

YMCA Northumberland
Financial Statements
For the year ended December 31, 2020

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Independent Auditor's Report

To the Members of YMCA Northumberland

Qualified Opinion

We have audited the accompanying financial statements of YMCA Northumberland, which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible 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 YMCA Northumberland 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 Qualified Opinion

In common with many charitable organizations, YMCA Northumberland derives revenue from fundraising events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenues, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 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 qualified audit 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 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.

Those charged with governance are responsible for overseeing the organization'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 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.


BDO Canada LLP


Chartered Professional Accountants, Licensed Public Accountants

Cobourg, Ontario
April 16, 2021

**YMCA Northumberland
Statement of Financial Position**

December 31			2020	2019
	General Fund	Capital Fund		
Assets				
Current				
Cash	\$ 623,704	\$ -	\$ 623,704	\$ 246,091
Cash - M Moore Fund	18,990	-	18,990	18,990
Investments (Note 2)	-	620,240	620,240	586,251
Accounts receivable	378,048	-	378,048	169,532
Prepaid expenses	95,248	-	95,248	67,135
	<u>1,115,990</u>	<u>620,240</u>	<u>1,736,230</u>	<u>1,087,999</u>
Capital assets (Note 3)	<u>-</u>	<u>4,511,414</u>	<u>4,511,414</u>	<u>4,597,825</u>
	\$ 1,115,990	\$ 5,131,654	\$ 6,247,644	\$ 5,685,824
Liabilities and Net Assets				
Current				
Accounts payable	\$ 390,808	\$ 44,545	\$ 435,353	\$ 266,960
Government remittances payable	6,041	-	6,041	80,904
Unearned revenue (Note 4)	728,020	112,033	840,053	324,957
Current portion of capital lease obligations (Note 5)	-	71,645	71,645	72,887
	<u>1,124,869</u>	<u>228,223</u>	<u>1,353,092</u>	<u>745,708</u>
Long-Term				
Capital lease obligations (Note 5)	-	66,165	66,165	36,111
Deferred contributions - land (Note 12)	-	312,000	312,000	312,000
Deferred capital contributions (Note 12)	-	1,674,886	1,674,886	1,830,682
	<u>1,124,869</u>	<u>2,281,274</u>	<u>3,406,143</u>	<u>2,924,501</u>
Net Assets				
Externally restricted - M Moore Fund	18,990	-	18,990	18,990
Invested in capital assets	-	2,230,140	2,230,140	2,337,152
Internally restricted	-	620,240	620,240	586,251
Unrestricted (deficiency)	(27,869)	-	(27,869)	(181,070)
	<u>(8,879)</u>	<u>2,850,380</u>	<u>2,841,501</u>	<u>2,761,323</u>
Net Assets	(8,879)	2,850,380	2,841,501	2,761,323
	\$ 1,115,990	\$ 5,131,654	\$ 6,247,644	\$ 5,685,824

On behalf of the Board  Director

 Director

WILLIAM G. MacDONALD

YMCA Northumberland
Statement of Changes in Net Assets

For the year ended December 31				2020	2019
	General Fund (unrestricted)	M Moore Fund (externally restricted)	Capital Fund (internally restricted)	Total	Total
Balance, beginning of year	\$ (181,070)	\$ 18,990	\$ 2,923,403	\$ 2,761,323	\$ 2,752,839
Excess (deficiency) of revenues over expenses	271,606	-	(191,428)	80,178	8,484
Interfund transfers	(118,405)	-	118,405	-	-
Balance, end of year	\$ (27,869)	\$ 18,990	\$ 2,850,380	\$ 2,841,501	\$ 2,761,323

