

# Financial Statements

The Young Men's Christian Association of  
Edmonton

(Operating as YMCA of Northern Alberta)

December 31, 2020

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# Independent Auditor's Report

To the Members of The Young Men's Christian Association of Edmonton (operating as YMCA of Northern Alberta)

## Qualified Opinion

We have audited the financial statements of The Young Men's Christian Association of Edmonton (operating as YMCA of Northern Alberta) ("the Association"), which comprise the statements of financial position as at December 31, 2020 and December 31, 2019, and the statements of operations, changes in net assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of The Young Men's Christian Association of Edmonton (operating as YMCA of Northern Alberta) as at December 31, 2020 and December 31, 2019, and its results of operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Qualified Opinion

During the year ended December 31, 2019, the Association converted to a new membership tracking system. This system appeared unable to provide certain disaggregated information by member class to determine the proper allocation of membership dues received that was to be recognized into income versus recorded as deferred revenue for membership services not yet provided. This issue persisted until July 2020 when a new membership tracking system was implemented. As a result, we were unable to obtain sufficient appropriate audit evidence regarding the total amounts recorded between membership dues and deferred revenue for the year ended December 31, 2019 and the amounts recorded in membership dues for the year ended December 31, 2020. Therefore, we were not able to determine whether any adjustments might be necessary to deferred revenue and net assets for the year ended December 31, 2019 and membership dues, deficiency of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and December 31, 2019.

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 qualified opinion.

### **Emphasis of Matter – Restated Comparative Information**

We draw attention to Note 22 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

Furthermore, our report dated May 27, 2020 inappropriately reflected an unmodified opinion for the year ended December 31, 2019 however, the same basis for qualification as described above existed at that date. Accordingly, our opinion on the financial statements for the year ended December 31, 2019 expressed in that report is different from the qualified opinion expressed on the comparative information for the year ended December 31, 2019 in this report.

### **Other Matter**

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The Schedule 2 and Schedule 3 on pages 33 and 34 are presented for purposes of additional information and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

### **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 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.

Edmonton, Canada

June 14, 2021



Chartered Professional Accountants

**The Young Men's Christian Association of Edmonton**  
**(Operating as YMCA of Northern Alberta)**  
**Statement of Operations**

Year ended December 31	2020	2019
		(Restated) (Note 22)
Revenues		
Program fees	\$ 11,879,138	\$ 26,476,047
Membership dues	<u>3,199,556</u>	<u>13,621,917</u>
(Note 16)	15,078,694	40,097,964
Operating grants - government	17,278,352	21,433,031
Canada Emergency Wage Subsidy – government		
(Note 1)	13,448,508	-
Amortization of deferred capital contributions (Note 13)	4,014,632	3,420,780
Operating grants – other	2,159,973	2,071,732
Contributions	1,242,784	1,153,160
Housing	1,179,251	1,392,784
Rental and other revenue	963,966	1,749,937
United Way	386,791	458,823
Investment income	61,966	153,182
Gain on disposal of capital assets	<u>3,000</u>	<u>-</u>
	<u>55,817,917</u>	<u>71,931,393</u>
Expenses		
Operating (Schedule 1)	49,960,604	66,374,887
Amortization of capital assets	4,948,895	5,039,153
Interest on long-term debt and capital leases	207,045	273,141
Amortization of intangible asset	126,300	126,300
Loss on disposal of capital assets	-	1,202
Contributions	<u>-</u>	<u>150,000</u>
	<u>55,242,844</u>	<u>71,964,683</u>
Excess (deficiency) of revenues over expenses before other item	575,073	(33,290)
Other items		
Write off of capital assets (Note 5 (d))	<u>(711,629)</u>	<u>(1,814,625)</u>
Deficiency of revenues over expenses	<u>\$ (136,556)</u>	<u>\$ (1,847,915)</u>

See accompanying notes to the financial statements

**The Young Men's Christian Association of Edmonton**  
**(Operating as YMCA of Northern Alberta)**  
**Statement of Changes in Net Assets**

Year Ended December 31

**2020**

2019

	Investment in capital assets (Note 14)	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u> (Restated) (Note 22)
Balance, beginning of year, as previously reported	\$ 8,618,181	\$(3,330,194)	<b>\$ 5,287,987</b>	\$ 7,965,902
Prior period adjustment (Note 22)	<u>-</u>	<u>830,000</u>	<u><b>830,000</b></u>	<u>-</u>
Balance, beginning of year, as restated	8,618,181	(2,500,194)	<b>6,117,987</b>	7,965,902
(Deficiency) excess of revenues over expenses	(1,746,792)	1,610,236	<b>(136,556)</b>	(1,847,915)
Transfer from unrestricted fund	<u>962,895</u>	<u>(962,895)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 7,834,284</u>	<u>\$ (1,852,853)</u>	<u><b>\$ 5,981,431</b></u>	<u>\$ 6,117,987</u>



See accompanying notes to the financial statements

**The Young Men's Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)  
Statement of Financial Position**

December 31	2020	2019
		(Restated) (Note 22)
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 13,303,428	\$ 8,329,681
Accounts and grants receivable (Note 3)	3,311,731	2,840,178
Receivables from related parties (Note 4)	237,950	163,107
Inventories	64,903	82,524
Prepays and deposits	<u>373,714</u>	<u>263,190</u>
	<b>17,291,726</b>	<b>11,678,680</b>
Restricted cash and equivalents (Note 12), (Note 20)	847,340	356,074
Capital assets (Note 5 (a))	42,548,293	48,405,843
Intangible asset (Note 5 (b))	1,589,275	1,715,575
Long-lived assets held for sale (Note 6)	<u>1,593,951</u>	<u>-</u>
	<b>\$ 63,870,585</b>	<b>\$ 62,156,172</b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 6,571,055	\$ 4,345,265
Deferred revenue (Note 9)	9,380,968	6,287,423
Current portion of obligations under capital leases (Note 10)	9,099	45,047
Current portion of long-term debt (Note 11)	<u>1,054,933</u>	<u>561,614</u>
	<b>17,016,055</b>	<b>11,239,349</b>
Obligations under capital leases (Note 10)	14,172	-
Long-term debt (Note 11)	5,102,561	5,901,404
Long-term payable (Note 20)	401,425	356,074
Long-term reserve fund (Note 12)	400,000	-
Deferred capital contributions (Note 13)	<u>34,954,941</u>	<u>38,541,358</u>
	<b>57,889,154</b>	<b>56,038,185</b>
<b>Net Assets</b>		
Investment in capital assets (Note 14)	7,834,284	8,618,181
Unrestricted	<u>(1,852,853)</u>	<u>(2,500,194)</u>
	<b>5,981,431</b>	<b>6,117,987</b>
	<b>\$ 63,870,585</b>	<b>\$ 62,156,172</b>

