The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Financial Statements

August 31, 2021

Independent Auditor's Report

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, 2021, 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, 2021, 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.

Other Matter

The prior year's financial statements of the Association were audited by another Chartered Professional Accountant who issued an unmodified report dated January 27, 2021.

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.

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

MNP LLP

November 24, 2021

Chartered Professional Accountants

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated
Balance Sheet
As at August 31, 2021

	2021	*2020*
Assets		
Current		
Cash	**3,003,058**	299,831
Accounts receivable *(Note 3)*	**1,249,677**	1,699,379
Prepaid expenses and deposits	**461,679**	115,908
	4,714,414	2,115,118
Capital assets *(Note 4)*	**13,750,909**	15,382,092
Restricted cash and investments *(Note 6)*	**2,444,518**	1,972,007
	20,909,841	19,469,217
Liabilities		
Current		
Accounts payable and accrued liabilities	**1,601,866**	1,733,895
Deferred revenue	**676,578**	656,632
Current portion of long-term debt *(Note 7)*	**112,000**	102,667
	2,390,444	2,493,194
Deferred building and equipment capital contributions *(Note 8)*	**41,870**	12,505
Deferred contributions related to capital assets *(Note 9)*	**2,213,454**	2,560,442
Long-term debt *(Note 7)*	**252,000**	364,000
	4,897,768	5,430,141
Net Assets		
Net assets invested in and committed to capital assets	**13,576,103**	14,314,485
Unrestricted net assets (deficiency)	**2,435,970**	(275,409)
	16,012,073	14,039,076
	20,909,841	19,469,217

Approved on behalf of the Board

DocuSigned by:
Russell Rollins
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Director

DocuSigned by:
Jeff Cochrane
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Director

The accompanying notes are an integral part of these financial statements

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Statement of Operations

For the year ended August 31, 2021

	2021	*2020*
Revenue		
Membership fees	**1,902,984**	6,271,393
Program fees	**4,269,461**	4,000,457
Government purchase of service *(Note 15)*	**13,731,256**	8,951,386
United Way	**481,420**	482,940
Amortization of deferred contributions *(Note 9)*	**572,422**	285,207
Other contributions and fundraising *(Note 13)*	**130,580**	175,386
Interest income	**20,657**	30,808
Rentals and other income	**70,964**	151,983
	21,179,744	20,349,560
Expenses		
Salaries and wages	**10,785,319**	10,998,083
Benefits	**3,048,438**	3,131,031
Repairs and maintenance and minor refurbishments	**856,295**	779,715
Utilities	**444,698**	835,580
Amortization of capital assets	**1,525,445**	1,548,808
Bank charges	**153,932**	283,574
Interest on long-term debt	**12,509**	18,593
Interest on bank indebtedness	**310**	2,486
Contracted services	**347,601**	504,512
Maintenance supplies	**173,140**	351,273
Program and office supplies	**158,976**	184,484
Provisions	**26,996**	130,054
Property taxes	**132,045**	137,133
Insurance	**381,940**	176,601
Facility rent *(Note 10)*	**438,662**	424,194
Equipment	**334,229**	368,933
Telephone	**149,331**	109,366
Postage	**11,859**	7,526
Promotion	**23,332**	78,802
Travel, transportation and excursions	**70,221**	175,356
Training	**70,713**	114,396
National allocations	**156,810**	380,603
Recovery of GST	**(37,590)**	(129,024)
Other	**50,240**	67,917
	19,315,451	20,679,996
Excess (deficiency) of revenue over expenses before other items	**1,864,293**	(330,436)
Other items		
Gain on disposal of capital assets	**108,704**	-
Excess (deficiency) of revenue over expenses	**1,972,997**	(330,436)

The accompanying notes are an integral part of these financial statements

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated

Statement of Changes in Net Assets

For the year ended August 31, 2021

	Invested in capital assets	*Unrestricted*	*2021*	*2020*
Balance - beginning of year	**14,314,485**	**(275,409)**	**14,039,076**	14,369,512
Excess (deficiency) of revenue over expenses	**(823,662)**	**2,796,659**	**1,972,997**	(330,436)
Investment in capital assets	**85,280**	**(85,280)**	**-**	-
Balance - end of year	**13,576,103**	**2,435,970**	**16,012,073**	14,039,076

The accompanying notes are an integral part of these financial statements

The Young Men's and Young Women's Christian Association of Winnipeg Incorporated
Statement of Cash Flows
For the year ended August 31, 2021

	2021	2020
Cash provided by (used in)		
Operating		
Excess (deficiency) of revenue over expenses	**1,972,997**	(330,436)
Amortization of capital assets	**1,525,445**	1,548,808
Amortization of deferred contributions	**(572,422)**	(285,207)
Gain on disposal of capital assets	**(108,704)**	-
Changes in working capital accounts		
Accounts receivable	**449,703**	(892,818)
Prepaid expenses and deposits	**(345,771)**	275,948
Accounts payable and accruals	**(132,029)**	63,421
Deferred revenue	**19,946**	448,870
Deferred contribution receivable	**22,323**	(37,963)
	2,831,488	790,623
Financing		
Capital contributions received	**232,476**	114,033
Repayment of long-term debt	**(102,667)**	(58,333)
	129,809	55,700
Investing		
Additions to capital assets	**(237,621)**	(715,928)
Proceeds from disposal of capital asset	**452,062**	-
Change in restricted cash and investments	**(472,511)**	(27,246)
	(258,070)	(743,174)
Increase in cash and cash equivalents	**2,703,227**	103,149
Cash and cash equivalents - beginning of year	**299,831**	196,682
Cash and cash equivalents, end of year	**3,003,058**	299,831

The accompanying notes are an integral part of these financial statements

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
Computer equipment and software	5 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.

