

**YMCA of Northeastern Ontario
Financial Statements
For the year ended March 31, 2020**

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Financial Statements
For the year ended March 31, 2020

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Independent Auditor's Report

To the Directors and Members of YMCA of Northeastern Ontario

Opinion

We have audited the financial statements of YMCA of Northeastern Ontario (the Association), which comprise the statement of financial position as at March 31, 2020, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2020, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Chartered Professional Accountants, Licensed Public Accountants
North Bay, Ontario
September 30, 2020

YMCA of Northeastern Ontario
Statement of Financial Position

March 31 2020 2019

Assets

Current

Cash and cash equivalents	\$ 873,250	\$ -
Investments (Note 4)	452,543	1,372,138
Accounts receivable (Note 5)	563,149	965,642
Prepaid expenses	87,778	62,681

1,976,720 2,400,461

Capital assets (Note 6)

8,399,771 8,430,636

\$ 10,376,491 **\$ 10,831,097**

Liabilities and Net Assets (Deficit)

Liabilities

Bank indebtedness	\$ -	\$ 158,642
Operating line of credit (Note 2)	-	115,000
Accounts payable and accrued liabilities (Note 7)	1,022,193	998,818
Deferred revenue (Note 8)	1,284,225	1,290,965
Callable portion of long-term debt (Note 9)	4,505,592	4,130,529

6,812,010 6,693,954

Net assets (deficit)

Internally restricted	161,525	1,388,354
Endowments	263,734	260,553
Invested in capital assets	3,894,179	4,300,107
Unrestricted	(754,957)	(1,811,871)

3,564,481 4,137,143

\$ 10,376,491 **\$ 10,831,097**

Commitments (Note 10)

Subsequent Events (Note 11)

On behalf of the Board:

 _____ Director

 _____ Director

YMCA of Northeastern Ontario
Statement of Changes in Net Assets

For the year ended March 31					2020	2019
	Internally Restricted	Endowments	Invested In Capital Assets	Unrestricted	Total	Total
Net assets, beginning of year	\$ 1,388,354	\$ 260,553	\$ 4,300,107	\$ (1,811,871)	\$ 4,137,143	\$ 6,704,427
Excess (deficiency) of revenue over expenses	-	-	(761,531)	188,869	(572,662)	(2,567,284)
Interfund adjustments	(1,226,829)	3,181	355,603	868,045	-	-
Net assets, end of year	\$ 161,525	\$ 263,734	\$ 3,894,179	\$ (754,957)	\$ 3,564,481	\$ 4,137,143

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

YMCA of Northeastern Ontario Statement of Operations

For the year ended March 31	2020	2019
Revenues		
Employment & Youth	\$ 6,552,901	\$ 6,723,653
Program fees	5,562,523	4,541,422
Membership fees	3,378,466	3,289,944
Administration and other fees	928,775	669,334
Fundraising and philanthropy	460,330	222,486
Rental and other	526,822	118,195
	<u>17,409,817</u>	<u>15,565,034</u>
Expenses		
Wages and benefits	11,301,021	10,528,180
Stipends	1,117,061	1,347,465
Supplies	968,280	940,503
Transfer payments	768,599	258,198
Utilities	714,677	807,639
Occupancy, maintenance, insurance and property tax	686,506	681,162
Professional services	457,239	610,946
Interest on long term debt	232,306	313,418
Bank and other service charges	205,422	223,476
Membership and association dues	204,042	221,991
Information technology and licenses	127,204	135,490
Minor equipment and maintenance	100,569	172,199
Advertising	100,507	243,090
Staff and volunteer development	85,190	68,557
Program travel and vehicles	78,871	203,257
Employee expenses and travel	69,187	112,226
Postage and courier	5,716	15,417
Bad debts and other	(1,449)	87,774
Amortization	664,669	676,849
	<u>17,885,617</u>	<u>17,647,837</u>
Deficiency of revenues over expenses before item below	(475,800)	(2,082,803)
Loss on disposal of capital assets (Note 5)	<u>96,862</u>	<u>535,158</u>
Deficiency of revenue over expenses for the year	\$ (572,662)	\$ (2,617,961)

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

YMCA of Northeastern Ontario Statement of Cash Flows

For the year ended March 31	2020	2019
Cash flows from operating activities		
Deficiency of revenue over expenses	\$ (572,662)	\$ (2,617,961)
Items not involving cash		
Amortization of capital assets	664,669	676,849
Loss on sale of capital assets	96,862	535,158
	188,869	(1,405,954)
Changes in non-cash working capital balances		
Accounts receivable	402,493	(145,016)
Prepaid expense	(25,097)	40,863
Accounts payable and accrued liabilities	23,375	251,798
Deferred revenue	(6,740)	573,882
	582,900	(684,427)
Cash flows from investing activities		
Purchase of capital assets	(921,185)	(463,707)
Proceeds from sale of capital assets	241,196	200,000
Decrease in investments	919,595	462,008
	239,606	198,301
Cash flows from financing activities		
Principal payments on long term debt	(212,937)	(217,089)
Proceeds of long term debt	588,000	-
Repayments on line of credit	(115,000)	(60,000)
	260,063	(277,089)
Increase (decrease) in cash during the year	1,082,569	(763,215)
Cash and cash equivalents, beginning of year	(209,319)	553,896
Cash and cash equivalents, end of year	\$ 873,250	\$ (209,319)

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

YMCA of Northeastern Ontario

Notes to Financial Statements

March 31, 2020

1. Summary of Significant Accounting Policies

Nature of Organization YMCA of Northeastern Ontario ("The Association") is engaged in the delivery of programs and services that provide individual development of mind, body and spirit in North Bay and Sudbury Ontario. Individuals are encouraged to provide leadership on a voluntary basis. Primary programs include Health, Fitness and Recreation, Leadership Training and Child Care.

