

The YMCA of  
Hamilton/Burlington/Brantford  
Financial Statements  
For the year ended December 31, 2020

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Hamilton/Burlington/Brantford  
Financial Statements  
For the year ended December 31, 2020**

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## Independent Auditor's Report

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To the Members of  
The YMCA of Hamilton/Burlington/Brantford

### Opinion

We have audited the financial statements of The YMCA of Hamilton/Burlington/Brantford (the "YMCA"), which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, operations 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 YMCA as at December 31, 2020, and its results of 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 YMCA 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 YMCA'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 YMCA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the YMCA'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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## Independent Auditor's Report (Continued)

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### Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 YMCA'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 YMCA'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 YMCA 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, Licensed Public Accountants  
Oakville, Ontario  
May 25, 2021

## The YMCA of Hamilton/Burlington/Brantford Statement of Financial Position

| December 31   | 2020          | 2019          |
|---|---------------|---------------|
| <b>Assets</b>   |               |               |
| <b>Current</b>  |               |               |
| Cash and cash equivalents (Note 2)                      | \$ 489,532    | \$ 2,534,330  |
| Accounts receivable                                     | 4,295,445     | 1,078,874     |
| Inventories and prepaid expenses                        | 766,686       | 877,663       |
| Restricted cash (Note 3)                                | 200,733       | 1,005,856     |
| Current portion of capital project receivables (Note 4) | 261,166       | 261,166       |
| Special program funds receivable (Note 5)               | -             | 383,003       |
|   | 6,013,562     | 6,140,892     |
| <b>Capital campaign pledges receivable</b>              | 42,500        | 74,000        |
| <b>Investments</b> (Note 6)                             | 8,533,171     | 8,424,063     |
| <b>Capital assets</b> (Note 4)                          | 61,848,623    | 65,065,788    |
| <b>Capital project receivables</b> (Note 4)             | 1,044,395     | 1,305,561     |
|   | \$ 77,482,251 | \$ 81,010,304 |
| <b>Liabilities</b>                                      |               |               |
| <b>Current</b>  |               |               |
| Accounts payable and accrued liabilities                | \$ 8,552,775  | \$ 5,765,711  |
| Deferred revenue (Note 8)                               | 700,941       | 935,436       |
| Special programs funds payable (Note 5)                 | 745,448       | -             |
| Current portion of capital project payables (Note 4)    | 261,166       | 261,166       |
| Credit facilities (Note 9)                              | 1,490,539     | 3,169,420     |
| Current portion of capital lease obligations (Note 10)  | 63,160        | 267,477       |
|   | 11,814,029    | 10,399,210    |
| <b>Capital project payables</b> (Note 4)                | 1,044,395     | 1,305,561     |
| <b>Capital lease obligations</b> (Note 10)              | -             | 63,160        |
|   | 12,858,424    | 11,767,931    |
| <b>Deferred capital contributions</b> (Note 11)         | 39,003,413    | 40,547,226    |
| <b>Net assets</b>                                       |               |               |
| Invested in endowment (Note 13)                         | 7,130,314     | 7,136,206     |
| Internally restricted (Note 14)                         | 1,388,257     | 1,750,676     |
| Invested in capital and intangible assets (Note 12)     | 21,870,673    | 22,495,182    |
| General   | (4,768,830)   | (2,686,917)   |
|   | 25,620,414    | 28,695,147    |
|   | \$ 77,482,251 | \$ 81,010,304 |

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

**The YMCA of Hamilton/Burlington/Brantford  
Statement of Changes in Net Assets**

**For the year ended December 31**

|   | Invested in<br>Endowment | Internally<br>Restricted | Unrestricted                                    |                | Total<br>2020 | Total<br>2019 |
|---|--------------------------|--------------------------|---|----------------|---------------|---------------|
|   |                          |                          | Invested in<br>Capital and<br>Intangible Assets | General        |               |               |
| <b>Balance, beginning of year</b>                       | \$ 7,136,206             | \$ 1,750,676             | \$ 22,495,182                                   | \$ (2,686,917) | \$ 28,695,147 | \$ 27,410,135 |
| <b>Excess (deficiency) of revenue<br/>over expenses</b> | -                        | -                        | (2,339,530)                                     | (735,203)      | (3,074,733)   | 1,285,012     |
| <b>Investment in capital and<br/>intangible assets</b>  | -                        | (481,364)                | 1,715,021                                       | (1,233,657)    | -             | -             |
| <b>Transfers (Notes 13 and 14)</b>                      | (5,892)                  | 118,945                  | -   | (113,053)      | -             | -             |
| <b>Balance, end of year</b>                             | \$ 7,130,314             | \$ 1,388,257             | \$ 21,870,673                                   | \$ (4,768,830) | \$ 25,620,414 | \$ 28,695,147 |

