

Oakville Family YMCA
(a corporation without share capital)
Financial Statements
For the year ended December 31, 2020

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Independent Auditor's Report

To the Board of Directors of
Oakville Family YMCA (a corporation without share capital)

Opinion

We have audited the financial statements of the Oakville Family YMCA (the "Association"), which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, revenue and expenses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of 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.



Independent Auditor's Report (Continued)

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 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
April 29, 2021

Oakville Family YMCA
(a corporation without share capital)
Statement of Financial Position

December 31	2020	2019
Assets		
Current		
Cash - unrestricted	\$ 843,803	\$ 3,159,604
Accounts receivable (Note 16)	2,297,256	469,532
Prepaid expenses	71,276	96,993
	3,212,335	3,726,129
Investments (Note 2)	3,360,140	2,748,964
Capital assets (Note 3 and 8)	6,074,527	6,891,086
	\$ 12,647,002	\$ 13,366,179
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,252,038	\$ 644,628
Deferred revenue	185,426	190,103
	1,437,464	834,731
Deferred capital donations and grants (Note 6)	2,660,022	2,883,580
	4,097,486	3,718,311
Net Assets		
Net assets invested in capital and intangible assets (Note 7)	3,414,505	4,007,506
Net assets internally restricted for capital expenditures (Note 8)	3,000,000	2,500,000
Unrestricted net assets	2,135,011	3,140,362
	8,549,516	9,647,868
	\$ 12,647,002	\$ 13,366,179

On behalf of the Board:

Signature: 
 Ian Troop Email: iantroop@hotmail.com Director

Signature: 
 Sam Greiss Email: sgreiss@cogeco.ca Director

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

Oakville Family YMCA
(a corporation without share capital)
Statement of Changes in Net Assets

For the year ended December 31

	Invested in Capital and Intangible Assets	Internally Restricted	Unrestricted	2020 Total	2019 Total
Balance, beginning of year	\$ 4,007,506	\$ 2,500,000	\$ 3,140,362	\$ 9,647,868	\$ 9,823,215
Excess (deficiency) of revenue over expenses	(825,954)	-	(272,398)	(1,098,352)	(175,347)
Additions to capital assets net of capital donation and grants	232,953	-	(232,953)	-	-
Transfers (Note 8)	-	500,000	(500,000)	-	-
Balance, end of year	\$ 3,414,505	\$ 3,000,000	\$ 2,135,011	\$ 8,549,516	\$ 9,647,868

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

Oakville Family YMCA
(a corporation without share capital)
Statement of Revenue and Expenses

For the year ended December 31	2020	2019
Revenue		
Childcare - fees (Note 9)	\$ 5,533,205	\$ 16,386,801
- wage subsidy grants (Note 10)	990,596	2,121,395
	6,523,801	18,508,196
Membership	881,103	3,755,334
Program (Note 9)	82,517	1,736,876
Donations, grants and fundraising	454,123	377,076
Amortization of capital donations and grants (Note 6)	377,443	375,093
Other income	18,226	62,056
Investment income	142,375	245,321
Government wage subsidy (Note 16)	3,798,634	-
Halton Region COVID grants (Note 10)	1,167,854	-
	13,446,076	25,059,952
Expenses		
Childcare (Page 16)	10,973,154	17,437,809
Programs and membership (Page 16)	3,571,274	7,121,404
	14,544,428	24,559,213
Excess (deficiency) of revenue over expenses before other item	(1,098,352)	500,739
Impairment of intangible asset (Note 4)	-	676,086
Deficiency of revenue over expenses	\$ (1,098,352)	\$ (175,347)

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

Oakville Family YMCA
(a corporation without share capital)
Statement of Cash Flows

