YMCA of Eastern Ontario
Financial Statements
December 31, 2020

Contents

Management's Responsibility

To the Members of YMCA of Eastern Ontario:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Finance Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

April 27, 2021

Chief Executive Officer

Independent Auditor's Report

MNP LLP

To the Members of YMCA of Eastern Ontario:

Qualified Opinion

We have audited the financial statements of YMCA of Eastern Ontario (the "Organization"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters 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 Organization as at December 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

The Organization derives revenue from memberships, licensed child care fees, donations and fundraising, 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 memberships, licensed child care fees, donations and fundraising revenue, deficiency of revenue over expenses and cash flows from operations for the years ended December 31, 2020 and 2019, assets and deferred contributions as at December 31 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope. In addition, our opinion on the current year's results of operations and cash flows is modified because of the possible effects of these matters on the comparability of the current period's figures and the comparative information.

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 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which indicates that the Organization has an accumulated operating deficit and negative working capital as at December 31, 2020, and has been significantly impacted by the ongoing COVID-19 pandemic. These events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Organization's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.
- 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.

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.

MNP LLP

Brockville, Ontario — Chartered Professional Accountants

April 27, 2021 — Licensed Public Accountants

YMCA of Eastern Ontario
Statement of Financial Position
As at December 31, 2020

	2020	*2019*
Assets		
Current		
Cash	**565,546**	124,665
Accounts receivable *(Note 4)*	**402,857**	284,574
Prepaid expenses	**41,739**	40,827
	1,010,142	450,066
Capital assets *(Note 5)*	**6,753,853**	7,068,753
	7,763,995	7,518,819
Liabilities		
Current		
Line of credit *(Note 6)*	**20,000**	30,000
Accounts payable and accrued liabilities	**978,968**	879,819
Unearned membership and program fees	**22,115**	67,631
Deferred contributions related to expenses of future years *(Note 7)*	**427,151**	125,249
Deferred revenue from St. Lawrence College of Applied Arts & Technology *(Note 8)*	**32,515**	37,118
Current portion of term loans *(Note 9)*	**229,690**	-
Term loans subject to refinancing *(Note 9)*	**-**	934,404
	1,710,439	2,074,221
Term loans *(Note 9)*	**652,418**	-
Deferred capital contributions *(Note 10)*	**2,523,919**	2,743,877
	4,886,776	4,818,098
Contingency *(Note 20)*		
Subsequent and significant events *(Note 21)*		
Net Assets		
Investment in capital assets *(Note 11)*	**3,347,826**	3,390,472
Unrestricted	**(470,607)**	(689,751)
	2,877,219	2,700,721
	7,763,995	7,518,819

Approved on behalf of the Board

Director

Lori Huber

Director

The accompanying notes are an integral part of these financial statements

YMCA of Eastern Ontario
Statement of Operations
For the year ended December 31, 2020

	2020	*2019*
Revenue		
Grants and sponsorships *(Note 13)*	**2,179,595**	1,521,699
Licensed child care fees	**1,721,103**	3,456,583
Memberships	**1,215,281**	2,724,407
Donations and fundraising *(Note 16)*	**1,012,560**	664,247
Amortization of deferred contributions related to capital assets *(Note 10)*	**373,958**	359,982
Program fees	**209,629**	525,941
St. Lawrence College of Applied Arts & Technology *(Note 8) (Schedule 1)*	**127,156**	411,622
Administration fees *(Note 16)*	**107,993**	243,330
Interest	**6,223**	4,945
Camp fees	**(504)**	637,569
Total revenue	**6,952,994**	10,550,325
Expenses		
Salaries and benefits	**4,292,680**	7,476,654
Amortization of capital assets	**661,258**	633,009
Utilities	**389,138**	565,541
Repairs and maintenance	**325,278**	454,824
Program and childcare supplies	**268,876**	610,279
Telephone and office supplies	**227,137**	306,206
Contractors	**119,158**	268,106
Insurance	**76,257**	82,383
Professional fees	**75,007**	151,720
Bank charges and interest on line of credit	**67,254**	113,714
YMCA Canada dues	**64,776**	156,673
Management fees	**52,947**	78,860
Leases and rents *(Note 13)*	**43,572**	85,356
Interest on term loans	**41,361**	47,597
Promotion	**36,141**	101,393
Travel and meals	**28,142**	46,572
Training and education	**4,421**	28,134
Bad debts	**3,093**	5,710
Total expenses	**6,776,496**	11,212,731
Excess (deficiency) of revenue over expenses before other items and discontinued operations	**176,498**	(662,406)
Other items		
Gain on disposal of capital assets	**-**	3,250
Provision for impairment of capital assets *(Note 5)*	**-**	(120,007)
	-	(116,757)
Excess (deficiency) of revenue over expenses before discontinued operations	**176,498**	(779,163)
Discontinued operations *(Note 17)*	**-**	251,382
Excess (deficiency) of revenue over expenses	**176,498**	(527,781)

