

**YMCA of Simcoe/Muskoka**  
**Consolidated Financial Statements**  
**For the year ended June 30, 2020**

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# Independent auditor's report

To the Board of Directors of YMCA of Simcoe/Muskoka,

## Opinion

We have audited the consolidated financial statements of YMCA of Simcoe/Muskoka (the "YMCA"), which comprise the consolidated statement of financial position as at June 30, 2020, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of YMCA of Simcoe/Muskoka as at June 30, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the YMCA in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

## Material Uncertainty Related to Going Concern

We draw attention to Page 7 in the consolidated financial statements, which describes events and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the YMCA's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the YMCA's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the YMCA or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the YMCA's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 YMCA'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 YMCA'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 consolidated 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 YMCA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Barrie, Canada  
October 28, 2020

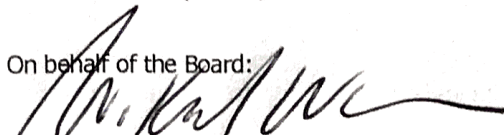
Chartered Professional Accountants  
Licensed Public Accountants

**YMCA of Simcoe/Muskoka**  
**Consolidated Statement of Financial Position**  
**As at June 30**

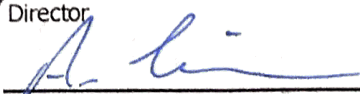
(in Thousands 000s)	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 2,199	\$ 3,813
Accounts receivable	1,193	1,473
Inventory (Note 12)	124	133
Prepaid expenses	36	46
<b>Total Current Assets</b>	<b>3,552</b>	<b>5,465</b>
<b>Tangible Capital Assets</b> (Note 3)	<b>27,479</b>	<b>28,459</b>
<b>Other Assets</b>		
Portfolio investments (Note 2)	2,815	2,393
Intangible assets (Note 4)	101	1,354
	<b>2,916</b>	<b>3,747</b>
<b>Total Assets</b>	<b>\$ 33,946</b>	<b>\$ 37,671</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Bank loan (Note 5)	\$ 1,985	-
Accounts payable and accrued liabilities	2,222	3,497
Government remittances payable	699	837
Deferred revenue	1,502	2,507
Current portion of long-term debt (Note 6)	422	422
	<b>6,830</b>	<b>7,263</b>
<b>Long-term Debt</b> (Note 6)	<b>2,038</b>	<b>2,460</b>
<b>Deferred Contributions</b> (Note 7)	<b>16,919</b>	<b>16,101</b>
<b>Total Liabilities</b>	<b>25,787</b>	<b>25,824</b>
<b>Net Assets</b> (Note 13)		
Unrestricted	5,235	9,899
Internally restricted funds	2,239	1,730
Endowment Fund	685	218
<b>Total Net Assets</b>	<b>8,159</b>	<b>11,847</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 33,946</b>	<b>\$ 37,671</b>

**Commitments** (Note 8)

On behalf of the Board:



Director



Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**YMCA of Simcoe/Muskoka  
Consolidated Statement of Operations  
For the year ended June 30**

<b>(in Thousands 000s)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>		
Health wellness community recreation	\$ 7,458	\$ 11,759
Child development & family support (Note 10)	17,105	21,472
Camping, conference & youth engagement	6,492	7,546
Philanthropy & Association advancement	1,713	591
Government programs (Note 10)	5,438	8,409
Amortization of deferred capital contributions	1,095	1,107
Other revenue	50	84
	<b>\$ 39,351</b>	<b>\$ 50,968</b>
<b>Expenses</b>		
Human resources direct costs	\$ 22,955	\$ 28,642
Supplies	4,800	7,896
Facilities expenses	6,096	6,700
Other expenses	1,317	445
General & Administration expenses	4,686	3,942
Amortization of tangible capital assets & software	2,226	1,801
Interest on long-term debt	94	117
Impairment loss on goodwill and intangible assets	865	458
	<b>\$ 43,039</b>	<b>\$ 50,001</b>
<b>(Deficiency) excess of revenue over expenditures</b>	<b>\$ (3,688)</b>	<b>\$ 967</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**YMCA of Simcoe/Muskoka**  
**Consolidated Statement of Changes in Net Assets**  
**For the year ended June 30**

