

YMCA Canada

Financial Statements

December 31, 2022

Independent auditor's report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 360 4949

To the Board of Directors of YMCA Canada

Opinion

We have audited the financial statements of YMCA Canada (“the Organization”), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of YMCA Canada as at December 31, 2022, 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 report. We are independent of the Organization 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.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 3 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2021 has been restated. The financial statements for the year ended December 31, 2021, excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor, who expressed an unmodified opinion on those financial statements on March 11, 2022. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 these 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.
- 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 Organization'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 Organization'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 Organization 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.

We 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.

Grant Thornton LLP

Toronto, Canada
March 3, 2023

Chartered Professional Accountants
Licensed Public Accountants

YMCA Canada

Statement of Financial Position

As at December 31

	2022 \$	2021 \$ (As restated - see note 3)
Assets		
Current assets		
Cash (note 4)	6,469,887	1,546,037
Accounts receivable	650,293	168,424
Prepaid expenses	158,933	53,621
	<u>7,279,113</u>	<u>1,768,082</u>
Investments (note 5(a))	21,788,603	24,758,124
Capital assets (note 6)	33,714	36,398
Other long-term assets (note 7)	100,206	113,389
	<u>29,201,636</u>	<u>26,675,993</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	430,547	265,326
Deferred contributions (note 8)	4,296,390	1,207,738
	<u>4,726,937</u>	<u>1,473,064</u>
Other long-term liabilities	36,533	15,776
	<u>4,763,470</u>	<u>1,488,840</u>
Net Assets		
Endowments (note 9)		
Externally restricted	2,402,345	2,399,710
Board restricted	13,302,999	15,957,445
Board restricted reserves (note 10)	6,494,465	5,544,756
Unrestricted	2,204,643	1,248,844
Investment in capital assets	33,714	36,398
	<u>24,438,166</u>	<u>25,187,153</u>
	<u>29,201,636</u>	<u>26,675,993</u>
Commitment (note 12)		

On behalf of the Board:



Director



Director

See accompanying notes to the financial statements.

YMCA Canada

Statement of Operations

For the year ended December 31

	2022 \$	2021 \$ (As restated - see note 3)
Revenue		
Allocations from YMCA Member Associations	9,438,196	7,666,478
Government grants	4,149,015	-
Dividend income (note 5(b))	1,662,358	2,194,654
Recoveries from YMCA Member Associations	660,991	567,425
Miscellaneous income	143,744	29,586
Foundation and other grants	127,139	109,271
Contributions	114,888	2,202
National meetings and conferences	4,002	5,101
Federal wage and rent subsidies	-	217,136
	<u>16,300,333</u>	<u>10,791,853</u>
Expenses		
Grants distributed (note 16)	4,226,492	119,271
Salaries and employee benefits	2,828,869	2,574,676
YMCA Resource Development Centre payments	1,515,000	1,270,000
Travel and meetings (note 16)	964,170	104,604
Purchased services (note 16)	892,098	609,271
Communications	830,985	667,334
YMCA Lead and other YMCA Member Association agreements	374,520	191,937
Rent and office	344,881	200,817
World YMCA services	313,104	229,341
Affiliations, professional services, and insurance	218,738	198,704
YMCA Resource Development Centre support	99,912	200,038
Amortization of capital assets	33,974	43,741
(Recovery of) uncollected YMCA Member Association charges	(51,061)	59,199
	<u>12,591,682</u>	<u>6,468,933</u>
Excess of revenue over expenses before the undernoted	3,708,651	4,322,920
Change in fair value of investments (note 5(b))	<u>(4,460,273)</u>	<u>(293,965)</u>
(Deficiency) excess of revenue over expenses for the year	<u>(751,622)</u>	<u>4,028,955</u>

See accompanying notes to the financial statements.

