

FINANCIAL STATEMENTS OF

YMCA NORTHUMBERLAND

December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of
YMCA Northumberland

Qualified Opinion

We have audited the accompanying financial statements of YMCA Northumberland (the "Organization"), which comprise the statement of financial position as at December 31, 2025, 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 section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2025 and the results of its operations and its 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 charitable organizations, YMCA Northumberland derives revenue from fundraising events and donations, 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 unable to determine whether any adjustments might be necessary to fundraising and donation revenues, excess of revenues over expenditures, and cash flows from operations for the years ended December 31, 2025 and 2024, current assets as at December 31, 2025 and 2024, and net assets as at January 1 and December 31 for both the 2025 and 2024 years.

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 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

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INDEPENDENT AUDITOR'S REPORT, continued

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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Cobourg, Ontario
April 23, 2026

YMCA NORTHUMBERLAND
STATEMENT OF FINANCIAL POSITION
As at December 31, 2025

	General Fund	Capital Fund	2025	2024
	\$	\$	\$	\$
ASSETS				
Current assets				
Cash	3,720,940	11,299	3,732,239	3,227,128
Investments (note 3)	-	848,473	848,473	1,270,587
Accounts receivable	893,362	-	893,362	851,859
HST receivable	87,544	-	87,544	-
Prepaid expenses and deposits	80,810	-	80,810	86,989
	<u>4,782,656</u>	<u>859,772</u>	<u>5,642,428</u>	<u>5,436,563</u>
Capital assets				
Tangible capital assets (note 4)	-	6,679,856	6,679,856	5,987,122
	<u>4,782,656</u>	<u>7,539,628</u>	<u>12,322,284</u>	<u>11,423,685</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	1,577,415	-	1,577,415	797,122
Deferred revenue (note 5)	2,059,458	-	2,059,458	2,758,755
Current portion of term loan payable (note 7)	-	9,602	9,602	8,802
Current portion of obligation under capital lease (note 8)	-	81,933	81,933	77,527
	<u>3,636,873</u>	<u>91,535</u>	<u>3,728,408</u>	<u>3,642,206</u>
Long-term liabilities				
Term loan payable (note 7)	-	295,248	295,248	304,569
Obligation under capital lease (note 8)	-	265,019	265,019	346,952
Deferred capital contributions (note 9)	-	3,093,920	3,093,920	2,672,823
	<u>-</u>	<u>3,654,187</u>	<u>3,654,187</u>	<u>3,324,344</u>
	<u>3,636,873</u>	<u>3,745,722</u>	<u>7,382,595</u>	<u>6,966,550</u>
NET ASSETS				
Unrestricted	1,145,783	-	1,145,783	601,636
Internally restricted	-	859,772	859,772	1,279,050
Investment in capital assets	-	2,934,134	2,934,134	2,576,449
	<u>1,145,783</u>	<u>3,793,906</u>	<u>4,939,689</u>	<u>4,457,135</u>
	<u>4,782,656</u>	<u>7,539,628</u>	<u>12,322,284</u>	<u>11,423,685</u>

Approved on behalf of the Board

Director,

Director,

The accompanying notes are an integral part of these financial statements

YMCA NORTHUMBERLAND
STATEMENT OF OPERATIONS
For the year ended December 31, 2025

	General Fund	Capital Fund	Total 2025	Total 2024
	\$	\$	\$	\$
Revenue				
Government funding (note 10)	5,644,447	-	5,644,447	3,953,017
Membership	2,842,416	-	2,842,416	1,809,476
Child services & camp	2,535,996	-	2,535,996	2,081,109
Programs	437,289	-	437,289	304,168
Other income	134,174	-	134,174	208,210
Fundraising	108,490	-	108,490	82,492
Donations	96,876	-	96,876	74,260
Amortization of deferred capital contributions (note 9)	-	286,031	286,031	242,690
Investment Income (note 3)	-	156,031	156,031	134,383
	11,799,688	442,062	12,241,750	8,889,805
Expenditures				
Advertising	77,262	-	77,262	45,555
Affiliation fees	153,498	-	153,498	121,695
Amortization	-	651,448	651,448	514,412
Automotive	3,992	-	3,992	6,914
Bank and service charges	168,132	-	168,132	102,058
Equipment and facility repairs	205,511	-	205,511	121,483
Insurance	93,249	-	93,249	79,681
Interest on long term debt	-	43,285	43,285	24,180
International projects	9,996	-	9,996	10,496
Meals and travel	26,313	-	26,313	40,027
Occupancy	836,438	-	836,438	594,489
Office and general	570,582	-	570,582	498,883
Professional fees	325,578	-	325,578	317,730
Salaries and related benefits	8,342,649	-	8,342,649	6,215,134
Service providers	151,906	-	151,906	111,487
Staff and volunteer development	46,240	-	46,240	31,853
Telephone and fax	53,117	-	53,117	39,396
	11,064,463	694,733	11,759,196	8,875,473
Excess (deficiency) of revenue over expenditures	735,225	(252,671)	482,554	14,332

