

Timmins Family YMCA
Financial Statements
December 31, 2020

Timmins Family YMCA Contents

For the year ended December 31, 2020

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Management's Responsibility

To the Members of Timmins Family YMCA:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Committee is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

June 30, 2021

Executive Director

Finance Administrator

To the Members of Timmins Family YMCA:

Opinion

We have audited the financial statements of Timmins Family YMCA (the "Organization"), which comprise the statement of financial position as at December 31, 2020, and 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 Organization as at December 31, 2020, 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 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 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 opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Timmins, Ontario
June 30, 2021

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Timmins Family YMCA

Statement of Financial Position

As at December 31, 2020

	2020	2019
Assets		
Current		
Cash	894,294	612,822
Marketable securities (Note 3)	63,209	59,590
Accounts receivable (Note 4)	444,160	361,253
Inventory	2,304	2,304
Prepaid expenses	6,757	6,180
	1,410,724	1,042,149
Capital assets (Note 6)	1,162,516	1,246,934
	2,573,240	2,289,083
Liabilities		
Current		
Accounts payable and accruals (Note 8)	316,604	249,454
Government remittances	20,765	35,770
Deferred revenue (Note 9)	15,000	-
Due to CDSSAB	152,109	1,831
Current portion of long-term debt (Note 11)	82,000	12,000
	586,478	299,055
Long-term debt (Note 11)	-	82,000
Deferred contributions related to capital assets (Note 10)	746,384	814,481
	1,332,862	1,195,536
Subsequent events (Note 15)		
Net Assets	1,240,378	1,093,547
	2,573,240	2,289,083

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

Timmins Family YMCA

Statement of Operations

For the year ended December 31, 2020

	2020	2019
Revenue		
Cochrane District Social Services Administration Board (CDSSAB):		
Resource Worker	270,000	270,000
Operating	623,250	1,039,360
Child care	360,775	520,290
Wage enhancement	179,839	207,836
Ontario Works	20,332	40,180
Other	-	59,048
Fee Stabilization	-	4,738
Early Childhood Community Development	139,011	195,943
Start up funding	305,864	-
Ontario Trillium Foundation	-	5,900
Human Resources and Skills Development Canada	31,007	53,156
Ministry of Heritage, Tourism, Sport, Tourism & Culture Industries	3,658	-
YMCA Greater Toronto - YGAP	23,614	58,534
	1,957,350	2,454,985
Amortization of deferred contributions <i>(Note 10)</i>	68,097	69,230
Bingo	14,850	19,883
Child care fees	657,012	1,180,771
Contributed services - vehicle lease	-	4,858
Donations	3,181	11,515
Fundraising	1,568	19,580
Interest and miscellaneous	1,254	3,337
Program fees	64,599	178,366
Program sponsorship - MobYle	-	35,200
Rental fees	3,040	8,777
	813,601	1,531,517
Total revenue	2,770,951	3,986,502
General and administrative expenditures <i>(Schedule 1)</i>	3,249,719	3,902,084
Excess of revenue over expenditures (expenditures over revenue) from operations	(478,768)	84,418
Other income (loss)		
Investment income	887	2,054
Loss on disposal of capital assets	(2,815)	(723)
Write-down on intangible assets	-	(60,685)
Government assistance <i>(Note 5)</i>	624,796	-
Unrealized gain on marketable securities	2,731	568
	625,599	(58,786)
Excess of revenue over expenditures	146,831	25,632

The accompanying notes are an integral part of these financial statements

Timmins Family YMCA
Statement of Changes in Net Assets
For the year ended December 31, 2020

	<i>2020</i>	<i>2019</i>
Net assets, beginning of year	1,093,547	1,067,915
Excess of revenue over expenditures	146,831	25,632
Net assets, end of year	1,240,378	1,093,547

The accompanying notes are an integral part of these financial statements

Timmins Family YMCA

Statement of Cash Flows

For the year ended December 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenditures	146,831	25,632
Amortization	99,453	94,869
Amortization of deferred contributions	(68,097)	(69,230)
Write-down on intangible assets	-	60,685
Loss on disposal of capital assets	2,815	723
Unrealized gain on marketable securities	(2,731)	(568)
	178,271	112,111
Changes in working capital accounts		
Accounts receivable	(82,907)	46,151
Inventory	-	(337)
Prepaid expenses	(577)	(975)
Accounts payable and accruals	67,149	80,465
Government remittances	(15,005)	8,989
Deferred revenue	15,000	(58,161)
Due to Cochrane District Social Services Administration Board	150,278	(31,805)
	312,209	156,438
Financing		
Repayment of long-term debt	(12,000)	(12,000)
Deferred contributions relating to capital assets	-	55,785
	(12,000)	43,785
Investing		
Purchase of marketable securities	(888)	(362)
Purchase of capital assets	(17,849)	(92,852)
Purchase of intangible assets	-	(9,470)
	(18,737)	(102,684)
Increase in cash resources	281,472	97,539
Cash resources, beginning of year	612,822	515,283
Cash resources, end of year	894,294	612,822

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the Organization

Timmins Family YMCA (the “Organization”) was incorporated without share capital under the laws of Ontario on October 26, 1994. The corporation is registered as a charitable organization and, as such, is exempt from income tax under section 149 of the Income Tax Act. The Organization delivers programs designed to meet the recreational, physical, social, intellectual and spiritual needs of the community.

