

Oakville Family YMCA
(a corporation without share capital)
Financial Statements
For the year ended December 31, 2022

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Independent Auditor's Report

To the Board of Directors of
Oakville Family YMCA (a corporation without share capital)

Opinion

We have audited the financial statements of the Oakville Family YMCA (the "Association"), which comprise the statement of financial position as at December 31, 2022, and the statements of changes in net assets, revenue and expenses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2022, 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 Association 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

May 16, 2023

Oakville Family YMCA
(a corporation without share capital)
Statement of Financial Position

December 31	2022	2021
Assets		
Current		
Cash - unrestricted	\$ 3,792,964	\$ 1,786,209
Accounts receivable	612,644	974,332
Prepaid expenses	37,012	45,293
	4,442,620	2,805,834
Investments (Note 2)	3,437,201	3,598,103
Capital assets (Note 3)	4,289,605	5,136,061
	\$ 12,169,426	\$ 11,539,998
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 3,029,295	\$ 1,114,955
Deferred revenue (Note 4)	1,325,931	191,571
	4,355,226	1,306,526
Deferred capital donations and grants (Note 6)	1,921,886	2,321,504
	6,277,112	3,628,030
Net Assets		
Net assets invested in capital assets (Note 7)	2,367,719	2,814,557
Net assets internally restricted for capital expenditures (Note 8)	3,000,000	3,000,000
Unrestricted net assets	524,595	2,097,411
	5,892,314	7,911,968
	\$ 12,169,426	\$ 11,539,998

On behalf of the Board:

_____ Director

_____ Director

Oakville Family YMCA
(a corporation without share capital)
Statement of Changes in Net Assets

For the year ended December 31

	Invested in Capital Assets	Internally Restricted	Unrestricted	2022 Total	2021 Total
Balance, beginning of year	\$ 2,814,557	\$ 3,000,000	\$ 2,097,411	\$ 7,911,968	\$ 8,549,516
Deficiency of revenue over expenses	(541,625)	-	(1,478,029)	(2,019,654)	(637,548)
Additions to capital assets net of capital donation and grants	94,787	-	(94,787)	-	-
Balance, end of year	\$ 2,367,719	\$ 3,000,000	\$ 524,595	\$ 5,892,314	\$ 7,911,968

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

Oakville Family YMCA
(a corporation without share capital)
Statement of Revenue and Expenses

For the year ended December 31	2022	2021
Revenue		
Childcare - fees (Note 9 and Note 10)	\$ 11,517,308	\$ 5,213,299
- wage subsidy and operating grants (Note 11)	1,944,953	1,417,265
	13,462,261	6,630,564
Membership	1,178,545	161,845
Program (Note 9)	1,138,423	436,510
Donations, grants and fundraising	923,645	1,026,390
Amortization of capital donations and grants (Note 6)	424,960	437,096
Government subsidies (Note 16)	872,575	4,278,373
Other income	75,809	128,061
Investment income (loss)	(133,160)	263,537
Halton Region COVID grants (Note 11)	-	1,203,323
	17,943,058	14,565,699
Expenses		
Childcare (Page 16)	15,097,200	12,166,339
Programs and membership (Page 16)	4,865,512	3,036,908
	19,962,712	15,203,247
Deficiency of revenue over expenses	\$ (2,019,654)	\$ (637,548)

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

Oakville Family YMCA
(a corporation without share capital)
Statement of Cash Flows

For the year ended December 31	2022	2021
Cash flows from operating activities		
Deficiency of revenue over expenses for the year	\$ (2,019,654)	\$ (637,548)
Adjustments for items not affecting cash		
Amortization of capital assets	966,585	1,116,709
Amortization of deferred capital donations and grants	(424,960)	(437,096)
Unrealized loss (gain) on investments	263,501	(144,550)
Changes in non-cash working capital balances		
Accounts receivable	361,688	1,322,624
Prepaid expenses	8,281	25,983
Accounts payable and accrued liabilities	1,914,340	(137,083)
Deferred revenue	1,134,360	6,445
	<u>2,204,141</u>	<u>1,115,484</u>
Cash flows from investing activities		
Capital asset purchases	(120,129)	(178,243)
Investment purchases	(102,599)	(93,413)
	<u>(222,728)</u>	<u>(271,656)</u>
Cash flows from financing activity		
Capital donations and grants received	25,342	98,578
Net increase in cash	2,006,755	942,406
Cash, beginning of year	1,786,209	843,803
Cash, end of year	\$ 3,792,964	\$ 1,786,209