YMCA Canada

Statement of Changes in Net Assets (as restated - see note 3)

For the year ended December 31

						2022	2021
	External restricted endowments \$	Internally restricted endowments \$	Board restricted reserves \$	Unrestricted \$	Investment in capital assets \$	Total \$	Total \$
Balance – Beginning of year as previously stated	-	-	-	-	-	-	21,542,456
Prior period restatement (note 3)	-	-	-	-	-	-	(613,214)
Balance – Beginning of year	2,399,710	15,957,445	5,544,756	1,248,844	36,398	25,187,153	20,929,242
(Deficiency) excess of revenue over expenses for the year	-	-	-	(717,648)	(33,974)	(751,622)	4,028,955
Endowment contributions	2,635	-	-	-	-	2,635	228,956
Net asset transfers (note 11)	-	(2,654,446)	949,709	1,673,447	31,290	-	-
Balance – End of year	2,402,345	13,302,999	6,494,465	2,204,643	33,714	24,438,166	25,187,153

See accompanying notes to the financial statements.

YMCA Canada

Statement of Cash Flows

For the year ended December 31

	2022 \$	2021 \$ (As restated - see note 3)
Operating activities		
(Deficiency) excess of revenue over expenses for the year	(751,622)	4,028,955
Non-cash items		
Amortization of capital assets	33,974	43,741
Disposal of capital assets	-	(14,058)
Amortization of deferred lease inducement	-	(13,166)
Dividend income reinvested	(1,662,358)	(2,194,654)
Change in fair value of investments	4,460,273	293,965
	<u>2,080,267</u>	<u>2,144,783</u>
Net change in non-cash working capital balances related to operations	<u>2,838,298</u>	<u>(217,383)</u>
	4,918,565	1,927,400
Investing activities		
Purchase of capital assets	(31,290)	(10,393)
Proceeds on disposal of capital assets	-	14,058
Purchase of investments	-	(3,000,000)
Net change in long-term assets	<u>33,940</u>	<u>106,390</u>
	2,650	(2,889,945)
Financing activities		
Endowment contributions	2,635	228,956
Change in cash during the year	4,923,850	(733,589)
Cash – Beginning of year	<u>1,546,037</u>	<u>2,279,626</u>
Cash – End of year	<u>6,469,887</u>	<u>1,546,037</u>
Non-cash transactions		
Deferred contributions related to restricted investment income on endowments (note 8)	171,606	(148,781)
Investments	(171,606)	148,781

See accompanying notes to the financial statements.

YMCA Canada

Notes to Financial Statements

December 31, 2022

1 Nature of organization

The National Council of Young Men's Christian Associations of Canada, which operates as YMCA Canada, is continued under the Canada Not-for-Profit Corporations Act. YMCA Canada is registered as a charitable organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

YMCA Canada is the national office of the Canadian YMCA federation made up of 37 YMCAs and 2 YMCA-YWCA Member Associations (Member Associations). YMCA Canada is a community-based charity, which has provided vital services to Canadians for over 160 years so they can enjoy healthy and active lives. YMCA Canada fosters supportive and inclusive spaces where people feel a sense of belonging that helps them achieve greater health and well-being.

As part of a federated entity, YMCA Canada represents Canadian YMCAs and YMCA-YWCAs nationally, fostering the development of strong Member Associations by encouraging collaborative initiatives, protecting and enhancing the reputation of the YMCA and advocating on behalf of Member Associations regionally, nationally, and internationally. YMCA Canada receives revenue from Member Associations through Federation membership allocations and fees for attending meetings and conferences. YMCA Canada may also reimburse Member Associations for expenses incurred when conducting business on behalf of YMCA Canada, including travel and meetings, the work of the development network to support and strengthen Member Associations and fulfilling obligations under Lead Association agreements.

2 Summary of significant accounting policies

The financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada Handbook – Accounting, which sets out Canadian accounting standards for not-for-profit organizations (ASNPO) and includes the significant accounting policies set out below.

Net assets

Net assets include the following balances:

- **Endowments** – Endowments consist of externally restricted amounts where the endowment principal is to be maintained indefinitely and internally restricted amounts that the board has set aside for endowment purposes.
- **Board restricted reserves** – Board restricted reserves comprise amounts internally restricted by the board of directors for future use.
- **Unrestricted** – Unrestricted net assets represent unrestricted resources available for immediate purposes.
- **Investment in capital assets** – Net assets shown as investment in capital assets represent the net investment in YMCA Canada's capital assets as described in note 6. Amounts required for the purchase of capital assets or representing donated capital assets are financed from unrestricted net assets or board restricted reserves.

