Financial statements of
The YMCA of Hamilton/Burlington/Brantford

December 31, 2021

Deloitte.

Deloitte LLP
8 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

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, 2021, 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, 2021, 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.

Other matter

The financial statements of the YMCA as at and for the year ended December 31, 2020 were audited by a different auditor who expressed an unmodified opinion dated May 25, 2021.

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 31, 2022

The YMCA of Hamilton/Burlington/Brantford

Statement of financial position

As at December 31, 2021

	Notes	2021	2020
		$	$
Assets			
Current assets			
Cash and cash equivalents	2	**256,341**	489,532
Accounts receivable		**3,771,580**	4,295,445
Inventories and prepaid expenses		**1,044,610**	766,686
Restricted cash	3	**202,398**	200,733
Current portion of capital project receivables	4	**261,166**	261,166
Special program funds receivable	5	**576,629**	507,674
		6,112,724	6,521,236
Capital campaign pledges receivable	4	**18,000**	42,500
Investments	6	**10,328,585**	8,533,171
Capital assets	4	**58,957,199**	61,848,623
Capital project receivables	4	**783,229**	1,044,395
		76,199,737	77,989,925
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**5,366,018**	6,147,519
Deferred revenue	7	**3,478,605**	3,106,197
Special programs funds payable	5	**1,354,622**	1,253,122
Current portion of capital project payables	4	**261,166**	261,166
Current portion of long-term debt	8	**547,441**	752,748
Current portion of capital lease obligations	9	**—**	63,160
		11,007,852	11,583,912
Capital project payables	4	**783,229**	1,044,395
Long-term debt	8	**190,350**	737,791
Deferred capital contributions	10	**38,187,671**	39,003,413
		50,169,102	52,369,511
Net assets			
Internally restricted			
Invested in endowment	12	**8,855,266**	7,130,314
Internally restricted	13	**1,829,195**	1,388,257
Invested in capital assets	11	**20,576,879**	21,870,673
General		**(5,230,705)**	(4,768,830)
		26,030,635	25,620,414
		76,199,737	77,989,925

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

Approved by the Board

Gary Beveridge, Director

Karmel Sakran, Director

The YMCA of Hamilton/Burlington/Brantford
Statement of changes in net assets
Year ended December 31, 2021

		Internally restricted		Unrestricted			
	Notes	Invested in endowment $	Internally restricted $	Invested in capital assets $	General $	2021 $	2020 $
Balance, beginning of year		**7,130,314**	**1,388,257**	**21,870,673**	**(4,768,830)**	**25,620,414**	28,695,147
Excess (deficiency) of revenue over expenses		**—**	**—**	**(1,602,476)**	**2,012,697**	**410,221**	(3,074,733)
Investment in capital assets		**—**	**278,339**	**308,682**	**(587,021)**	**—**	—
Transfers	12 and 13	**1,724,952**	**162,599**	**—**	**(1,887,551)**	**—**	—
Balance, end of year		**8,855,266**	**1,829,195**	**20,576,879**	**(5,230,705)**	**26,030,635**	25,620,414

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

The YMCA of Hamilton/Burlington/Brantford

Statement of operations

Year ended December 31, 2021

	Notes	**2021**	2020
		$	$
Revenue			
Child care fees		**12,541,548**	10,917,707
Membership fees		**1,686,372**	3,491,211
Program fees		**2,398,340**	1,355,696
Purchase of service	15	**16,073,064**	13,608,249
Other		**847,958**	546,162
Donations		**844,204**	428,521
United Way		**125,526**	205,812
Investment income		**539,676**	169,109
Government COVID subsidies	18	**10,321,921**	8,147,990
		45,378,609	38,870,457
Expenses (other income)			
Salaries and benefits		**32,331,908**	28,113,298
Program costs		**6,372,628**	5,323,011
Facility costs		**6,001,952**	6,025,358
Financing costs		**79,349**	125,658
Allocation to YMCA Canada		**255,236**	154,170
Other income	13	**(162,599)**	(118,945)
		44,878,474	39,622,550
Excess (deficiency) of revenue over expenses before the under noted		**500,135**	(752,093)
Amortization of capital assets		**(3,132,379)**	(3,914,028)
Amortization of deferred capital contributions		**1,529,903**	1,574,499
Gain on disposal of capital assets		**314,047**	—
Fair value changes in investments		**1,198,515**	16,889
		(89,914)	(2,322,640)
Excess (deficiency) of revenue over expenses		**410,221**	(3,074,733)

