

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

AUGUST 31, 2020

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
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INDEPENDENT AUDITOR'S REPORT

To the Directors of
The Young Men's Christian Association of Northern BC

Qualified Opinion

We have audited the financial statements of The Young Men's Christian Association of Northern BC, which comprise the statement of financial position as at August 31, 2020, and the statements of operations, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of The Young Men's Christian Association of Northern BC 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2020 and 2019, current assets as at August 31, 2020 and 2019, and net assets as at September 1 and August 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended August 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant

See accompanying notes to these financial statements

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

Those charged with governance are responsible for overseeing the Organization'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.

See accompanying notes to these financial statements

- ♦ 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 Organization'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 Organization'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 Organization 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.
- ♦ 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.

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.

Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Prince George, B.C.
Date to be determined

See accompanying notes to these financial statements

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
STATEMENT OF OPERATIONS
YEAR ENDED AUGUST 31, 2020**

| | 2020 | % | 2019 | % |
|---|-------------------|-------|------------------|-------|
| REVENUES | | | | |
| Child care | \$ 4,593,716 | 50.2 | \$ 4,313,007 | 47.2 |
| Funding contracts and grants | 2,325,762 | 25.4 | 1,894,712 | 20.7 |
| Health, fitness, and aquatics | 1,669,363 | 18.3 | 2,119,715 | 23.2 |
| Gaming | 154,963 | 1.7 | 336,914 | 3.7 |
| Camp | 154,428 | 1.7 | 194,835 | 2.1 |
| Community events and donations | 141,137 | 1.5 | 159,501 | 1.7 |
| GST revenue and other income | 91,474 | 1.0 | 89,931 | 1.0 |
| Facility rental | 15,520 | 0.2 | 24,650 | 0.3 |
| | <u>9,146,363</u> | 100.0 | <u>9,133,265</u> | 100.0 |
| EXPENDITURES (Schedule 1) | <u>8,757,914</u> | 95.8 | <u>9,121,507</u> | 99.9 |
| EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER ITEM | 388,449 | 4.2 | 11,758 | 0.1 |
| OTHER ITEM | | | | |
| Loss on write-off of tangible capital assets | <u>(175,077)</u> | (1.9) | <u>(6,120)</u> | (0.1) |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>\$ 213,372</u> | 2.3 | <u>\$ 5,638</u> | 0.1 |

See accompanying notes to these financial statements

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2020**

| | INVESTED IN TANGIBLE CAPITAL ASSETS | FUTURE RESERVE FUND | CAPITAL RESERVE FUND | CONTINGENCY RESERVE FUND | RESTRICTED NET ASSETS | UNRESTRICTED NET ASSETS | TOTAL 2020 | TOTAL 2019 |
|---|---|------------------------|-------------------------|-----------------------------|--------------------------|----------------------------|---------------------|---------------------|
| NET ASSETS, BEGINNING OF YEAR | \$ 1,689,239 | \$ 123,779 | \$ 123,779 | \$ 123,779 | \$ 30,622 | \$ 208,114 | \$ 2,175,533 | \$ 2,169,951 |
| EXCESS OF REVENUES OVER EXPENDITURES | - | - | - | - | - | 213,372 | 213,372 | 5,638 |
| Allocation of net assets | - | - | - | - | 1,844 | - | 1,844 | - |
| Appropriation of net assets | - | - | - | - | - | - | - | (56) |
| Reserve funding | - | 4,900 | 4,900 | 4,900 | - | (9,800) | - | - |
| Amortization of tangible capital assets | (268,727) | - | - | - | - | 268,727 | - | - |
| Purchase of tangible capital assets | 544,026 | - | - | - | - | (544,026) | - | - |
| Grant proceeds received | (63,481) | - | - | - | - | 63,481 | - | - |
| Loss on sale of tangible capital assets | (175,077) | - | - | - | - | 175,077 | - | - |
| Proceeds of long-term debt | (7,687) | - | - | - | - | 7,687 | - | - |
| Repayment of long-term debt | 64,009 | - | - | - | - | (64,009) | - | - |
| NET ASSETS, END OF YEAR | \$ 1,782,302 | \$ 128,679 | \$ 128,679 | \$ 128,679 | \$ 32,466 | \$ 318,623 | \$ 2,390,749 | \$ 2,175,533 |