(in Thousands 000s)	(Note 13)				
	Unrestricted	Internally Restricted Funds	Endowment Fund	2020	2019
<b>Balance, beginning of year</b>	\$ 9,899	\$ 1,730	\$ 218	\$ 11,847	\$ 10,880
<b>Interfund Transfers</b>	(991)	524	467	-	-
<b>(Deficiency) excess of revenue over expenditures</b>	(3,673)	(15)	-	(3,688)	967
<b>Balance, end of year</b>	\$ 5,235	\$ 2,239	\$ 685	\$ 8,159	\$ 11,847

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**YMCA of Simcoe/Muskoka**  
**Consolidated Statement of Cash Flows**  
**For the year ended June 30**

<b>(in Thousands 000s)</b>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
(Deficiency) excess of revenue over expenditures	\$ (3,688)	\$ 967
Charges (credits) to operations not involving cash		
Amortization of tangible capital assets & software	2,226	1,801
Amortization of deferred capital contributions	(1,095)	(1,107)
Impairment loss on goodwill and intangible assets	865	458
Net change in non-cash operating working capital balances related to operations (Note 9)	<u>(2,119)</u>	<u>(4)</u>
	<u><b>(3,811)</b></u>	<u>2,115</u>
<b>Cash flows from investing activities</b>		
Additions to tangible capital assets	(871)	(1,493)
Disposals of tangible capital assets	25	20
Additions to intangible assets	(11)	(463)
Change in portfolio investments	(422)	(243)
Increase in deferred contributions	<u>1,913</u>	<u>1,121</u>
	<u><b>634</b></u>	<u>(1,058)</u>
<b>Cash flows from financing activities</b>		
Bank Loan proceeds	1,985	-
Decrease in long-term debt	<u>(422)</u>	<u>(422)</u>
	<u><b>1,563</b></u>	<u>(422)</u>
<b>Net change in cash during the year</b>	<b>(1,614)</b>	635
<b>Cash, beginning of year</b>	<u><b>3,813</b></u>	3,178
<b>Cash, end of year</b>	<u><b>\$ 2,199</b></u>	<u>\$ 3,813</u>
Cash - Restricted	\$ 2,094	\$ 3,540
Cash - Unrestricted	105	273
Cash, End of Year	<u><b>\$ 2,199</b></u>	<u>\$ 3,813</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**YMCA of Simcoe/Muskoka**  
**Consolidated Summary of Significant Accounting Policies**  
**As at June 30, 2020**

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**Nature of Association**

YMCA of Simcoe/Muskoka ("The Association") is a charitable, community-based organization open to all. It offers diverse services provided by a partnership of volunteers and staff and provides fellowship and opportunities for personal growth in spirit, mind and body including the provision of programs and services that foster health, education and the relief of poverty.

The Association is incorporated without share capital under the Corporations Act (Ontario) and is a charitable organization within the meaning of the Income Tax Act (Canada).

**COVID-19 Pandemic and Going Concern**

Since December 31, 2019, the consequences of the COVID-19 outbreak have materially and adversely affected the ability of the Association to offer its services and therefore, its operating results have been negatively impacted. The Association's child care centres and health and fitness centres were forced to close on March 13, 2020 resulting in staff layoffs. Subsequent to year end, the Association made the decision to permanently cease the operations of its health and fitness centres in Barrie, Orillia and Parry Sound. The Association is investigating options for the future use of these buildings.

At June 30, 2020, the Association had current liabilities in excess of current assets of \$3.3M including cash of \$2.2M and a net loss of \$3.7M. It is uncertain whether, and when, the Association will return to profitability. The Association anticipates having sufficient funds to meet its corporate and administrative expenses for at least the next twelve months. However, given limited financial resources, the Association will need to obtain additional funding to continue its operations. The Association will seek grant funding and will continue to apply for the Canada Emergency Wage Subsidy ("CEWS") program. There is no assurance that management's initiatives will be successful and uncertainty remains as to the ability of the Association to continue operating as a going concern.

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations on a going concern basis, meaning the Association is viewed as being able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Association's ability to continue as a going concern. The carrying amounts of the assets, liabilities and expenses presented in these consolidated financial statements and the statement of financial position classifications have not been adjusted as would be required if the going concern assumption was not appropriate. Such adjustments could be material.

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**YMCA of Simcoe/Muskoka**  
**Consolidated Summary of Significant Accounting Policies**  
**As at June 30, 2020**

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**Summary of Significant Accounting Policies**

**Basis of Preparation**

The YMCA of Simcoe/Muskoka has adopted the Canadian Accounting Standards for Not-for-profit organizations (ASNFPPO) and are in accordance with Canadian generally accepted accounting principles (GAAP).