Commitments (Note 15)

On behalf of the Board

 Director
  Director



**The Young Men's Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)**

**Statement of Cash Flows**

Year Ended December 31

**2020**

**2019**

Increase (decrease) in cash and cash equivalents

**Operating**

Cash receipts from members, participants, donors, governments and delivery of services	<b>\$ 54,285,468</b>	\$ 67,260,241
Cash paid to employees, suppliers, and for program purposes	<b>(47,782,366)</b>	(66,472,962)
Investment income	<b>61,966</b>	153,182
Interest paid	<b>(207,045)</b>	(273,141)
	<b><u>6,358,023</u></b>	<u>667,320</u>

**Financing**

Capital contributions received	<b>428,215</b>	582,825
Repayment of long-term debt	<b>(305,524)</b>	(435,478)
Repayment of obligations under capital leases	<b>(45,047)</b>	(139,737)
Increase in long-term reserve fund (Note 12)	<b>400,000</b>	-
	<b><u>477,644</u></b>	<u>7,610</u>

**Investing**

Acquisition of capital assets	<b>(1,373,654)</b>	(1,232,622)
Increase in restricted cash and equivalents	<b>(491,266)</b>	(58,279)
Change in short-term investments	<b>-</b>	18,230
Proceeds from disposition of capital assets	<b>3,000</b>	-
	<b><u>(1,861,920)</u></b>	<u>(1,272,671)</u>

Net increase (decrease) in cash and cash equivalents **4,973,747** (597,741)

Cash and cash equivalents:

Beginning of year	<b><u>8,329,681</u></b>	<u>8,927,422</u>
End of year	<b><u>\$ 13,303,428</u></b>	<u>\$ 8,329,681</u>

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**The Young Men’s Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)**

**Statement of Cash Flows (cont’d)**

Year Ended December 31

**2020**

**2019**

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**Supplemental cash flow information**

**Cash and cash equivalents are comprised of the following:**

Cash, including bank savings accounts and GICs	\$ 5,906,127	\$ 8,329,681
Cashable guaranteed investment certificates	<u>7,397,301</u>	<u>-</u>
	<b><u>\$ 13,303,428</u></b>	<b><u>\$ 8,329,681</u></b>

The cashable guaranteed investment certificates bear interest at rates ranging from .4% to .45% and mature on dates ranging between July 14, 2021 to December 31, 2021.

**Non – cash financing and investing activities:**

Capital assets purchased under capital leases \$23,271 (2019 - \$nil).

**Restricted cash and cash equivalents relate to the following:**

In addition to the long-term payable of \$401,425 (Note 20) and the long-term reserve fund of \$400,000 (Note 12), the Association held \$45,915 in refundable government capital grants as at December 31, 2020.

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# **The Young Men's Christian Association of Edmonton (Operating as YMCA of Northern Alberta)**

## **Notes to the Financial Statements**

December 31, 2020

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### **1. Nature of operations**

The Young Men's Christian Association of Edmonton (operating as YMCA of Northern Alberta), (the "Association") is part of the worldwide fellowship dedicated to creating life-enhancing opportunities for the growth and development of all people in spirit, mind, and body and to support the development of strong kids, healthy families and thriving communities. The Association provides services in each of the Edmonton, Grande Prairie, Wood Buffalo and Red Deer regions within the province of Alberta. The Association was incorporated in 1907 under an Act of the Alberta Legislature as a not-for-profit organization, is a registered charity under the Income Tax Act and is exempt from income taxes.

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses and charities are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to operations worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. Significant levels of the operations of the Association have been and continue to be impacted, subject to the current government restrictions relating to COVID-19 being reversed at some future date.

All Health, Fitness and Aquatic and Community Centres operated by of the Association have been mandated to temporarily close for periods throughout 2020 and subsequent to the year end, relating to government orders. Almost all Association Child Care operations have reopened subsequent to the reversal of the provincial government closure orders in the Spring months of 2020. Operations of Child Care centres continue to be subject to COVID-19 related registration restrictions and increased operating costs. All operations of the Association, when open, are subject to the new Health and Safety provincial standards relating to COVID-19. The Association has continued, through 2020 and subsequent to the year end, to maximize and participate under the terms of the Canada Emergency Wage Subsidy (CEWS) program and other Federal and Provincial government funding and other grant programs. Management is actively pursuing a business interruption insurance claim and, subsequent to the year end, has been approved for additional line-of-credit bank financing to be accessed only if required to support future operations. Management and the Board of Directors continue to review reopening plans for operations under various sets of assumptions, including possible reopening dates as well as possible additional changes to operation protocols. Government and other grant and support programs are reviewed to maximize available financial support for the Association. The Association is continuing to develop and assess strategies for the long-term financial sustainability of the Association, post the COVID-19 pandemic.

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# **The Young Men's Christian Association of Edmonton (Operating as YMCA of Northern Alberta)**

## **Notes to the Financial Statements**

December 31, 2020

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### **1. Nature of operations (cont'd)**

During the year, the Association was eligible to receive funding from the Federal government under the CEWS program. Under the CEWS program, the Association was entitled to receive a subsidy equal to a percentage of an employee's wage, to a maximum weekly amount. During 2020, the Association has recognized revenue of \$13,448,508 in the statement of operations. As at December 31, 2020, \$1,759,046 of CEWS funding has been included in accounts and grants receivable.

The duration and impact of the COVID-19 pandemic, as well as the long-term effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Association for future periods.

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### **2. Summary of significant accounting policies**

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

#### **Use of estimates and measurement uncertainty**

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, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from those estimates.

Significant estimates included in these financial statements are the useful lives and amortization basis for capital assets, fair value of contributed capital assets and intangible assets and valuation of allowance for doubtful accounts receivable.

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**The Young Men's Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)**

**Notes to the Financial Statements**

December 31, 2020

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**2. Summary of significant accounting policies (cont'd)**

**Revenue recognition**

The Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions received for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Restricted contributions for the purchase of capital assets that will not be amortized are recognized as a direct increase in the investment in capital asset fund. A liability to repay a restricted contribution with contingent repayment terms is accounted for in the period in which conditions arise that causes the restricted contribution to be repaid.