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

## The YMCA of Hamilton/Burlington/Brantford Statement of Operations

| For the year ended December 31                                    | 2020                  | 2019                |
|---|-----------------------|---------------------|
| <b>Revenue</b>  |                       |                     |
| Child care fees   | \$ 10,917,707         | \$ 24,727,594       |
| Membership fees   | 3,491,211             | 9,068,471           |
| Program fees  | 1,355,696             | 7,019,617           |
| Purchase of service (Note 16)                                     | 13,608,249            | 16,442,995          |
| Other   | 546,162               | 897,953             |
| Donations   | 428,521               | 1,812,245           |
| United Way  | 205,812               | 244,793             |
| Investment income   | 169,109               | 179,062             |
| Government COVID subsidy (Note 19)                                | 8,147,990             | -                   |
|   | <b>38,870,457</b>     | <b>60,392,730</b>   |
| <b>Expenses</b>   |                       |                     |
| Salaries and benefits   | 28,113,298            | 40,470,418          |
| Program costs   | 5,323,011             | 8,422,223           |
| Facility costs  | 6,025,358             | 7,419,880           |
| Financing costs   | 125,658               | 147,339             |
| Allocation to YMCA Canada   | 154,170               | 600,600             |
| Other income (Note 14)  | (118,945)             | (667,575)           |
|   | <b>39,622,550</b>     | <b>56,392,885</b>   |
| <b>Excess of revenue over expenses<br/>before the under noted</b> | <b>(752,093)</b>      | <b>3,999,845</b>    |
| Amortization of capital assets                                    | (3,914,028)           | (3,313,644)         |
| Amortization of deferred<br>capital contributions                 | 1,574,499             | 1,597,586           |
| Impairment of intangible asset (Note 7)                           | -                     | (1,865,420)         |
| Fair value changes in investments                                 | 16,889                | 866,645             |
|   | <b>(2,322,640)</b>    | <b>(2,714,833)</b>  |
| <b>Excess of revenue over expenses</b>                            | <b>\$ (3,074,733)</b> | <b>\$ 1,285,012</b> |

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

## The YMCA of Hamilton/Burlington/Brantford Statement of Cash Flows

| For the year ended December 31                          | 2020               | 2019                |
|---|--------------------|---------------------|
| <b>Cash and cash equivalents provided by (used in)</b>  |                    |                     |
| <b>Operating activities</b>                             |                    |                     |
| Excess of revenue over expenses                         | \$ (3,074,733)     | \$ 1,285,012        |
| Items not affecting cash and cash equivalents           |                    |                     |
| Amortization of capital assets                          | 3,914,028          | 3,313,644           |
| Amortization of deferred capital contributions          | (1,574,499)        | (1,597,586)         |
| Fair value changes in investments                       | (16,889)           | (866,645)           |
| Impairment of intangible asset                          | -                  | 1,865,420           |
| Changes in non-cash working capital balances            |                    |                     |
| Accounts receivable                                     | (3,216,571)        | 2,579,858           |
| Inventories and prepaid expenses                        | 110,977            | (37,247)            |
| Capital project receivables                             | 261,166            | 1,097,435           |
| Special program funds receivable                        | 1,128,451          | 205,602             |
| Accounts payable and accrued liabilities                | 2,787,064          | 1,094,209           |
| Deferred revenue  | (234,495)          | (2,738,622)         |
| Capital project payables                                | (261,166)          | (1,097,435)         |
|   | <u>(176,667)</u>   | <u>5,103,645</u>    |
| <b>Investing activities</b>                             |                    |                     |
| Capital asset purchases                                 | (696,863)          | (1,762,077)         |
| Intangible asset purchases                              | -                  | (427,056)           |
| Endowment investment purchases                          | (92,219)           | (1,121,032)         |
| Proceeds from capital campaign pledges receivable       | 31,500             | 233,000             |
| Proceeds from restricted cash                           | 805,123            | 409,744             |
|   | <u>47,541</u>      | <u>(2,667,421)</u>  |
| <b>Financing activities</b>                             |                    |                     |
| Capital contributions received/receivable               | 30,686             | 12,299              |
| Repayment of credit facilities                          | (1,678,881)        | (819,495)           |
| Repayment of capital lease obligations                  | (267,477)          | (433,987)           |
|   | <u>(1,915,672)</u> | <u>(1,241,183)</u>  |
| <b>Increase (decrease) in cash and cash equivalents</b> | <b>(2,044,798)</b> | <b>1,195,041</b>    |
| <b>Cash and cash equivalents, beginning of year</b>     | <b>2,534,330</b>   | <b>1,339,289</b>    |
| <b>Cash and cash equivalents, end of year</b>           | <b>\$ 489,532</b>  | <b>\$ 2,534,330</b> |