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Notes to Financial Statements

December 31, 2022

2 Summary of significant accounting policies (continued)

Revenue recognition

Allocations and recoveries from YMCA Member Associations are recognized in the year to which the amounts relate or when costs are incurred. Fees for national and international meetings and conferences are recognized in the year during which the event is held.

YMCA Canada follows the deferral method of accounting for contributions, which include donations, government grants and investment income earned on externally restricted endowments. Externally restricted contributions, including externally restricted investment income earned on externally restricted endowments are initially deferred when received and are not recognized until the year in which the related expenses are incurred. Externally restricted endowment contributions are recognized as direct increases in net assets. Unrestricted contributions are recognized when received since pledges are not legally enforceable claims.

When a YMCA Member Association is engaged by YMCA Canada to deliver programming related to government grants, and YMCA Canada is determined to be acting as a principal in the agreement, revenue is recorded on a gross basis.

Financial instruments

The Association records cash, accounts receivable and accounts payable initially at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

Investments are recorded at fair value with transaction costs initially and subsequently expensed as incurred. All investment transactions are recorded on a trade date basis.

Capital assets

Purchased capital assets are stated at acquisition cost. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is provided on a straight-line basis over the estimated useful lives of the assets when brought into use as follows:

Capital assets	
Leasehold improvements	over term of lease
Office equipment	5 years
Computer equipment	3 years

YMCA Canada reviews the carrying amount, amortization, and useful lives of its long-lived assets regularly. If the long-lived asset no longer has any long-term service potential, the excess of the net carrying amount over any residual value is recognized as an expense in the statement of operations.

Pension plan

Contributions to the Canadian YMCA Retirement Fund, a multi-employer defined contribution pension plan, are expensed on an accrual basis as the plan is accounted for as a defined contribution plan.

YMCA Canada

Notes to Financial Statements

December 31, 2022

2 Summary of significant accounting policies (continued)

Contributed materials and services

Volunteers contribute an indeterminable number of hours per year and because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

Use of estimates

The financial statements of YMCA Canada have been prepared by management in accordance with ASNPO, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses for the reporting period. Actual results could differ from those estimates. Significant accounts requiring estimates include the allowance for doubtful accounts and investments.

3 Prior period restatement

In prior years, YMCA Canada recorded a portion of investment income earned on externally restricted endowments as a direct increase (decrease) to the endowed portion of net assets. However, in accordance with ASNPO, the investment income should have been recognized as a deferred contribution on the statement of financial position, if the investment income was externally restricted, or as investment income in the statement of operations, if the investment income was unrestricted. The financial statements have been retrospectively adjusted to correct for this error.

The impact of the restatement in the current year financial statements is as follows:

	Previously Reported December 31, 2021	Adjustment	Restated December 31, 2021
	\$	\$	\$
<i>Statement of Financial Position</i>			
Deferred contributions	567,813	639,925	1,207,738
Internally endowed net assets	14,318,303	1,639,142	15,957,445
Externally endowed net assets	4,582,060	(2,182,350)	2,399,710
Unrestricted net assets	1,345,561	(96,717)	1,248,844
<i>Statement of Operations</i>			
Net investment income	1,671,095	229,594	1,900,689

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Notes to Financial Statements

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4 Cash

Cash totalling \$35,970 (2021 – \$52,514) is restricted and will be transferred to YMCA Member Associations for future use; a corresponding amount is included in accounts payable and accrued liabilities.

Line of credit

YMCA Canada has an unsecured \$500,000 revolving line of credit with interest payable at the bank's prime rate plus 0.50%. As at December 31, 2022 and 2021, no amounts had been drawn on the line of credit.