Pledged amounts represent promised contributions from individuals and corporations. Given that pledged amounts are not legally enforceable claims, they have not been reflected in the financial statements.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership dues, program fees, rental and other revenue and housing revenues are recognized when the related service is performed and when reasonable assurance exists regarding the measurement and collection of the consideration received.

Interest on bank accounts is recorded as revenue when earned.

**Cash and cash equivalents**

Cash and cash equivalents are comprised of cash, including bank savings accounts, and cashable guaranteed investment certificates which are highly liquid or convertible to cash in less than one year.

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# The Young Men's Christian Association of Edmonton (Operating as YMCA of Northern Alberta)

## Notes to the Financial Statements

December 31, 2020

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### 2. Summary of significant accounting policies (cont'd)

#### Financial instruments

Initial measurement:

The Association's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement:

At each reporting date, the Association measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). Association uses the effective interest method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, accounts and grants receivable, receivables from related parties, accounts payable and accrued liabilities and long-term debt. The carrying value of financial instruments approximates their fair value due to the short-term nature, unless otherwise noted.

For financial assets measured at cost or amortized cost, the Association regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Association determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

#### Controlled not-for-profit organization

The Association reports a controlled not-for-profit organization (YMCA of Northern Alberta Foundation (formerly The Edmonton YMCA Foundation)) by disclosing information about the controlled not-for-profit organization. As a result, the Association's financial statements do not include the financial position, financial performance or cash flows of YMCA of Northern Alberta Foundation.

#### Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is based on actual original purchase price of inventory. Net realizable value is defined as the estimated selling price less estimated selling costs.

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**The Young Men’s Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)**

**Notes to the Financial Statements**

December 31, 2020

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**2. Summary of significant accounting policies (cont’d)**

**Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	4 to 25 years
Building upgrades	10 years
Furniture and equipment	1 to 5 years
Computer software/hardware	1 to 10 years
Vehicles	5 years
Leasehold improvements	3 to 5 years
Equipment under capital leases	3 to 5 years

Capital assets are amortized in the year of acquisition at one-half of the straight-line rate.

Capital assets under development are amortized in the year of significant completion and when useful life can be estimated.

**Impairment of long-lived assets**

The Association tests for impairment when events or changes in circumstances indicate the carrying amount of an item or class of capital assets may not be recoverable. The recoverability of long-lived assets is based on the net recoverable amounts determined on an undiscounted cash flow basis. If the carrying amount of an asset exceeds its net recoverable amount, an impairment loss is recognized to the extent that fair value is below the asset’s carrying amount. Fair value is determined based on quoted market prices when available, otherwise on discounted cash flows over the life of the asset.

**Intangible asset**

The contributed intangible asset is recorded at fair value at the date of contribution. Amortization is provided using the straight-line method over the estimated useful life of the asset as follows:

Right-to-use land asset	20 years
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# The Young Men's Christian Association of Edmonton (Operating as YMCA of Northern Alberta)

## Notes to the Financial Statements

December 31, 2020

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### 2. Summary of significant accounting policies (cont'd)

#### Long-lived assets held for sale

Long-lived assets are classified as held for sale when there is a commitment to sell and the sale is probable and is expected to be completed within one year. Long-lived assets classified as held for sale are measured at the lower of carrying amount or fair value less cost to sell. Long-lived assets will not be amortized while classified as held for sale and any expenses attributable to the assets will be accrued.

#### Employee future benefits

The Association has a defined contribution pension plan. Pension costs comprise the cost of the employer contributions for the current service of employees during the year.

#### Donated materials and contributed services

Donated materials and services are recorded at fair value when the fair value can be reasonably estimated and when the materials and services are normally purchased by the Association. The Association is dependent upon the services provided by its volunteers. Volunteers contributed numerous hours in carrying out the activities of the Association. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

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<b>3. Accounts and grants receivable</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Program fees and membership dues	\$ 411,548	\$ 1,225,484
Less: allowance for doubtful accounts	<u>(111,898)</u>	<u>(518,173)</u>
	<b>299,650</b>	707,311
Canada Emergency Wage Subsidy – government	<b>1,759,046</b>	-
Operating grants – government	<b>602,495</b>	1,650,767
Rental and other	<b>519,048</b>	480,501
Operating grants – other	<u>131,492</u>	<u>1,599</u>
	<b><u>\$ 3,311,731</u></b>	<b><u>\$ 2,840,178</u></b>

Current receivables are non-interest bearing and are generally received within 30-day terms. A provision for impairment on trade accounts receivable (provision for bad and doubtful receivables) is recognized when there is objective evidence that a receivable from members or participants is impaired. These have been included in operating expenses as bad debt expense (recovery) (Schedule 1).



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**The Young Men’s Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)**

**Notes to the Financial Statements**

December 31, 2020

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**4. Related parties**

	<u>2020</u>	<u>2019</u>
Receivables from related parties:		
YMCA of Northern Alberta Foundation	\$ 212,069	\$ 146,697
Regional Council of YMCAs of Alberta	20,660	11,190
Boyle Renaissance Condominium Corporation	<u>5,221</u>	<u>5,220</u>
	<u>\$ 237,950</u>	<u>\$ 163,107</u>

All of the transactions with related organizations described below are conducted on the terms and conditions agreed to by the related parties and were recorded at the exchange amount.

	<u>2020</u>	<u>2019</u>
Revenue received from related parties:		
Rental and management fees from Regional Council of YMCAs of Alberta	\$ 13,000	\$ 9,250
Contributions from YMCA of Northern Alberta Foundation	\$ 164,150	\$ 153,800
Expenses paid to or on behalf of related parties:		
YMCA of Northern Alberta Foundation	\$ 159,017	\$ 160,101
Boyle Renaissance Condominium Corporation	\$ 103,604	\$ 106,392

a) YMCA of Northern Alberta Foundation (formerly The Edmonton YMCA Foundation)

YMCA of Northern Alberta Foundation (the “Foundation”) is incorporated as a not-for-profit organization under the Alberta Societies Act and is a registered charity under the Income Tax Act. The mission of the Foundation is to act as a fundraising body collecting donations, gifts and bequests exclusively for the benefit of the Association. The Association exercises control over the Foundation through the appointment of the members of the Board of Directors.