See accompanying notes to these financial statements

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
 STATEMENT OF FINANCIAL POSITION
 AUGUST 31, 2020

| | 2020 | 2019 |
|---|----------------------------|----------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 1,334,038 | \$ 1,656,060 |
| Restricted cash (Note 2) | 172,035 | 146,662 |
| Accounts receivable | 117,389 | 210,921 |
| Due from government agencies (Note 3) | 328,927 | 79,410 |
| Prepaid expenses | 6,874 | 6,208 |
| | <u>1,959,263</u> | 2,099,261 |
| RESTRICTED CASH (Note 2) | 289,824 | 278,180 |
| TANGIBLE CAPITAL ASSETS (Note 4) | <u>2,717,644</u> | <u>2,680,903</u> |
| | <u>\$ 4,966,731</u> | <u>\$ 5,058,344</u> |

Approved on behalf of the board


 _____ Director


 _____ Director

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2020**

| | 2020 | 2019 |
|--|---------------------|---------------------|
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 477,152 | \$ 622,633 |
| Due to government agencies (Note 3) | 82,885 | 138,658 |
| Deferred revenue (Note 5) | 1,080,603 | 1,129,856 |
| Current portion of long-term debt (Note 6) | 88,586 | 85,818 |
| | <u>1,729,226</u> | 1,976,965 |
| LONG-TERM DEBT (Note 6) | <u>846,756</u> | 905,846 |
| | 2,575,982 | 2,882,811 |
| COMMITMENTS (Note 7) | | |
| CONTINGENCY (Note 8) | | |
| NET ASSETS (Note 9) | <u>2,390,749</u> | 2,175,533 |
| | <u>\$ 4,966,731</u> | <u>\$ 5,058,344</u> |

See accompanying notes to these financial statements

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
STATEMENT OF CASH FLOW
YEAR ENDED AUGUST 31, 2020**

| | 2020 | 2019 |
|---|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Excess of revenues over expenditures | \$ 213,372 | \$ 5,638 |
| Adjustments for items which do not affect cash | | |
| Amortization | 268,727 | 263,172 |
| Loss on disposal of tangible capital assets | 175,077 | 6,120 |
| Net assets appropriated | - | (56) |
| Net assets allocated | 1,844 | - |
| | <u>659,020</u> | <u>274,874</u> |
| Change in non-cash working capital items (Note 10) | <u>(407,158)</u> | <u>793,889</u> |
| | <u>251,862</u> | <u>1,068,763</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of tangible capital assets | (544,026) | (231,974) |
| Proceeds on disposal of tangible capital assets | - | 1,265 |
| Grant proceeds received for purchase of tangible capital assets | 63,481 | 26,500 |
| | <u>(480,545)</u> | <u>(204,209)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of long-term debt | (64,009) | (82,922) |
| Proceeds of long-term debt | 7,687 | - |
| | <u>(56,322)</u> | <u>(82,922)</u> |
| INCREASE (DECREASE) IN CASH | (285,005) | 781,632 |
| CASH, BEGINNING OF YEAR | <u>2,080,902</u> | <u>1,299,270</u> |
| CASH, END OF YEAR | <u>\$ 1,795,897</u> | <u>\$ 2,080,902</u> |
| CASH CONSISTS OF: | | |
| Cash | \$ 1,334,038 | \$ 1,656,060 |
| Restricted cash - current | 172,035 | 146,662 |
| Restricted cash - long-term | 289,824 | 278,180 |
| | <u>\$ 1,795,897</u> | <u>\$ 2,080,902</u> |

