Grant Thornton

Financial Statements

YMCA of Greater Halifax/Dartmouth

December 31, 2020

Contents

Grant Thornton

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Independent auditor's report

To the officers and members of The YMCA of Greater Halifax/Dartmouth

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at 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.

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 Assocation'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.

Grant Thornton LLP

Halifax, Canada
March 30, 2021

Chartered Professional Accountants

YMCA of Greater Halifax/Dartmouth
Statement of financial position
December 31

	2020	2019
Assets		
Current		
Cash and cash equivalents	$ 6,084,484	$ 5,018,481
Receivables (note 3)	874,797	1,070,426
Investments	12,008	6,539
Prepaid expenses	50,720	26,545
	7,022,009	6,121,991
Capital assets (note 4)	33,115,267	25,530,500
	$ 40,137,276	$ 31,652,491
Liabilities		
Current		
Payables and accruals (note 5)	$ 1,773,361	$ 4,396,648
Deferred revenue	181,429	180,008
Deferred capital contributions	558,628	201,926
Current portion of long term debt (note 7)	10,551,120	604,360
Deferred contributions for expenses of future periods (note 8)	4,840,199	2,131,598
	17,904,737	7,514,540
Long term debt (note 7)	2,078,510	7,811,184
Deferred capital contributions (note 8)	19,420,959	15,699,601
	39,404,206	31,025,325
Net assets		
Internally restricted	210,999	282,996
Unrestricted	522,071	344,170
	733,070	627,166
	$ 40,137,276	$ 31,652,491

Commitments (note 12)

On behalf of the Board

______________________ Director ______________________ Director

See accompanying notes to the financial statements.

YMCA of Greater Halifax/Dartmouth
Statement of operations

Year ended December 31	2020	2019
Revenues		
Government grants and contributions	$ **9,094,458**	$ 9,573,393
Membership and programs	**1,138,090**	2,683,050
Other grants	**1,351,467**	463,567
	11,584,015	12,720,010
Expenses		
Association dues and fee	**72,005**	169,946
Bank charges and interest	**153,965**	72,709
Insurance	**56,775**	57,154
Occupancy and utilities	**1,021,357**	926,009
Office supplies and postage	**246,211**	326,102
Professional development and staff training	**58,822**	132,783
Professional dues and fees	**425,599**	336,016
Program supplies	**915,171**	1,648,198
Repairs and maintenance	**627,657**	562,497
Salaries and wages	**7,601,246**	7,681,146
Telephone	**128,166**	127,927
Travel	**146,804**	338,184
	11,453,778	12,378,671
Excess of revenue over expenses before other income (expenses)	**130,237**	341,339
Other income (expenses)		
Impairment	**-**	(264,627)
Investment income (note 10)	**65,133**	100,428
Amortization of deferred capital contributions	**201,926**	592,571
Amortization of capital assets	**(291,392)**	(160,419)
Amortization of intangible assets	**-**	(499,717)
	(24,333)	(231,764)
Excess of revenue over expenses	$ **105,904**	$ 109,575

See accompanying notes to the financial statements.

YMCA of Greater Halifax/Dartmouth
Statement of changes in net assets
Year ended December 31

	Internally restricted	Unrestricted	**2020 Total**	2019 Total
Balance, beginning of year	$ 282,996	$ 344,170	**$ 627,166**	$ 517,591
Excess of revenues over expenses	-	105,904	**105,904**	109,575
Transfers (note 9)	(71,997)	71,997	**-**	-
Balance, end of year	$ 210,999	$ 522,071	**$ 733,070**	$ 627,166