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

Oakville Family YMCA
(a corporation without share capital)
Notes to Financial Statements

December 31, 2022

1. Significant Accounting Policies

Nature of Business

The Oakville Family YMCA (the "Association") was created without share capital on October 6, 1964 under Supplementary Letters Patent. The Association is a registered charity and accordingly is not subject to income tax.

The Association is a charity that strengthens community in Spirit, Mind and Body.

The Association's sources of revenue are largely from childcare, memberships in the membership centre, day camps and community programs. The Association operated 42 (2021 - 40) offsite locations and delivered 136 (2021 - 92) childcare programs during the year.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization based on the estimated useful life of the asset, is calculated on a straight-line basis as follows:

Building and site costs	-	25 years
Furniture, equipment and leasehold improvements		
Childcare	-	4 years
Furniture and equipment - Peter		
Gilgan Family YMCA	-	5 years
Association services	-	5 years

Building additions are amortized over the remaining life of the building, which was constructed in 2002.

Revenue Recognition

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

The Association follows the deferral method of accounting for contributions.

Unrestricted donations, grants and fundraising revenue 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 revenue and expenses.

Oakville Family YMCA
(a corporation without share capital)
Notes to Financial Statements

December 31, 2022

1. Significant Accounting Policies (continued)

Deferred Revenue

The Association operates various special programs which are funded by specifically designated grants and donations. To the extent such grants and donations are unspent at December 31, they are disclosed as deferred revenue on the statement of financial position.

Government Grants and Fee Subsidies

General operating grants, fee subsidies and wage subsidy grants are recorded as revenue. Grants designated to be applied towards specific capital expenditures are deferred and amortized over the same period as the related capital asset.

Allocation of Association Services

The Association's principal activities are childcare, programs and membership services. The costs of each include wages and benefits, supplies, facility rentals and other direct costs. The Association also incurs a number of general and administrative support expenses that are common to the administration of the Association and each of its activities. Association services have been allocated to childcare expenses, programs and memberships expenses proportionately based on percentages of revenue as follows:

Childcare	- 83% (2021 - 90%)
Programs and memberships	- 17% (2021 - 10%)

Contributed Services

Volunteers contributed approximately 3,351 hours to assist the Association in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities and fixed income investments (included in investments) traded in an active market are reported at fair value, with any unrealized gains and losses reported in 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 measured at fair value each statement of financial position date and charged to the financial instrument for those measured at amortized cost. Investment fees incurred during the year are included in association services expense.

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 balance sheet date. Gains and losses on translation of monetary assets and liabilities are included in net income.

Oakville Family YMCA
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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 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. Investments

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Equities	\$ 1,153,202	\$ 1,047,390	\$ 1,239,686	\$ 922,606
Fixed income	2,267,948	2,363,397	2,357,595	2,363,757
Cash	16,051	16,051	822	822
	\$ 3,437,201	\$ 3,426,838	\$ 3,598,103	\$ 3,287,185

The effective interest rate on fixed income and foreign securities during the year varied from 0.71% to 5.24% (2021 - 0.71% to 4.30%). The maturities of these securities range from 2023 to 2028 (2021 - 2022 to 2028).

Dividends, interest and realized gains/losses on investments of \$141,819 (2021 - \$122,539) were reinvested during the year.