For the year ended December 31	2020	2019
Cash flows from operating activities		
Deficiency of revenue over expenses for the year	\$ (1,098,352)	\$ (175,347)
Adjustments for items not affecting cash		
Amortization of capital assets	1,203,397	1,196,449
Amortization of deferred capital donations and grants	(377,443)	(375,093)
Impairment of intangible asset	-	676,086
Unrealized gain on investments	(102,270)	(114,889)
Changes in non-cash working capital balances		
Accounts receivable	(1,827,724)	72,632
Prepaid expenses	25,717	(92,876)
Accounts payable and accrued liabilities	607,410	(524,478)
Deferred revenue	(4,677)	140,127
	<u>(1,573,942)</u>	<u>802,611</u>
Cash flows from investing activities		
Capital asset purchases	(386,838)	(628,630)
Intangible assets purchases (Note 4)	-	(89,058)
Investment purchases (Note 2)	(508,906)	(103,180)
	<u>(895,744)</u>	<u>(820,868)</u>
Cash flows from financing activity		
Capital donations and grants received	153,885	61,029
Net increase (decrease) in cash	(2,315,801)	42,772
Cash, beginning of year	3,159,604	3,116,832
Cash, end of year	\$ 843,803	\$ 3,159,604

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

Oakville Family YMCA
(a corporation without share capital)
Notes to Financial Statements

December 31, 2020

1. Significant Accounting Policies

Nature of Business

The Association was created without share capital on October 6, 1964 under Supplementary Letters Patent. The Association is a registered charity and accordingly is not subject to income tax.

The YMCA of Oakville is a charity that strengthens community in Spirit, Mind and Body.

The Association's sources of revenue are largely from childcare, memberships in the membership centre, day camps and community programs. The Association operated 42 (2019 - 41) offsite locations and delivered 89 (2019 - 87) childcare programs during the year.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization based on the estimated useful life of the asset, is calculated on a straight-line basis as follows:

Building and site costs	-	25 years
Furniture, equipment and leasehold improvements		
Childcare	-	4 years
Health, fitness and recreation	-	5 years
Association services	-	5 years

Building additions are amortized over the remaining life of the building, which was constructed in 2003.

Revenue Recognition

Childcare, membership and program fees are recognized over the related period of service.

The Association follows the deferral method of accounting for contributions.

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

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 revenue and expenses.

Oakville Family YMCA
(a corporation without share capital)
Notes to Financial Statements

December 31, 2020

1. Significant Accounting Policies (continued)

Deferred Revenue

The Association operates various special programs which are funded by specifically designated grants and donations. To the extent such grants and donations are unspent at December 31, they are disclosed as deferred revenue on the statement of financial position.

Shared Service Agreement

The Association has entered into a shared service agreement with other YMCAs allowing for the sharing of management services between associations. The cost recoveries received from these other YMCA associations have been recognized as a reduction of association services expense in the statements of the Oakville Family YMCA.

Government Grants and Fee Subsidies

General operating grants, fee subsidies and wage subsidy grants are recorded as revenue. Grants designated to be applied towards specific capital expenditures are deferred and amortized over the same period as the related capital asset.

Allocation of Association Services

The Association's principal activities are childcare, programs and membership services. The costs of each include wages and benefits, supplies, facility rentals and other direct costs. The Association also incurs a number of general and administrative support expenses that are common to the administration of the Association and each of its activities. Association services have been allocated to childcare expenses, programs and memberships expenses proportionately based on percentages of revenue as follows:

Childcare	- 85% (2019 - 75%)
Programs and memberships	- 15% (2019 - 25%)

Contributed Services

Volunteers contributed approximately 1,830 hours to assist the Association in carrying out its service delivery activities. The criteria for recruiting summer camp volunteers changed during the year, which reduced the number of applicants eligible to volunteer. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities and fixed income (included in investments) traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value each statement of financial position date and charged to the financial instrument for those measured at amortized cost. Investment fees incurred during the year are included in association services expense.

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 balance sheet date. Gains and losses on translation of monetary assets and liabilities are included in net income.

Oakville Family YMCA
(a corporation without share capital)
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. Investments

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Equities	\$ 1,030,944	\$ 902,253	\$ 948,196	\$ 857,101
Fixed income	2,316,634	2,278,957	1,677,047	1,704,044
Cash	12,562	12,562	123,721	123,721
	\$ 3,360,140	\$ 3,193,772	\$ 2,748,964	\$ 2,684,866

The effective interest rate on fixed income and foreign securities during the year varied from 1.20% to 4.30% (2019 - 1.15% to 4.50%). The maturities of these securities range from 2021 to 2027.

