

**YMCA of Eastern Ontario
Financial Statements
For the Year Ended December 31, 2024**

Contents

Independent Auditor's Report	2 - 4
Financial Statements	
Statement of Financial Position	5
Statement of Changes in Net Assets	6
Statement of Operations	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 18
Schedule 1 - Schedule of St. Lawrence College of Applied Arts & Technology	19



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Independent Auditor's Report

To the members of YMCA of Eastern Ontario

Qualified Opinion

We have audited the financial statements of YMCA of Eastern Ontario (the "Organization"), which comprise the statement of financial position as at December 31, 2024, the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2024, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, deficiency of revenues over expenses, and cash flows from operations for the years ended December 31, 2024 and 2023, current assets as at December 31, 2024 and 2023, and net assets as at January 1 and December 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



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

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
May 6, 2025

YMCA of Eastern Ontario Statement of Financial Position

December 31	2024	2023
Assets		
Current		
Cash	\$ 150,982	\$ 74,861
Investments (Note 2)	2,319,280	773,407
Trade and other receivables (Note 3)	146,408	658,302
Prepaid expenses	22,570	25,403
	<hr/>	<hr/>
	2,639,240	1,531,973
Tangible capital assets (Note 5)	<hr/>	<hr/>
	6,264,333	6,686,354
	<hr/>	<hr/>
	\$ 8,903,573	\$ 8,218,327
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 839,183	\$ 933,984
Amount payable to the City of Kingston	24,142	16,445
Amount payable to United Counties of Leeds and Grenville	21,219	11,260
Deferred contributions (Note 7)	1,887,368	604,311
Unearned membership and program fees	29,126	44,395
Current portion of long-term debt (Note 8)	42,796	41,729
	<hr/>	<hr/>
	2,843,834	1,652,124
Long-term debt (Note 8)	<hr/>	<hr/>
Deferred contributions related to tangible capital assets (Note 9)	491,842	533,816
	<hr/>	<hr/>
	2,618,019	2,982,028
	<hr/>	<hr/>
	5,953,695	5,167,968
Net Assets		
Invested in tangible capital assets	3,111,676	3,128,781
Unrestricted (deficiency)	(161,798)	(78,422)
	<hr/>	<hr/>
	2,949,878	3,050,359
	<hr/>	<hr/>
	\$ 8,903,573	\$ 8,218,327



Kristin Smith, Board Chair



Michael Gaylord, Treasurer

**YMCA of Eastern Ontario
Statement of Changes in Net Assets**

<u>For the year ended December 31</u>	<u>Unrestricted (deficiency)</u>	<u>Invested in Tangible Capital Assets</u>	<u>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ (78,422)	\$ 3,128,781	\$ 3,050,359	\$ 3,221,998
Excess (deficiency) of revenues over expenses	169,800	(270,281)	(100,481)	(171,639)
Acquisition of tangible capital assets	(211,447)	211,447	-	-
Repayment of long-term debt	<u>(41,729)</u>	<u>41,729</u>	<u>-</u>	<u>-</u>
Balance, end of the year	\$ (161,798)	\$ 3,111,676	\$ 2,949,878	\$ 3,050,359

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

YMCA of Eastern Ontario Statement of Operations

For the year ended December 31

2024

2023

Revenue

Licensed child care fees	\$ 2,689,044	\$ 2,677,704
Memberships	2,577,598	2,348,230
City of Kingston subsidy	1,555,850	1,768,684
United Counties of Leeds and Grenville subsidy	1,476,563	1,321,393
Other grants and sponsorships	1,023,099	402,894
Program fees	758,895	759,348
Donations and fundraising	559,858	480,674
Student fees (Schedule 1)	416,887	411,431
Amortization of deferred contributions related to tangible capital assets (Note 9)	364,009	296,845
Camp fees	314,652	218,096
Administration fees	177,516	167,417
Other revenues	130,235	25,420
Interest Income	30,409	24,850
	12,074,615	10,902,986

