Financial Statements 2021 - 2022

August 31, 2022

YMCA-YWCA of Winnipeg

MNP LLP

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

Opinion

We have audited the financial statements of The Young Men's and Young Women's Christian Association of Winnipeg Incorporated (the "Association"), which comprise the balance sheet as at August 31, 2022, 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 Association as at August 31, 2022, 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 for the Audit of the Financial Statements section of our report. We are independent of the Association 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 the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba

December 12, 2022

MNP LLP

Chartered Professional Accountants

YMCA and YWCA of Winnipeg Inc.
Balance Sheet
As at August 31, 2022

	2022	*2021*
Assets		
Current		
Cash	**5,351,713**	3,003,058
Accounts receivable *(Note 3)*	**802,579**	1,249,677
Prepaid expenses and deposits	**414,767**	461,679
	6,569,059	4,714,414
Capital assets *(Note 4)*	**13,039,777**	13,750,909
Restricted cash and investments *(Note 6)*	**2,471,063**	2,444,518
	22,079,899	20,909,841
Liabilities		
Current		
Accounts payable and accrued liabilities	**2,222,025**	1,601,866
Deferred revenue	**3,116,973**	676,578
Current portion of long-term debt *(Note 7)*	**112,000**	112,000
	5,450,998	2,390,444
Deferred building and equipment capital contributions *(Note 8)*	**8,236**	41,870
Deferred contributions related to capital assets *(Note 9)*	**2,089,612**	2,213,454
Long-term debt *(Note 7)*	**140,000**	252,000
	7,688,846	4,897,768
Net Assets		
Net assets invested in and committed to capital assets	**13,160,992**	13,576,103
Unrestricted net assets	**1,230,061**	2,435,970
	14,391,053	16,012,073
	22,079,899	20,909,841

Approved on behalf of the Board

e-Signed by Russell Rollins
2022-12-16 11:00:28:28 CST
Director

e-Signed by Virginia Dueck
2022-12-16 12:27:27:27 CST
Director

The accompanying notes are an integral part of these financial statements

YMCA and YWCA of Winnipeg Inc.
Statement of Operations
For the year ended August 31, 2022

	2022	2021
Revenue		
Membership fees	**4,867,870**	1,902,984
Program fees	**6,059,463**	4,269,461
Government purchase of service *(Note 15)*	**9,788,704**	13,731,256
United Way	**485,008**	481,420
Amortization of deferred contributions *(Note 9)*	**288,123**	572,422
Other contributions and fundraising *(Note 13)*	**168,591**	130,580
Interest income	**57,475**	20,657
Rentals and other income	**150,468**	70,964
	21,865,702	21,179,744
Expenses		
Salaries and wages	**12,578,815**	10,785,319
Benefits	**3,588,773**	3,048,438
Repairs and maintenance and minor refurbishments	**1,124,572**	856,295
Utilities	**863,235**	444,698
Amortization of capital assets	**1,569,069**	1,525,445
Bank charges	**255,879**	153,932
Interest on long-term debt	**10,708**	12,509
Interest on bank indebtedness	**-**	310
Contracted services	**593,564**	347,601
Maintenance supplies	**287,819**	173,140
Program and office supplies	**263,655**	158,976
Provisions	**195,305**	26,996
Property taxes	**139,388**	132,045
Insurance	**409,326**	381,940
Facility rent *(Note 10)*	**271,453**	438,662
Equipment	**489,530**	334,229
Telephone	**205,175**	149,331
Postage	**15,820**	11,859
Promotion	**80,259**	23,332
Travel, transportation and excursions	**198,747**	70,221
Training	**111,332**	70,713
National allocations	**314,318**	156,810
Recovery of GST	**(141,107)**	(37,590)
Other	**61,087**	50,240
	23,486,722	19,315,451
Excess (deficiency) of revenue over expenses before other items	**(1,621,020)**	1,864,293
Other items		
Gain on disposal of capital assets	**-**	108,704
Excess (deficiency) of revenue over expenses	**(1,621,020)**	1,972,997

The accompanying notes are an integral part of these financial statements

MNP LLP

YMCA and YWCA of Winnipeg Inc.
Statement of Changes in Net Assets
For the year ended August 31, 2022

	Invested in capital assets	*Unrestricted*	*2022*	*2021*
Balance - beginning of year	**13,576,103**	**2,435,970**	**16,012,073**	14,039,076
Deficiency of revenue over expenses	**(1,223,471)**	**(397,549)**	**(1,621,020)**	1,972,997
Investment in capital assets	**808,360**	**(808,360)**	**-**	-
Balance - end of year	**13,160,992**	**1,230,061**	**14,391,053**	16,012,073

The accompanying notes are an integral part of these financial statements

YMCA and YWCA of Winnipeg Inc.
Statement of Cash Flows
For the year ended August 31, 2022

