

The Lethbridge Young Men's Christian Association
Financial Statements
For the year ended December 31, 2019

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Independent Auditor's Report

To the Board of Directors of
The Lethbridge Young Men's Christian Association

Opinion

We have audited the financial statements of The Lethbridge Young Men's Christian Association (the "Association"), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements of the Association for the year ended December 31, 2018 were audited by another practitioner, who expressed an unmodified conclusion of those statements on March 25, 2019.

Unaudited information:

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Schedule 1 on page 16 of the financial statements. The schedule was derived from the accounting records tested as part of the financial statements as a whole.

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

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

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

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

Independent Auditor's Report (continued)

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 Association's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Lethbridge, Alberta
March 24, 2020

**The Lethbridge Young Men's Christian Association
Statement of Financial Position**

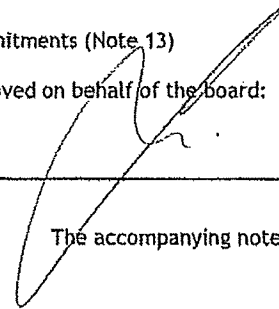
December 31	2019	2018
Assets		
Current		
Cash (Note 2)	\$ 2,695,144	\$ 1,534,791
GST receivable	-	9,413
Accounts receivable (Note 3)	157,051	329,397
Inventory	-	202
Prepaid expenses	32,469	183,797
	<u>2,884,664</u>	<u>2,057,600</u>
Long term-investments (Note 4)	33,774	29,337
Funds held in trust (Note 15)	150,000	2,710,473
Capital assets (Note 5)	3,664,480	1,025,780
	<u>\$ 6,732,918</u>	<u>\$ 5,823,190</u>

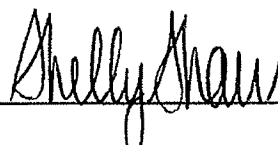
Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 6)	\$ 417,708	\$ 120,650
Due to the City of Lethbridge (Note 12)	832,222	-
Deferred revenue (Note 8)	1,284,814	4,561,047
Deposits (Note 7)	20,300	-
Current portion of callable debt	-	12,989
GST payable	10,075	-
	<u>2,565,119</u>	<u>4,694,686</u>
Callable debt	-	29,313
	<u>2,565,119</u>	<u>4,723,999</u>
Deferred capital contributions (Note 9)	3,638,013	741,588
	<u>6,203,132</u>	<u>5,465,587</u>
Net assets		
Unrestricted net assets	116,703	86,374
Net assets invested in capital assets	29,309	241,892
Net assets restricted for endowment purposes	33,774	29,337
Net assets internally restricted (Note 11)	350,000	-
	<u>529,786</u>	<u>357,603</u>
	<u>\$ 6,732,918</u>	<u>\$ 5,823,190</u>

Commitments (Note 13)

Approved on behalf of the board:





The accompanying notes and schedules are an integral part of these financial statements.

**The Lethbridge Young Men's Christian Association
Statement of Changes in Net Assets**

For the year ended December 31

2019

	Unrestricted net assets	Invested in capital assets	Restricted for endowment	Internally restricted	Total
Balance, beginning of year	\$ 86,374	\$ 241,892	\$ 29,337	-	\$ 357,603
Excess of revenue over expenses for the year	169,344	2,839	-	-	172,183
Purchase of capital assets	(3,976,179)	3,976,179	-	-	-
Disposal of capital assets	935,791	(935,791)	-	-	-
Repayment of callable debt	(42,302)	42,302	-	-	-
Additions to deferred capital contributions	3,946,870	(3,946,870)	-	-	-
Disposal of deferred capital contributions	(651,597)	651,597	-	-	-
Lifecycle reserve and community reserve (Note 11)	(350,000)	-	-	350,000	-
Amortization expense	401,688	(401,688)	-	-	-
Amortization of deferred capital contribution	(398,849)	398,849	-	-	-
Realized gain on endowment	(4,437)	-	4,437	-	-
Balance, end of year	\$ 116,703	\$ 29,309	\$ 33,774	\$ 350,000	\$ 529,786