Impact of operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Organization's operations were impacted by COVID-19 due to a reduction in customer demand of childcare, less fundraising activities in the year and additional costs to purchase personal protective equipment.

The impact of COVID-19 has been partially offset by available Government programs for which the Organization was eligible. The Organization has received wage subsidies from March 2020 to December 31, 2020. Further details of these programs are described in note 5 Government Assistance. Eligibility requirements under these programs have evolved since first announced and can be subject to changes in legislation or administrative positions, further, there is significant uncertainty of the period of time into the future that the Government will continue these programs.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, management anticipates this outbreak may cause reduced customer demand, supply chain disruptions and increased government regulations, all of which may negatively impact the Organization's business and financial condition.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 4460 *Related Party Transactions*.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

2. Significant accounting policies *(Continued from previous page)*

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Buildings	20 years
Computer equipment	5 years
Equipment	10 years
Fencing	10 years
Signs	20 years

Pension plan

Contributions to a multi-employer defined contribution pension plan are expensed when due.

Long-lived assets

Long-lived assets consist of capital assets and intangible assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Revenue from child care fees and program fees are recognized when earned.

Revenue from grants are recognized in the period to which they relate.

Revenue from wage subsidies are recognized as the related wage expense is incurred.

Revenue from donations are recognized on a cash basis, with no accrual being made for amounts pledged but not received.

Bingo and fundraising revenue are recognized on completion of the events.

Revenue from rental are recognized on a daily basis as earned.

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Organization's new buildings and equipment. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Timmins Family YMCA
Notes to the Financial Statements
For the year ended December 31, 2020

2. Significant accounting policies *(Continued from previous page)*

Government assistance

Government assistance related to the Canada Emergency Wage Subsidy (CEWS) is recognized as income in the period in which eligible expenditures are incurred.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

Measurement uncertainty (use of estimates)

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets. Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

3. Marketable securities

	2020	2019
Measured at fair value:		
London Life (cost - \$55,508)	63,209	59,590

4. Accounts receivable

	2020	2019
Accounts receivable	247,914	321,618
HST rebate	16,277	51,083
Government assistance receivable	197,382	-
	461,573	372,701
Allowance for doubtful accounts	(17,413)	(11,448)
	444,160	361,253

Timmins Family YMCA
Notes to the Financial Statements
For the year ended December 31, 2020

5. Government assistance

Canada Emergency Wage Subsidy (CEWS)

In response to the negative economic impact of COVID-19, the Government of Canada announced the CEWS program in April 2020. CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as a result of COVID-19. This subsidy is retroactive to March 15, 2020. The qualification and application of the CEWS is being assessed over multiple four-week application period segments.

The Organization has determined that it qualifies for this subsidy and has applied for \$599,796 in assistance related to the April to December periods, of which \$197,382 was receivable at year-end. This grant has been recorded as government subsidy revenue. After year end the Organization has not applied for additional subsidies.

Temporary Wage Subsidy (TWS)

During the year, the Organization recognized \$25,000 in TWS as government assistance in other income. TWS, introduced in response to COVID-19 pandemic, provide eligible employers with a subsidy to cover a portion of wage costs paid to eligible employees during prescribed claim periods. There are no unfulfilled conditions related to amounts recognized. However, amounts claimed under these programs are subject to validation and detailed verification by the Federal Government.

6. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020 Net book value</i>	<i>2019 Net book value</i>
Land	111,225	-	111,225	111,225
Buildings	1,372,837	452,526	920,311	983,711
Computer equipment	57,618	38,626	18,992	26,176
Equipment	284,572	189,850	94,722	109,145
Fencing	20,445	6,581	13,864	12,798
Signs	9,530	6,128	3,402	3,879
	1,856,227	693,711	1,162,516	1,246,934

7. Bank indebtedness

At December 31, 2020, the Organization had lines of credit totaling \$50,000 (2019 - \$50,000) bearing interest at the bank's prime rate of 2.45% at December 31, 2020 (2019 - 3.95%) plus 1.5%, of which the total amount was unused at December 31, 2020. The following has been collateralized in connection with this line of credit:

- General security agreement;
- Demand collateral mortgage in the amount of \$100,000 over land and building with the carrying value of \$247,574 (2019 - \$283,345); and
- An assignment of fire insurance on the building.