During the year, the Association transferred \$500,000 (2019 - \$Nil) (Note 8) of additional cash to investments. Dividends, interest and realized gains/losses on investments of \$4,376 (2019 - \$103,180) were reinvested during the year.

Oakville Family YMCA
(a corporation without share capital)
Notes to Financial Statements

December 31, 2020

3. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 39,825	\$ -	\$ 39,825	\$ -
Building and site costs	16,067,734	10,717,504	15,870,245	9,986,161
Furniture, equipment and leasehold improvements				
- Childcare	2,183,565	1,822,602	2,099,260	1,576,464
- Health, fitness and recreation	1,424,315	1,342,478	1,424,315	1,224,045
- Association services	1,767,750	1,526,078	1,662,706	1,418,595
	\$ 21,483,189	\$ 15,408,662	\$ 21,096,351	\$ 14,205,265
Net book value		\$ 6,074,527		\$ 6,891,086

4. Intangible Assets

In the prior fiscal year, the Association's Dynamics for Membership IT system related 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 Association concluded that the system did not meet their requirements and that there was an increased future risk associated with continuing in the project. As the Association no longer planned to utilize the system, it was written down during the last fiscal year to its estimated fair value.

5. Demand Operating Facility

The Association has available a demand operating facility to a maximum of \$2,000,000 (2019 - \$2,000,000). There were no advances outstanding under this facility as at the year end.

The demand operating facility is secured by a general security agreement, an assignment of insurance and a first collateral mortgage for \$8,000,000 on the land and building.

Oakville Family YMCA
(a corporation without share capital)
Notes to Financial Statements

December 31, 2020

6. Deferred Capital Donations and Grants

	2020	2019
Capital donations, fundraising and grants for:		
Building	\$ 7,978,214	\$ 7,978,214
Less: accumulated amortization	(5,526,465)	(5,176,569)
	2,451,749	2,801,645
Childcare equipment and leasehold improvements	293,878	216,693
Less: accumulated amortization	(150,606)	(137,959)
	143,272	78,734
Health, fitness and recreation equipment	133,359	56,659
Less: accumulated amortization	(68,358)	(53,458)
	65,001	3,201
	\$ 2,660,022	\$ 2,883,580

7. Net Assets Invested in Capital Assets

	2020	2019
Capital assets, net	\$ 6,074,527	\$ 6,891,086
Deferred capital donations and grants - unamortized	(2,660,022)	(2,883,580)
	\$ 3,414,505	\$ 4,007,506

8. Net Assets Internally Restricted for Capital Expenditures

Net assets internally restricted for capital expenditures represent funds specifically set aside by the Board of Directors to be used solely for the purpose of capital expenditures. Net assets internally restricted for capital expenditures are not available for other purposes without approval by the Board of Directors.

During the year, the Board of Directors approved a transfer of \$500,000 (2019 - \$Nil) from unrestricted net assets to net assets internally restricted for capital expenditures.

Oakville Family YMCA
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Notes to Financial Statements

December 31, 2020

9. Regional Municipality Fee Subsidies

The Association receives fee subsidies on behalf of qualifying families based on income eligibility from the Regional Municipality of Halton, which are included with the revenues of the Association as follows:

	2020	2019
Childcare revenue	\$ 874,306	\$ 1,756,592
Program revenue	-	427,727
	\$ 874,306	\$ 2,184,319

10. Government Grants

During the year, grants in the following amounts were received from the Regional Municipality of Halton as direct wage subsidies to childcare workers. They were recognized in the Association's revenue.

	2020	2019
General Operating Grant	\$ 547,898	\$ 1,058,525
Wage Enhancement	382,407	957,732
Special Needs School Age Support	60,291	105,138
	\$ 990,596	\$ 2,121,395

Continued government support for direct wage subsidies to childcare workers is not guaranteed, but is typically renewed on an annual basis. Should this support cease, the Association is prepared to take measures to reduce the impact on its childcare services and staff.

The Association also received COVID-19 grants of \$1,167,854 from the Regional Municipality of Halton during the year. The grant was used to support the Association during the closure, reopening and safe restart period during the pandemic, and has been recognized in the Association's grant revenue.

