YMCA of Three Rivers (Midwestern Ontario)

Financial Statements
December 31, 2022

Independent auditor's report

To the Members of YMCA of Three Rivers (Midwestern Ontario)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of YMCA of Three Rivers (Midwestern Ontario) (the Association) as at December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited
The Association's financial statements comprise:

- the statement of financial position as at December 31, 2022;
- the statement of changes in net assets for the year then ended;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

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

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 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario
May 2, 2023

YMCA of Three Rivers (Midwestern Ontario)

Statement of Financial Position

As at December 31, 2022

	2022 $	2021 $
Assets		
Current assets		
Cash and cash equivalents	7,815,549	11,839,886
Investments (note 3)	4,472,241	3,516,144
Accounts receivable	1,207,597	2,432,694
Due from YMCA of Three Rivers Foundation (note 11)	231,549	246,699
Prepaid expenses	529,186	506,494
	14,256,122	18,541,917
Long-term investments (note 3)	7,658,072	617,102
Capital assets (note 4)	17,516,810	17,940,930
Prepaid co-occupancy costs (note 5)	4,963,100	5,338,803
	44,394,104	42,438,752
Liabilities		
Current liabilities		
Accounts payable and accrued charges (note 6)	2,102,078	2,277,633
Deferred revenue (note 8)	5,787,602	2,890,576
	7,889,680	5,168,209
Deferred capital contributions (note 9)	8,913,906	9,232,813
Long term debt	-	-
	16,803,586	14,401,022
Net assets		
Internally restricted for capital assets	12,067,548	12,373,427
Internally restricted	596,412	604,751
Externally restricted	235,000	242,500
Unrestricted	14,691,558	14,817,052
	27,590,518	28,037,730
	44,394,104	42,438,752

Commitments (note 12)

Approved by the Board of Directors

_______________ Director _______________ Director

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

YMCA of Three Rivers (Midwestern Ontario)

Statement of Changes in Net Assets

For the year ended December 31, 2022

2022

	Internally restricted for capital assets $	Internally restricted $	Externally restricted $	Unrestricted $	Total $
Balance – Beginning of year	12,373,426	604,751	242,500	14,817,053	28,037,730
Deficit of revenues over expenditures for the year	-	-	-	(447,212)	(447,212)
Net asset transfer (note 10)	(305,878)	(8,339)	(7,500)	321,717	-
Balance – End of year	12,067,548	596,412	235,000	14,691,558	27,590,518

2021

	Internally restricted for capital assets $	Internally restricted $	Externally restricted $	Unrestricted $	Total $
Balance – Beginning of year	13,884,828	577,610	250,000	11,580,952	26,293,390
Excess of revenues over expenditures for the year	-	-	-	1,744,340	1,744,340
Net asset transfer (note 10)	(1,511,401)	27,141	(7,500)	1,491,760	-
Balance – End of year	12,373,427	604,751	242,500	14,817,052	28,037,730

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

YMCA of Three Rivers (Midwestern Ontario)

Statement of Operations

For the year ended December 31, 2022

	2022 $	2021 $
Revenues		
Program activities	18,551,465	16,298,483
Memberships	7,719,447	3,141,628
Government grants and programs	32,431,342	33,579,441
Donations, rebates and grants	2,161,645	2,395,875
Other income including rentals and concessions	369,679	297,556
Amortization of deferred prepaid co-occupancy contributions (note 9)	200,664	200,664
Amortization of deferred capital contributions (note 9)	584,997	650,330
	62,019,239	56,563,977
Expenditures		
Salaries, wages and benefits	40,847,716	37,398,857
Program costs	10,918,223	9,311,467
Facilities and equipment	6,054,144	3,513,132
Support costs	2,241,795	1,991,225
Staff and volunteer development	218,894	155,118
Amortization of capital assets	1,809,791	2,074,135
Amortization of prepaid co-occupancy costs	375,703	375,703
Other expenses	185	-
	62,466,451	54,819,637
(Deficit) excess of revenues over expenditures	(447,212)	1,744,340

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

YMCA of Three Rivers (Midwestern Ontario)

Statement of Cash Flows

For the year ended December 31, 2022

	2022 $	2021 $
Cash provided by (used in)		
Operating activities		
(Deficit) excess of revenues over expenditures	(447,212)	1,744,340
Items not involving cash		
Amortization of deferred capital contributions	(584,997)	(650,330)
Amortization of pre-paid co-occupancy contributions	(200,664)	(200,664)
Amortization of capital assets	1,809,791	2,074,135
Amortization of prepaid co-occupancy costs	375,703	375,703
Change in non-cash operating working capital		
Accounts receivable	1,225,095	4,802,232
Due from KW YMCA Endowment Foundation	-	80,279
Due from YMCA of Cambridge Foundation	-	150,302
Due from YMCA of Three Rivers Foundation	15,150	-
Prepaid expenses	(22,692)	(52,694)
Accounts payable and accrued charges	(175,555)	(858,304)
Deferred revenue	2,897,026	(372,509)
	4,891,645	7,092,490
Investing activities		
Investments	(7,997,066)	1,083,831
Purchase of capital assets	(1,385,670)	(533,618)
	(9,382,736)	550,213
Financing activities		
Repayment of debt	-	(8,714)
Capital contributions received during the year	466,754	921,839
	466,754	913,125
(Decrease) increase in cash and cash equivalents during the year	(4,024,337)	8,555,828
Cash and cash equivalents – Beginning of year	11,839,886	3,284,058
Cash and cash equivalents – End of year	7,815,549	11,839,886