5 Investments

- a) YMCA Canada's investment portfolio consists of units of various funds managed by Mawer Investment Management Ltd. As at December 31, the mix of assets held in those funds is as follows:

	2022		2021	
	\$	%	\$	%
Canadian equities	4,097,110	19	4,952,691	20
US equities	3,783,625	17	5,012,906	20
International equities	4,907,977	23	6,625,008	27
Fixed income	8,999,891	41	8,167,519	33
	<u>21,788,603</u>	<u>100</u>	<u>24,758,124</u>	<u>100</u>

- b) The investment income (loss) recorded in the statement of operations is calculated as follows:

	2022	2021
	\$	\$
Investment income (loss)	(2,908,692)	2,104,821
Less: Management fees	(60,829)	(55,351)
	<u>(2,969,521)</u>	<u>2,049,470</u>
Less: Externally restricted investment loss (income) on externally restricted endowment funds recognized as deferred contributions (notes 2, 8, 9)	<u>171,606</u>	<u>(148,781)</u>
Net investment income (loss) recognized in the statement of operations	<u>(2,797,915)</u>	<u>1,900,689</u>
Net investment income (loss) recognized in the statement of operations is reflected as:		
Dividend income	1,662,358	2,194,654
Change in fair value of investments	(4,460,273)	(293,965)
	<u>(2,797,915)</u>	<u>1,900,689</u>

It is board policy that the net investment income (loss) recognized in the statement of operations is transferred from unrestricted net assets to board restricted endowments each year (note 9).

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6 Capital assets

Capital assets consist of the following:

			2022	2021
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Leasehold improvements	77,173	77,173	-	11,176
Office equipment	18,097	18,097	-	6,383
Computer equipment	82,152	48,438	33,714	18,839
	177,422	143,708	33,714	36,398

7 Other long-term assets

	2022	2021
	\$	\$
Accounts receivable from YMCA Member Associations	6,173	97,613
Prepaid expenses	57,500	-
Other assets	36,533	15,776
	100,206	113,389

8 Deferred contributions

Deferred contributions represent unspent externally restricted donations, government grants and externally restricted investment income earned on externally restricted endowments. The changes in the deferred contribution balance are as follows:

	2022	2021
	\$	\$
Balance, beginning of year	1,207,738	1,030,012
Amounts received during the year	7,513,079	446,755
Externally restricted investment (loss) income on externally restricted endowment funds (notes 2, 5(b), 9)	(171,606)	148,781
Amount recognized in the year	(4,252,821)	(417,810)
Balance, end of year	4,296,390	1,207,738

Included in deferred contributions is \$3,117,484 (2021 - \$20,000) related to government grants.

9 Endowments

Endowments consist of externally restricted amounts where the endowment principal is to be maintained intact indefinitely and internally restricted amounts that the board has set aside for endowment purposes. The investment income generated from assets held for endowment purposes must be used in accordance with the various purposes established by the donors or the board of directors.

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Notes to Financial Statements

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9 Endowments (continued)

Endowments comprise the following:

	2022 \$	2021 \$
Externally restricted:		
Endowed balance on which investment income earned is restricted	1,431,632	1,430,748
Endowed balance on which investment income earned is unrestricted	970,713	968,962
	<u>2,402,345</u>	<u>2,399,710</u>
Internally restricted by the board of directors	<u>13,302,999</u>	<u>15,957,445</u>
	<u>15,705,344</u>	<u>18,357,155</u>

The investment income earned on external income restricted endowments is recorded as a direct increase or decrease to deferred contributions to be spent in accordance with the related restrictions. In 2022, the investment loss on external income restricted endowments was \$171,606 (2021 – income of \$148,781) (note 5(b)) which was recorded as a decrease (2021 – increase) to deferred contributions.

The investment income earned on both external income unrestricted endowments and internally restricted endowments is recorded directly in the statement of operations. An amount is transferred to (from) internally restricted endowment net assets equal to the investment gain (loss) earned on these funds, adjusted by the amount approved for spending by the board of directors. In 2022, the investment loss on external income unrestricted endowments was \$116,219 (2021 – income of \$77,219) and the investment loss on internally restricted funds for endowment was \$1,988,344 (2021 – income of \$1,493,243).

The investment (loss) income earned on board restricted reserves is also transferred to internally restricted endowments unless otherwise approved for spending by the board of directors. In 2022, the investment loss transferred from internally restricted funds for endowment was \$693,352 (2021 – income transferred to \$330,227).

