

**YMCA Northumberland**  
**Financial Statements**  
For the year ended December 31, 2021

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## Independent Auditor's Report

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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, 2021, 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, 2021 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, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 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 14, 2022

**YMCA Northumberland  
Statement of Financial Position**

December 31			2021	2020
	General Fund	Capital Fund		
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 1,017,590	\$ 355,650	\$ 1,373,240	\$ 623,704
Cash - M Moore Fund	18,990	-	18,990	18,990
Investments (Note 2)	-	423,347	423,347	620,240
Accounts receivable	448,713	-	448,713	378,048
Prepaid expenses	108,289	-	108,289	95,248
	<u>1,593,582</u>	<u>778,997</u>	<u>2,372,579</u>	<u>1,736,230</u>
Capital assets (Note 3)	-	4,241,214	4,241,214	4,511,414
	<u>\$ 1,593,582</u>	<u>\$ 5,020,211</u>	<u>\$ 6,613,793</u>	<u>\$ 6,247,644</u>
<b>Liabilities and Net Assets</b>				
<b>Current</b>				
Accounts payable	\$ 287,419	\$ -	\$ 287,419	\$ 435,352
Government remittances payable	-	-	-	6,041
Unearned revenue (Note 4)	518,069	227,271	745,340	840,054
Current portion of capital lease obligations (Note 5)	-	44,777	44,777	71,645
	<u>805,488</u>	<u>272,048</u>	<u>1,077,536</u>	<u>1,353,092</u>
<b>Long-Term</b>				
Capital lease obligations (Note 5)	-	20,615	20,615	66,165
Deferred contributions - land (Note 12)	-	312,000	312,000	312,000
Deferred capital contributions (Note 12)	-	1,519,090	1,519,090	1,674,886
	<u>805,488</u>	<u>2,123,753</u>	<u>2,929,241</u>	<u>3,406,143</u>
<b>Net Assets</b>				
Externally restricted - M Moore Fund	18,990	-	18,990	18,990
invested in capital assets	-	2,117,461	2,117,461	2,230,140
Internally restricted	-	778,997	778,997	620,240
Unrestricted (deficiency)	769,104	-	769,104	(27,869)
	<u>788,094</u>	<u>2,896,458</u>	<u>3,684,552</u>	<u>2,841,501</u>
Net Assets	<u>\$ 1,593,582</u>	<u>\$ 5,020,211</u>	<u>\$ 6,613,793</u>	<u>\$ 6,247,644</u>

On behalf of the Board

*Cunice Kirkpatrick* CEO) Director

Director

*[Signature]* Director

Director

**YMCA Northumberland  
Statement of Changes in Net Assets**

<b>For the year ended December 31</b>				<b>2021</b>	<b>2020</b>
	<b>General Fund (unrestricted)</b>	<b>M Moore Fund (externally restricted)</b>	<b>Capital Fund (Internally restricted)</b>	<b>Total</b>	<b>Total</b>
Balance, beginning of year	\$ (27,869)	\$ 18,990	\$ 2,850,380	\$ 2,841,501	\$ 2,761,323
Excess (deficiency) of revenues over expenses	1,025,777	-	(182,726)	843,051	80,178
Interfund transfers	(228,804)	-	228,804	-	-
<b>Balance, end of year</b>	<b>\$ 769,104</b>	<b>\$ 18,990</b>	<b>\$ 2,896,458</b>	<b>\$ 3,684,552</b>	<b>\$ 2,841,501</b>

