

YMCA of Regina Inc.

Financial Statements

Year Ended August 31, 2020



YMCA of Regina

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of YMCA of Regina Inc. have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). 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.

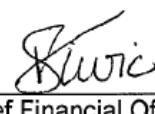
The integrity and reliability of YMCA of Regina Inc.'s reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information 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, Audit and Risk Committee. The Finance, Audit and Risk 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, Audit and Risk 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 26, 2020



Chartered Professional
Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of YMCA of Regina Inc.

Opinion

We have audited the financial statements of YMCA of Regina Inc. (the Association), which comprise the statement of financial position as at August 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 Association as at August 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 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.

Emphasis of Matters

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.

We also draw your attention to Note 18 of the financial statements which provides information on the subsequent permanent closure of the health, fitness and aquatics programming at two of the three facilities operated by the Association.

Our opinion is not modified in respect of these matters.

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 ASNPO, 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.

(continues)

An asset to our clients, not an expense

102 – 4701 Parliament Ave, Regina, SK S4W 0T9 ☎ 306-352-8621 ☎ 306-565-8476 ☍ mwc-cpa.ca

Independent Auditor's Report to the Members of YMCA of Regina Inc. *(continued)*

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.

MWC LLP

Chartered Professional Accountants

Regina, Saskatchewan
November 26, 2020

YMCA of Regina Inc.

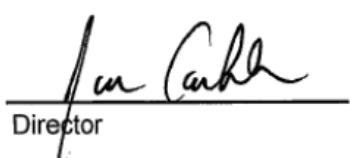
Statement of Financial Position

August 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash & cash equivalents	\$ 914,694	\$ 516,513
Accounts receivable (note 4)	1,075,818	263,923
Prepaid expenses	78,132	89,478
	<u>2,068,644</u>	<u>869,914</u>
Property, plant and equipment (note 5)	9,471,717	10,288,926
Endowments (note 6)	179,597	166,366
Assets held in trust (note 7)	-	780,557
	<u>\$ 11,719,958</u>	<u>\$ 12,105,763</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 11)	\$ 912,424	\$ 967,393
Deferred revenue (note 12)	328,995	384,593
Interest rate swap agreement (note 8)	-	219,849
Current portion of obligations under capital lease (note 9)	126,181	121,062
Current portion of long term debt (note 10)	127,954	300,801
	<u>1,495,554</u>	<u>1,993,698</u>
Obligations under capital lease (note 9)	122,478	213,849
Long term debt (note 10)	6,373,189	5,324,098
Trust liabilities (note 7)	-	780,557
	<u>7,991,221</u>	<u>8,312,202</u>
Net assets	3,728,737	3,793,561
Commitments (note 13)		
Subsequent events (note 18)		
	<u>\$ 11,719,958</u>	<u>\$ 12,105,763</u>

See accompanying notes to the financial statements.

On behalf of the Board:



Director



Director

YMCA of Regina Inc.

Statement of Operations

Year ended August 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Childcare fees	\$ 4,167,483	\$ 4,507,611
Grant funding (note 15)	2,939,232	2,166,520
Memberships (note 14)	2,646,071	4,295,664
Federal wage subsidy	1,552,111	-
Program fees (note 14)	245,431	629,473
Program administration services (note 7)	192,182	426,928
Donations	157,896	135,072
Merchandise, rental and other revenue	131,629	200,541
United Way	51,078	54,600
Endowment donations	42,839	763
Endowment earnings (note 6)	13,231	3,742
Restricted capital donations	-	25,000
Restricted capital grant funding (note 15)	-	20,000
	12,139,183	12,465,914
Expenses:		
Salaries, wages and benefits	7,944,236	8,670,004
Amortization of property, plant and equipment	940,434	1,113,680
Program supplies	572,749	676,482
Rent	467,679	384,743
Utilities	447,580	496,106
Office and administration	440,382	341,628
Facility cleaning and maintenance	384,788	383,647
Interest (note 10)	288,431	198,813
Building repairs	261,900	421,729
YMCA Canada allocations	152,630	172,959
Professional fees	86,216	112,655
Bad debts	76,489	73,017
Bank charges	68,825	72,296
Marketing	48,916	48,908
Travel and conferences	28,217	55,669
Staff and volunteer training and development	25,668	43,023
Miscellaneous and other	13,848	5,767
Fundraising	5,959	13,289
	12,254,947	13,284,415
Deficiency of revenue over operating expenses	(115,764)	(818,501)
Gain on sale of equipment	(91)	(28,796)
Change in fair value of interest rate swap agreements (note 8)	(50,849)	219,849
Impairment of intangible assets	-	345,914
Deficiency of revenue over expenses	\$ (64,824)	\$ (1,355,468)