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**The Young Men's Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)**

**Notes to the Financial Statements**

December 31, 2020

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**4. Related parties (cont'd)**

a) YMCA of Northern Alberta Foundation (cont'd)

A financial summary of the Foundation as at March 31, 2020, and March 31, 2019, is as follows:

<b>Financial position as at March 31</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Total assets	\$ <b>4,932,579</b>	\$ 4,960,052
Total liabilities	\$ <b>311,842</b>	\$ 178,748
Total net assets	\$ <b>4,620,737</b>	\$ 4,781,304

**Results of operations for the year ended March 31**

Total revenues	\$ <b>190,856</b>	\$ 176,850
Total expenses	\$ <b>351,953</b>	\$ 320,201
Deficiency of revenues over expenditures	\$ <b>(161,097)</b>	\$ (143,351)
Contributions from the Association to the Foundation included in total revenues	\$ <b>168,000</b>	\$ 158,037
Program funding expense to the Association included in total expenses	\$ <b>164,150</b>	\$ 153,800

**Cash flows for the year ended March 31**

Decrease in cash from operating activities	\$ <b>(153,432)</b>	\$ (145,225)
Increase in cash from investing activities	\$ <b>212,570</b>	\$ 140,948
Net increase (decrease) in cash	\$ <b>59,138</b>	\$ (4,277)

There are no significant differences in the accounting policies of the Foundation from those followed by the Association.

There have been no significant events or transactions from March 31, 2020 to December 31, 2020 in the Foundation which would impact the Association's financial position or results of operations.

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# The Young Men's Christian Association of Edmonton (Operating as YMCA of Northern Alberta)

## Notes to the Financial Statements

December 31, 2020

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### 4. Related parties (cont'd)

#### b) Regional Council of YMCAs of Alberta

The Association exercises significant influence over the affairs of The Regional Council of YMCAs of Alberta (the "Regional Council") due to its right to appoint some members of its Board of Directors.

The mission of The Regional Council of Young Men's Christian Associations of Alberta ("YMCA Alberta") is to foster growth and development of local YMCAs throughout Alberta by providing leadership development programs, advocating for social policies which positively impact communities and the not for profit and charitable sector, and supporting program development, delivery and stability, locally, nationally and internationally. The Regional Council has a commitment to work with the private sector, other not for profits, orders of government and community members to empower Albertans at all ages and stages so they can achieve their potential.

The Regional Council is incorporated as a not-for-profit organization under the Alberta Societies Act and is a registered charity under the Income Tax Act. Financial transactions between the Association and the Regional Council are in accordance with the annual budget approved by the Regional Council Board of Directors.

#### c) Boyle Renaissance Condominium Corporation

The Association exercises significant influence over the Boyle Renaissance Condominium Corporation ("BRCC") (Note 20) due to its ownership of units in the BRCC and representation on the Board of Directors. A member of the Association's Board of Directors has an ownership interest in the consulting company which had been engaged by the BRCC to provide administrative and management services.

#### d) Other

The Association paid professional fees during the year totalling \$14,845 (2019 – \$5,996) for purchased services expenses to two (2019 – one) firm(s) in which an Association Director holds ownership interests. In addition, the Association has mortgages payable with a financial institution of which an Association Director is a member of senior management.

**The Young Men's Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)**

**Notes to the Financial Statements**

December 31, 2020

**5. Capital and intangible assets**

a) Capital assets			<b>2020</b>	2019
	<u>Cost</u>	<u>Accumulated Amortization</u>	<b>Net Book Value</b>	Net Book Value
Land	\$ 3,301,552	\$ -	\$ <b>3,301,552</b>	\$ 4,883,604
Buildings and building upgrades	86,319,324	49,224,360	<b>37,094,964</b>	40,732,441
Furniture and equipment	13,463,077	11,952,553	<b>1,510,524</b>	2,067,069
Computer software/hardware	2,817,654	2,304,176	<b>513,478</b>	583,967
Vehicles	1,000	900	<b>100</b>	300
Leasehold improvements	1,266,600	1,162,025	<b>104,575</b>	138,462
Equipment under capital leases	<u>2,070,640</u>	<u>2,047,540</u>	<b><u>23,100</u></b>	-
	<b><u>\$ 109,239,847</u></b>	<b><u>\$ 66,691,554</u></b>	<b><u>\$ 42,548,293</u></b>	<b><u>\$ 48,405,843</u></b>

Buildings include \$1,734,702 (2019 – \$1,833,828), net of accumulated amortization, relating to an interest in the YMCA Welcome Village parkade, owned through the Association's interest in the Boyle Renaissance Condominium Corporation ("BRCC") (Note 20).

b) Intangible asset			<b>2020</b>	2019
	<u>Cost</u>	<u>Accumulated Amortization</u>	<b>Net Book Value</b>	Net Book Value
Right to use land asset	<u>\$ 2,526,000</u>	<u>\$ 936,725</u>	<b><u>\$ 1,589,275</u></b>	<u>\$ 1,715,575</u>

The intangible asset represents the Association's right to use the land represented by the Melcor YMCA Village unit ownership, a component of the Welcome Village. The asset has been recorded at fair market value for the land upon contribution in 2013, as a proxy for the value of the right to use land asset and will be amortized over the twenty years of expected use by the Association. The amortization period relates to the agreement with Capital Region Housing Corporation ("CRHC") and the expectation that ownership will transfer to CRHC in twenty years from acquisition in 2013 (Note 20).

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# The Young Men's Christian Association of Edmonton (Operating as YMCA of Northern Alberta)

## Notes to the Financial Statements

December 31, 2020

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### 5. Capital and intangible assets (cont'd)

#### c) Write off of capital assets

##### Closure of Westwood Family YMCA:

During the year, the Association permanently closed the Westwood Family YMCA which was being leased from the Fort McMurray Public School District. Furniture and equipment were transferred to other YMCA operations when feasible. The remaining furniture and equipment and other capital assets, with a net book value of \$711,629, were written off upon the closure of the facility. Although the Westwood Family YMCA was no longer financially viable to continue, in particular due to the need for extensive investment in capital funding to maintain the facility, the Association continues to serve the Wood Buffalo region through the Eagle Ridge Community Centre, Community and Housing Initiatives programs and a number of child care centres.

##### Project under development:

The 2019 comparative amount for Write off of capital assets on the Statement of Operations relates to a software development project which was discontinued.