The accompanying notes are an integral part of these financial statements

YMCA NORTHUMBERLAND
STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2025

	General Fund (unrestricted)	Capital Fund (internally restricted)	2025	2024
	\$	\$	\$	\$
Net assets, beginning of year	601,636	3,855,499	4,457,135	4,442,803
Excess (deficiency) of revenue over expenditures	735,225	(252,671)	482,554	14,332
Interfund transfers	(191,078)	191,078	-	-
Net assets, end of year	1,145,783	3,793,906	4,939,689	4,457,135

The accompanying notes are an integral part of these financial statements

YMCA NORTHUMBERLAND
STATEMENT OF CASH FLOWS
For the year ended December 31, 2025

	General Fund	Capital Fund	Total	Total
	\$	\$	2025	2024
			\$	\$
CASH PROVIDED FROM (USED FOR)				
Operating activities				
Excess (deficiency) of revenue over expenditures	735,225	(252,671)	482,554	14,332
Adjustments for non-cash items				
Amortization	-	651,448	651,448	514,412
Amortization of deferred capital contributions	-	(286,031)	(286,031)	(242,690)
Change in fair value of investments	-	(7,168)	(7,168)	(33,884)
	735,225	105,578	840,803	252,170
Change in non-cash working capital items				
Accounts receivable	(41,503)	-	(41,503)	(649,488)
Prepaid expenses and deposits	6,179	-	6,179	(57,019)
Accounts payable and accrued liabilities	780,293	-	780,293	448,082
Deferred revenue	(699,297)	-	(699,297)	1,959,892
Withholding taxes receivable	(87,544)	-	(87,544)	-
	693,353	105,578	798,931	1,953,637
Investing activities				
Purchase of tangible capital assets	-	(1,344,182)	(1,344,182)	(1,089,600)
Externally restricted deferred capital contributions received (note 9)	-	707,128	707,128	799,483
Purchase of investments	-	(769,469)	(769,469)	(1,283,055)
Proceeds on sale of investments	-	1,198,750	1,198,750	669,986
	-	(207,773)	(207,773)	(903,186)
Financing activities				
Repayment of capital lease obligation	-	(77,527)	(77,527)	(9,790)
Repayment of term loan	-	(8,520)	(8,520)	(326,492)
Interfund transfers	(191,078)	191,078	-	-
Proceeds from term loan	-	-	-	318,006
	(191,078)	105,031	(86,047)	(18,276)
Increase in cash	502,275	2,836	505,111	1,032,175
Cash, beginning of year	3,218,665	8,463	3,227,128	2,194,953
Cash, end of year	3,720,940	11,299	3,732,239	3,227,128

SUPPLEMENTARY CASH FLOW INFORMATION (note 13)

The accompanying notes are an integral part of these financial statements

YMCA NORTHUMBERLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. NATURE OF OPERATIONS

The YMCA Northumberland (the "Organization") was incorporated without share capital under the Ontario Corporations Act on January 12, 1956, and is a registered Canadian charity under the Income Tax Act and accordingly, it is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

Mission Statement:

YMCA Northumberland is dedicated to the growth of all persons in spirit, mind and body, and fostering a sense of responsibility to each other and the global community. We are committed to strengthening the foundations of community; nurturing the potential of children, teens and adults; promoting healthy living; fostering a sense of social responsibility; and delivering lasting social and personal change.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Revenue Recognition

The Organization follows the deferral method of accounting for contributions which includes donations, fundraising, sponsorships and government grants.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted capital contributions related to the acquisition of real property not subject to amortization are recognized as an addition to net assets in the year of acquisition.