For the year ended December 31

2018
four month period

	Unrestricted net assets	Investment in capital assets	Endowment fund	Total
Balance, beginning of year	\$ 172,900	\$ 254,191	\$ 31,607	\$ 458,698
Deficiency of revenue over expenses for the year	(101,095)	-	-	(101,095)
Purchase of capital assets	(82,626)	82,626	-	-
Repayment of callable debt	(4,174)	4,174	-	-
Additions to deferred capital contributions	82,626	(82,626)	-	-
Amortization expense	44,671	(44,671)	-	-
Amortization of deferred capital contribution	(28,198)	28,198	-	-
Realized gain on endowment	2,270	-	(2,270)	-
Balance, end of year	\$ 86,374	\$ 241,892	\$ 29,337	\$ 357,603

The accompanying notes and schedules are an integral part of these financial statements.

The Lethbridge Young Men's Christian Association Statement of Operations

For the year ended December 31	2019	2018 four month period
Revenue		
Memberships	\$ 2,290,822	\$ 306,646
Grants and contributions (Note 10)	2,187,593	291,202
Programs	843,202	33,606
Day passes	557,377	14,030
Facility rent	170,247	29,738
Strong kids campaign donation revenue	155,534	18,364
Food services and merchandise	17,232	917
GST revenue	17,119	1,460
	<u>6,239,126</u>	<u>695,963</u>
Expenses		
Salaries and related benefits	4,640,591	514,121
Office and telephone	294,741	33,613
Repairs and maintenance	179,970	33,131
Program supplies	162,826	9,418
Staff and volunteer development	93,294	8,622
Interest and bank charges	85,994	7,799
Advertising	81,086	11,447
Utilities	68,291	45,061
Community Foundation donation	65,242	-
Accounting and legal	58,631	16,310
Affiliation fees and dues	52,346	19,044
Rent	36,381	5,866
Insurance	28,720	8,646
Merchandise	9,614	666
Strong kids campaign	3,355	804
Casino expense	1,475	-
Philanthropic development	729	-
Crossings readiness	-	57,786
	<u>5,863,286</u>	<u>772,334</u>
Excess (deficiency) of revenue over expenses before the following items	375,840	(76,371)
Amortization of capital contributions	398,849	28,198
Investment income	34,585	68
Amortization	(401,688)	(44,671)
Realized gain on disposition of investment (Note 4)	4,437	-
Unrealized loss on investments	-	(2,270)
Loss on disposition of capital assets	(239,840)	(6,049)
	<u>(239,840)</u>	<u>(6,049)</u>
Excess (deficiency) of revenue over expenses for the year	\$ 172,183	\$ (101,095)

The accompanying notes and schedules are an integral part of these financial statements.

The Lethbridge Young Men's Christian Association Statement of Cash Flows

For the year ended December 31	2019	2018 four month period
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 172,183	\$ (101,095)
Adjustments for non-cash items		
Amortization	401,688	44,671
Amortization of deferred capital contributions	(398,849)	(28,198)
Loss on sale of capital assets	239,840	-
Unrealized loss on investment	-	2,270
	<u>414,862</u>	<u>(82,352)</u>
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	172,346	(88,011)
Decrease in inventory	202	-
Decrease (increase) in prepaid expenses	151,328	(172,573)
Increase in accounts payable and accrued liabilities	297,060	7,880
Increase in due to the city of lethbridge	832,222	-
Increase in deposits	20,300	-
Increase in GST payable	19,488	(9,413)
Decrease (increase) in deferred revenue	(531,004)	(345,507)
	<u>1,376,804</u>	<u>(689,976)</u>
Cash flows from investing activities		
Purchase of capital assets	(3,976,179)	(82,626)
Proceeds on disposal of capital assets	44,354	-
Additions to capital contributions	3,946,870	82,626
Decrease in Y's Mens youth camp	(34,758)	-
Investment income	(4,436)	-
	<u>(24,149)</u>	<u>-</u>
Cash flows from financing activities		
Repayment of callable debt	(42,302)	(4,174)
Funds held in trust	(150,000)	1,086,625
	<u>(192,302)</u>	<u>1,082,451</u>
Increase in cash during the year	1,160,353	392,475
Cash and cash equivalents, beginning of year	<u>1,534,791</u>	<u>1,142,316</u>
Cash and cash equivalents, end of year	<u>\$ 2,695,144</u>	<u>\$ 1,534,791</u>

The accompanying notes and schedules are an integral part of these financial statements.

