
Financial statements of
The YMCA of
Hamilton/Burlington/Brantford

December 31, 2023

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Independent Auditor's Report

To the Members of
The YMCA of Hamilton/Burlington/Brantford

Opinion

We have audited the financial statements of The YMCA of Hamilton/Burlington/Brantford (the "YMCA" or "Association"), which comprise the statement of financial position as at December 31, 2023, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the YMCA 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 YMCA 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 YMCA'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 YMCA or to cease operations, or has no realistic alternative but to do so.

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 29, 2024

The YMCA of Hamilton/Burlington/Brantford



Statement of financial position

As at December 31, 2023

	Notes	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	2	310,512	316,949
Accounts receivable		5,269,653	4,878,975
Inventories and prepaid expenses		1,200,166	1,149,643
Restricted cash	3	181,726	126,426
Current portion of capital project receivables	4	261,166	261,166
Special program funds receivable	5	1,368,763	828,847
		8,591,986	7,562,006
Capital campaign pledges receivable	4	3,000	10,500
Investments	6	10,208,649	8,985,681
Capital assets	4	59,702,836	59,454,982
Capital project receivables	4	260,897	522,063
		78,767,368	76,535,232
Liabilities			
Current liabilities			
Bank indebtedness	8	3,467,960	4,424,129
Accounts payable and accrued liabilities		4,763,535	5,305,506
Deferred revenue	7	6,566,380	5,520,810
Special programs funds payable	5	1,472,568	1,154,230
Current portion of capital project payables	4	261,166	261,166
Current portion of long-term debt	8	—	190,410
		16,531,609	16,856,251
Capital project payables	4	260,897	522,063
Long-term debt	8	—	—
Deferred capital contributions	9	37,222,907	37,804,804
		54,015,413	55,183,118
Net assets			
Internally restricted			
Invested in endowment	11	8,183,331	7,158,363
Internally restricted	12	754,651	2,042,903
Invested in capital assets	10	22,287,281	21,457,530
General		(6,473,308)	(9,306,682)
		24,751,955	21,352,114
		78,767,368	76,535,232

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

Approved by the Board


 _____, Director

 _____, Director

The YMCA of Hamilton/Burlington/Brantford
Statement of changes in net assets
Year ended December 31, 2023

	Notes	Internally restricted		Unrestricted		2023	2022
		Invested in endowment	Internally restricted	Invested in capital assets	General		
		\$	\$	\$	\$	\$	\$
Balance, beginning of year		7,158,363	2,042,903	21,457,530	(9,306,682)	21,352,114	26,030,635
(Deficiency) excess of revenue over expenses		—	—	(1,507,111)	4,906,952	3,399,841	(5,278,521)
Investment in capital assets	10	—	—	2,336,862	(2,336,862)	—	—
Donation for land purchase		—	—	—	—	—	600,000
Transfers	11 and 12	1,024,968	(1,288,252)	—	263,284	—	—
Balance, end of year		8,183,331	754,651	22,287,281	(6,473,308)	24,751,955	21,352,114

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

The YMCA of Hamilton/Burlington/Brantford

Statement of operations

Year ended December 31, 2023

	Notes	2023 \$	2022 \$
Revenue			
Child care fees		23,155,265	19,937,370
Membership fees		9,388,693	5,757,340
Program fees		6,799,282	5,470,163
Government grants	14	20,258,782	16,815,767
Other		1,009,884	1,061,000
Donations		2,413,154	861,615
United Way		116,915	148,894
Investment income		234,190	1,137,373
CWELCC operating grants	17	3,818,268	2,360,172
		67,194,433	53,549,694
Expenses (other income)			
Salaries and benefits		44,884,198	40,414,323
Program costs		8,807,487	7,572,895
Facility costs		8,484,495	7,904,646
Financing costs		154,369	146,044
Allocation to YMCA Canada		761,108	612,708
Other income	12	(663,651)	(479,635)
		62,428,006	56,170,981
Excess (deficiency) of revenue over expenses before the under noted		4,766,427	(2,621,287)
Amortization of capital assets		(3,009,702)	(2,994,987)
Amortization of deferred capital contributions	9	1,502,591	1,509,537
Fair value changes in investments		140,525	(1,171,784)
		(1,366,586)	(2,657,234)
Excess (deficiency) of revenue over expenses		3,399,841	(5,278,521)

