

YMCA of Eastern Ontario
Financial Statements
For the Year Ended December 31, 2021

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Independent Auditor's Report

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, 2021, 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 matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

The YMCA of Eastern Ontario derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, the verification of these revenues was limited to the amounts recorded in the records of the YMCA of Eastern Ontario. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets at January 1 and December 31 for both the 2021 and 2020 years. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2020 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 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.

Other Matters

The financial statements of the Organization for the year end December 31, 2020 were audited by another auditor who expressed a qualified opinion on the financial statements on April 27, 2021 because of the possible effects of limitation in scope described in the Basis for Qualified Opinion section.



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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
April 28, 2022

YMCA of Eastern Ontario
Statement of Financial Position

December 31	2021	2020
Assets		
Current		
Cash	\$ 441,645	\$ 565,546
Accounts receivable (Note 2)	637,326	402,857
Prepaid expenses	39,139	41,739
	1,118,110	1,010,142
Tangible Capital Assets (Note 3)	6,227,842	6,753,853
	\$ 7,345,952	\$ 7,763,995
Liabilities and Net Assets		
Current		
Bank indebtedness (Note 4)	\$ 225,000	\$ 20,000
Accounts payable and accrued liabilities	543,625	891,364
Amount payable to the City of Kingston	135,260	53,218
Amount payable to United Counties of Leeds and Grenville	56,275	34,386
Deferred contributions (Note 5)	126,248	379,901
Unearned membership and program fees	18,447	22,115
Deferred revenue from St. Lawrence College of Applied Arts & Technology	-	32,515
Current portion of long-term debt (Note 6)	256,644	229,690
	1,361,499	1,663,189
Long-term debt (Note 6)	466,597	652,418
Deferred contributions for tangible capital assets (Note 7)	2,266,431	2,571,169
	4,094,527	4,886,776
Net Assets		
Invested in tangible capital assets	3,238,170	3,300,576
Unrestricted (deficiency)	13,255	(423,357)
	3,251,425	2,877,219
	\$ 7,345,952	\$ 7,763,995

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	Unrestricted	Invested in Tangible Capital Assets	2021	2020
Balance, beginning of the year	\$ (423,357)	\$ 3,300,576	\$ 2,877,219	\$ 2,700,721
Excess (deficiency) of revenues over expenses	637,560	(263,354)	374,206	176,498
Purchase of tangible capital assets	(152,038)	152,038	-	-
Repayment of long-term debt	(158,867)	158,867	-	-
Restricted contributions related to contributed tangible capital assets	109,957	(109,957)	-	-
Balance, end of the year	\$ 13,255	\$ 3,238,170	\$ 3,251,425	\$ 2,877,219

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

YMCA of Eastern Ontario Statement of Operations

For the year ended December 31	2021	2020
Revenue		
Licensed child care fees	\$ 1,563,790	\$ 1,029,178
City of Kingston subsidy	1,322,551	742,197
Canada Emergency Wage Subsidy (CEWS)	1,122,705	947,681
United Counties of Leeds and Grenville subsidy	904,469	764,846
Donations and fundraising	688,527	1,012,560
Other grants and sponsorships	678,100	416,796
Memberships	606,914	1,215,281
Amortization of deferred capital contributions	414,695	373,958
Program fees	212,799	209,629
Camp fees	164,098	(504)
St. Lawrence College of Applied Arts & Technology (Schedule 1)	152,464	127,156
Administration fees	67,987	107,993
Interest Income	1,384	6,223
	7,900,483	6,952,994
Expenses		
Advertising and promotion	21,580	36,141
Amortization of tangible capital assets	678,049	661,258
Bad debt expense	5,326	3,093
Insurance	89,843	76,257
Interest and bank charges	59,557	67,254
Interest on long-term debt	36,153	41,361
Management and administrative fees	33,838	52,947
Memberships and licences	121,502	64,776
Office expenses	376,191	227,137
Professional fees	61,602	75,007
Program and childcare supplies	391,556	268,876
Rental	41,396	43,572
Repairs and maintenance	376,637	325,278
Sub-contracts	196,869	119,158
Training and education	9,153	4,421
Travel expenses	33,448	28,142
Utilities	294,253	389,138
Wages and benefits	4,699,324	4,292,680
	7,526,277	6,776,496
Excess of revenues over expenses	\$ 374,206	\$ 176,498