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

1 Purpose of the organization

YMCA of Three Rivers (Midwestern Ontario) (the Association) is dedicated to the growth of all persons in spirit, mind and body, fostering a sense of responsibility to each other and the global community, and to developing a healthy community. The communities served include the regions of Stratford-Perth, Guelph, Wellington and the Region of Waterloo. The Association is incorporated under the laws of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act (Canada).

2 Significant accounting policies

Basis of accounting

The Association prepares its financial statements in accordance with Canadian accounting standards for not for profit organizations (ASNPO).

Revenue recognition

Revenue is recognized following the deferral method of accounting for contributions. Unrecognized amounts have been reflected as deferred revenue in the statement of financial position.

Restricted grants and donations are deferred and recognized as revenue in the year in which the related expenses are incurred.

Unrestricted grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted donations are recognized as revenue when received.

Contributions of capital assets, including government grants, are included in deferred capital contributions and are amortized to revenues at the same rate and on the same basis as amortization of capital assets.

Contributions of prepaid co-occupancy costs are included in deferred capital contributions and are amortized to revenues at the same rate and on the same basis as amortization of prepaid co-occupancy costs.

Program activities and membership revenue is recognized as services are rendered.

Internally restricted funds

The Association has established an internally restricted fund to provide a source of funding for the purchase of capital assets, resources for childcare and other specific purposes. The fund has been designated as internally restricted by the Board of Directors and is held separate from the operating funds of the Association.

Externally restricted funds

The Association has externally restricted funds relating to the YWCA Canada.

Cash and cash equivalents

The Association considers deposits in banks, certificates of deposit and short-term investments with original maturities of 90 days or less as cash and cash equivalents.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value, when fair value can be reasonably estimated, at the date of contribution. Capital projects in progress are not amortized until the asset is available for use.

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

Buildings	25 to 40 years
Land improvements	5 to 10 years
Furniture and equipment	5 to 10 years
Computer equipment	3 to 5 years
Leasehold improvements	10 years

Impairment of long-lived assets

The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of capital assets is measured by comparison of their carrying amount to the undiscounted projected future net cash flows the long-lived assets are expected to generate. If the carrying value exceeds the estimated amount recoverable, a writedown equal to the excess of the carrying value over the assets fair value is charged to the statement of operations.

Contributed goods and services

The value of contributed services to the Association is not reflected in these financial statements due to the difficulty of determining the fair value. The Association received and receipted donations for goods during the year, which are not reflected in these financial statements.

Prepaid co-occupancy costs

Prepaid co-occupancy costs are recognized over the terms of the agreements.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates are required in the valuation of capital assets.

Financial instruments

The Association's financial instruments consist of cash and cash equivalents, investments, accounts receivable, receivable from YMCA of Three Rivers Foundation, accounts payable and accrued charges and long-term debt.

The Association records its financial instruments initially at fair value and subsequently at amortized cost, with the exception of investments, which are carried on the statement of financial position at fair value of $12,130,313 (2021 – $4,133,246). The aggregate amount of financial instruments recorded at amortized cost is an asset of $7,152,617 (2021 – $12,241,646).

Financial assets are tested for impairment at the end of each reporting period where there are indications that the assets may be impaired. Any excess of the carrying amount of the financial assets over the recoverable amount is recorded as an impairment charge. A previously recognized impairment charge may be reversed in future periods.

3 Investments

Investments consist of:

	2022 $	2021 $
Guaranteed investment certificates	636,662	1,065,096
Equities	173,994	174,055
Mutual funds	3,661,585	2,276,993
Total short-term investments	4,472,241	3,516,144
Long-term guaranteed investment certificates	7,658,072	617,102
	12,130,313	4,133,246
Deposits less than 90 days classified as cash	1,122,797	1,401,379
	13,253,110	5,534,625

Guaranteed investment certificates mature at various dates from July 2023 to April 2026. Interest rates on these investments range between 1.05% to 3.27%.