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.

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations.

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

Financial liabilities measured at amortized cost include bank indebtedness, outstanding cheques, long-term debt and accounts payable and accrued liabilities.

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, etc. 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. If so, 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; 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 earnings.

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 net income/loss 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 13).

3. Accounts receivable

	2021	2020
Membership and program fees	**302,883**	346,713
Capital campaign pledges	**34,829**	12,505
Other receivables (Note 15)	**911,965**	1,340,161
	1,249,677	1,699,379

4. Capital assets

	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**

	Cost	Accumulated amortization	2020 Net book value
Land	**1,193,017**	**-**	**1,193,017**
Buildings	**42,619,474**	**29,318,665**	**13,300,809**
Furniture, equipment and vehicles	**8,401,094**	**7,545,172**	**855,922**
Computer equipment and software	**690,995**	**658,651**	**32,344**
	52,904,580	**37,522,488**	**15,382,092**

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 2.95% (2020 - 2.95%). The facility can be used for working capital purposes and is payable on demand. As at August 31, 2021, the Association had $nil drawn on the facility (2020 - $nil).

6. Restricted cash and investments

The Associations Board of Directors authorized the appropriation of cash towards future capital projects. Investments are comprised of money market mutual funds which has a market value of $2,442,518 (2020 - $1,972,007) 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 2.95% (2020 - 2.95%).

The Association must maintain a defined debt service ratio. As at August 31, 2021, the Association was in compliance with this covenant. 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.

	2021	*2020*
Term facility bearing interest at 2.95% (2020 – 2.95%) payable in monthly instalments of $9,333, maturing on November 26, 2024.	**364,000**	466,667
Less: current portion	**112,000**	102,667
	252,000	364,000

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

2022	112,000
2023	112,000
2024	112,000
2025	28,000
	364,000

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:

	2021	*2020*
Balance - beginning of year	**12,505**	106,691
Contributions recorded during the year	**254,799**	76,070
Capital expenditures (Note 9)	**(225,434)**	(170,256)
Balance - end of year	**41,870**	12,505

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:

	2021	*2020*
Balance - beginning of year	**2,560,442**	2,675,393
Transferred from deferred building and equipment capital contributions account (Note 8)	**225,434**	170,256
	2,785,876	2,845,649
Less: amounts amortized to revenue	**572,422**	285,207
Balance - end of year	**2,213,454**	2,560,442

10. Related party transactions

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

Further, the Association has entered into a joint operating agreement with various other unrelated parties who occupy the NEWC. Under this agreement, the Association occupies space in the NEWC and runs programs from that space for nominal fees. Based on its relative share of the space occupied, the Association paid $130,172 (2020 - $141,204), which is the Association's share of the operating costs of the NEWC.

11. Commitments

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

2022	189,541
2023	56,878
2024	55,976
2025	55,976
2026	55,976
Thereafter	41,982

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, 2021, the Association contributed and expensed $527,260 (2020- $521,012) 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, 2021, the Association contributed and expensed $nil (2020- $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, 2021 the Endowment Fund had a contributed capital balance of $370,276 (2020 - $367,387) and a market value of $660,430 (2020 - $585,543). During the year, the Association received income of $27,137 (2020 - $25,578) 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, 2021, the Campership Fund had a contributed capital balance of $145,372 (2020 - $145,372) and a market value of $238,043 (2020 - $212,467). During the year, the Association received income of $10,162 (2020 - $10,007) 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, 2021, the McGimpsey Fund had a contributed capital balance of $46,462 (2020 - $45,099) and a market value of $61,101 (2020 - $52,864). During the year, the Association received income of $2,275 (2020 - $1,912) 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, 2021, the Association had a net working capital of $2,323,970 (2020 - deficit of $378,076) and an excess of revenue over expenses of $1,972,997 (2020 - deficiency of revenue over expenses of $330,346). 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.

Due to public health orders from the Province of Manitoba, the Association's health and fitness facilities closed in November of 2020 and reopened February of 2021. The Association was also closed due to public health orders from May of 2021 until reopening in July 2021. As a result of the closures, all memberships were temporarily placed on hold during the closed periods. 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.

14. Financial Instruments *(Continued from previous page)*

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 $6,503,750 (2020 -$2,459,844) within Government purchase of services. At August 31, 2021 the Association has $728,299 (2020 - $1,222,117) 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 $441,658 (2020 -$nil) within Government purchase of services. At August 31, 2021 the Association has $167,737 (2020 - $nil) accrued for amounts to be received under the CERS program in accounts receivable.

16. Significant event

During the prior 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 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.