

YOUNG MEN'S CHRISTIAN ASSOCIATION OF REGINA

Financial Statements

Year Ended August 31, 2019



YMCA of Regina

2400 13th Avenue
Regina, Saskatchewan, S4P 0V9
(306) 757-9622
regina.ymca.ca

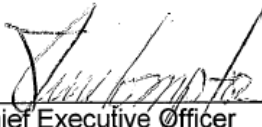
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Young Men's Christian Association of Regina have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Young Men's Christian Association of Regina's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Finance and Audit Committee. The Finance and Audit Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance and Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by MWC Chartered Professional Accountants LLP, in accordance with Canadian generally accepted auditing standards.



Chief Executive Officer



Chief Financial Officer

Regina, Saskatchewan
November 28, 2019



Chartered Professional
Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Young Men's Christian Association of Regina

Opinion

We have audited the financial statements of Young Men's Christian Association of Regina (the Association), which comprises of the statement of financial position, statement of operations, statement of changes in net assets, statement of cash flows, 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 August 31, 2019 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 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw your attention to Note 2 of the financial statements which provides information on the basis of presentation. The financial statements have been prepared on the going concern basis, however conditions are present that cast a material uncertainty as to the appropriateness of the use of the going concern assumption unless significant changes are made to the current course of business. Our opinion is not modified in respect of this matter.

Emphasis of Matter

Without modifying our opinion, we draw your attention to Note 19 of the financial statements, which provides information on the restatement of the prior year's financial statements for a correction of a previously recorded grant receivable per information obtained in the current fiscal year.

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 relating 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.

(continues)

An asset to our clients, not an expense

Independent Auditor's Report to the Members of Young Men's Christian Association of Regina
(continued)

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

Regina, Saskatchewan
November 28, 2019

YOUNG MEN'S CHRISTIAN ASSOCIATION OF REGINA

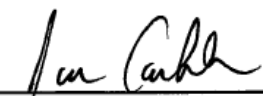
Statement of Financial Position

August 31, 2019, with comparative information for 2018

	2019	2018
Assets		(Restated, note 21)
Current assets:		
Cash	\$ 516,513	\$ 495,121
Accounts receivable (note 4)	263,923	275,644
Prepaid expenses	89,478	74,807
	869,914	845,572
Property, plant and equipment (note 5)	10,288,926	10,358,204
Intangible assets (note 6)	-	223,812
Endowments (note 7)	166,366	161,198
Assets held in trust (note 8)	780,557	135,728
	\$ 12,105,763	\$ 11,724,514
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 12)	\$ 967,393	\$ 757,116
Deferred revenue (note 13)	384,593	286,641
Interest rate swap agreement (note 9)	219,849	-
Current portion of obligations under capital lease (note 10)	121,062	-
Current portion of long term debt (note 11)	300,801	267,000
	1,993,698	1,310,757
Obligations under capital lease (note 10)	213,849	-
Long term debt (note 11)	5,324,098	5,129,000
Trust liabilities (note 8)	780,557	135,728
	8,312,202	6,575,485
Net assets	3,793,561	5,149,029
Commitments (note 14)		
Contingent liability (note 15)		
	\$ 12,105,763	\$ 11,724,514

See accompanying notes to the financial statements.

On behalf of the Board:



Director



Director

YOUNG MEN'S CHRISTIAN ASSOCIATION OF REGINA

Statement of Operations

Year ended August 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Childcare fees	\$ 4,507,611	\$ 4,303,927
Memberships (note 16)	4,295,664	4,326,711
Grant funding (note 17)	2,166,520	2,088,003
Program fees (note 16)	629,473	590,536
Program administration services (note 8)	426,928	506,612
Merchandise, rental and other revenue	200,541	201,329
Donations	135,072	119,068
United Way	54,600	52,839
Endowment donations	763	5,208
Endowment earnings (note 7)	3,742	7,554
Restricted capital donations	25,000	50,000
Restricted capital grant funding (note 17)	20,000	746
	<u>12,465,914</u>	<u>12,252,533</u>
Expenses:		
Salaries, wages and benefits	8,670,004	8,635,969
Amortization of property, plant and equipment	1,113,680	1,015,027
Program supplies	676,482	824,555
Utilities	496,106	514,611
Building repairs	421,729	250,798
Rent	384,743	369,150
Facility cleaning and maintenance	383,647	317,164
Office and administration	341,628	277,563
Interest	198,813	166,505
YMCA Canada allocations	172,959	156,370
Professional fees	112,655	128,312
Bank charges	72,296	122,003
Bad debts	73,017	42,083
Travel and conferences	55,669	68,053
Marketing	48,908	64,778
Staff and volunteer training and development	43,023	72,613
Fundraising	13,289	1,911
Miscellaneous and other	5,767	4,160
	<u>13,284,415</u>	<u>13,031,625</u>
Deficiency of revenue over operating expenses	(818,501)	(779,092)
Gain on sale of equipment	(28,796)	-
Change in fair value of interest rate swap agreements (note 9)	219,849	-
Impairment of intangible assets (note 6)	345,914	-
Deficiency of revenue over expenses	<u>\$ (1,355,468)</u>	<u>\$ (779,092)</u>

See accompanying notes to the financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF REGINA

Statement of Changes in Net Assets

Year ended August 31, 2019, with comparative information for 2018

August 31, 2019	Unrestricted Fund	Restricted Capital Fund	Endowment Fund	Total
Balance, beginning of year	\$ 4,982,623	\$ -	\$ 166,406	\$ 5,149,029
Excess (deficiency) of revenue over expenses	(1,404,973)	45,000	4,505	(1,355,468)
Interfund transfers (note 18)	25,000	(25,000)	-	-
Balance, end of year	\$ 3,602,650	\$ 20,000	\$ 170,911	\$ 3,793,561

August 31, 2018	Unrestricted Fund	Restricted Capital Fund	Endowment Fund	Total
Balance, beginning of year (Restated, note 21)	\$ 5,774,477	\$ -	\$ 153,644	\$ 5,928,121
Excess (deficiency) of revenue over expenses	(842,600)	50,746	12,762	(779,092)
Interfund transfers (note 18)	50,746	(50,746)	-	-
Balance, end of year	\$ 4,982,623	\$ -	\$ 166,406	\$ 5,149,029

See accompanying notes to the financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF REGINA

Statement of Cash Flows

Year ended August 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (1,355,468)	\$ (779,092)
Items not involving cash:		
Amortization of property, plant and equipment	1,113,680	1,015,027
Impairment of intangible assets	345,914	-
Change in fair value of interest rate swap agreements	219,849	-
Gain on sale of equipment	(28,796)	-
Change in non-cash operating working capital:		
Accounts receivable	11,721	(41,506)
Prepaid expenses	(14,671)	(29,518)
Accounts payable and accrued liabilities	210,277	(265,933)
Deferred revenue	97,952	32,495
	600,458	(68,527)
Investing:		
Purchase of property, plant and equipment	(630,592)	(243,910)
Proceeds from sale of property, plant and equipment	28,796	-
Purchase of intangible assets	(122,102)	(80,273)
Net endowment activity	(5,168)	(119,909)
	(729,066)	(444,092)
Financing:		
Change in due to trust	-	(103,160)
Repayment of bank indebtedness	-	(305,000)
Repayment of obligations under capital leases	(78,899)	-
Proceeds from long term debt	500,000	5,500,000
Repayment of long term debt	(271,101)	(4,324,000)
	150,000	767,840
Increase in cash	21,392	255,221
Cash, beginning of year	495,121	239,900
Cash, end of year	\$ 516,513	\$ 495,121

See accompanying notes to the financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF REGINA

Notes to Financial Statements

Year ended August 31, 2019

1. Nature of operations:

The Young Men's Christian Association of Regina (the "Association") is open to all and dedicated to enriching our community and individuals at every stage of life. It is a value-based builder of health, leadership and personal development. The Association operates three facilities and a variety of program sites in the communities of Regina and Moose Jaw, Saskatchewan and is a registered charity which is exempt from income taxes under paragraph 149(1)(f) of the Income Tax Act.