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, 2021

	2021	2020
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses	**410,221**	(3,074,733)
Items not affecting cash and cash equivalents		
Amortization of capital assets	**3,132,379**	3,914,028
Amortization of deferred capital contributions	**(1,529,903)**	(1,574,499)
Fair value changes in investments	**(1,198,515)**	(16,889)
Gain on disposal of capital assets	**(314,047)**	—
Write-off of projects in progress	**190,431**	—
Changes in non-cash working capital balances		
Accounts receivable	**523,865**	(3,216,571)
Inventories and prepaid expenses	**(277,924)**	110,977
Capital project receivables	**261,166**	261,166
Special program funds receivable/payable	**32,545**	1,128,451
Accounts payable and accrued liabilities	**(781,501)**	2,787,064
Deferred revenue	**372,408**	(234,495)
Capital project payables	**(261,166)**	(261,166)
	559,959	(176,667)
Investing activities		
Capital asset purchases	**(526,367)**	(696,863)
Endowment investment purchases	**(596,899)**	(92,219)
Proceeds from disposal of capital assets	**409,028**	—
Proceeds from capital campaign pledges receivable	**24,500**	31,500
Proceeds from restricted cash	**(1,665)**	805,123
	(691,403)	47,541
Financing activities		
Capital contributions received/receivable	**714,161**	30,686
Repayment of long-term debt	**(752,748)**	(1,678,881)
Repayment of capital lease obligations	**(63,160)**	(267,477)
	(101,747)	(1,915,672)
Decrease in cash and cash equivalents	**(233,191)**	(2,044,798)
Cash and cash equivalents, beginning of year	**489,532**	2,534,330
Cash and cash equivalents, end of year	**256,341**	489,532

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

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 21 (21 in 2020) licensed pre-school childcare centres and 80 (87 in 2020) licensed before and after school programs throughout Hamilton, Burlington and Brantford. The YMCA operates 5 (5 in 2020) 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.

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

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

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

Government grants (including COVID subsidies) 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.

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

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.

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.

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 $5,930 ($133,000 in 2020) of revenue and expenditures were incurred with respect to the administration of third party programs.

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

	2021	2020
	$	$
Cash	**146,216**	40,112
Bank indebtedness (Note 8)	**(1,327,935)**	(401,736)
Money market funds	**1,438,060**	851,156
	256,341	489,532

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).

	2021	2020
	$	$
Laurier Brantford Capital Reserve Fund	**202,398**	200,733

4. Capital assets

	Cost 2021 $	Accumulated amortization 2021 $	Net book value 2021 $	Cost 2020 $	Accumulated amortization 2020 $	Net book value 2020 $
Land	**6,718,186**	**–**	**6,718,186**	6,739,687	–	6,739,687
Buildings	**77,178,224**	**26,404,608**	**50,773,616**	76,551,326	24,539,912	52,011,414
Fixtures and equipment	**5,554,897**	**4,089,500**	**1,465,397**	6,977,199	4,740,302	2,236,897
Projects in progress	**–**	**–**	**–**	860,625	–	860,625
	89,451,307	**30,494,108**	**58,957,199**	91,128,837	29,280,214	61,848,623

Projects in progress relate to incurred costs for Wanakita renovations and software development costs.

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, 2021, the net book value of capital assets related to the complex were $30,160,543 ($31,000,863 in 2020), representing the YMCA's portion of shared costs.

The YMCA's capital project payables balance of $1,044,395 ($1,305,561 in 2020) 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:

	2021 $	2020 $
City of Brantford	**1,044,395**	1,305,561
Less: current portion	**261,166**	261,166
	783,229	1,044,395

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

	2021 $	2020 $
Funding in deficiency of amounts expended	**576,629**	507,674
Less: Funding received unexpended	**(1,354,622)**	(1,253,122)
Special program funds receivable (payable)	**(777,993)**	(745,448)

6. Investments

	2021 Fair value $	**2021 Cost $**	2020 Fair value $	2020 Cost $
Equities	**8,154,291**	**5,781,736**	6,632,866	5,492,776
Fixed income	**1,978,013**	**1,964,800**	1,718,475	1,667,569
Pooled funds	**56,266**	**56,878**	38,929	38,929
Cash	**140,015**	**140,015**	142,901	142,901
	10,328,585	**7,943,429**	8,533,171	7,342,175

The effective interest rate on fixed income securities during the year varied from 0.95% (1.21% in 2020) to 3.87% (3.55% in 2020). The maturities of these securities range from 2022 to 2030 (from 2021 to 2027 in 2020). 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

	2021 $	2020 $
Child care fees	**515**	453
Donations	**756,070**	681,754
Membership fees	**140,851**	11,752
Program fees	**2,581,169**	6,982
	3,478,605	700,941

As at year end $1,989,622 ($1,683,845 in 2020) of deferred revenues have a corresponding amount included in accounts receivable. These receivables relate to 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

	2021 $	2020 $
Bank loan, interest at 3.45% per annum, repayable in monthly blended payments of principal and interest of $30,787, repayable by August 2021	**—**	218,516
Bank loan, interest at 4.08% per annum, repayable in monthly blended payments of principal and interest of $47,075, repayable by April 2023	**737,791**	1,272,023
	737,791	1,490,539
Less: Current portion	**547,441**	752,748
	190,350	737,791

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 $2,000,000 ($2,000,000 in 2020). As at year end, the amount drawn on this facility was nil ($63,160 in 2020) (Note 9).