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

The YMCA of Hamilton/Burlington/Brantford

Statement of cash flows

Year ended December 31, 2023

	2023 \$	2022 \$
Operating activities		
Excess (deficiency) of revenue over expenses	3,399,841	(5,278,521)
Items not affecting cash and cash equivalents		
Amortization of capital assets	3,009,702	2,994,987
Amortization of deferred capital contributions	(1,502,591)	(1,509,537)
Fair value changes in investments	(140,525)	1,171,784
Changes in non-cash working capital balances		
Accounts receivable	(390,678)	(1,107,395)
Inventories and prepaid expenses	(50,523)	(105,033)
Capital project receivables	261,166	261,166
Special program funds receivable/payable	(221,578)	(452,610)
Accounts payable and accrued liabilities	(541,971)	(60,512)
Deferred revenue	1,045,570	2,042,205
Capital project payables	(261,166)	(261,166)
	4,607,247	(2,304,632)
Investing activities		
Capital asset purchases	(3,257,556)	(3,492,770)
Endowment net purchases	(1,082,443)	171,120
Proceeds from capital campaign pledges receivable	7,500	7,500
Change in restricted cash	(55,300)	75,972
	(4,387,799)	(3,238,178)
Financing activities		
Capital contributions received/receivable	920,694	1,126,670
Donation for land purchase	—	600,000
Repayment of long-term debt	(190,410)	(547,381)
(Decrease) increase in bank indebtedness	(956,169)	3,096,194
	(225,885)	4,275,483
Decrease in cash and cash equivalents	(6,437)	(1,267,327)
Cash and cash equivalents, beginning of year	316,949	1,584,276
Cash and cash equivalents, end of year	310,512	316,949

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

The YMCA of Hamilton/Burlington/Brantford

Notes to the financial statements

December 31, 2023

1. Significant accounting policies

Nature of business

The charitable mission and vision statements of The YMCA of Hamilton/Burlington/Brantford (the "YMCA" or "Association") are:

Charitable mission

The YMCA is a charitable organization helping people achieve personal growth in spirit, mind and body through participation and service to the community.

Vision

The YMCA will focus on healthy communities in which individuals and families have opportunities to reach their potential.

The YMCA was founded in 1856 and was incorporated under the Ontario Corporations Act without share capital in 1886. The YMCA is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The YMCA's core offerings include provision of child care through 23 (23 in 2022) licensed pre-school childcare centres and 79 (75 in 2022) licensed before and after school programs throughout Hamilton, Burlington and Brantford. The YMCA operates 5 (5 in 2022) health, fitness and recreation centres and provides numerous community, outreach, settlement and newcomer services throughout the communities it serves.

Basis of accounting

The financial statements of the YMCA have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting

In order to ensure observation of limitations and restrictions placed on the use of resources available to the YMCA, the accounts of the YMCA are maintained in accordance with the principles of fund accounting. This requires that resources for various purposes be classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

Invested in Endowment

Invested in Endowment represents funds which have been internally restricted by the Board of Directors as endowments. Investment income (losses) of the assets of the endowment net asset balance are added to the endowed principal. The endowment donations are administered by the YMCA's Endowment Fund Committee.

Internally Restricted

Internally restricted net assets are administered by the YMCA's Endowment Fund Committee. The Board of Directors determines the amount, if any, to be transferred between general and internally restricted net assets.

The YMCA of Hamilton/Burlington/Brantford

Notes to the financial statements

December 31, 2023

1. Significant accounting policies (continued)

Fund accounting (continued)

Invested in capital assets

The YMCA has established a Capital asset fund for the purposes of recording the grants received and funds allocated for the premises and equipment used in its operations. The balance in this fund represents the net investment in capital assets.