YMCA Northumberland
Statement of Operations

For the year ended December 31

2020

2019

2018

	<u>General Fund</u>	<u>Capital Fund</u>			
Revenues					
Donations	\$ 73,342	\$ -	\$ 73,342	\$ 86,627	\$ 79,450
Government funding (Note 6)	2,498,197	1,255	2,499,452	2,628,263	2,620,307
Fundraising	92,811	-	92,811	128,174	126,282
Building fund fees	-	-	-	90	42
Child services & camp	964,640	-	964,640	1,826,858	1,715,537
Memberships	699,361	-	699,361	1,647,545	1,556,186
Programs	161,652	-	161,652	264,399	293,334
United Way	20,000	-	20,000	-	-
Other income	78,376	12,628	91,004	158,965	163,997
Investment income (loss)	-	40,621	40,621	46,077	(12,922)
Amortization of deferred capital contributions (Note 12)	-	155,796	155,796	155,796	155,796
Gain on disposal of capital assets	-	1,130	1,130	-	-
	4,588,379	211,430	4,799,809	6,942,794	6,698,009
Expenses					
Advertising and promotion	45,684	-	45,684	67,468	72,674
Affiliation fees	44,851	-	44,851	102,676	97,122
Amortization of capital assets	-	398,084	398,084	575,408	423,358
Award payment	-	-	-	800	800
Bank and service charges	36,319	-	36,319	24,725	21,167
Employee benefits	398,710	-	398,710	661,233	534,740
Equipment & facility repairs	76,536	-	76,536	82,374	101,621
Insurance	50,615	-	50,615	49,886	44,518
Interest on long-term debt	-	4,774	4,774	11,952	10,608
International projects	3,058	-	3,058	7,250	11,000
Miscellaneous	17,459	-	17,459	21,887	9,147
Occupancy	301,853	-	301,853	440,944	460,944
Postage and courier	5,171	-	5,171	3,090	6,530
Professional services	191,833	-	191,833	170,017	113,154
Service providers	87,833	-	87,833	105,307	57,510
Staff & volunteer development	17,974	-	17,974	32,336	31,288
Supplies	184,527	-	184,527	404,313	466,748
Telephone & fax	50,817	-	50,817	51,490	45,768
Travel and meals	9,005	-	9,005	23,014	31,183
Wages	2,790,184	-	2,790,184	4,090,342	4,007,293
Vehicle	4,344	-	4,344	7,798	15,504
	4,316,773	402,858	4,719,631	6,934,310	6,562,677
Excess (Deficiency) of Revenues over Expenses	\$ 271,606	\$ (191,428)	\$ 80,178	\$ 8,484	\$ 135,332

YMCA Northumberland
Statement of Cash Flows

For the year ended December 31

2020

2019

	<u>General Fund</u>	<u>Capital Fund</u>		
Cash flows from operating activities				
Excess (deficiency) of revenues over expenses	\$ 271,606	\$ (191,428)	\$ 80,178	\$ 8,484
Items not involving cash				
Amortization of capital assets	-	398,084	398,084	575,408
Amortization of deferred capital contributions	-	(155,796)	(155,796)	(155,796)
	<u>271,606</u>	<u>50,860</u>	<u>322,466</u>	<u>428,096</u>
Changes in non-cash balances				
Accounts receivable	(208,516)	-	(208,516)	86,804
Prepaid expenses	(28,113)	-	(28,113)	25,191
Accounts payable	123,849	44,544	168,393	15,710
Government remittances payable	(74,863)	-	(74,863)	80,904
Unearned revenue	412,055	103,041	515,096	(269,753)
	<u>496,018</u>	<u>198,445</u>	<u>694,463</u>	<u>366,952</u>
Cash flows from investing activities				
Capital asset additions	-	(311,673)	(311,673)	(232,805)
Less: financing for capital additions	-	80,155	80,155	-
	<u>-</u>	<u>(231,518)</u>	<u>(231,518)</u>	<u>(232,805)</u>
Increase in investments	-	(33,989)	(33,989)	(242,477)
Interfund transfers	(118,405)	118,405	-	-
	<u>(118,405)</u>	<u>(147,102)</u>	<u>(265,507)</u>	<u>(475,282)</u>
Cash flows from financing activity				
Repayment of capital lease obligations	-	(51,343)	(51,343)	(85,614)
Increase (decrease) in cash during the year	377,613	-	377,613	(193,944)
Cash, beginning of year	265,081	-	265,081	459,025
Cash, end of year	\$ 642,694	\$ -	\$ 642,694	\$ 265,081
Represented by				
Cash			\$ 623,704	\$ 246,091
Cash - M Moore Fund			18,990	18,990
			<u>\$ 642,694</u>	<u>\$ 265,081</u>

YMCA Northumberland

Notes to Financial Statements

December 31, 2020

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The organization was incorporated without share capital under the Ontario Corporations Act on January 12, 1956, and is a registered Canadian charity under the Income Tax Act and accordingly, it is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

Mission Statement:

YMCA Northumberland is dedicated to the growth of all persons in spirit, mind and body, and fostering a sense of responsibility to each other and the global community. We are committed to strengthening the foundations of community; nurturing the potential of children, teens and adults; promoting healthy living; fostering a sense of social responsibility; and delivering lasting social and personal change.

Vision Statement:

Health and growth for life ... YMCA for all.

Basis of Accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The organization follows the accrual method of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of goods or services received and the creation of a legal obligation to pay.