See accompanying notes to these financial statements

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020**

DESCRIPTION OF OPERATIONS

The Young Men's Christian Association of Northern BC (the "Organization" or the "YMCA") is an independent, charitable organization dedicated to the development of people in spirit, mind and body as well as the improvement of local communities. The Organization is incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act (Canada) and accordingly is not subject to income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

Revenue recognition

The Organization follows the deferral method of accounting for contributions, which include grants and donations. Externally restricted contributions are initially deferred and then recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, including grants and donations, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Program fees, childcare fees and membership fees are recognized as revenue over the period to which the fees relate. Funds from government sources for services are recognized as revenue as the services to which the funds relate are delivered or performed. Amounts received in advance of meeting the criteria for revenue recognition are initially deferred and then recognized as revenue when earned. Contributions related to capital development projects and capital assets represent restricted contributions and are recognized as income on the same basis as the related assets are amortized.

Facility rental revenue is recorded monthly when it is due and collection is reasonably assured.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

(i) Measurement of financial instruments

The Organization 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. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures in the period incurred.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue, and long-term debt.

The Organization has not designated any financial asset or financial liability to be measured at fair value.

(ii) 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 write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- ♦ the present value of the cash flows expected to be generated by the asset or group of assets;
- ♦ the amount that could be realized by selling the assets or group of assets;
- ♦ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess of revenues over expenditures up to the amount of the previously recognized impairment.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government assistance

Government assistance for operating expenses received as a result of the Government of Canada COVID response programs is recorded as deferred revenue and is amortized to income as eligible expenditures are incurred.

Tangible capital assets

Tangible capital assets are recorded at cost. The Organization provides for amortization using the following methods at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

| | |
|------------------------|------------------------|
| Buildings | 25 years Straight-line |
| Computer equipment | 30% Declining balance |
| Equipment | 20% Declining balance |
| Furniture and fixtures | 20% Declining balance |
| Vehicles | 30% Declining balance |
| Grants - Buildings | 25 years Straight-line |
| Grants - Equipment | 20% Declining balance |
| Grants - Vehicles | 30% Declining balance |

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

Contributed materials and services

Volunteers contributed time an indeterminable number of hours per year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are also not recognized in the financial statements. Contributed tangible capital assets are initially recognized on the financial statements at fair market value, where it can be reasonably determined, and subsequently amortized over the assets estimated useful life.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Management estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 amounts of revenues and expenses during the reporting period.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, useful lives of tangible capital assets. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

2. RESTRICTED CASH

The Organization's restricted cash consists of:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Current | | |
| Province of BC - Community Gaming Grant | <u>\$ 172,035</u> | <u>\$ 146,662</u> |
| Non-current | | |
| Endowment Fund - externally restricted | 8,500 | 8,500 |
| Reserve Funds - internally restricted | 257,358 | 247,558 |
| YAP Dandelion Fund - externally restricted | <u>23,966</u> | <u>22,122</u> |
| | <u>289,824</u> | <u>278,180</u> |
| | <u>\$ 461,859</u> | <u>\$ 424,842</u> |

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020**

3. DUE FROM/TO GOVERNMENT AGENCIES

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Government of Canada - Canada emergency wage subsidy | \$ 267,662 | \$ - |
| Government of Canada - other | 28,807 | 79,018 |
| Province of B.C. | 22,862 | - |
| Receiver General - GST collected / GST paid | 9,596 | 392 |
| | <u>\$ 328,927</u> | <u>\$ 79,410</u> |
| | <u>2020</u> | <u>2019</u> |
| Receiver General - Payroll | \$ 69,478 | \$ 125,515 |
| Worksafe B.C. | 13,407 | 13,143 |
| | <u>\$ 82,885</u> | <u>\$ 138,658</u> |