YMCA of Greater Halifax/Dartmouth
Statement of cash flows
Year ended December 31

	2020	2019
Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities		
Excess of revenue over expenses	$ 105,904	$ 109,575
Items not involving cash:		
Amortization of capital assets	291,392	160,419
Amortization of deferred capital contributions	(201,926)	(592,571)
Amortization of intangible assets	-	499,717
Impairment	-	264,627
	195,370	441,767
Change in non-cash operating working capital (note 11)	(2,450,412)	2,343,924
Net change in deferred contributions related to expenses of future periods	2,708,601	(1,176,806)
	453,559	1,608,885
Cash flows from investing activities		
Acquisition of capital assets acquired, net	(7,876,159)	(9,602,307)
Acquisition of intangible assets acquired	-	(160,135)
(Purchase) sale of investments	(5,469)	91,922
	(7,881,628)	(9,670,520)
Cash flows from financing activities		
Principal payments on long term debt	(12,180)	(68,307)
Loan advances	4,226,266	4,866,507
Deferred capital contributions received	4,279,986	3,944,917
	8,494,072	8,743,117
Net increase in cash and cash equivalents	1,066,003	681,482
Cash and cash equivalents		
Beginning of year	5,018,481	4,336,999
End of year	$ 6,084,484	$ 5,018,481

See accompanying notes to the financial statements.

1. Nature and continuance of operations

The YMCA of Greater Halifax/Dartmouth (the "Association") is incorporated as an association without share capital under the laws of Nova Scotia. The Association is a charity dedicated to the growth of all persons in spirit, mind and body and to their sense of responsibility to each other and the global community. The Association is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. Summary of significant accounting policies

These financial statements have been prepared by management on the basis of accounting principles applicable to a going concern, which assume that the Association will continue to operate in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Basis of accounting
These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Handbook.

Fund accounting
The financial statements include the following funds:

Internally restricted fund
The internally restricted fund represents funds internally restricted by the Board of Directors for capital reinvestment for Big Cove Camp in the amount of $46,078. The amount of funding available for capital investment in each year is approved by the Big Cove Advisory Committee and requires the explicit approval of the Board. This fund also accumulates a share of the earnings from Big Cove Camp operations annually. This fund also holds internally restricted funds from the McCulloch Estate $90,099 and Mingo Developments $74,822.

Unrestricted fund
The unrestricted fund accounts for the Association's excess of revenue and expenses from program delivery, development and Association services.

Revenue recognition
The Association follows the deferral method of accounting for contributions, which include donations, grants and bequests.

Revenue from government grants and contributions and other grants includes revenue from federal, provincial, municipal sources and others, and is recorded in the period in which they are earned. Unearned amounts are recorded as deferred contributions for expenses of future periods.

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.

2. Summary of significant accounting policies (continued)

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Membership and program revenues are recorded in the period in which they are earned. Unearned amounts are recorded as deferred revenue.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Pledges and bequests

Revenue from annual campaign and in-memoriam donations are recognized on a cash basis, with no accrual being made for amounts pledged but not received.

The Association is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not at present readily determinable. The Association records such bequests when the proceeds are received.

Contributed services

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand and amounts on deposit with financial institutions.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value.

Capital assets, other than land, are amortized on a straight-line basis using the following annual rates:

Buildings	25 -40 years
Computer and software systems	5 years
Land improvements	15 years
Leasehold improvements	5 years
Furniture and equipment	5-10 years
Mechanical systems	15 years

2. Summary of significant accounting policies (continued)

Financial instruments
Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral.

If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

a) The Association's financial instruments consist of cash and cash equivalents, receivables, investments, payables and accruals, and long term debt. The carrying values of receivables and payables and accruals approximate fair values due to their short term nature. The Association records its investments at fair values. These financial instruments are placed in interest-bearing accounts and instruments insured by a Canadian chartered bank, or in highly liquid investments that are readily convertible into cash

   The Association did not enter into any derivative financial arrangements.

b) Risk management includes the understanding and active management of risks associated with all areas of the business and the associated operating environment. Financial instruments are primarily exposed to interest rate, credit and liquidity risk.

   i) Interest rate risk
   Interest rate risk refers to the impact of future changes in interest rates on cash flows and fair value of assets and liabilities. The Association holds variable rate debt which gives rise to exposure from changes in interest rates applied to future cash flows.

   ii) Credit risk
   Financial instruments which potentially subject the Association to credit risk consist primarily of cash and cash equivalents and receivables. The Association limits the amount of credit exposure with its cash and cash equivalents balances by only maintaining holdings with major Canadian financial institutions. Receivables are managed by closely monitoring outstanding balances and ensuring that any late payments or deviations are investigated.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

iii) Liquidity risk

Liquidity risk is the risk of not being able to meet the Association's cash requirements in a timely and cost effective manner. Liquidity requirements are managed through the receipt of funds from the Association's various revenue sources. These sources of funds are used to pay operating expenses, purchase capital assets and meet debt service requirements. In the normal course of business, the Association enters into contracts that give rise to commitments for future payments which may also impact the Associations' liquidity.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the allowance for doubtful accounts and amortization periods selected for capital assets. Actual results could differ from those estimates.

