The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Financial Statements
August 31, 2020

Independent auditor's report

To the Members of The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Young Men's and Young Women's Christian Association of Winnipeg Incorporated (the Association) as at August 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Association's financial statements comprise:

- the balance sheet as at August 31, 2020;
- 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
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

Independence

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

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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 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.

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.

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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 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
January 27, 2021

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Balance Sheet

As at August 31, 2020

	2020 $	2019 $
Assets		
Current assets		
Cash	380,605	731,832
Accounts receivable (notes 2 and 3)	1,699,379	806,561
Prepaid expenses and deposits	115,908	391,856
	2,195,892	1,930,249
Restricted cash and investments (note 13)	1,972,007	1,944,761
Capital assets (note 4)	15,382,092	16,214,972
	19,549,991	20,089,982
Liabilities		
Current liabilities		
Bank indebtedness and outstanding cheques (note 5)	80,774	535,150
Accounts payable and accrued liabilities	1,733,895	1,670,474
Deferred revenue	656,632	207,762
Current portion of long-term debt (note 5)	102,667	100,000
	2,573,968	2,513,386
Deferred building and equipment capital contributions (note 7)	12,505	106,691
Deferred contributions related to capital assets (note 8)	2,560,442	2,675,393
Long-term debt (note 5)	364,000	425,000
	5,510,915	5,720,470
Net assets		
Net assets invested in and committed to capital assets	14,314,485	14,852,648
Unrestricted net asset deficiency	(275,409)	(483,136)
	14,039,076	14,369,512
	19,549,991	20,089,982

Approved by the Board of Directors

Russell Rollins ________ Director ________ Director

The accompanying notes are an integral part of these financial statements.

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Statement of Operations

For the year ended August 31, 2020

	2020 $	2019 $
Revenue		
Membership fees	6,271,393	9,794,494
Program fees	4,000,457	6,025,723
Government purchase of service (note 2)	8,951,386	7,988,481
United Way	482,940	475,644
Amortization of deferred contributions (note 8)	285,207	290,563
Other contributions and fundraising (note 11)	175,386	253,344
Interest income	30,808	58,469
Rentals and other	151,983	380,693
	20,349,560	25,267,411
Expenses		
Salaries and wages	10,998,083	14,504,819
Benefits	3,131,031	3,573,525
Repairs, maintenance and minor refurbishments	779,715	984,070
Utilities	835,580	1,028,650
Amortization of capital assets (note 4)	1,548,808	1,540,672
Bank charges	283,574	355,122
Interest on long-term debt (note 5)	18,593	25,352
Interest on bank indebtedness (note 5)	2,486	99
Contract services	504,512	612,699
Maintenance supplies	351,273	483,011
Program and office supplies	184,484	313,732
Provisions	130,054	396,178
Property taxes	137,133	130,066
Insurance	176,601	178,205
Facility rent (note 6)	424,194	492,231
Equipment	368,933	474,287
Telephone	109,366	113,130
Postage	7,526	37,776
Promotion	78,802	95,061
Travel, transportation and excursions	175,356	409,747
Training	114,396	238,859
National allocations	380,603	384,516
Recovery of GST	(129,024)	(247,534)
Other	67,917	136,399
	20,679,996	26,260,672
Deficiency of revenue over expenses	(330,436)	(993,261)

The accompanying notes are an integral part of these financial statements.

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Statement of Changes in Net Assets

For the year ended August 31, 2020

	2020			2019
	Invested in capital assets $	Unrestricted $	Total $	Total $
Balance – Beginning of year	14,852,648	(483,136)	14,369,512	15,362,773
Excess (deficiency) of revenue over expenses	(1,232,793)	902,357	(330,436)	(993,261)
Investment in capital assets	694,630	(694,630)	-	-
Balance – End of year	14,314,485	(275,409)	14,039,076	14,369,512

The accompanying notes are an integral part of these financial statements.

