are liquid, subject to insignificant risk of change in value and have a short maturity term of approximately six months or less from the date of purchase.

YMCA OF GREATER TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are recorded at cost less accumulated amortization and any provision for impairment. The cost of capital assets made up of significant separable component parts is allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components. The cost for contributed capital assets is considered to be the fair value at the date of contribution.

Capital assets are tested for impairment when conditions indicate that a capital asset no longer contributes to the Association's ability to provide services, or when the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the capital asset's fair value or replacement cost. Write-downs of capital assets are recognized as expenses in the statement of operations. Write-downs are not subsequently reversed.

Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Buildings	20 to 40 years
Office furnishings and equipment	3 to 5 years
Computers	3 to 5 years
Leasehold improvements	Over term of lease

Construction-in-progress comprises direct construction, development costs and interest incurred on long-term debt during construction. No amortization is recorded until construction is substantially complete and the assets are ready for use.

(e) 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

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(f) Pension plan:

Employees of the Association are members of a multi-employer defined contribution pension plan and employer contributions are expensed in the year they are due.

(g) Endowment Fund:

The Endowment Fund represents contributions that the donor requires to be maintained on a permanent basis. In addition, the Board of Directors has the discretion to internally restrict funds as endowments.

The annual appropriation from the Endowment Fund 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.

(h) Contributed materials and 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. Contributed materials are also not recorded in the accounts.

(i) 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 year. Actual results could differ from those estimates. Accounts requiring significant estimates include recoverability and determination of useful lives of capital assets.

YMCA OF GREATER TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2023

2. Government financial support during pandemic:

The Association applied for available government programs Canada Emergency Wage Subsidy ("CEWS") and Canada Recovery Hiring Program ("CRHP") to mitigate the financial impact of program closures/reductions, as a result of the COVID-19 pandemic. In fiscal 2023, the Association recognized nil (2022 - \$32,823) of CEWS, and \$1,285 (2022 - \$4,013) CRHP funding, as government revenue. As at March 31, 2023, \$3,560 (2022 - \$4,013) is remaining in accounts receivable.

3. Long-term accounts receivable:

The Association opened the new YMCA at the David Braley Vaughan Metropolitan Centre of Community in Spring 2022. The new YMCA at the David Braley Vaughan Metropolitan 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 construction financing of \$57,100 related to the portion of the building funded by the City of Vaughan was part of the construction financing converted into a term loan to be paid back over a 20-year period (note 8(b)(ii)). The Association pays Infrastructure Ontario monthly principal and interest related to this loan and the City of Vaughan pays back its share of these payments. As of March 31, 2023, accounts receivable for City of Vaughan is \$55,862 (2022 - \$54,963), with \$1,925 (2022 - \$1,220) recorded in the current accounts receivable.

The Association is also building the new McDonald Family YMCA at 501 Richmond Street West in Toronto. The project is estimated to cost \$55,991, of which the City of Toronto has committed to fund up to \$19,000 and two-thirds of the total construction interest. The project is currently under construction (note 5), with the Association utilizing construction financing from Infrastructure Ontario (note 8(b)(iii)) until the project is completed, at which time the financing will be converted into a 25-year term loan. The 2023 receivable due from the City of Toronto of \$19,794 (2022 - \$19,204) is recorded in current accounts receivable, since it is estimated that in February 2024, the City of Toronto funding will be paid prior to conversion of the construction loan to the term loan.

YMCA OF GREATER TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2023

4. Investments:

Long-term investments, all of which are recorded at fair value, have an asset mix as follows:

	2023	2022
Cash held by investment managers	\$ 91	\$ 82
Fixed income:		
Canadian bonds	5,188	5,717
Equities:		
Canadian	1,747	1,972
U.S.	5,203	5,603
Other international	<u>4,842</u>	<u>4,546</u>
Total equities	11,792	12,121
Investments held for endowment	17,071	17,920
Other investments	782	709
Total investments	\$ 17,853	\$ 18,629

Investments in pooled funds have been allocated among the asset classes based on the underlying investments held in the pooled funds.