4. TANGIBLE CAPITAL ASSETS

| | <u>2020</u> | | <u>2019</u> | |
|------------------------|---------------------|--------------------------|---------------------|---------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Buildings | \$ 9,442,065 | \$ 4,980,312 | \$ 4,461,753 | \$ 4,299,444 |
| Equipment | 522,998 | 350,348 | 172,650 | 141,961 |
| Vehicles | 165,366 | 115,934 | 49,432 | 70,617 |
| Furniture and fixtures | 291,522 | 241,522 | 50,000 | 59,674 |
| Computer equipment | 115,200 | 77,790 | 37,410 | 214,699 |
| Grants - Buildings | (2,800,164) | (814,371) | (1,985,793) | (2,097,799) |
| Grants - Vehicles | (16,585) | (11,200) | (5,385) | (7,693) |
| Grants - Equipment | (63,481) | (1,058) | (62,423) | - |
| | <u>\$ 7,656,921</u> | <u>\$ 4,939,277</u> | <u>\$ 2,717,644</u> | <u>\$ 2,680,903</u> |

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020**

5. DEFERRED REVENUE

| | <u>Opening</u> | <u>Deferred</u> | <u>Recognized</u> | <u>Total</u> |
|----------------------------------|---------------------|---------------------|----------------------|---------------------|
| Childcare | \$ 33,321 | \$ 66,760 | \$ (67,430) | \$ 32,651 |
| Gaming | 139,213 | 163,000 | (154,963) | 147,250 |
| Gift cards | 13,622 | 5,321 | (5,575) | 13,368 |
| Grants and government funding | 234,412 | 562,539 | (301,965) | 494,986 |
| Membership | 87,807 | 33,898 | (87,807) | 33,898 |
| Fitness programs | 21,552 | 1,275 | (21,553) | 1,274 |
| Foundry | 475,254 | 658,333 | (831,717) | 301,870 |
| Treadmills | 24,715 | - | (4,943) | 19,772 |
| Highland equipment grant | 99,960 | 113 | (64,539) | 35,534 |
| | <u>\$ 1,129,856</u> | <u>\$ 1,491,239</u> | <u>\$(1,540,492)</u> | <u>\$ 1,080,603</u> |

Deferred contributions related to treadmills represent the fair market value of contributed equipment and are recognized based on the useful life of the asset.

6. LONG-TERM DEBT

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Mortgage loan bearing interest at 3.2% per annum, repayable in monthly payments of \$9,674 including interest. The loan is secured by a General Security Agreement covering all assets and a Mortgage of Lease over the property. The loan matures on August 14, 2022 and amortized over a term of 12 years. | \$ 935,342 | \$ 991,664 |
| Less current portion | <u>88,586</u> | <u>85,818</u> |
| Due beyond one year | <u>\$ 846,756</u> | <u>\$ 905,846</u> |

The principal payments due within the next five years and thereafter, assuming the loan is renewed at the current terms, are estimated as follows:

| | |
|------------------|-------------------|
| 2021 | \$ 88,586 |
| 2022 | 91,444 |
| 2023 | 94,393 |
| 2024 | 97,438 |
| 2025 | 100,581 |
| Subsequent years | <u>462,900</u> |
| | <u>\$ 935,342</u> |

Interest on the above debt amounted to \$30,753 (2019 - \$33,179) for the year.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020**

6. LONG-TERM DEBT (continued)

Due to the deferral of three months of interest payments, an additional \$7,687 has been capitalized onto the loan balance.

7. COMMITMENTS

The Organization leases 14 premises from various districts and cities, with aggregate annual rents totaling \$113,684 renewed on an annual basis.

8. CONTINGENCY

The Organization has a line of credit available up to \$200,000 with an interest rate of prime per annum and is secured by a General Security Agreement covering all assets and a Mortgage of Lease over the property. There are currently no funds drawn on this demand credit facility.