Investment income is recognized as revenue when earned.

Membership fees are recognized as revenue in the period covered by the membership fee. Membership fees received in advance are deferred.

Child services and camp, programs and other income are recognized as revenue when the services have been rendered.

The accompanying notes are an integral part of these financial statements

YMCA NORTHUMBERLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(b) *Fund accounting*

The General Fund accounts for the Organization's programs and administrative activities. Unrestricted contributions (donations and grants) and restricted contributions to be used for operations are reported in this fund.

The Capital Fund represents the tangible capital assets of the Organization and the investments for future expansion. Any donations or funding received for specific assets is amortized at the same rate as the amortization of those related tangible capital assets. Interest earned on the investments in this fund is recognized in this fund.

(c) *Tangible capital assets*

Tangible capital assets are recorded at cost and are amortized over their estimated useful life using the following methods and annual rates:

Buildings	Straight-line	5 - 20 years
Leasehold improvements	Straight-line	5 - 20 years
Program equipment	Straight-line	5 - 20 years
Parking lot	Straight-line	20 years
Electronic data equipment	Straight-line	3 years
Vehicles	Straight-line	5 years
Administrative equipment	Straight-line	5 years
Equipment under capital lease	Straight-line	10 years

Gains and losses on tangible capital assets are charged to operations in the year of disposal if significant, otherwise to amortization for the year.

(d) *Contributed Services*

Directors, committee members and volunteers contribute their time to assist in the Organization's activities. While these services benefit the Organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

(e) *Investments*

Investments are recorded at fair value. Fair value of the investments are determined by reference to published price quotations provided by the Organization's investment broker. Transaction costs on the acquisition and sale of investments are expensed in operations. Unrealized gains and losses are reported in operations. Realized gains and losses on the disposal of investments are determined on a completed transaction basis.

The accompanying notes are an integral part of these financial statements

YMCA NORTHUMBERLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(f) *Measurement uncertainty*

The preparation of the financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting year. Estimates are used when accounting for items and matters such as the determination of the allowance for uncollectible accounts receivable, the estimated useful life of tangible capital assets, deferred capital contributions, deferred revenue, accounts payable and accrued liabilities, and amortization. Actual results could differ from management's best estimates as additional information becomes available in the future.

(g) *Financial instruments*

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for investments which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, term loan payable, and capital lease obligation.

(h) *Government Assistance*

Government funding for operational purposes (i.e. child care) is recognized as revenue in the general fund when received or receivable.

Government grants related to capital projects are recorded as unearned revenue in the capital fund when received, and are amortized to revenue in the capital fund on the same basis as the amortization of the related capital assets.

(i) *Donations in Kind*

Donated capital assets are recorded in the financial statements at fair market value at the time of acquisition and then amortized to operations in accordance with the amortization policies.

The accompanying notes are an integral part of these financial statements

YMCA NORTHUMBERLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(j) *Cloud computing arrangements*

The Organization applies the simplification approach to account for expenditures in cloud computing arrangements. The expenditures in the arrangements are expensed as incurred.

3. **INVESTMENTS**

	2025	2024
	\$	\$
Equities (Cost \$283,563, 2024 - \$348,928)	328,541	398,624
Fixed income mutual funds (Cost \$179,443, 2024 - \$130,963)	188,921	134,100
Bonds (Cost \$318,232, 2024 - \$224,395)	331,011	231,629
Cashable guaranteed investment certificates, redeemed	-	506,234
	848,473	1,270,587
Investment income (expense):		
	2025	2024
	\$	\$
Interest on cash accounts	51,994	48,650
Interest on GIC's	17,178	6,233
Dividends and other income	37,253	35,561
Realized gain on disposals	53,775	20,417
Investment management fees	(11,337)	(10,362)
Change in fair value of investments	7,168	33,884
	156,031	134,383