See accompanying notes to the financial statements.

YMCA of Regina Inc.

Statement of Changes in Net Assets

Year ended August 31, 2020, with comparative information for 2019

August 31, 2020	Unrestricted Fund	Restricted Capital Fund	Endowment Fund	Total
Balance, beginning of year	\$ 3,602,650	\$ 20,000	\$ 170,911	\$ 3,793,561
Excess (deficiency) of revenue over expenses	(120,894)	-	56,070	(64,824)
Interfund transfers (note 16)	20,000	(20,000)	-	-
Balance, end of year	\$ 3,501,756	\$ -	\$ 226,981	\$ 3,728,737

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 16)	25,000	(25,000)	-	-
Balance, end of year	\$ 3,602,650	\$ 20,000	\$ 170,911	\$ 3,793,561

See accompanying notes to the financial statements.

YMCA of Regina Inc.

Statement of Cash Flows

Year ended August 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (64,824)	\$ (1,355,468)
Items not involving cash:		
Amortization of property, plant and equipment	940,434	1,113,680
Amortization of financing fee	7,906	-
Impairment of intangible assets	-	345,914
Change in fair value of interest rate swap agreements	(50,849)	219,849
Gain on sale of equipment	(91)	(28,796)
Change in non-cash operating working capital:		
Accounts receivable	(811,895)	11,721
Prepaid expenses	11,346	(14,671)
Accounts payable and accrued liabilities	(54,969)	210,277
Deferred revenue	(55,598)	97,952
	<hr/>	<hr/>
	(78,540)	600,458
Investing:		
Purchase of property, plant and equipment	(123,225)	(630,592)
Proceeds from sale of property, plant and equipment	91	28,796
Purchase of intangible assets	-	(122,102)
Net endowment activity	(13,231)	(5,168)
	<hr/>	<hr/>
	(136,365)	(729,066)
Financing:		
Repayment of obligations under capital leases	(86,252)	(78,899)
Proceeds from long term debt	6,415,500	500,000
Interest on deferred debt payments	140,157	-
Settlement of interest rate swap agreement	(169,000)	-
Repayment of long term debt	(5,687,319)	(271,101)
	<hr/>	<hr/>
	613,086	150,000
Increase in cash	398,181	21,392
Cash, beginning of year	516,513	495,121
	<hr/>	<hr/>
Cash, end of year	\$ 914,694	\$ 516,513

See accompanying notes to the financial statements.

YMCA of Regina Inc.

Notes to Financial Statements

Year ended August 31, 2020

1. Nature of operations:

The YMCA of Regina Inc. (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 three 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.

Furthermore, in early 2020, the federal and provincial governments in Canada implemented measures intended to reduce the impact of the pandemic (Covid-19). The effect of the pandemic and imposed restrictions is keenly felt by organizations like the YMCA of Regina Inc. where members could not use facilities or engage in programming due to government imposed restrictions for an extended period of time. As a consequence of these and many other Covid related impacts, the Association's capacity to generate revenues and carry out programs was profoundly disrupted, despite initiatives introduced by all levels of government.

