# Consolidated financial statements of
# YMCA of Greater Saint John Inc.
(Incorporated under the laws of New Brunswick)

December 31, 2020

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# Independent Auditor's Report

To the Members of
YMCA of Greater Saint John Inc.

## Opinion

We have audited the consolidated financial statements of YMCA of Greater Saint John (the "Organization"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of changes in fund balances, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Organization 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 for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

## Auditors' Responsibility for the Audit of the Consolidated 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 GAAS 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 GAAS, 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 Organization'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 Organization'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 Organization 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.

Deloitte LLP

Chartered Professional Accountants
March 31, 2021

## YMCA of Greater Saint John Inc.
### Consolidated statement of financial position
As at December 31, 2020

| | Notes | Operating Fund $ | Capital Fund $ | Endowment Fund $ | 2020 Total $ | 2019 Total $ |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Current assets | | | | | | |
| Cash | | | | | | |
| Unrestricted | | 1,152,438 | — | — | 1,152,438 | 325,824 |
| Restricted | 12 | 1,057,674 | 96,206 | 46,640 | 1,200,520 | 1,323,654 |
| Accounts receivable | 3 and 13 | 1,551,488 | — | — | 1,551,488 | 393,524 |
| Prepaid expenses | | 52,787 | — | — | 52,787 | 127,081 |
| | | 3,814,387 | 96,206 | 46,640 | 3,957,233 | 2,170,083 |
| Investments | 4 | — | — | 826,423 | 826,423 | 857,196 |
| Designated investments for capital reserve fund | 2 and 4 | — | — | 1,109,535 | 1,109,535 | 891,961 |
| Property and equipment | 5 | 578,366 | 20,122,502 | — | 20,700,868 | 21,358,886 |
| | | 4,392,753 | 20,218,708 | 1,982,598 | 26,594,059 | 25,278,126 |
| **Liabilities** | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable and accrued liabilities | | 394,469 | 3,800 | — | 398,269 | 396,500 |
| Deferred revenue | 6 | 2,258,091 | — | — | 2,258,091 | 1,770,943 |
| Demand term loan | 7 | — | 179,000 | — | 179,000 | 274,000 |
| Current portion of long-term debt | 7 | — | 288,000 | — | 288,000 | 288,000 |
| | | 2,652,560 | 470,800 | — | 3,123,360 | 2,729,443 |
| Deferred contributions | 8 | 115,205 | 17,574,779 | — | 17,689,984 | 17,842,201 |
| Long-term debt | 7 | — | 452,000 | — | 452,000 | 596,000 |
| Inter-fund accounts payable (receivable) | | (589,952) | (538,244) | 1,128,196 | — | — |
| | | 2,177,813 | 17,959,335 | 1,128,196 | 21,265,344 | 21,167,644 |
| Commitments | 9 | | | | | |
| **Fund balances** | | | | | | |
| Invested in property and equipment | | — | 1,149,838 | — | 1,149,838 | 1,236,854 |
| Externally restricted | | — | — | 518,717 | 518,717 | 549,470 |
| Internally restricted | | — | — | 335,685 | 335,685 | 328,157 |
| Restricted for capital replacement | 2 | — | 1,109,535 | — | 1,109,535 | 891,961 |
| Unrestricted | | 2,214,940 | — | — | 2,214,940 | 1,104,040 |
| | | 2,214,940 | 2,259,373 | 854,402 | 5,328,715 | 4,110,482 |
| | | 4,392,753 | 20,218,708 | 1,982,598 | 26,594,059 | 25,278,126 |

The accompanying notes are an integral part of the consolidated financial statements.

Approved on behalf of the Board

______________________, Director

______________________, Director

**YMCA of Greater Saint John Inc.**

## Consolidated statement of changes in fund balances

Year ended December 31, 2020

| | Notes | Operating Fund $ | Capital Fund $ | Endowment Fund $ | 2020 Total $ | 2019 Total $ |
|---|---|---|---|---|---|---|
| **Balance, beginning of year** | | **1,104,040** | **2,128,815** | **877,627** | **4,110,482** | 3,681,629 |
| Endowment contributions | | **—** | **—** | **21,745** | **21,745** | 66,564 |
| Net gain on the capital replacement reserve | | **—** | **17,573** | **—** | **17,573** | 66,722 |
| Transfer to fund balance restricted for capital replacement | 2 | **(200,000)** | **200,000** | **—** | **—** | — |
| Unrealized gain on investment | | **—** | **—** | **—** | **—** | 6,086 |
| Excess (deficiency) of revenue over expenditure | | **1,310,900** | **(87,015)** | **(44,970)** | **1,178,915** | 289,481 |
| **Balance, end of year** | | **2,214,940** | **2,259,373** | **854,402** | **5,328,715** | 4,110,482 |

The accompanying notes are an integral part of the consolidated financial statements.

