

YMCA Canada

Financial Statements

December 31, 2023

Independent auditor's report

To the Members of YMCA Canada

Opinion

We have audited the financial statements of YMCA Canada (the "Association"), which comprise the statement of financial position as at December 31, 2023, 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 the Association as at December 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 report. We are independent of the Association 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 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Toronto, Canada
March 2, 2024

Chartered Professional Accountants
Licensed Public Accountants

YMCA Canada

Statement of Financial Position

As at December 31

	2023 \$	2022 \$
Assets		
Current assets		
Cash (note 3)	6,210,804	6,469,887
Accounts receivable	694,860	650,293
Prepaid expenses	196,815	158,933
	<u>7,102,479</u>	<u>7,279,113</u>
Investments (note 4(a))	24,122,876	21,788,603
Capital assets (note 5)	1,015,085	33,714
Other long-term assets (note 6)	139,628	100,206
	<u>32,380,068</u>	<u>29,201,636</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 3)	1,350,230	430,547
Deferred contributions (note 7)	2,644,408	4,296,390
	<u>3,994,638</u>	<u>4,726,937</u>
Other long-term liabilities	62,128	36,533
	<u>4,056,766</u>	<u>4,763,470</u>
Net Assets		
Endowments (note 8)		
Externally restricted	2,409,845	2,402,345
Internally restricted	15,506,566	13,302,999
Internally restricted reserves (note 9)	7,068,917	6,494,465
Unrestricted	2,322,889	2,204,643
Investment in capital assets	1,015,085	33,714
	<u>28,323,302</u>	<u>24,438,166</u>
	<u>32,380,068</u>	<u>29,201,636</u>
Commitments (note 11)		

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

	2023 \$	2022 \$
Revenue		
Allocations from YMCA Member Associations	11,246,764	9,438,196
Government grants	4,524,909	4,149,015
Dividend income (note 4(b))	1,413,558	1,662,358
Recoveries from YMCA Member Associations	983,359	660,991
National meetings, training, and services	451,257	4,002
Interest and other income	276,889	143,744
Foundation and other grants	266,337	127,139
Contributions	142,821	114,888
	<u>19,305,894</u>	<u>16,300,333</u>
Expenses		
Grants distributed (note 15)	3,975,139	4,226,492
Salaries and employee benefits	3,970,923	2,828,869
YMCA Resource Development Centre payments	2,194,316	1,515,000
Purchased services (note 15)	1,684,525	892,098
Travel and meetings (note 15)	1,548,626	964,170
Communications and marketing	1,174,231	830,985
YMCA Lead and other YMCA Member Association agreements	820,000	374,520
Rent and office	459,918	344,881
World YMCA services	379,471	313,104
Affiliations, professional services, and insurance	284,119	218,738
YMCA Resource Development Centre support	134,018	99,912
Amortization of capital assets	92,679	33,974
Bad debt expense (recovery) on YMCA Member Association charges	(525,246)	(51,061)
	<u>16,192,719</u>	<u>12,591,682</u>
Excess of revenue over expenses before the undernoted	3,113,175	3,708,651
Change in fair value of investments (note 4(b))	764,461	(4,460,273)
Excess (deficiency) of revenue over expenses for the year	<u>3,877,636</u>	<u>(751,622)</u>

See accompanying notes to the financial statements.

YMCA Canada

Statement of Changes in Net Assets

For the year ended December 31

						2023	2022
	External restricted endowments \$	Internally restricted endowments \$	Internally restricted reserves \$	Unrestricted \$	Investment in capital assets \$	Total \$	Total \$
Balance – Beginning of year	2,402,345	13,302,999	6,494,465	2,204,643	33,714	24,438,166	25,187,153
Excess (deficiency) of revenue over expenses for the year	-	-	-	3,970,315	(92,679)	3,877,636	(751,622)
Endowment contributions	7,500	-	-	-	-	7,500	2,635
Net asset transfers (note 10)	-	2,203,567	574,452	(3,852,069)	1,074,050	-	-
Balance – End of year	2,409,845	15,506,566	7,068,917	2,322,889	1,015,085	28,323,302	24,438,166

See accompanying notes to the financial statements.