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

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# The YMCA of Hamilton/Burlington/Brantford

## Notes to Financial Statements

December 31, 2020

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### 1. Significant Accounting Policies

#### **Nature of Business**

The charitable mission and vision statements of The YMCA of Hamilton/Burlington/Brantford are:

#### Charitable Mission

The YMCA of Hamilton/Burlington/Brantford is a charitable organization helping people achieve personal growth in spirit, mind and body through participation and service to the community.

#### Vision

The YMCA of Hamilton/Burlington/Brantford will focus on healthy communities in which individuals and families have opportunities to reach their potential.

The YMCA of Hamilton/Burlington/Brantford was founded in 1856 and was incorporated under the Ontario Corporations Act without share capital in 1886. The YMCA is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The YMCA's core offerings include provision of child care through 21 (2019 - 22) licensed pre-school childcare centres and 87 (2019 - 89) licensed before and after school programs throughout Hamilton, Burlington and Brantford. The YMCA operates 5 (2019 - 5) health, fitness and recreation centres and provides numerous community, outreach, settlement and newcomer services throughout the communities it serves.

#### **Basis of Accounting**

The financial statements of the YMCA have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Revenue Recognition**

Child care fees, membership fees and program fees are recognized over the related period of service. Purchase of service and general operating grants are recorded as revenue when the service is provided.

The YMCA follows the deferral method of accounting for contributions and donations.

Unrestricted revenues, including donations, are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions relating to the purchase of amortizable capital assets are amortized on the same basis as the related assets.

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

Endowment donations are recognized as revenue during the year. Investment income (losses) of the assets of the endowment net asset balance are added to the endowment. The Board of Directors has approved a transfer of these amounts from general net assets to net assets invested in endowment. The endowment donations are administered by the YMCA's Endowment Fund Committee.

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# The YMCA of Hamilton/Burlington/Brantford

## Notes to Financial Statements

December 31, 2020

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### 1. Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

The Association runs a Strong Kids Annual Giving Program campaign to raise much needed resources to support proven YMCA programs that give kids the opportunities they need to reach their full potential. A portion of the donations received that are intended for programs that will occur subsequent to year end are deferred. The revenue related to Strong Kids Annual Giving Program is included in donations revenue on the statement of operations.

#### Contributed Services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit with financial institutions and money market funds that are readily convertible to cash.

#### Inventories

Inventories include maintenance, program and office supplies and are measured at the lower of cost and net realizable value.

#### Capital Campaign Pledges Receivable

Capital campaign pledges are recorded as an asset when there is a written pledge, the amount to be received can be reasonably estimated and collection is reasonably assured. Actual amounts collected could differ from the amounts recorded.

#### Leased Assets

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. All other leases are accounted for as operating leases wherein rental payments are expensed on a straight-line basis.

#### Capital Assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset are capitalized. When capital assets no longer contribute to the YMCA's ability to provide services, the carrying amount is written down to net realizable value.

Capital assets are amortized on a straight-line basis at the following annual rates:

|                        |   |                |
|------------------------|---|----------------|
| Buildings              | - | 30 to 40 years |
| Fixtures and equipment | - | 3 to 5 years   |

Building additions are amortized over the remaining life of the related building. Projects in progress are not amortized as the assets are not in use. Fixtures and equipment recorded under capital leases are amortized on a straight-line basis over the term of the lease, which is the estimated useful life of the assets.

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# The YMCA of Hamilton/Burlington/Brantford

## Notes to Financial Statements

December 31, 2020

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### 1. Significant Accounting Policies (continued)

#### **Intangible Assets**

Purchased intangible assets are initially recorded at cost. As the Dynamics for Membership IT system is no longer planned to be utilized by the Association it has been written down in 2019 to its estimated fair value.