## YMCA of Greater Saint John Inc.
### Consolidated statement of operations
Year ended December 31, 2020

| | Notes | Operating Fund $ | Capital Fund $ | Endowment Fund $ | 2020 Total $ | 2019 Total $ |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Newcomer services | | **3,536,001** | **—** | **—** | **3,536,001** | 3,370,647 |
| Childcare centres | | **2,770,804** | **—** | **—** | **2,770,804** | 2,933,846 |
| Community centres and after school sites | | **1,618,249** | **—** | **—** | **1,618,249** | 2,111,198 |
| Health, fitness and aquatics | | **1,495,428** | **—** | **—** | **1,495,428** | 2,552,762 |
| Other revenue and donations | | **343,080** | **—** | **5,477** | **348,557** | 95,246 |
| Camps | | **384,907** | **—** | **—** | **384,907** | 557,611 |
| Amortization of deferred contributions | 8 | **12,063** | **561,922** | **—** | **573,985** | 553,522 |
| Investment income | | **5,154** | **—** | **24,869** | **30,023** | 44,676 |
| | | **10,165,686** | **561,922** | **30,346** | **10,757,954** | 12,219,508 |
| **Expenditure** | | | | | | |
| Salaries and benefits | | **7,831,892** | **—** | **—** | **7,831,892** | 8,014,636 |
| Programs, supplies and equipment | | **640,599** | **—** | **—** | **640,599** | 918,012 |
| Maintenance and utilities | | **552,615** | **—** | **—** | **552,615** | 697,676 |
| Rent | | **179,820** | **—** | **—** | **179,820** | 244,147 |
| Amortization | | **288,626** | **608,572** | **—** | **897,198** | 909,307 |
| Professional fees | | **235,261** | **—** | **—** | **235,261** | 241,140 |
| Office and general | | **183,007** | **236** | **—** | **183,243** | 204,490 |
| Bank and financial | | **108,070** | **—** | **—** | **108,070** | 176,346 |
| YMCA allocation fees | 9 | **105,355** | **—** | **—** | **105,355** | 155,424 |
| Staff and volunteer development | | **92,938** | **—** | **—** | **92,938** | 198,479 |
| Fundraising | | **30,427** | **—** | **—** | **30,427** | 19,446 |
| Advertising | | **21,372** | **—** | **—** | **21,372** | 45,750 |
| Other | | **58** | **—** | **—** | **58** | — |
| Contributions | | **—** | **—** | **62,180** | **62,180** | 116,530 |
| Interest | | **—** | **40,129** | **—** | **40,129** | 53,882 |
| Administrative | | **—** | **—** | **20,802** | **20,802** | 17,060 |
| | | **10,270,040** | **648,937** | **82,982** | **11,001,959** | 12,012,325 |
| (Deficiency) excess of revenue over expenditure before | | **(104,354)** | **(87,015)** | **(52,636)** | **(244,005)** | 207,183 |
| **Other income** | | | | | | |
| Province of New Brunswick Health and Safety Grant | | **290,376** | **—** | **—** | **290,376** | — |
| Canadian Emergency Wage Subsidy | 13 | **1,124,878** | **—** | **—** | **1,124,878** | — |
| Net gain on investments | | **—** | **—** | **7,666** | **7,666** | 82,298 |
| **Excess (deficiency) of revenue over expenditure** | | **1,310,900** | **(87,015)** | **(44,970)** | **1,178,915** | 289,481 |

The accompanying notes are an integral part of the consolidated financial statements.