YMCA Canada

Statement of Cash Flows

For the year ended December 31

	2023 \$	2022 \$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	3,877,636	(751,622)
Non-cash items		
Amortization of capital assets	92,679	33,974
Dividend income reinvested	(1,413,558)	(1,662,358)
Change in fair value of investments	(764,461)	4,460,273
	<u>1,792,296</u>	<u>2,080,267</u>
Change in non-cash working capital balances related to operations		
Accounts receivable	(44,567)	(481,869)
Prepaid expenses	(37,882)	(105,312)
Accounts payable and accrued liabilities	919,683	165,221
Deferred contributions	(1,808,236)	3,260,258
	<u>821,294</u>	<u>4,918,565</u>
Investing activities		
Purchase of capital assets	(1,074,050)	(31,290)
Net change in other long-term assets and liabilities	(13,827)	33,940
	<u>(1,087,877)</u>	<u>2,650</u>
Financing activities		
Endowment contributions	7,500	2,635
Change in cash during the year	(259,083)	4,923,850
Cash – Beginning of year	<u>6,469,887</u>	<u>1,546,037</u>
Cash – End of year	<u>6,210,804</u>	<u>6,469,887</u>
Non-cash transactions		
Impact of externally restricted investment loss (income) on externally restricted endowment funds on:		
Deferred contributions (note 8)	(156,254)	171,606
Investments	156,254	(171,606)

See accompanying notes to the financial statements.

YMCA Canada

Notes to Financial Statements

December 31, 2023

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 35 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, fees for attending meetings, conferences, and training, and fees for other value-add services. YMCA Canada may also reimburse Member Associations for expenses incurred when conducting business on behalf of YMCA Canada.

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 internally restricted for endowment purposes.
- **Internally restricted reserves** – Internally restricted reserves comprise amounts 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 5. Amounts required for the purchase of capital assets or representing donated capital assets are financed from unrestricted net assets or internally restricted reserves.

Revenue recognition

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

YMCA Canada

Notes to Financial Statements

December 31, 2023

2 Summary of significant accounting policies (continued)

Revenue recognition (continued)

YMCA Canada follows the deferral method of accounting for contributions, which include donations, government foundation and other 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 programing 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.

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.

YMCA Canada

Notes to Financial Statements

December 31, 2023

2 Summary of significant accounting policies (continued)

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, fair value of investments, and the estimated useful lives of capital assets.

3 Cash

Cash of \$720,346 (2022 – \$35,970) is externally restricted. This amount comprises contributions of \$49,421 (2022 - \$35,970) collected on behalf of Member Associations that will be paid out in the future and \$670,925 (2022 - \$nil) will be used to fund future events and operations of the YMCA North American Networks and the YMCA Mid-Majors; 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, 2023 and 2022, no amounts had been drawn on the line of credit.

4 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:

	2023		2022	
	\$	%	\$	%
Canadian equities	4,333,463	18	4,097,110	19
US equities	3,980,477	16	3,783,625	17
International equities	5,774,013	24	4,907,977	23
Fixed income	10,034,923	42	8,999,891	41
	<u>24,122,876</u>	<u>100</u>	<u>21,788,603</u>	<u>100</u>

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

	2023	2022
	\$	\$
Investment income (loss)	2,395,441	(2,908,692)
Less: management fees	(61,168)	(60,829)
	<u>2,334,273</u>	<u>(2,969,521)</u>
Less: Externally restricted investment loss (income) on externally restricted endowment funds recognized as deferred contributions (notes 2, 7, 8)	<u>(156,254)</u>	<u>171,606</u>
Net investment income (loss) recognized in the statement of operations	<u>2,178,019</u>	<u>(2,797,915)</u>

YMCA Canada

Notes to Financial Statements

December 31, 2023

4 Investments (continued)

Net investment income (loss) recognized in the statement of operations is reflected as:

Dividend income	1,413,558	1,662,358
Change in fair value of investments	764,461	(4,460,273)
	<u>2,178,019</u>	<u>(2,797,915)</u>

It is board policy that the net investment income (loss) recognized in the statement of operations, less amounts approved for spending, are transferred from unrestricted net assets to internally restricted endowments each year (notes 8, 10).