#### **Deferred Revenue**

Membership and program fees received before December 31 that relate to member privileges and programs for the time periods after December 31 are deferred to the following year and disclosed as deferred revenue on the statement of financial position.

#### **Special Program Funds Receivable/Unexpended**

The YMCA operates various special programs which are funded by specifically designated provincial, federal and municipal grants. To the extent such grants are unspent at December 31, they are disclosed as special program funds unexpended on the statement of financial position. To the extent such grants received are in deficiency of amounts expended at December 31, they are disclosed as special program funds receivable on the statement of financial position.

#### **Third Party Programs**

The YMCA administers third party programs for which they receive funds to carry out the programs. As the YMCA is considered the agent in the transaction, amounts have been recorded on a net basis. During the year, approximately \$133,000 (2019 - \$234,000) of revenue and expenditures were incurred with respect to the administration of third party programs.

#### **Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities, fixed income and pooled fund investments (included in investments) traded in an active market and RBC Investments Savings Account Series A money market funds (included in cash and cash equivalents) 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.

#### **Foreign Currency Translation**

Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transaction. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the statement of financial position date. Gains and losses on translation of monetary assets and liabilities are included in net income.

# The YMCA of Hamilton/Burlington/Brantford Notes to Financial Statements

**December 31, 2020**

## 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 estimates as additional information becomes available in the future. Management's estimates and assumptions used in determining amortization methods and rates and useful life of capital assets and intangible assets are reviewed annually and are based on management's best estimates. These estimates are subject to measurement uncertainty, and the effect on the financial statements in future periods could be significant.

## 2. Cash and Cash Equivalents

|                    | 2020       | 2019         |
|--------------------|------------|--------------|
| Cash               | \$ 40,112  | \$ 1,051,642 |
| Bank indebtedness  | (401,736)  | -            |
| Money market funds | 851,156    | 1,482,688    |
|                    | \$ 489,532 | \$ 2,534,330 |

## 3. Restricted Cash

Included in restricted cash are externally restricted amounts to be expended on the Laurier Brantford YMCA capital project (Note 4).

|  | 2020       | 2019         |
|--|------------|--------------|
| Government of Ontario's Strategic Investments Fund | \$ 200,733 | \$ 198,112   |
| Other externally restricted cash                   | -          | 807,744      |
|  | \$ 200,733 | \$ 1,005,856 |

## The YMCA of Hamilton/Burlington/Brantford Notes to Financial Statements

**December 31, 2020**

### 4. Capital Assets

|                        | 2020              |                             | 2019         |                             |
|------------------------|-------------------|-----------------------------|--------------|-----------------------------|
|                        | Cost              | Accumulated<br>Amortization | Cost         | Accumulated<br>Amortization |
| Land                   | \$ 6,739,687      | \$ -                        | \$ 6,739,687 | \$ -                        |
| Buildings              | 76,551,326        | 24,539,912                  | 76,551,326   | 22,110,169                  |
| Fixtures and equipment | 6,977,199         | 4,740,302                   | 7,201,953    | 3,865,471                   |
| Projects in progress   | 860,625           | -                           | 548,462      | -                           |
|                        | <b>91,128,837</b> | <b>29,280,214</b>           | 91,041,428   | 25,975,640                  |
| Net book value         |                   | <b>\$ 61,848,623</b>        |              | \$ 65,065,788               |

Projects in progress relate to incurred costs of a Wanakita renovation.

In the fall of 2018 an athletic and recreation complex jointly developed by Wilfrid Laurier University ("Laurier") and the YMCA was opened. The YMCA's capital project payables balance of \$1,305,561 (2019 - \$1,566,727) consists of development expenses payable to Laurier at year end and relate to the contributions from the Government of Canada and the City of Brantford.