## YMCA of Greater Saint John Inc.
### Statement of cash flows
Year ended December 31, 2020

| | Operating Fund $ | Capital Fund $ | Endowment Fund $ | 2020 Total $ | 2019 Total $ |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| Excess (deficiency) of revenue over expenditure | **1,310,900** | **(87,015)** | **(44,970)** | **1,178,915** | 289,481 |
| Items not involving cash | | | | | |
| Amortization | **288,626** | **608,572** | **—** | **897,198** | 909,307 |
| Amortization of deferred contributions related to property and equipment | **(12,063)** | **(561,922)** | **—** | **(573,985)** | (553,522) |
| Impairment on property | | | | **—** | — |
| Net gain on investments | **—** | **—** | **(7,666)** | **(7,666)** | (82,298) |
| | **1,587,463** | **(40,365)** | **(52,636)** | **1,494,462** | 562,968 |
| Changes in non-cash working capital balances | | | | | |
| Accounts receivable | **(1,160,468)** | **—** | **2,504** | **(1,157,964)** | (23,027) |
| Prepaid expenses | **74,294** | **—** | **—** | **74,294** | (79,161) |
| Accounts payable and accrued liabilities | **4,469** | **—** | **10,681** | **15,150** | (259,684) |
| Deferred revenue | **487,148** | **—** | **—** | **487,148** | 382,327 |
| | **992,906** | **(40,365)** | **(39,451)** | **913,090** | 583,423 |
| **Investing activities** | | | | | |
| Purchase of investments | **—** | **—** | **(158,002)** | **(158,002)** | (217,513) |
| Purchase of investments held in trust | **—** | **—** | **(217,573)** | **(217,573)** | (272,808) |
| Proceeds on disposal of investments | **—** | **—** | **196,441** | **196,441** | 237,838 |
| Purchase of property and equipment | **(167,361)** | **(71,820)** | **—** | **(239,181)** | (1,221,486) |
| Deferred contributions received | **118,355** | **303,413** | **—** | **421,768** | 401,435 |
| Transfer to capital replacement reserve | **(200,000)** | **—** | **—** | **(200,000)** | (200,000) |
| | **(249,006)** | **231,593** | **(179,134)** | **(196,547)** | (1,272,534) |
| **Financing activities** | | | | | |
| Repayment of demand term loan | **—** | **(95,000)** | **—** | **(95,000)** | (96,000) |
| Repayment of long term debt | **—** | **(144,000)** | **—** | **(144,000)** | (288,000) |
| Inter-fund accounts | **(137,707)** | **124,326** | **—** | **(13,381)** | — |
| Endowment contributions | **—** | **—** | **21,745** | **21,745** | 66,564 |
| Transfer to fund balance restricted for capital replacement | **—** | **—** | **200,000** | **200,000** | 200,000 |
| Net gain on the capital replacement reserve | **—** | **—** | **17,573** | **17,573** | 66,722 |
| Unrealized gain on investments | **—** | **—** | **—** | **—** | 6,086 |
| | **(137,707)** | **(114,674)** | **239,318** | **(13,063)** | (44,628) |
| Increase (decrease) in cash | **606,193** | **76,554** | **20,733** | **703,480** | (733,739) |
| Cash, beginning of year | **1,603,919** | **19,652** | **25,907** | **1,649,478** | 2,383,217 |
| **Cash, end of year** | **2,210,112** | **96,206** | **46,640** | **2,352,958** | 1,649,478 |

The accompanying notes are an integral part of the consolidated financial statements.

## Purpose of the organization

YMCA of Greater Saint John Inc. (the "Organization") is a membership and volunteer association committed to excellence in serving the community through the development of spirit, mind and body.

Additionally, the Organization controls the activities of YMCA of Greater Saint John Endowment Fund Inc. ("Endowment Fund") by virtue of its ability to approve the election or appointment of the majority of the Board of Directors. The purpose of the Endowment Fund is to raise, invest and direct the management of funds and distribute investment income for the purpose of providing for the future financial stability of the Organization and to enhance the "Y" presence in the community.

The Organization is incorporated under the laws of New Brunswick and, as a registered charities under the Income Tax Act, is exempt from paying income taxes.

## 1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

*Consolidated financial statements*

These consolidated financial statements have been prepared on a consolidated basis and include the accounts of both the Organization and the Endowment Fund.

*Irving Oil Field House*

The Organization has elected not to consolidate the operating results of the Irving Oil Field House. See note 10 for details of operations.

*Fund accounting*

The Organization follows the deferral method of accounting for contributions, uses three funds to record its transactions, the operating fund, the capital fund and the endowment fund.

*Operating fund*

The operating fund includes all revenue and expenditure related to program delivery and administrative activities.

*Capital fund*

The capital fund reports the assets, liabilities, revenue and expenditure related to the organization's land, buildings and leasehold improvements and revenue and expenditure related to the fundraising campaign to raise money for construction of the Saint John Regional Y and revitalization of Camp Glenburn and Glenn Carpenter Centre.

