



Consolidated Financial Statements

YMCA of Simcoe/Muskoka

June 30, 2022

Consolidated Contents

	Page
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Changes In Net Assets	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 18

Independent Auditor's Report

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To the Board of Directors of
YMCA of Simcoe/Muskoka

Opinion

We have audited the consolidated financial statements of YMCA of Simcoe/Muskoka (the "Association"), which comprise the consolidated statement of financial position as at June 30, 2022, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated 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 June 30, 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 Consolidated 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Barrie, Canada
October 26, 2022

Chartered Professional Accountants
Licensed Public Accountants

YMCA of Simcoe/Muskoka

Consolidated Statement of Financial Position

June 30
(in Thousands 000s)

2022

2021

Assets

Current

Cash	\$ 24,836	\$ 10,860
Accounts receivable	863	2,341
Inventory (Note 12)	-	120
Prepaid expenses	17	116

25,716 13,437

Tangible capital assets (Note 4)	15,904	21,343
Portfolio investments (Note 3)	902	1,005
Endowment investments (Note 3)	685	685
Intangible assets (Note 5)	181	309

17,672 23,342

Total assets \$ 43,388 \$ 36,779

Liabilities and Net Assets

Current liabilities

Accounts payable and accrued liabilities	\$ 1,418	\$ 2,327
Government remittances payable	671	438
Deferred revenue	3,283	3,409
Current portion of long-term debt (Note 7)	-	1,789
Current portion of deferred contributions (Note 8)	1,681	1,093

7,053 9,056

Deferred contributions (Note 8) 12,888 15,325

Total liabilities 19,941 24,381

Net assets (Page 5)

Unrestricted	21,616	10,539
Internally restricted funds	1,146	1,174
Endowment fund	685	685

Total Net Assets 23,447 12,398

Total Liabilities and Net Assets \$ 43,388 \$ 36,779

Commitments (Note 9)

Approved on behalf of the board

Director, 

Director, Robert Reid

YMCA of Simcoe/Muskoka

Consolidated Statement of Operations

Year ended June 30
(in Thousands 000s)

2022

2021

Revenue

Health wellness community recreation	\$ 4,638	\$ 492
Child development & family support (Note 10)	17,316	11,335
Camping, conference & youth engagement	2,285	1,125
Philanthropy & Association advancement	381	471
Government programs (Note 10)	7,440	14,254
Amortization of deferred capital contributions	1,053	1,094
Other revenue	467	125
	<u>33,580</u>	<u>28,896</u>

Expenses

Human resources direct costs	21,194	17,427
Supplies	3,557	2,721
Facilities expenses	4,285	3,081
Other expenses	287	129
General & administration expenses	3,880	3,397
Amortization of tangible capital assets & software	1,753	1,881
Interest on long-term debt	29	55
	<u>34,985</u>	<u>28,691</u>

Excess (deficiency) of revenue over expenses before other items (1,405) 205

Gain on sale of capital assets (Note 13) 12,454 4,034

Excess of revenue over expenses \$ 11,049 \$ 4,239

YMCA of Simcoe/Muskoka

Consolidated Statement of Changes in Net Assets

Year ended June 30
(in Thousands 000s)

	Unrestricted	Internally Restricted Funds	Endowment Fund	2022	2021
Balance, beginning of year	\$ 10,539	\$ 1,174	\$ 685	\$ 12,398	\$ 8,159
Interfund transfers	(16)	16	-	-	-
Excess (deficiency) of revenue over expenses	<u>11,093</u>	<u>(44)</u>	<u>-</u>	<u>11,049</u>	<u>4,239</u>
Balance, end of year	<u>\$ 21,616</u>	<u>\$ 1,146</u>	<u>\$ 685</u>	<u>\$ 23,447</u>	<u>\$ 12,398</u>

YMCA of Simcoe/Muskoka

Consolidated Statement of Cash Flows

Year ended June 30
(in Thousands 000s)