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 amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the determination of the allowance for uncollectible accounts receivable, the estimated useful life of the capital assets, the valuation of accruals, the valuation of unearned revenue, deferred contributions and deferred capital contributions. Actual results could differ from management's best estimates as additional information becomes available in the future.

Investments

Investments are recorded at fair value. Fair values of the investments are determined by reference to published price quotations provided by the organization's investment broker. Transaction costs on the acquisition and sale of investments are expensed in operations. Unrealized gains and losses are reported in operations. Realized gains and losses on the disposal of investments are determined on a completed transaction basis.

YMCA Northumberland

Notes to Financial Statements

December 31, 2020

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Fund Accounting

The General Fund accounts for current operations and programs as well as the organization's general operations. Unrestricted contributions (donations and grants) and restricted contributions for the purpose of operating the organization are reported in this fund.

The Michael Moore Scholarship Fund ("M Moore Fund") is a trust fund created in 2003 with an initial donation from the Moore family of \$5,000 and a transfer from operations of \$10,000. This fund is to be used to award at least one deserving student each year with a minimum of \$500 towards their post-secondary studies. These funds are to be invested and the interest used to cover the awards.

The Capital Fund represents the capital assets of the organization and the investments for future expansion. Any donations or funding received for specific assets is amortized at the same rate as the amortization of those related capital assets. Interest earned on the investments in this fund is recognized in this fund.

Capital Assets

Capital assets are recorded at cost. Capital assets are amortized over their estimated useful life on a straight line basis as follows:

Administrative equipment	- 5 years
Buildings and improvements	- 20 years
Electronic equipment	- 3 years
Equipment under capital lease	
- Play structure	- 20 years
- Other equipment	- 5 years
Leasehold improvements	- over the life of the leases
Parking lot	- 20 years
Program equipment	- 5 years
Vehicles	- 5 years

Contributed Services

Volunteers contribute a significant number of hours annually to assist the organization in carrying out its activities. Contributed services are not recognized in the financial statements because of measurement uncertainties in determining the fair market value.

Financial Instruments

The organization's financial assets and liabilities are recorded at fair value when acquired or issued. In subsequent periods, they are reported at cost or amortized cost less impairment, if applicable. Impairment of the financial assets is tested only when indications of a possible impairment exist. Any transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and is recognized in net income over the life of the financial instrument using the straight-line method.

YMCA Northumberland Notes to Financial Statements

December 31, 2020

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue Recognition	<p>The organization follows the deferral method of accounting for contributions which includes donations, fundraising, sponsorships and government grants.</p> <p>Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.</p> <p>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.</p> <p>Restricted capital contributions related to the acquisition of real property not subject to amortization are recognized as an addition to net assets in the year of acquisition.</p> <p>Investment income is recognized as revenue when earned.</p> <p>Membership fees are recognized as revenue in the period covered by the membership fee. Membership fees received in advance are deferred.</p> <p>Child services & camp, programs and other income are recognized as revenue when services have been rendered.</p>
Government Assistance	<p>Government assistance like the Canada Emergency Wage Subsidy and the Canada Emergency Rent Subsidy that relates to operating programs is recognized as revenue in the general fund when received or receivable. Government grants related to capital projects are recorded as unearned revenue in the capital fund when received, and are amortized to revenue in the capital fund on the same basis as the amortization of the related capital assets.</p>
Donations in Kind	<p>Donated capital assets are recorded in the financial statements at fair market value at the time of acquisition and then amortized to operations in accordance with the amortization policies.</p>
Cash and Cash Equivalents	<p>Cash and cash equivalents consist of cash on hand, bank balances and investments in savings accounts.</p>

YMCA Northumberland Notes to Financial Statements

December 31, 2020

2. Investments

	2020	2019
Cash held for reinvestment	\$ 22,588	\$ 228,733
Guaranteed investment certificate	65,265	-
Common shares	41,988	67,914
Mutual funds	471,269	289,604
Other investments	19,130	-
	\$ 620,240	\$ 586,251

The guaranteed investment certificate bear interest at rate of 2.30% and has maturity date of June 2021.

The mutual funds are invested in Canadian and foreign equity funds. The mutual funds and market-indexed equities are subject to stock market fluctuations and amounts invested are not guaranteed.

3. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,143,332	\$ -	\$ 1,143,332	\$ 1,143,332
Administrative equipment	142,084	132,980	9,104	2,744
Buildings and improvements	6,923,539	4,147,880	2,775,659	2,952,204
Electronic equipment	468,366	407,066	61,300	41,192
Leasehold improvements	153,627	89,405	64,222	10,762
Program equipment	1,440,218	1,310,848	129,370	129,545
Equipment under capital lease	523,212	322,825	200,387	179,700
Parking lot	199,669	72,258	127,411	137,394
Vehicles	79,657	79,028	629	952
	\$ 11,073,704	\$ 6,562,290	\$ 4,511,414	\$ 4,597,825

4. Unearned Revenue

	General Fund	Capital Fund	2020 Total	2019 Total
Membership, program fees and other	\$ 728,020	\$ 98,016	\$ 826,036	\$ 300,964
Ontario Early Years	-	14,018	14,018	8,993
Sponsorship of play structure	-	-	-	15,000
	\$ 728,020	\$ 112,034	\$ 840,054	\$ 324,957

YMCA Northumberland
Notes to Financial Statements

December 31, 2020

5. Capital Lease Obligations

	2020	2019
Capital lease obligation, 3.77%, payable in monthly principal and interest payments of \$2,351, commencing August 2020 until maturity in July 2023, and is secured by specific equipment under capital lease with a net book value of \$72,138	\$ 71,185	\$ -
Capital lease obligation, 4.65%, payable in monthly principal and interest payments of \$1,964, commencing February 2015 until maturity in February 2020, and is secured by specific equipment under capital lease with a net book value of \$nil	-	1,957
Capital lease obligation, 4.65%, payable in monthly principal and interest payments of \$1,768, commencing March 2015 until maturity in June 2021, and is secured by specific equipment under capital lease with a net book value of \$15,331	10,606	20,831
Capital lease obligation, 3.61%, payable in monthly principal and interest payments of \$2,712, commencing April 2016 until maturity in June 2021, and is secured by specific equipment under capital lease with a net book value of \$89,815	16,101	37,123
Capital lease obligation, 3.46% payable in monthly principal and interest payments of \$645, commencing January 2017 until maturity in June 2022, and is secured by specific equipment under capital lease with a net book value of \$nil	11,296	14,934
Capital lease obligation, 4.17% payable in monthly principal and interest payments of \$665, commencing November 2017 until maturity in March 2023, and is secured by specific equipment under capital lease with a net book value of \$13,582	17,122	20,713
Capital lease obligation, 4.58% payable in monthly principal and interest payments of \$372, commencing April 2018 until maturity in September 2023, and is secured by specific equipment under capital lease with a net book value of \$9,521	11,500	13,440
	137,810	108,998
Less: current portion of capital lease obligations	71,645	72,887
	\$ 66,165	\$ 36,111

YMCA Northumberland
Notes to Financial Statements

December 31, 2020

5. Capital Lease Obligations (continued)

Future aggregate payments for capital lease obligations:

	\$	76,050
2021		76,050
2022		44,777
2023		22,617
		143,444
Less: Interest in future aggregate payments		5,634
	\$	137,810

6. Government Funding

	General Fund	Capital Fund	2020 Total	2019 Total
Government Funding for Child Care				
Municipal	\$ 153,537	\$ -	\$ 153,537	\$ 307,994
County of Northumberland	862,286	-	862,286	1,426,448
Provincial	308,425	1,255	309,680	620,920
Five Counties	166,073	-	166,073	272,901
Total government funding for child care	1,490,321	1,255	1,491,576	2,628,263
Federal Covid-19 support				
Canada Emergency Wage Subsidy	967,634	-	967,634	-
Canada Emergency Rent Subsidy	15,242	-	15,242	-
Temporary Emergency Wage Subsidy	25,000	-	25,000	-
Total subsidy received in the year	\$ 2,498,197	\$ 1,255	\$ 2,499,452	\$ 2,628,263

During the year, the organization was eligible for the Canada Emergency Wage and Temporary Subsidies and the Canada Emergency Rent Subsidy and recorded the respective programs detailed above in government funding revenue in the statement of operations. Revenue has declined as a result of the COVID-19 pandemic and related government measures. The Canadian Government Emergency Relief subsidies was an incentive for organizations to ensure as many staff were retained as possible and if the subsidy had not been available different decision would have been made by the organization in an effort to maintain sustainability.

7. Credit Facilities

The organization has an undrawn revolving demand credit facility of \$250,000, bearing interest at the bank's prime rate plus 0.5%, as well as a VISA credit facility of \$60,000 available. Borrowings are subject to a general security agreement granting first security interest in all present and after acquired personal property.

YMCA Northumberland Notes to Financial Statements

December 31, 2020

8. Subsidies

YMCA Northumberland provided \$116,991 (2019 - \$169,057) of financial assistance through the YMCA Strong Kids Assistance Program allowing people of all ages in the community to participate in programs, membership, swimming lessons and summer day camp.

