Financial Statements of

YMCA OF REGINA INC.

And Independent Auditor's Report thereon

Year Ended August 31, 2024

KPMG LLP
Hill Centre Tower II
1881 Scarth Street, 20th Floor
Regina, SK S4P 4K9
Canada
Telephone 306-791-1200
Fax 306-757-4703

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, 2024
- 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, 2024 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 22, 2024

YMCA of Regina Inc.

Statement of Financial Position

As at August 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	$ 3,191,148	$ 1,536,575
Short term investments (Note 3)	352,886	1,092,543
Accounts receivable (Note 5)	202,980	109,140
Prepaid expenses	296,551	41,455
	4,043,565	2,779,713
Investments (Note 4)	912,189	1,123,770
Property, plant and equipment (Note 6)	7,614,011	7,483,717
	$ 12,569,765	$ 11,387,200
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities (Note 7)	$ 912,848	$ 797,999
Current portion of long term debt (Note 8)	224,226	215,962
Deferred revenue (Note 9)	1,930,543	1,365,708
	3,067,617	2,379,669
Long term payable (Note 10)	1,002,813	948,427
Long term debt (Note 8)	3,885,683	4,110,901
	7,956,113	7,438,997
Net assets	4,613,652	3,948,203
Commitments (Note 11)		
Endowments (Note 15)		
	$ 12,569,765	$ 11,387,200

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, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Childcare grant funding	$ 9,634,977	$ 7,860,336
Childcare fees	3,325,676	3,246,248
Memberships (Note 13)	2,083,363	1,883,989
Other grant funding	615,315	461,997
Capital grant funding (Note 12)	391,613	372,269
Interest	204,515	170,956
Program fees (Note 13)	180,098	188,598
Donations	112,147	66,977
Fundraising	94,314	18,826
United Way	50,000	84,684
Merchandise, rental and other revenue	33,443	34,428
	16,725,461	14,389,308
Expenses:		
Salaries, wages and benefits	12,125,834	10,380,675
Program supplies	759,066	886,257
Rent	469,715	373,433
Amortization of property, plant and equipment	455,180	377,363
Facility cleaning and maintenance	447,980	413,512
Office and administration	398,282	391,087
Interest on long term liabilities	309,876	238,120
Utilities	306,346	303,555
Building repairs	232,270	209,559
YMCA Canada allocations	223,101	196,283
Bank charges	99,168	92,029
Marketing	50,311	48,395
Professional fees	49,934	54,123
Travel and conferences	49,233	37,638
Fundraising	38,004	8,743
Staff and volunteer training and development	25,535	63,534
Bad debts	16,214	20,529
Miscellaneous and other	3,992	10,007
Donation paid to another charity	-	10,000
	16,060,041	14,114,842
Excess of revenue over operating expenses	665,420	274,466
Recovery on assets held for sale	-	20,982
Gain on disposal of property, plant and equipment	29	2,729
Excess of revenue over expenses	$ 665,449	$ 298,177

See accompanying notes to the financial statements.

YMCA of Regina Inc.

Statement of Changes in Net Assets

Year ended August 31, 2024, with comparative information for 2023

August 31, 2024	Unrestricted Fund	Restricted Capital Fund	Total
Balance, beginning of year	$ 2,696,711	$ 1,251,492	$ 3,948,203
Excess of revenue over expenses	273,836	391,613	665,449
Interfund transfers (Note 14)	150,337	(150,337)	-
Balance, end of year	$ 3,120,884	$ 1,492,768	$ 4,613,652

August 31, 2023	Unrestricted Fund	Restricted Capital Fund	Total
Balance, beginning of year	$ 2,701,643	$ 948,383	$ 3,650,026
(Deficiency) excess of revenue over expenses	(74,092)	372,269	298,177
Interfund transfers (Note 14)	69,160	(69,160)	-
Balance, end of year	$ 2,696,711	$ 1,251,492	$ 3,948,203

See accompanying notes to the financial statements.

YMCA of Regina Inc.

Statement of Cash Flows

Year ended August 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	$ 665,449	$ 298,177
Items not involving cash:		
Amortization of property, plant and equipment	455,180	377,363
Amortization of financing fee	719	8,625
Recovery of impairment of property, plant and equipment	-	(20,982)
Gain on disposal of property, plant and equipment	(29)	(2,729)
Change in non-cash operating working capital:		
Accounts receivable	(93,840)	56,937
Prepaid expenses	(255,096)	(33,544)
Accounts payable and accrued liabilities	114,849	(10,830)
Deferred revenue	564,835	1,009,928
	1,452,067	1,682,945
Investing:		
Purchase of property, plant and equipment	(585,474)	(2,511,717)
Net proceeds from sale of assets held for sale	29	2,723,711
Redemption of investments	1,053,976	-
Purchase of investments	(102,738)	(2,135,629)
	365,793	(1,923,635)
Financing:		
Increase of long term payable	54,386	948,427
Repayment of long term debt	(217,673)	(1,920,849)
	(163,287)	(972,422)
Increase (decrease) in cash	1,654,573	(1,213,112)
Cash, beginning of year	1,536,575	2,749,687
Cash, end of year	$ 3,191,148	$ 1,536,575

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. The Association is incorporated under the Non-Profit Corporations Act of 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.