10 Board restricted reserves

Board restricted reserves comprise amounts internally restricted by the board of directors for future use as follows:

	2022 \$	2021 \$
Stabilization reserve	2,200,000	1,700,000
Technology	709,664	853,108
Strategic plan reserve	3,000,000	2,224,531
Reserves for future events and programs	584,801	767,117
	<u>6,494,465</u>	<u>5,544,756</u>

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11 Net asset transfers

Net asset transfers consist of the following:

	Internally restricted endowments		Board restricted reserves		Unrestricted		Investment in capital assets	
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
Investment (loss) income transfer in accordance with board policy (notes 5, 9)	(2,797,915)	1,900,689	-	-	2,797,915	(1,900,689)	-	-
Other transfers	143,469	305,611	949,709	1,792,389	(1,124,468)	(2,064,653)	31,290	10,394
	(2,654,446)	2,206,300	949,709	1,792,389	1,673,447	(3,639,031)	31,290	10,394

12 Lease commitment

YMCA Canada has entered into lease commitments for the rental of office space until May 2033. The minimum future annual lease payments, including estimated property taxes and operating costs, are estimated as follows:

2023	417,650
2024	550,866
2025	561,431
2026	568,977
2027	579,542
Thereafter	3,288,734

13 Y.M.C.A. Properties Incorporated

YMCA Canada controls Y.M.C.A. Properties Incorporated (YMCA Properties), a corporation incorporated under the laws of Ontario. YMCA Properties is registered as a charitable organization and, as such, is exempt from income taxes under the Income Tax Act (Canada). The purpose of YMCA Properties is to purchase, lease or otherwise acquire, hold, sell or dispose of property in the province of Ontario for itself or in trust for local YMCAs or YMCA-YWCAs, or for any other organization affiliated with or connected in any way to the work of the YMCA. YMCA Canada's policy is to disclose the financial activities of its controlled entities. As at December 31, 2022, YMCA Properties had no assets and liabilities and had no revenue and expenses for the year then ended.

14 Pension plan

YMCA Canada contributed \$146,624 (2021 – \$127,915) to the Canadian YMCA Retirement Fund.

YMCA Canada

Notes to Financial Statements

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15 Financial risks and concentration of risk

YMCA Canada is exposed to various financial risks through transactions in financial instruments.

Foreign currency risk

YMCA Canada is exposed to foreign currency risk with respect to the underlying securities of its pooled funds denominated in foreign currencies because of fluctuations in the relative value of foreign currencies against the Canadian dollar.

Liquidity risk

Liquidity risk is the risk YMCA Canada will not be able to meet its financial obligations as they come due. YMCA Canada manages liquidity through regular monitoring of forecasted and actual cash flows. A range of alternatives is available to YMCA Canada including cash flow provided by operations, the line of credit, draw down from unrestricted investments or a combination thereof.

Credit risk

YMCA Canada is exposed to credit risk with respect to its accounts receivable and its fixed income investments included in the underlying investments of its pooled funds.

The accounts receivable are presented in the financial statements net of the allowance for doubtful accounts provision of \$2,792,146 (2021 – \$2,847,281).

Interest rate risk

YMCA Canada is exposed to interest rate risk with respect to its investments in a pooled fund that holds fixed income securities, the fair values of which will fluctuate with changes in market interest rates. YMCA Canada is also exposed to interest rate risk with respect to its operating line of credit since the interest rate is linked to the bank's prime rate, which changes from time to time.

Other price risk

YMCA Canada 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 investment in a pooled fund that holds equity securities. YMCA Canada manages its exposure to this risk by monitoring compliance with the investment policy approved by the board of directors.

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Notes to Financial Statements

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16 Payments to YMCA Member Associations

The following expenses included in the statement operations were paid to YMCA Members Associations:

	2022	2021
	\$	\$
Grants distributed	4,118,419	-
Purchased services	269,992	201,991
Travel and meetings	34,730	-
	<hr/>	<hr/>
	4,423,141	201,991
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17 Corresponding figures

The prior year financial statements have been reclassified, where applicable, to conform to the current year's presentation.