The Lethbridge Young Men's Christian Association Notes to the Financial Statements

December 31, 2019

1. Summary of significant accounting policies

Nature and purpose of organization	The Lethbridge Young Men's Christian Association (the "Association") is a not-for-profit organization and a registered charity under the Income Tax Act that is dedicated to the growth of persons in spirit, mind, body and the development of a sense of responsibility to each other and to the global community. The Association utilizes its facilities, programs and services to achieve this objective.										
Basis of accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.										
Use of estimates	The preparation of financial statements in conformity 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. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are capital assets, deferred revenue, deferred capital contributions, accounts payable and accrued liabilities. Actual results may vary from these estimates.										
Cash and cash equivalents	Cash and cash equivalents include cash on deposit and term deposits with maturities of less than three months from the date of acquisition										
Restricted cash	Restricted cash consists of cash held in a savings account restricted to providing support to the Association.										
Capital assets	<p>Capital assets are recorded at cost. The Association provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:</p> <table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Asset</th> <th style="text-align: right;">Rate</th> </tr> </thead> <tbody> <tr> <td>Leasehold improvements</td> <td style="text-align: right;">20 years</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">5 years</td> </tr> <tr> <td>Furniture and fixtures</td> <td style="text-align: right;">5 years</td> </tr> <tr> <td>Signs</td> <td style="text-align: right;">20 years</td> </tr> </tbody> </table>	Asset	Rate	Leasehold improvements	20 years	Equipment	5 years	Furniture and fixtures	5 years	Signs	20 years
Asset	Rate										
Leasehold improvements	20 years										
Equipment	5 years										
Furniture and fixtures	5 years										
Signs	20 years										
Deferred capital contributions	Deferred capital contributions represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Association's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.										

The Lethbridge Young Men's Christian Association

Notes to the Financial Statements

December 31, 2019

1. Summary of significant accounting policies (continued)

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted net investment income is recognized as revenue in the year in which the related expenses are incurred. Restricted net investment income that must be added to the principal amount of resources held for endowment is recognized as a direct increase in net assets. Unrestricted net investment income is recognized as revenue when earned. Membership fees are recognized as revenue over the term of the membership. The portion of the annual memberships paid before year end which relates to months after year end has been included in deferred revenue.

Facility rental revenue is recognized monthly over the term of the lease agreement.

All other revenue is recognized when the service is performed or the event takes place.

Contributed services

Directors and owners volunteer their time to assist in the Association's activities. These services materially benefit the Association; however, a reasonable estimate of the time spent and its fair market value cannot be made and accordingly, these contributed services are not recognized in the financial statements.

Financial instruments

The Association initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed up by the related parties.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income.

The Lethbridge Young Men's Christian Association

Notes to the Financial Statements

December 31, 2019

1. Summary of significant accounting policies (continued)

Financial asset impairment	The Association assesses impairment of all its financial assets, except those classified as fair value through profit and loss. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is measured as the difference between the asset's carrying value and its fair value. Any impairment, which is not considered temporary, is included in current year earnings.
Leases	Leases are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the Association are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Equipment recorded under capital leases is amortized on the same basis as described above. Payments under operating leases are expensed as incurred.

2. Cash

	2019	2018
Chequing	\$ 692,410	\$ 1,531,084
Savings	246	245
Casino	1,988	3,067
Cash on hand	500	395
Short term GIC	2,000,000	-
	\$ 2,695,144	\$ 1,534,791

Cash accounts have varying interest rates from 0% to 1.5%.