General

The YMCA has established a General fund for the purposes of recording the excess of revenue over expenses related to ongoing programs and activities. All community investments and YMCA programs and services and operations are financed from this fund.

Revenue recognition

The YMCA follows the deferral method of accounting for contributions and donations.

Child care fees, membership fees and program fees are recognized over the related period of service.

Government grants and general operating grants are recorded as revenue when the service is provided.

Government grants are recognized as revenue on a systematic basis over the periods in which the YMCA recognizes as expenses the related costs for which the grants are intended to compensate, or the performance obligations associated with the grants have been fulfilled.

Unrestricted revenues, including donations, are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred capital contributions related to capital assets represent the unamortized and unallocated amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

Capital contributions received for the purchase of non-depreciable capital assets are recognized as direct increases to net assets.

The Association runs a Greatest Needs Campaign to raise much needed funds to ensure every child, no matter what challenges they face, can access the YMCA. A portion of the donations received that are intended for programs that will occur subsequent to year end are deferred. The revenue related to the Greatest Needs Campaign is included in donations revenue on the statement of operations.

Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Cash and cash equivalents

Cash and cash equivalents include amounts on deposit with financial institutions and money market funds that are readily convertible to cash.

Inventories

Inventories include maintenance, program and office supplies and are measured at the lower of cost and net realizable value.

The YMCA of Hamilton/Burlington/Brantford

Notes to the financial statements

December 31, 2023

1. Significant accounting policies (continued)

Capital campaign pledges receivable

Capital campaign pledges are recorded as an asset when there is a written pledge, the amount to be received can be reasonably estimated and collection is reasonably assured. Actual amounts collected could differ from the amounts recorded.

Leased assets

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. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. All other leases are accounted for as operating leases wherein rental payments are expensed on a straight-line basis.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset are capitalized. When capital assets no longer contribute to the YMCA's ability to provide services, the carrying amount is written down to net realizable value.

Capital assets are amortized on a straight-line basis at the following annual rates:

Buildings	30 to 40 years
Fixtures and equipment	3 to 5 years

Building additions are amortized over the remaining life of the related building. Projects in progress are not amortized as the assets are not in use. Fixtures and equipment recorded under capital leases are amortized on a straight-line basis over the term of the lease, which is the estimated useful life of the assets.

Deferred revenue

Membership and program fees received and receivable before December 31 that relate to member privileges and programs for the time periods after December 31 are deferred to the following year and disclosed as deferred revenue on the statement of financial position.

Special program funds receivable/payable

The YMCA operates various special programs which are funded by specifically designated provincial, federal and municipal grants. To the extent such grants are unspent at December 31, they are disclosed as special program funds payable on the statement of financial position. To the extent such grants received are in deficiency of amounts expended at December 31, they are disclosed as special program funds receivable on the statement of financial position.

Third party programs

The YMCA administers third party programs for which they receive funds to carry out the programs. As the YMCA is considered the agent in the transaction, amounts have been recorded on a net basis. During the year, approximately \$300,846 (\$291,815 in 2022) of revenue and expenditures were incurred with respect to the administration of third party programs.

The YMCA of Hamilton/Burlington/Brantford

Notes to the financial statements

December 31, 2023

1. Significant accounting policies (continued)

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities, fixed income and pooled fund investments (included in investments) traded in an active market and money market funds (included in cash and cash equivalents) are reported at fair value, with any unrealized gains and losses reported in the statement of operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Foreign currency translation

Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transaction. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the statement of financial position date. Gains and losses on translation of monetary assets and liabilities are included in the excess of revenue over expenses.

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 estimates as additional information becomes available in the future. Management's estimates and assumptions used in determining amortization methods and rates and useful life of capital assets and intangible assets are reviewed annually and are based on management's best estimates. These estimates are subject to measurement uncertainty, and the effect on the financial statements in future periods could be significant.

