

Financial Statements of

YMCA OF REGINA INC.

And Independent Auditors' Report thereon

Year Ended August 31, 2022



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INDEPENDENT AUDITORS' REPORT

To the Members of YMCA of Regina Inc.

Opinion

We have audited the financial statements of YMCA Regina Inc. (the Entity), which comprise:

- the statement of financial position as at August 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at August 31, 2022, and its results of 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 **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter - Comparative Information

The financial statements for the year ended August 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on November 18, 2021.



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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Regina, Canada

December 8, 2022

YMCA of Regina Inc.

Statement of Financial Position

As at August 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 2,749,687	\$ 1,299,694
Short term investments (Note 3)	80,684	80,400
Accounts receivable (Note 4)	166,077	753,241
Prepaid expenses	7,911	49,959
	<u>3,004,359</u>	<u>2,183,294</u>
Assets held for sale (Notes 5 and 16)	2,700,000	3,582,170
Property, plant and equipment (Note 6)	5,349,363	5,155,268
Endowments (Note 7)	220,093	236,282
	<u>\$ 11,273,815</u>	<u>\$ 11,157,014</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities (Note 8)	\$ 808,778	\$ 545,759
Current portion of long term debt (Note 9)	1,862,361	145,463
Deferred revenue (Note 10)	355,780	258,073
	<u>3,026,919</u>	<u>949,295</u>
Long term debt (Note 9)	4,376,726	6,233,489
	<u>7,403,645</u>	<u>7,182,784</u>
Net assets	3,870,170	3,974,230
Commitments (Note 11)		
Subsequent events (Note 16)		
	<u>\$ 11,273,815</u>	<u>\$ 11,157,014</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, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Childcare grant funding (Note 12)	\$ 5,191,435	\$ 3,098,787
Childcare fees	3,363,824	4,670,663
Memberships (Note 13)	1,506,563	1,444,199
Capital grant funding (Note 12)	948,383	-
Other grant funding	291,093	282,389
Program fees (Note 13)	143,363	114,027
Federal subsidies (Note 14)	105,469	1,899,832
United Way	87,744	-
Merchandise, rental and other revenue	54,111	54,505
Donations	45,032	82,109
Endowment earnings (Note 7)	-	7,944
Endowment donations	-	1,408
	11,737,017	11,655,863
Expenses:		
Salaries, wages and benefits	7,860,417	7,989,095
Program supplies	584,122	500,653
Office and administration	377,684	369,664
Facility cleaning and maintenance	363,268	410,939
Utilities	343,913	382,461
Amortization of property, plant and equipment	311,346	401,431
Interest on long term debt	283,361	301,750
Building repairs	236,267	153,641
YMCA Canada allocations	142,047	87,042
Rent	136,499	358,333
Bank charges	79,946	96,778
Professional fees	75,757	54,430
Bad debts	52,959	59,607
Marketing	36,626	6,105
Staff and volunteer training and development	25,020	26,958
Travel and conferences	21,602	13,147
Endowment loss (Note 7)	16,189	-
Miscellaneous and other	10,413	9,765
Fundraising	3,487	-
	10,960,923	11,221,799
Excess of revenue over operating expenses	776,094	434,064
Impairment of property, plant, and equipment (Notes 5 and 16)	882,170	5,231
(Gain) loss on disposal of property, plant and equipment	(2,016)	183,340
(Deficiency) excess of revenue over expenses	\$ (104,060)	\$ 245,493

See accompanying notes to the financial statements.

YMCA of Regina Inc.

Statement of Changes in Net Assets

Year ended August 31, 2022, with comparative information for 2021

August 31, 2022	Unrestricted Fund	Restricted Capital Fund	Endowment Fund	Total
Balance, beginning of year	\$ 3,737,897	\$ -	\$ 236,333	\$ 3,974,230
(Deficiency) excess of revenue over expenses	(1,036,254)	948,383	(16,189)	(104,060)
Balance, end of year	\$ 2,701,643	\$ 948,383	\$ 220,144	\$ 3,870,170

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
Balance, end of year	\$ 3,737,897	\$ -	\$ 236,333	\$ 3,974,230

See accompanying notes to the financial statements.

YMCA of Regina Inc.

