YMCA of Greater Toronto

Financial Statements
March 31, 2021

Independent auditor’s report

To the Board of Directors of YMCA of Greater Toronto

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of YMCA of Greater Toronto (the Association) as at March 31, 2021 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 March 31, 2021;
- 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
- 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

Vaughan, Ontario
September 16, 2021

YMCA of Greater Toronto

Statement of Financial Position

As at March 31, 2021

(in thousands of dollars)

	2021 $	2020 $
Assets		
Current assets		
Cash and cash equivalents	49,091	25,431
Accounts receivable (notes 3 and 5)	35,298	15,455
Mortgage receivable (note 4)	70,613	-
Prepaid expenses	802	1,076
	155,804	41,962
Long-term accounts receivable (note 5)	60,847	53,505
Investments (note 6)	21,096	16,418
Capital assets (note 7)	249,028	234,467
	486,775	346,352
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	35,966	39,364
Long-term debt (note 10)	13,227	1,199
Deferred revenue (note 8)	15,688	9,212
	64,881	49,775
Long-term debt (note 10)	98,431	90,163
Deferred capital contributions (note 11)	123,904	108,350
	287,216	248,288
Net Assets		
Unrestricted	99,863	(10,944)
Internally restricted (note 12)	78,886	92,822
Endowment	20,810	16,186
	199,559	98,064
	486,775	346,352

Commitments and contingencies (note 13)

Approved by the Board of Directors

_______________ Director   J MacDonald _______________ Director

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

YMCA of Greater Toronto

Statement of Operations

For the year ended March 31, 2021

(in thousands of dollars)

	2021 $	2020 $
Revenue		
Government (note 3)	188,886	132,728
Program fees	26,103	97,532
Membership fees	2,970	34,469
Other	6,413	5,553
Amortization of deferred capital contributions (note 11)	1,985	3,138
Donations	2,356	2,615
Investment income	1,430	980
United Way	537	890
	230,680	277,905
Expenses		
Salaries and benefits	153,879	186,049
Program costs	33,371	56,920
Occupancy costs	16,599	24,321
Amortization of capital assets	5,274	7,019
Allocation to YMCA Canada	952	1,201
Financing costs	837	650
	210,912	276,160
Excess of revenue over expenses before undernoted items	19,768	1,745
Change in fair value of investments	4,308	(638)
Gain on sale of capital asset (note 4)	85,262	-
Write-off of capital assets (note 7)	(7,869)	-
Excess of revenue over expenses for the year	101,469	1,107

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

YMCA of Greater Toronto

Statement of Changes in Net Assets

For the year ended March 31, 2021

(in thousands of dollars)

				2021
	Unrestricted $	Internally restricted $ (note 12)	Endowment $	Total $
Net assets – Beginning of year	(10,944)	92,822	16,186	98,064
Excess of revenue over expenses for the year	101,469	-	-	101,469
Interfund transfers	9,338	(13,936)	4,598	-
Endowment contributions	-	-	26	26
Net assets – End of year	99,863	78,886	20,810	199,559

				2020
	Unrestricted $	Internally restricted $ (note 12)	Endowment $	Total $
Net assets – Beginning of year	(8,847)	89,595	16,167	96,915
Excess of revenue over expenses for the year	1,107	-	-	1,107
Interfund transfers	(3,204)	3,227	(23)	-
Endowment contributions	-	-	42	42
Net assets – End of year	(10,944)	92,822	16,186	98,064

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

YMCA of Greater Toronto

Statement of Cash Flows

For the year ended March 31, 2021

(in thousands of dollars)