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### 6. Long-lived assets held for sale

Carrying value of long-lived assets held for sale previously classified under capital assets:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<b>2020 Net Book Value</b>
Land	\$ 1,582,052	\$ -	<b>\$1,582,052</b>
Building	<u>751,752</u>	<u>739,853</u>	<b><u>11,899</u></b>
	<u>\$2,333,804</u>	<u>\$739,853</u>	<b><u>\$1,593,951</u></b>

During 2020, the City of Edmonton entered into negotiations with the Association relating to their requirement to acquire the Bill Rees land and building site. Subsequent to the year end, the negotiations for the sale agreement concluded and the Association committed to sell the property under the terms of the agreement and for proceeds totalling \$4,835,000. Title of the land and building is expected to transfer on or before July 15, 2021.

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# The Young Men's Christian Association of Edmonton (Operating as YMCA of Northern Alberta)

## Notes to the Financial Statements

December 31, 2020

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### 7. Bank operating lines of credit

The Association has an operating line of credit of \$1,500,000 (2019 – \$1,500,000) of which \$nil (2019 – \$nil) is outstanding at year end. This facility is due on demand and bears interest at the bank's prime rate plus 0.5% (2019 – prime rate plus 0.5%).

Under the terms of the credit facility agreement, the lender has a second floating charge on all current land holdings of the Association, along with any future acquisitions of land. In addition, there is a second charge on all other property owned by the Association.

Subsequent to the year end, the Association was approved for an additional operating line of credit of \$3,000,000 of which no balance has been drawn. This facility is due on demand and bears interest at the bank's prime rate plus 0.5%.

Under the terms of the credit facility agreement, security for this line of credit has the same components as those listed for the four mortgages in Note 11(b).

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<b>8. Accounts payable and accrued liabilities</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Trade and accrued liabilities	\$ 3,832,891	\$ 4,175,970
Government payables	<u>2,738,164</u>	<u>169,295</u>
	<b><u>\$ 6,571,055</u></b>	<b><u>\$ 4,345,265</u></b>

Government payables include \$1,914,930 (2019 - \$nil) of Government of Alberta Early Learning Child Care (ELCC) centre funding estimated as excess funding for the funding period ended March 31, 2021 (Schedule 3). Provisions are made for the Association's liability for employee future benefits arising from services rendered by employees to the balance sheet date. As such, the Association provides for unused vacation entitlement that has accumulated. The accrued amounts of \$914,269 (2019 – \$686,050) have been classified in trade and accrued liabilities.

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**The Young Men’s Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)**

**Notes to the Financial Statements**

December 31, 2020

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**9. Deferred revenue**

Deferred contributions included in the deferred revenue balance of \$9,380,968 as at December 31, 2020 (December 31, 2019 - \$6,287,423) include:

	<u>2019</u> (Restated) (Note 22)	Net Additions	Revenue Recognized	<u>2020</u>
Operating grants – government	\$ 4,156,129	\$ 19,876,232	\$ 17,278,352	\$ <b>6,754,009</b>
Canada Emergency Wage Subsidy – government	-	13,448,508	13,448,508	-
Operating grants – other	164,526	3,040,110	2,159,973	<b>1,044,663</b>
Contributions	<u>174,284</u>	<u>1,321,327</u>	<u>1,242,784</u>	<u><b>252,827</b></u>
	<u>\$ 4,494,939</u>	<u>\$ 37,686,177</u>	<u>\$ 34,129,617</u>	<u><b>\$ 8,051,499</b></u>
Membership dues, program fees, housing and rental deposits and deferred revenue	<u>1,792,484</u>			<u><b>1,329,469</b></u>
	<u>\$ 6,287,423</u>			<u><b>\$ 9,380,968</b></u>

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**10. Obligations under capital leases**

The following is a schedule by year of future minimum lease payments together with the balance of the obligations under capital leases:

2021	\$ 24,187
Less: amount representing interest at 3.01% (2019 – 3.55%)	<u>916</u>
Balance of lease obligations	23,271
Less: current portion	<u>9,099</u>
	<u>\$ 14,172</u>

The collateral security lodged by the Association to support the obligations under capital leases are the underlying assets to which the leases relate.

**The Young Men's Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)**

**Notes to the Financial Statements**

December 31, 2020

<b>11. Long-term debt</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Mortgage payable, bearing interest at prime, monthly interest-only payments (Note 11 (a))	\$ 925,000	\$ 925,000
Mortgage payable, bearing interest at 4.38%, repayable in blended monthly instalments of \$17,368, amortized until March 1, 2030 with terms renewing January 31, 2023 (Note 11 (b) and (c))	<b>1,634,975</b>	1,718,331
Mortgage payable, bearing interest at a floating interest rate of prime plus 0.5%, repayable in blended monthly instalments of \$16,276 based on the year end effective floating rate of 2.95%, amortized until March 1, 2030 with terms renewing April 1, 2021 (Note 11 (b) and (c))	<b>1,630,151</b>	1,725,012
Mortgage payable, bearing interest at 4.70%, repayable in blended monthly instalments of \$16,580 until fully repaid on November 1, 2022 (Note 11 (b))	<b>413,937</b>	541,244
Mortgage payable, bearing interest at prime, monthly interest-only payments subject to the terms and provisions described in Note 11 (b) and (d)	<u><b>1,553,431</b></u>	<u>1,553,431</u>
	<b>6,157,494</b>	6,463,018
Less: current portion	<u><b>1,054,933</b></u>	<u>561,614</u>
	<b><u>\$ 5,102,561</u></b>	<b><u>\$ 5,901,404</u></b>



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## The Young Men's Christian Association of Edmonton (Operating as YMCA of Northern Alberta)

### Notes to the Financial Statements

December 31, 2020

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#### 11. Long-term debt (cont'd)

- a) The \$925,000 mortgage payable is secured by the Bill Rees YMCA land and building having a carrying value of \$1,593,951 (2019 – \$1,669,127). Subsequent to the year end, a sale of the land and building is pending, and this mortgage payable is repayable in full as of the date the sale is finalized (Note 6).
- b) The financing agreement for the Association's mortgage debt of \$1,634,975, \$1,630,151, \$413,937 and \$1,553,431 includes a demand feature that allows the lenders to demand repayment at any time. However, the financial institutions have committed to the Association that repayment will not be demanded on these mortgages payable prior to January 1, 2022. These commitments are based on the assumption that the Association will continue to meet all other related conditions and repayment terms of the agreement. As a result of these commitments, the Association has classified the liability as long-term debt.

