

YMCA of Regina Inc.

Financial Statements

Year Ended August 31, 2021



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, 2021, 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, 2021, 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.

Other Matter

The prior year's audit report contained information under the Emphasis of Matters which pertained to the basis of presentation of the financial statements with a material uncertainty as to the appropriateness of the going concern basis due to financial factors present at the time of the report. With the actions taken by the Association in the current year, including the closure of two facilities, operational cost efficiencies being implemented, participation in available government subsidy programs, and the planned sale of one of the locations, the Association is no longer in a position where a material uncertainty as to the appropriateness of the the of the going concern basis of presentation exists.

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

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 18, 2021



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 18, 2021

YMCA of Regina Inc.

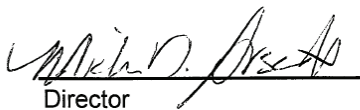
Statement of Financial Position

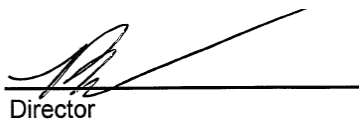
August 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash & cash equivalents	\$ 1,380,094	\$ 914,694
Accounts receivable (note 3)	753,241	1,075,818
Prepaid expenses	49,959	78,132
	<u>2,183,294</u>	<u>2,068,644</u>
Assets held for sale (note 4)	3,582,170	-
Property, plant and equipment (note 5)	5,155,268	9,471,717
Endowments (note 6)	236,282	179,597
	<u>\$ 11,157,014</u>	<u>\$ 11,719,958</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 545,759	\$ 912,424
Deferred revenue (note 9)	258,073	328,995
Current portion of obligations under capital lease	-	126,181
Current portion of long term debt (note 7)	145,463	127,954
	<u>949,295</u>	<u>1,495,554</u>
Obligations under capital lease	-	122,478
Long term debt (note 7)	6,233,489	6,373,189
	<u>7,182,784</u>	<u>7,991,221</u>
Net assets	3,974,230	3,728,737
Commitments (note 10)		
	<u>\$ 11,157,014</u>	<u>\$ 11,719,958</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, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Childcare fees	\$ 4,670,663	\$ 4,167,483
Grant funding (note 12)	3,381,176	2,939,232
Federal wage and rent subsidy	1,899,832	1,552,111
Memberships (note 11)	1,444,199	2,646,071
Program fees (note 11)	114,027	245,431
Donations	82,109	157,896
Merchandise, rental and other revenue	54,505	131,629
Endowment earnings (note 6)	7,944	13,231
Endowment donations	1,408	42,839
Program administration services	-	192,182
United Way	-	51,078
	11,655,863	12,139,183
Expenses:		
Salaries, wages and benefits	7,989,095	7,944,236
Program supplies	500,653	572,749
Facility cleaning and maintenance	410,939	384,788
Amortization of property, plant and equipment	401,431	940,434
Utilities	382,461	447,580
Office and administration	369,664	440,382
Rent	358,333	467,679
Interest (note 7)	301,750	288,431
Building repairs	153,641	261,900
Bank charges	96,778	68,825
YMCA Canada allocations	87,042	152,630
Bad debts	59,607	76,489
Professional fees	54,430	86,216
Staff and volunteer training and development	26,958	25,668
Travel and conferences	13,147	28,217
Miscellaneous and other	9,765	13,848
Marketing	6,105	48,916
Fundraising	-	5,959
	11,221,799	12,254,947
Excess (deficiency) of revenue over operating expenses	434,064	(115,764)
Loss on disposal of leasehold improvements	367,668	-
Gain on sale of equipment	(184,328)	(91)
Impairment on property, plant, and equipment (note 4)	5,231	-
Change in fair value of interest rate swap agreements	-	(50,849)
Excess (deficiency) of revenue over expenses	\$ 245,493	\$ (64,824)

See accompanying notes to the financial statements.

YMCA of Regina Inc.

Statement of Changes in Net Assets

Year ended August 31, 2021, with comparative information for 2020

August 31, 2021	Unrestricted Fund	Restricted Capital Fund	Endowment Fund	Total
Balance, beginning of year	\$ 3,501,756	\$ -	\$ 226,981	\$ 3,728,737
Excess of revenue over expenses	236,141	-	9,352	245,493
Interfund transfers (note 13)	-	-	-	-
Balance, end of year	\$ 3,737,897	\$ -	\$ 236,333	\$ 3,974,230

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 13)	20,000	(20,000)	-	-
Balance, end of year	\$ 3,501,756	\$ -	\$ 226,981	\$ 3,728,737

See accompanying notes to the financial statements.

YMCA of Regina Inc.

Statement of Cash Flows

Year ended August 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 245,493	\$ (64,824)
Items not involving cash:		
Amortization of property, plant and equipment	401,431	940,434
Amortization of financing fee	8,626	7,906
Impairments (note 4)	5,231	-
Change in fair value of interest rate swap agreements	-	(50,849)
Loss on disposal of leasehold improvements	367,668	-
Gain on sale of equipment	(184,328)	(91)
Change in non-cash operating working capital:		
Accounts receivable	322,577	(811,895)
Prepaid expenses	28,173	11,346
Accounts payable and accrued liabilities	(366,665)	(54,969)
Deferred revenue	(70,922)	(55,598)
	757,284	(78,540)
Investing:		
Purchase of property, plant and equipment	-	(123,225)
Net proceeds from sale of property, plant and equipment	144,277	91
Net endowment activity	(56,685)	(13,231)
	87,592	(136,365)
Financing:		
Repayment of obligations under capital leases	(248,659)	(86,252)
Proceeds from long term debt	-	6,415,500
Interest on deferred debt payments	-	140,157
Settlement of interest rate swap agreement	-	(169,000)
Repayment of long term debt	(130,817)	(5,687,319)
	(379,476)	613,086
Increase in cash	465,400	398,181
Cash, beginning of year	914,694	516,513
Cash, end of year	\$ 1,380,094	\$ 914,694

See accompanying notes to the financial statements.