5. Capital assets:

2023	Cost	Accumulated amortization	Net book value
Land	\$ 34,470	\$ –	\$ 34,470
Buildings	346,626	160,243	186,383
Office furnishings and equipment	48,916	47,622	1,294
Computers	14,343	12,418	1,925
Leasehold improvements	19,148	18,595	553
Construction-in-progress	49,629	–	49,629
	\$ 513,132	\$ 238,878	\$ 274,254

The construction-in-progress includes two buildings under construction: \$41,444 for McDonald Family YMCA, \$917 for Bridletowne YMCA (2022 - three buildings under construction: \$37,218 for McDonald Family YMCA, \$80,586 for YMCA at the David Braley Vaughan Metropolitan Centre of Community, and \$37,949 for Steve and Sally Stavro Family YMCA). Other construction-in-progress is \$7,268 (2022 - \$6,149).

YMCA OF GREATER TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2023

5. Capital assets (continued):

2022	Cost	Accumulated amortization	Net book value
Land	\$ 34,470	\$ –	\$ 34,470
Buildings	225,250	154,802	70,448
Office furnishings and equipment	47,798	47,165	633
Computers	12,742	11,693	1,049
Leasehold improvements	18,669	18,306	363
Construction-in-progress	161,902	–	161,902
	\$ 500,831	\$ 231,966	\$ 268,865

6. Deferred revenue:

	2023	2022
Membership fees	\$ 1,366	\$ 725
Overnight camp fees	389	413
Day camp fees	5,480	2,341
Child care fees	50	–
Government contracts	11,933	28,466
Facility rental	35	498
Other	1,151	1,113
	\$ 20,404	\$ 33,556

7. Bank facility:

The Association has a line of credit with TD Canada Trust of up to \$20,000. As at March 31, 2023, the balance of this line of credit was nil (2022 - nil). The line of credit is collateralized by a first charge/mortgage on the 101 YMCA Boulevard, Markham YMCA and a first ranking general security agreement over all of the borrower's assets, ranking pari passu with Infrastructure Ontario. The net book value of the collateralized asset is \$10,004.

The Association has issued letters of credit in the normal course of business totaling \$500 (2022 - \$500).

YMCA OF GREATER TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2023

8. Long-term debt:

	2023	2022
City of Toronto - Sustainable Energy Plan Financing (a):		
Term loan one, \$7,511 payable over 15 years, fixed rate of 3.15% (i)	\$ 4,779	\$ 5,245
Term loan two, \$11,000 payable over 20 years, fixed rate of 3.28% (ii)	7,696	8,064
Infrastructure Ontario (b):		
Term loan, \$10,000 payable over 25 years, fixed rate of 3.65%, maturing April 15, 2041 (i)	8,072	8,382
Term loan, \$1,775 payable over 25 years, fixed rate of 3.53%, maturing July 4, 2042 (i)	1,497	1,551
Term loan, \$1,195 payable over 10 years, fixed rate of 3.15%, maturing August 15, 2027 (i)	574	694
Term loan, \$66,740 payable over 20 years, fixed rate of 4.15%, maturing July 29, 2042 (ii)	65,291	–
Construction loan - YMCA at the David Braley Vaughan Metropolitan Centre of Community, non-revolving floating rate, interest only paid monthly (ii)	–	65,823
Construction loan - McDonald Family YMCA, non-revolving floating rate, interest only paid monthly (iii)	26,998	26,998
	114,907	116,757
Less current portion	22,339	21,683
Long-term portion	\$ 92,568	\$ 95,074

(a) The Association has two loans with the City of Toronto that provide financing for the sole purpose of energy efficiency projects.

(i) In fiscal 2015, the Association entered into an agreement with the City of Toronto that provides financing and blended quarterly payments of \$157. The loan is collateralized with a letter of credit in the amount of \$500.

(ii) In fiscal 2019, the Association entered into an agreement with the City of Toronto that provides financing of up to \$12,000. The first loan amount of \$3,000 was received in fiscal 2019, a \$5,800 loan amount was received in fiscal 2020 and a \$2,200 loan amount was received in 2021. The loan has a quarterly payment of \$157. The term of the loan is 20 years and it is due on January 1, 2039.