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Statement of Cash Flows

For the year ended August 31, 2020

	2020 $	2019 $
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses	(330,436)	(993,261)
Items not affecting cash		
Amortization of capital assets (note 4)	1,548,808	1,540,672
Amortization of deferred contributions (note 8)	(285,207)	(290,563)
Deferred contributions recognized as revenue (note 7)	-	(19,977)
Change in restricted cash and investments	(27,246)	(41,984)
	905,919	194,887
Net change in non-cash working capital items	(142,542)	(136,185)
	763,377	58,702
Financing activities		
Capital contributions received (note 7)	114,033	-
Repayment of long-term debt	(58,333)	(100,000)
	55,700	(100,000)
Investing activities		
Additions to capital assets	(715,928)	(990,840)
Increase (decrease) in cash and cash equivalents	103,149	(1,032,138)
Cash and cash equivalents – Beginning of year	196,682	1,228,820
Cash and cash equivalents – End of year	299,831	196,682
Cash and cash equivalents consist of		
Cash	380,605	731,832
Bank indebtedness and outstanding cheques	(80,774)	(535,150)
	299,831	196,682

The accompanying notes are an integral part of these financial statements.

1 Nature of the operations

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated (the Association) is a charitable organization whose purpose is to foster the growth and development of people and communities in spirit, mind and body. The Association is incorporated under The Corporations Act of Manitoba as a not-for-profit organization and is a registered charity under the Income Tax Act.

2 Summary of significant accounting policies

Basis of presentation

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

The COVID-19 pandemic has caused a disruption to the economy and as a result the Association has incorporated its impact on future cash flow projections which include making assumptions and estimates regarding the timing and amounts of future revenues and expenses and the ability to manage liquidity (note 12).

Cash

For the purposes of these financial statements, cash and cash equivalents include cash, outstanding cheques and short-term investments with maturities at the time of acquisition of up to three months, net of bank indebtedness and outstanding cheques.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Buildings and property infrastructure	20 years
Computer equipment and software	3 years
Furnishings, equipment and vehicles	5 years

Revenue recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions and fundraising are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions and fundraising for the purchase of capital assets are deferred and when expended, are recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Unrestricted contributions, including pledges, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Pledges related to capital campaigns are recognized when the above criteria are met. Such pledges are presented net of an allowance for doubtful collection.

Membership fees are recorded as revenue over the term of the membership. Program fees are recorded as revenue when the related program occurs.

Investment income is recognized as revenue when earned.

Contributions, memberships, program fees and other receipts that do not meet these criteria are reported as deferred revenue.

Government Grants

The Association recognizes government grants when there is reasonable assurance that the grant will be received and that the conditions of the grant will be met. Government grants are recorded within accounts receivable when the grant becomes receivable. The Association recognizes governments in the Statement of Operations in the same period as the expenses for which the grant is intended to compensate. The Association has elected to record the grants, where appropriate, as a Government purchase of service revenue.

During the year, the Association was eligible for the Canada Emergency Wage Subsidy (CEWS) and recorded $2,459,844 within Government purchase of services. At August 31, 2020, the Association has $1,222,117 accrued for amounts to be received under the CEWS program in Accounts Receivable.

Contributed services

No amount has been reflected in these financial statements for contributed services since no objective basis to measure the value of such services is available. Nevertheless, a substantial number of volunteers donated significant amounts of time to the activities of the Association.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable and restricted cash.

Financial liabilities measured at amortized cost include bank indebtedness, outstanding cheques, long-term debt and accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a writedown is recognized in net income. When events occurring after the impairment confirm a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

3 Accounts receivable

Details of accounts receivable are as follows:

	2020 $	2019 $
Membership fees	14,529	31,003
Program fees	332,184	559,420
Capital campaign pledges	12,505	50,468
Other receivables (note 2)	1,340,161	165,670
	1,699,379	806,561

4 Capital assets

			2020	2019
	Cost $	Accumulated amortization $	Net $	Net $
Land				
West Portage Branch	1,178,799	-	1,178,799	1,178,799
Camp Douglas Woodlands	14,218	-	14,218	14,218
Buildings and property infrastructure	42,619,474	29,318,665	13,300,809	14,243,046
Furnishings, equipment and vehicles	8,431,273	7,545,172	886,101	755,560
Computer equipment and software	660,816	658,651	2,165	23,349
	52,904,580	37,522,488	15,382,092	16,214,972

The Association leases the land used by the Downtown Branch from the North Portage Development Corporation and leases the land used by the South and Elmwood-Kildonan Branches from the City of Winnipeg. The annual cost of such leases is nominal. The leases have no expiry date and no amounts relating to these lands have been recorded as capital assets.

The Association also owns four islands within Lake of the Woods from which Camp Stephens operates, whose book value is $nil.

In January 2021, the Association received and accepted an offer to purchase the land, buildings and equipment at Camp Douglas. The offer is now unconditional with a closing date of March 15, 2021.