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December 31, 2022

3. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 39,825	\$ -	\$ 39,825	\$ -
Building and site costs	16,118,522	12,222,744	16,118,522	11,468,757
Furniture, equipment and leasehold improvements				
- Childcare	2,280,944	2,146,313	2,253,521	2,023,009
- Peter Gilgan Family YMCA	3,342,270	3,122,899	3,249,564	3,033,605
	\$ 21,781,561	\$ 17,491,956	\$ 21,661,432	\$ 16,525,371
Net book value		\$ 4,289,605		\$ 5,136,061

4. Deferred Revenue

	2022		2021	
Canada-wide early learning and child care subsidy	\$ 845,373	\$ -		
Ontario Trillium Fund	219,795		21,262	
Other organizations	115,060		76,942	
Ontario Sports Network	85,801		-	
Deferred membership and program fees	59,902		50,746	
Region of Halton	-		42,621	
	\$ 1,325,931	\$ -	\$ 191,571	

5. Demand Operating Facility

The Association has available a demand operating facility to a maximum of \$2,000,000 (2021 - \$2,000,000). There were no advances outstanding under this facility as at the year end.

The demand operating facility is secured by a general security agreement, an assignment of insurance and a first collateral mortgage for \$8,000,000 on the land and building.

Oakville Family YMCA
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December 31, 2022

6. Deferred Capital Donations and Grants

	2022	2021
Capital donations, fundraising and grants for:		
Building	\$ 8,022,394	\$ 8,022,394
Less: accumulated amortization	(6,239,367)	(5,882,919)
	1,783,027	2,139,475
Childcare	356,751	348,276
Less: accumulated amortization	(269,947)	(219,038)
	86,804	129,238
Furniture and equipment - Peter Gilgan Family YMCA	150,226	133,359
Less: accumulated amortization	(98,171)	(80,568)
	52,055	52,791
	\$ 1,921,886	\$ 2,321,504

7. Net Assets Invested in Capital Assets

	2022	2021
Capital assets	\$ 4,289,605	\$ 5,136,061
Deferred capital donations and grants	(1,921,886)	(2,321,504)
	\$ 2,367,719	\$ 2,814,557

8. Net Assets Internally Restricted for Capital Expenditures

Net assets internally restricted for capital expenditures represent funds specifically set aside by the Board of Directors to be used solely for the purpose of capital expenditures. Net assets internally restricted for capital expenditures are not available for other purposes without approval by the Board of Directors.

9. Regional Municipality Fee Subsidies

The Association receives fee subsidies on behalf of qualifying families based on income eligibility from the Regional Municipality of Halton. The Association received fee subsidies of \$1,096,425 (2021 - \$733,324) which are included childcare revenue and fee subsidies of \$313,074 (2021 - \$104,263) which are included in program revenue.

Oakville Family YMCA
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Notes to Financial Statements

December 31, 2022

10. Canada-Wide Early Learning and Child Care Subsidy

The Canada-Wide Early Learning and Child Care ("CWELCC") funding agreement was announced by the Federal and Provincial Governments during the year, which will reduce the cost of child care in Ontario to an average of \$10 per day by 2025. This agreement allows licensed child care centres and licensed home child care agencies that opt-in to the system in 2022, to reduce parent or caregiver fees for children under the age of six by 25%, retroactive to April 1, 2022. The Association opted-in to the CWELCC System during the year and received the CWELCC subsidy of \$2,299,725, which is included in childcare revenue.

11. Government Grants

During the year, grants in the following amounts were received from the Regional Municipality of Halton as wage subsidies and operating subsidies to childcare workers. They were recognized in the Association's revenue.

	2022	2021
General Operating Grant	\$ 937,255	\$ 897,912
Wage Enhancement	760,077	387,104
Special Needs School Age Support	151,054	47,595
Staff Development & Retention Programs	94,380	-
Start up funding	2,187	79,454
Employment programs	-	5,200
	\$ 1,944,953	\$ 1,417,265

Continued government support for direct wage subsidies to childcare workers is not guaranteed, but is typically renewed on an annual basis. Should this support cease, the Association is prepared to take measures to reduce the impact on its childcare services and staff.