	2021 $	2020 $
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	101,469	1,107
Items not affecting cash		
Amortization of deferred capital contributions	(1,985)	(3,138)
Amortization of capital assets	5,274	7,019
Change in fair value of investments	(4,308)	638
Investment income reinvested	(825)	(773)
Write-off of capital assets	7,869	-
Gain on sale of capital asset	(85,262)	-
Net change in non-cash working capital items		
Accounts receivable	(19,701)	1,108
Prepaid expenses	274	26
Accounts payable and accrued liabilities	(1,998)	43
Deferred revenue	6,476	(121)
	7,283	5,909
Financing activities		
Deferred capital contributions received	10,710	9,768
Endowment contributions received	26	42
Repayment of long-term financing	(1,199)	(887)
Proceeds from long-term financing	21,495	34,296
	31,032	43,219
Investing activities		
Purchase of capital assets	(34,109)	(40,366)
Proceeds from sale of investments	454	(37)
Net proceeds from sale of capital asset	19,000	-
	(14,655)	(40,403)
Increase in cash and cash equivalents during the year	23,660	8,725
Cash and cash equivalents – Beginning of year	25,431	16,706
Cash and cash equivalents – End of year	49,091	25,431
Non-cash transactions		
Purchase of capital assets included in accounts payable and accrued liabilities	(1,400)	9,432
Long-term receivable included in deferred capital contribution received	8,096	21,074
Mortgage receivable related to sale of capital assets	70,613	-

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

(in thousands of dollars)

1 Nature of operations

The mission and vision statements of YMCA of Greater Toronto (the Association) are 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.

2 Summary of 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.

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.

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 income, 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.

(in thousands of dollars)

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. 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, mortgage 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.

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 three months or less from the date of purchase.

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. Writedowns of capital assets are recognized as expenses in the statement of operations. Writedowns are not subsequently reversed.

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

Buildings	period from 20 to 40 years
Office furnishings and equipment	period from 3 to 5 years
Computers	period from 3 to 5 years
Leasehold improvements	over the term of the lease

(in thousands of dollars)

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.

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.

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.

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.

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.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounts requiring significant estimates include collectability of accounts receivable, recoverability and determination of useful lives of capital assets and valuation of investments.

(in thousands of dollars)

3 COVID-19 and the Canada Emergency Wage Subsidy

The COVID-19 pandemic continued to significantly impact operations during the fiscal year. The Association continued to operate centres for in-person programs, when possible, based on public health guidance and in other cases, virtually. The Association continued to retain as many staff as possible during this time and minimized layoffs, to support the recovery post-pandemic. COVID-19 also caused construction delays of three new Centres of Community, resulting in delayed openings.

The Association applied for available government programs (Canada Emergency Wage Subsidy (CEWS), Canada Emergency Rent Subsidy (CERS), Pandemic Pay and Municipality Funding for Child Care programs), to mitigate the financial impact of program closures/reductions. The Association recognized $72,528 of CEWS funding as government revenue; $19,331 of that amount was recorded in accounts receivable as at March 31, 2021.

There continues to be ongoing uncertainty as to the effects of COVID-19, which may continue to impact the Association's workforce and its constituents. Given the evolving situation, it is not possible to predict the duration of the outbreak's disruption and the extent of the financial impact, which could be material, on future financial statements. The liquidity risk assessment is described further in note 19.

4 Mortgage receivable

The Association sold a building during the year for proceeds of $90,000 and recognized a gain on sale of $85,262. As part of the transaction, the Association took back a mortgage of $70,000, which bears interest at 3% and will be paid in fiscal 2021. $613 interest has been accrued as at March 31, 2021.

5 Long-term accounts receivable

The Association is building a new YMCA Centre of Community in Vaughan. The new Centre of Community is 109,000 square feet, including 77,000 square feet for a YMCA Centre of Community and 32,000 square feet for a library and performing arts centre, to be operated by the City of Vaughan. The project is estimated to cost $92,414, of which the City of Vaughan has committed to fund up to $67,536. The project is currently under construction (note 7), with the Association utilizing construction financing from Infrastructure Ontario (note 10) until the project is completed, at which time the financing will be converted into a 20-year term loan.

The City of Vaughan is responsible for its share of construction financing. It is estimated that in November 2021, the construction financing will convert into a term loan to be paid over a 20-year period and the City of Vaughan will pay its share of monthly principal and interest payments. The long-term accounts receivable includes $47,339 (2020 – $45,311) for the City of Vaughan's share of principal outstanding on construction completed to March 31, 2021, with the current portion of $754 (2020 – $nil) recorded in accounts receivable.

