



31 October, 2022

Dear Marystown YMCA Members, Participants, Volunteers, and Staff,

We are writing because we understand, following a recent Open House the Town of Marystown hosted at Town Hall, that there are some questions and concerns about the relationship between the Town and the YMCA of Newfoundland and Labrador.

We are concerned there is uncertainty and even misunderstanding about the YMCA of Newfoundland and Labrador's relationship with the Town and the nature of the arrangement, and we are hopeful that the information we are sharing in this message helps to foster understanding.

We understand and appreciate the Town is concerned about the cost of owning the Marystown Recreation Complex. We hold our colleagues at the Town of Marystown in high regard. YMCA of Newfoundland and Labrador was invited to be operator in 2015 after unanimous Council approval and our relationship with the Town is important to us. We are proud of the work we are doing together serving communities on the Burin Peninsula in as efficient a way as possible.

Most often, we communicate about our impact – helping people be healthier and more active, supporting families, helping people start businesses or find jobs, and providing opportunities to give back to communities by volunteering or donating. In this message we are focusing on the business aspects of our charity.

FAQ

Issue 1 – The Marystown Recreation Complex Building

Who owns the Marystown Recreation Complex?

The Marystown Recreation Complex building and property is owned and maintained by the Town of Marystown. The Town has a mortgage on the building, the payments on which are part of the Town's annual budget. The YMCA of Newfoundland and Labrador is the tenant at the Marystown Recreation Complex and we have control of the operation we named the Marystown YMCA. As a tenant, we do not have an ownership interest in the building, and no responsibility of involvement in the Town's mortgage financing.

The Town has leased the building to the YMCA of Newfoundland and Labrador under detailed 20-year agreements which provide that we will operate the location as our Marystown YMCA operation. These arrangements provide that the Town will make up any difference between the



YMCA of Newfoundland and Labrador's cost of operating the Marystown YMCA and the revenue generated from membership fees, day passes, fundraising, rentals, and other sources. This operating grant from the Town covers about 30% of the operating costs annually, but the actual amount varies month to month. The lease is a net zero cost lease that protects the Town's input tax credits for HST rebates received on construction costs.

Who decided to build the Marystown Recreation Complex?

Facilities like this are expensive to construct, operate, and maintain. The decision to build the Marystown Recreation Complex was made by the Town of Marystown. The Town also decided to finance some of the cost with a mortgage rather than have a capital campaign.

When construction was complete in 2015, we were delighted when the Town invited the YMCA of Newfoundland and Labrador to be operator, and we work hard every day for the operation to be as efficient as possible. We have exceeded expectations each year since opening in 2016.

We have also offered to work with the Town on a capital campaign to retire their debt, to work together to reduce maintenance costs, and to work together to seek other potential sources of revenue from area municipalities and the province.

Who cleans and maintains the building?

These are shared responsibilities between the YMCA of Newfoundland and Labrador and the Town of Marystown. There are clearly defined tenant covenants (YMCA) for cleaning, day to day upkeep of building systems, and wear and tear, and landlord covenants (Town) for landscaping, snow clearing, garbage, major repairs, and maintenance. The YMCA has certified pool operators on staff and trained maintenance and building operations staff.

Who owns the equipment?

The YMCA of Newfoundland and Labrador owns the furnishings, fittings, and equipment that are part of our Marystown YMCA operation. These assets were purchased by the YMCA of Newfoundland and Labrador as part of the arrangements to establish the Marystown YMCA. We depreciate the value of the assets on our balance sheet and we maintain the assets.

Does the Town have access to the building?

Yes. Like under most leases, the landlord (Town) needs to provide reasonable notice to access the building and the tenant (YMCA) needs to provide reasonable access. In many cases, Town staff and councillors are also members or regular visitors to the facility and always welcome.

The Town can also access spaces in the building for their own purposes with sufficient notice to minimize disruption to the program schedule.



Issue 2 – Marystown YMCA Operations

What does the Town's operating grant cover?

In general terms, it costs approximately \$1,000,000 a year to operate the Marystown YMCA. This includes staffing, electricity, supplies, administration, and program delivery. The revenue generated by the YMCA of Newfoundland and Labrador in Marystown covers approximately 70% of these costs; about half of the revenue comes from Marystown residents and the other half from residents of other municipalities in the region. The Town's operating grant covers the remaining operating costs. Without the YMCA revenue, the Town's operating costs would be about \$700,000 more per year.

In the first six years of operation, the YMCA has been able to manage the facility so that the required operating grant from the Town has been below budget, even with significant increases in the cost of electricity and pandemic-driven supply cost increases. Over this first six years, the YMCA of Newfoundland and Labrador required an average of \$90,000 less each year in operating grant payments than was expected in the original business plan developed together with the Town. Also, the operating grant from the Town has generally decreased each year. In 2022 the Town's budget for the operating grant is \$290,000. We have financial controls and use all funds, including public funds, with care.

The membership, day pass, fundraising, rental, and other revenues from the Marystown YMCA are not sufficient to cover the operating costs of the facility. Marystown is not unique in this; in our experience, operating a YMCA in a community of this size requires an operating grant from the municipality, in addition to locally-generated revenue, in order to be sustainable. YMCA organizations have similar arrangements with municipalities across the province and country.