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

YMCA of Eastern Ontario Statement of Cash Flows

For the year ended December 31	2021	2020
Cash flows from operating activities		
Excess of revenues over expenses	\$ 374,206	\$ 176,498
Items not affecting cash:		
Amortization of tangible capital assets	678,049	661,258
Amortization of deferred capital contributions	(414,695)	(373,958)
	637,560	463,798
Changes in non-cash working capital:		
Accounts receivable	(234,469)	(118,283)
Prepaid expenses	2,600	(912)
Accounts payable and accrued liabilities	(313,630)	25,147
Amount payable to the City of Kingston	3,057	53,218
Amount payable to Leeds and Grenville United Counties	66,765	20,784
Unearned membership and program fees	(3,668)	(45,516)
Deferred contributions	(253,653)	301,902
Deferred revenue from St. Lawrence College of Applied Arts & Technology	(32,515)	(4,603)
	(127,953)	695,535
Cash flows from investing activities		
Acquisition of tangible capital assets	(152,038)	(346,358)
Cash flows from financing activities		
Repayment of long-term debt	(158,867)	(52,296)
Advances on (repayment) of line of credit	205,000	(10,000)
Deferred capital contributions received	109,957	154,000
	156,090	91,704
Net (decrease) increase in cash	(123,901)	440,881
Cash, beginning of the year	565,546	124,665
Cash, end of the year	\$ 441,645	\$ 565,546

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

YMCA of Eastern Ontario Notes to Financial Statements

December 31, 2021

1 .Significant Accounting Policies

Nature and Purpose of Organization	<p>The YMCA of Eastern Ontario (the "Organization") was incorporated without share capital under the Corporations Act in Ontario. The Organization is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.</p> <p>The Organization charitable purpose is dedicated to the growth of all person in spirit, mind and body, and to their sense of responsibility to each other and the global community. The Organization provides services to communities in the Eastern Ontario, including Kingston, Brockville, Gananoque, and North Grenville.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>

YMCA of Eastern Ontario

Notes to Financial Statements

December 31, 2021

1. Significant Accounting Policies (continued)

Revenue Recognition

The YMCA of Eastern Ontario follows the deferral method of accounting for contributions.

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.

Deferred capital contributions related to capital tangible assets represent the unamortized amount of donations and grants received for the purchase of capital tangible assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

The Organization receives funding from the United Counties of Leeds and Grenville and the City of Kingston pursuant to established services contract arrangements. Government funding is recorded as revenue in the period to which it relates. Where a portion of government funding relates to the future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed funding arrangement provided by the United Counties of Leeds and Grenville and the City of Kingston and respect to the year ended December 31, 2021.

Revenue from memberships is recognized as revenue on 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 have incurred.

YMCA of Eastern Ontario
Notes to Financial Statements

December 31, 2021

1. Significant Accounting Policies (continued)

Financial Instruments Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, financial instruments are reported at cost or amortized cost. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Tangible Capital Assets Purchased tangible capital assets are stated at cost less accumulated amortization. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital 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:

Building	25 years
Computer equipment and software	3 to 10 years
Equipment	5 years
Paving	25 years

Contributed Services Volunteers contribute many hours per year to assist the YMCA of Eastern Ontario in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

YMCA of Eastern Ontario Notes to Financial Statements

December 31, 2021

1. Significant Accounting Policies (continued)

Use of 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 at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from management's best estimate as additional information becomes available in the future. Management's estimates and assumptions used in determining amortization methods and rates and useful life of tangible capital assets are reviewed annually and are based on management's best estimate. These estimates are subject to measurement uncertainty, and the effect on the financial statements in future periods could be significant.
Brockville and Area Young Men's Christian Association Foundation	<p>The Brockville and 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.</p> <p>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.</p>

YMCA of Eastern Ontario
Notes to Financial Statements

December 31, 2021

2. Accounts Receivable

	2021	2020
Trade and other receivables	\$ 341,268	\$ 55,457
Receivable from government funders	285,734	120,175
Harmonized Sales Taxes recoverable	10,324	104,375
Canada Emergency Wage Subsidy	-	122,850
	\$ 637,326	\$ 402,857

3. Tangible Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 477,385	\$ -	\$ 477,385	\$ -
Building	16,804,220	11,443,566	16,692,860	10,919,376
Furniture and equipment	1,922,305	1,699,358	1,919,778	1,612,501
Computer equipment and software	650,115	521,852	611,965	466,156
Paving	233,392	194,799	233,392	183,494
Tennis courts	94,206	94,206	94,206	94,206
	20,181,623	13,953,781	20,029,586	13,275,733
		\$ 6,227,842		\$ 6,753,853

4. Bank Indebtedness

The Organization has an authorized revolving demand operating loan facility of \$300,000 that is due on demand and bears an interest at the bank's prime rate plus 0.25%. The facility is secured by a general security agreement. At December 31, 2021, the Organization had undrawn credit capacity under this facility of \$75,000.

At December 31, 2021, the Organization has an outstanding letter of guarantee in the amount of \$22,932 with the Royal Bank of Canada in favour of the City of Kingston, which is due July 12, 2022.