5 Bank indebtedness and long-term debt

The Association has an operating credit facility with the TD bank of up to $1,000,000 which was increased to $3,000,000 during the year. It was returned to $1,000,000 subsequent to year end. It bears interest at the bank prime rate plus 0.5%, currently 2.95% (2019 – 3.95%). The facility can be used for working capital purposes and is payable on demand. As at August 31, 2020, the Association had $nil drawn on the facility (2019 –$287,645).

The Association has an additional $1,000,000 term loan facility that was used to finance certain improvements to the Association's West Portage Branch. The term facility is repayable over 10 years with monthly payments of $8,333 plus interest. Effective April 26, 2020, principal payments for the term facility were suspended for a six-month period. These principal payments resumed, subsequent to year end, on October 26, 2020 at an amount of $9,333. The term facility matures on November 26, 2024. Interest on the term loan facilities is based on a variable rate equivalent to bank prime plus 0.5%, currently 2.95%. The Association must maintain a defined debt service ratio. As at August 31, 2020, the Association was in compliance with this covenant.
Bank indebtedness and long-term debt owing to the TD Bank are secured by a general security agreement representing a first charge on all of the Association's property and mortgage collateral on the Association's West Portage Branch's real property.

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

		$
Year ending August 31,	2021	102,667
	2022	112,000
	2023	112,000
	2024	112,000
	2025	28,000
	Thereafter	-
		466,667
Less: Current portion		102,667
		364,000

6 Related party transactions

The Association has entered into a property management agreement with The North End Wellness Centre (NEWC) which will see the Association overseeing the property management function of the NEWC on McGregor Street. No fee is charged by the Association for these services.

Further, the Association has entered into a joint operating agreement with various other unrelated parties who occupy the NEWC. Under this agreement, the Association occupies space in the NEWC and runs programs from that space for nominal fees. Based on its relative share of the space occupied, the Association paid $141,204 (2019 – $157,331), which is the Association's share of the operating costs of the NEWC.

7 Deferred building and equipment capital contributions

The Association has an ongoing capital campaign to raise money for various capital expenditures including capital contributions, major refurbishments and equipment purchases. The deferred building and equipment capital contributions balance represents the balance of money raised, which has not yet been spent on such expenditures.

The changes in deferred building and equipment capital contributions are as follows:

	2020 $	2019 $
Balance – Beginning of year	106,691	126,668
Contributions recorded during the year	76,070	-
Capital expenditures (note 8)	(170,256)	-
Amounts recognized as other contributions and fundraising revenue	-	(19,977)
Balance – End of year	12,505	106,691

8 Deferred contributions related to capital assets

Deferred contributions related to capital assets represent contributed capital assets and restricted contributions. The changes in the deferred contributions balance for the year are as follows:

	2020 $	2019 $
Balance – Beginning of year	2,675,393	2,965,956
Transferred from deferred building and equipment capital contributions account (note 7)	170,256	-
	2,845,649	2,965,956
Amounts amortized to revenue	(285,207)	(290,563)
Balance – End of year	2,560,442	2,675,393

9 Commitments

The Association has entered into various operating leases and other arrangements with minimum annual lease payments as follows:

	$
Year ending August 31, 2021	319,394
2022	302,298
2023	137,862
2024	55,976
2025	55,976
Thereafter	97,957

10 Pension plans

Certain of the Association's employees participate in the YMCA Canada Pension Plan, a defined contribution multi-employer pension plan. Contributions to this plan amount to 5% of the qualifying employees' gross earnings and administration fees. For the year ended August 31, 2020, the Association contributed and expensed $521,012 (2019 – $579,383) in respect of this plan.

Certain former employees participate in the United Way Agencies Employee Benefits Pension Plan, a defined benefit pension plan. The Association recognizes a pension expense related to this plan based on requested contributions. For the year ended August 31, 2020, the Association contributed and expensed $nil (2019 – $nil) in respect of this plan.

11 The Young Men's and Young Women's Christian Association of Winnipeg Incorporated Endowment Fund and Camp Stephens Campership Fund

The Winnipeg Foundation has established The Young Men's and Young Women's Christian Association of Winnipeg Incorporated Endowment Fund (Endowment Fund), whose purpose is to provide income to support community development programs and other projects of the Association. The Association is the beneficiary of the net income of the Endowment Fund. The Endowment Fund is maintained and administered by The Winnipeg Foundation. At August 31, 2020, the Endowment Fund had a contributed capital balance of $367,387 (2019 – $353,395) and a market value of $585,543 (2019 – $557,134). During the year, the Association received income of $25,578 (2019 – $23,907) from the Endowment Fund.