In addition, under the terms of a financing agreement revision signed subsequent to the year end, principal repayments on each of these four mortgage debts will be waived for a twelve-month period commencing in 2021, due to the Association's closure of operations related to COVID-19 provincial government restrictions.

Subsequent to the year end, the \$1,630,151 mortgage was renewed at an interest rate of 2.80%, repayable in blended monthly instalments of \$17,113, amortized until March 1, 2030 with terms renewing April 1, 2023.

Security for the four mortgages of \$1,634,975, \$1,630,151, \$413,937 and \$1,553,431 includes:

- A general security agreement providing a first charge over all assets pertaining specifically to the Don Wheaton Family YMCA facility and parkade, including all present and after acquired personal property and proceeds;
- A demand mortgage in the amount of \$18,500,000 on the Don Wheaton Family YMCA facility and the parkade, with a combined carrying value of \$12,638,407 (2019 – \$13,582,243);
- General assignment of rents, insurance proceeds and leases receivable by the Association;
- General assignment of material contracts and benefits with respect to the Don Wheaton Family YMCA, and;
- Demand notes.

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**The Young Men’s Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)**

**Notes to the Financial Statements**

December 31, 2020

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**11. Long-term debt (cont’d)**

- c) The \$1,634,975 and \$1,630,151 mortgages are syndicated mortgages payable to two financial institutions.
- d) The Association has an approved mortgage of \$1,838,594, of which \$1,553,431 has been advanced at December 31, 2020 relating to the acquisition of a software program. Subsequent to the year end, the Association has applied to draw the remaining \$285,163 balance from this mortgage to fund the acquisition of a replacement software program.
- e) The principal payments due within the next five years and thereafter, assuming the loans, other than the \$925,000 mortgage paid out subsequent to the year end, are renewed at the current terms, are estimated as follows:

2021	\$ 1,054,933
2022	347,049
2023	667,383
2024	533,424
2025	516,053
Thereafter	<u>3,038,652</u>
	<u>\$ 6,157,494</u>

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**12. Long-term reserve fund**

During the year, the agreement with the City of Red Deer related to the Association’s operations at the Northside Community Centre was amended to provide for a \$400,000 reserve fund. This balance relates to unexpended funding provided by the City of Red Deer for past operations and may be applied to future operational funding, upon application to and receipt of approval from the City. This reserve fund is fully funded through a \$400,000 cashable guaranteed investment certificate, bearing interest at .4% and maturing on December 29, 2021, which is included in restricted cash equivalents. At the end of the term of the agreement, on June 30, 2024, any amount left in the reserve fund is payable to the City of Red Deer.

**The Young Men's Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)**

**Notes to the Financial Statements**

December 31, 2020

**13. Deferred capital contributions**

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 38,541,358	\$ 41,379,313
Add: contributions received	487,923	582,825
Less: contributions refunded	(59,708)	-
Less: contributions recognized as revenue	<u>(4,014,632)</u>	<u>(3,420,780)</u>
Balance, end of year	<u>\$ 34,954,941</u>	<u>\$ 38,541,358</u>
Contributions received include:		
YMCA Welcome Village Capital Campaign	\$ 75,000	\$ 75,000
Allocated to YMCA Welcome Village operating support	<u>(75,000)</u>	<u>(17,367)</u>
	-	57,633
Capital grants (including \$465,751 (2019 – \$524,720) from government sources for facility development projects and other capital acquisitions)	<u>487,923</u>	<u>525,192</u>
	<u>\$ 487,923</u>	<u>\$ 582,825</u>

The Association previously entered into a capital contribution campaign to raise \$3,300,000 in contributions for the YMCA Welcome Village and related fundraising costs. Contributions received to December 31, 2020 totalled \$3,396,957 (2019 – \$3,321,957). Outstanding pledges, totalling \$825,000 (2019 – \$915,335) as at December 31, 2020, are expected to be received within the next twelve years. Contributions exceeding the original \$3,300,000 campaign goal will continue to be directed towards capital and operating support for the YMCA Welcome Village.

**The Young Men's Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)**

**Notes to the Financial Statements**

December 31, 2020

<b>14. Investment in capital assets</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Balance, beginning of year	\$ <b><u>8,618,181</u></b>	\$ <u>10,416,599</u>
Amortization of capital assets	<b>(4,948,895)</b>	(5,039,153)
Amortization of intangible asset	<b>(126,300)</b>	(126,300)
Amortization of deferred capital contributions	<b>4,014,632</b>	3,420,780
Investment income	<b>22,400</b>	78,908
Contributions	-	(150,000)
Write off of capital asset	<b>(711,629)</b>	(1,814,625)
Gain (loss) on disposal of capital assets	<b><u>3,000</u></b>	<u>(1,202)</u>
Deficiency of revenue over expenses	<b><u>(1,746,792)</u></b>	<u>(3,631,592)</u>
Other items:		
Acquisition of capital assets	<b>1,373,654</b>	1,232,622
Receipt of capital contributions	<b>(428,215)</b>	(582,825)
Repayment of long-term debt	<b>305,524</b>	435,478
Repayment of obligations under capital leases	<b>45,047</b>	139,737
Transfer of restricted cash equivalents	<b>91,266</b>	58,279
Increase in long-term payable	<b>(45,351)</b>	(58,279)
Proceeds from disposition of capital assets	<b>(3,000)</b>	-
Transfer of cash and short-term investments between funds	<b><u>(376,030)</u></b>	<u>608,162</u>
Increase in net assets invested in capital assets	<b><u>962,895</u></b>	<u>1,833,174</u>
Balance, end of year	<b><u>\$ 7,834,284</u></b>	<b><u>\$ 8,618,181</u></b>

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**The Young Men’s Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)**

**Notes to the Financial Statements**

December 31, 2020

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**15. Commitments**

a) Operating leases and service contracts

The Association has fifty-eight leased premises subject to operating lease commitments.

The minimum annual lease payments under these operating leases are as follows:

2021	\$ 1,479,804
2022	843,430
2023	711,212
2024	537,210
2025 and thereafter	<u>2,747,739</u>
	<u>\$ 6,319,395</u>

Included in the minimum lease payments are three lease agreements for child care centres where rent expense is a percentage of the gross child care fees on a monthly basis. The minimum annual lease payments include the estimated annual payments for these leases to the end of the current lease terms.

b) Electrical power purchase agreement

The Association has signed an agreement to purchase power at a fixed rate for the period from January 1, 2021 to December 31, 2023.

c) Natural gas purchase agreement

The Association has signed agreements to purchase natural gas at a fixed rate for the period from December 1, 2017 to November 30, 2021.

d) Restriction of use

The Association has agreed to certain commitments to the City of Edmonton relating to the four Health, Fitness and Aquatic facilities located in the Edmonton region, intended to ensure the facilities continue to provide recreational services to members of the community.