2. Cash and cash equivalents

	2023	2022
	\$	\$
Cash	40,535	58,037
Money market funds	269,977	258,912
	310,512	316,949

3. Restricted cash

Included in restricted cash are jointly restricted amounts to be expended on capital-related expenditures for the Laurier Brantford YMCA. These expenditures are jointly agreed upon between YMCA and Wilfrid Laurier University based on the cost sharing agreement (see Note 4).

	2023	2022
	\$	\$
Laurier Brantford Capital Reserve Fund	181,726	126,426

The YMCA of Hamilton/Burlington/Brantford
Notes to the financial statements
December 31, 2023

4. Capital assets

	Cost	Accumulated amortization	2023 Net book value	Cost	Accumulated amortization	2022 Net book value
	\$	\$	\$	\$	\$	\$
Land	7,917,356	—	7,917,356	7,917,356	—	7,917,356
Buildings	79,788,303	30,308,520	49,479,783	77,835,813	28,323,245	49,512,568
Fixtures and equipment	5,271,757	2,966,060	2,305,697	5,462,131	3,702,999	1,759,132
Projects in progress	—	—	—	265,926	—	265,926
	92,977,416	33,274,580	59,702,836	91,481,226	32,026,244	59,454,982

Projects in progress in 2022 relate to incurred costs for Wanakita Camp renovations, which were completed in 2023. Upon completion, these costs commenced amortization.

Joint development of athletic and recreation complex

In 2013, Wilfrid Laurier University ("Laurier") and the YMCA entered into a joint development of the Laurier Brantford Family YMCA, an athletic and recreation complex (the "complex"). The development was funded by the Province of Ontario, Infrastructure Canada, City of Brantford, Laurier, and YMCA. In addition to funding received, Laurier and YMCA agreed on a joint fundraising campaign to fund remaining development costs.

Construction of the complex was completed and the complex was opened in the fall of 2018, at which time amortization of the associated capital assets commenced. As at December 31, 2023, the net book value of capital assets related to the complex were \$28,606,845 (\$29,314,574 in 2022), representing the YMCA's portion of shared costs.

The YMCA's capital project payables balance of \$522,063 (\$783,229 in 2022) consists of development expenses payable to Laurier at year end and relate to the contributions from the City of Brantford. Contributions from the City of Brantford are receivable in accordance with the contributions receivable schedule, and terms and conditions of the agreements. Capital project receivables in the statement of financial position consist of amounts from:

	2023	2022
	\$	\$
City of Brantford	522,063	783,229
Less: current portion	261,166	261,166
	260,897	522,063

In addition to the initial joint development agreement, Laurier and the YMCA have an on-going cost sharing agreement in place to manage both operating and capital costs going forward.

5. Special program funds

	2023	2022
	\$	\$
Funding in deficiency of amounts expended	1,368,763	828,847
Less: Funding received unexpended	(1,472,568)	(1,154,230)
Special program funds payable	(103,805)	(325,383)

The YMCA of Hamilton/Burlington/Brantford

Notes to the financial statements

December 31, 2023

6. Investments

	Fair value \$	2023 Cost \$	Fair value \$	2022 Cost \$
Equities	7,121,314	5,727,424	6,233,583	4,912,154
Fixed income	2,861,226	2,827,230	2,595,531	2,612,634
Pooled funds	80,083	80,083	17,356	17,356
Cash	146,026	140,974	139,211	116,346
	10,208,649	8,775,712	8,985,681	7,658,490

The effective interest rate on fixed income securities during the year varied from 1.65% (1.65% in 2022) to 5.75% (4.21% in 2022). The maturities of these securities range from 2024 to 2031 (from 2023 to 2030 in 2022). The YMCA manages its investments as a single pool with a long-term investment strategy and has therefore classified the entire portfolio as long-term in the statement of financial position.

The investments are monitored by the YMCA Endowment Fund Committee for compliance with the YMCA's Statement of Investment Policy.

7. Deferred revenue

	2023 \$	2022 \$
Child care fees	1,283,130	730,537
Donations	822,816	904,244
Membership fees	500,467	410,043
Program fees	3,959,967	3,475,986
	6,566,380	5,520,810

As at year end, \$2,881,638 (\$2,505,069 in 2022) of deferred revenues have a corresponding amount included in accounts receivable. These receivables relate to completed registrations for the upcoming summer camp season and are collectible on an automated scheduled installment plan that is optional at the point of registration.