The accompanying notes are an integral part of these financial statements

YMCA of Eastern Ontario
Statement of Changes in Net Assets
For the year ended December 31, 2020

	Investment in capital assets	*Unrestricted*	***2020***	*2019*
Net assets, beginning of year	3,390,472	(689,751)	**2,700,721**	3,228,502
Excess (deficiency) of revenue over expenses *(Note 12)*	(328,661)	505,159	**176,498**	(527,781)
Net change in investment in capital assets *(Note 12)*	286,015	(286,015)	**-**	-
Net assets, end of year	**3,347,826**	**(470,607)**	**2,877,219**	2,700,721

The accompanying notes are an integral part of these financial statements

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	**176,498**	(527,781)
Amortization of capital assets	**661,258**	674,302
Gain on disposal of capital assets	**-**	(50,690)
Provision for impairment of capital assets	**-**	120,007
Amortization of deferred capital contributions	**(373,958)**	(366,776)
Deferred capital contributions written off	**-**	(319,951)
	463,798	(470,889)
Changes in working capital accounts		
Accounts receivable	**(118,283)**	(21,772)
Prepaid expenses	**(912)**	(14,200)
Accounts payable and accrued liabilities	**99,149**	84,916
Unearned membership and program fees	**(45,516)**	(46,400)
Deferred contributions related to expenses of future years	**301,902**	24,982
Deferred revenue from St. Lawrence College	**(4,603)**	(61,889)
	695,535	(505,252)
Financing		
Repayment of term loans	**(52,296)**	(2,221,410)
Advances (repayments) on line of credit, net	**(10,000)**	30,000
Deferred capital contributions received	**154,000**	254,484
	91,704	(1,936,926)
Investing		
Purchase of capital assets	**(346,358)**	(576,137)
Proceeds on disposal of capital assets	**-**	2,477,278
	(346,358)	1,901,141
Increase (decrease) in cash	**440,881**	(541,037)
Cash, beginning of year	**124,665**	665,702
Cash, end of year	**565,546**	124,665

1. Incorporation and nature of the organization

YMCA of Eastern Ontario (the “Organization”) was incorporated without share capital under the Corporations Act (Ontario) and is a registered charity and thus is exempt from income taxes under the Income Tax Act. In order to maintain its status as a charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Organization's charitable purpose is dedicated to the growth of all persons in spirit, mind and body, and to their sense of responsibilty to each other and the global community. The Organization provides services to communities in Eastern Ontario, including Kingston, Brockville, Gananoque and North Grenville.

2. Going concern

These financial statements have been prepared on a going concern basis which presumes that the Organization will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

The Organization's operations were significantly impacted by the COVID-19 pandemic, as indicated in Note 21. Management was proactive in responding to the pandemic, by shutting down operations in March 2020 prior to government mandated closures coming into effect. The Organization addressed these closures, reduced customer demand and cancellation of events as a result of the pandemic by making a permanent reduction in staff by over one third and implementing other cost management strategies, including reopening child care facilities when available and delaying full reopening until September 2020. Subsequent to year end, further government mandated closures came into effect, as detailed in Note 20. The impact of COVID-19 has been partially offset by available emergency subsidies through Government programs for which the Organization was eligible, totalling $961,687, as detailed in Note 13. Eligibility requirements under these programs continue to evolve and there is significant uncertainty of the period of time into the future that the Government will continue these programs. As a result of these impacts, the Organization has negative working capital of $700,297 as at December 31, 2020. As such, there is a material uncertainty related to these events and conditions due to the COVID-19 pandemic that may cast significant doubt on the Organization’s ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