9. Commitments

The organization's obligations for the next three years, under existing rent agreements for premises, operating leases for equipment and service contracts, are as follows:

2021	\$ 270,289
2022	227,214
2023	<u>71,812</u>
	<u>\$ 569,315</u>

10. Financial Instruments

There have been no changes to the organization's financial instrument risk exposure from the prior year, but the organization is exposed to the following financial instrument risks:

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income investments disclosed in Note 2 to these financial statements. The organization is also exposed to interest rate risk on the credit facilities disclosed in Note 6 to these financial statements when it is utilized.

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from liabilities such as accounts payable and capital lease obligation.

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 is also exposed to credit risk arising from its accounts and contributions receivable. Credit risk is the risk that the counterparty to the transaction will not pay.

YMCA Northumberland Notes to Financial Statements

December 31, 2020

10. Financial Instruments (continued)

The organization's cash and cash equivalents are held at a major financial institution and the investments are held at a second major institution. The organization's accounts receivable consist of a large number of smaller balances from individuals, governmental organizations and entities. At year-end, the organization assessed the collectibility of the outstanding accounts receivable and made a provision of \$15,862 (2019 - \$15,862) for estimated uncollectible balances, based on historical collection rates of the organization.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization is exposed to currency fluctuations as the organization has investment in foreign equities and mutual funds. There have not been any changes in the risk from the prior year.

Market Risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk. The organization is exposed to market risk on its investments through fluctuations in the bond and equity markets and these investments are not guaranteed. To manage these risks, the organization uses independent investment advisors and has developed an investment policy guideline to reduce risk. The organization receives monthly statements and meets on an annual basis with investment counsel.

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a pandemic resulting in economic uncertainties impacting the financial markets. The investments held by the organization are measured at fair value, in accordance with its significant accounting policies disclosed in Note 1 to these financial statements. The details of the investments are disclosed in Note 2 to these financial statements.

11. Uncertainty due to COVID-19

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve throughout the world including Canada. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the impact on the organization will not be known with certainty for months to come. Management continues to actively monitor the impact of COVID-19 on its financial condition, liquidity, operations, suppliers, industry and workforce. As a result, management anticipates a temporary decline in memberships, programs, donation and fundraising events has been postponed.

Although the organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the organization's results of future operations, financial position, and liquidity in fiscal year 2021.

YMCA Northumberland Notes to Financial Statements

December 31, 2020

12. Acquisition of Real Property

339 Elgin Street

On October 4, 2011, the YMCA Northumberland acquired a 100% ownership interest in the property which consists of 5.53 acres land and the recreational facilities located at 339 Elgin Street West from the Town of Cobourg for one dollar.

The land, buildings and parking area were appraised at a current fair market value of \$5,250,000. Prior to the transaction, the YMCA Northumberland had an ownership interest related to previous year's capital improvements made by the YMCA which were appraised at a current value of \$1,510,000.

The acquisition of the real property has been reflected in the accounts as follows:

Capital Assets	
Land	\$ 624,000
Parking lot	66,000
Building	<u>3,050,000</u>
	<u>\$ 3,740,000</u>
Liabilities	
Deferred contributions - land	\$ 312,000
Deferred capital contributions	3,116,000
Net Assets - Capital Fund	
Invested in capital assets	<u>312,000</u>
	<u>\$ 3,740,000</u>

The deferred revenue of \$3,116,000 is being amortized to revenue on the same basis as the amortization of buildings and parking lot. The amortization of deferred revenue for the current year amounts to \$155,796 (2019 - \$155,796).

The Agreement with the Town of Cobourg requires the YMCA Northumberland to pay a portion of the proceeds from a future sale should the property be sold by the YMCA Northumberland before 2019 ("re-sale clause").

The potential future obligation is calculated as 50% of the net proceeds from a sale, less any capital improvements made by the YMCA Northumberland after 2008, less a declining amount related to capital improvements made by the YMCA before 2009 (\$1,088,046 which is to be reduced by \$40,298 on the first day of each January after 2011). If the property is not sold by the YMCA before 2019, then any obligation to the Town of Cobourg with respect to this re-sale provision is terminated and the deferred contributions - land totaling \$312,000 will be added to the Capital Fund.

281 Elgin Street - Vacant Land

In June 2010, the organization acquired vacant land abutting 281 Elgin Street, Cobourg ON, with an appraised market value of \$340,000, for \$150,000 cash, plus related transaction costs. The excess of fair value over the agreed upon purchase price of \$190,000 was recognized as a restricted capital contribution in 2010.