Management has begun an operational transformation plan that addresses immediate sustainability and reduction of operating deficits. Management is reviewing potential partnership opportunities with all levels of government, community stakeholders, and members to provide additional funding to maintain operations 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. Refer to Note 18 for subsequent events which occurred as part of the transformational change.

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, sponsorships and subsidies. 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.

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2020

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.

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2020

3. Significant accounting policies (continued):

(d) Cash and cash equivalents:

Cash and cash equivalents is comprised of cash and short-term investments with original maturities of three months or less.

(e) 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 & Vehicles	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.

(f) Intangible assets:

Intangible assets were comprised of a membership database and revenue tracking software (DfM software). In the prior year, the carrying amount of the intangible asset was reduced to \$nil as the Association exited the DfM project. The impairment realized in 2019 was \$345,914.

(g) 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.

(h) 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, 2020, the Association contributed and expensed \$198,869 (2019 - \$186,310) with respect to this plan.

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2020

3. Significant accounting policies (continued):

(i) Interest rate swap agreements:

The Association used 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. The swap agreement was settled in 2020 for \$169,000.

(j) 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:

	2020	2019
Federal wage subsidy receivable	\$ 895,298	\$ -
Other accounts receivable	254,320	305,236
Less: allowance for doubtful accounts	(73,800)	(41,313)
	<hr/> \$ 1,075,818	<hr/> \$ 263,923

5. Property, plant and equipment:

	Cost	Accumulated amortization	2020 Net Book Value	2019 Net Book Value
Land	\$ 341,268	\$ -	\$ 341,268	\$ 341,268
Buildings	15,248,604	6,819,041	8,429,563	8,789,504
Equipment and vehicles	641,287	461,565	179,722	215,575
Equipment under capital lease (note 9)	398,916	199,458	199,458	299,187
Leasehold improvements	1,930,145	1,608,439	321,706	643,392
	<hr/> \$ 18,560,220	<hr/> \$ 9,088,503	<hr/> \$ 9,471,717	<hr/> \$ 10,288,926

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2020

6. 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, 2020 is \$179,597 (2019 - \$166,366). 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, 2020 investment earnings from SSCF were \$13,231 (2019 - \$3,742). At year end, \$47,384 is payable from the unrestricted fund to the endowment fund (2019 - \$4,545).

7. Trust fund:

The Association had agreements to administer in trust three projects under Canada's Homelessness Strategy which was funded by Employment and Social Development Canada (ESDC). As part of the agreements, the Association received amounts from ESDC and was required to provide the funding to participants under the direction of third party advisory boards. The Association does not have any control over the funds other than ensuring payments are in compliance with the agreements. These agreements concluded on March 31, 2020 and the Association did not enter into any new agreements for these projects.

	2020	2019
Trust fund assets:		
Due to YMCA of Regina	\$ -	\$ (75,800)
<u>Cash</u>	<u>-</u>	<u>856,357</u>
	780,557	
Trust fund liabilities:		
Trust fund liability	-	(780,557)
	\$ -	\$ -

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.

	2020	2019
Trust assets, beginning of year	\$ 780,557	\$ 135,728
Funding received	1,289,490	3,368,586
Programming costs	(1,877,865)	(2,296,829)
<u>Project administration fees</u>	<u>(192,182)</u>	<u>(426,928)</u>
	(780,557)	644,829
Trust assets, end of year	\$ -	\$ 780,557

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2020

8. Interest rate swap agreement:

To protect against the risk of potential interest rate fluctuations on the prior year's outstanding banker's acceptances balances, the Association had entered into an interest rate swap agreement. The Swap agreement was settled in 2020 for cash proceeds of \$169,000 which resulted in a realized gain of \$50,849 (2019 - unrealized loss of \$219,849).

9. Obligations under 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:

2021	137,246
2022	124,902
Future minimum lease payments	262,148
Less: amount representing interest at 5.78%	13,489
Present value of future minimum lease payments	248,659
Less: current portion	126,181
	\$ 122,478

The capital leases are secured by lease equipment acquired. The carrying amount of the leased equipment is disclosed in Note 5. During the year \$35,930 in lease payments were deferred. The deferred payments are payable at the end of the lease term.