4 Capital assets

			2022
	Cost $	Accumulated amortization $	Net $
Land	2,458,322	-	2,458,322
Buildings	50,378,695	37,178,103	13,200,592
Land improvements	520,403	503,242	17,161
Furniture and equipment	9,220,618	7,428,432	1,792,186
Leasehold improvements	613,358	588,737	24,621
Capital-in-progress	23,928	-	23,928
	63,215,324	45,698,514	17,516,810

			2021
	Cost $	Accumulated amortization $	Net $
Land	2,458,322	-	2,458,322
Buildings	49,486,115	35,917,845	13,568,270
Land improvements	520,403	494,017	26,386
Furniture and equipment	8,092,361	6,991,779	1,100,582
Leasehold improvements	613,358	485,082	128,276
Capital-in-progress	659,094	-	659,094
	61,829,653	43,888,723	17,940,930

5 Prepaid co-occupancy costs

The Association has entered into three long-term co-occupancy agreements. Each agreement requires contribution payments to be made by the Association to fund facility construction costs of the co-occupancy partner, which are reimbursable upon cancellation of the agreements subject to certain restrictions. The co-occupancy partner is the sole owner of the facility in each arrangement. These prepaid co-occupancy costs are being amortized on occupancy over the term of each agreement. The co-occupancy partner, the terms of the original co-occupancy agreement and the unamortized value of each of the three agreements are as follows:

	2022 $	2021 $
Waterloo Region District School Board (2003 – 2024)	16,825	26,921
Waterloo Region District School Board (2009 – 2028)	56,667	66,667
City of Waterloo (2011 – 2035)	4,889,608	5,245,215
	4,963,100	5,338,803

6 Government remittances

As at December 31, 2022, the Association has outstanding government remittances payable including amounts for sales tax, payroll taxes and health taxes in a net receivable position of $80,527. None of these remittances are in arrears.

7 Bank loan

The Association has an operating line of credit available to a maximum of $1,000,000, which bears interest at the bank prime rate of 6.45%. As at December 31, 2022, no amounts have been drawn against this operating line.

The operating line is secured by a general security agreement and continuing collateral mortgage providing a first charge over specified properties of the Association. As at December 31, 2022, the Association is in compliance with its covenants.

8 Deferred revenue

The deferred revenue balance consists of unrecognized grant revenue, annual membership fees paid in advance and unrecognized revenue relating to programs for which services have yet to be rendered.

9 Deferred capital contributions

Deferred capital contributions represent externally restricted contributions.

The changes in the deferred capital contributions balance for the year are as follows:

	2022 $	2021 $
Balance – Beginning of year	9,232,813	9,161,968
Capital contributions	466,754	921,839
Amortization of deferred capital contributions	(584,997)	(650,330)
Amortization of deferred pre-paid co-occupancy contributions	(200,664)	(200,664)
Balance – End of year	8,913,906	9,232,813

The deferred capital contributions of $3,464,645 (2021 – $3,665,309) are restricted for prepaid co-occupancy costs for the Stork Family YMCA in Waterloo.

10 Net change in fund balances invested in capital assets

The net change in fund balances invested in capital assets includes the following:

	2022 $	2021 $
Purchase of capital assets	1,385,670	533,619
Capital contributions received during the period	(466,754)	(921,839)
Amortization of capital assets	(1,809,791)	(2,074,135)
Amortization of deferred capital contributions	584,997	650,330
Amortization of prior period prepaid co-occupancy costs	-	300,624
	(305,878)	(1,511,401)

11 Economic interest

The Association has an economic interest in YMCA of Three Rivers Foundation (the Foundation), a charitable foundation. As at December 31, 2022, a balance of $231,459 is due from the Foundation to the Association.

12 Commitments

The Association is committed under operating leases or facility agreements to rent premises and equipment as follows:

	$
2023	1,703,118
2024	978,421
2025	666,691
2026	522,742
2027	431,337
2028 and thereafter	2,869,892
	7,172,201

13 Financial instruments

Credit risk

Financial instruments that are potentially exposed to credit risk include cash and cash equivalents, and accounts receivable. Management considers its exposure to credit risk attributable to cash to be trivial as the Association holds cash deposits at one major Canadian chartered bank. Accounts receivable are not concentrated and therefore bear only low to moderate risk; the carrying amount of accounts receivable represents the maximum credit risk exposure.

Interest rate risk

The Association is exposed to interest rate risk arising from fluctuations in interest rates depending on prevailing rates at renewal of investments. To manage interest rate exposure, the Association invests in various income vehicles backed by a chartered bank.

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they come due. The Association has taken steps to ensure that it has sufficient working capital available to meet its obligations.

14 Pension plan

The Association has made contributions to a defined contribution pension plan on behalf of its employees in the amount of $1,026,838 (2021 – 1,005,878).

15 COVID-19

Following the direction from municipal, provincial and federal governments as well as public health authorities with respect to the COVID-19 pandemic, the Association continued to face closures and capacity restrictions at its facilities and sites by local health authorities. These local health restrictions limited the Association's revenue generating activities up to the first quarter of 2022.

The Association applied for and received funding through government interventions, including the Canada Recovery Hiring Program, the Tourism and Hospitality Recovery Program and the Canada Emergency Wage Subsidy. The amount applied for and received during the year under these programs was $2,118,926 (2021 – $10,309,255).