The accompanying notes are an integral part of these financial statements

YMCA NORTHUMBERLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	Cost \$	Accumulated Amortization \$	2025 Net Book Value \$	2024 Net Book Value \$
Land	1,365,326	-	1,365,326	1,365,326
Buildings	7,913,091	5,451,050	2,462,041	2,787,808
Leasehold improvements	1,959,109	140,984	1,818,125	1,008,027
Program equipment	1,183,154	672,491	510,663	234,651
Parking lot	199,669	122,175	77,494	87,477
Electronic data equipment	164,110	134,728	29,382	38,787
Vehicles	35,534	24,874	10,660	17,767
Administrative equipment	27,182	11,860	15,322	13,009
Equipment under capital lease	434,270	43,427	390,843	434,270
	13,281,445	6,601,589	6,679,856	5,987,122

5. DEFERRED REVENUE

	Balance, beginning of year \$	Received \$	Recognized \$	Balance, end of year \$
Child care	30,578	2,535,281	(2,535,996)	29,863
Memberships and program fees	464,256	3,533,636	(3,279,705)	718,187
Government funding	2,263,921	4,691,934	(5,644,447)	1,311,408
	2,758,755	10,760,851	(11,460,148)	2,059,458

The deferred revenue balance relates to child care, membership and program fees and government funding primarily consists of prefunded amounts for the 2026 fiscal year. These funds are externally restricted and will be recognized as revenue in the period in which the related expenditures are incurred.

The accompanying notes are an integral part of these financial statements

YMCA NORTHUMBERLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

6. CREDIT FACILITIES

The Organization's credit facilities include a demand line of credit in the amount of \$250,000, bearing interest at the bank's prime rate plus 0.5%, which no amounts drawn (2024 - \$Nil), a revolving term loan facility with an authorized limit of \$900,000 (note 7), a revolving capital lease facility with an authorized limit of \$900,000 (note 8).

The combined outstanding balance of the revolving lease line of credit and the revolving term loan facility shall not exceed \$900,000 at any time. At December 31, 2025, the combined amount drawn on these facilities is \$651,802 (2024 - \$737,850).

All borrowings are secured by a general security agreement granting a first-ranking security interest in all personal property of the Organization, and a collateral mortgage in the amount of \$2,500,000, representing a first fixed charge on the land and building located at 339 Elgin Street West, Cobourg.

7. TERM LOAN PAYABLE

Repayable in monthly instalments of \$2,513 including interest calculated at a fixed rate of 6.99%, maturing on July 31, 2027, secured as noted above.

Principal repayments are as follows:

	\$
2026	9,602
2027	295,248
	304,850

8. CAPITAL LEASE OBLIGATION

	2025	2024
	\$	\$
Capital lease obligation bearing interest at 5.540% per annum, repayable in monthly blended payments of \$8,265, maturing in December 2029. The capital lease obligation forms part of the approved credit facilities (Note 6) and is secured by the related leased equipment, which has a net book value of \$434,270 (2024 - \$390,843).	346,952	424,479
Less principal payments due within one year	(81,933)	(77,527)
Due beyond one year	265,019	346,952

The accompanying notes are an integral part of these financial statements

YMCA NORTHUMBERLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

8. **CAPITAL LEASE OBLIGATION, continued**

Estimated lease payments are as follows:

	\$
2026	99,179
2027	99,179
2028	99,179
2029	89,387
Total future minimum lease payments	386,924
Interest included in minimum payments	(39,972)
	346,952

9. **DEFERRED CAPITAL CONTRIBUTIONS**

	2025	2024
Balance, beginning of year	2,672,823	2,116,030
Externally restricted contributions received	707,128	799,483
	3,379,951	2,915,513
Amortization of deferred capital contributions to revenue	(286,031)	(242,690)
Balance, end of year	3,093,920	2,672,823

10. **GOVERNMENT FUNDING**

	2025	2024
	\$	\$
Government Funding for Child Care and HFA funding		
Municipal	548,706	435,323
County of Northumberland	4,112,952	1,954,762
Provincial	608,389	1,234,849
Five Counties	317,965	305,963
	5,588,012	3,930,897
Federal support		
Canada summer jobs	56,435	22,120
	5,644,447	3,953,017

The accompanying notes are an integral part of these financial statements

YMCA NORTHUMBERLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

11. SUBSIDIES

The Organization provided \$158,025 (2024 – \$133,051) in financial assistance through the YMCA Strong Kids Assistance Program, enabling individuals of all ages in the community to participate in programs, memberships, swimming lessons, and summer day camp.