Expenses

Advertising and promotion	268,535	162,518
Amortization of tangible capital assets	633,468	598,478
Bad debt expense (recovery)	90,206	(1,545)
Insurance	144,635	128,451
Interest and bank charges	72,453	68,543
Interest on long-term debt	26,265	28,825
Management and administrative fees	72,684	72,684
Memberships and licences	232,078	170,652
Office expenses	518,742	384,035
Professional fees	95,312	96,106
Program and child care supplies	578,629	504,659
Rental	52,877	61,470
Repairs and maintenance	563,089	556,290
Sub-contracts	694,778	601,016
Training and education	17,980	13,084
Travel expenses	148,354	139,730
Utilities	430,871	451,692
Wages and benefits	7,534,140	7,037,937
	12,175,096	11,074,625
Deficiency of revenues over expenses	\$ (100,481)	\$ (171,639)

YMCA of Eastern Ontario Statement of Cash Flows

For the year ended December 31	2024	2023
Cash flows from operating activities		
Deficiency of revenues over expenses	\$ (100,481)	\$ (171,639)
Items not affecting cash:		
Amortization of tangible capital assets	633,468	598,478
Amortization of deferred contributions related to tangible capital assets	(364,009)	(296,845)
Unrealized interest income	-	(13,407)
	<hr/>	<hr/>
	168,978	116,587
Changes in non-cash working capital:		
Accounts receivable	511,894	(321,096)
Prepaid expenses	2,833	(14,099)
Accounts payable and accrued liabilities	(94,801)	230,494
Amount payable to the City of Kingston	7,697	(77,925)
Amount payable to Leeds and Grenville United Counties	9,959	(66,531)
Unearned membership and program fees	(15,269)	5,729
Deferred contributions	1,283,057	319,923
	<hr/>	<hr/>
	1,874,348	193,082
Cash flows from investing activities		
Acquisition of investments	(2,075,980)	(860,000)
Proceeds on disposal of investments	530,929	100,000
Acquisition of tangible capital assets	(211,447)	(900,166)
	<hr/>	<hr/>
	(1,756,498)	(1,660,166)
Cash flows from financing activities		
Repayment of long-term debt	(41,729)	(68,732)
Deferred contributions related to tangible capital assets	-	617,296
	<hr/>	<hr/>
	(41,729)	548,564
Net increase (decrease) in cash	76,121	(918,520)
Cash, beginning of the year	74,861	993,381
Cash, end of the year	\$ 150,982	\$ 74,861

YMCA of Eastern Ontario Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>The YMCA of Eastern Ontario (the "Organization") was incorporated without share capital under the Ontario Corporations Act, and continued under the <i>Ontario Non-For-Profit Corporations Act, 2010</i>. The Organization is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.</p> <p>The Organization's charitable purpose is dedicated to the growth of all person in spirit, mind and body, and to their sense of responsibility to each other and the global community. The Organization provides services to communities in Eastern Ontario, including Kingston, Brockville, Gananoque, and North Grenville.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Financial Instruments	<p>Financial Instruments are recorded at fair value at initial recognition.</p> <p>In subsequent periods, investments are reported at fair value, with any change in fair value reported in net income. All other financial instruments are reported at cost or amortized cost. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.</p>

YMCA of Eastern Ontario Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies (continued)

Revenue Recognition The Organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred contributions related to tangible capital assets represent the unamortized amount of donations and grants received for the purchase of tangible capital assets or contributed tangible capital assets. The amortization of deferred contributions related to tangible capital assets is recorded as revenue in the statement of operations at the same rate as the related tangible capital asset.

The Organization receives funding from the United Counties of Leeds and Grenville and the City of Kingston pursuant to established services contract arrangements. Government funding is recorded as revenue in the period to which it relates. Where a portion of government funding relates to the future period, it is deferred and recognized in that subsequent period.

Revenue from memberships is recognized as revenue on daily pro-rata basis over the term of the membership.

Revenue from licensed child care fees is recognized when the services are provided.

Revenue from student fees, camp fees, programs and other services is recognized when the related activities have occurred.