The Association also received COVID-19 grants of \$Nil (2021 - \$1,203,323) from the Regional Municipality of Halton during the year. The grant was used to support the Association during the closure, reopening and safe restart period during the pandemic, and has been recognized in the Association's statement of revenue and expenses as Halton Regions OVID grants.

12. YMCA Fee Assistance

In addition to the fee subsidies provided by the Regional Municipality of Halton (Note 9), the Association assisted families with direct fee assistance in memberships, programs and childcare. The value of the fee assistance was \$191,326 (2021 - \$98,264) and is excluded from the Association's revenues.

Oakville Family YMCA
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Notes to Financial Statements

December 31, 2022

13. Commitments

The Association leases premises and association services equipment in the normal course of its operations. The minimum annual payments are as follows:

2023	\$	501,330
2024		332,290
2025		296,606
2026		160,837

In addition, the Association has entered into a contract with the Halton District School Board and Halton Catholic School Board to provide before and after school programs with a flexible rental schedule based the number of rooms used for its various programs. The annual rent paid under the contract for this year is \$493,398 (2021 - \$276,556). The contract is scheduled to expire in 2023.

14. Employee Future Benefits

The Association makes matching contributions to a defined contribution pension plan for its employees. Total pension expense included in the financial statements is \$360,358 (2021 - \$332,637).

The Association has no obligations in excess of the contributions noted above, as it does not have any defined benefit retirement plans.

15. Financial Instrument Risks

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Association is exposed to credit risk resulting from the possibility that a customer or counterpart to a financial instrument defaults on their financial obligations. The Association's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable balances.

Liquidity Risk

Liquidity risk is the risk that the Association encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes risk that, as a result of operational liquidity requirements, the Association 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. Liquidity risk arises from the Association's accounts payable and accrued liabilities and commitments.

Market Risk

Market risk arises from the possibility that changes in market prices will affect the level of investments held by the Association. The Association is exposed to market risk through its investments in equities.

Oakville Family YMCA
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Notes to Financial Statements

December 31, 2022

15. Financial Instrument Risks (continued)

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 of \$375,462 (2021 - \$414,311) were held in US dollars and converted into Canadian dollars at year end. The Association considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risks.

16. COVID-19 Subsidies

During the year, the Association received \$765,867 (2021 - \$248,502) from the Hardest-Hit Business Recovery Program ("HHBRP"), \$106,708 (2021 - \$Nil) from the Canada recovery Hiring Program ("CRHP"), \$Nil (2021 - \$3,653,626) in financial assistance from the Canada Emergency Wage Subsidy ("CEWS") program and \$Nil (2021 - \$376,245) in financial assistance from the Canada Emergency Rent Subsidy ("CERS") program. Included in accounts receivable is \$Nil (2021 - \$250,736) in financial assistance from these programs. Management has determined that the Association does not have an obligation to repay the Government of Canada for these subsidies as they have determined that the Association has met all applicable eligibility criteria.

17 Comparative Amounts

Certain comparative figures presented in the financial statements have been reclassified to conform with the current year's presentation.

Oakville Family YMCA
(a corporation without share capital)
Expense Schedules

For the year ended December 31	2022	2021
Childcare		
Wages and benefits (Note 12)	\$ 10,562,040	\$ 8,212,403
Association services	1,865,839	2,036,757
Program supplies	1,072,736	662,520
Facility rental	817,087	580,138
Repairs and maintenance	243,837	184,910
YMCA Canada and other dues	184,580	111,637
Program delivery costs	176,587	153,540
Amortization of capital assets	123,304	200,407
Bank charges	51,190	24,027
	\$ 15,097,200	\$ 12,166,339
Programs and memberships		
Wages and benefits (Note 12)	\$ 2,484,557	\$ 1,351,829
Amortization of capital assets	843,281	916,302
Association services	382,160	226,306
Utilities	315,546	197,367
Program delivery costs	313,779	34,190
Repairs and maintenance	283,914	173,397
Program supplies	123,681	39,941
Facility rental	70,303	82,502
YMCA Canada and other dues	37,806	12,404
Bank charges	10,485	2,670
	\$ 4,865,512	\$ 3,036,908