To remain a going concern, the Organization implemented during the year a long-term re-opening plan that focuses on exploring new partnerships and funding opportunities, including the establishment of a new child care centre, in addition to increasing fees, changes in operating hours, and further staff reductions. Though the Organization saw positive results from the re-opening plan during the last quarter of the year, it cannot be determined at this time whether these objectives will continue to be realized in the long-term. To help manage its liquidity, management continues to monitor additional grant and other opportunities to fund future projects and commitments.

Management believes that the going concern assumption is appropriate for these financial statements. If the Organization were unable to continue its operations, adjustments to the carrying amounts and classification of assets and liabilities would be necessary.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Revenue recognition

Revenue from memberships is recognized as revenue on a daily pro-rata basis over the term of the membership.

Revenue from child care services is recognized when the services are provided.

Revenue from camp fees, programs and other services is recognized when the related activities are commenced.

3. Significant accounting policies *(Continued from previous page)*

The Organization follows the deferral method of accounting for contributions which includes government funding. The Organization receives funding from the United Counties of Leeds and Grenville and the City of Kingston pursuant to established service contract arrangements. Government funding is recorded as revenue in the period to which it relates. Where a portion of government funding relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed funding arrangements approved by the United Counties of Leeds and Grenville and the City of Kingston with respect to the year ended December 31, 2020.

Other restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recognized as revenue, in the period pledged, solely to the extent of amounts received or collected subsequent to year end.

Externally restricted contributions utilized for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding with the amortization rates used for the related capital assets.

Sales of break-open tickets are recognized in fundraising revenue when the sales occur.

Government assistance

Government assistance is recognized when there is reasonable assurance that the Organization has complied and will continue to comply with all conditions of the assistance. Government assistance toward current expenses is recognized in income for the period as revenue. Government assistance towards expenses of future accounting periods is deferred and recognized in income as related expenses are incurred.

Capital assets

Purchased capital assets are recorded at acquisition cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

Amortization is provided using the straight-line method at rates intended to amortize assets at cost less salvage value over their estimated useful lives, using the following annual rates:

Buildings	2.5% to 10 %
Computer equipment and software	10% to 33.3 %
Equipment	10% and 20 %
Leasehold improvements	10 years
Paving	4 %

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization's ability to provide goods and services. The asset is also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Vacation pay

Vacation pay is accrued as entitlement to these payments is earned.

Contributed materials and services

The Organization recognizes in the financial statements contributions of materials and services, both as contributions and expenses, in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

Volunteers contribute a substantial number of hours each year to assist the Organization in carrying out its activities. Due to the difficulty in measuring the fair value of these services, volunteer services are not recognized in the financial statements.

3. Significant accounting policies *(Continued from previous page)*

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such as election during the year.

The Organization subsequently measures its financial assets and liabilities at amortized cost.

Transaction cost and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenue over expenses in the year the reversal occurs.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity 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.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenue over expenses in the periods in which they become known.

Employee future benefits

The Organization’s employee future benefits program consists of a defined contribution pension plan.

4. Accounts receivable

	2020	*2019*
Receivable from government funders	**120,175**	110,201
Canada Emergency Wage Subsidy	**122,850**	-
Harmonized sales taxes recoverable	**104,375**	45,038
Trade and other receivables	**55,457**	172,682
Allowance for doubtful accounts	**-**	(43,347)
	402,857	284,574

5. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	**477,385**	**-**	**477,385**	477,385
Buildings	**16,447,380**	**10,674,111**	**5,773,269**	6,079,920
Equipment	**1,919,778**	**1,612,501**	**307,277**	386,610
Computer equipment and software	**611,965**	**466,156**	**145,809**	182,009
Paving	**233,392**	**183,494**	**49,898**	41,228
Leasehold improvements	**245,480**	**245,265**	**215**	21,608
Tennis courts	**94,206**	**94,206**	**-**	-
	20,029,586	**13,275,733**	**6,753,853**	7,188,760
Provision for impairment of computer equipment and software	**-**	**-**	**-**	(120,007)
	20,029,586	**13,275,733**	**6,753,853**	7,068,753

6. Bank indebtedness

At December 31, 2020, the Organization has access to a revolving demand operating loan facility with the Royal Bank of Canada of $300,000 (2019 - $600,000 total), which bears interest at the bank's prime rate plus 0.25% (2019 - prime plus 0.25% to prime plus 2.00%). The facility is secured by a general security agreement (see note 9).

7. Deferred contributions related to expenses of future periods

Deferred contributions consist of unspent contributions externally restricted for expenses of future periods, including the City of Kingston and United Counties of Leeds and Grenville for grants relating to specified activities relating to childcare operations. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2020	2019
Balance, beginning of year	**125,249**	246,517
Amount received during the year	**1,057,654**	690,978
Amount recognized as revenue during the year	**(755,752)**	(665,996)
Contributions utilized to fund capital assets	**-**	(146,250)
Balance, end of year	**427,151**	125,249

8. Deferred revenue from St. Lawrence College of Applied Arts & Technology

Deferred revenue from St. Lawrence College of Applied Arts & Technology ("the College") represents cash received in advance that is for use in a future period which is externally restricted through a facility management agreement with the College. Changes in the deferred revenue balance are as follows:

	2020	2019
Balance, beginning of year	**37,118**	99,007
Amount received during the year	**140,729**	394,472
Amount recognized as revenue during the year	**(127,156)**	(411,622)
Amount repaid during the year	**(18,176)**	(44,739)
Balance, end of year	**32,515**	37,118

9. Term loans

	2020	*2019*
Royal Bank of Canada term loan, payable in weekly instalments of $1,257 including interest at 4.39%, due April, 2025 (2019 – $7,352 monthly instalments plus interest of prime rate plus 1.26%)	**688,404**	710,644
Royal Bank of Canada term loan, payable in monthly instalments of $3,357 (2019 - $3,381) including interest at 3.52% (2019 - 3.55%), due June, 2021	**111,505**	129,565
Royal Bank of Canada term loan, payable in monthly instalments of $1,999 plus interest of prime rate plus 1.25%, due November, 2021	**82,199**	94,195
	882,108	934,404
Less: Current portion	**229,690**	-
Less: Term loans subject to refinancing	**-**	934,404
	652,418	-

As part of the COVID-19 pandemic relief accessed during the year (see note 21), the Organization made interest-only payments on its debt for 6 months during the 2020 fiscal year.
The expected minimum principal repayments in each of the next five years are as follows.

2021	229,690
2022	37,596
2023	39,278
2024	41,035
2025	534,509
	882,108

The Organization also has access to up to $1,000,000 in unaccessed facilities with the Royal Bank of Canada through a combination of variable rate revolving term loans, fixed rate revolving term loans, and a revolving lease line of credit.

The Royal Bank of Canada term loans, including the bank indebtedness in note 6 and the letter of guarantee in note 20, are secured by a general security agreement constituting a first ranking security in all property and collateral mortgages. When accessed, the lease line of credit facilities will also be secured by a chattel mortgage constituting a first ranking and specific security interest in specific property.

The collateral mortgage is in the amount of $3,500,000, constituting a first fixed charge on land and buildings located at 100 Wright Crescent, Kingston, Ontario with a carrying amount of $4,876,805 (2019 – $5,165,184).