8. Credit facilities

	2023 \$	2022 \$
Bank loan, interest at 4.08% per annum, repayable in monthly blended payments of principal and interest of \$47,075, repayable by April 2023	—	190,410
	—	190,410
Less: Current portion	—	190,410
	—	—

The YMCA of Hamilton/Burlington/Brantford

Notes to the financial statements

December 31, 2023

8. Credit facilities (continued)

In addition to the above, the following facilities are also available to the YMCA:

- (i) A revolving lease line of credit, to a maximum of \$1,000,000 (\$2,000,000 in 2022). As at year end, the amount drawn on this facility was nil (nil in 2022) (Note 9).
- (ii) A revolving operating line, to a maximum of \$3,500,000 (\$4,700,000 in 2022), bearing interest at prime plus 0.5% (prime plus 0.5% in 2022). As at year end, the amount drawn on this facility was \$3,467,690 (\$4,424,129 in 2022), which has been included as part of bank indebtedness on the statement of financial position.
- (iii) All of the above facilities are secured by a general security agreement, and collateral mortgages of \$7,300,000 on three properties owned by the YMCA. Restrictive covenants were not in violation as of December 31, 2023 (in violation as of December 31, 2022).

9. Deferred capital contributions

Restricted capital contributions are amortized on the same basis as the underlying capital assets.

	2023	2022
	\$	\$
Balance, beginning of year	37,804,804	38,187,671
Add: contributions received and receivable	920,694	1,126,670
Less: contributions recognized as revenue	(1,502,591)	(1,509,537)
	37,222,907	37,804,804

The balance of deferred capital contributions related to capital assets consists of the following:

	2023	2022
	\$	\$
Unamortized capital contributions	36,242,766	36,977,571
Unallocated contributions	980,141	827,233
	37,222,907	37,804,804

10. Net assets invested in capital assets

	2023	2022
	\$	\$
Capital assets, net	59,702,836	59,454,982
Restricted cash	181,726	126,426
Borrowings related to capital assets	(576,115)	(192,307)
Donation for land purchase	(778,401)	(600,000)
Transfers from invested in endowment	—	(354,000)
Unspent buildings funds	980,141	827,233
Deferred capital contributions - unamortized	(37,222,906)	(37,804,804)
	22,287,281	21,457,530

11. Net assets invested in endowment

The amounts invested in endowments are internally restricted investment funds that are to be used for programs run by the YMCA at the discretion of the Board of Directors.

	2023	2022
	\$	\$
Investments	10,208,649	8,985,681
Less: Transfers to operations	(202,817)	(1,297,291)
Less: investments in unrestricted net assets	(1,822,501)	(530,027)
	8,183,331	7,158,363

The net amount transferred between general net assets and net assets invested in endowment during the year is comprised of:

	2023	2022
	\$	\$
Investment income	431,992	1,188,253
Donations	936,521	25,550
Fair value changes in investments	140,525	(1,171,784)
Investment management fees	(83,253)	(87,630)
Transfer to net assets invested in capital assets	—	(354,000)
Transfer to general net assets	(400,817)	(1,297,292)
	1,024,968	(1,696,903)

During the year, the Board of Directors approved a transfer of nil (354,000 in 2022) from net assets invested in endowment to net assets invested in capital assets for the purchase of land, and \$202,817 (\$1,297,291 in 2022) to support operating cash flows. In 2023, the Board of Directors approved a transfer of \$198,000 (nil in 2022) from net assets invested in endowment to general net assets to support programs of the YMCA.

The YMCA of Hamilton/Burlington/Brantford

Notes to the financial statements

December 31, 2023

12. Net assets internally restricted

The internally restricted balance includes funds for capital projects at Wanakita, YMCA Greatest Needs dollars reserved for funding assistance, and funding of future child care wages, all reserved via Board of Director's approval.

