

YMCA of Northeastern Ontario
Financial Statements
For the year ended March 31, 2021

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Financial Statements
For the year ended March 31, 2021

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 15
Schedule 1 - Lottery Account	16



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Independent Auditor's Report

To the Members and Board of Directors of the 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, 2021, 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, 2021, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
North Bay, Ontario
June 30, 2021

YMCA of Northeastern Ontario
Statement of Financial Position

March 31

2021

2020

Assets

Current

Cash and cash equivalents	\$ 1,707,302	\$ 448,041
Investments (Note 4)	607,182	452,543
Accounts receivable (Note 5)	829,596	563,149
Prepaid expenses	96,669	87,778

3,240,749 1,551,511

Restricted cash and cash equivalents 425,259 425,259

Capital assets (Note 6) 7,964,270 8,399,771

\$ 11,630,278 \$ 10,376,541

Liabilities and Net Assets

Liabilities

Accounts payable and accrued liabilities (Note 7)	\$ 1,374,341	\$ 1,022,243
Deferred revenue (Note 8)	2,130,133	1,284,225
Current portion of long-term debt (Note 9)	308,485	300,000
Callable portion of long-term debt (Note 9)	-	4,205,592

3,812,959 6,812,060

Long-term debt (Note 9) 4,056,000 -

7,868,959 6,812,060

Net assets

Internally restricted - capital repairs	161,525	161,525
Externally restricted - Endowment funds	263,734	263,734
Internally restricted - Invested in capital assets	3,599,787	3,894,179
Unrestricted	(263,727)	(754,957)


3,761,319 3,564,481

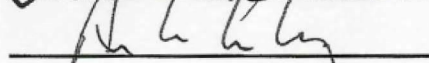
\$ 11,630,278 \$ 10,376,541

Commitments (Note 10)

Global Pandemic Impacts (Note 2)

On behalf of the Board:

 Director

 Director

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

YMCA of Northeastern Ontario
Statement of Changes in Net Assets

For the year ended March 31						2021	2020
	Internally Restricted	Endowments	Invested In Capital Assets	Unrestricted	Total	Total	
Net assets, beginning of year	\$ 161,525	\$ 263,734	\$ 3,894,179	\$ (754,957)	\$ 3,564,481	\$ 4,137,143	
Excess (deficiency) of revenues over expenses	-	-	(561,714)	758,552	196,838	(572,662)	
Interfund adjustments	-	-	267,322	(267,322)	-	-	
Net assets, end of year	\$ 161,525	\$ 263,734	\$ 3,599,787	\$ (263,727)	\$ 3,761,319	\$ 3,564,481	

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

YMCA of Northeastern Ontario Statement of Operations

For the year ended March 31	2021	2020
Revenues		
Employment & Youth	\$ 6,028,012	\$ 6,552,901
Program fees	2,182,722	5,563,738
Recoveries, administration and other fees	1,120,381	928,775
Fundraising and philanthropy	845,314	460,330
Membership fees	503,802	3,378,466
Rental and other	264,749	525,607
	<u>10,944,980</u>	<u>17,409,817</u>
Expenses		
Payroll	8,801,620	11,301,021
Stipends	581,967	1,117,061
Utilities	552,916	714,677
Occupancy, maintenance, insurance and property tax	539,636	686,506
Supplies	345,396	968,280
Transfer payments to other agencies	340,851	768,599
Professional services	309,920	457,239
Minor equipment and maintenance	199,223	100,569
Interest on long term debt	158,240	232,306
Information technology and licenses	140,738	127,204
Membership and association dues	122,601	204,042
Pandemic expenses	110,855	-
Staff and volunteer development	49,734	85,190
Bank and other service charges	40,379	205,422
Program travel and vehicles	28,781	78,871
Promotion	15,514	100,507
Employee expenses and travel	15,328	69,187
Postage and courier	5,554	5,716
Bad debts (recovery)	139,645	(1,449)
Loss on disposal of capital assets	31,442	96,862
Amortization	530,272	664,669
	<u>13,060,612</u>	<u>17,982,479</u>
Deficiency of revenues over expenses before item below	(2,115,632)	(572,662)
Federal government subsidies (CEWS/CERS)	<u>2,312,470</u>	-
Excess (deficiency) of revenue over expenses for the year	\$ 196,838	\$ (572,662)

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	2021	2020
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	\$ 196,838	\$ (572,662)
Items not involving cash		
Amortization of capital assets	530,272	664,669
Loss on disposal of capital assets	31,442	96,862
	758,552	188,869
Changes in non-cash working capital balances		
Accounts receivable	(266,447)	402,493
Prepaid expense	(8,891)	(25,097)
Accounts payable and accrued liabilities	352,098	23,425
Deferred revenue	845,908	(6,740)
	1,681,220	582,950
Cash flows from investing activities		
Purchase of capital assets	(126,213)	(921,185)
Proceeds from sale of capital assets	-	241,196
Decrease in investments	-	919,595
Purchase of investments	(154,639)	-
	(280,852)	239,606
Cash flows from financing activities		
Principal payments on long term debt	(141,107)	(212,937)
Proceeds of long term debt	-	588,000
Repayments on line of credit	-	(115,000)
	(141,107)	260,063
Increase in cash and cash equivalents during the year	1,259,261	1,082,619
Cash and cash equivalents (bank indebtedness), beginning of year	873,300	(209,319)
Cash and cash equivalents, end of year	\$ 2,132,561	\$ 873,300
Cash and cash equivalents represented by:		
Cash and short term investments	\$ 1,707,302	\$ 448,041
Restricted cash and short term investments	425,259	425,259
	\$ 2,132,561	\$ 873,300

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

YMCA of Northeastern Ontario

Notes to Financial Statements

March 31, 2021

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, 2021

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, 2021

2. Global Pandemic Impacts

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 in the fiscal year 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. The Association's locations re-opened during part of the year and then closed again to comply with provincial orders. It is anticipated that the locations will be open again to its members in the Fall of 2021.