9. NET ASSETS

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|----------------------------|----------------------------|
| Investment in Tangible Capital Assets | \$ 1,782,302 | \$ 1,689,239 |
| Future Capital Reserve Fund | 128,679 | 123,779 |
| Contingency Fund Reserve | 128,679 | 123,779 |
| Net Assets Appropriated | 32,466 | 30,622 |
| Unrestricted Net Assets | 318,623 | 208,114 |
| | <u>\$ 2,390,749</u> | <u>\$ 2,175,533</u> |

10. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

| | <u>2020</u> | <u>2019</u> |
|--|----------------------------|--------------------------|
| Accounts receivable | \$ 93,532 | \$ (57,017) |
| Due from/to government agencies | (305,290) | 44,179 |
| Prepaid expenses | (666) | 6,297 |
| Accounts payable and accrued liabilities | (145,481) | 357,246 |
| Deferred revenue | (49,253) | 443,184 |
| | <u>\$ (407,158)</u> | <u>\$ 793,889</u> |

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020**

11. GOVERNMENT ASSISTANCE

Canada Emergency Wage Subsidy amounts received from the Canada Revenue Agency were credited against the following expense in the current year: \$292,662 (2019 - \$nil) were charged to wages and benefits.

12. COVID-19

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remain unclear at this time. Potential risks that the Organization faces as a result of the pandemic are as follows:

- (i) Significant change in operational costs
 - ♦ Assessment and response:
Due to the impact of COVID-19 (coronavirus) pandemic, the Organization has temporarily closed its Gym facility and Vanderhoof Aquatic Centre since March 20, 2020. The Gym facility reopened on July 6th, 2020 and Vanderhoof Aquatic Centre on September 10th, 2020. Change in operational costs, if any, have been reflected in the financial statements.
- (ii) Non-collection or reduced collection of receivables from unit owners and others
 - ♦ Assessment and response:
The Organization continues to follow recommended lien procedures for common element assessment receivables over 90 days. Membership fees have been stopped during the facility shut down period (April to July) and payment has been recovered after the re-open. Therefore, there is minimal risk related to non-collection or reduced collection of these receivables.

13. RELATED PARTY TRANSACTIONS

The Organization, YMCA of Northern BC, and Traxler Haines are related by virtue of Robert Traxler's current position on the Board of Directors of the YMCA of Northern BC. There is no impact on the financial statements as a result of transactions involving Robert Traxler.

| | <u>2020</u> | <u>2019</u> |
|----------------|-----------------------------------|-------------|
| Traxler Haines | Expenses - professional fees \$ - | \$ 7,599 |

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020**

14. EXTERNALLY RESTRICTED NET ASSETS

Various funds received or raised by the Organization are appropriated for specific purposes. These include the following:

The Board of Directors appropriated Externally Restricted funds to be used as follows:

| | Endowment Fund | YAP Dandelion Fund | Total |
|---------------------------------------|-------------------|--------------------------|------------------|
| Opening balance | \$ 8,500 | \$ 22,122 | \$ 30,622 |
| Allocation of funds | - | 1,844 | 1,844 |
| Closing balance as at August 31, 2020 | <u>\$ 8,500</u> | <u>\$ 23,966</u> | <u>\$ 32,466</u> |

15. INTERNALLY RESTRICTED RESERVE FUNDS

The Organization has the following reserve funds:

(a) The Future Capital Reserve Fund

(i) Funds are set aside to finance unexpected or significant capital expenditures.

(b) The Contingency Reserve Fund

(i) Funds are set aside to finance an unexpected or significant change in operating revenues and / or expenditures.

The Organization must follow the following guidelines when using the funds from these reserves:

(a) Funds must be approved by the Finance Committee or Board of Directors.

(b) Funds must be replenished in the next fiscal year unless there is a deficit then 50% of the subsequent years surplus will be used until the reserve is at \$100,000.