The Winnipeg Foundation has also established the Camp Stephens Campership Fund (Campership Fund) whose purpose is to provide support for families to participate in programs offered at Camp Stephens. At August 31, 2020, the Campership Fund had a contributed capital balance of $145,372 (2019 – $145,372) and a market value of $212,467 (2019 – $207,675). During the year, the Association received income of $10,007 (2019 – $9,401) from the Campership Fund.

The Winnipeg Foundation has also established the Dave McGimpsey Campership Fund (McGimpsey Fund) whose purpose is to provide support for families to participate in programs offered at Camp Stephens. At August 31, 2020, the McGimpsey Fund had a contributed capital balance of $45,099 (2019 – $42,307) and a market value of $52,864 (2019 – $48,542). During the year, the Association received income of $1,912 (2019 – $1,556) from the McGimpsey Fund.

12 Risk management

In the normal course of its business, the Association is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Association, management considers the avoidance of undue concentrations of risk. The Association manages its risks and risk exposures through a combination of financial instruments, insurance, a system of internal and disclosure controls and sound business practices. These risks include, and the actions taken to manage them are as follows:

Liquidity risk

Liquidity risk is the risk the Association will not be able to meet its financial obligations associated with financial liabilities in full. A range of alternatives is available to the Association including cash flow provided by operations, additional debt, or a combination thereof. As at August 31, 2020, the Association had a net working capital deficit of $378,076 (2019 – deficit of $583,137) and a deficiency of revenue over expenses of $330,436 (2019 – deficiency of revenue over expenses of $993,261). The Association expects to be able to meet its financial obligations in the foreseeable future.

The impact of the COVID-19 pandemic caused a disruption to the economy which could further impact the Association's liquidity risk. The COVID-19 pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus including travel bans, self-imposed quarantine periods and social distancing that have caused disruption to businesses resulting in an economic slowdown.

Due to public health orders from the Province of Manitoba, the Association's health and fitness facilities closed in March of 2020. As a result, all memberships were temporarily placed on hold. These facilities did reopen between June and September of 2020. Revenues have declined as a result of the COVID-19 pandemic and related government measures. The Association is currently addressing the challenges related to the COVID-19 pandemic by managing costs and exploring alternative revenue opportunities, which includes applying for government assistance.

Subsequent to year end, the Province of Manitoba implemented a province-wide closure of non-essential businesses and as a result the health and fitness facilities were closed effective November 12, 2020. As a result, all memberships were temporarily placed on hold until the closure is lifted by the Province of Manitoba.

Credit risk

Credit risk arises from the possibility customers may experience financial difficulty and be unable to fulfill their commitments to the Association. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any allowance for doubtful accounts. The Association has credit policies to address credit risk on accounts receivable from customers. An allowance for doubtful accounts is established based on factors surrounding the credit risk of specific customers, historical trends and other information. It is management's opinion that the Association is not exposed to significant credit risk.

Currency and interest rate risks

It is management's opinion that the Association is not exposed to significant currency risk as all of its activities and transactions are denominated in Canadian dollars. The Association's exposure to interest rate risk is primarily on its credit facility. The risk is associated with changes in the prime lending rates.

13 Capital management

Capital is managed in accordance with policies established by the Board of Directors. The Association's objectives when managing capital are to safeguard the Association's ability to continue as a going concern. There are no externally imposed capital requirements.

The Association's Board of Directors authorized the appropriation of cash toward future capital projects. The related cash has been presented as restricted cash and investments.

Restricted cash and investments, including accrued interest, consist of the following:

	2020 $	2019 $
Cash	349,726	7,179
Equitable Bank guaranteed investment certificate – 2.75% maturing June 8, 2020	-	103,398
Canadian Western Bank guaranteed investment certificate – 2.00% maturing September 5, 2019	-	1,035,022
Canadian Western Bank guaranteed investment certificate – 2.65% maturing June 1, 2020	-	238,564
Laurentian Bank guaranteed investment certificate – 2.18% maturing November 28, 2019	-	315,110
Manulife guaranteed investment certificate – 2.6% maturing September 14, 2020	245,727	245,488
Bank of Montreal guaranteed investment certificate – 2.12% maturing January 21, 2021	1,376,554	-
	1,972,007	1,944,761