The Marystown YMCA operating costs do include contribution towards the YMCA of Newfoundland and Labrador's overall administration expenses. Right now, the Marystown YMCA represents about 12% of the provincial YMCA organization. Administrative overhead expenses add value in support of local operations province-wide and include payroll processing, accounts payable and receivable, province-wide marketing and communications, insurance and risk management, IT and cyber security, HR (recruitment, training), legal, accounting and audit, provincial fundraising costs, provincial management and governance, and national YMCA allocations. While our administrative offices are currently in St. John's, the support our team provides is to operations across the province. Being a part of a provincial organization brings high quality services to local operations at lower cost.

In addition to monthly joint Community Advisory Committee/Finance Advisory Committee meetings with the Town to review financial statements and seek the Town's advice on operations, the YMCA has representatives on the Town's Recreation Committee. The YMCA of Newfoundland and Labrador also submits a yearly report and audited financial statements to the Town. <https://ymcanl.com/about-us/annual-reports/>



Who employs the staff at the Marystown YMCA?

The YMCA of Newfoundland and Labrador employs the staff; the Town is not a party to the employment and volunteer agreements. Led by our local Centre Manager, many of our staff and volunteers have been with us since the facility opened and they do a great job!

Thanks to our local Occupational Health and Safety Committee, the Marystown YMCA has earned PRIME status with Workplace NL. Under the Occupational Health and Safety Act, the YMCA of Newfoundland and Labrador also has an anti-harassment and anti-bullying policy to protect our employees in the workplace. Our employees and volunteers also follow a strict child protection and vulnerable persons policy.

Who is responsible for the members, setting member fees, and fee increases?

The member contract is between the YMCA of Newfoundland and Labrador and the individual members; the Town is not a party to the member contract. YMCA of Newfoundland and Labrador sets the member fees, and the member contract details the process for annual fee increases. In our most recent member satisfaction survey in the spring of 2022 we received 80% satisfaction and we also received helpful feedback. Surveys are conducted regularly.

Did the pandemic affect the Marystown YMCA?

Yes. We had pandemic-related closures and had to lay off nearly all of our staff. Fortunately, most of our staff returned to continue their great work when we re-opened.

During the first two or more years of the pandemic, we received just under \$200,000 in pandemic supports from the provincial and federal governments for the Marystown YMCA operation. We know the pandemic was challenging for the Town as well, and this funding was not available to the Town. We were pleased to apply for and grateful to receive the support to lower the pressure on the operating grant.

As we emerge from the pandemic, membership in most of our facilities is, so far, recovering to about 70% of pre-pandemic levels. The Marystown YMCA is at about 60% compared to pre-pandemic levels, which is not unexpected due to population decline, but is still a concern.

Why was the YMCA of Newfoundland and Labrador not represented at the Town Open House?

The YMCA of Newfoundland and Labrador was not informed of the Open House prior to the Town posting the event and we were not invited to be part of the agenda. Nonetheless, we promoted the Open House through our social media channels and some of our employees attended. We were advised prior to the meeting the intent was to be constructive, and when the Town shares with us the information received at the Open House we are eager to learn more about how we can continuously improve.



Is the YMCA a charity?

Yes. In the past year, dedicated local volunteers exceeded the Burin Peninsula YMCA Annual Campaign goal of \$25,000 in charitable gifts and we are looking forward to launching this year's campaign. Local charitable gifts are generally used to fund the Marystown YMCA's financial assistance program. <https://ymcanl.com/about-us/ymca-as-a-charity/ymca-annual-campaign/>

The financial assistance program recognizes that not everyone in a community who wishes to access the YMCA's programs and services can afford the full fee. It provides a means for individuals who qualify to pay a lesser fee. The YMCA views community access and participation in the YMCA to be a priority and part of our role as a charity, and we try to facilitate this to the greatest extent that it is feasible to do so.

Will YMCA of Newfoundland and Labrador consider facility rentals?

We currently offer facility rentals and we are working to increase the number of rentals. <https://ymcanl.com/burin/marystown/health-fitness-and-aquatics/rentals/>

Will YMCA of Newfoundland and Labrador consider seniors' fees?

We currently have seniors' day pass fees and we are open to exploring seniors' membership fees. We also have financial assistance for people who are unable to pay membership fees.

Will YMCA of Newfoundland and Labrador consider discounted membership packages?

We are open to exploring any potential option so long as current revenue is not diminished, fixed expenses do not increase, and new revenue can be generated to further off-set expenses.

What does the future hold?

In good faith and in a duty to preserve our long-term agreements, we have written to the Town to indicate our concerns about revenue, the decrease in memberships, and increased expenses and requested we work together to find a solution. We want to work with our colleagues at the Town and the people in the region to find solutions in our current shared challenging circumstances.

The YMCA has been part of life in Newfoundland and Labrador since 1854 - through two World Wars, Commission of Government, Confederation with Canada, the cod moratorium, and more than one pandemic. Today, we operate at more than 170 locations and points of program delivery across the province.

When we opened the Marystown YMCA our commitment was to serve the communities of the Burin Peninsula for generations. In addition, we have recently opened a government-funded



YMCA Employment, Enterprise, and Newcomer Services office in Marystown, and will soon open provincially-funded pilot Pre-K regulated child care in schools on the Burin Peninsula.

Thank you for being a part of the YMCA. Our commitment remains, as does our vision of a province of vibrant and healthy communities where everyone can belong, grow, and thrive.

Sincerely,

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