

**Young Men's Christian
Association of Brandon**

Financial Statements
For the year ended August 31, 2020

Young Men's Christian Association of Brandon

Financial Statements

For the year ended August 31, 2020

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Tel: 204 727 0671
Fax: 204 726 4580
Toll Free: 800 775 3328
www.bdo.ca

BDO Canada LLP
148 - 10th Street
Brandon MB R7A 4E6 Canada

Independent Auditor's Report

To the Members of Young Men's Christian Association of Brandon

We have audited the accompanying financial statements of Young Men's Christian Association of Brandon (the Organization), which comprise the statement of financial position as at August 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, the accompanying financial statements present fairly, in all material respects, the financial position of the organization 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Chartered Professional Accountants

Brandon, Manitoba
October 20, 2020

Young Men's Christian Association of Brandon Statement of Financial Position

August 31	2020	2019
Assets		
Current Assets		
Cash	\$ 615,896	\$ 337,280
Restricted cash	658,074	547,311
Accounts receivable	316,620	36,960
Prepaid expenses	-	5,505
	1,590,590	927,056
Property, plant and equipment (Note 2)	14,853,313	15,630,053
	\$ 16,443,903	\$ 16,557,109
Liabilities and Net Assets		
Current Liabilities		
Accounts payable (Note 3)	\$ 250,866	\$ 251,894
Deferred revenue (Note 4)	187,005	102,256
Current portion of long-term debt (Note 5)	163,971	156,739
	601,842	510,889
Long-term debt (Note 5)	2,093,245	2,195,216
Deferred capital contributions (Note 6)	10,538,211	11,169,517
	13,233,298	13,875,622
Net Assets		
Unrestricted	3,210,605	2,681,487
	\$ 16,443,903	\$ 16,557,109

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

**Young Men's Christian Association of Brandon
Statement of Changes in Net Assets**

For the year ended August 31	2020	2019
Balance, beginning of year	\$ 2,681,487	\$ 2,705,374
Excess (deficiency) of revenues over expenses	<u>529,118</u>	<u>(23,887)</u>
Balance, end of year	\$ <u>3,210,605</u>	\$ 2,681,487

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

Young Men's Christian Association of Brandon Statement of Operations

For the year ended August 31

2020

2019

Revenue

Parent fees	\$ 1,854,073	\$ 2,221,782
Memberships	1,227,900	1,729,012
Province of Manitoba	1,245,667	1,254,673
Federal wage subsidy	782,692	-
City of Brandon	(3,503)	141,388
United Way	42,500	45,160
Amortization of deferred capital contributions	631,306	652,373
Fundraising and contributions	91,121	147,651
Interest income	14,643	17,232
Program revenue	274,086	348,944
Administration fees	32,689	18,745
	6,193,174	6,576,960
Amortization of property, plant and equipment	812,924	851,246
Bank interest and charges	68,122	85,755
Fundraising	34,017	13,199
Interest on long-term debt	104,723	114,920
Occupancy costs	563,977	646,265
Office supplies and expenses	44,138	73,870
Professional fees	11,231	18,200
Program supplies	173,476	262,631
Salaries and benefits	3,814,101	4,308,614
Training	29,104	68,108
Travel and vehicles	7,662	26,083
YMCA affiliation dues	100,746	109,816
	5,764,221	6,578,707
Excess (deficiency) of revenues over expenses before other items	428,953	(1,747)
Other Items		
Gain (loss) on investments	98,665	(22,140)
Gain on disposal of assets	1,500	-
	100,165	(22,140)
Excess (deficiency) of revenue over expenses	\$ 529,118	\$ (23,887)

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

Young Men's Christian Association of Brandon Statement of Cash Flows

For the year ended August 31	2020	2019
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenses	\$ 529,118	\$ (23,887)
Adjustments for		
Amortization of property, plant and equipment	812,924	851,246
	<u>1,342,042</u>	<u>827,359</u>
Changes in non-cash working capital balances		
Accounts receivable	(279,660)	170,878
Prepaid expenses	5,505	43,606
Accounts payable	(1,028)	45,163
Deferred capital contributions	(631,306)	(565,029)
Deferred revenue	84,749	(133,044)
	<u>(821,740)</u>	<u>(438,426)</u>
	<u>520,302</u>	<u>388,933</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(36,184)	(194,449)
Cash Flows from Financing Activities		
Repayment of long-term debt	(94,739)	(151,549)
Repayment of capital lease	-	(24,820)
	<u>(94,739)</u>	<u>(176,369)</u>
Increase in cash and cash equivalents	389,379	18,115
Cash and cash equivalents, beginning of year	884,591	866,476
Cash and cash equivalents, end of year	\$ 1,273,970	\$ 884,591
Represented by		
Cash	\$ 615,896	\$ 337,280
Restricted cash	658,074	547,311
	<u>\$ 1,273,970</u>	<u>\$ 884,591</u>

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

Young Men's Christian Association of Brandon

Notes to Financial Statements

August 31, 2020

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Young Men's Christian Association of Brandon is a charitable association dedicated to providing quality programs and services for all individuals in the development of spirit, mind and body, in Brandon and the surrounding area.

The organization is a non-profit entity; therefore any surplus that it generates is non-taxable.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost. Amortization is provided for on a declining balance basis in accordance with the following rates:

Buildings	5%
Computer equipment	30%
Equipment	20%
Intangibles	20%
Leasehold improvements	5%
Park	5%

Revenue Recognition

Pledge revenue and fundraising revenue are recorded when received. Grant revenue is recognized in the period that the expenditures related to the revenue are incurred. All other revenue is recorded when earned.