10. Deferred capital contributions

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets and the unamortized portion of contributed capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2020	*2019*
Balance, beginning of year	**2,743,877**	3,029,870
Amount received during the year	**154,000**	254,484
Amount transferred from deferred contributions for expenses of future years to deferred capital contributions	**-**	146,250
Amount recognized as revenue during the year	**(373,958)**	(359,982)
Amount recognized as revenue during the year included in revenue of discontinued operations	**-**	(6,794)
Unamortized amount written off during the year for disposed assets of discontinued operations	**-**	(319,951)
Balance, end of year	**2,523,919**	2,743,877

11. Investment in capital assets

The investment in capital assets is calculated as follows:

	2020	*2019*
Capital assets	**6,753,853**	7,068,753
Amounts financed by deferred capital contributions	**(2,523,919)**	(2,743,877)
Amounts financed by term loans	**(882,108)**	(934,404)
	3,347,826	3,390,472

12. Changes in investment in capital assets

The change in investment in capital assets is calculated as follows:

	2020	*2019*
Deficiency of revenue over expenses		
Amortization of deferred capital contributions	**373,958**	366,776
Write off of unamortized deferred capital contributions	**-**	319,951
Amortization of capital assets	**(661,258)**	(674,302)
Provision for impairment of capital assets	**-**	(120,007)
Interest on term loans	**(41,361)**	(110,153)
Gain on disposal of capital assets	**-**	50,690
	(328,661)	(167,045)
Net change in investment in capital assets		
Purchase of capital assets	**346,358**	681,965
Amount financed by funding received to purchase capital assets	**(154,000)**	(400,735)
Principal and interest payments on term loans	**93,657**	2,331,564
Proceeds from disposal of capital assets	**-**	(2,477,278)
	286,015	135,516

13. Government assistance

During the year, the Organization recognized $950,887 in Canada Emergency Wage Subsidy ("CEWS") and Temporary Wage Subsidy ("TWS") as grant revenue, of which $122,850 has been accrued in accounts receivable at year-end (refer to note 4). CEWS and TWS, introduced in response to the COVID-19 pandemic (refer to note 21), provide eligible employers with a subsidy to cover a portion of wage costs paid to eligible employees during prescribed claim periods. There are no unfulfilled conditions related to amounts recognized. However, amounts claimed under these programs are subject to validation and detailed verification by the Federal Government.

The Organization also received benefits of under Canada Emergency Commercial Rent Assistance ("CECRA") which provided loans to eligible landlords to allow them to reduce rent for their impacted tenants. Total rent relief of $10,800 plus sales taxes has been recognized against the related leases and rents expense.

14. Pension costs and obligations

Employees with at least two years of continuous employment service with the Organization may participate in a defined contribution pension plan (the “Plan”) and employees with at least three years continuous employment service must participate in the Plan. Under the Plan contributions of 5% of pensionable earnings are made by the members which are matched by the Organization. Members are permitted to make voluntary contributions to the Plan which are not matched by the Organization.

Upon retirement, death or ceasing to be actively employed by the Organization, the total accumulated entitlement for a Plan member or beneficiary is, subject to vesting requirements, equal to the amounts contributed on their behalf plus their pro-rata share of investment earnings including any unrealized fair value appreciation (depreciation) pertaining to the contributed funds.

The Manulife Insurance Company is the custodian of the Plan’s funds.

Contributions to the Plan made during the year by the Organization on behalf of its’ employees amounted to $255,948 (2019 - $295,444).

15. Brockville & Area Young Men's Christian Association Foundation

The Brockville & Area Young Men’s Christian Association Foundation (the “Foundation”) is incorporated without share capital under the Ontario Corporations Act. It is a non-profit corporation established for the purpose of receiving and maintaining a fund or funds and applying all or part of the principal and the income therefrom to the YMCA of Eastern Ontario or such other organization, which in the judgement of the directors of the Foundation, will enhance, improve or otherwise advance the purposes of the Organization. The Foundation is in the process of filing documentation to re-affirm that it qualifies for tax-exempt status as a registered charity under the Income Tax Act.

The Foundation is a related party of the Organization through significant influence. The financial statements of the Organization do not include the revenue, expenses, assets, liabilities and net assets of the Foundation.