	2022	*2021*
Cash provided by (used in)		
Operating		
Excess (deficiency) of revenue over expenses	**(1,621,020)**	1,972,997
Amortization of capital assets	**1,569,069**	1,525,445
Amortization of deferred contributions	**(288,123)**	(572,422)
Gain on disposal of capital assets	**-**	(108,704)
Changes in working capital accounts		
Accounts receivable	**447,098**	449,703
Prepaid expenses and deposits	**46,912**	(345,771)
Accounts payable and accruals	**620,159**	(132,029)
Deferred revenue	**2,440,395**	19,946
Deferred contribution receivable	**(26,593)**	22,323
	3,187,897	2,831,488
Financing		
Capital contributions received	**157,240**	232,476
Repayment of long-term debt	**(112,000)**	(102,667)
	45,240	129,809
Investing		
Additions to capital assets	**(857,937)**	(237,621)
Proceeds from disposal of capital asset	**-**	452,062
Change in restricted cash and investments	**(26,545)**	(472,511)
	(884,482)	(258,070)
Increase in cash and cash equivalents	**2,348,655**	2,703,227
Cash and cash equivalents - beginning of year	**3,003,058**	299,831
Cash and cash equivalents, end of year	**5,351,713**	3,003,058

1. **Nature of the operations**

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

2. **Significant accounting policies**

Basis of presentation

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) set out in Part III of the CPA Canada Handbook - Accounting and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents consist of funds on deposit and cash balances held at brokers. Cash subject to restrictions that prevents its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

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

	Years
Buildings	20 years
Furniture, equipment and vehicles	3 years

Revenue recognition

The Association follows the deferral method of accounting for contributions.

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

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

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

Investment income is recognized as revenue when earned.

Contributions, memberships, program fees and other receipts that do not meet these criteria are reported as deferred revenue. Miscellaneous, rental and other income and interest is recognized when earned.

Government assistance

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

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

Contributed services

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

Financial instruments

The Association recognizes financial instruments when the Association becomes party to the contractual provisions of the financial instrument.

Financial asset impairment

The Association assesses impairment of all its financial assets measured at cost or amortized cost. The Association groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. 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; etc in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Association 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 at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Association reduces the carrying amount of the asset or group of assets, to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Association reduces the carrying amount of the asset or group of assets, to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Association 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 excess (deficiency) of revenue over expenses in the year the reversal occurs.

Use of estimates

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

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.

The COVID-19 pandemic has caused a disruption to the economy and as a result the Association has incorporated its impact on future cash flow projections which include making assumptions and estimates regarding the timing and amounts of future revenues and expenses and the ability to manage liquidity (Note 14).

3. Accounts receivable

	2022	2021
Membership and program fees	**452,859**	302,883
Capital campaign pledges	**8,236**	34,829
Other receivables (Note 15)	**341,484**	911,965
	802,579	1,249,677

4. Capital assets

	Cost	**Accumulated amortization**	**2022 Net book value**
Land	**1,178,799**	**-**	**1,178,799**
Buildings	**41,927,620**	**31,450,763**	**10,476,857**
Furniture, equipment and vehicles	**9,011,079**	**7,712,845**	**1,298,234**
Computer equipment and software	**773,671**	**687,784**	**85,887**
	52,891,169	**39,851,392**	**13,039,777**

	Cost	*Accumulated amortization*	*2021 Net book value*
Land	1,178,799	-	1,178,799
Buildings	41,789,983	30,081,382	11,708,601
Furniture, equipment and vehicles	8,373,455	7,522,891	850,564
Computer equipment and software	690,995	678,050	12,945
	52,033,232	38,282,323	13,750,909

5. Bank indebtedness

The Association has an operating credit facility with the TD bank of up to $1,000,000. It bears interest at the bank prime rate plus 0.5% currently 5.20% (2021 - 2.95%). The facility can be used for working capital purposes and is payable on demand. As at August 31, 2022, the Association had $nil drawn on the facility (2021 - $nil).

6. Restricted cash and investments

The Association's Board of Directors authorized the appropriation of cash towards future capital projects. Investments are comprised of money market mutual funds and guaranteed investment certificates which has a market value of $2,471,063 (2021 - $2,444,518) at year end.

7. Long-term debt

The Association has an additional $1,000,000 term loan facility that was used to finance certain improvements to the Association's West Portage Branch. The term facility is repayable over 10 years with monthly payments of $8,333 plus interest. Effective April 26, 2020, principal payments for the term facility were suspended for a six-month period. These principal payments resumed on October 26, 2020 at an amount of $9,333. The term facility matures on November 26, 2024. Interest on the term loan facilities is based on a variable rate equivalent to bank prime plus 0.5%, currently 5.20% (2021 - 2.95%).

The Association must maintain a defined debt service ratio. As at August 31, 2022, the Association was not in compliance with this covenant. As such, a waiver was obtained from the respective financial institution, in order to present the facility as long term. Bank indebtedness and long-term debt owing to the TD Bank are secured by a general security agreement representing a first charge on all of the Association's property and mortgage collateral on the Association's West Portage Branch's real property.

