Financial Statements of

YMCA OF REGINA INC.

And Independent Auditors' Report thereon

Year Ended August 31, 2023

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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 "Entity"), which comprise:

- the statement of financial position as at August 31, 2023
- 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, 2023 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 "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our auditor's 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.

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.

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 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 procedure 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.

- 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 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 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
November 23, 2023

YMCA of Regina Inc.

Statement of Financial Position

As at August 31, 2023, with comparative information for 2022

		2023		2022 (amended - see Note 18)
Assets				
Current assets:				
Cash	$	1,536,575	$	2,749,687
Short term investments (Note 3)		1,092,543		80,684
Accounts receivable (Note 5)		109,140		166,077
Prepaid expenses		41,455		7,911
		2,779,713		3,004,359
Investments (Note 4)		1,123,770		-
Assets held for sale (Note 6)		-		2,700,000
Property, plant and equipment (Note 7)		7,483,717		5,349,363
	$	11,387,200	$	11,053,722
Liabilities and net assets				
Current liabilities:				
Accounts payable and accrued liabilities (Note 9)	$	797,999	$	808,829
Current portion of long term debt (Note 10)		215,962		1,862,361
Deferred revenue (Note 11)		1,365,708		355,780
		2,379,669		3,026,970
Long term payable (Note 12)		948,427		-
Long term debt (Note 10)		4,110,901		4,376,726
		7,438,997		7,403,696
Net assets		3,948,203		3,650,026
Commitments (Note 13)				
	$	11,387,200	$	11,053,722

See accompanying notes to the financial statements.

On behalf of the Board:

JStevenson

Director

Director

YMCA of Regina Inc.

Statement of Operations

Year ended August 31, 2023, with comparative information for 2022

	2023	2022 (amended - see Note 18)
Revenue:		
Childcare grant funding	$ 7,860,336	$ 5,191,435
Childcare fees	3,246,248	3,363,824
Memberships (Note 15)	1,883,989	1,506,563
Other grant funding	461,997	291,093
Capital grant funding (Note 14)	372,269	948,383
Program fees (Note 15)	188,598	143,363
Interest	170,956	24,680
United Way	84,684	87,744
Donations	66,977	45,032
Merchandise, rental and other revenue	34,428	29,431
Fundraising	18,826	-
Federal subsidies	-	105,469
	14,389,308	11,737,017
Expenses:		
Salaries, wages and benefits	10,380,675	7,860,417
Program supplies	886,257	584,122
Facility cleaning and maintenance	413,512	363,268
Office and administration	391,087	377,684
Amortization of property, plant and equipment	377,363	311,346
Rent	373,433	136,499
Utilities	303,555	343,913
Interest on long term liabilities	238,120	283,361
Building repairs	209,559	236,267
YMCA Canada allocations	196,283	142,047
Bank charges	92,029	79,946
Staff and volunteer training and development	63,534	25,020
Professional fees	54,123	75,757
Marketing	48,395	36,626
Travel and conferences	37,638	21,602
Bad debts	20,529	52,959
Miscellaneous and other	10,007	10,413
Donation paid to another charity	10,000	-
Fundraising	8,743	3,487
	14,114,842	10,944,734
Excess of revenue over operating expenses	274,466	792,283
Recovery (impairment) on assets held for sale (Note 6)	20,982	(882,170)
Gain on disposal of property, plant and equipment	2,729	2,016
Excess (deficiency) of revenue over expenses	$ 298,177	$ (87,871)

See accompanying notes to the financial statements.

YMCA of Regina Inc.

Statement of Changes in Net Assets

Year ended August 31, 2023, with comparative information for 2022

August 31, 2023	Unrestricted Fund	Restricted Capital Fund	Endowment Fund	Total
Balance, beginning of year	$ 2,701,643	$ 948,383	$ -	$ 3,650,026
Excess (deficiency) of revenue over expenses	(74,092)	372,269	-	298,177
Interfund transfers (Note 16)	69,160	(69,160)	-	-
Balance, end of year	$ 2,696,711	$ 1,251,492	$ -	$ 3,948,203

August 31, 2022	Unrestricted Fund	Restricted Capital Fund	Endowment Fund (amended - see Note 18)	Total
Balance, beginning of year	$ 3,737,897	$ -	$ -	$ 3,737,897
(Deficiency) excess of revenue over expenses	(1,036,254)	948,383	-	(87,871)
Interfund transfers (Note 16)	-	-	-	-
Balance, end of year	$ 2,701,643	$ 948,383	$ -	$ 3,650,026

See accompanying notes to the financial statements.

YMCA of Regina Inc.