Contributions from the City of Brantford are receivable in accordance with the terms and conditions of the agreements. Capital project receivables in the statement of financial position consist of amounts from:

|                       | 2020                | 2019         |
|-----------------------|---------------------|--------------|
| City of Brantford     | \$ 1,305,561        | \$ 1,566,727 |
| Less: Current portion | 261,166             | 261,166      |
|                       | <b>\$ 1,044,395</b> | \$ 1,305,561 |

## The YMCA of Hamilton/Burlington/Brantford Notes to Financial Statements

**December 31, 2020**

### 5. Special Program Funds

|  | 2020         | 2019         |
|--|--------------|--------------|
| Funding in deficiency of amounts expended  | \$ 507,674   | \$ 1,093,721 |
| Less: Funding received unexpended          | (1,253,122)  | (710,718)    |
| Special program funds receivable (payable) | \$ (745,448) | \$ 383,003   |

### 6. Investments

|              | 2020         |              | 2019         |              |
|--------------|--------------|--------------|--------------|--------------|
|              | Fair Value   | Cost         | Fair Value   | Cost         |
| Equities     | \$ 6,632,866 | \$ 5,492,776 | \$ 6,224,629 | \$ 5,045,511 |
| Fixed income | 1,718,475    | 1,667,569    | 1,576,191    | 1,558,020    |
| Pooled funds | 38,929       | 38,929       | 478,320      | 478,320      |
| Cash         | 142,901      | 142,901      | 144,923      | 144,923      |
|              | \$ 8,533,171 | \$ 7,342,175 | \$ 8,424,063 | \$ 7,226,774 |

The effective interest rate on fixed income securities during the year varied from 1.21% (2019 - 2.0%) to 3.55% (2019 - 3.60%). The maturities of these securities range from 2021 to 2027 (2019 - from 2020 to 2026).

The investments are monitored by the YMCA Endowment Fund Committee for compliance with the YMCA's Statement of Investment Policy.

## The YMCA of Hamilton/Burlington/Brantford Notes to Financial Statements

**December 31, 2020**

### 7. Intangible Assets

|   | 2020 | 2019         |
|---|------|--------------|
| Membership IT system, beginning of the year | \$ - | \$ 1,438,364 |
| Plus: amounts spent during the year         | -    | 427,056      |
| Less: write down to fair market value       | -    | (1,865,420)  |
|   | \$ - | \$ -         |
| Membership IT system, end of year           | \$ - | \$ -         |

The YMCA's Dynamics for Membership IT system relates to costs incurred for the development and implementation of a modular Enterprise Resource Planning (ERP) system. YMCAs across the country agreed there was a need for a single solution that would modernize business practices, enable mobile-based functionality and support the collection and use of data. During implementation, the YMCA concluded that the system will not meet their requirements. As the YMCA no longer plans to utilize the system, it has been written down during 2019 to its estimated fair value.

### 8. Deferred Revenue

|                 | 2020       | 2019       |
|-----------------|------------|------------|
| Child care fees | \$ 453     | \$ 44,926  |
| Donations       | 681,754    | 440,794    |
| Membership fees | 11,752     | 391,286    |
| Program fees    | 6,982      | 58,430     |
|                 | \$ 700,941 | \$ 935,436 |
|                 | \$ 700,941 | \$ 935,436 |

### 9. Credit Facilities

|   | 2020         | 2019         |
|---|--------------|--------------|
| Bank loan, interest at 3.45% per annum, repayable in monthly blended payments of principal and interest of \$30,787, repayable by August 2021 | \$ 218,516   | \$ 1,378,957 |
| Bank loan, interest at 2.98% per annum, repayable in monthly blended payments of principal and interest of \$47,075, repayable by April 2022  | 1,272,023    | 1,790,463    |
|   | \$ 1,490,539 | \$ 3,169,420 |
|   | \$ 1,490,539 | \$ 3,169,420 |

## The YMCA of Hamilton/Burlington/Brantford Notes to Financial Statements

**December 31, 2020**

### 9. Credit Facilities (Continued)

In addition to the above, the following facilities are also available to the YMCA:

A revolving lease line of credit, to a maximum of \$1,500,000 (2019 - \$1,500,000). As at year end, the amount drawn on this facility was \$63,160 (2019 - \$330,637) (Note 10).

A revolving operating line, to a maximum of \$3,500,000 (2019 - \$500,000), bearing interest at prime plus 0.5% (2019 - prime plus 0.5%). This facility had no advances outstanding as at December 31, 2020.

All of the above facilities are secured by a general security agreement, and collateral mortgages of \$7,300,000 on three properties owned by the YMCA.

Certain restrictive covenants were in violation as of December 31, 2020.