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# **The Young Men's Christian Association of Edmonton (Operating as YMCA of Northern Alberta)**

## **Notes to the Financial Statements**

December 31, 2020

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### **16. YMCA Opportunity Fund**

During the year, membership and program fees for qualifying individuals and families were sponsored through the Association's financial assistance program (the YMCA Opportunity Fund) which is funded, in part, by the annual YMCA Giving fundraising campaign. Membership and program fees are reported net of these subsidies approved for qualifying community members.

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### **17. Pension expense**

The Association has a defined contribution plan covering eligible employees. Contributions are computed as a percentage of compensation. The expense recorded in relation to the employee benefit plan for the year ended December 31, 2020 was \$809,242 (2019 – \$746,853).

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### **18. Financial instrument risks**

The Association's main financial instrument risk exposure is detailed as follows:

The Association holds guaranteed investment certificates, which are subject to various risks such as interest rate and market fluctuations. These risks are mitigated by restricting both the type and term of securities eligible for investment. The Association is subject to interest rate risk due to the variable rate applicable to the mortgages payable. It is management's opinion that the Association is not exposed to significant interest rate risk arising from financial instruments.

The Association is exposed to credit risk from members, program participants, organizations receiving services and related parties. Credit risk arises from the possibility that the individuals, families and entities to which the Association provides services may experience financial difficulty and be unable to fulfil their obligations. The Association's receivable balance is made up of numerous and diverse receivables, which reduces the concentration of credit risk.

The Association is exposed to liquidity risk as the Association could encounter difficulty in meeting obligations associated with its financial liabilities. The Association is, therefore, exposed to liquidity risk with respect to its accounts payable and accrued liabilities, obligations under capital leases and long-term debt.

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# The Young Men's Christian Association of Edmonton (Operating as YMCA of Northern Alberta)

## Notes to the Financial Statements

December 31, 2020

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### 19. Fundraising

The Association creates opportunities for all participants and members to form relationships and gain a sense of belonging and involvement. This comprehensive fund development program incorporates a variety of activities, including community engagement, Endowment giving, grant writing, capital campaign administration and the annual Y Giving fundraising campaign. Total costs for the fund development program for the year ended December 31, 2020, were \$499,501 (2019 – \$621,208) including \$410,824 (2019 – \$432,927) in salaries, wages, and benefits. In addition, the direct cost of the 2020 Y Giving campaign of \$63,363 (2019 – \$84,167) was expensed.

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### 20. YMCA Welcome Village

In 2009, the Association entered into a Memorandum of Understanding (“MOU”) with the Capital Region Housing Corporation (“CRHC”) relating to the development of the YMCA Welcome Village.

The Boyle Renaissance Condominium Corporation (“BRCC”) was registered in 2013 for the purpose of facilitating the long-term ownership structure of the YMCA Welcome Village units. In 2013, legal titles of the following BRCC units were transferred to the Association and are included in capital assets:

- Melcor YMCA Village;
- Shirley Stollery YMCA Child Care Centre;
- YMCA Family Resource Centre, and;
- A portion of the West Building external structure and parkade (Note 5(a)).

The right to use land asset related to the Melcor YMCA Village has been recorded as an intangible asset (Note 5 (c)), at the estimated fair market value of \$2,526,000 as a proxy for the value of the right-to-use land asset.

The Association has extended, to December 31, 2025, a long-term lease for \$1 per year, with the City of Edmonton, relating to the West building access and office administration.

The Association will hold title to the Melcor YMCA Village facility for a minimum of twenty years, the period of time that the Association is committed to operating affordable housing services under the terms of the provincial government capital grant.

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## The Young Men's Christian Association of Edmonton (Operating as YMCA of Northern Alberta)

### Notes to the Financial Statements

December 31, 2020

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#### 20. YMCA Welcome Village (cont'd)

In 2013, an agreement was made with CRHC which includes the following:

- Allowing CRHC an option to purchase the Melcor YMCA Village and the related reserve fund for \$10. The option may be exercised at any time prior to January 18, 2034, with a transfer of ownership occurring not before January 18, 2034. The option period may be extended for an additional term of one year or such other period in excess of one year as agreed to by both parties.
- That the Association shall maintain a capital reserve to be used for major capital repairs, the balance of which will be transferred to CRHC if ownership transfers. All expenditures from the reserve are subject to written approval of CRHC.

The Association expects that the option will be exercised, and ownership will transfer to CRHC in twenty years and accounts for the current access to the Melcor Village as a long-term operating lease. The Melcor YMCA Village building has been recorded as leasehold improvements, classified with buildings.

The Association allocates 4% of the housing revenue from the facility to the capital reserve, which is recorded as a long-term payable. Funding of the balance of the long-term payable is held in cashable guaranteed investment certificates, at \$401,425 (2019 - restricted cash of \$356,074).

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#### 21. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.



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**The Young Men's Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)**

**Notes to the Financial Statements**

December 31, 2020

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**22. Prior period adjustment**

During the year ended December 31, 2019, the Association converted to a new membership tracking system. This system appeared unable to provide certain information by member class to determine the proper allocation of membership dues received that was to be recognized into income versus recorded as deferred revenue for membership services not yet provided. This issue persisted until July 2020 when a new membership tracking system was implemented, and individual member deferred revenue balances were able to be calculated. Management has now determined the deferred revenue balance as at December 31, 2020 but is unable to allocate membership revenue precisely between 2019 and 2020 and has therefore estimated a restatement amount of \$830,000 to be applied to 2019 membership revenue and the December 31, 2019 deferred revenue balance.