Statement of Cash Flows

Year ended August 31, 2023, with comparative information for 2022

		2023		2022 (amended - see Note 18)
Cash provided by (used in):				
Operations:				
Excess (deficiency) of revenue over expenses	$	298,177	$	(87,871)
Items not involving cash:				
Amortization of property, plant and equipment		377,363		311,346
Amortization of financing fee		8,625		8,625
(Recovery) of impairment of property, plant and equipment		(20,982)		882,170
(Gain) loss on disposal of property, plant and equipment		(2,729)		(2,016)
Change in non-cash operating working capital:				
Accounts receivable		56,937		587,164
Prepaid expenses		(33,544)		42,048
Accounts payable and accrued liabilities		(10,830)		263,019
Deferred revenue		1,009,928		97,707
		1,682,945		2,102,192
Investing:				
Purchase of property, plant and equipment		(2,511,717)		(505,441)
Net proceeds from sale of assets held for sale		2,723,711		2,016
Purchase of investments		(2,135,629)		(284)
		(1,923,635)		(503,709)
Financing:				
Issuance of long term payable		948,427		-
Repayment of long term debt		(1,920,849)		(148,490)
		(972,422)		(148,490)
Increase in cash		(1,213,112)		1,449,993
Cash, beginning of year		2,749,687		1,299,694
Cash, end of year	$	1,536,575	$	2,749,687

See accompanying notes to the financial statements.

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.

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

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, 2023, the Association contributed and expensed $164,288 (2022 - $145,342) 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 certificates with an effective interest rate ranging from 4.5% to 5.28% (2022 - 1.25%), with maturity dates ranging from June 2024 to July 2024 (2022 - June 2023). The $83,445 (2022 - $80,684) RBC guaranteed investment certificate is provided as a collateral to the VISA credit card facility with a limit of $40,000 (2022 - $40,000).

4. Investments:

Investments include guaranteed investment certificates with an effective interest rate ranging from 4.55% to 5.22% (2022 - n/a), with maturity dates ranging from July 2025 to December 2027 (2022 - n/a).

5. Accounts receivable:

		2023		2022
Other accounts receivable		155,980		236,097
Less: allowance for doubtful accounts		(46,840)		(70,020)
	$	109,140	$	166,077

6. Assets held for sale:

During the prior year, the Association sold the downtown property previously presented as held for sale.

The actual selling costs were less than estimated in the prior year, resulting in a recovery of impairment of $20,982. This was recognized in the Statement of Operations (2022 - impairment loss of $882,170).

7. Property, plant and equipment:

		Cost		Accumulated amortization		2023 Net Book Value		2022 Net Book Value
Land	$	239,168	$	-	$	239,168	$	239,168
Buildings		8,221,901		2,984,738		5,237,163		4,562,916
Equipment and vehicles		186,892		137,379		49,513		47,276
Leasehold improvements		2,062,302		104,429		1,957,873		500,003
	$	10,710,263	$	3,226,546	$	7,483,717	$	5,349,363

8. Endowments:

The South Saskatchewan Community Foundation Inc. (SSCF), an independent agency, manages the Association's endowment fund. SSCF was established to serve a broad range of charitable purposes.

Effective July 24, 2014, the Association entered into an agreement with SSCF, whereby SSCF agreed to establish and maintain The YMCA of Regina Flow Through Fund ("Flow Through Fund"). SSCF holds all contributions to this fund as non-permanent pass-through funds and distributes principal and earned income for charitable purposes.

Effective October 26, 2017, the Association entered into an agreement with SSCF, whereby the Association donated a monetary gift to SSCF to be held as endowed capital of the YMCA of Regina Endowment Fund ("Endowment Fund"). The Endowment Fund comprises a principal portion and a spendable reserve account, both of which are owned by SSCF. The reserve account includes investment earnings attributed to the Endowment Fund.

8. Endowments (continued):

SSCF maintains both the Flow Through Fund and Endowment Fund (collectively, the "Funds") and provides accounting with respect to the receipts, earnings and disbursements of the Funds. The Funds are assets of SSCF and are not included in these financial statements (see Note 18).

SSCF has adopted a policy of investing endowed and similar funds over which it has full investment discretion in a pooled portfolio. The returns of these comingled accounts are averaged for purposes of allocations to the individual funds. SSCF allocates earnings available for granting to the Association from earned income.

Activity of the Funds invested with SSCF was as follows:

	Flow Through Fund	Endowment Fund	Total
Balance, August 31, 2022	$ 21,322	$ 220,093	$ 241,415
Donations	-	10,000	$ 10,000
Investment income	2,624	27,058	$ 29,682
Administration fee	(234)	(4,199)	$ (4,433)
Balance, August 31, 2023	$ 23,712	$ 252,952	$ 276,664

As at August 31, 2023, $31,440 (2022 - $32,189) funds were available for disbursement, included in the activity above.

