

YMCA of Eastern Ontario
Financial Statements
For the Year Ended December 31, 2022

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Independent Auditor's Report

To the members of YMCA of Eastern Ontario

Qualified Opinion

We have audited the financial statements of YMCA of Eastern Ontario (the Organization), which comprise the statement of financial position as at December 31, 2022, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

The YMCA of Eastern Ontario derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, the verification of these revenues was limited to the amounts recorded in the records of the YMCA of Eastern Ontario. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022, and 2021, and net assets at January 1, and December 31, for both the 2022 and 2021 years.

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 qualified opinion.



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
April 24, 2023

YMCA of Eastern Ontario
Statement of Financial Position

December 31	2022	2021
Assets		
Current		
Cash	\$ 993,381	\$ 441,645
Accounts receivable (Note 2)	337,206	637,326
Prepaid expenses	11,304	39,139
	1,341,891	1,118,110
Tangible capital assets (Note 3)	6,384,666	6,227,842
	\$ 7,726,557	\$ 7,345,952
Liabilities and Net Assets		
Current		
Bank indebtedness (Note 5)	\$ -	\$ 225,000
Accounts payable and accrued liabilities (Note 4)	703,490	543,625
Amount payable to the City of Kingston	94,370	135,260
Amount payable to United Counties of Leeds and Grenville	77,791	56,275
Deferred contributions (Note 6)	284,388	126,248
Unearned membership and program fees	38,666	18,447
Current portion of long-term debt (Note 7)	39,167	256,644
	1,237,872	1,361,499
Long-term debt (Note 7)	605,110	466,597
Deferred contributions related to tangible capital assets (Note 8)	2,661,577	2,266,431
	4,504,559	4,094,527
Net Assets		
Invested in tangible capital assets	3,078,812	3,238,170
Unrestricted	143,186	13,255
	3,221,998	3,251,425
	\$ 7,726,557	\$ 7,345,952

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

YMCA of Eastern Ontario
Statement of Changes in Net Assets

For the year ended December 31	Unrestricted	Invested in Tangible Capital Assets	2022	2021
Balance, beginning of the year	\$ 13,255	\$ 3,238,170	\$ 3,251,425	\$ 2,877,219
Excess (deficiency) of revenues over expenses	206,753	(236,180)	(29,427)	374,206
Purchase of tangible capital assets	(619,448)	619,448	-	-
Repayment of long-term debt	(78,964)	78,964	-	-
Restricted contributions related to contributed tangible capital assets	621,590	(621,590)	-	-
Balance, end of the year	\$ 143,186	\$ 3,078,812	\$ 3,221,998	\$ 3,251,425

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

YMCA of Eastern Ontario Statement of Operations

For the year ended December 31	2022	2021
Revenue		
Licensed child care fees	\$ 1,927,277	\$ 1,563,790
Memberships	1,680,880	606,914
City of Kingston subsidy	1,338,064	1,322,551
Other grants and sponsorships	737,144	678,100
United Counties of Leeds and Grenville subsidy	812,055	904,469
Program fees	562,875	212,799
St. Lawrence College of Applied Arts & Technology (Schedule 1)	371,926	152,464
Donations and fundraising	359,388	688,527
Amortization of deferred contributions related to tangible capital assets (Note 7)	226,444	414,695
Camp fees	250,113	164,098
Administration fees	136,242	67,987
Interest Income	5,304	1,384
Canada Emergency Wage Subsidy (CEWS)	-	1,122,705
	8,407,712	7,900,483
Expenses		
Advertising and promotion	143,382	21,580
Amortization of tangible capital assets	462,624	678,049
Bad debt expense	-	5,326
Insurance	102,970	89,843
Interest and bank charges	57,802	59,557
Interest on long-term debt	31,242	36,153
Management and administrative fees	72,680	33,838
Memberships and licences	70,354	121,502
Office expenses	514,938	376,191
Professional fees	80,208	61,602
Program and childcare supplies	411,868	391,556
Rental	37,944	41,396
Repairs and maintenance	506,839	376,637
Sub-contracts	170,968	196,869
Training and education	18,113	9,153
Travel expenses	22,357	33,448
Utilities	409,805	294,253
Wages and benefits	5,323,045	4,699,324
	8,437,139	7,526,277
Excess (deficiency) of revenues over expenses	\$ (29,427)	\$ 374,206