2022

2021

Operating

Excess of revenue over expenses	\$ 11,049	\$ 4,239
Adjustments for		
Amortization of tangible capital assets & software	1,753	1,881
Amortization of deferred capital contributions	<u>(1,053)</u>	<u>(1,094)</u>
	<u>11,749</u>	<u>5,026</u>
Change in non-cash working capital items		
Accounts receivable	1,478	(1,148)
Inventory	120	4
Prepaid expenses	99	(80)
Accounts payable and accrued liabilities	(909)	104
Government remittances payable	233	(261)
Deferred revenue	<u>(126)</u>	<u>1,907</u>
	<u>895</u>	<u>526</u>
	<u>12,644</u>	<u>5,552</u>

Investing

Additions to tangible capital assets	(425)	(531)
Disposals of tangible capital assets	4,252	4,860
Additions to intangible assets	(13)	(280)
Change in portfolio investments	103	1,125
Decrease/Increase in deferred contributions	<u>(796)</u>	<u>592</u>
	<u>3,121</u>	<u>5,766</u>

Financing

Repayment of bank loan	-	(1,985)
Decrease in long-term debt	<u>(1,789)</u>	<u>(672)</u>
	<u>(1,789)</u>	<u>(2,657)</u>

Increase (decrease) in cash	13,976	8,661
Cash		
Cash, beginning of year	<u>10,860</u>	<u>2,199</u>
Cash, end of year	<u>\$ 24,836</u>	<u>\$ 10,860</u>

YMCA of Simcoe/Muskoka

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(in Thousands 000s)

1. Nature of Association

YMCA of Simcoe/Muskoka (the "Association") is a charitable, community-based organization open to all. It offers diverse services provided by a partnership of volunteers and staff and provides fellowship and opportunities for personal growth in spirit, mind and body including the provision of programs and services that foster health, education and the relief of poverty.

The Association is incorporated without share capital under the Corporations Act (Ontario) and is a charitable organization within the meaning of the Income Tax Act (Canada).

2. Significant accounting policies

Basis of preparation

The Association has adopted the Canadian accounting standards for not-for-profit organizations (ASNPO) and are in accordance with Canadian generally accepted accounting principles (GAAP).

Basis of consolidation

The consolidated financial statements include the accounts of the Association and its wholly owned subsidiary 2410518 Ontario Limited. The subsidiary's purpose is to make investments on behalf of the Association. It was incorporated on March 12, 2014 under the laws of Ontario and is subject to corporate income tax.

Fund accounting

The Association follows the deferral method of accounting for contributions:

The unrestricted fund accounts for the Association's program delivery and administrative activities. This fund reports unrestricted resources.

The internally restricted future fund represents a segregated fund designated by the Board to fund specific projects that enrich the programs of the Association.

The endowment fund accounts for endowments received for which the principal portion is to be invested and only the income earned on the original endowment can be expended, as stipulated by the donor. Endowments are recorded as a direct increase in net assets in the year received. Investment income on endowments is recorded as deferred revenue when earned and recognized as revenue on the Consolidated Statement of Operations when the designated expenditure is made.

Fund transfers

The Board approves fund transfers to the internally restricted funds for the specific purposes as described above. The internally restricted net assets are not available for other purposes without the approval of the Board.

YMCA of Simcoe/Muskoka

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(in Thousands 000s)

2. Significant accounting policies, continued

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the reporting period. These estimates include, among others, useful lives of tangible capital assets, allowance for doubtful accounts and accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

Cash

Cash consists of cash on hand and bank balances.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Contributions received in advance of the period to which they relate are recorded as deferred revenue. Unrestricted contributions include: contributions from members, participants and agencies and fundraising.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of tangible capital assets excluding land are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. Externally restricted contributions for land are recorded as a direct increase in unrestricted net assets. Externally restricted contributions that have not been expended are recorded as part of deferred contributions on the consolidated statement of financial position. Externally restricted contributions for the repayment of debt are deferred and amortized in the same manner as the related tangible capital asset is amortized to expense.

Child care fees, membership fees and conference income are recognized as revenue as the services are provided. Interest income, sales and other income are recognized when earned.