(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 including grant revenue and donations 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.

(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 not elected to carry any of its financial instruments at fair value.

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
Building improvements	5-25 years
Equipment and vehicles	3-4 years
Leasehold improvements	Amortized over the life of the lease

2. Significant accounting policies (continued):

(e) 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.

(f) 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, 2024, the Association contributed and expensed $190,257 (2023 - $164,288) with respect to this plan.

(g) 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 5.19% (2023 - 4.5% to 5.28%), with maturity dates ranging from June 2025 to July 2025 (2023 - June 2024 to July 2024). The $87,408 (2023 - $83,445) RBC guaranteed investment certificate is provided as a collateral to the VISA credit card facility with a limit of $40,000 (2023 - $40,000).

4. Investments:

Investments include guaranteed investment certificates with an effective interest rate ranging from 4.55% to 5.22% (2023 - 4.55% to 5.22%), with maturity dates ranging from June 2026 to December 2027 (2023 - July 2025 to December 2027).

5. Accounts receivable:

	2024	2023
Accounts receivable	261,719	155,980
Less: allowance for doubtful accounts	(58,739)	(46,840)
	$ 202,980	$ 109,140

6. Property, plant and equipment:

	Cost	Accumulated Amortization	2024 Net Book Value	2023 Net Book Value
Land	$ 239,168	$ -	$ 239,168	$ 239,168
Buildings	8,229,063	3,214,333	5,014,730	5,237,163
Building improvements	119,767	8,348	111,419	-
Equipment and vehicles	175,151	54,243	120,908	49,513
Leasehold improvements	2,409,257	281,471	2,127,786	1,957,873
	$ 11,172,406	$ 3,558,395	$ 7,614,011	$ 7,483,717

7. Accounts payable and accrued liabilities:

	2024	2023
Trade payables	$ 632,155	$ 518,136
Payable to the Saskatchewan Ministry of Education	21,540	55,566
Accrued liabilities	247,000	214,092
Government remittances	12,153	10,205
	$ 912,848	$ 797,999

8. Long term debt and credit facilities:

	2024	2023
Conexus Mortgage	$ 4,109,909	$ 4,327,582
Less: unamortized finance fees	-	(719)
	4,109,909	4,326,863
Less: current portion of long term debt	224,226	215,962
	$ 3,885,683	$ 4,110,901

The Association has a closed 3 year term loan at 6.09% interest with Conexus Credit Union (Conexus) with a maturity date of October 1, 2026. The loan is currently amortized over 25 years with monthly payments of $39,039. 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 and improvements. The carrying value of the Association's real property and improvements is $5,126,149 (2023 - $5,237,163). Total interest expense related to long term debt in 2024 was $248,629 (2023 - $215,143).

The Association has an operating line of credit with Conexus of up to $350,000, which bears interest at prime plus 1.00%, currently 7.7%. As at August 31, 2024, the Association had not drawn on the facility (2023 - $nil).

The principal repayments for the next five years and thereafter based on the terms and conditions of the Conexus mortgage maturing on October 1, 2026 and the expected renewal of the mortgage subsequent to October 1, 2026 are as follows:

2024	$ 224,226
2025	238,412
2026	253,343
2027	269,210
2028	286,070
Thereafter	2,838,648

9. Deferred revenue:

	2024	2023
Membership fees	$ 75,469	$ 75,006
Grants	1,825,127	1,255,093
Program fees	11,564	18,474
Other	18,383	17,135
	$ 1,930,543	$ 1,365,708

10. 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 on March 31, 2028, 5 years from the commencement of the lease at zero interest. The total estimated liability of $1,300,000 (2023 - $1,242,100) has been discounted using the 5 year borrowing rate of 5.9%. Accrued interest of $61,247 (2023 - $22,976) is included in the long term payable of $1,002,813 (2023 - $948,427).

11. Commitments:

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

2025	$ 522,271
2026	420,797
2027	342,503
2028	352,259
2029	361,387

12. Capital grant funding:

	2024	2023
Provincial grant funding	$ 293,226	$ 171,522
Federal grant funding	-	191,617
Other grant funding	98,387	9,130
	$ 391,613	$ 372,269

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.

	2024	2023
Assisted membership fees	$ 172,404	$ 135,306
Assisted program fees	4,530	4,317
	$ 176,934	$ 139,623

14. Interfund transfers:

For the year ended August 31, 2024, $150,337 (2023 - $69,160) has been transferred from the restricted capital fund to the unrestricted fund for the amortization of property, plant and equipment.

15. 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.

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.

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.

15. Endowments (continued):

Activity of the Funds invested with SSCF was as follows:

	Flow Through Fund	Endowment Fund	Total
Balance, August 31, 2023	$ 23,712	$ 252,952	$ 276,664
Donations	-	1,000	$ 1,000
Investment income	972	30,080	$ 31,052
Administration fee	(533)	(5,516)	$ (6,049)
Funds disbursed	(23,140)	(8,202)	$ (31,342)
Balance, August 31, 2024	$ 1,011	$ 270,314	$ 271,325

As at August 31, 2024, $9,970 (2023 - $31,440) funds were available for disbursement, included in the activity above.

16. 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, 2024.

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, accounts receivable and investments 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 and investments 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.