**Basis of Consolidation**

The consolidated financial statements include the accounts of the Association and its wholly owned subsidiary 2410518 Ontario Limited. The subsidiary's purpose is to make investments on behalf of the Association. It was incorporated on March 12, 2014 under the laws of Ontario and is subject to corporate income tax.

**Changes in accounting policies**

On July 1, 2019, the Association adopted new Section 4433 *Tangible capital assets held by not-for-profit organizations*, which requires tangible capital assets to be separated into their component parts when practicable and when estimates can be made of the lives of separate components. The standard also requires tangible capital assets to be written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the Association's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts.

On July 1, 2019, the Association also adopted new Section 4434 *Intangible assets held by not-for-profit organizations*, which requires intangible assets to be written down to fair value or replacement cost when conditions indicate that the assets no longer contribute to the Association's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the intangible assets are less than their net carrying amounts.

These changes in accounting policies were applied prospectively. The impact of the adoption of the new Sections did not have any impact on the consolidated financial statements and therefore no adjustments have been made.

**Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the reporting period. These estimates include, among others, useful lives of tangible capital assets, allowance for doubtful accounts and accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Revenue Recognition**

The Association follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Contributions received in advance of the period to which they relate are recorded as deferred revenue. Unrestricted contributions include: contributions from members, participants and agencies and fundraising.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of tangible capital assets excluding land are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. Externally restricted contributions for land are recorded as a direct increase in unrestricted net assets. Externally restricted contributions that have not been expended are recorded as part of deferred contributions on the statement of financial position. Externally restricted contributions for the repayment of debt are deferred and amortized in the same manner as the related tangible capital asset is amortized to expense.

Child care fees, membership fees and conference income are recognized as revenue as the services are provided.

Interest income, sales and other income are recognized when earned.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and bank balances.

**YMCA of Simcoe/Muskoka**  
**Consolidated Summary of Significant Accounting Policies**  
**As at June 30, 2020**

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**Financial Instruments**

The Association considers any contract that creates a financial asset, a financial liability or equity instrument as a financial instrument, except in limited items such as leases and loan commitments.

*Initial recognition and measurement*

A financial asset or a financial liability is recognized when the Association becomes a party to the contractual provisions of the financial instrument.

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction, are initially measured at their fair value.

*Subsequent measurement*

Changes in fair value of investments in equity instruments are recognized in operations in the period incurred. All other financial assets and financial liabilities are measured at amortized cost.

*Impairment*

At the end of each reporting period, the Association assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired.

**Contributed Services**

The Association is dependent on the voluntary services of many individuals. Since these services are not normally purchased by the Association and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

**Contributed Materials**

The Association has not recognized contributed materials in these financial statements as these materials are not normally purchased and because of the difficulty in estimating their fair market value.

**Inventory**

Inventory is valued at the lower of cost and replacement cost. Cost is generally determined on a specific item basis.

**Tangible Capital Assets**

Purchased tangible capital assets are recorded at cost. Cost includes the purchase price and other acquisition costs such as brokers' commissions, installation costs including architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, duties, testing and preparation charges. Contributed tangible capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. When conditions indicate that a tangible capital asset no longer contributes to the Association's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts, the tangible capital asset will be written down to fair value or replacement cost to reflect partial impairments. Amortization is provided on assets placed into use on the straight-line basis over their estimated useful lives as follows:

Building and site improvements - 25 years  
Leasehold improvements - 25 years  
Program equipment - 3 years  
Furnishings and equipment - 5 years  
Computer hardware - 3 years

**Intangible Assets**

**Goodwill**

Goodwill, being the excess of the purchase price of Geneva Park over the assigned values of the net assets acquired, is valued at the lower of cost and fair value of the reporting unit. The Association's goodwill is not amortized and is tested for impairment annually. An impairment loss would be recognized when the carrying amount of the goodwill of a reporting unit exceeds the fair value of the goodwill.

**Software**

Software consists of externally purchased programs and are stated at cost. Amortization is provided on a straight-line basis over their estimated useful service lives of 3 years.