YMCA of Eastern Ontario Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies (continued)

Tangible Capital Assets	Purchased tangible capital assets are stated at cost less accumulated amortization. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.
	Construction in progress is not amortized until the tangible capital asset is substantially complete and ready for use.
	Amortization is provided using the straight-line method at rates intended to amortize assets at cost less salvage value over their estimated useful lives using the following annual rates:
	Buildings 10 to 25 years
	Furniture and equipment 5 years
	Computer equipment and software 3 to 10 years
	Paving 25 years
Contributed Services	Volunteers contribute many hours per year to assist the YMCA of Eastern Ontario in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
Use of Estimates	The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from management's best estimate as additional information becomes available in the future. Management's estimates and assumptions used in determining amortization methods, rates and useful life of tangible capital assets, and valuation of accounts receivable are reviewed annually and are based on management's best estimate. These estimates are subject to measurement uncertainty, and the effect on the financial statements in future periods could be significant.

YMCA of Eastern Ontario Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies (continued)

Foundation of the YMCA of Eastern Ontario The Foundation of the YMCA of Eastern Ontario (the "Foundation") is incorporated without share capital under the Ontario Corporations Act.

It is a non-profit corporation established for the purpose of receiving and maintaining a fund or funds and applying all or part of the principal and the income there from to the Organization or such other organization, which in the judgement of the directors of the Foundation, will enhance, improve or otherwise advance the purposes of the Organization.

The results of the Foundation are not included within these financial statements apart from the economic impact disclosed in the Note 12.

YMCA of Eastern Ontario Notes to Financial Statements

December 31, 2024

2. Investments

	<u>2024</u>	<u>2023</u>
Guaranteed Investment Certificates, bearing interest at variable rates between 1.75% per annum and prime rate minus 2.45% per annum (2023 - between prime rate minus 2.25% and prime rate minus 2.45% per annum), maturing between April and December 2025 (2023 - between April and December 2024)	<u>\$ 2,319,280</u>	<u>\$ 773,407</u>

3. Trade and other receivable

	<u>2024</u>	<u>2023</u>
Trade receivables	\$ 97,342	\$ 405,732
Receivable from government funders	38,963	244,948
Harmonized Sales Taxes recoverable	<u>10,103</u>	<u>7,622</u>
	<u>\$ 146,408</u>	<u>\$ 658,302</u>

4. Credit Facility

The Organization has an authorized revolving demand operating loan facility of \$300,000 that is due on demand and bears an interest at the bank's prime rate plus 0.25% per annum. The facility is secured by a general security agreement. At December 31, 2024, the entire \$300,000 under this facility remained undrawn (2023 - undrawn at \$300,000).

YMCA of Eastern Ontario Notes to Financial Statements

December 31, 2024

5. Tangible Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 477,385	\$ -	\$ 477,385	\$ -
Buildings	17,913,828	12,631,737	17,702,381	12,183,702
Furniture and equipment	2,491,502	2,068,650	2,491,502	1,908,331
Computer equipment and software	702,371	642,251	702,371	623,585
Paving	233,392	211,507	233,392	205,059
	\$ 21,818,478	\$ 15,554,145	\$ 21,607,031	\$ 14,920,677
		\$ 6,264,333		\$ 6,686,354

6. Accounts Payable and Accrued Liabilities

Included in the accounts payable and accrued liabilities are government remittances payable of \$54,899 (2023 - \$53,133).

7. Deferred Contributions

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

	2024		2023
Beginning balance	\$ 604,311	\$ 284,388	
Add: amounts received related to a subsequent period	2,951,671	1,876,249	
Less: amounts recognized as revenue in the year	(1,668,615)	(1,556,326)	
Ending balance	\$ 1,887,367	\$ 604,311	

YMCA of Eastern Ontario Notes to Financial Statements

December 31, 2024

8. Long-Term Debt

	2024	2023
Royal Bank of Canada, bears interest at 4.39% per annum, matures in September 2034, payable in weekly principal plus interest instalments of \$1,257.	\$ 534,638	\$ 575,545
Less: current portion	<u>42,796</u>	<u>41,729</u>
	<u>\$ 491,842</u>	<u>\$ 533,816</u>

The principal payments for the next five years amount to: 2025, \$42,796; 2026, \$44,176; 2027, \$46,721; 2028, \$48,817; and 2029, \$51,007. These payments have been calculated under the assumption that the repayment plan will be successfully renewed, based on the present payment terms and interest rates.