(in thousands of dollars)

The Association is also building the new McDonald Family YMCA at 505 Richmond Street West in Toronto. The project is estimated to cost $53,591, of which the City of Toronto has committed to fund up to $19,000 and two-thirds of the construction interest. The project is currently under construction (note 7), with the Association utilizing construction financing from Infrastructure Ontario (note 10) until the project is completed, at which time the financing will be converted into a 25-year term loan. The long-term accounts receivable includes $14,262 (2020 – $8,194) for the City of Toronto's funding for construction costs to March 31, 2021. The funding will be paid prior to conversion of the construction loan to the term loan.

6 Investments

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

	2021 $	2020 $
Cash held by investment managers	137	159
Fixed income		
Canadian bonds	5,633	4,838
Equities		
Canadian	1,939	1,742
US	7,057	4,844
Other international	6,071	4,625
Total equities	15,067	11,211
Subtotal endowment investments	20,837	16,208
Other investments – bonds	259	210
Total investments	21,096	16,418

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

7 Capital assets

			2021
	Cost $	Accumulated amortization $	Net $
Land	32,648	-	32,648
Buildings	224,678	151,283	73,395
Office furnishings and equipment	47,733	46,664	1,069
Computers	12,108	11,318	790
Leasehold improvements	18,669	17,998	671
Construction-in-progress (notes 5 and 13)	140,455	-	140,455
	476,291	227,263	249,028

(in thousands of dollars)

			2020
	Cost $	Accumulated amortization $	Net $
Land	35,911	-	35,911
Buildings	242,739	170,731	72,008
Office furnishings and equipment	47,609	46,058	1,551
Computers	11,849	10,973	876
Leasehold improvements	18,669	17,566	1,103
Construction-in-progress (notes 5 and 13)	123,018	-	123,018
	479,795	245,328	234,467

The construction-in-progress includes three buildings under construction: $27,641 for McDonald Family YMCA, $73,861 for VMC YMCA and $34,481 for Steve and Sally Stavro Family YMCA.

The Association had been developing a customer relationship management system and had incurred $7,869 in development costs to date. During the year, it decided to proceed with a different solution and the Association wrote off the development costs incurred. The new system will be launched and in production in September 2021.

8 Deferred revenue

	2021 $	2020 $
Membership fees	-	113
Overnight camp fees	468	-
Day camp fees	1,583	-
Child care fees	275	-
Government contracts	12,495	8,785
Other	867	314
	15,688	9,212

9 Bank facility

The Association has a line of credit with TD Canada Trust of up to $20,000. As at March 31, 2021, the balance of this line of credit was $nil (2020 – $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 $11,093.

The Association has issued letters of credit in the normal course of business totalling $534 (2020 – $539).

(in thousands of dollars)

10 Long-term debt

	2021 $	2020 $
City of Toronto – Sustainable Energy Plan Financing (a)		
Term Loan One, $7,511 payable over 15 years, fixed rate of 3.15% (i)	5,698	6,137
Term Loan Two, $11,000 payable over 20 years, fixed rate of 3.28% (ii)	10,649	8,772
Infrastructure Ontario (b)		
Term Loan, $10,000 payable over 25 years, fixed rate of 3.65%, maturing April 15, 2041 (i)	8,681	8,968
Term Loan, $1,775 payable over 25 years, fixed rate of 3.53%, maturing July 4, 2041 (i)	1,602	1,651
Term Loan, $1,195 payable over 10 years, fixed rate of 3.15%, maturing August 15, 2027 (i)	809	922
Construction loan – VMC YMCA, non-revolving floating rate, interest only paid monthly (ii)	65,823	54,623
Construction loan – McDonald Family YMCA, non-revolving floating rate, interest only paid monthly (iii)	18,396	10,289
	111,658	91,362
Less: Current portion	13,227	1,199
Long-term portion	98,431	90,163

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, with interest at 3.15% and blended payments of $157 made quarterly. The term of the loan is 15 years and ends on December 31, 2031. 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 bears interest at 3.28% and has blended payments of $157 made quarterly. The term of the loan is 20 years and it is due on January 1, 2039.

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, 2021, the Association was in compliance with these covenants.

   i) Cooper Koo Family YMCA

   The loans 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 $26,279 (2020 – $26,975).