	2022	*2021*
Term facility bearing interest at 5.20% (2021 – 2.95%) payable in monthly instalments of $9,333, maturing on November 26, 2024.	**252,000**	364,000
Less: current portion	**112,000**	112,000
	140,000	252,000

Principal repayments on long-term debt in each of the next three years, assuming long-term debt subject to refinancing is renewed are estimated as follows:

2023	112,000
2024	112,000
2025	28,000
	252,000

8. Deferred building and equipment capital contributions

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

Changes in the deferred contribution balance are as follows:

	2022	*2021*
Balance - beginning of year	**41,870**	12,505
Contributions recorded during the year	**130,647**	254,799
Capital expenditures (Note 9)	**(164,281)**	(225,434)
Balance - end of year	**8,236**	41,870

9. Deferred contributions related to capital assets

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

	2022	*2021*
Balance - beginning of year	**2,213,454**	2,560,442
Transferred from deferred building and equipment capital contributions account (Note 8)	**164,281**	225,434
	2,377,735	2,785,876
Less: amounts amortized to revenue	**288,123**	572,422
Balance - end of year	**2,089,612**	2,213,454

10. Related party transactions

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

Further, the Association had entered into a joint operating agreement with various other unrelated parties who occupy the NEWC. Under this agreement, the Association occupied space in the NEWC and ran programs from that space for nominal fees. Based on its relative share of the space occupied, the Association received $47,214 due to the Association over contributing during the fiscal period (2021 - paid $130,172). The Association exited the joint arrangement during the period and no longer acts in the capacities described above.

11. Commitments

The Association has entered into various lease agreements with estimated minimum annual payments as follows:

2023	143,621
2024	131,513
2025	130,611
2026	130,611
2027	116,617

12. Pension plans

Certain of the Association's employees participate in the YMCA Canada Pension Plan, a defined contribution multi-employer pension plan. Contributions to this plan amount to 5% of the qualifying employees' gross earnings and administration fees. For the year ended August 31, 2022, the Association contributed and expensed $659,507 (2021- $527,260) in respect of this plan.

Certain former employees participate in the United Way Agencies Employee Benefits Pension Plan, a defined benefit pension plan. The Association recognizes a pension expense related to this plan based on requested contributions. For the year ended August 31, 2022, the Association contributed and expensed $nil (2021- $nil) in respect of this plan.

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

The Winnipeg Foundation has established the Young Men's and Young Women's Christian Association of Winnipeg Incorporated Endowment Fund ("Endowment Fund"), whose purpose is to provide income to support community development programs and other projects of the Association. The Association is the beneficiary of the net income of the Endowment Fund. The Endowment Fund is maintained and administered by The Winnipeg Foundation. At August 31, 2022 the Endowment Fund had a contributed capital balance of $371,884 (2021 - $370,276) and a market value of $582,475 (2021 - $660,430). During the year, the Association received income of $28,765 (2021 - $27,137) from the Endowment Fund.

The Winnipeg Foundation has also established the Camp Stephens Campership Fund ("Campership Fund") whose purpose is to provide support for families to participate in programs offered at Camp Stephens. At August 31, 2022, the Campership Fund had a contributed capital balance of $145,372 (2021 - $145,372) and a market value of $209,277 (2021 - $238,043). During the year, the Association received income of $10,502 (2021 - $10,162) from the Campership Fund.

The Winnipeg Foundation has also established the Dave McGimpsey Campership Fund ("McGimpsey Fund") whose purpose is to provide support for families to participate in programs offered at Camp Stephens. At August 31, 2022, the McGimpsey Fund had a contributed capital balance of $49,150 (2021 - $46,462) and a market value of $56,429 (2021 - $61,101). During the year, the Association received income of $2,560 (2021 - $2,275) from the McGimpsey Fund.

14. Financial Instruments

The Association as part of its operations carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk the Association will not be able to meet its financial obligations associated with financial liabilities in full. A range of alternatives is available to the Association including cash flow provided by operations, additional debt, or a combination thereof. As at August 31, 2022, the Association had a net working capital of $1,120,183 (2021 - capital of $2,323,970) and a deficiency of revenue over expenses of $1,618,898 (2021 - excess of revenue over expenses of $1,972,997). The Association expects to be able to meet its financial obligations in the foreseeable future.

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

During the year the Association was subject to public health orders including restrictions on capacity, vaccine mandates and masking mandates. While there were no required shutdowns the restrictions and the public health crisis did reduce membership numbers below pre-pandemic levels. The Association is currently addressing the challenges related to the COVID-19 pandemic by managing costs and exploring alternative revenue opportunities, which includes applying for government assistance.

Credit risk

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

Currency and interest rate risks

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

15. Government assistance

During the year, the Association was eligible for the Canada Emergency Wage Subsidy (CEWS) and recorded $1,538,449 (2021 - $6,503,750) within Government purchase of services. At August 31, 2022 the Association has $nil (2021 - $728,299) accrued for amounts to be received under the CEWS program in accounts receivable.

During the year, the Association was also eligible for the Canada Emergency Rent Subsidy (CERS) and recorded $40,487 (2021 -$441,658) within Government purchase of services. At August 31, 2022 the Association has $nil (2021 - $167,737) accrued for amounts to be received under the CERS program in accounts receivable.

16. Significant event

In 2020 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 Association as this will depend on future development 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.