This amount has been netted against membership revenue in the statement of operations.

12. CLOUD COMPUTING ARRANGEMENTS

During the year, the Organization expensed \$253,145 (2024 - \$220,609) with respect to cloud computing arrangements which is included in professional fees.

13. SUPPLEMENTARY CASH FLOW INFORMATION

In fiscal 2024, the Organization acquired equipment under a capital lease. The obligation under capital lease of \$434,270 and the related equipment cost were not included in the statement of cash flows.

14. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure as at December 31, 2025:

(a) 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 Organization is exposed to credit risk arising from its accounts receivable and cash and investments.

The Organization's accounts receivable consists of a large number of smaller balances from individuals, government organizations and entities as well as amounts from three government organizations which account for 79% (2024 - two government organizations accounted for 67%) of total accounts receivable. Accounts receivable is presented net of an allowance for doubtful accounts of \$76,894 (2024 - \$16,894). The large number of smaller balances in accounts receivable reduce the credit risk for the Organization, as well as the reliability of funds receivable from government organizations.

The Organization's cash and investments are held at two major financial institutions, however the Organization's cash at one institution exceeds the \$100,000 federally insured limit by Canada's Deposit Insurance Corporation, exposing the Organization to credit risk on the amounts over the limit. This risk is mitigated by using a major bank that is a high credit quality financial institution as determined by ratings agencies.

The accompanying notes are an integral part of these financial statements

YMCA NORTHUMBERLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

14. **FINANCIAL INSTRUMENTS, continued**

(b) Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk. The Organization is exposed to market risk on its investments through fluctuations in the bond and equity markets and these investments are not guaranteed. To manage these risks, the Organization uses independent investment advisors and has developed an investment policy guideline to reduce risk. The Organization receives monthly statements and meets on an annual basis with investment counsel.

(c) Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with financial liabilities. This risk includes the possibility that, as a result of operational cash flow requirements, the Organization will not have sufficient funds to settle a transaction on its due date, may be forced to sell financial assets at amounts less than their fair value, or may be unable to settle or recover a financial asset. Liquidity risk arises primarily from the Organization's accounts payable, term loan, and obligations under capital lease.

The Organization manages its liquidity risk by maintaining adequate cash balances and monitoring forecasted and actual cash flows. Cash funds are internally designated to support the sustainability of programmatic activities in alignment with its long-term strategic objectives.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income investments disclosed in note 3 to these financial statements. The Organization is also exposed to interest rate risk on the credit facilities disclosed in note 6 when it is utilized, and the term loan disclosed in note 7.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from the financial instruments.

The accompanying notes are an integral part of these financial statements

YMCA NORTHUMBERLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

15. COMMITMENTS

The Organization has entered into a 20-year agreement with the Municipality of Trent Hills to operate the YMCA-designated portion of the facility known as the Trent Hills YMCA. The agreement commenced on November 27, 2024, and is renewable for additional terms of up to 20 years. The agreement and its schedules are subject to review at the end of each five-year period and may be terminated by either party upon one year's written notice.

Under the terms of the agreement, the Municipality will provide an annual operating grant, up to an agreed-upon amount, to fund operating deficits incurred by the Organization during the initial five-year start-up period. Thereafter, the Municipality may continue to provide annual operating grants based on budgets submitted by the Organization. All revenues and expenses associated with this agreement have been recognized in the financial statements.

The Organization leases office space and other operating facilities across various locations under an operating lease agreements. These leases have remaining terms ranging from 1 to 6 years and generally include renewal options exercisable at the Organization's discretion. Lease payments include fixed base rent and additional rent covering the Organization's proportion share of operating costs.

At December 31, 2025, the future base rent payment under these operating leases are as follows:

	\$
2026	139,462
2027	76,776
2028	76,776
2029	76,776
2030	76,776
2031	50,820
	497,386

16. CONTINGENT LIABILITY

The Organization maintains a sick leave policy under which employees may accumulate unused sick days to a maximum of 120 days for use in the event of future illness or short-term disability.

Accumulated sick leave does not vest and is not payable upon termination or retirement. As the timing and extent of future usage cannot be reasonably estimated, no liability has been recorded in the financial statements.

17. COMPARATIVE AMOUNTS

The 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.

The accompanying notes are an integral part of these financial statements