**YMCA of Simcoe/Muskoka**  
**Consolidated Summary of Significant Accounting Policies**  
**As at June 30, 2020**

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<b>Portfolio Investments</b>	Portfolio investments are initially measured at fair value. Gains and losses are recognized in the period in which they occur.
<b>Impairment of Long Lived Assets</b>	Assets are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be fully recoverable. The Association monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Association's policy is to record an impairment loss in the period when it is determined that the carrying amount of the asset may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the undiscounted estimate of future cash flows from the asset.
<b>Pension Plan</b>	The Association offers a multiemployer defined benefit pension plan to employees. Due to the nature of the plan, the Association does not have sufficient information to account for the plan as a defined benefit plan; therefore, the multiemployer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period when the Association is obligated to make contributions for services rendered by the employee.

**(in Thousands 000s)**

**1. Financial Instruments**

a) Fair Values

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices as appropriate, in the most advantageous active market for that instrument to which the Association has immediate access.

The Association's financial instruments are comprised of cash, accounts receivable, portfolio investments, operating demand loan, accounts payable, government remittances payable and long-term debt.

b) Risks arising from financial instruments

- i) Credit Risk                      The Association has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the Association is considered to relate to the class of assets described as "accounts receivable", and much of the amount is due from the government.
- ii) Interest Rate Risk              The Association has a term loan and an operating demand loan which bear interest at a variable rate and as a result, is subject to interest rate risk through fluctuations in the bank's prime interest rate.
- iii) Market Risk                      The portfolio investments are diversified in varying industries, but are still subject to fluctuations in the market.
- iv) Liquidity Risk                      The Association seeks to maintain sufficient liquidity and short-term borrowing capacity to enable it to meet its obligations as they become due. The Association maintains a backup short-term credit facility with a Canadian chartered bank to ensure sufficient liquidity.

**2. Portfolio Investments**

	<b>2020</b>	2019
	<b>Fair Value</b>	Fair Value
Bonds	\$ -	\$ 124
Common shares	<b>1,608</b>	1,679
Cash & Mutual Funds	<b>1,207</b>	590
	<b>\$ 2,815</b>	<b>\$ 2,393</b>

Bonds matured in the current year. In the prior year, the interest ranged from 4.15% to 4.50% with maturity dates ranging from November 25, 2019 to June 2, 2020.

\$685 (2019 - \$218) of the portfolio investments are restricted for the endowment fund, \$59 (2019 - \$317 with a transfer to the unrestricted fund of \$84 outstanding as of year-end) is restricted for deferred contributions and \$2,084 (2019 - \$1,730) has been internally restricted by the Board of Directors.

(in Thousands 000s)

### 3. Tangible Capital Assets

	2020			2019		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Land	\$ 3,261	\$ -	\$ 3,261	\$ 3,261	\$ -	\$ 3,261
Building and site improvements	27,084	12,372	14,712	26,610	11,566	15,044
Leasehold improvements	16,324	7,501	8,823	16,324	6,847	9,477
Program equipment	231	109	122	256	54	202
Furnishings and equipment	92	55	37	58	44	14
Computer hardware	579	55	524	606	145	461
	<b>\$ 47,571</b>	<b>\$ 20,092</b>	<b>\$ 27,479</b>	<b>\$ 47,115</b>	<b>\$ 18,656</b>	<b>\$ 28,459</b>

During the year, the Association purchased tangible capital assets in the amount of \$871 (2019 - \$1,493).

The Association's wholly owned subsidiary, 2410518 Ontario Limited, leased two buildings for gross rent of \$38 (2019 - \$38).

The total value of land included in the above is \$553 (2019 - \$553).

### 4. Intangible Assets

	2020				2019			
	Cost	Accumulated Amortization	Transfers/ Impairment	Net	Cost	Accumulated Amortization	Transfers/ Impairment	Net
Goodwill	\$ -	\$ -	\$ -	\$ -	\$ 458	\$ -	\$ 458	\$ -
Software	1,439	473	865	101	1,428	74	-	1,354
	<b>\$ 1,439</b>	<b>\$ 473</b>	<b>\$ 865</b>	<b>\$ 101</b>	<b>\$ 1,886</b>	<b>\$ 74</b>	<b>\$ 458</b>	<b>\$ 1,354</b>

### 5. Credit Facilities

The Association has a revolving demand facility with the Royal Bank of Canada. The bank loan bears interest at the bank's prime rate plus 0.25% for loans, calculated and payable monthly. The total credit available is \$3,300. Unused credit facilities at June 30, 2020 amounted to \$3,295 (2019 - \$1,890) because there is an outstanding Letter of Credit to the Ministry of the Environment re: de-commissioning the three sewage lagoons at Geneva Park in the unlikely event that the YMCA abandons the site, for \$110 (2019 - \$110).