Income Tax The Association is a registered charity under the Income Tax Act and is exempt from income taxation under section 149(1)(f) of the Income Tax Act.

Basis of Accounting The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. As the Association receives funding for various purposes, the accounts are maintained in a manner which segregates transactions according to the following funds:

Internally Restricted

Funds are to be used for future capital acquisitions and for repair and replacement of existing property and equipment.

Endowment

Funds provided by various sources, with the principal amount being maintained while interest and investment income can be expended as specified by the donor.

Revenue Recognition The Association follows the restricted fund method of accounting. Under this method, contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the donor. Contributions including pledges and donations are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured. Unearned membership, program and grant revenues received are recorded as a liability and included in deferred revenue on the statement of financial position.

Capital Assets Capital assets are recorded at cost less accumulated amortization. Donated capital assets are recorded at fair value, if the amount is determinable, at the date of contribution. Amortization is calculated using the straight-line method over the estimated useful life of the asset as follows:

Buildings	-	40 years
Leasehold improvements	-	term of lease
Furnishings and equipment	-	10 years
Vehicles	-	5 years
Computer equipment	-	3 years

YMCA of Northeastern Ontario

Notes to Financial Statements

March 31, 2020

1. Summary of Significant Accounting Policies (continued)

Use of Estimates The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue dues and expenses during the reported period. Actual results could differ from managements best estimates as additional information becomes available in the future.

Financial Instruments Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

YMCA of Northeastern Ontario Notes to Financial Statements

March 31, 2020

2. Continuance of Operations

On March 11, 2020 the World Health Organization announced that COVID-19 was a pandemic. The impact of this pandemic has been seen throughout the world including Canada.

The Association has experienced a decline in revenues and cash flows subsequent to year-end directly related to the pandemic, namely reduced membership revenues as facilities were closed to the public in order to comply with public health regulations which has created some uncertainty around the future level of operations and programming that may be offered by the Association. Both locations re-opened to the public on September 9, 2020 but revenues from memberships are anticipated to be lower than pre-pandemic levels.

In order to combat declining revenues and cash flows, the Association has undertaken a number of initiatives to ensure the Association ongoing success. This includes cost saving measures, such as the temporary pool closure in the Sudbury location until such time that the Association determines that the Sudbury aquatic center would operate at a positive net contribution. The Association has accessed government programs such as the Canadian Employment Wage Subsidy throughout the pandemic, as well as applied for access to other government assistance programs and is in the process of formulating a plan for program continuance while adhering to provincial and local health authority regulations.

In addition, the Association has launched significant philanthropic campaigns at both its Sudbury and North Bay locations with the goal of offsetting declines in revenues and cash flow resulting from the pandemic.

At this time it is not possible to determine the full impact on the operations of the Association related to the global pandemic.

3. Credit Facility Agreements

The association has two operating lines of credit, one for \$300,000 and one for \$200,000, both bear interest at prime plus 1.04%. The second operating line is only available from October 3rd to December 31st. At year end \$NIL (2019 - \$40,000) was being used of these lines of credit.

4. Investments

Investments are comprised of a combination of Equity investments (portfolio investments of Canadian public company shares recorded at market values) and Fixed Income Bond Funds and ETFs (recorded at amortized cost). The Fixed Income investments bear interest at 2% to 4% and mature at various dates.

YMCA of Northeastern Ontario
Notes to Financial Statements

March 31, 2020

5. Accounts Receivable

	<u>2020</u>	<u>2019</u>
Government grants and clients	\$ 601,149	\$ 1,017,642
Less allowance for doubtful accounts	<u>(38,000)</u>	<u>(52,000)</u>
	<u>\$ 563,149</u>	<u>\$ 965,642</u>