Where the Association has an obligation to provide ongoing services, revenues are recognized as the service is performed. Any amounts received in advance are recognized as deferred revenue until the period in which the services have been performed.

YMCA of Simcoe/Muskoka

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(in Thousands 000s)

2. Significant accounting policies, continued

Financial instruments

The Association considers any contract that creates a financial asset, a financial liability or equity instrument as a financial instrument, except in limited items such as leases and loan commitments.

Initial recognition and measurement

A financial asset or a financial liability is recognized when the Association becomes a party to the contractual provisions of the financial instrument.

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction, are initially measured at their fair value.

Subsequent measurement

Changes in fair value of investments in equity instruments are recognized in operations in the period incurred. All other financial assets and financial liabilities are measured at amortized cost.

Impairment

For financial assets measured at cost or amortized cost, the Association regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Association determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the consolidated statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Contributed services

The Association is dependent on the voluntary services of many individuals. Since these services are not normally purchased by the Association and because of the difficulty in estimating their fair market value, these services are not recorded in these consolidated financial statements.

Contributed materials

The Association has not recognized contributed materials in these consolidated financial statements as these materials are not normally purchased and because of the difficulty in estimating their fair market value.

Inventory

Inventory is valued at the lower of cost and replacement cost. Cost is generally determined on a specific item basis.

YMCA of Simcoe/Muskoka

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(in Thousands 000s)

2. Significant accounting policies, continued

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Cost includes the purchase price and other acquisition costs such as brokers' commissions, installation costs including architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, duties, testing and preparation charges. Contributed tangible capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. When conditions indicate that a tangible capital asset no longer contributes to the Association's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts, the tangible capital asset will be written down to fair value or replacement cost to reflect partial impairments. Amortization is provided on assets placed into use on the straight-line basis over their estimated useful lives as follows:

Building and site improvements	Straight-line	25 years
Leasehold improvements	Straight-line	25 years
Furnishings and equipment	Straight-line	5 years
Computer hardware	Straight-line	3 years

Intangible assets

Software consists of externally purchased programs and are stated at cost. Amortization is provided on a straight-line basis over their estimated useful service lives of 3 years. Intangible assets are written down to fair value or replacement cost when conditions indicate that an intangible asset no longer contributes to the Association's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the intangible assets are less than their net carrying amounts. An impairment loss is not reversed if the fair value of the intangible asset subsequently increases.

Portfolio investments

Portfolio investments are initially measured at fair value. Gains and losses are recognized in the period in which they occur.

Pension plan

The Association contributes to the Canadian YMCA Retirement Fund, a multi-employer defined contribution pension plan. Contributions are recorded in the period in which the Association is obligated to make contributions for services rendered by employees.

YMCA of Simcoe/Muskoka

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(in Thousands 000s)

3. Portfolio investments

	<u>2022</u> <u>Fair value</u>	<u>2021</u> <u>Fair value</u>
Common shares	\$ 423	\$ 188
Mutual funds	391	694
Huronian Community Foundation investments	<u>773</u>	<u>808</u>
	<u>\$ 1,587</u>	<u>\$ 1,690</u>

Investments held by the Association are designated as follows:

Endowment funds	\$ 685	\$ 685
Deferred contributions	83	105
Internally restricted	888	933
Less: uninvested internally restricted funds held in operating account	<u>(69)</u>	<u>(33)</u>
	<u>\$ 1,587</u>	<u>\$ 1,690</u>

Endowment funds are externally restricted, and any investment returns on these funds are recorded as deferred contributions and restricted for the intended use in which the endowment contribution was made. The principal balance of endowment funds is recognized separately by the Association in net assets (Page 5).