The above change has been applied retrospectively and the 2019 comparative figures have been restated as follows:

	December 31, 2019 <u>(as previously stated)</u>	Adjustments <u>due to restatement</u>	December 31, 2019 <u>(as restated)</u>
<u>Statement of Financial Position</u>			
Deferred revenue	\$ <u>7,117,423</u>	\$ <u>(830,000)</u>	\$ <u>6,287,423</u>
Unrestricted Net Assets	\$ <u>(3,330,194)</u>	\$ <u>830,000</u>	\$ <u>(2,500,194)</u>
<u>Statement of Operations</u>			
Membership dues, net of YMCA Opportunity Fund	\$ <u>12,791,917</u>	\$ <u>830,000</u>	\$ <u>13,621,917</u>
<u>Statement of Changes in Net Assets</u>			
(Deficiency) of revenues over expenses	\$ <u>(2,677,915)</u>	\$ <u>830,000</u>	\$ <u>(1,847,915)</u>
Net Assets, end of year	\$ <u>5,287,987</u>	\$ <u>830,000</u>	\$ <u>6,117,987</u>

There was no impact to the Statement of Cash Flows as a result of the restatement.

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**The Young Men's Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)**

**Schedule 1 - Operating Expenses**

Year Ended December 31	2020	2019
Salaries, wages, and benefits	\$ 37,895,202	\$ 46,269,492
Occupancy	4,290,136	5,814,879
Supplies	2,115,176	4,589,882
Repairs and maintenance	1,726,921	2,736,260
Participant support costs	1,166,429	1,972,772
Purchased services and insurance	616,493	779,316
Finance and program registration fees	482,800	783,156
Printing and promotion	441,731	707,075
Telephone and postage	363,648	376,101
Membership and Association dues	308,614	684,183
Employee and participant travel	222,457	641,154
Goods and Services tax	199,891	43,589
Training	155,384	401,906
Miscellaneous	29,166	60,959
International program support	19,900	15,000
Bad debts (recovery)	<u>(73,344)</u>	<u>499,163</u>
	<b><u>\$ 49,960,604</u></b>	<b><u>\$ 66,374,887</u></b>

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See accompanying notes to the financial statements

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**The Young Men’s Christian Association of Edmonton  
(Operating as YMCA of Northern Alberta)  
Schedule 2 – Homeward Trust Edmonton and Homeward Trust  
Foundation**

Year Ended December 31 2020 2019

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The revenues and expenses relating to operating grants from Homeward Trust Edmonton and Homeward Trust Foundation are as follows:

Revenues		
Operating grants – other	\$ <u>1,394,792</u>	\$ <u>1,287,944</u>
Expenses		
Salaries, wages, and benefits	742,854	647,118
Participant support costs	462,284	432,311
Administration costs	144,543	161,154
Employee and participant travel	18,799	25,533
Telephone and postage	8,615	7,364
Occupancy	6,000	6,000
Supplies and allocation to capital costs	5,636	2,211
Miscellaneous	2,491	2,386
Purchased services, professional fees and insurance	2,372	301
Training	<u>1,198</u>	<u>3,566</u>
	<u>1,394,792</u>	<u>1,287,944</u>
Revenues over expenses	<u>\$ -</u>	<u>\$ -</u>

The continuity of deferred contributions and operating grants is as follows:

Balance, beginning of year	\$ 149,522	\$ 164,632
Add: operating grants received	1,734,998	1,272,834
Less: operating grants recognized as revenue	<u>(1,394,792)</u>	<u>(1,287,944)</u>
Balance, end of year	<u>\$ 489,728</u>	<u>\$ 149,522</u>

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**The Young Men’s Christian Association of Edmonton**  
**(Operating as YMCA of Northern Alberta)**  
**Schedule 3 – Government of Alberta Early Learning Child Care (ELCC) Centre Funding**

Year Ended December 31, 2020

During the year, the Association received \$9,139,360 (2019 - \$7,890,600) in funding from the Government of Alberta towards supporting the operation of nineteen ELCC Child care centres. This represented the third year of provincial government funding related to the three-year pilot program sponsoring \$25-a-day child care. Subsequent to the year end, the three-year program was finalized on March 31, 2021 and the Association repaid the preliminary estimated excess funding of \$1,914,930.

	Deferred revenue at beginning of year	Funding received	Revenue recognized	Deferred capital contributions	Funding returned	Funding transferred to accounts payable and accrued liabilities	Deferred revenue at end of year
<b>Year 1 Funding</b>							
Access	\$ 14,182	\$ -	\$ 8,175	\$ -	\$ 6,007	\$ -	\$ -
Affordability	1,056,655	-	1,046,500	-	10,155	-	-
Quality	180,400	-	156,368	-	24,032	-	-
Wage	150,539	-	82,052	-	68,487	-	-
Improvements	126,597	-	77,000	-	49,597	-	-
	<u>1,528,373</u>	<u>-</u>	<u>1,370,095</u>	<u>-</u>	<u>158,278</u>	<u>-</u>	<u>-</u>
Deferred interest revenue	<u>119,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,057</u>
<b>Year 2 Funding</b>							
Affordability	955,454	-	991,923	-	36,469	-	-
Quality	246,493	-	180,794	1,738	63,961	-	-
Wage	394,214	-	346,524	-	47,690	-	-
Improvements	152,909	-	126,533	-	26,376	-	-
	<u>1,749,070</u>	<u>-</u>	<u>1,645,774</u>	<u>1,738</u>	<u>101,558</u>	<u>-</u>	<u>-</u>
Deferred interest revenue	<u>132,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,234</u>

See accompanying notes to the financial statements

**The Young Men’s Christian Association of Edmonton**  
**(Operating as YMCA of Northern Alberta)**  
**Schedule 3 – Government of Alberta Early Learning Child Care (ELCC) Centre Funding**  
Year Ended December 31, 2020

	Deferred revenue at beginning of year	Funding received	Revenue recognized	Deferred capital contributions	Funding returned	Funding transferred to accounts payable and accrued liabilities	Deferred revenue at end of year
<b>Year 3 Funding</b>							
Affordability	-	6,794,400	3,600,964	-	-	1,034,508	2,158,927
Quality	-	587,200	118,453	13,708	-	82,433	372,607
Wage	-	1,077,560	172,220	-	-	556,727	348,613
Improvements	-	680,200	224,397	14,664	-	241,262	199,876
	-	9,139,360	4,116,034	28,372	-	1,914,930	3,080,023
Deferred interest revenue	-	42,300	-	-	-	-	42,300
<b>Total</b>	<b>\$ 3,528,734</b>	<b>\$ 9,181,660</b>	<b>\$ 7,131,903</b>	<b>\$ 30,111</b>	<b>\$ 259,836</b>	<b>\$ 1,914,930</b>	<b>\$ 3,373,614</b>

See accompanying notes to the financial statements