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

YMCA of Eastern Ontario Statement of Cash Flows

For the year ended December 31	2022	2021
Cash flows from operating activities		
Excess of revenues over expenses	\$ (29,427)	\$ 374,206
Items not affecting cash:		
Amortization of tangible capital assets	462,624	678,049
Amortization of deferred contributions related to tangible capital assets	(226,444)	(414,695)
	<u>206,753</u>	<u>637,560</u>
Changes in non-cash working capital:		
Accounts receivable	300,120	(234,469)
Prepaid expenses	27,835	2,600
Accounts payable and accrued liabilities	159,865	(313,630)
Amount payable to the City of Kingston	(40,890)	3,057
Amount payable to Leeds and Grenville United Counties	21,516	66,765
Unearned membership and program fees	20,219	(3,668)
Deferred contributions	158,141	(253,653)
Deferred revenue from St. Lawrence College of Applied Arts & Technology	-	(32,515)
	<u>853,559</u>	<u>(127,953)</u>
Cash flows from investing activities		
Acquisition of tangible capital assets	(619,448)	(152,038)
Cash flows from financing activities		
Repayment of long-term debt	(78,964)	(158,867)
Advances on (repayment) of line of credit	(225,000)	205,000
Deferred capital contributions received	621,589	109,957
	<u>317,625</u>	<u>156,090</u>
Net increase (decrease) in cash	551,736	(123,901)
Cash, beginning of the year	<u>441,645</u>	<u>565,546</u>
Cash, end of the year	<u>\$ 993,381</u>	<u>\$ 441,645</u>

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

YMCA of Eastern Ontario

Notes to Financial Statements

December 31, 2022

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>The YMCA of Eastern Ontario (the "Organization") was incorporated without share capital under the Corporations Act in Ontario. The Organization is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.</p> <p>The Organization's charitable purpose is dedicated to the growth of all person in spirit, mind and body, and to their sense of responsibility to each other and the global community. The Organization provides services to communities in the Eastern Ontario, including Kingston, Brockville, Gananoque, and North Grenville.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Revenue Recognition	<p>The YMCA of Eastern Ontario follows the deferral method of accounting for contributions.</p> <p>Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Deferred contributions related to tangible capital assets represent the unamortized amount of donations and grants received for the purchase of tangible capital assets or contributed tangible capital assets. The amortization deferred contributions related to tangible capital assets is recorded as revenue in the statement of operations at the same rate as the related tangible capital asset.</p> <p>The Organization receives funding from the United Counties of Leeds and Grenville and the City of Kingston pursuant to established services contract arrangements. Government funding is recorded as revenue in the period to which it relates. Where a portion of government funding relates to the future period, it is deferred and recognized in that subsequent period.</p> <p>Revenue from memberships is recognized as reveue on daily pro-rata basis over the term of the membership.</p> <p>Revenue from child care services is recognized when the services are provided.</p> <p>Revenue from camp fees, programs and other services is recognized when the related activties have incurred.</p>

YMCA of Eastern Ontario

Notes to Financial Statements

December 31, 2022

1. Significant Accounting Policies (continued)

Financial Instruments Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, financial instruments are reported at cost or amortized cost. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Tangible Capital Assets Purchased tangible capital assets are stated at cost less accumulated amortization. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Construction in progress is not amortized until the tangible capital asset is substantially complete and ready for use.

Amortization is provided using the straight-line method at rates intended to amortize assets at cost less salvage value over their estimated useful lives using the following annual rates:

Buildings	10 to 25 years
Computer equipment and software	3 to 10 years
Furniture and equipment	5 years
Paving	25 years

Contributed Services Volunteers contribute many hours per year to assist the YMCA of Eastern Ontario in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