*Endowment fund*

The endowment fund consists of the assets, liabilities, revenue and expenditure of the Endowment Fund. Certain endowment contributions and the investment income earned thereon are subject to restrictions imposed by contributors. The remaining endowment fund balance has been internally restricted and is not available for operating purposes without the approval of the board of directors of the Endowment Fund.

## 1. Significant accounting policies (continued)

*Cash and cash equivalents*

The Organization's policy is to disclose bank balances under cash and cash equivalents, if applicable, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition.

*Property and equipment*

Purchased property and equipment are recorded at acquisition cost. Contributed property and equipment are recorded at fair value at the date of contribution. Land, building and leasehold improvements are recorded in the Capital Fund and equipment is recorded in the Operating Fund. Amortization is being provided for using the straight-line method at the following annual rates:

| | |
|---|---:|
| Buildings | 2.5%–5% |
| Equipment | 10%–33% |
| Leasehold improvements | 33% |

*Revenue recognition*

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenditure is incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the fund balance in the year.

Revenue from membership sales is recognized over the term of the memberships.

Pledges receivable are not recognized as revenue until collected because the organization cannot make a reasonable estimate of the amount that will be collected and collection is not reasonably assured. Pledges collected subsequent to December 31, 2020 for the construction of the Regional Y and the revitalization of Camp Glenburn will be deferred and amortized to income over the remaining estimated useful life of the assets.

All other revenue is recorded on an accrual basis.

*Financial instruments*

*Measurement of financial instruments*

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net gain on investments, along with realized gains on disposals of investments. Interest income is recognized to revenue.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and demand term loan.

The Organization's financial assets measured at fair value include investments.

## 1. Significant accounting policies (continued)

*Financial instruments (continued)*

*Impairment*

In the event of a write-down, financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenditure. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenditure.

*Transaction costs*

The Organization recognizes its transaction costs in excess of revenue over expenditure in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

*Contributed services*

Volunteers contribute an indeterminable number of hours per year. Due to the difficulty of determining their fair values, contributed services are not recognized in the consolidated financial statements.

*Use of estimates*

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

## 2. Internal restriction for capital replacement

In November 2015, the Board of Directors established an internally restricted fund for capital replacement. The purpose of the restricted fund is to provide for major repairs to the Organization’s three main assets: Regional Y, Glenn Carpenter Centre and Camp Glenburn. All contributions and withdrawals from the capital replacement fund must be approved by the Board of Directors.

In 2015, the Organization and the Endowment Fund entered into an agreement whereby the Endowment Fund will hold the capital replacement reserve funds in trust for the Organization. The funds are held in a segregated investment account and are invested in accordance with the Endowment Fund’s investment policy. Any investment income and related costs associated with the segregated funds are allocated to the segregated funds. No other costs are allocated.

For 2020, the Board of Directors approved a contribution of $200,000 ($200,000 in 2019) to the internally restricted fund. The increase to the fund in 2020 was $217,753 ($272,808 in 2019).

As at December 31, 2020, the balance in the fund is $1,109,535 ($891,961 in 2019).

## 3. Accounts receivable

| | Operating Fund $ | Capital Fund $ | Endowment Fund $ | 2020 Total $ | 2019 Total $ |
|---|---|---|---|---|---|
| Provincial Government | **262,885** | — | — | **262,885** | 291,727 |
| Irving Oil Field House | **95,176** | — | — | **95,176** | 83,080 |
| Programs | **50,896** | — | — | **50,896** | 69,826 |
| Harmonized Sales Tax recoverable | — | — | — | — | 3,577 |
| Other receivables | **294,266** | — | — | **294,266** | 2,504 |
| Canadian Emergency Wage Subsidy | **896,032** | | | **896,032** | — |
| Allowance for doubtful accounts | **(47,767)** | — | — | **(47,767)** | (57,190) |
| | **1,551,488** | — | — | **1,551,488** | 393,524 |