Statement of Cash Flows

Year ended August 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
(Deficiency) excess of revenue over expenses	\$ (104,060)	\$ 245,493
Items not involving cash:		
Amortization of property, plant and equipment	311,346	401,431
Amortization of financing fee	8,625	8,626
Impairment of property, plant and equipment	882,170	5,231
(Gain) loss on disposal of property, plant and equipment	(2,016)	183,340
Change in non-cash operating working capital:		
Accounts receivable	587,164	322,577
Prepaid expenses	42,048	28,173
Accounts payable and accrued liabilities	263,019	(366,665)
Deferred revenue	97,707	(70,922)
	2,086,003	757,284
Investing:		
Purchase of property, plant and equipment	(505,441)	-
Net proceeds from sale of property, plant and equipment	2,016	144,277
Purchase of investments	(284)	(80,400)
Net change in endowments	16,189	(56,685)
	(487,520)	7,192
Financing:		
Repayment of obligations under capital leases	-	(248,659)
Repayment of long term debt	(148,490)	(130,817)
	(148,490)	(379,476)
Increase in cash	1,449,993	385,000
Cash, beginning of year	1,299,694	914,694
Cash, end of year	\$ 2,749,687	\$ 1,299,694

See accompanying notes to the financial statements.

YMCA of Regina Inc.

Notes to Financial Statements

Year ended August 31, 2022

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 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.

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 accounts of the Association are reported in accordance with the restricted fund method. A fund is defined as a self-balancing accounting entity established to report the assets held against the capital of the fund or against monies received for specific designated purposes. The following funds are maintained by the Association:

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 capital 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:

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

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. Restricted contributions related to donations for restricted purposes other than for property renewals, replacements and development are recognized as revenue in the unrestricted fund when the related expenses are incurred.

Restricted contributions related to property renewals, replacements and development are recorded as revenue in the restricted capital fund in the year they are 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, 2022

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

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

Contributions for endowments are recognized as revenue in the endowment fund. Investment income earned on the assets of the endowment fund is recognized as revenue in the period earned.

Federal subsidies include government assistance and is recognized in the year they are receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(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) Property, plant and equipment:

Property, plant and equipment is recorded at cost. Amortization of property, plant and equipment commences when the related asset is put into service. 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

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2022

2. Significant accounting policies (continued):

(e) Assets held for sale:

Assets held for sale are recorded at the lower of their carrying amount and fair value less costs to sell.

(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, 2022, the Association contributed and expensed \$145,342 (2021 - \$195,382) 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. Short term investments:

Short term investments include guaranteed investment certificate maturing on June 15, 2023 (2021 - October 8, 2021) bearing interest at 1.25% (2021 - 0.10%). The guaranteed investment certificate is provided as a collateral to the VISA credit card facility with a limit of \$40,000 (2021 - \$40,000).

4. Accounts receivable:

	2022	2021
Federal wage and rent subsidy receivable	\$ -	\$ 574,580
Other accounts receivable	236,097	271,491
Less: allowance for doubtful accounts	(70,020)	(92,830)
	<u>\$ 166,077</u>	<u>\$ 753,241</u>

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2022

5. Assets held for sale:

	Cost	Accumulated amortization	2022 Net Book Value	2021 Net Book Value
Land	\$ 102,100	\$ -	\$ 102,100	\$ 102,100
Buildings	7,058,406	4,460,506	2,597,900	3,441,670
Equipment and vehicles	56,097	56,097	-	38,400
	<u>\$ 7,216,603</u>	<u>\$ 4,516,603</u>	<u>\$ 2,700,000</u>	<u>\$ 3,582,170</u>

During the prior year, 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 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. Also see note 16.

The carrying value of the property and related assets at August 31, 2022 were reduced to the fair value less costs to sell the property of \$150,000. This resulted in an impairment loss of \$882,170 (2021 - \$5,231) and has been included in the Statement of Operations.

6. Property, plant and equipment:

	Cost	Accumulated amortization	2022 Net Book Value	2021 Net Book Value
Land	\$ 239,168	\$ -	\$ 239,168	\$ 239,168
Buildings	7,318,213	2,755,297	4,562,916	4,747,069
Equipment and vehicles	521,167	473,891	47,276	169,031
Leasehold improvements	500,003	-	500,003	-
	<u>\$ 8,578,551</u>	<u>\$ 3,229,188</u>	<u>\$ 5,349,363</u>	<u>\$ 5,155,268</u>

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, 2022 is \$220,093 (2021 - \$236,282). 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, 2022 net investment losses from SSCF were \$16,189 (2021 - earnings of \$7,944). At year end, \$51 is payable from the unrestricted fund to the endowment fund (2021 - \$51).