(c) A contribution of no less than 1% of revenue over expenditures before amortization will be made to both funds. During the year, the Board of Directors have approved contributions of \$4,900 to both funds.

(d) No fund may exceed \$200,000.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020**

16. NON-MONETARY TRANSACTIONS

During the year, the Organization accepted advertising services in exchange for facility memberships as well as reciprocal advertising services. Management determined the more reliably measurable item based on each contract and has recorded the fair value of those items either given up or received, being \$76,082 (2019 - \$77,951).

17. SALARIES

As required by the Societies Act, the Organization must disclose the amount, in aggregate, of salaries and number of employees whose salaries were over \$75,000 per annum. During the period an aggregate of \$528,118 was paid to 6 employees within the Organization.

18. FINANCIAL INSTRUMENTS RISKS AND UNCERTAINTIES

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

The Organization does have credit risk in accounts receivable of \$117,389 (2019 - \$210,921). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The Organization maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the Organization is low and is not material.

(b) Liquidity risk

The Organization does have a liquidity risk in the accounts payable and accrued liabilities of \$477,151 (2019 - \$622,633). Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the Organization is low and is not material.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020**

18. FINANCIAL INSTRUMENTS RISKS AND UNCERTAINTIES (continued)

(c) Interest rate risk

The Organization is exposed to interest rate risk due to the variable rate interest on their long-term debt. Changes in the lending rates may cause fluctuations in cash flows and interest expense.

19. SUBSEQUENT EVENTS

Subsequent to year end, the impact on COVID-19 on Canadian and global economies increased significantly. The full impact this will have on the Organization's customers and suppliers and the resulting effect of COVID-19 on the Organization's financial position and future operations is not known at this time.

20. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF NORTHERN BC
SCHEDULE 1 - EXPENDITURES
YEAR ENDED AUGUST 31, 2020**

| | 2020 | % | 2019 | % |
|-------------------------------|---------------------|-------------|---------------------|-------------|
| Advertising and promotion | \$ 196,664 | 2.2 | \$ 156,117 | 1.7 |
| Affiliation fees | 60,416 | 0.7 | 103,688 | 1.1 |
| Amortization | 268,727 | 2.9 | 263,172 | 2.9 |
| Bad debts | 47,604 | 0.5 | 4,420 | |
| Community engagement events | 7,786 | 0.1 | 4,420 | |
| Conferences and training | 98,429 | 1.1 | 192,012 | 2.1 |
| Fundraising | 5,223 | 0.1 | 7,047 | 0.1 |
| Insurance | 64,115 | 0.7 | 56,997 | 0.6 |
| Interest and bank charges | 98,657 | 1.1 | 128,624 | 1.4 |
| Interest on long-term debt | 30,753 | 0.3 | 33,179 | 0.4 |
| International support | 12,325 | 0.1 | 13,657 | 0.1 |
| Janitorial | 70,651 | 0.8 | 51,464 | 0.6 |
| Licensing | 6,053 | 0.1 | 7,028 | 0.1 |
| Office | 263,665 | 2.9 | 316,634 | 3.5 |
| Professional fees | 10,763 | 0.1 | 21,217 | 0.2 |
| Program supplies and expenses | 642,940 | 7.0 | 677,091 | 7.4 |
| Rent | 169,958 | 1.9 | 174,354 | 1.9 |
| Repairs and maintenance | 310,927 | 3.4 | 411,728 | 4.5 |
| Subcontract | 21,796 | 0.2 | 21,002 | 0.2 |
| Telephone | 80,904 | 0.9 | 67,878 | 0.7 |
| Travel and automotive | 81,647 | 0.9 | 96,942 | 1.1 |
| Utilities | 97,006 | 1.1 | 108,914 | 1.2 |
| Wages and benefits (Note 11) | 6,110,905 | 66.8 | 6,203,922 | 67.9 |
| | \$ 8,757,914 | 95.8 | \$ 9,121,507 | 99.9 |