8. Accounts payable and accruals

	<i>2020</i>	<i>2019</i>
Trade accounts payable and accrued liabilities	122,763	95,058
Salaries and wages payable	193,841	154,396
	316,604	249,454

Timmins Family YMCA
Notes to the Financial Statements
For the year ended December 31, 2020

9. Deferred revenue

Deferred revenues consists of unspent grants externally restricted to the particular program it relates to. Recognition of these amount as revenue is deferred to periods when the specified expenditures are made.

Changes in the deferred revenue balance are as follows:

	2020	2019
Cochrane District Social Service Administration Board		
Balance, beginning of year	-	40,652
Less: expenses	-	(40,652)
Balance, end of year	-	-
Jumpstart Program		
Add: funds received	15,000	-
Balance, end of year	15,000	-
Canada Post Youth Program		
Balance, beginning of year	-	17,500
Less: expenses	-	(17,500)
Balance, end of year	-	-
	15,000	-

10. Deferred contributions related to capital assets

Deferred contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred contributions are as follows:

	2020	2019
Balance, beginning of year	814,481	827,926
Amount received during the year	-	55,785
Less: amounts recognized as revenue during the year	(68,097)	(69,230)
Balance, end of year	746,384	814,481

Timmins Family YMCA
Notes to the Financial Statements
For the year ended December 31, 2020

11. Long-term debt

	2020	2019
CIBC first mortgage loan payable in monthly instalments of \$1,000, plus interest of prime (2.45%) + 1.05% (2019 - prime (3.95%) + 1.05%), due October 2027, secured with land and building having a net book value of \$247,574 (2019 - \$283,345) pledged as collateral.	82,000	94,000
Less: Current portion	82,000	12,000
	-	82,000

12. Pension plan

Timmins Family YMCA employees participate in the Canadian YMCA Retirement Fund, a multi-employer registered deferred contribution pension plan. During the year, Timmins Family YMCA's contributions to the plan of \$53,543 (2019 - \$63,932) were recorded as an expense in the statement of operations.

13. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

The Organization is exposed to interest rate cash flow risk. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate cash flow risk with respect to the operating line of credit and long-term debt which are subject to floating interest rates.

During the year, the Organization's exposure to interest rate risk decreased since the prime rate was decreased by 0.70% by the Bank of Canada.

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of accounts receivable. The Organization revenues are concentrated in the child care sector including the receipt of related subsidies; however, credit exposure is limited due to the Organization's large customer base.

Of the total accounts receivable, 44% (2019 - 17%) is receivable from one (2019 - one) organization.

14. Commitments

The Organization has entered into a equipment and premise lease agreements with estimated minimum annual payments as follows:

2021	8,000
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The Organization entered into a commitment with the Provincial Government of Ontario and the Federal Government of Canada. The Organization was accepted for the Infrastructure Program for Investing in Canada. The agreement states total eligible expenditures for this program of \$562,500, where the Provincial Government of Ontario will repay a maximum of \$187,481 of expenditures and the Federal Government will repay a maximum of \$225,000. The Organization is responsible for up to \$150,019 of expenditures.

15. Subsequent events

Timmins Family YMCA and YMCA of Northeastern Ontario amalgamated on April 1, 2021.

On March 22, 2021, the long-term debt of the Organization was repaid.

Timmins Family YMCA
Schedule 1 - General and administrative expenditures
For the year ended December 31, 2020

	2020	2019
General and administrative expenditures		
Advertising	4,139	3,627
Amortization	99,453	94,869
Bad debts	22,885	5,960
Bank charges and interest	13,811	18,218
Board	156	1,206
Conferences	3,529	17,531
Consulting	-	5,793
Employee benefits	251,994	313,809
Equipment repairs	8,533	47,631
Food	124,803	158,886
Information technology	21,919	15,010
Insurance	27,415	24,960
Interest on long-term debt	3,433	4,974
Licences and fees	38,802	58,697
Miscellaneous	2,695	877
Municipal taxes	16,043	12,226
Occupancy supplies	37,304	48,415
Office supplies	7,334	9,714
Photocopying	5,262	9,654
Professional fees	84,699	16,455
Rent <i>(Note 14)</i>	18,356	19,208
Repairs and maintenance	35,139	86,275
Salaries and wages	2,263,278	2,690,356
Sponsorships	1,177	2,022
Subcontracts	44,857	68,459
Supplies	56,805	82,649
Telephone	15,936	15,863
Training and education	2,346	6,290
Travel	350	6,339
Uniforms	(131)	4,306
Utilities	37,397	46,928
Vehicle	-	4,877
	3,249,719	3,902,084