YMCA of Eastern Ontario
Notes to Financial Statements

December 31, 2021

5. Deferred Contributions

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 related to specified activities related to childcare operations. Recognition of these amounts as revenues is deferred to periods when the specified expenses are incurred. Changes in the deferred contribution balance are as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 379,901	\$ 77,999
Less: amounts recognized as revenue in the year	(370,172)	(755,752)
Add: amounts received related to a subsequent period	<u>116,519</u>	<u>1,057,654</u>
Ending balance	<u>\$ 126,248</u>	<u>\$ 379,901</u>

YMCA of Eastern Ontario
Notes to Financial Statements

December 31, 2021

6. Long-Term Debt

	2021	2020
Royal Bank of Canada term loan, bears interest at 4.39%, due in April 2025, payable in monthly principal plus interest instalments of \$7,352	\$ 652,418	\$ 688,404
Royal Bank of Canada term loan, bears interest at prime plus 1.5%, due in June 2022, payable in monthly principal plus interest instalments of \$4,005	70,823	-
Royal Bank of Canada term loan, repaid during the year	-	111,505
Royal Bank of Canada term loan, repaid during the year	-	82,199
	723,241	882,108
Less: current portion	256,644	229,690
	\$ 466,597	\$ 652,418

The principal payments for the next four years amount to: 2022, \$185,820; 2023, \$194,144; 2024, \$202,841; and 2025, \$69,613. These payments have been calculated under the assumption that the repayment plan will be successfully renewed, based on the present payment terms and interest rates.

The Royal Bank of Canada term loans, including bank indebtedness and the letter of guarantee, are secured by a general security agreement constituting a first ranking security in all personal property and accounts receivables. When accessed, the lease line of credit facilities in the amount of \$500,000 will also be secured by a chattel mortgage constituting a first ranking and specific security interest in specific property.

The security listed as collateral on the term loans are in the amount of \$3,500,000, constituting a first fixed charge on land and building located at 100 Wright Crescent, Kingston, Ontario with a carrying amount of \$4,991,903 (2020 - \$4,876,805).

YMCA of Eastern Ontario Notes to Financial Statements

December 31, 2021

7. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to tangible capital assets include the unamortized portion of contributed tangible capital assets and restricted contributions used to purchase tangible capital assets.

The changes in the deferred contributions related to tangible capital assets for the year are as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 2,571,169	\$ 2,791,127
Add: restricted contributions related to contributed equipment	109,957	154,000
Less: amounts amortized to revenue	<u>(414,695)</u>	<u>(373,958)</u>
Ending balance	<u>\$ 2,266,431</u>	<u>\$ 2,571,169</u>

8. 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 of continuous employment service must participate in the Plan. Under the Plan contributions of 5% of pensionable earnings are made by the members which are match 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 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 \$296,256 (2020 - \$255,948).

YMCA of Eastern Ontario

Notes to Financial Statements

December 31, 2021

9. Financial Instruments

Credit risk

The YMCA of Eastern Ontario is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The YMCA of Eastern Ontario's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts and contributions receivable. The majority of the YMCA of Eastern Ontario's receivables are from government sources and the YMCA of Eastern Ontario works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

The YMCA of Eastern Ontario is also exposed to credit risk arising from all of its bank accounts being held at one financial institution.

Liquidity risk

Liquidity risk includes the risk that, as a result of operational liquidity requirements, the YMCA of Eastern Ontario will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The YMCA of Eastern Ontario is exposed to this risk mainly in respect of its accounts payable, bank indebtedness and long-term debt.

The YMCA of Eastern Ontario's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

Interest rate risk

The YMCA of Eastern Ontario is exposed to interest rate risk on its fixed and variable interest rate financial instruments, specifically its bank loans. Fixed-interest instruments subject the YMCA of Eastern Ontario to a fair value risk while the floating rate instruments subject it to a cash flow risk.

There have not been any changes in the financial instruments risks from the prior year.

YMCA of Eastern Ontario Notes to Financial Statements

December 31, 2021

10. Uncertainty due to COVID-19

During 2020, there was a global outbreak of COVID-19, which has had an impact on businesses through the restrictions put in place by the Canadian, Provincial and municipal Governments regarding travel, business operations and isolation/quarantine orders. 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 program and facilities staff shortages and/or layoffs, and increased government regulations, all of which may negatively impact the Organization's operations and financial condition in future periods.

The Organization was required to temporarily close the fitness facilities for approximately 6 months in 2021 and 1 month in 2022 to date. The Organization has accessed government assistance and financing programs to provide support.

11. Comparative Amounts

For comparison purposes, certain items of the previous year have been reclassified to reflect the financial statement presentation adopted in the current year.

YMCA of Eastern Ontario

Schedule 1 - Schedule of St. Lawrence College of Applied Arts & Technology

For the year ended December 31	2021	2020
Revenue		
Student fees and other miscellaneous income	\$ 152,464	\$ 127,156
Expenses		
Salaries and benefits	\$ 96,338	\$ 61,328
Management fees	33,838	48,447
Program and childcare supplies	10,919	576
YMCA Canada dues	4,255	3,720
Telephone and office supplies	3,611	1,623
Repairs and maintenance	2,089	10,563
Insurance	714	816
Travel and meals	700	83
	<u>\$ 152,464</u>	<u>\$ 127,156</u>