2. Basis of presentation:

The accompanying financial statements have been prepared on the going concern basis, which contemplates the realization of assets and payment of liabilities in the ordinary course of business. Should the Association be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they come due. If the going concern basis was not appropriate, adjustments would be necessary to the carrying values of assets, the reported revenues and expenses, and the classifications used in the Statement of Financial Position.

Conditions in the marketplace have caused significant operating and working capital deficiencies over the past two years, which have resulted in increased debt to meet current obligations, fund operations, and maintain the three facilities of the Association. These conditions cast uncertainty as to the appropriateness of the use of going concern assumption unless significant changes to the current course of business are made.

Management has begun an operational transformation plan that addresses immediate sustainability and reduction of operating deficits, and included the refinancing of its existing debt, subsequent to year end, to obtain a lower borrowing rate and provide increased cash flow to meet operating needs.

In addition to the refinancing, management is reviewing potential partnership opportunities with all levels of government, community stakeholders, and members to provide additional funding to maintain operation and they are assessing the impact of a potential disposal or closure of certain locations or programs currently operated by the Association.

As transformational change has begun the financial statements have continued to be prepared using the going concern assumption and do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

3. Significant accounting policies:

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

(a) Fund accounting:

The Association follows the restricted fund method of accounting for contributions, which includes donations, grants and sponsorships. The Association records its activities in the following funds:

Unrestricted fund

The unrestricted fund is established for the general operations of the Association. All operational transactions, including those of a capital nature, are recorded in the accounts of this fund.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF REGINA

Notes to Financial Statements (continued)

Year ended August 31, 2019

3. Significant accounting policies (continued):

(a) Fund accounting (continued):

Restricted capital fund

The restricted fund is established to record externally restricted contributions and revenues specifically designated for property renewals, replacements and development.

Endowment fund

The endowment fund is established to record resources contributed for endowment. Contributions to this fund are held in perpetuity with the earnings available for use as restricted by the contributor.

(b) Revenue recognition:

Restricted contributions related to general operations are recognized as revenue in the unrestricted fund when the related expenses are incurred. All other restricted contributions are recognized as revenue of the restricted fund when the amount is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue in the unrestricted fund in the year they are receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Program revenue including childcare and membership fees, rental revenue, program administrative services fees and other revenue are recognized as revenue in the unrestricted fund when the service is provided and that collection is reasonably assured. Interest income is recognized in the period earned.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Subsequently they are recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has elected to carry its endowment assets at fair value. Changes in fair value are recognized in the Statement of Operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

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 amount or timing of future 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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF REGINA

Notes to Financial Statements (continued)

Year ended August 31, 2019

3. Significant accounting policies (continued):

(d) Property, plant and equipment:

Property, plant and equipment is recorded at cost. Amortization is calculated using the straight-line method over their estimated useful lives as follows:

Asset	Rate
Buildings	20-40 years
Equipment	3-4 years
Leasehold improvements	Amortized over the life of the lease

A full year of amortization is taken in the year of acquisition and no amortization is taken in the year of disposal.

(e) Intangible assets:

Intangible assets are comprised of a membership database and revenue tracking software (DfM software). Intangible assets are recorded at cost and amortized using the straight-line method over the estimated useful life. The carrying amount of the intangible asset was reduced to \$nil as the Association exited the DfM project in the current year.