The Association has three (2019 - three) non-revolving term facilities (Note 6) for the purpose of financing various construction projects, mortgages for investment properties owned by 2410518 Ontario Limited, and a mortgage for Geneva Park. All loans bear interest at the bank's prime rate plus 0.25%, calculated and payable monthly. All loans have a 12 month term.

The Association has a \$300 line of credit available for lease financing of facility equipment. As at year end, this line of credit has not been drawn upon.

The Association has a \$315 (2019 - \$315) limit on Association credit cards.

The banking agreement that covers these loans is secured by a general security agreement constituting a first ranking security interest on all property of the borrower, a collateral mortgage constituting a first fixed charge on the lands and improvements of 6604 Rama Road, Ramara, Ontario and 22 Grove Street West, Barrie, Ontario.

**YMCA of Simcoe/Muskoka**  
**Notes to the Consolidated Financial Statements**  
**As at June 30, 2020**

**(in Thousands 000s)**

**6. Long-term Debt**

	2020	2019
Royal Bank of Canada Committed Reducing Term Facility, prime plus .25%, equal monthly principal payments of \$2 plus interest due April 2026.	\$ 117	\$ 137
Royal Bank of Canada Committed Reducing Term Facility, prime plus .25%, equal monthly principal payments of \$1 plus interest due April 2026.	101	118
Royal Bank of Canada Committed Reducing Term Facility, prime plus .25%, equal monthly principal payments of \$32 plus interest due April 2026.	2,243	2,627
	2,460	2,882
Less: current portion	422	422
	\$ 2,038	\$ 2,460

Principal payments due in the next five years are as follows:

2021	\$	422
2022		422
2023		422
2024		422
2025 and thereafter		772
Total	\$	2,460

The banking agreement with the Royal Bank of Canada contains a covenant with respect to the debt service ratio. As at year end, the Association is not in compliance with this ratio and has received a waiver from Royal Bank.

**7. Deferred Contributions**

	2020	2019
Deferred capital contributions related to capital assets	\$ 16,275	\$ 15,665
Deferred contributions	644	436
<b>Total deferred contributions</b>	<b>\$ 16,919</b>	<b>\$ 16,101</b>

**Deferred capital contributions related to capital assets and repayment of debt**

	2020	2019
Balance, beginning of year	\$ 15,665	\$ 15,858
Additional contributions received	1,705	914
Amounts amortized to revenue	(1,095)	(1,107)
Balance, end of year	\$ 16,275	\$ 15,665

**Deferred contributions**

This balance represents the unexpended amounts of donations that have been received where the donor has specified that the amounts be used for designated purposes. The determination of the timing and the amount of these payments for designated purposes are at the discretion of the Board.

	2020	2019
Balance, beginning of year	\$ 436	\$ 229
Additional contributions received	2,430	528
Amounts amortized to revenue	(2,222)	(321)
Balance, end of year	\$ 644	\$ 436

**YMCA of Simcoe/Muskoka**  
**Notes to the Consolidated Financial Statements**  
**As at June 30, 2020**

**(in Thousands 000s)**

**8. Commitments**

The Association has obligations under long-term leases for certain premises and office equipment. Future minimum lease payments as at June 30, 2020 are as follows:

Year	Amount
2021 \$	858
2022	575
2023	538
2024	212
Thereafter	4
	<b>\$ 2,187</b>

The Association has entered into an agreement with the Corporation of the Town of Wasaga Beach regarding the operation and management of a YMCA facility. The YMCA has agreed to operate the facility up to October 2026 with an optional renewal to 2046. As part of the agreement, the Association has committed to contribute furnishings and equipment valued at approximately \$1,000. As of June 30, 2020, \$1,000 (2019 - \$823) has been contributed.

The Association has entered into an agreement with the Town of Innisfil regarding the operation of a portion of the Multi-Use Recreation Facility for a term of fifteen years (2009 to 2024) with the option for another fifteen year renewal. As part of the agreement, the Association has committed to contribute cash, furnishings and equipment valued at \$1,500. As of June 30, 2020, the entire amount of \$1,500 (2019 - \$1,500) has been contributed.