4. Tangible capital assets

	<u>Cost</u>	<u>Accumulated</u> <u>Amortization</u>	<u>2022</u> <u>Net Book</u> <u>Value</u>	<u>2021</u> <u>Net Book</u> <u>Value</u>
Land	\$ 308	\$ -	\$ 308	\$ 2,388
Building and site improvements	14,938	7,080	7,858	10,132
Leasehold improvements	16,340	8,806	7,534	8,170
Program equipment	-	-	-	46
Furnishings and equipment	33	27	6	21
Computer hardware	<u>434</u>	<u>236</u>	<u>198</u>	<u>586</u>
	<u>\$ 32,053</u>	<u>\$ 16,149</u>	<u>\$ 15,904</u>	<u>\$ 21,343</u>

During the year, the Association purchased tangible capital assets in the amount of \$425 (2021 - \$531).

The Association's wholly owned subsidiary, 2410518 Ontario Limited, leased two buildings for gross rent of \$16 (2021 - \$38).

The total value of land included in the above is \$Nil (2021 - \$553).

YMCA of Simcoe/Muskoka

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(in Thousands 000s)

5. Intangible assets

	<u>2022</u>			
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Transfers/ impairment</u>	<u>Net</u>
Software	<u>\$ 430</u>	<u>\$ 249</u>	<u>\$ -</u>	<u>\$ 181</u>
	<u>2021</u>			
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Transfers/ impairment</u>	<u>Net</u>
Software	<u>\$ 419</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 309</u>

6. Credit facilities

The Association has a revolving demand facility with the Royal Bank of Canada. The bank loan bears interest at the bank's prime rate plus 0.25% for loans, calculated and payable monthly. The total credit available is \$2,000 (2021- \$3,300). Unused credit facilities at June 30, 2022 amounted to \$2,000 (2021 - \$3,300).

In 2021 the Association had three non-revolving term facilities (Note 7) for the purpose of financing various construction projects, mortgages for investment properties owned by 2410518 Ontario Limited, and a mortgage for Geneva Park. These facilities were repaid in 2022.

The Association has a \$300 line of credit available for lease financing of facility equipment. As at year end, this line of credit has not been drawn upon.

The Association has a \$200 (2021 - \$150) limit on Association credit cards.

The banking agreement that covers these loans is secured by a general security agreement constituting a first ranking security interest on all property of the borrower, as well as a cash collateral agreement on guaranteed investment certificates in the amount of \$2,500.

YMCA of Simcoe/Muskoka

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(in Thousands 000s)

7. Long-term debt

	<u>2022</u>	<u>2021</u>
Royal Bank of Canada Committed Reducing Term Facility, prime plus 0.25%, equal monthly principal payments of \$2 plus interest due July 2021.	\$ -	\$ 97
Royal Bank of Canada Committed Reducing Term Facility, prime plus 0.25%, equal monthly principal payments of \$1 plus interest due June 2022.	-	83
Royal Bank of Canada Committed Reducing Term Facility, prime plus 0.25%, equal monthly principal payments of \$32 plus interest due July 2021.	<u>-</u>	<u>1,609</u>
	-	1,789
Less current portion	<u>-</u>	<u>1,789</u>
Due beyond one year	<u>\$ -</u>	<u>\$ -</u>

The balances of all term facility loans were repaid during the 2022 fiscal year. The banking agreement with the Royal Bank of Canada contains a covenant with respect to the debt service ratio. During the year the Association was in compliance with this ratio.

YMCA of Simcoe/Muskoka

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(in Thousands 000s)

8. Deferred contributions

	<u>2022</u>	<u>2021</u>
Deferred contributions related to capital assets	\$ 14,052	\$ 15,393
Deferred contributions	<u>517</u>	<u>1,025</u>
Total deferred contributions	14,569	16,418
Less current portion of deferred contributions	<u>(1,681)</u>	<u>(1,093)</u>
Non current deferred contributions	<u>\$ 12,888</u>	<u>\$ 15,325</u>

Deferred capital contributions related to capital assets and repayment of debt

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 15,393	\$ 16,275
Additional contributions received	359	212
Geneva Park disposal (Note 13)	(647)	-
Amounts amortized to revenue	<u>(1,053)</u>	<u>(1,094)</u>
	<u>\$ 14,052</u>	<u>\$ 15,393</u>

Deferred contributions

This balance represents the unexpended amounts of donations that have been received where the donor has specified that the amounts be used for designated purposes. The determination of the timing and the amount of these payments for designated purposes are at the discretion of the Board.