(f) Contributed services:

The Association is dependent on the voluntary services of many people. Since these services are not normally purchased by the Association and because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

(g) Employee future benefits:

The Association and certain employees make contributions to the YMCA Canada Pension Plan, a defined contribution multi-employer pension plan. The Association's contributions are expensed as incurred. Eligible employees include full-time employees who may join the plan after two years and must join after three years of service, and part-time employees who may join the plan after earning certain levels of income for two consecutive years.

For the year ended August 31, 2019, the Association contributed and expensed \$186,310 (2018 - \$208,691) with respect to this plan.

(h) Interest rate swap agreements:

The Association uses interest rate swaps to manage fluctuations in interest rates on its banker's acceptances. The Association has not elected to use hedge accounting. The swap agreements are therefore recorded at fair market value as a liability in the Statement of Financial Position. The fair value is determined based on stock quotes and prices obtained from financial institutions for identical or similar derivative financial instruments. Changes in the fair market value of interest rate swaps are presented in the Statement of Operations as a change in fair value of interest rate swap agreements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF REGINA

Notes to Financial Statements (continued)

Year ended August 31, 2019

3. Significant accounting policies (continued):

(i) Use of estimates:

The preparation of the financial statements 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 amount of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions includes the carrying amount of accounts receivable and the estimated useful lives of property plant and equipment.

4. Accounts receivable:

	2019	2018
Accounts receivable	\$ 305,236	\$ 329,144
Less: allowance for doubtful accounts	(41,313)	(53,500)
	\$ 263,923	\$ 275,644

5. Property, plant and equipment:

	Cost	Accumulated amortization	2019 Net Book Value	2018 Net Book Value
Land	\$ 341,268	\$ -	\$ 341,268	\$ 341,268
Buildings	15,248,604	6,459,100	8,789,504	8,603,414
Equipment	1,334,487	1,118,912	215,575	448,444
Equipment under capital lease (note 8)	398,916	99,729	299,187	-
Leasehold improvements	1,930,145	1,286,753	643,392	965,078
	\$ 19,253,420	\$ 8,964,494	\$ 10,288,926	\$ 10,358,204

6. Intangible assets:

	Cost	Accumulated amortization	2019 Net Book Value	2018 Net Book Value
DfM software	\$ -	\$ -	\$ -	\$ 223,812

DfM software costs incurred to date were written off in the current year as the Association exited the project in 2019.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF REGINA

Notes to Financial Statements (continued)

Year ended August 31, 2019

7. Endowments:

The South Saskatchewan Community Foundation Inc. (SSCF), an independent agency, manages the assets of the Association's endowment fund.

The fair value of the assets invested with SSCF as at August 31, 2019 is \$166,366 (2018 - \$161,198). The Association is allocated a portion of the earnings on investments managed by SSCF based on their relative holdings of the SSCF managed funds. For the year ended August 31, 2019 investment earnings from SSCF were \$3,742 (2018 - \$7,554).

8. Trust fund:

The Association has agreements to administer in trust three projects under the National Homelessness Initiative which is funded by Human Resources and Skills Development Canada (HRSDC). As part of the agreements, the Association receives amounts from HRSDC and is required to provide the funding to participants under the direction of a third party advisory board. The Association does not have any control over the funds other than ensuring payments are in compliance with the agreements. These agreements conclude on March 31, 2020 and the Association will not be entering into any new agreements for these projects.

Proceeds received under the agreements are deposited into a separate bank account and participant costs are paid out of this account. Administrative project costs are paid out of the Association's bank account and then invoiced to the Trust on a quarterly basis which results in amounts owing from the trust fund.

Included in the trust fund balance for 2019 is \$nil (2018 - \$30,000) of unspent funds received from the City of Regina for the Plan to End Homelessness.