YMCA OF GREATER TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2023

8. Long-term debt (continued):

- (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, 2023, the Association was in compliance with all covenants with the exception of a covenant requiring the Association to maintain a minimum debt service coverage ratio. The lender has provided a waiver in respect of the non-compliance with the covenant.

As a result of the identified breach the lender has amended the terms of the financing. Under the amended terms, the Association was required to deposit \$4,300 into a Debt Service Reserve Account no later than July 31, 2023. This amount is to be held in trust by the Lender until all obligations, commitments and amounts outstanding related to the financing have been paid in full and satisfied.

- (i) Cooper Koo Family YMCA:

The loans for this property are collateralized 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 TD Canada Trust. The net book value of the collateralized asset is \$24,993 (2022 - \$25,638).

- (ii) YMCA at the David Braley Vaughan Metropolitan Centre of Community:

In July 2017, the Association entered into a financing agreement with Infrastructure Ontario for the construction of YMCA at the David Braley Vaughan Metropolitan Centre of Community. Interest is paid monthly based on the Infrastructure Ontario floating lending rate, which was on average 1.65% from April 2022 to July 2022. The construction loan was converted to a 20-year term loan of \$66,740 in August 2022. The City of Vaughan pays \$350 on a monthly basis on its share of financing of \$57,100 which is reflected as long-term accounts receivable (note 3).

The loan is collateralized 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 TD Canada Trust and a corporate guarantee by the City of Vaughan. The net book value of the collateralized asset is \$91,331 (2022 - \$91,133).

YMCA OF GREATER TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2023

8. Long-term debt (continued):

(iii) McDonald Family YMCA:

In March 2019, the YMCA of Greater Toronto entered into a financing agreement with Infrastructure Ontario for the construction of the McDonald Family YMCA. Interest is paid monthly based on the Infrastructure Ontario floating lending rate, which was 3.31% at March 31, 2023 (2022 - 0.68%). The construction loan agreement provides for conversion into a term loan of a maximum of 25 years at the completion of construction. The construction loan outstanding as at year end is \$26,998 (2022 - \$26,998). The City of Toronto has committed to pay \$19,000 of the loan on completion of the project, which is reflected as a current portion of the loan receivable (note 3). The net book value of the collateralized asset is \$43,083 (2022 - \$40,083).

The scheduled principal repayments on the long-term debt are as follows:

2024	\$	22,339
2025		3,938
2026		4,093
2027		4,254
2028		4,339
Thereafter		75,944
	\$	114,907

Interest expense on the long-term debt totals \$1,140 (2022 - \$867).

9. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. Included in deferred capital contributions is \$26,650 (2022 - \$102,107) related to funding received towards the construction-in-progress (note 5) and \$362 (2022 - \$676) of unspent funds.

	2023	2022
Balance, beginning of year	\$ 133,463	\$ 116,924
Contributions receivable/received	9,737	18,362
Amounts amortized to revenue	(3,306)	(1,823)
Balance, end of year	\$ 139,894	\$ 133,463

YMCA OF GREATER TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2023

10. Internally restricted net assets:

Internally restricted net assets consist of the following:

	2023	2022
Internally funded capital assets	\$ 95,421	\$ 94,624
Amounts set aside by the Board of Directors as a debt servicing reserve	3,309	3,216
	<u>\$ 98,730</u>	<u>\$ 97,840</u>

Annually, the Board of Directors determines the amount, if any, to be transferred between unrestricted and internally restricted net assets.