The Royal Bank of Canada term loans, including the credit facility and the letter of guarantee, are secured by a general security agreement constituting a first ranking security in all personal property and accounts receivables. When accessed, the lease line of the credit facility in the amount of \$300,000 will also be secured by a chattel mortgage constituting a first ranking and specific security interest in specific property.

The security listed as collateral on the term loans are in the amount of \$3,500,000, constituting a first fixed charge on land and building located at 100 Wright Crescent, Kingston, Ontario with a carrying amount of \$ 5,759,476 (2023 - \$5,996,064).

9. Deferred Contributions Related to Tangible Capital Assets

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

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

	2024	2023
Beginning balance	\$ 2,982,028	\$ 2,661,577
Add: amounts received during the year	-	617,296
Less: amounts amortized to revenue	<u>(364,009)</u>	<u>(296,845)</u>
Ending balance	<u>\$ 2,618,019</u>	<u>\$ 2,982,028</u>

YMCA of Eastern Ontario Notes to Financial Statements

December 31, 2024

10. Pension Costs and Obligations

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

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

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

Contributions to the Plan made during the year by the Organization on behalf of its' employees amounted to \$317,385 (2023 - \$335,180), which has been included in wages and benefits in the statement of operations.

YMCA of Eastern Ontario Notes to Financial Statements

December 31, 2024

11. Financial Instruments

Credit risk

The Organization is exposed to credit risk arising from all of its bank accounts and investments being held at one financial institution. The Canada Deposit Insurance Corporation (CDIC) insures eligible deposits up to \$100,000 per depositor per insured category. This concentration increases the risk of loss if the financial institution encounters financial difficulties. There has been an increase in this risk due to an increase in the funds held at a single financial institution comparing to prior year.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they become due. This may occur if sufficient cash is not available or if assets must be sold at a loss to meet short-term demands. The Organization is exposed to this risk primarily through its accounts payable, accrued liabilities, and the current portion of long-term debt.

The Organization manages this risk by maintaining appropriate levels of cash and liquid investments and by closely monitoring its cash flow needs. While the Organization's overall cash and investment balances have increased, a significant portion of these funds is restricted through deferred contributions, which limits their availability for general operating needs. This is particularly relevant in light of the increase in current liabilities during the year.

There have been no significant changes in the Organization's approach to managing liquidity risk from the prior year; however, the financial position indicates an increased reliance on restricted funding, which is being monitored closely.

Interest rate risk

The Organization is exposed to interest rate risk through its holdings in fixed and variable rate financial instruments, including bank loans and investments. Fixed-rate instruments are subject to fair value risk, while variable-rate instruments expose the Organization to cash flow variability.

In 2024, market interest rates declined further compared to 2023, resulting in lower yields on new investments. The Organization has also seen a notable increase in its investment holdings, including guaranteed investment certificates (GICs), which are sensitive to interest rate movements. These conditions may affect both the return on investments and the cost of borrowing.

The Organization continues to monitor its investment portfolio and interest-bearing liabilities to manage this risk appropriately.

YMCA of Eastern Ontario Notes to Financial Statements

December 31, 2024

12. Related Party Transactions

The Foundation of the YMCA of Eastern Ontario (the "Foundation") is a related party to the Organization due to its significant influence.

During the year, the Organization received donations totaling \$80,000 (2023 - \$610,000) from the Foundation. These amounts were recorded at the exchange amount, representing the agreed-upon value between the parties.

As at year-end, there are no amounts receivable from or payable to the Foundation, and there are no contractual obligations or contingencies between the Organization and the Foundation.

YMCA of Eastern Ontario

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

<u>For the year ended December 31</u>	<u>2024</u>	<u>2023</u>
Revenue		
Student fees	<u>\$ 416,887</u>	<u>\$ 411,431</u>
Expenses		
Salaries and benefits	\$ 331,747	\$ 319,416
Management fees	47,304	47,304
YMCA Canada dues	25,380	25,380
Program and childcare supplies	8,661	14,415
Travel and meals	3,795	3,635
Repairs and maintenance	-	1,281
	<u>\$ 416,887</u>	<u>\$ 411,431</u>