	2019	2018
Trust fund assets:		
Due to YMCA of Regina	\$ (75,800)	\$ (70,000)
Cash	856,357	205,728
	780,557	135,728
Trust fund liabilities:		
Trust fund liability	(780,557)	(135,728)
	\$ -	\$ -

The table below summarizes the trust fund activity throughout the year. Only the project administration fees payable to the Association for services provided under the agreements are included in the Statement of Operations. These fees cover expenses incurred by the Association for program staff salaries, wages and benefits, travel and conferences, marketing, professional fees, and other administrative expenses of the program.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF REGINA

Notes to Financial Statements (continued)

Year ended August 31, 2019

8. Trust fund (continued):

	2019	2018
Trust assets, beginning of year	\$ 135,728	\$ 145,090
Funding received	3,368,586	2,979,677
Programming costs	(2,296,829)	(2,482,427)
Project administration fees	(426,928)	(506,612)
	644,829	(9,362)
Trust assets, end of year	\$ 780,557	\$ 135,728

9. Interest rate swap agreement:

To protect against the risk of potential interest rate fluctuations on the outstanding banker's acceptances included in its outstanding credit facilities (note 9), the Association has entered into an interest rate swap agreement.

The derivative contract has a notional amount of \$5,129,000 as at August 31, 2019 (2018 - \$5,396,000), bears an interest rate fixed at 2.42% in exchange for receiving a variable interest rate based on the 90 day CDOR rate, and has a maturity date of July 7, 2025.

Subsequent to year end, the swap agreement was settled for cash proceeds of \$169,000 which was the fair market value on the date of the settlement.

10. Capital lease:

The Association has entered into a capital lease obligation for equipment maturing on January 1, 2022. The minimum lease payments under capital leases are as follows:

2020	137,246
2021	137,246
2022	87,129
Future minimum lease payments	361,621
Less: amount representing interest at 5.78%	26,710
Present value of future minimum lease payments	334,911
Less: current portion	121,062
	\$ 213,849

The capital leases are secured by lease equipment acquired. The carrying amount of the leased equipment is disclosed in Note 3.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF REGINA

Notes to Financial Statements (continued)

Year ended August 31, 2019

11. Credit facilities:

	2019	2018
Credit facility 3:		
Banker's acceptance	\$ 5,129,000	\$ 5,396,000
Term loan	495,899	-
	5,624,899	5,396,000
Less: current portion of long term debt	300,801	267,000
	\$ 5,324,098	\$ 5,129,000

The Association has the following credit facilities with the Royal Bank of Canada:

Facility 1 is a \$100,000 revolving demand facility available in increments of \$5,000 bearing interest at Royal Bank Prime plus 1.00%. As at August 31, 2019 no funds (2018 - nil) were drawn on this facility.

Facility 3 is a \$5,500,000 non-revolving term facility drawn by way of banker's acceptances. As at August 31, 2019 the Association holds banker's acceptances bearing interest at 2.42% fixed rate (2018 - 2.42%) and a 2.25% stamping fee (2018 - 1.50%), repayable in quarterly installments ranging from \$66,000 to \$88,000.

The Association also has a VISA Business credit facility up to a maximum of \$80,000.

The Association's bank indebtedness and long term debt owing to the Royal Bank of Canada are secured by a general security agreement representing a first charge on all of the Association's property and mortgage collateral on the Association's downtown real property. The carrying value of the Association's real property is \$3,776,232.

The Association also has a variable rate 15 year term loan with Canadian Western Bank. The interest rate is a floating rate equal to prime + 1.25%; as at August 31, 2019 the prime rate was 3.95% and the monthly payment was \$4,004. The loan is secured by a \$1,500,000 mortgage on the Association's northwest real property. The carrying value of the Association's real property is \$5,354,540.

Principal repayments for the next five years and thereafter are as follows:

2020	\$ 300,801
2021	315,015
2022	329,294
2023	343,642
2024	359,060
Thereafter	3,977,087

YOUNG MEN'S CHRISTIAN ASSOCIATION OF REGINA

Notes to Financial Statements (continued)

Year ended August 31, 2019

11. Credit facilities (continued):

Subsequent to yearend, the Association refinanced its existing debt in the form of a mortgage with Conexus Credit Union totalling \$6,450,000. The loan is a closed 4 year term mortgage with a 25 year amortization, 4.39% interest rate and is payable in monthly installments of \$35,314. The loan is secured by a general security agreement representing a first charge on all of the Association's property and mortgage collateral of \$6,900,000 on the Association's downtown and northwest real property.

12. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$95,247 (2018 - \$31,491), which includes amounts payable for federal and provincial sales taxes, and payroll taxes.

13. Deferred revenue:

	2019	2018
Membership fees	\$ 142,030	\$ 154,824
Grants	177,042	90,328
Program fees	50,771	24,815
Other	14,750	16,674
	<u>\$ 384,593</u>	<u>\$ 286,641</u>

14. Commitments:

The Association is committed under leases for rent and equipment and with service contracts over the next five years as follows:

2020	\$ 514,987
2021	354,357
2022	78,395
2023	75,870
2024	74,520

15. Contingent liability:

The Association is involved in litigation relating to a wrongful dismissal claim. The Association does not expect the outcome to result in any material financial impact.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF REGINA

Notes to Financial Statements (continued)

Year ended August 31, 2019

16. Membership and program assistance:

As part of its charitable mission, the Association sponsors qualifying individuals and families through the Membership Assistance Program. The value of the assisted fees are excluded from the Association's revenue.

	2019	2018
Assisted membership fees	\$ 260,166	\$ 328,179
Assisted program fees	17,041	15,046
	<u>\$ 277,207</u>	<u>\$ 343,225</u>

17. Grant funding:

	2019	2018
Provincial funding (childcare grants)	\$ 1,706,633	\$ 1,638,861
Non-government funding	316,698	335,540
Federal funding	143,189	113,602
Operating grant funding	2,166,520	2,088,003
Restricted capital grant funding	20,000	746
	<u>\$ 2,186,520</u>	<u>\$ 2,088,749</u>

18. Interfund transfers:

For the year ended August 31, 2019, \$25,000 (2018 - \$50,746) has been transferred from the restricted capital fund to the unrestricted fund for the purchase of capital assets.

19. Financial risks and concentration of risk:

The Association faces certain financial risks such as interest rate, credit risk, and liquidity risk which can impact financial performance.

Interest rate risk

The Association is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities. To manage this risk, the Association uses interest rate swap agreements to fix in the interest rates of the bankers' acceptances at 2.42% with a maturity of July 7, 2025.

Credit risk

The Association's cash and accounts receivable are not subject to any significant concentration of credit risk. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The carrying amounts of the financial assets in the statement of financial position represent the Association's maximum credit exposure as at the statement of financial position date. The credit risk on cash is limited because the counterparties are chartered banks with high credit ratings assigned by national credit rating agencies.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF REGINA

Notes to Financial Statements (continued)

Year ended August 31, 2019

19. Financial risks and concentration of risk (continued):

Liquidity risk

The Association manages its liquidity risk by maintaining adequate cash, having access to operating lines of credit, preparing operating budgets and reviewing cash flow needs on a regular basis.

20. Corresponding figures:

The financial statements have been reclassified, where applicable, to conform to the current year's presentation.

21. Prior period adjustment:

During the year ended August 31, 2019, it was identified that grant revenues totalling \$87,041 which were previously recorded as receivable due to a change in funding pattern was incorrect. As a result, the financial statements have been restated to reduce accounts receivable by \$87,041. The prior year's opening financial information has been restated to reflect this correction in the timing of revenue recognition. The opening 2018 comparative year's financial information has been restated as follows:

	Previous	Prior period adjustment	Restated
Statement of financial position			
2018 Opening accounts receivable	\$ 321,179	\$ (87,041)	\$ 234,138
2018 Opening unrestricted net assets	5,861,518	(87,041)	5,774,477
2018 Ending accounts receivable	362,685	(87,041)	275,644
2018 Ending unrestricted net assets	5,236,070	(87,041)	5,149,029