**YMCA Northumberland  
Statement of Operations**

<b>For the year ended December 31</b>			<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>General Fund</b>	<b>Capital Fund</b>			
<b>Revenues</b>					
Donations	\$ 93,944	\$ -	\$ 93,944	\$ 73,342	\$ 86,627
Government funding (Note 6)	3,700,623	2,516	3,703,139	2,499,452	2,628,263
Fundraising	54,078	-	54,078	92,811	128,174
Building fund fees	-	-	-	-	90
Child services & camp	1,543,232	-	1,543,232	964,640	1,826,858
Memberships	528,292	-	528,292	699,361	1,647,545
Programs	144,515	-	144,515	161,652	264,399
United Way	7,500	-	7,500	20,000	-
Other income	94,571	12,628	107,199	91,004	158,965
Investment income (loss)	-	45,144	45,144	40,621	46,077
Amortization of deferred capital contributions (Note 12)	-	155,796	155,796	155,796	155,796
Gain on disposal of capital assets	-	-	-	1,130	-
	<b>6,166,755</b>	<b>216,084</b>	<b>6,382,839</b>	<b>4,799,809</b>	<b>6,942,794</b>
<b>Expenses</b>					
Advertising and promotion	25,924	-	25,924	45,684	67,468
Affiliation fees	71,948	-	71,948	44,851	102,676
Amortization of capital assets	-	395,078	395,078	398,084	575,408
Award payment	-	-	-	-	800
Bank and service charges	40,431	-	40,431	36,319	24,725
Employee benefits	480,859	-	480,859	398,710	661,233
Equipment & facility repairs	91,079	-	91,079	76,536	82,374
Insurance	49,022	-	49,022	50,615	49,886
Interest on long-term debt	-	3,732	3,732	4,774	11,952
International projects	5,750	-	5,750	3,058	7,250
Miscellaneous	5,250	-	5,250	17,459	21,887
Occupancy	340,957	-	340,957	301,853	440,944
Postage and courier	518	-	518	5,171	3,090
Professional services	240,389	-	240,389	191,833	170,017
Service providers	71,751	-	71,751	87,833	105,307
Staff & volunteer development	9,364	-	9,364	17,974	32,336
Supplies	214,409	-	214,409	184,527	404,313
Telephone & fax	40,450	-	40,450	50,817	51,490
Travel and meals	5,444	-	5,444	9,005	23,014
Wages	3,443,048	-	3,443,048	2,790,184	4,090,342
Vehicle	4,385	-	4,385	4,344	7,798
	<b>5,140,978</b>	<b>398,810</b>	<b>5,539,788</b>	<b>4,719,631</b>	<b>6,934,310</b>
<b>Excess (Deficiency) of Revenues over Expenses</b>	<b>\$ 1,025,777</b>	<b>\$ (182,726)</b>	<b>\$ 843,051</b>	<b>\$ 80,178</b>	<b>\$ 8,484</b>

**YMCA Northumberland**  
**Statement of Cash Flows**

<b>For the year ended December 31</b>			<b>2021</b>	<b>2020</b>
	<u>General Fund</u>	<u>Capital Fund</u>		
<b>Cash flows from operating activities</b>				
Excess (deficiency) of revenues over expenses	\$ 1,025,777	\$ (182,726)	\$ 843,051	\$ 80,178
Items not involving cash				
Amortization of capital assets	-	395,078	395,078	398,084
Amortization of deferred capital contributions	-	(155,796)	(155,796)	(155,796)
	<u>1,025,777</u>	<u>56,556</u>	<u>1,082,333</u>	<u>322,466</u>
Changes in non-cash balances				
Accounts receivable	(70,665)	-	(70,665)	(208,516)
Prepaid expenses	(13,041)	-	(13,041)	(28,113)
Accounts payable	(147,933)	-	(147,933)	168,393
Government remittances payable	(6,041)	-	(6,041)	(74,863)
Unearned revenue	(165,407)	70,693	(94,714)	515,096
	<u>622,690</u>	<u>127,249</u>	<u>749,939</u>	<u>694,463</u>
<b>Cash flows from investing activities</b>				
Capital asset additions	-	(124,878)	(124,878)	(311,673)
Less: financing for capital additions	-	-	-	80,155
	<u>-</u>	<u>(124,878)</u>	<u>(124,878)</u>	<u>(231,518)</u>
Increase in investments	-	196,893	196,893	(33,989)
Interfund transfers	(228,804)	228,804	-	-
	<u>(228,804)</u>	<u>300,819</u>	<u>72,015</u>	<u>(265,507)</u>
<b>Cash flows from financing activity</b>				
Repayment of capital lease obligations	-	(72,418)	(72,418)	(51,343)
<b>Increase in cash during the year</b>	<b>393,886</b>	<b>355,650</b>	<b>749,536</b>	<b>377,613</b>
Cash, beginning of year	642,694	-	642,694	265,081
<b>Cash, end of year</b>	<b>\$ 1,036,580</b>	<b>\$ 355,650</b>	<b>\$ 1,392,230</b>	<b>\$ 642,694</b>
<b>Represented by</b>				
Cash			\$ 1,373,240	\$ 623,704
Cash - M Moore Fund			18,990	18,990
			<u>\$ 1,392,230</u>	<u>\$ 642,694</u>



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## YMCA Northumberland Notes to Financial Statements

**December 31, 2021**

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### 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.



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**YMCA Northumberland**  
**Notes to Financial Statements**

**December 31, 2021**

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**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.

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**YMCA Northumberland**  
**Notes to Financial Statements**

**December 31, 2021**

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

<b>Revenue Recognition</b>	<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 &amp; camp, programs and other income are recognized as revenue when services have been rendered.</p>
<b>Government Assistance</b>	<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>
<b>Donations in Kind</b>	<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>
<b>Cash and Cash Equivalents</b>	<p>Cash and cash equivalents consist of cash on hand, bank balances and investments in savings accounts.</p>

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**YMCA Northumberland**  
**Notes to Financial Statements**

**December 31, 2021**

**2. Investments**

	2021	2020
Cash held for reinvestment	\$ 25,325	\$ 22,588
Guaranteed investment certificate	-	65,265
Common shares	83,323	41,988
Mutual funds	314,699	471,269
Other investments	-	19,130
	\$ 423,347	\$ 620,240