11. YMCA Fee Assistance

In addition to the fee subsidies provided by the Regional Municipality of Halton (Note 9), the Association assisted families with direct fee assistance in memberships, programs and childcare. The value of the fee assistance was \$235,251 (2019 - \$741,677) and is excluded from the Association's revenues.

Oakville Family YMCA
(a corporation without share capital)
Notes to Financial Statements

December 31, 2020

12. Commitments

The Association leases premises and association services equipment in the normal course of its operations. The minimum annual payments for the next five years are as follows:

2021	\$	210,237
2022		208,629
2023		142,212
2024		38,253
2025		1,478

The Association has entered into a contract with the Halton District School Board to provide before and after school programs with a flexible rental schedule based the number of rooms used for its various programs. The room usage during the year was far less than prior years resulting from the mandatory pandemic shutdowns of a number of programs. The average annual rent paid under the contract for the past two fiscal years was \$317,384. The contract is scheduled to expire in 2023

13. Employee Future Benefits

The Association makes matching contributions to a defined contribution pension plan for its employees. Total pension expense included in the financial statements is \$308,541 (2019 - \$351,447).

The Association has no obligations in excess of the contributions noted above, as it does not have any defined benefit retirement plans.

14. Contingency

The Association has been named as a defendant in a statement of claim arising in the ordinary course of business. This claim is covered by the Association's insurance. The Association has contested the claim and, in management's opinion, the lawsuit is groundless. Consequently, no provision for this claim has been made in the financial statements.

15. Financial Instrument Risks

Market Risk

Market risk arises from the possibility that changes in market prices will affect the level of investments held by the Association. The Association is exposed to market risk through its investments in equities.

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 of \$558,561 (2019 - \$421,357) were held in US dollars and converted into Canadian dollars at year end. The Association considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risks.

Oakville Family YMCA
(a corporation without share capital)
Notes to Financial Statements

December 31, 2020

16. 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 Association cancelling in-person programs at the Peter Gilgan Family YMCA at 410 Rebecca Street. The Association continues to offer Before and After School-Age Child Care programs and Toddler and Preschool Child Care programs under strict safety restriction and protocols from Halton Region Public Health and the Ministry of Education.

During the year, the Association received \$3,798,634 in financial assistance from the Canadian Emergency Wage Subsidy ("CEWS") program. \$1,909,872 in financial assistance from the CEWS program is included in accounts receivable. This amount is expected to be received in the next fiscal year and has been included as government subsidy revenue. 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 Association has met all applicable eligibility criteria.

The Association is in the process of completing the application of the Canadian Emergency Rent Subsidy ("CERS") program. The Association has estimated that they will be eligible to claim \$111,000 of CERS up to December 31, 2020 related to rent paid from September 27 to December 19, 2020 to the Halton school boards and The Waterford. This has not been reflected in the results of the operation of the Association.

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.

17. Comparative Amounts

Certain comparative figures presented in the financial statements have been reclassified to conform with the current year's presentation.

Oakville Family YMCA
(a corporation without share capital)
Expense Schedules

For the year ended December 31	2020	2019
Childcare		
Wages and benefits (Note 13)	\$ 7,396,204	\$ 11,860,948
Association services	1,713,376	1,939,189
Program supplies	836,634	1,630,512
Facility rental	471,888	952,473
Amortization of capital assets	240,456	265,672
Repairs and maintenance	75,905	208,136
Program delivery costs	123,540	235,750
YMCA Canada and other dues	77,943	215,781
Bank charges	37,208	129,348
	\$ 10,973,154	\$ 17,437,809
Programs and memberships		
Wages and benefits (Note 13)	\$ 1,688,180	\$ 3,837,448
Amortization of capital assets	962,940	930,777
Association services	302,360	646,396
Repairs and maintenance	210,033	403,593
Utilities	269,381	409,316
Program delivery costs	60,172	409,607
Program supplies	51,018	241,331
Facility rental	6,869	127,893
YMCA Canada and other dues	13,755	71,927
Bank charges	6,566	43,116
	\$ 3,571,274	\$ 7,121,404