The organization follows the deferral method of accounting for restricted contributions. Contributions are recognized as revenue in the period the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributed Goods

Contributed goods and services are recorded in the financial statements at their estimated fair market value at the time of contribution when the fair value of the contributed goods and services can be reasonably estimated and when the goods and services are used in the normal course of operations and would have otherwise been purchased.

Young Men's Christian Association of Brandon

Notes to Financial Statements

August 31, 2020

1. Nature of Operations and Summary of 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 amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates have been used by management in the following areas:

The settlement amount of liabilities accrued at year end,

The recoverable amount of accounts receivable outstanding at year end,

The useful life of property, plant and equipment

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Young Men's Christian Association of Brandon Notes to Financial Statements

August 31, 2020

2. Property, Plant and Equipment

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 665,452	\$ -	\$ 665,452	\$ -
Buildings	18,562,352	5,546,708	18,562,352	4,861,674
Computer equipment	204,926	198,461	204,926	195,689
Equipment	1,503,468	1,149,911	1,470,117	1,071,772
Leasehold Improvements - Y-South	976,244	409,700	973,411	375,649
Leasehold improvements- Y-West	167,616	82,801	167,616	78,337
Leasehold improvements- New Era	20,559	10,005	20,559	9,450
Park	204,191	53,909	204,191	46,000
	\$ 22,304,808	\$ 7,451,495	\$ 22,268,624	\$ 6,638,571
Net book value		\$ 14,853,313		\$ 15,630,053

3. Accounts Payable

Included in accounts payable is \$49,289 (2019 - \$60,470) of government remittances payable.

4. Deferred Revenue

	2020	2019
Opening deferred revenue	\$ 102,256	\$ 235,300
Revenue received	7,870,928	3,884,455
Revenue recognized	(7,786,179)	(4,017,499)
	\$ 187,005	\$ 102,256

The deferred revenue balance is made up of unearned membership fees collected and restricted funds received for the purposes of capital improvement and expansion.

Young Men's Christian Association of Brandon Notes to Financial Statements

August 31, 2020

5. Long-Term Debt

	2020	2019
Royal Bank loan, repayable at \$10,000 monthly plus interest at 4.48%, secured by building with a carrying value of \$13,015,644, maturing in 2037.	\$ 2,184,000	\$ 2,244,000
Brandon Regional Health Authority loan, repayable at quarterly interest only payments of \$2,800 at 3.5%, for first 3 years. Remaining 10 years repayable quarterly at \$9,516 including interest at 3.5%, secured by land and building with a carrying value of \$571,897, maturing in 2023.	73,216	107,955
	2,257,216	2,351,955
Less amounts due within one year included in current liabilities	163,971	156,739
	\$ 2,093,245	\$ 2,195,216

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

2021	\$	163,971
2022		168,501
2023		139,744
2024		143,000
2025		149,000
Thereafter		1,493,000
	\$	2,257,216

Young Men's Christian Association of Brandon Notes to Financial Statements

August 31, 2020

6. Deferred Capital Contributions

Deferred capital contributions represent the unamortized portion of restricted contributions received that were used to purchase capital assets. Recognition of these amounts as revenue is deferred to the period when the related assets are amortized.

	<u>2020</u>	<u>2019</u>
Opening deferred capital contributions	\$ 11,169,517	\$ 11,734,546
Deferred capital contributions received	-	87,344
Deferred capital contributions recognized	<u>(647,577)</u>	<u>(652,373)</u>
Ending deferred capital contributions	<u>\$ 10,521,940</u>	<u>\$ 11,169,517</u>

7. Subsequent Event - COVID-19 Pandemic

The recent events of the COVID-19 pandemic have had an economic impact on Canada and globally. Young Men's Christian Association of Brandon has also been impacted by the pandemic. This includes, but is not limited to, a significant decline in market value of investments, a significant decline in revenue due to the membership suspensions, cancellation of spring/summer program enrollment and early termination of daycare enrollment. As well, Future economic conditions may impact the operations of the organization, such as ability to afford programs offered and daycare enrollment.

The organization was able to take advantage of the federal government CEWS wage subsidy program, after the overall decline in revenues was significant enough to qualify for the wage subsidy program for the months of March through to August. The subsidies received significantly helped the organization manage its operations amidst this pandemic, and were a big contributor to the organization's positive financial result for the fiscal year.

Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration and the related financial impact cannot be reasonably estimated.

8. Payments to Directors and Senior Staff

Over the course of a year the YMCA may carry out business transactions with suppliers of goods and services with whom there exists a non-arm's length relationship with either directors or senior managers of the YMCA. These transactions occur through the normal course of operations and are subject to normal procurement practice and policies and are reviewed in conjunction with the audit. During the fiscal year 2020, these transactions amounted to \$6,998 (2019 - \$NIL) with two different companies.

Young Men's Christian Association of Brandon

Notes to Financial Statements

August 31, 2020

9. Financial Risk Management

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 the financial instruments except as otherwise noted.

Market Risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk.

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The investments of the entity are exposed to interest rate risk. The long term debt is also affected by interest rate risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The entity is exposed to other price risk.

Liquidity Risk

Liquidity risk is the risk that the entity will encounter difficulty in having available sufficient funds to meet its commitments. It is the entity's policy to ensure that it will have sufficient cash and short term investments to allow it to meet its liabilities when they come due.

Credit Risk

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

Credit risk arises principally from receivables. The entity's receivables are the result of grant funding and related holdbacks receivable, credit card payments and a large number of small customer balances receivable. Due to the nature of these balances, collectibility is reasonably assured. The credit risk is minimal.

10. Prior Year's figures

The prior year's figures have been restated to conform to the current year's presentation.