10. Long term debt and credit facilities:

	2020	2019
Conexus Mortgage	\$ 6,527,737	\$ -
Less: unamortized finance fees	(26,594)	
RBC Banker's acceptance	-	5,129,000
CWB Term loan	-	495,899
	6,501,143	5,624,899
Less: current portion of long term debt	127,954	300,801
	<hr/> \$ 6,373,189	<hr/> \$ 5,324,098

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2020

10. Long term debt and credit facilities (continued):

The Association has a closed 4 year term loan at 4.39% interest with Conexus Credit Union (Conexus) with a maturity date of September 1, 2023. The loan is currently amortized over 25 years with monthly payments of \$35,314. The mortgage 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. The carrying value of the Association's real property is included in Note 5. Total interest expense related to long term debt in 2020 was \$271,748 (2019 - \$185,401).

The Association has an operating line of credit with Conexus of up to \$350,000, which bears interest at prime plus 1.00%, currently 3.45%. As at August 31, 2020, the Association had not drawn on the facility (2019 - \$nil).

During the year, the outstanding RBC's banker's acceptance and Canadian Western Bank term loan were repaid.

The Association also has VISA and MasterCard Business credit facilities up to a maximum of \$80,000 and \$100,000 respectively.

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

2021	\$ 127,954
2022	145,578
2023	152,102
2024	158,919
2025	166,042
Thereafter	5,777,142

During the year, \$211,884 in mortgage payments were deferred. Interest on the outstanding balance during the deferral period was added to the outstanding mortgage balance.

11. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$71,362 (2019 - \$95,247), which includes amounts payable for federal and provincial sales taxes, and payroll taxes.

12. Deferred revenue:

	2020	2019
Membership fees	\$ 230,523	\$ 142,030
Grants	59,408	177,042
Program fees	23,059	50,771
Other	16,005	14,750
	<hr/> \$ 328,995	<hr/> \$ 384,593

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2020

13. Commitments:

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

2020	\$ 409,901
2021	115,995
2022	114,184
2023	113,561
2024	50,340

14. 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.

	2020	2019
Assisted membership fees	\$ 160,789	\$ 260,166
Assisted program fees	165	17,041
	<hr/> \$ 160,954	<hr/> \$ 277,207

15. Grant funding:

	2020	2019
Provincial funding	\$ 2,461,763	\$ 1,706,633
Non-government funding	465,849	336,698
Federal funding	11,620	123,189
Operating grant funding	2,939,232	2,166,520
Restricted capital grant funding	-	20,000
	<hr/> \$ 2,939,232	<hr/> \$ 2,186,520

16. Interfund transfers:

For the year ended August 31, 2020, \$20,000 (2019 - \$25,000) has been transferred from the restricted capital fund to the unrestricted fund for the purchase of capital assets.

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2020

17. 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 floating interest rates on available credit facilities. To minimize its exposure, the Association has selected fixed rate mortgages where available.

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.

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.

18. Subsequent events:

On November 16, 2020, the Association announced the permanent closure of its East and Downtown health, fitness and aquatics facilities. This decision was made based on a significant decline in membership levels as a direct result of the Covid-19 pandemic and the on-going operating and working capital deficiencies. Childcare and community development programming were not impacted by this decision and the Downtown facility will continue to operate childcare for the foreseeable future. The Downtown building has therefore not been written down or assessed as held for sale. The carrying amount of all other equipment was not adjusted as a result of the closures as the assets will be repurposed to the Northwest facility. The carrying amount of leasehold improvements was also not adjusted as the lease was set to expire in 2020-21 and will therefore be fully amortized next fiscal year. At this time, the full financial impact of the facility closures is not determinable; however, it is anticipated that the cost savings of the closures will exceed the decline in membership revenue.