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2022

8. Accounts payable and accrued liabilities:

	2022	2021
Trade payables	\$ 419,744	\$ 377,294
Payable to the Saskatchewan Ministry of Education	197,590	-
Accrued liabilities	186,836	165,593
Government remittances	4,608	2,872
	<u>\$ 808,778</u>	<u>\$ 545,759</u>

9. Long term debt and credit facilities:

	2022	2021
Conexus Mortgage	\$ 6,248,431	\$ 6,396,921
Less: unamortized finance fees	(9,344)	(17,969)
	<u>6,239,087</u>	<u>6,378,952</u>
Less: current portion of long term debt	1,862,361	145,463
	<u>\$ 4,376,726</u>	<u>\$ 6,233,489</u>

The Association has a closed 4 year term loan at 4.39% interest with Conexus Credit Union (Conexus) with a maturity date of October 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 and 6. Total interest expense related to long term debt in 2022 was \$283,361 (2021 - \$289,675). Also see Note 16.

The Association has an operating line of credit with Conexus of up to \$350,000, which bears interest at prime plus 1.00%, currently 5.7%. As at August 31, 2022, the Association had not drawn on the facility (2021 - \$nil).

The Association also has VISA and MasterCard Business credit card facilities up to a maximum of \$40,000 and \$100,000 respectively.

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2022

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

The principal repayments for the next five years and thereafter based on the terms and conditions of the Conexus mortgage maturing on October 1, 2023 and the expected renewal of the mortgage subsequent to October 1, 2023 are as follows:

2023	\$ 1,862,361
2024	159,190
2025	166,324
2026	173,779
2027	181,567
Thereafter	3,705,210

10. Deferred revenue:

	2022	2021
Membership fees	\$ 66,750	\$ 62,905
Grants	265,816	163,273
Program fees	7,059	16,772
Other	16,155	15,123
	\$ 355,780	\$ 258,073

11. Commitments:

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

2023	\$ 376,332
2024	314,044
2025	261,060
2026	270,715
2027	283,385

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2022

12. Grant funding:

a. Childcare:

	2022	2021
Provincial grant funding	\$ 5,191,435	\$ 3,098,787
	\$ 5,191,435	\$ 3,098,787

b. Capital:

	2022	2021
Provincial grant funding	\$ 640,000	\$ -
Federal grant funding	308,383	-
	\$ 948,383	\$ -

13. 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.

	2022	2021
Assisted membership fees	\$ 104,757	\$ 80,155
Assisted program fees	259	305
	\$ 105,016	\$ 80,460

14. Federal subsidies

The Association has applied for financial assistance during the year from the Canadian government under the following programs:

Canada Emergency Rent Subsidy (CERS) – The Association applied for CERS amounting to \$6,567 (2021 - \$147,880). The Association has received \$68,696 (2021 - \$85,751) during the year and has accrued the balance of \$nil (2021 - \$62,129) as a receivable at August 31, 2022.

Canada Emergency Wage Subsidy (CEWS) – The Association applied for CEWS amounting to \$98,902 (2021 - \$1,751,952). The Association has received \$611,353 (2021 - \$2,134,799) during the year and has accrued the balance of \$nil (2021 - \$512,451) as a receivable at August 31, 2022.

YMCA of Regina Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2022

15. 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. There has been no change to risk exposures since August 31, 2021.

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.

16. Subsequent events

On September 27, 2022, an amendment to the original Offer to Purchase dated May 25, 2022 was signed to purchase the downtown property for a consideration of \$2,850,000. The title of the property transferred effective November 1, 2022.

As part of the sale arrangement, the Association is required to pay 60% of the sale proceeds or \$1,710,000 to the long term debt lender. Accordingly, the \$1,710,000 payable has been reclassified to current liability as at August 31, 2022.

17. Comparative information

Certain comparative information has been re-classified to conform with the financial statement presentation adopted for the current year.