## 4. Investments

| | 2020 $ | 2019 $ |
|---|---|---|
| Money market funds | — | 13,070 |
| Government of Canada bonds, bearing coupon rates of 5% to 8%, due 2027 to 2037, face value of $40,129 ($46,234 in 2019) | **44,919** | 49,776 |
| Provincial bonds, bearing coupon rates of 1.45% to 6.5%, due 2021 to 2037, face value of $36,582 ($36,582 in 2019) | **43,193** | 41,284 |
| Corporate bonds, bearing coupon rates of 1.75% to 3.46%, due 2020 to 2025, face value of $169,697 ($233,967 in 2019) | **176,736** | 239,725 |
| | **264,848** | 330,785 |
| Equities | | |
| Canadian equities | **352,956** | 342,988 |
| Foreign equities | **208,619** | 170,353 |
| | **561,575** | 513,341 |
| | **826,423** | 857,196 |

## 4. Investments (continued)

*Designated investments for capital reserve fund*

| | **2020** | 2019 |
|---|---|---|
| | **$** | $ |
| Money market funds | **32,029** | 39,984 |
| Fixed income funds, bearing interest of 1.20% to 3.46%, face value of $349,602 ($350,447 in 2019) | **357,950** | 354,529 |
| | **357,950** | 354,529 |
| Equities | | |
| Canadian equities | **488,306** | 336,996 |
| Foreign equities | **231,250** | 160,452 |
| | **719,556** | 497,448 |
| | **1,109,535** | 891,961 |
| Total of all investments | **1,935,958** | 1,749,157 |

## 5. Property and equipment

| | **Cost** | **Accumulated amortization** | **2020 Net book value** | 2019 Net book value |
|---|---|---|---|---|
| | **$** | **$** | **$** | $ |
| Operating fund | | | | |
| Equipment | **2,462,212** | **1,883,846** | **578,366** | 699,631 |
| Capital fund | | | | |
| Land | **1,051,540** | **—** | **1,051,540** | 1,051,540 |
| Buildings | **22,222,078** | **3,151,116** | **19,070,962** | 19,607,715 |
| | **23,273,618** | **3,151,116** | **20,122,502** | 20,659,255 |
| | **25,735,830** | **5,034,962** | **20,700,868** | 21,358,886 |

## 6. Deferred revenue

| | **2020** | 2019 |
|---|---|---|
| | **$** | $ |
| Newcomer services | **971,682** | 1,016,944 |
| Grants and donations | **678,892** | 208,449 |
| Child care centres support | **291,093** | 249,693 |
| Program fees for membership and child care | **137,357** | 147,988 |
| Early Learning Centre | **136,073** | 102,500 |
| Overnight camp | **42,994** | 45,369 |
| | **2,258,091** | 1,770,943 |

## 7. Credit facilities

At December 31, 2020, the Organization has drawn on their available credit facilities as follows:

| | **Capital Fund $** | **2020 Total $** | 2019 Total $ |
|---|---|---|---|
| Current | | | |
| Facility 1 - RBC non-revolving, term facility, interest rate of prime +0.70%, no fixed terms of repayment. Secured by collateral mortgage in the amount of $6,000,000 | **179,000** | **179,000** | 274,000 |
| Current portion of facility 2 and other | **288,000** | **288,000** | 288,000 |
| | **467,000** | **467,000** | 562,000 |
| Long-term | | | |
| Facility 2 - RBC non-revolving, term facility, fixed interest of 3.95% repayable in monthly installments of $24,000 plus interest. Secured by collateral mortgage in the amount of $6,000,000 | **452,000** | **452,000** | 596,000 |
| | **919,000** | **919,000** | 1,158,000 |

Annual repayments for the next three years are as follows:

| | $ |
|---|---|
| 2021 | 288,000 |
| 2022 | 467,000 |
| 2023 | 164,000 |

## 8. Deferred contributions

Deferred contributions are related to property and equipment and represent contributions to the Organization from federal, provincial and municipal government and private capital campaign contributions for the purchase of property and equipment. These contributions are amortized to revenue on the same basis as the related property and equipment are amortized to expenditure. The change in the deferred contributions balance for the year is as follows:

| | **Operating Fund $** | **Capital Fund $** | **2020 Total $** | 2019 Total $ |
|---|---|---|---|---|
| Balance, beginning of year | **8,913** | **17,833,288** | **17,842,201** | 17,994,287 |
| Contributions received during the year: | | | | |
| Camp Glenburn | **—** | **211,564** | **211,564** | 378,898 |
| Regional Y | **118,355** | **91,849** | **210,204** | 22,538 |
| | **118,355** | **303,413** | **421,768** | 401,436 |
| Amount amortized to revenue | **(12,063)** | **(561,922)** | **(573,985)** | (553,522) |
| Balance, end of year | **115,205** | **17,574,779** | **17,689,984** | 17,842,201 |