The Association has entered into an agreement with the Town of Gravenhurst regarding the operation of a portion of the Multi-Use Recreation Facility for a term of twenty years (2011 to 2031) with an option to renew for another twenty years. As part of the agreement, the Association has committed to contribute furnishings and equipment required to operate the facility. As of June 30, 2020, the amount of \$612 (2019 - \$612) has been contributed.

**9. Change in Non-cash Operating Working Capital**

	2020	2019
Change in:		
Accounts receivable	\$ 280	\$ 788
Inventory	9	21
Prepaid expenses	10	57
Accounts payable and accrued liabilities	(1,275)	344
Government remittances payable	(138)	36
Deferred revenue	(1,005)	(1,250)
	<b>\$ (2,119)</b>	<b>\$ (4)</b>

Decreases in assets and increases in liabilities result in a source of funds. Increases in assets and decreases in liabilities result in a use of funds and are indicated by brackets.

**10. Government Program Revenue**

	2020	2019
Government programs consist of:		
Newcomer Services	\$ 598	\$ 660
Employment Services	3,232	3,595
Youth Services	1,608	4,154
	<b>\$ 5,438</b>	<b>\$ 8,409</b>
Childcare from Governments (included in Child Development & Family Support Revenue)		
County of Simcoe	\$ 4,412	\$ 5,344
District of Muskoka	46	44
District of Parry Sound	165	196

**YMCA of Simcoe/Muskoka**  
**Notes to the Consolidated Financial Statements**  
**As at June 30, 2020**

(in Thousands 000s)

**11. Pension Plan**

The employees of the Association participate in the Canadian YMCA Retirement Fund. Although the plan is a defined retirement benefit for employees, the related obligation of the Association cannot be identified. The Association has applied defined contribution plan accounting as it has insufficient information to apply defined benefit plan accounting. The Canadian YMCA Retirement Fund has several unrelated participating associations and costs are not specifically attributed to each participant. Amounts paid to the Canadian YMCA Retirement Fund by the Association during the year totaled:

	2020	2019
By employees	\$ 610	\$ 628
By employer	619	636
	\$ 1,229	\$ 1,264

**12. Inventory**

The Association has inventory at Geneva Park which consists of:

	2020	2019
Food	\$ 38	\$ 38
Fuel	3	2
Maintenance & Camp Supplies	76	84
Office Supplies	7	9
Total	\$ 124	\$ 133

**13. Net Assets**

The Association follows the deferral method of accounting for contributions:

The unrestricted fund accounts for the Association's program delivery and administrative activities. This fund reports unrestricted resources.

The internally restricted future fund represents a segregated fund designated by the Board to fund specific projects that enrich the programs of the Association.

The endowment fund accounts for endowments received for which the principal portion is to be invested and only the income earned on the original endowment can be expended, as stipulated by the donor. Endowments are recorded as a direct increase in net assets in the year received. Investment income on endowments is recorded as deferred revenue when earned and recognized as revenue on the Consolidated Statement of Operations when the designated expenditure is made.

**14. Total Fundraising Revenue & Related Expenses**

	2020	2019
Annual Campaign Revenue*	\$ 536	\$ 591
Campaign Revenue yet to be recognized	2,586	954
Capital Campaign Receipts	56	75
<b>Total Fundraising Revenue</b>	<b>\$ 3,178</b>	<b>\$ 1,620</b>
<b>Total Fundraising Expenses</b>	<b>\$ 424</b>	<b>\$ 395</b>
% of Fundraising revenues spent on Fundraising expenses	<b>13%</b>	<b>24%</b>

\*Annual campaign revenue is used to cover the cost of access to some YMCA community programs for families and individuals that have financial barriers.

**15. Related Party Transactions**

Related party transactions noted below are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following related party transactions occurred in the year:

	2020	2019
Facilities Expenses		
Waggs Ltd. - Owned by a Director of YMCA of Simcoe Muskoka	\$ 196	\$ 262

**16. Subsequent Events**

In July 2020, the Association made the decision to permanently close the membership operations in Barrie, Orillia and Parry Sound. The Association is looking to repurpose the use of the Orillia facility and the Parry Sound facility remains open for Child Care.

Subsequent to the year end, parcels of land including buildings on Grove Street were sold on July 31, 2020 with proceeds totalling \$6M to be received over the next 24 months.