9. Accounts payable and accrued liabilities:

	2023	2022
Trade payables	$ 518,136	$ 419,795
Payable to the Saskatchewan Ministry of Education	55,566	197,590
Accrued liabilities	214,092	186,836
Government remittances	10,205	4,608
	$ 797,999	$ 808,829

10. Long term debt and credit facilities:

	2023	2022
Conexus Mortgage	$ 4,327,582	$ 6,248,431
Less: unamortized finance fees	(719)	(9,344)
	4,326,863	6,239,087
Less: current portion of long term debt	215,962	1,862,361
	$ 4,110,901	$ 4,376,726

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 northwest real property. The carrying value of the Association's real property is included in Note 7. Total interest expense related to long term debt in 2023 was $215,143 (2022 - $283,361). Subsequent to year end, the mortgage was refinanced at 6.09% interest with a maturity date of October 1, 2026 with monthly payments of $39,039.

The Association has an operating line of credit with Conexus of up to $350,000, which bears interest at prime plus 1.00%, currently 8.2%. As at August 31, 2023, the Association had not drawn on the facility (2022 - $nil).

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

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 renewal of the mortgage subsequent to October 1, 2023 are as follows:

2023	$ 215,962
2024	224,251
2025	238,295
2026	253,219
2027	269,078
Thereafter	3,126,777

11. Deferred revenue:

	2023	2022
Membership fees	$ 75,006	$ 66,750
Grants	1,255,093	265,816
Program fees	18,474	7,059
Other	17,135	16,155
	$ 1,365,708	$ 355,780

12. Long term payable:

The Association has an agreement with Sherwood Co-op (landlord) to repay construction costs at the Albert St location exceeding the agreed upon leased amount. This amount is repayable in 5 years from the commencement of the lease (March 31, 2028) at zero interest. The total estimated liability of $1,242,100 (2022 - $nil) has been discounted using the 5 year borrowing rate of 5.9%. Accrued interest of $22,976 (2022 - $nil) is included in the long term payable of $948,427 (2022 - $nil).

13. Commitments:

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

2024	$ 329,964
2025	274,375
2026	276,627
2027	281,009
2028	290,512

14. Capital grant funding:

	2023	2022
Provincial grant funding	$ 171,522	$ 640,000
Federal grant funding	191,617	308,383
Other grant funding	9,130	-
	$ 372,269	$ 948,383

15. 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.

	2023	2022
Assisted membership fees	$ 135,306	$ 104,757
Assisted program fees	4,317	259
	$ 139,623	$ 105,016

16. Interfund transfers:

For the year ended August 31, 2023, $69,160 (2022 - nil) has been transferred from the restricted capital fund to the unrestricted fund for the amortization of capital assets.

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. There has been no change to risk exposures since August 31, 2022.

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. Amended comparative information:

The financial statements have been amended to correct an immaterial prior period error relating to the presentation of Endowment Funds held by SSCF (see Note 8).

The capital contributions of the Endowment Funds are retained by SSCF in perpetuity and the Association is the beneficiary of the related spendable investment earnings but are only recognized as revenue when received by the Association.

As the Endowment Funds are controlled by SSCF and are recorded as assets and net assets of SSCF, the Association should not record these in their respective financial statements. The adjustment resulted in the following changes:

Statement of Financial Position As at August 31, 2022	As previously reported	Adjustment	As amended
Endowments	$ 220,093	$ (220,093)	$ -
Accounts payable and accrued liabilities	$ 808,778	$ 51	$ 808,829
Net assets	$ 3,870,170	$ (220,144)	$ 3,650,026

Statement of Operations For the year ended August 31, 2022	As previously reported	Adjustment	As amended
Endowment loss	$ 16,189	$ (16,189)	$ -

Statement of Changes in Net Assets For the year ended August 31, 2022	As previously reported	Adjustment	As amended
Endowment Fund - beginning of year	$ 236,333	$ (236,333)	$ -
(Deficiency) of revenue over expenses	$ (16,189)	$ 16,189	$ -
Endowment Fund - end of year	$ 220,144	$ (220,144)	$ -

Statement of Cash Flows For the year ended August 31, 2022	As previously reported	Adjustment	As amended
Operations - (Deficiency) of revenue over expenses	$ (104,060)	$ 16,189	$ (87,871)
Investing - Net change in endowments	$ 16,189	$ (16,189)	$ -