YMCA of Regina Inc.

Notes to Financial Statements

Year ended August 31, 2021

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 several childcare centers, a health, fitness and aquatics facility, 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.

Uncertainty of impact of Covid-19

In early 2020, the federal and provincial governments in Canada implemented measures intended to reduce the impact of the Covid-19 pandemic. These regulations have an ongoing impact on the operations of organizations and individuals.

In response to the pandemic, the Association had to limit the number of members able to use facilities at one time resulting in reduced membership revenues. The Association was able to take part in government offered subsidy programs to offset wage and occupancy costs. The ongoing impact of the continued government measures on the Association subsequent to year end is unknown.

2. 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.

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.

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2021

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

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. Investment earnings are 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.

(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.

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2021

2. Significant accounting policies (continued):

(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, 2021, the Association contributed and expensed \$195,382 (2020 - \$198,869) with respect to this plan.

(h) 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.

3. Accounts receivable:

	2021	2020
Federal wage and rent subsidy receivable	\$ 574,580	\$ 895,298
Other accounts receivable	271,491	254,320
Less: allowance for doubtful accounts	(92,830)	(73,800)
	<u>\$ 753,241</u>	<u>\$ 1,075,818</u>

4. Assets held for sale:

	Cost	Accumulated amortization	2021 Net Book Value	2020 Net Book Value
Land	\$ 102,100	\$ -	\$ 102,100	\$ -
Buildings	7,902,176	4,460,506	3,441,670	-
Equipment and vehicles	94,497	56,097	38,400	-
	<u>\$ 8,098,773</u>	<u>\$ 4,516,603</u>	<u>\$ 3,582,170</u>	<u>\$ -</u>

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2021

4. Assets held for sale (continued):

In November 2020, the Association closed two of its health, fitness and aquatics facilities due to ongoing financial pressures. The downtown property was one of the locations subject to the closures. Once the downtown facility was closed, Management and the Board of Directors committed to a plan to sell the property. Accordingly, the facility and related assets are presented as held for sale. Efforts to sell the property have started and a sale is expected by August 2022.

Impairment losses relating to assets held for sale:

An impairment loss of \$5,231 for write-downs of the downtown equipment to the lower of its carrying amount and its fair value less costs to sell have been included in the Statement of Operations. The impairment loss has been applied to reduce the carrying amount of the equipment.

5. Property, plant and equipment:

	Cost	Accumulated amortization	2021 Net Book Value	2020 Net Book Value
Land	\$ 239,168	\$ -	\$ 239,168	\$ 341,268
Buildings	7,318,213	2,571,144	4,747,069	8,429,563
Equipment and vehicles	627,141	458,110	169,031	179,722
Equipment under capital lease	-	-	-	199,458
Leasehold improvements	-	-	-	321,706
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 8,184,522	\$ 3,029,254	\$ 5,155,268	\$ 9,471,717

During the year, the equipment under capital lease was bought out in advance of the lease term and the related assets were reclassified to equipment and vehicles.

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, 2021 is \$236,282 (2020 - \$179,597). 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, 2021 net investment earnings from SSCF were \$7,944 (2020 - \$13,231). At year end, \$51 is payable from the unrestricted fund to the endowment fund (2020 - \$47,384).

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2021

7. Long term debt and credit facilities:

	2021	2020
Conexus Mortgage	\$ 6,396,921	\$ 6,527,737
Less: unamortized finance fees	(17,969)	(26,594)
	6,378,952	6,501,143
Less: current portion of long term debt	145,463	127,954
	\$ 6,233,489	\$ 6,373,189

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 4 and 5. Total interest expense related to long term debt in 2021 was \$289,675 (2020 - \$271,748).

The Association has an operating line of credit with Conexus of up to \$350,000, which bears interest at prime plus 1.00%, currently 2.95%. As at August 31, 2021, the Association had not drawn on the facility (2020 - \$nil).

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:

2022	\$ 145,463
2023	152,225
2024	159,048
2025	166,176
2026	173,624
Thereafter	5,600,385

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$2,872 (2020 - \$71,362), which includes amounts payable for federal and provincial sales taxes, and payroll taxes.

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2021

9. Deferred revenue:

	2021	2020
Membership fees	\$ 62,905	\$ 230,523
Grants	163,273	59,408
Program fees	16,772	23,059
Other	15,123	16,005
	<u>\$ 258,073</u>	<u>\$ 328,995</u>

10. Commitments:

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

2022	\$ 119,406
2023	114,184
2024	113,561
2025	50,340
2026	48,990

11. 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.

	2021	2020
Assisted membership fees	\$ 80,155	\$ 160,789
Assisted program fees	305	165
	<u>\$ 80,460</u>	<u>\$ 160,954</u>

12. Grant funding:

	2021	2020
Provincial funding	\$ 3,098,788	\$ 2,461,763
Non-government funding	262,904	465,849
Federal funding	19,484	11,620
	<u>\$ 3,381,176</u>	<u>\$ 2,939,232</u>

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2021

13. Interfund transfers:

For the year ended August 31, 2021, \$nil (2020 - \$20,000) has been transferred from the restricted capital fund to the unrestricted fund for the purchase of capital assets.

14. 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.