(ii) A revolving operating line, to a maximum of $3,500,000 ($3,500,000 in 2020), bearing interest at prime plus 0.5% (prime plus 0.5% in 2020). As at year end, the amount drawn on this facility was $1,381,084 ($484,693 in 2020), which has been included as part of cash and cash equivalents on the statement of financial position (see Note 2).

(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.

(iv) Restrictive covenants were not in violation as of December 31, 2021.

9. Capital lease obligations

	2021	2020
	$	$
Obligations under capital lease:		
with interest rate of 4.12%, matured August 2021	**—**	63,160
	—	63,160
Less: Current portion	**—**	63,160
	—	—

The obligations are secured by fixtures and equipment with a net book value of nil ($202,284 in 2020).

10. Deferred capital contributions

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

	2021	2020
	$	$
Balance, beginning of year	**39,003,413**	40,547,226
Add: contributions received and receivable	**714,161**	30,686
Less: contributions recognized as revenue	**(1,529,903)**	(1,574,499)
	38,187,671	39,003,413

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

	2021	2020
	$	$
Unamortized capital contributions	**37,844,927**	38,624,984
Unallocated contributions	**342,744**	378,429
	38,187,671	39,003,413

11. Net assets invested in capital assets

	2021	2020
	$	$
Capital assets, net	**58,957,199**	61,848,623
Restricted cash	**202,398**	200,733
Capital lease obligations	**—**	(63,160)
Long-term debt related to capital assets	**(737,791)**	(1,490,539)
Deferred capital contributions - unamortized	**(37,844,927)**	(38,624,984)
	20,576,879	21,870,673

12. 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.

	2021	2020
	$	$
Investments	**10,328,585**	8,533,171
Less: investments in unrestricted net assets	**(1,473,319)**	(1,402,857)
	8,855,266	7,130,314

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

	2021	2020
	$	$
Investment income	**436,023**	141,196
Donations	**241,201**	15,462
Fair value changes in investments	**1,198,515**	16,889
Investment management fees	**(80,787)**	(64,439)
Transfer to general net assets	**(70,000)**	(115,000)
	1,724,952	(5,892)

During the year, the Board of Directors approved a transfer of $70,000 ($115,000 in 2020) from net assets invested in endowment to general net assets to support programs of the YMCA.

13. 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, the Board of Director’s approved a transfer of commodity tax rebates of $162,599 ($118,945 in 2020) from general net assets to net assets internally restricted. Also, the Board of Directors approved capital expenditures throughout the year of $80,508 ($122,517 in 2020) on the Wanakita renovation project from net assets internally restricted.

14. Commitments

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

	$
2022	1,110,723
2023	335,502
2024	202,908
2025	116,093
2026	27,830

15. Purchase of service

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

	2021	2020
	$	$
Contracted programs		
Special program funding received and receivable from federal and provincial governments to operate programs related to		
Employment services	**4,976,666**	5,746,331
Education and training	**593,528**	397,477
Immigrant services	**3,167,957**	3,031,720
Community initiatives	**586,109**	778,366
	9,324,260	9,953,894
Subsidies and grants		
Wage Enhancement Grants		
Region of Halton	**328,087**	224,240
The City of Hamilton	**369,668**	183,047
The City of Brantford	**406,707**	168,082
	1,104,462	575,369
Child care General Operating Grant		
Region of Halton	**1,129,443**	580,936
The City of Hamilton	**1,274,429**	734,488
The City of Brantford	**1,660,630**	1,246,397
	4,064,502	2,561,821
Child care System Priorities Grants		
Region of Halton	**25,000**	—
The City of Hamilton	**175,050**	286,928
The City of Brantford	**519,614**	15,700
	719,664	302,628
Other	**860,176**	214,537
	16,073,064	13,608,249

16. 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 $889,579 ($797,079 in 2020).

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

17. 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 $2,673,681 ($2,736,144 in 2020) 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.

18. COVID-19

The outbreak of the novel coronavirus ("COVID-19") as a global pandemic, continues to spread through Canada and around the world. The global pandemic has disrupted economic activities and has resulted in the YMCA implementing a system-wide closure of our Health, Fitness and Aquatics facilities, childcare programs, and other programming and services during lockdown periods. The YMCA also had to cancel a number of programs and camps due to the pandemic.

During the year, the YMCA received $7,396,411 ($6,831,999 in 2020) in financial assistance from the Canadian Emergency Wage Subsidy ("CEWS") program and $164,424 (nil in 2020) from the Canada Emergency Rent Subsidy ("CERS"). Included in accounts receivable is $194,115 ($1,111,094 in 2020) related to CEWS. Management has determined that the Association does not have an obligation to repay the Government of Canada for this subsidy as they have determined that the YMCA has met all applicable eligibility criteria.

The YMCA also recognized Safe Restart Funding and Sustainability funding from the City of Hamilton, City of Brantford and Region of Halton in the amount of $2,761,087 ($1,315,991 in 2020). The CEWS, CERS and Safe Restart Funding have been included as Government COVID subsidies on the statement of operations.

Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time.

19. Comparative figures

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