### 10. Capital Lease Obligations

|   | 2020          | 2019             |
|---|---------------|------------------|
| Obligations under capital lease:                      |               |                  |
| - with interest rate of 2.98%, maturing February 2020 | \$ -          | \$ 13,597        |
| - with interest rate of 3.36%, maturing November 2020 | -             | 149,219          |
| - with interest rate of 4.12%, maturing August 2021   | <b>63,160</b> | 167,821          |
|   | <b>63,160</b> | 330,637          |
| Less: Current portion                                 | <b>63,160</b> | 267,477          |
|   | <b>\$ -</b>   | <b>\$ 63,160</b> |

The obligations are secured by fixtures and equipment with a net book value of \$202,284 (2019 - \$541,767).

Minimum lease payments due with respect to the obligations under capital lease are as follows:

|                              |                  |
|------------------------------|------------------|
| 2021                         | \$ 63,160        |
| Total minimum lease payments | 63,160           |
| Less: Imputed interest       | (3,390)          |
|                              | <b>\$ 59,770</b> |

## The YMCA of Hamilton/Burlington/Brantford Notes to Financial Statements

**December 31, 2020**

### 11. Deferred Capital Contributions

Restricted capital contributions are amortized on the same basis as the underlying capital assets.

|  | 2020          | 2019          |
|--|---------------|---------------|
| Balance, beginning of year                 | \$ 40,547,226 | \$ 42,132,513 |
| Add: Contributions received and receivable | 30,686        | 12,299        |
| Less: Contributions recognized as revenue  | (1,574,499)   | (1,597,586)   |
|  | \$ 39,003,413 | \$ 40,547,226 |

The balance of deferred capital contributions related to capital assets consists of the following:

|                                   | 2020          | 2019          |
|-----------------------------------|---------------|---------------|
| Unamortized capital contributions | \$ 38,624,984 | \$ 40,076,405 |
| Unallocated contributions         | 378,429       | 470,821       |
|                                   | \$ 39,003,413 | \$ 40,547,226 |

### 12. Net Assets Invested in Capital and Intangible Assets

|  | 2020          | 2019          |
|--|---------------|---------------|
| Capital assets, net                          | \$ 61,848,623 | \$ 65,065,788 |
| Restricted cash                              | 200,733       | 1,005,856     |
| Capital lease obligations                    | (63,160)      | (330,637)     |
| Long-term debt related to capital assets     | (1,490,539)   | (3,169,420)   |
| Deferred capital contributions - unamortized | (38,624,984)  | (40,076,405)  |
|  | \$ 21,870,673 | \$ 22,495,182 |

### 13. Net Assets Invested in Endowment

The amounts invested in endowments are internally restricted investment funds that are to be used for programs run by the YMCA at the discretion of the Board of Directors.

|  | 2020         | 2019         |
|--|--------------|--------------|
| Investments                                  | \$ 8,533,171 | \$ 8,424,063 |
| Less: Investments in unrestricted net assets | (1,402,857)  | (1,287,857)  |
|  | \$ 7,130,314 | \$ 7,136,206 |

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## The YMCA of Hamilton/Burlington/Brantford Notes to Financial Statements

**December 31, 2020**

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### 13. Net Assets Invested in Endowment (Continued)

The amount transferred from general net assets to net assets invested in endowment during the year is comprised of:

|                                   | 2020       | 2019         |
|-----------------------------------|------------|--------------|
| Investment income                 | \$ 141,196 | \$ 169,360   |
| Donations                         | 15,462     | 1,010,000    |
| Fair value changes in investments | 16,889     | 866,645      |
| Investment management fees        | (64,439)   | (51,676)     |
| Transfer to general net assets    | (115,000)  | (137,000)    |
|                                   | \$ (5,892) | \$ 1,857,329 |

During the year, the Board of Directors approved a transfer of \$115,000 (2019 - \$137,000) from net assets invested in endowment to general net assets to support programs of the YMCA.

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### 14. Net Assets Internally Restricted

The internally restricted balance includes funds for capital projects at Wanakita, YMCA Strong Kids dollars reserved for funding assistance needs, and funding of future child care wages, all reserved via Board of Director's approval.

During the year, the Board of Directors approved a transfer of commodity tax rebates of \$118,945 (2019 - \$667,575) from general net assets to net assets internally restricted. Also, the Board of Directors approved expenditures throughout the year of \$Nil (2019 - \$481,364) on the Wanakita renovation project from net assets internally restricted.