5 Capital assets

Capital assets consist of the following:

			2023	2022
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Leasehold improvements	884,916	53,654	831,262	-
Office equipment	173,297	21,014	152,283	-
Computer equipment	54,657	23,117	31,540	33,714
	<u>1,112,870</u>	<u>97,785</u>	<u>1,015,085</u>	<u>33,714</u>

6 Other long-term assets

	2023	2022
	\$	\$
Accounts receivable from YMCA Member Associations	-	6,173
Prepaid deposits for future events	77,500	57,500
Other assets	62,128	36,533
	<u>139,628</u>	<u>100,206</u>

7 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:

YMCA Canada

Notes to Financial Statements

December 31, 2023

7 Deferred contributions (continued)

	2023 \$	2022 \$
Balance, beginning of year	4,296,390	1,207,738
Amounts received during the year	4,199,950	7,513,079
Amounts repaid during the year	(1,225,322)	-
Externally restricted investment income (loss) on externally restricted endowment funds (notes 2, 4(b), 8)	156,254	(171,606)
Amounts recognized in the year	(4,782,864)	(4,252,821)
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Balance, end of year	2,644,408	4,296,390

Included in deferred contributions is \$1,020,785 (2022 - \$3,117,484) related to government grants.

8 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 internally restricted 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.

Endowments comprise the following:

	2023 \$	2022 \$
Externally restricted:		
Endowed balance on which investment income earned is restricted	1,514,595	1,514,595
Endowed balance on which investment income earned is unrestricted	895,250	887,750
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	2,409,845	2,402,345
Internally restricted by the board of directors	15,506,566	13,302,999
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	17,916,411	15,705,344

The externally restricted investment income (loss) earned on externally restricted endowments is recorded as a direct increase (decrease) to deferred contributions to be spent in accordance with the related restrictions. In 2023, the externally restricted investment income (loss) on externally restricted endowments was \$156,254 (2022 - (\$171,606)) (note 4(b)) which was recorded as an increase (2022 - decrease) to deferred contributions.

All other investment income (loss) earned is recorded in the statement of operations.

YMCA Canada

Notes to Financial Statements

December 31, 2023

9 Internally restricted reserves

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

	2023 \$	2022 \$
Stabilization reserve	2,200,000	2,200,000
Technology reserve	684,116	709,664
Strategic plan reserve	3,000,000	3,000,000
Reserves for future events and programs	1,184,801	584,801
	<u>7,068,917</u>	<u>6,494,465</u>

10 Net asset transfers

Net asset transfers consist of the following:

	Internally restricted endowments		Internally restricted reserves		Unrestricted		Investment in capital assets	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Investment income (loss) transfer in accordance with board policy (note 4)	2,178,019	(2,797,915)	-	-	(2,178,019)	2,797,915	-	-
Other transfers	25,548	143,469	574,452	949,709	(1,674,050)	(1,124,468)	1,074,050	31,290
	<u>2,203,567</u>	<u>(2,654,446)</u>	<u>574,452</u>	<u>949,709</u>	<u>(3,852,069)</u>	<u>1,673,447</u>	<u>1,074,050</u>	<u>31,290</u>

11 Commitments

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:

	\$
2024	567,875
2025	578,518
2026	586,120
2027	596,763
2028	604,365
Thereafter	2,778,748

YMCA Canada

Notes to Financial Statements

December 31, 2023

12 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, 2023, YMCA Properties had no assets and liabilities and had no revenue and expenses for the year then ended.

13 Pension plan

YMCA Canada contributed \$217,716 (2022 – \$146,624) to the Canadian YMCA Retirement Fund.

14 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, a draw down of 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 \$2,265,312 (2022 – \$2,792,146).

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.

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Notes to Financial Statements

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14 Financial risks and concentration of risk (continued)

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.

15 Payments to YMCA Member Associations

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

	2023	2022
	\$	\$
Grants distributed	3,826,917	4,118,419
Purchased services	601,025	269,992
Travel and meetings	67,321	34,730
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	4,495,263	4,423,141
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16 Corresponding figures

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