In order to combat declining revenues and cash flows, the Association has undertaken a number of initiatives to ensure the Association's 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 centre would operate at a positive net contribution. The Association has accessed government programs such as the Canada Emergency Wage Subsidy (CEWS) 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 \$50,000 and one for \$200,000, both bear interest at prime plus 1.04%. At year end \$Nil (2020 - \$Nil) 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, 2021

5. Accounts Receivable

	<u>2021</u>	<u>2020</u>
Government grants and clients	\$ 911,596	\$ 601,149
Less allowance for doubtful accounts	<u>(82,000)</u>	<u>(38,000)</u>
	<u>\$ 829,596</u>	<u>\$ 563,149</u>

YMCA of Northeastern Ontario
Notes to Financial Statements

March 31, 2021

6. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Sudbury Branch				
Land	\$ 729,033	\$ -	\$ 729,033	\$ -
Building	10,788,253	5,251,800	10,788,253	4,982,141
Furnishings & equipment	1,917,365	1,635,267	1,917,365	1,590,884
Computer equipment	211,877	141,911	102,764	123,725
	13,646,528	7,028,978	13,537,415	6,696,750
John Island Camp				
Land, nominal value	1	-	1	-
Buildings	1,222,339	455,094	1,222,339	424,839
Furnishings & equipment	805,404	792,906	805,404	780,409
Vehicles	136,538	128,244	136,538	125,590
	2,164,282	1,376,244	2,164,282	1,330,838
Elm Street				
Leasehold improvements	537,436	535,836	537,436	534,236
Computer equipment	50,139	50,139	81,582	50,139
Furnishings & equipment	72,167	67,276	72,167	62,385
Vehicles	34,093	34,093	34,093	34,093
	693,835	687,344	725,278	680,853
North Bay Branch				
Building (i)	1,643,656	1,177,684	1,634,860	1,148,679
Equipment	838,324	809,559	830,024	821,623
Fitness equipment	584,003	526,549	583,998	485,337
Computer equipment	364,510	364,510	364,510	276,516
	3,430,493	2,878,302	3,413,392	2,732,155
	\$ 19,935,138	\$ 11,970,868	\$ 19,840,367	\$ 11,440,596
Net book value		\$ 7,964,270		\$ 8,399,771

(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.

YMCA of Northeastern Ontario
Notes to Financial Statements

March 31, 2021

7. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$25,415 (2020 - \$Nil) which include amounts payable for payroll related taxes. Also included in accounts payable is \$219,458 in estimated prepaid program fees that have been refunded subsequent to year-end.

8. Deferred Revenue

	2021	2020
Membership, programs and camps	\$ 457,267	\$ 420,474
Children services	996,596	846,100
Employment	351,270	17,651
Donations	325,000	-
	\$ 2,130,133	\$ 1,284,225

9. Long-term Debt

	2021	2020
\$588,000 loan, blended monthly payments of \$4,650, interest prime plus 1.30%, due Feb 2025. (i)	\$ 588,000	\$ 588,000
\$6,000,000 mortgage, blended monthly payments of \$34,652, interest at prime plus 1.04%, due March 2032. (i)	3,776,485	3,917,592
	4,364,485	4,505,592
Less current/callable portion	308,485	4,505,592
	\$ 4,056,000	\$ -

YMCA of Northeastern Ontario
Notes to Financial Statements

March 31, 2021

9. Long-term Debt (continued)

Anticipated principal payments on the above debt over the next five years and thereafter are as follows:

2022	\$ 308,485
2023	333,942
2024	345,880
2025	358,244
2026	371,050
Thereafter	<u>2,646,884</u>
	<u>\$ 4,364,485</u>

(i) 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.

Subsequent to year-end, in May 2021, the two facilities above were rolled into one facility with new payment terms, repayable in full one year from drawdown.

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:

2022	197,000
2023	<u>85,120</u>
	<u>\$ 282,120</u>

YMCA of Northeastern Ontario Notes to Financial Statements

March 31, 2021

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. Subsequent Events

On April 1, 2021, the organization amalgamated with Timmins Family YMCA.

13. 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	2021	2020
Revenue		
Bingo/Nevada proceeds	\$ 35,019	\$ 50,250
Expenses		
Program related expenses	18,229	14,923
Prizes paid	8,890	9,594
Licenses and other	2,355	1,529
	<u>29,474</u>	<u>26,046</u>
Excess of revenues over expenses	\$ 5,545	\$ 24,204

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