The interfund transfers between unrestricted and internally restricted net assets consist of the following:

	2023	2022
Net change in internally funded capital assets	\$ 797	\$ 18,937
Net transfer of interest on debt servicing reserve	93	17
	<u>\$ 890</u>	<u>\$ 18,954</u>

11. Commitments and contingencies:

(a) Commitments:

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

2024	\$ 5,329
2025	2,227
2026	1,612
2027	1,460
2028	1,099
Thereafter	2,035
	<u>\$ 13,762</u>

YMCA OF GREATER TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2023

11. Commitments and contingencies (continued):

(b) Contingencies:

Where the potential liability is likely and able to be estimated, management has recorded its best estimate of the potential liability. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the year during which the liability can be estimated or adjustments to any amount recorded are determined to be required. In the normal course of operations, various claims are brought against the Association. The Association contests the validity of these claims as appropriate. Management believes any settlement amounts required in addition to any recorded liability will not have a material effect on the financial position of the Association.

12. Related party transactions and balances:

The Association is related to YMCA Academy (the "Academy") as the Academy's Board of Directors are members of the Association's Board of Directors. The Academy is a charity whose mission is to advance education by establishing and operating an independent secondary school or other educational institutions, in one or more locations in Canada, with an emphasis on students with learning disabilities.

As at March 31, 2023, an amount of \$406 (2022 - \$355) is owing from the Academy and has been included in accounts receivable. In addition, there is an amount of \$108 (2022 - \$156) owing to the Academy that has been included in accounts payable and accrued liabilities.

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 childcare and health and fitness memberships. In fiscal 2023, the total assistance provided was \$3,331 (2022 - \$1,189).

YMCA OF GREATER TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2023

14. Specific programs:

The following outlines details of funding and expenses as required by certain funders:

Reintegration/Rehabilitation Services - Community (York Youth Justice, Peel Youth Justice and Youth Justice Substance Abuse) and Child Welfare - Community and Prevention Supports (Youth Outreach Worker, Youth in Transition Worker):

The York Youth Justice, Peel Youth Justice, Youth Outreach Worker, Youth in Transition Worker and Youth Justice Substance Abuse Programs are programs administered by the Association and are funded by the Ministry of Children, Community and Social Services. The following grants and expenses are included in total government revenue and total program fees as presented in the statement of operations:

	Reintegration/ Rehabilitation Services - Community	Child Welfare - Community and Prevention Supports
Government revenue	\$ 317	\$ 380
Program expenses	320	380
Deficiency of revenue over expenses	\$ (3)	\$ -

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. With respect to government remittances, \$367 (2022 - \$358) is included in accounts payable and accrued liabilities.

16. Multi-employer pension plan:

The Association is part of a multi-employer defined contribution plan, the Canadian YMCA Retirement Fund. The Association contributed \$6,123 (2022 - \$5,774) to the plan.

YMCA OF GREATER TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2023

17. Financial instruments:

The Association is exposed to various financial risks through transactions in financial instruments. There have been no changes to the financial risks from 2022.

(a) Currency risk:

The Association is exposed to currency risk with respect to its investments denominated in foreign currencies, including the underlying investments of its pooled funds denominated in foreign currencies, because the fair value and future cash flows will fluctuate due to the changes in the relative value of foreign currencies against the Canadian dollar.

(b) Credit risk:

The Association is exposed to credit risk in connection with its accounts receivable and short-term and fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. The credit risk on cash and investments is limited because the counterparties are chartered banks with high credit ratings assigned by national credit rating agencies.

(c) Interest rate risk:

The Association is exposed to interest rate risk with respect to its fixed rate debt and its investments in fixed income investments and a pooled fund that holds fixed income securities because the fair value will fluctuate due to changes in market interest rates. The Association is also exposed to interest rate risk with respect to its operating line of credit and construction loan financing because cash flows will fluctuate since the interest rates are linked to the bank's prime rate, which changes from time to time.

(d) Liquidity risk:

Liquidity risk is the risk the Association will not be able to meet its financial obligations when they come due. The Association manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities and maintaining credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements. There is a risk that if debt is called by a lender, the Association may not be able to refinance existing debt or that the terms of any refinancing will not be as favourable as the terms of the existing debt.

YMCA OF GREATER TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2023

17. Financial instruments (continued):

(e) Other price risk:

The Association is exposed to other price risk through changes in market prices (other than changes arising from interest rate or currency risks) in connection with its investments in equity securities and pooled funds.