3. Receivables

	2020	2019
Government grants and contributions	$ 850,823	$ 1,017,186
Trade receivables	23,974	53,240
Less: allowance for doubtful accounts	-	-
	$ 874,797	$ 1,070,426

4. Capital assets

	Cost	Accumulated Amortization	**2020 Net Book Value**	2019 Net Book value
Community Y				
Land	$ 30,375	$ -	**$ 30,375**	$ 30,375
Buildings	2,276,159	1,926,852	**349,307**	372,946
Big Cove (i)				
Land	133,079	-	**133,079**	133,079
Buildings	1,434,164	849,160	**585,004**	589,858
Furniture and equipment	27,377	9,749	**17,628**	16,084
John W. Lindsay YMCA				
Building	30,679,433	158,535	**30,520,898**	-
Computer and software	75,865	15,173	**60,692**	-
Furniture and equipment	523,349	33,539	**489,810**	3,567
Land improvements	263,048	3,288	**259,760**	-
Mechanical systems	647,401	3,035	**644,366**	-
Purdy's Wharf Child Care				
Furniture and equipment	153,253	140,641	**12,612**	13,626
Leasehold improvements	108,013	96,277	**11,736**	14,017
Capital assets under construction	-	-	**-**	24,356,948
	$ 36,351,516	$ 3,236,249	**$ 33,115,267**	$ 25,530,500

(i) The assets related to Big Cove camp noted above are subject to covenants under an agreement with the Segelberg Trust whereby any change in the use of the Camp must be agreed to by both parties. In addition, in the event of a change of use or sale of the Camp, the Association must pay the Segelberg Trust an amount defined in the agreement.

5. Payables and accruals

Included in payables and accruals are government remittances payable of $Nil (2019 - $669), which includes amounts payables for payroll related taxes.

7. **Long term debt**	**2020**	2019
Due to YMCA Canada, non-interest bearing, repayable in blended monthly instalments of $360, unsecured, due May 2021.	**$ 1,080**	$ 6,120
Due to YMCA Canada, non-interest bearing, repayable in monthly principal instalments of $600, unsecured, due December 2027.	**60,720**	57,600
Due to YMCA Canada, non-interest bearing, repayable in monthly principal instalments of $3,570 per month to May 2019 and $629 thereafter, unsecured, due September 2021.	**67,830**	74,970
RBC bridge financing, bearing interest at prime plus 1.5% due in three instalment payments of $500,000, $800,000 and $1,200,000 maturing in May 2023.	**2,500,000**	-
RBC term loan, bearing interest at a fixed rate of 3.25%, interest only payments starting in December 2020 with blended monthly payments of $56,177 commencing in September 2021. Borrowing is payable in full at the end of the 12-month term unless renegotiated.	**10,000,000**	-
Due to RBC revolving term facility with a maximum availability of $12,500,000. Interest bearing at the bank's prime rate plus 1.5% as at December 31, 2019 balance of this credit facility. Obligation settled during the year through refinancing agreement.	**-**	8,276,854
	12,629,630	8,415,544
Less: current portion of long-term debt	**10,551,120**	604,360
	$ 2,078,510	$ 7,811,184

Principal amounts repayable on the long-term debt within each of the next five years are as follows:

2021	$ 10,551,120
2022	832,190
2023	1,207,200
2024	7,200
2025	7,200

The Association has additional credit facilities due to RBC for Equipment and Other bearing interest at the bank's prime rate plus 1.5% in the amounts of $500,000 and $115,000, respectively. As at December 31, 2020 no amounts have been drawn on these facilities (2019 - $Nil).

8. Deferred contributions

Expenses of future periods

Deferred contributions for expenses of future periods are externally restricted funds received, which have not yet been spent.