During the year, a transfer of commodity tax rebates of \$663,651 (\$479,635 in 2022) from general net assets to net assets internally restricted. Also, capital expenditures throughout the year of \$15,617(\$265,926 in 2022) on the Wanakita renovation project from net assets internally restricted.

13. Commitments

Future minimum payments under operating leases with terms in excess of one year are as follows:

	<u>\$</u>
2024	1,070,172
2025	206,761
2026	128,604
2027	95,824
2028	15,112

The YMCA of Hamilton/Burlington/Brantford

Notes to the financial statements

December 31, 2023

14. Government grants

Government grants revenue consists of amounts received and receivable from federal, provincial and municipal governments relating to programs and services provided by the YMCA.

	2023	2022
	\$	\$
Contracted programs		
Special program funding received and receivable from federal and provincial governments to operate programs related to		
Employment services	3,655,546	3,802,696
Education and training	645,817	442,950
Immigrant services	4,894,295	4,055,024
Community initiatives	1,229,379	1,045,025
	10,425,037	9,345,695
Subsidies and grants		
Wage Enhancement Grants		
Region of Halton	510,670	457,821
The City of Hamilton	611,823	552,604
The City of Brantford	647,483	614,252
	1,769,976	1,624,677
Child care General Operating Grant		
Region of Halton	1,249,332	1,201,092
The City of Hamilton	1,346,914	1,228,500
The City of Brantford	1,743,414	1,480,716
	4,339,660	3,910,308
Child care System Priorities and Special Purpose Funding		
Region of Halton	185,605	25,000
The City of Hamilton	376,548	251,880
The City of Brantford	364,664	307,097
	926,817	583,977
Canada Summer Jobs Grants	478,415	644,725
Other	2,318,877	706,385
	20,258,782	16,815,767

15. Employee future benefits

The YMCA makes matching contributions to a defined contribution pension plan for its employees. Total pension expense in the financial statements is \$1,011,554 (\$1,000,409 in 2022).

The YMCA has no obligations in excess of the contributions discussed above, as it does not have any defined benefit pension plans.

16. Financial instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The YMCA is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The YMCA's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable, capital campaign pledges receivable and capital project receivable balances. This risk has not changed from the prior year.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The YMCA's exposure to this risk arises primarily from long-term debt with fixed interest rates. This risk has not changed from the prior year.

Liquidity risk

Liquidity risk is the risk that the YMCA encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the YMCA will not have sufficient funds to settle a transaction on a 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. Liquidity risk arises from the YMCA's accounts payable and accrued liabilities, capital project payables, long-term debt and commitments. This risk has not changed from the prior year.

Market risk

Market risk arises from the possibility that changes in market prices will affect the level of investments held by the YMCA. The YMCA is exposed to market risk through its investment in money market funds, pooled fund investments and equities. This risk has not changed from the prior year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Investments in equities and pooled funds of \$2,191,533 (\$2,046,358 in 2022) were held in US dollars and converted into Canadian dollars at year end. The YMCA considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risks. This risk has not changed from the prior year.

The YMCA of Hamilton/Burlington/Brantford

Notes to the financial statements

December 31, 2023

17. CWELCC operating grants

Canada-Wide Early Learning & Child Care (CWELCC) one-time grants were provided to support the delivery of high-quality early learning and child care programs offered by the YMCA, as well as support additional administrations costs associated with the enrollment in the CWELCC System.

	2023	2022
	\$	\$
Region of Halton	1,492,322	759,338
The City of Hamilton	1,691,731	1,146,970
The City of Brantford	257,933	453,864
Association	376,282	—
	3,818,268	2,360,172

18. Contingent liabilities

The YMCA has been named as the defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at December 31, 2023, therefore, no provision has been made for these claims in the financial statements. Any losses arising from these actions will be recorded in the year that the related litigation is settled or it is determined that the claim is likely and a reasonable estimate can be made.

19. Comparative figures

Certain comparative figures have been reclassified to conform with the method of presentation adopted for the current year.