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**

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,143,332	\$ -	\$ 1,143,332	\$ 1,143,332
Administrative equipment	142,084	135,253	6,831	9,104
Buildings and improvements	7,022,220	4,406,323	2,615,897	2,775,659
Electronic equipment	476,723	438,268	38,455	61,300
Leasehold improvements	164,597	93,054	71,543	64,222
Program equipment	1,595,747	1,416,514	179,233	129,370
Equipment under capital lease	374,553	306,368	68,185	200,387
Parking lot	199,669	82,242	117,427	127,411
Vehicles	79,657	79,346	311	629
	\$ 11,198,582	\$ 6,957,368	\$ 4,241,214	\$ 4,511,414

**4. Unearned Revenue**

	General Fund	Capital Fund	2021 Total	2020 Total
Membership, program fees and other	\$ 518,069	\$ 208,491	\$ 726,560	\$ 826,036
Ontario Early Years	-	18,780	18,780	14,018
Balance, end of year	\$ 518,069	\$ 227,271	\$ 745,340	\$ 840,054

**YMCA Northumberland**  
**Notes to Financial Statements**

**December 31, 2021**

**5. Capital Lease Obligations**

	<b>2021</b>	<b>2020</b>
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 \$56,108	<b>\$ 43,294</b>	<b>\$ 71,185</b>
Capital lease obligation, 4.65%, payable in monthly principal and interest payments of \$1,768, commencing March 2015 until maturity in June 2021, and was secured by specific equipment under capital lease.	-	10,606
Capital lease obligation, 3.61%, payable in monthly principal and interest payments of \$2,712, commencing April 2016 until maturity in June 2021, and was secured by specific equipment under capital lease.	-	16,101
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	<b>3,831</b>	11,296
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 \$6,496	<b>10,782</b>	17,122
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 \$5,581	<b>7,485</b>	11,500
	<b>65,392</b>	137,810
Less: current portion of capital lease obligations	<b>44,777</b>	71,645
	<b>\$ 20,615</b>	<b>\$ 66,165</b>

**YMCA Northumberland**  
**Notes to Financial Statements**

**December 31, 2021**

**5. Capital Lease Obligations (continued)**

Future aggregate payments for capital lease obligations:

	<b>\$</b>	<b>44,777</b>
2022		
2023		<b>22,617</b>
		<b>67,394</b>
Less: Interest in future aggregate payments		<b>2,002</b>
	<b>\$</b>	<b>65,392</b>

**6. Government Funding**

	<b>General Fund</b>	<b>Capital Fund</b>	<b>2021 Total</b>	<b>2020 Total</b>
<b>Government Funding for Child Care</b>				
Municipal	<b>\$ 445,812</b>	<b>\$ -</b>	<b>\$ 445,812</b>	<b>\$ 153,536</b>
County of Northumberland	<b>1,447,953</b>	<b>-</b>	<b>1,447,953</b>	<b>862,286</b>
Provincial	<b>397,375</b>	<b>2,516</b>	<b>399,891</b>	<b>309,681</b>
Five Counties	<b>84,653</b>	<b>-</b>	<b>84,653</b>	<b>166,073</b>
<b>Total government funding for child care</b>	<b>2,375,793</b>	<b>2,516</b>	<b>2,378,309</b>	<b>1,491,576</b>
<b>Federal Covid-19 support</b>				
Canada Emergency Wage Subsidy	<b>1,226,420</b>	<b>-</b>	<b>1,226,420</b>	<b>967,634</b>
Canada Emergency Rent Subsidy	<b>98,410</b>	<b>-</b>	<b>98,410</b>	<b>15,242</b>
Temporary Emergency Wage Subsidy	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,000</b>
<b>Total funding received in the year</b>	<b>\$ 3,700,623</b>	<b>\$ 2,516</b>	<b>\$ 3,703,139</b>	<b>\$ 2,499,452</b>

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 decisions 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.

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**YMCA Northumberland**  
**Notes to Financial Statements**

**December 31, 2021**

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**8. Subsidies**

YMCA Northumberland provided \$90,117 (2020 - \$116,991) 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.

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**9. Commitments**

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

2022	\$ 272,493
2023	87,089
2024	13,187
2025	<u>9,157</u>
	<u>\$ 381,926</u>

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**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 7 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.

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## YMCA Northumberland Notes to Financial Statements

**December 31, 2021**

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### 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. There is one government organization that accounts for 28% of the total accounts receivable. At year-end, the organization assessed the collectibility of the outstanding accounts receivable and made a provision of \$15,862 (2020 - \$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.

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### 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 2022.

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**YMCA Northumberland**  
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**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:

<b>Capital Assets</b>	
Land	\$ 624,000
Parking lot	66,000
Building	<u>3,050,000</u>
	<u>\$ 3,740,000</u>
<b>Liabilities</b>	
Deferred contributions - land	\$ 312,000
Deferred capital contributions	3,116,000
<b>Net Assets - Capital Fund</b>	
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 (2020 - \$155,796).

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.

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