YMCA of Eastern Ontario

Notes to Financial Statements

December 31, 2022

1. Significant Accounting Policies (continued)

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 at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from management's best estimate as additional information becomes available in the future. Management's estimates and assumptions used in determining amortization methods and rates and useful life of tangible capital assets are reviewed annually and are based on management's best estimate. These estimates are subject to measurement uncertainty, and the effect on the financial statements in future periods could be significant.
Brockville and Area Young Men's Christian Association Foundation	<p>The Brockville and Area Young Men's Christian Association Foundation (the "Foundation") is incorporated without share capital under the Ontario Corporations Act. It is a non-profit corporation established for the purpose of receiving and maintaining a fund or funds and applying all or part of the principal and the income therefrom to the YMCA of Eastern Ontario or such other organization, which in the judgement of the directors of the Foundation, will enhance, improve or otherwise advance the purposes of the Organization.</p> <p>The Foundation's charitable purpose is to receive and maintain funds for the benefit of the Brockville Young Men's Christian Association or such other charitable organization which will enhance, improve, or otherwise advance the purposes of the Brockville Young Men's Christian Association.</p>

YMCA of Eastern Ontario
Notes to Financial Statements

December 31, 2022

2. Accounts Receivable

	2022	2021
Trade and other receivables	\$ 246,020	\$ 341,268
Receivable from government funders	204,488	285,734
Harmonized Sales Taxes recoverable	20,869	10,324
	\$ 471,377	\$ 637,326

3. Tangible Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 477,385	\$ -	\$ 477,385	\$ -
Buildings	16,804,220	11,764,759	16,804,220	11,443,566
Furniture and equipment	1,983,289	1,773,776	1,922,305	1,699,358
Construction in progress	506,208	-	-	-
Computer equipment and software	702,371	577,560	650,115	521,852
Paving	233,392	206,104	233,392	194,799
Tennis courts	-	-	94,206	94,206
	20,706,865	14,322,199	20,181,623	13,953,781
		\$ 6,384,666		\$ 6,227,842

4. Accounts Payable and Accrued Liabilities

Included in the accounts payable and accrued liabilities are government remittances payable of \$ 46,853 (2021 - \$NIL).

YMCA of Eastern Ontario
Notes to Financial Statements

December 31, 2022

5. Bank Indebtedness

The Organization has an authorized revolving demand operating loan facility of \$300,000 that is due on demand and bears an interest at the bank's prime rate plus 0.25%. The facility is secured by a general security agreement. At December 31, 2022, the entire \$300,000 under this facility remained undrawn (2021 - \$75,000).

6. Deferred Contributions

Deferred contributions represent grants and other externally restricted amounts related to subsequent years or for which the related expenses have not yet been incurred. The major components of the ending balance are as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 126,248	\$ 379,901
Add: amounts received related to a subsequent period	1,924,157	116,519
Less: amounts recognized as revenue in the year	<u>(1,766,017)</u>	<u>(370,172)</u>
Ending balance	<u>\$ 284,388</u>	<u>\$ 126,248</u>

YMCA of Eastern Ontario
Notes to Financial Statements

December 31, 2022

7. Long-Term Debt

	2022	2021
Royal Bank of Canada, bears interest at 4.39%, due in August 2026, payable in weekly principal plus interest instalments of \$1,257.	\$ 614,822	\$ 652,418
Royal Bank of Canada, bears interest at prime plus 1.5%, due in June 2023, payable in monthly principle plus interest instalments of \$4,005.	29,455	70,823
	644,277	723,241
Less: current portion	39,167	256,644
	\$ 605,110	\$ 466,597

The principal payments for the next five years amount to: 2023, \$68,622; 2024, \$41,729; 2025, \$42,796; 2026, \$44,176; and 2027, \$46,721. These payments have been calculated under the assumption that the repayment plan will be successfully renewed, based on the present payment terms and interest rates.

The Royal Bank of Canada term loans, including bank indebtedness and the letter of guarantee, are secured by a general security agreement constituting a first ranking security in all personal property and accounts receivables. When accessed, the lease line of credit facilities in the amount of \$500,000 will also be secured by a chattel mortgage constituting a first ranking and specific security interest in specific property.

The security listed as collateral on the term loans are in the amount of \$3,500,000, constituting a first fixed charge on land and building located at 100 Wright Crescent, Kingston, Ontario with a carrying amount of \$ 5,726,359 (2021 - \$4,991,903).