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### 15. Commitments

Future minimum payments under operating leases with terms in excess of one year are as follows:

|      |    |           |
|------|----|-----------|
| 2021 | \$ | 1,119,620 |
| 2022 |    | 351,743   |
| 2023 |    | 197,691   |
| 2024 |    | 116,638   |
| 2025 |    | 42,810    |

## The YMCA of Hamilton/Burlington/Brantford Notes to Financial Statements

**December 31, 2020**

### 16. Purchase of Service

Purchase of service revenue consists of amounts received and receivable from federal, provincial and municipal governments relating to programs and services provided by the YMCA.

|   | 2020                 | 2019                 |
|---|----------------------|----------------------|
| <b>Contracted programs</b>  |                      |                      |
| Special program funding received and receivable from federal and provincial governments to operate programs related to: |                      |                      |
| - Employment services   | \$ 5,746,331         | \$ 5,402,263         |
| - Education and training  | 397,477              | 473,557              |
| - Immigrant services  | 3,031,720            | 3,239,497            |
| - Community initiatives   | 778,366              | 757,860              |
|   | <b>9,953,894</b>     | <b>9,873,177</b>     |
| <b>Subsidies and grants</b>   |                      |                      |
| Child care General Operating Grant and Wage Enhancement Grants:   |                      |                      |
| - Region of Halton  | 805,176              | 1,760,380            |
| - The City of Hamilton  | 917,535              | 1,788,106            |
| - The City of Brantford   | 1,414,479            | 1,799,332            |
|   | <b>3,137,190</b>     | <b>5,347,818</b>     |
| Child care System Priorities Grants:  |                      |                      |
| - Region of Halton  | -                    | 218,431              |
| - The City of Hamilton  | 286,928              | 112,819              |
| - The City of Brantford   | 15,700               | 364,548              |
|   | <b>302,628</b>       | <b>695,798</b>       |
| Other   | <b>214,537</b>       | <b>526,202</b>       |
|   | <b>\$ 13,608,249</b> | <b>\$ 16,442,995</b> |

### 17. Employee Future Benefits

The YMCA makes matching contributions to a defined contribution pension plan for its employees. Total pension expense in the financial statements is \$797,079 (2019 - \$891,709).

The YMCA has no obligations in excess of the contributions discussed above, as it does not have any defined benefit pension plans.

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# The YMCA of Hamilton/Burlington/Brantford

## Notes to Financial Statements

December 31, 2020

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### 18. Financial Instruments

#### **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. The YMCA is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The YMCA's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable, capital campaign pledges receivable and capital project receivable balances. This risk has not changed from the prior year.

#### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The YMCA's exposure to this risk arises primarily from long-term debt with fixed interest rates. This risk has not changed from the prior year.

#### **Liquidity Risk**

Liquidity risk is the risk that the YMCA encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the YMCA will not have sufficient funds to settle a transaction on a 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. Liquidity risk arises from the YMCA's accounts payable and accrued liabilities, capital project payables, long-term debt and commitments. This risk has not changed from the prior year.

#### **Market Risk**

Market risk arises from the possibility that changes in market prices will affect the level of investments held by the YMCA. The YMCA is exposed to market risk through its investment in money market funds, pooled fund investments and equities. This risk has not changed from the prior year.

#### **Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Investments in equities and pooled funds of \$2,736,144 (2019 - \$2,611,239) were held in US dollars and converted into Canadian dollars at year end. The YMCA considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risks. This risk has not changed from the prior year.

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## The YMCA of Hamilton/Burlington/Brantford Notes to Financial Statements

**December 31, 2020**

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### **19. COVID-19**

The outbreak of the novel coronavirus ("COVID-19") as a global pandemic, continues to spread through Canada and around the world. The global pandemic has disrupted economic activities and has resulted in the YMCA implementing a system-wide closure of our Health, Fitness and Aquatics facilities, childcare programs, and other programming and services during lockdown periods. The YMCA, also had to cancel a number of programs and camps due to the pandemic.

During the year, the YMCA received \$6,831,999 in financial assistance from the Canadian Emergency Wage Subsidy ("CEWS") program. Included in accounts receivable is \$1,111,094 related to CEWS. Management has determined that the Association does not have an obligation to repay the Government of Canada for this subsidy as they have determined that the YMCA has met all applicable eligibility criteria. The YMCA also received Safe Restart Funding and Sustainability funding from the City of Hamilton, City of Brantford and Region of Halton in the amount of \$1,315,991. The CEWS funding and Safe Restart Funding has been included as Government COVID funding.

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

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### **20. Comparative Figures**

Certain comparative figures have been reclassified to conform with the method of presentation adopted for the current year.