16. Related party transactions

The Organization jointly operates the R.K.Y. Camp together with two other not-for-profit organizations. During the year, the Organization received $59,546 (2019 - $146,154) from R.K.Y. Camp related to management fees, which is included in administration income. Included in accounts receivable is $4,362 (2019 - $12,095) owing from R.K.Y. Camp. The Organization also operates the Kingston fitness facilities of St. Lawrence College of Applied Arts & Technology through a management services agreement. During the year, the Organization received $48,447 (2019 - $69,860) for the services provided. Additionally, included in donation revenue is $350,000 (2019 - $50,000) received from the Brockville & Area Young Men's Christian Association Foundation.

The related party transactions are in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

17. Discontinued operations

On August 30, 2019, the Organization entered into an agreement with a third party for the sale of the assets at 745 Progress Avenue, Kingston, Ontario in connection with the Organization's plans to close this location, known as Y West. The Organization received total consideration of $2,550,000, less disbursements of $92,983, for assets with a net book value of $2,409,577. The Organization recorded a gain of $47,440 arising from the sale and recognized $319,867 of unamortized deferred capital contributions as revenue. The gain is recognized in the discontinued operations line in the statement of operations.

The following revenue and income have been reported in the excess of revenue over expenses arising from discontinued operations:

	2020	*2019*
Revenue	-	328,640
Expenses	-	(444,564)
Gain on disposal of capital assets	-	47,440
Write off of unamoritzed deferred capital contributions	-	319,867
Excess of revenue over expenses from discontinued operations	-	251,382

18. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed. There have been no changes to risk exposures from the prior year.

Interest rate risk

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party to failing to discharge an obligation.

Credit risk associated with cash is minimized substantially since the Organization ensures that cash is invested with major financial institutions. The Organization provides credit to its members in the normal course of operations. The credit risk associated with accounts receivable is managed through the ongoing monitoring of individual receivable balances. It is management's opinion the Organization does not have significant credit risk exposure to an individual member receivable.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they become due. The Organization meets its liquidity requirements by monitoring cash flows from operations and anticipating financing and investing activities. Additional cash requirements can be met with the use of the available bank loan facility. The Organization's borrowing arrangements are concentrated with a single Canadian financial institution.

Credit concentration

Accounts receivable from two municipal organizations in connection with licensed childcare fees and grants and sponsorships represents 30% (2019 - 36%) of total accounts receivable as at December 31, 2020 while government assistance represents 31%. The Organization believes that there is minimal risk associated with the collection of these amounts. The balance of accounts receivable is widely distributed among the remainder of the Organization's large customer base. The Organization performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

19. Commitments

Beginning January 1, 2021, the Organization occupies leased premises subject to minimum annual rent of approximately $30,560, increasing $620 annually, until December 31, 2025 for a total commitment of approximately $159,030.

20. Contingency

At December 31, 2020 the Organization has an outstanding letter of credit in the amount of $22,932 with the Royal Bank of Canada in favour of the City of Kingston which is due July 12, 2021.

21. Significant and subsequent events

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

While the full extent of the impact is unknown, management anticipates this outbreak will continue to cause decreased capacity and/or temporary closures of some programs and facilities, staff shortages and/or layoffs, and increased government regulations, all of which may negatively impact on Organization’s operations and financial condition in future periods.

The Organization was required to temporarily close its childcare facilities for approximately one month during 2020, and its fitness facilities for approximately six months during 2020 and for three months to date in 2021.

The Organization has accessed government assistance and financing programs to provide support (see notes 9 and 13).

22. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

YMCA of Eastern Ontario
Schedule 1 - Schedule of St. Lawrence College of Applied Arts & Technology Revenues and Expenses
For the year ended December 31, 2020

	2020	*2019*
Revenue		
Student fees and other miscellaneous income	**127,156**	411,622
Expenses		
Salaries and benefits	**61,328**	287,892
Management fees	**48,447**	69,860
Repairs and maintenance	**10,563**	20,163
YMCA Canada dues	**3,720**	5,580
Telephone and office supplies	**1,623**	20,373
Insurance	**816**	1,184
Program and childcare supplies	**576**	4,784
Travel and meals	**83**	244
Bank charges and interest on short-term debt	**-**	328
Promotion	**-**	1,214
	127,156	411,622
Excess of revenue over expenses	**-**	-