(in thousands of dollars)

ii) VMC YMCA

In July 2017, the Association entered into a financing agreement with Infrastructure Ontario for the construction of the VMC YMCA. Interest is paid monthly based on the Infrastructure Ontario floating lending rate, which was 0.60% at March 31, 2021 (2020 – 1.89%). The construction loan agreement provides for conversion into a term loan with a maximum term of 20 years at the completion of construction. The construction loan outstanding as at year-end is $65,823. The City of Vaughan has committed to pay $47,339 of the loan on a monthly basis after the construction loan is converted to a term loan, which is reflected as long-term accounts receivable (note 5). The construction loan will be converted to a term loan in approximately November 2021. The amount borrowed in excess of the term loan, which is $8,845, will be repaid to Infrastructure Ontario prior to conversion. The current portion of the loan and scheduled principal repayments on the long-term debt below include estimates of timing of payments based on completion of the project.

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 $85,086 (2020 – $72,165).

iii) McDonald Family YMCA

In March 2020, 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 0.60% at March 31, 2021 (2020 – 1.89%). 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 $18,396. The City of Toronto has committed to pay $14,262 of the loan on completion of the project, which is reflected as a long-term loan receivable (note 5). The net book value of the collateralized asset is $30,506 (2020 – $21,403).

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

	$
2022	13,227
2023	3,537
2024	3,640
2025	3,747
2026	3,856
Thereafter	65,255
	93,262

(in thousands of dollars)

11 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 $90,019 (2020 – $73,681) related to funding received towards the construction-in-progress (note 7).

	2021 $	2020 $
Balance – Beginning of year	108,350	80,646
Contributions receivable/received during the year	18,806	30,842
Amounts amortized to revenue	(1,985)	(3,138)
Write-off of grant and donation (note 4)	(1,267)	-
Balance – End of year	123,904	108,350

12 Internally restricted net assets

Internally restricted net assets consist of the following:

	2021 $	2020 $
Internally funded capital assets	75,687	89,649
Amounts set aside by the Board of Directors as a debt servicing reserve	3,199	3,173
	78,886	92,822

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:

	2021 $	2020 $
Net change in internally funded capital assets	(13,962)	3,168
Net transfer of interest on debt servicing reserve	26	59
	(13,936)	3,227

(in thousands of dollars)

13 Commitments and contingencies

Commitments

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

	$
2022	4,379
2023	3,135
2024	2,200
2025	1,157
2026	636
Thereafter	9,285
	20,792

In February 2018, the Association entered into a contract with a private developer to build a base building for the new McDonald Family YMCA at 505 Richmond Street West in Toronto. The commitment to the developer is approximately $22,000. As at March 31, 2021, $19,063 of this commitment had been paid to the developer and is recorded as construction-in-progress (note 7). The Association will subsequently complete the outfitting of its occupied space. The expected completion date of the facility is in 2022.

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 is able to 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.

14 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, 2021, an amount of $651 (2020 – $238) is owing from the Academy and has been included in accounts receivable. In addition, there is an amount of $110 (2020 – $98) owing to the Academy that has been included in accounts payable and accrued liabilities.

(in thousands of dollars)

15 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 2021, the total assistance provided was $499 (2020 – $5,079), which was lower than previous years due to significant program closures during the year due to COVID-19.

16 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	314	296
Program expenses	314	296
	-	-

17 Government remittances

Government remittances consist of workplace safety insurance, sales taxes and payroll withholding taxes required to be paid to government authorities. With respect to government remittances, $307 (2020 – $467) is included in accounts payable and accrued liabilities.

18 Multi-employer pension plan

The Association is part of a multi-employer defined contribution plan, the Canadian YMCA Retirement Fund. The Association contributed $4,879 (2020 – $4,725) to the plan.

(in thousands of dollars)

19 Financial instruments

The Association is exposed to various financial risks through transactions in financial instruments.

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.

Credit risk

The Association is exposed to credit risk in connection with its accounts receivable, short-term and fixed income investments and mortgage receivable 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.

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 because cash flows will fluctuate and the interest rate is linked to the bank's prime rate, which changes from time to time. In addition, the Association is exposed to interest rate risk on construction loan financing, which is linked to the bank's prime rate.

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.

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.