	2020	2019
Balance, beginning of year	**$ 2,131,598**	$ 3,308,404
Add: amounts received	**12,125,982**	9,063,182
Less: amount recognized as revenue in the year	**(9,417,381)**	(10,239,988)
	$ 4,840,199	$ 2,131,598

Capital assets

Deferred capital contributions represent the unamortized amount of externally restricted grants and donations received for the purchase of capital assets.

The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2020	2019
Balance, beginning of year	**$ 15,901,527**	$ 12,549,181
Add: contributions for capital assets deferred during the year	**4,279,985**	3,944,917
Less: amortization of deferred capital contributions	**(201,925)**	(592,571)
	$ 19,979,587	$ 15,901,527

9. Inter fund transfers

During 2020, total net transfers in the amount of $71,997 (2019 – $101,679) were made from the internally restricted net assets to unrestricted net assets. No amounts for Big Cove Camp associated with the pre-determined funding formula were transferred in 2020 as the camp operated at a deficit due COVID-19. The transfer of $71,997 relates to funds advanced from the sinking fund to operate summer camp of $33,844 with the remaining $38,153 relating to deposits made to fund the excess of approved capital expenditures.

10. Investment income

In 1984, the Association became entitled to a one-half interest in the residue of the Estate of A. Murray MacKay. Under the terms of the will, the investments are to be held in a perpetual trust with an income allocation therefore being paid to the beneficiaries on a monthly basis. The Association also earned interest on accumulating cash balances in both operating and savings bank accounts in 2020.

	2020	2019
Investment from Estate of A. Murray MacKay	$ 29,257	$ 29,451
Interest income from savings	32,684	70,977
Gain on sale of shares	3,192	-
	$ 65,133	$ 100,428

11. Supplemental cash flow information

	2020	2019
Change in non-cash operating working capital		
Receivables	$ 195,629	$ 294,987
Prepaid expenses	(24,175)	(1,523)
Payables and accruals	(2,623,287)	1,959,266
Deferred revenue	1,421	91,194
	$ (2,450,412)	$ 2,343,924

12. Commitments

The Association is party to operating leases and is committed to annual lease payments for leased premises. Payments for the next 5 years are as follows:

2021	$ 733,995
2022	488,011
2023	480,847
2024	344,241
2025	295,941

13. Related party transactions

The Association purchases services from YMCA Canada and other YMCA associations. These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by related parties.

	2020	2019
YMCA Canada		
Association fees	$ **104,384**	$ 161,383
YMCA Canada East RDC		
Shared projects	**105,468**	81,762
Other YMCA associations		
Rent, training and consulting fees and MIS	**62,148**	50,744

Included in receivables is $27,760 (2019 - $25,811) owing from other YMCA associations.

Included in payables and accruals is $64,694 (2019 - $Nil) owing to YMCA Canada for deferred association fees related to 2020.

Included in long term debt is $129,630 (2019 - $138,690) owing to YMCA Canada.

14. Employee pension plan

Employees of the Association participate in the Canadian YMCA Retirement Fund (the "Fund") a contributory defined contribution pension plan which provides pension benefits to employees. Contributions to the Fund are required by both the eligible employees and the employer. Total employer contributions for 2020 were $218,333 (2019 - $239,182) and are recognized as an expense in the year. The Association is not responsible for any under-funded liability, nor does the Association have any access to any surplus that may arise in this Fund.

15. Impacts of COVID-19

Since December 2019, the spread of COVID-19 severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long 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 businesses worldwide, resulting in an economic slowdown, including the retail travel industry. Global stock markets have also experienced significant volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In 2020, COVID-19 and related government restrictions negatively impacted operations, revenues and net financial results for certain fee-based programs (Licensed Child Care, After School Programs and Big Cove Summer Camp).

In April 2020, the Association confirmed its eligibility to receive funding from the government under the Canada Emergency Wage Subsidy ("CEWS") program and qualified for $466,973 of this government assistance related to fiscal 2020 and is recorded in the statement of operations as "Other Grant" revenue.

16. Comparative figures

Certain comparative figures have been adjusted from those previously presented to conform to the presentation of the 2020 financial statements.