YMCA of Eastern Ontario Notes to Financial Statements

December 31, 2022

8. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to tangible capital assets include the unamortized portion of contributed tangible capital assets and restricted contributions used to purchase tangible capital assets.

The changes in the deferred contributions related to tangible capital assets for the year are as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 2,266,431	\$ 2,571,169
Add: amounts received during the year	621,590	109,957
Less: amounts amortized to revenue	<u>(226,444)</u>	<u>(414,695)</u>
Ending balance	<u>\$ 2,661,577</u>	<u>\$ 2,266,431</u>

9. Pension Costs and Obligations

Employees with at least two years of continuous employment service with the YMCA of Eastern Ontario may participate in a defined contribution pension plan (the "Plan") and employees with at least three years of continuous employment service must participate in the Plan. Under the Plan contributions of 5% of pensionable earnings are made by the members which are match by the Organization. Members are permitted to make voluntary contributions to the Plan which are not matched by the Organization.

Upon retirement, death or ceasing to be actively employed by the YMCA of Eastern Ontario, the total accumulated entitlement for a Plan member or beneficiary is, subject to vesting requirements, equal to the amounts contributed on their behalf plus their pro-rata share of investment earnings including unrealized fair value appreciation (depreciation) pertaining to the contributed funds.

The Manulife Insurance Company is the custodian of the Plan's funds.

Contributions to the Plan made during the year by the YMCA of Eastern Ontario on behalf of its' employees amounted to \$301,766 (2021 - \$296,256).

YMCA of Eastern Ontario

Notes to Financial Statements

December 31, 2022

10. Financial Instruments

Credit risk

The YMCA of Eastern Ontario is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The YMCA of Eastern Ontario's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts and contributions receivable. The majority of the YMCA of Eastern Ontario's receivables are from government sources and the YMCA of Eastern Ontario works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

The YMCA of Eastern Ontario is also exposed to credit risk arising from all of its bank accounts being held at one financial institution. There have not been any changes in the credit risk from the prior year.

Liquidity risk

Liquidity risk includes the risk that, as a result of operational liquidity requirements, the YMCA of Eastern Ontario will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The YMCA of Eastern Ontario is exposed to this risk mainly in respect of its accounts payable and long-term debt.

The YMCA of Eastern Ontario's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. There have not been any changes in the liquidity risk from the prior year.

Interest rate risk

The YMCA of Eastern Ontario is exposed to interest rate risk on its fixed and variable interest rate financial instruments, specifically its bank loans. Fixed-interest instruments subject the YMCA of Eastern Ontario to a fair value risk, while the variable rate instrument subject to a cash flow risk. There has been an increase in interest rate risk from previous year due to the interest rate hikes announced by the Bank of Canada.

11. Uncertainty due to COVID-19

The COVID-19 pandemic continued to significantly impact operations during the fiscal year. The Organization continued to operate for childcare programs and other in-person programs, when possible, based on public health guidance and in other cases, virtually. The Organization continued to retain as many staff as possible during this time to support the recovery post-pandemic. The Organization was required to temporarily close the fitness facilities for approximately 6 months in 2021 and 1 month in 2022.

YMCA of Eastern Ontario Notes to Financial Statements

December 31, 2022

12. Related Party Transactions

The Brockville and Area Young Men's Christian Association Foundation (the Foundation) is a related party of the YMCA of Eastern Ontario through significant influence. The financial statements of the YMCA of Eastern Ontario include \$54,748 (2021 - \$51,446) in donations paid to YMCA which is recorded as donations and fundraising revenue.

There is no amount due to or from the Foundation nor any contractual obligations and contingencies involving the Foundation.

YMCA of Eastern Ontario

Schedule 1 - Schedule of St. Lawrence College of Applied Arts & Technology

For the year ended December 31	2022	2021
Revenue		
Student fees and other miscellaneous income	\$ 371,926	\$ 152,464
Expenses		
Salaries and benefits	\$ 276,143	\$ 96,338
Management fees	47,300	33,838
YMCA Canada dues	25,380	4,255
Program and childcare supplies	17,769	10,919
Travel and meals	4,150	700
Insurance	1,184	714
Telephone and office supplies	-	3,611
Repairs and maintenance	-	2,089
	<u>\$ 371,926</u>	<u>\$ 152,464</u>