On December 18, 2019 a \$2,000,000 GIC was issued. The GIC matures on January 17, 2020 with an interest rate of 1.72%

3. Accounts receivable

	2019	2018
Trade receivables	\$ 39,851	\$ 197,062
Donations receivables	103,951	117,975
City of Lethbridge grants	13,249	14,360
	\$ 157,051	\$ 329,397

The Lethbridge Young Men's Christian Association Notes to the Financial Statements

December 31, 2019

4. Long term-investments

Effected September 1, 2003 the Endowment fund of the Lethbridge Young Men's Christian Association transferred all of its assets to the Association. The purpose of the endowment fund is to provide ongoing support to the Association. In 2019 the funds were transferred from CI investments into a savings account. The transfer of the investment into a savings account resulted in a realized gain of \$4,437 on disposition of the investment.

5. Capital assets

	2019		2018	
	Cost	Accumulated Amortization	Net	Net
Leasehold improvements	\$ 1,120,430	\$ 47,075	\$ 1,073,355	\$ 357,023
Equipment	1,717,629	224,372	1,493,257	615,091
Furniture and fixtures	977,674	126,067	851,607	53,666
Signs	250,435	4,174	246,261	-
	\$ 4,066,168	\$ 401,688	\$ 3,664,480	\$ 1,025,780

The building and land are owned by the City of Lethbridge. These costs are technically leasehold improvements, but are referred to as buildings and infrastructure in these financial statements. During the year, the Association disposed of the Stafford location and moved to a new location.

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$105,404 (2018 - \$29,411)

7. Deposits

	2019		2018	
Deposit on rental facilities	\$ 20,000	\$ -		
Deposit on birthday parties	300	-		
	\$ 20,300	\$ -		

Deposits are required per the lease agreements from Lime Health and Jugo Juice for \$10,000 each.

The Lethbridge Young Men's Christian Association Notes to the Financial Statements

December 31, 2019

8. Deferred revenue

	Opening balance	Received	Recognized	Capital contributions	Total
Community campaign	\$ 3,855,887	\$ 11,491	\$ (2,880,993)	-	\$ 986,385
Child care centre	435,864	461,036	(563,107)	(214,538)	119,255
Graham Greenslade estate	117,975	-	(14,024)	-	103,951
Membership and program fees	4,333	53,235	(4,333)	-	53,235
Casino funds	1,479	509	-	-	1,988
Other deferred revenue	145,509	20,000	(145,509)	-	20,000
	<u>\$ 4,561,047</u>	<u>\$ 546,271</u>	<u>\$ (3,607,966)</u>	<u>\$ (214,538)</u>	<u>\$ 1,284,814</u>

Included in other deferred revenues is ATB phase funding provided by the City of Lethbridge for \$110,719 and the Y'smen deferred revenue for funding provided to the Community Foundation of Lethbridge and Southwestern Alberta for \$34,758 both of which were recognized in 2019. The Association also received \$20,000 for sponsorship.

9. Deferred capital contributions

Deferred capital contributions represent the unamortized portion of contributions received and spent on capital projects. Changes in unamortized capital contributions are as follows:

	2019	2018
Opening balance	\$ 741,589	\$ 687,160
Capital contributions	3,946,870	82,626
Amortized capital contributions	(398,849)	(28,198)
Disposal of capital contributions	(651,597)	-
	<u>\$ 3,638,013</u>	<u>\$ 741,588</u>

The Lethbridge Young Men's Christian Association Notes to the Financial Statements

December 31, 2019

10. Grant revenues

	2019	2018
City of Lethbridge - operating grant	\$ 1,358,058	\$ 21,026
Government of Alberta - child care grant	500,108	101,244
Government of Alberta - child care subsidy grant	115,344	-
City of Lethbridge - ATB Centre - Phase 2 readiness	110,719	167,570
Government of Canada - summer jobs grant	102,634	-
Other	730	1,362
	\$ 2,187,593	\$ 291,202

11. Restricted net assets

Restricted net assets are amounts internally restricted and set aside by the Association's Board of Directors that are to be used for designated purposes. These internally restricted amounts are not available for other purposes without approval by the Board of Directors.

	2019	2018
Life Cycle reserve	\$ 150,000	\$ -
Community reserve fund	200,000	-
	\$ 350,000	\$ -

During the year the Board of Directors made a motion to internally restrict \$350,000.