## 9. Commitments

The Organization has made commitments for leased equipment and service contracts. The minimum annual payments over the next five years are as follows:

| | $ |
|---|---|
| 2021 | 68,779 |
| 2022 | 29,041 |
| 2023 | 6,996 |
| 2024 | 4,651 |
| 2025 | 932 |

The Organization has other committed lease payments with minimum annual lease payments that are as follows:

| | $ |
|---|---|
| 2021 | 168,201 |
| 2022 | 169,344 |
| 2023 | 101,125 |
| 2024 | 83,478 |
| 2025 | 57,500 |

On an annual basis, the Organization incurs an allocation fee charged by YMCA Canada, which is based on approximately 1.5% of the organization’s previous year’s revenue. The allocation fee expense for 2020 was $105,355 ($155,424 in 2019).

## 10. Irving Oil Field House

On September 27, 2018, the Organization entered into a five year Operating Agreement, expiring August 31, 2024, with a five-year renewal option with the Greater Saint John Field House Inc. whereby the Organization has agreed to manage the operations of the Irving Oil Field House located in Saint John, New Brunswick. The Organization is responsible for the revenue generating activities, operating costs, administration and the general liability insurance for the Irving Oil Field House.

Under the terms of the agreement, the Greater Saint John Field House Inc. is responsible for the construction, property insurance, property taxes and capital upgrades of the Irving Oil Field House. The Organization does not influence or control these activities through voting rights nor does the Organization guarantee liabilities.

The Organization will receive 40% of each annual operating surplus and the Greater Saint John Field House Inc. is responsible for any deficits. In 2020, the Organization recognized a total of $381,277 ($98,689 in 2019) from revenue generating activities and incurred $694,943 ($98,689 in 2019) in operating costs, for a total operating deficit of $313,666 (nil in 2019). Any surplus or deficit is credited or invoiced on a monthly basis. The Organization receives a 15% administrative fee from the Greater Saint John Field House Inc., which amounted to $34,144 for 2020 ($10,750 in 2019). The Organization gave a one-time $20,000 credit to support the ongoing partnership between the two Organizations. The total amount outstanding at the end of the year is $95,176 ($83,083 in 2019).

There are no significant differences in accounting policies between the Organization and the Greater Saint John Field House Inc.

## 11. Financial instruments

*Risks and concentrations*

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at the balance sheet date:

*Liquidity risk*

The Organization's objective is to have sufficient liquidity to meet its liabilities when due. The Organization monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2020, the most significant financial liabilities are accounts payable and accrued liabilities, demand term loan, long-term debt, and payables to related parties.

*Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts receivable. The Organization provides credit to its clients in the normal course of operations. Of total accounts receivable held at December 31, 2020, 74% (63% in 2019) relate to amounts receivable from the Government of New Brunswick.

*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate *because* of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

## 11. Financial instruments (continued)

*Risks and concentrations (continued)*

*Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Approximately, 25.2% (18.8% in 2019) of the *organization's* investments are in foreign currency. Consequently, some assets are exposed to foreign exchange fluctuations.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Approximately 32.0% (39.1% in 2019) of the organization's investments are fixed rate investments. The Organization is exposed to interest *rate* risk on its fixed rate investments. Fixed-rate instruments subject the organization to a fair value risk.

*Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk through its investments in quoted shares.

## 12. Restricted cash

These funds are reserved for a specific purpose and not available for use in operations.

| | **Operating Fund** | **Capital Fund** | **Endowment Fund** | **2020 Total** | 2019 Total |
|---|---|---|---|---|---|
| | **$** | **$** | **$** | **$** | $ |
| Newcomer services | **921,600** | **—** | **—** | **921,600** | 994,086 |
| Grants and donations | **—** | **96,206** | **46,640** | **142,846** | 230,227 |
| Early Learning Centre | **136,074** | **—** | **—** | **136,074** | 99,341 |
| Balance, end of year | **1,057,674** | **96,206** | **46,640** | **1,200,520** | 1,323,654 |

## 13. Pandemic risk

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus, including the announcement of a state of emergency in the Province of New Brunswick on March 22, 2020. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Organization in future fiscal years.

In response to the COVID-19 pandemic, the federal and provincial governments have been implementing programs to help companies that are experiencing financial difficulty. During the year, the Organization received $1,124,878 (nil in 2019) in wage subsidy. The subsidy was recorded as other income or receivable on the basis of wage expenses incurred.