YMCA of Northeastern Ontario
Notes to Financial Statements

March 31, 2020

6. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Sudbury Branch				
Land	\$ 729,033	\$ -	\$ 729,033	\$ -
Building	10,788,253	4,982,141	10,244,229	4,712,318
Furnishings & equipment	1,917,365	1,590,884	1,917,364	1,543,076
Computer equipment (ii)	102,764	123,725	396,942	248,328
	<u>13,537,415</u>	<u>6,696,750</u>	<u>13,287,568</u>	<u>6,503,722</u>
John Island Camp				
Land, nominal value	1	-	1	-
Buildings	1,222,339	424,839	1,183,022	395,478
Furnishings & equipment	805,404	780,409	805,404	767,656
Vehicles	136,538	125,590	136,538	122,936
	<u>2,164,282</u>	<u>1,330,838</u>	<u>2,124,965</u>	<u>1,286,070</u>
Elm Street				
Leasehold improvements	537,436	534,236	537,436	532,636
Computer equipment	81,582	50,139	50,139	50,139
Furnishings & equipment	72,167	62,385	72,167	57,494
Vehicles	34,093	34,093	34,093	34,093
	<u>725,278</u>	<u>680,853</u>	<u>693,835</u>	<u>674,362</u>
North Bay Branch				
Building (i)	1,634,860	1,148,679	1,603,360	1,114,078
Equipment	830,023	821,623	830,021	813,263
Fitness equipment	583,998	485,337	570,005	449,506
Computer equipment	364,510	276,516	343,352	181,469
	<u>3,413,391</u>	<u>2,732,155</u>	<u>3,346,738</u>	<u>2,558,316</u>
	<u>\$ 19,840,366</u>	<u>\$ 11,440,596</u>	<u>\$ 19,453,106</u>	<u>\$ 11,022,470</u>
Net book value		<u>\$ 8,399,770</u>		<u>\$ 8,430,636</u>

(i) The North Bay building is co-owned with the City of North Bay (City). The land on which the this building has been constructed is the property of the City. The association has entered into a ninety-nine year lease commencing in 1967 with the City to lease the land at a nominal rental fee of \$1 per annum.

(ii) The Association wrote off DMF computer equipment during the fiscal year resulting in a loss of \$189,768. The prior year loss on disposition of capital assets related to the disposition of The Falcona Camp.

YMCA of Northeastern Ontario
Notes to Financial Statements

March 31, 2020

7. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil (2019 - \$41,125) which include amounts payable for payroll related taxes.

8. Deferred Revenue

	2020	2019
Membership and camps	\$ 853,389	\$ 644,732
Employment	290,646	439,112
Children services	128,687	189,625
Other	11,503	17,496
	\$ 1,284,225	\$ 1,290,965

9. Long-term Debt

	2020	2019
<p>\$588,000 demand loan, interest only payments until August 31, 2020, thereafter blended monthly payments of \$4,650, interest at prime plus 1.30%, due December 31, 2020. This loan is secured by a general security agreement constituting a first ranking security interest in all property and a collateral mortgage in the amount of \$6,000,000 constituting a first fixed charge on the land and improvements at 140 Durham St.</p>	\$ 588,000	\$ -
<p>\$6,000,000 demand mortgage, blended monthly payments of \$34,651, interest at prime plus 1.04%, due April 15, 2020. This loan is secured by a general security agreement constituting a first ranking security interest in all property and a collateral mortgage in the amount of \$6,000,000 constituting a first fixed charge on the land and improvements at 140 Durham St.</p>	3,917,592	4,130,529
	4,505,592	4,130,529
Less callable portion	4,505,592	4,130,529
	\$ -	\$ -

YMCA of Northeastern Ontario
Notes to Financial Statements

March 31, 2020

8. Long-term Debt (continued)

Anticipated principal payments on the above debt over the next five years and thereafter assuming demand features not exercised are as follows:

2021	\$ 303,480
2022	328,761
2023	340,514
2024	352,688
2025	365,297
Thereafter	<u>2,814,852</u>
	<u>\$ 4,505,592</u>

10. Commitments

The Association leases premises under an operating lease, which expires on August 31, 2022. The minimum annual rental for the next two years are as follows:

2021	197,000
2022	<u>85,120</u>
	<u>\$ 282,120</u>

YMCA of Northeastern Ontario Notes to Financial Statements

March 31, 2020

11. Financial Instrument Risk

The association's management monitors, evaluates and manages the principal risks assumed with financial instruments on a daily basis. The risks that arise from transacting financial instruments include liquidity risk, credit risk and interest rate risk.

Liquidity risk

Liquidity risk arises from the association's management of accounts payable and accrued liabilities, payable to affiliated clubs, and current portion of long term debt and capital lease obligations. It is the risk that the association will encounter difficulty in meeting its financial obligations as they fall due.

Credit risk

Credit risk arises principally from the association's accounts receivable. The association is exposed to credit risk resulting from the possibility that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Interest rate risk

Interest rate risk arises from the association's credit facility. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The association's credit facility has a variable interest rate. Changes in the bank's prime lending rate can cause fluctuations in interest payments and cash flows. The association does not use derivative financial instruments to alter the effect of this risk.

12. Comparative figures

Certain comparative figures have been reclassified to conform with financial statement presentation adopted in the current year.

YMCA of Northeastern Ontario
Schedule 1 - Lottery Account

For the year ended March 31	2020	2019
Revenue		
Bingo/Nevada proceeds	\$ 50,250	\$ 52,482
Expenses		
Program related expenses	14,923	23,596
Prizes paid	9,594	10,679
Licenses and other	1,529	4,496
	<u>26,046</u>	<u>38,771</u>
Excess of revenues over expenses	\$ 24,204	\$ 13,711

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