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,025	\$ 644
Additional contributions received	228	793
Amounts amortized to revenue	<u>(736)</u>	<u>(412)</u>
	<u>\$ 517</u>	<u>\$ 1,025</u>

YMCA of Simcoe/Muskoka

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(in Thousands 000s)

9. Commitments

The Association has obligations under long-term leases for certain premises and office equipment. Future minimum lease payments over the next three years are as follows:

2023	\$	1,070
2024		509
2025		<u>56</u>
	<u>\$</u>	<u>1,635</u>

10. Government program revenue

Government programs consist of:

	<u>2022</u>	<u>2021</u>
Newcomer Services	\$ 844	\$ 581
Employment Services	3,279	2,733
Youth Services	1,757	1,459
Canada Emergency Wage Subsidy	<u>1,560</u>	<u>9,481</u>
	<u>\$ 7,440</u>	<u>\$ 14,254</u>

Childcare from Governments (included in Child Development & Family Support Revenue)

County of Simcoe	\$ 1,331	\$ 2,820
District of Muskoka	-	-
District of Parry Sound	93	57
Grey County	-	2

YMCA of Simcoe/Muskoka

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(in Thousands 000s)

11. Pension plan

Amounts paid to the Canadian YMCA Retirement Fund by the Association during the year totaled:

	<u>2022</u>	<u>2021</u>
By employees	\$ 642	\$ 572
By employer	<u>638</u>	<u>580</u>
	<u>\$ 1,280</u>	<u>\$ 1,152</u>

12. Inventory

The Association had inventory at Geneva Park which consisted of:

	<u>2022</u>	<u>2021</u>
Food	\$ -	\$ 34
Fuel	-	3
Maintenance & camp supplies	-	72
Office supplies	<u>-</u>	<u>11</u>
	<u>\$ -</u>	<u>\$ 120</u>

During the 2022 period, the Association completed the sale of the Geneva Park property and all inventory was sold as part of this transaction. See Note 13 for transaction details.

YMCA of Simcoe/Muskoka

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(in Thousands 000s)

13. Gain on the sale of capital assets

During the year, the Association completed a significant sale transaction of the Geneva Park property. Details associated with this transactions include the following:

Gross sale of property	\$	16,500
Recognition of deferred capital contributions		<u>647</u>
		<u>17,147</u>
Less:		
Net book value of Geneva Park assets		3,700
Commissions		400
Severance costs		343
Inventory		95
Legal fees		53
Consulting fees		<u>53</u>
		<u>4,644</u>
Net gain on sale of Geneva Park property	\$	<u>12,503</u>
Net gain on sale of Geneva Park	\$	12,503
Net loss on sale of other assets		<u>(49)</u>
Total gain on sale of capital assets	\$	<u>12,454</u>

YMCA of Simcoe/Muskoka

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(in Thousands 000s)

14. Financial instruments

(a) Fair values

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices as appropriate, in the most advantageous active market for that instrument to which the Association has immediate access.

The Association's financial instruments are comprised of cash, accounts receivable, portfolio investments, bank loan, accounts payable, government remittances payable and long-term debt.

(b) Credit risk

The Association has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the Association is considered to relate to the class of assets described as "accounts receivable", and much of the amount is due from the government.

(c) Interest rate risk

The Association has term loans and an operating demand loan which bear interest at a variable rate and as a result, is subject to interest rate risk through fluctuations in the bank's prime interest rate.

(d) Market risk

The portfolio investments are diversified in varying industries, but are still subject to fluctuations in the market.

(e) Liquidity risk

The Association seeks to maintain sufficient liquidity and short-term borrowing capacity to enable it to meet its obligations as they become due. The Association maintains a backup short-term credit facility with a Canadian chartered bank to ensure sufficient liquidity.

15. Comparative figures

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.