12. Related party transactions

The City of Lethbridge (the "City") is a related party due to the City's ability to exercise influence over the operations of the Association. During the year, the Association received a total of \$2,190,280 in grant funding for operations. A total of \$845,851 in grant funding for capital purchases was received from the City.

The Association has signed an Operating Agreement with the City of Lethbridge for a term effective April 1 2019 and ending December 31, 2059, at which point the agreement may be expanded for two additional 15 year terms that would end December 31, 2089. The parties can begin renegotiations on or about January 1, 2056 and must be finalized by December 31, 2057.

This agreement covers the operations of Phase 2 of the ATB Centre including the YMCA Area, Leasable Area, City Area, Shared Area and Common Area. The agreement includes funding support from the City of Lethbridge as noted below.

If the Association has a net profit in any year the Association shall reimburse the City in the amount equal to the net profits up to the funding support received in that year. In 2019 the net profits for Phase 2 was \$832,222.

The Lethbridge Young Men's Christian Association Notes to the Financial Statements

December 31, 2019

12. Related party transactions (continued)

The City has committed to provide funding to the Association to a maximum of \$2,523,500 payable over a four year period, which commenced in 2019 (\$2,190,280 received in 2019).

2020		\$	1,394,400
2021			843,200
2022			<u>285,900</u>
			<u>2,523,500</u>

13. Commitments

Melcor Lease

The Association has entered into a lease agreement with Melcor REIT Limited Partnership for the opening of the Roundstreet Early Learning and Child Care Centre, located at the Melcor Centre. The term is for 15 years beginning October 1, 2018. The first 18 months of the lease were rent free. The Association's total commitment under this lease agreement, exclusive of occupancy costs, on a calendar year basis is as follows:

2020		\$	45,255
2021			61,541
2022			65,142
2023			66,355
2024			69,993
Subsequent years			<u>678,620</u>
			<u>\$ 986,906</u>

Avanti Software

The Association has made a commitment with Avanti Software Inc. for a subscription and implementation fees for the use of Avanti software. The term of this commitment is 3 years, ending in 2021. The annual subscription fee will be calculated after the first year based on the number of users and data to implement. This fee is calculated at \$7 per person per month for a minimum of 200 users and a \$825 quarterly additional fee.

YMCA Canada

The Association has made a commitment with YMCA Canada for a one time costs for technology for the use of YMCA Canada's DFM software of \$9,025 in 2020, 2021 and \$6,769 in 2022.

14. Financial instruments

Transactions in financial instruments may result in an Association assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the Association is a going concern and thus expects to fully repay the outstanding amounts.

The Lethbridge Young Men's Christian Association Notes to the Financial Statements

December 31, 2019

14. Financial instruments (continued)

(b) Credit risk

The Association does have credit risk in accounts receivable. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Association reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The Association maintains strict credit policies and limits in respect to counterparties.

(c) Liquidity risk

The Association does have a liquidity risk in the accounts payable and accrued liabilities. Liquidity risk is the risk that the Association cannot repay its obligations when they become due to its creditors. The Association reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due.

15. Subsequent events

During the year, the Association entered into negotiations to purchase 100% of the shares of Bumble Bear Day Care (Bumble Bear) for \$150,000. At December 31, 2019, the funds to purchase the shares were held in trust with Stringam LLP. until the expected possession date of February 1, 2020.

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly.

In March 2020, the Association was impacted by the requirement to temporarily close the Cor Van Raay YMCA and day cares until further notice. The impact of these closures on the future revenues of the Association cannot be determined at this time.

In addition, if the impacts of COVID-19 continue unchecked there could be further impact on the Association and its customers, suppliers and other third party business associates that could impact the timing and amount realized on the Association's assets and future profitability. At this time the full potential impact of COVID-19 on the Association is not known.

16. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The 2018 balances reflect a four month period of September to December. The changes do not affect prior year earnings.

The Lethbridge Young Men's Christian Association
Schedule 1 - Net Excess of Revenues over Expenses of Phase 2
(Cor Van Raay YMCA) (unaudited)

For the year ended December 31

2019

Revenues

Memberships	\$ 2,099,121
Daily admissions	545,922
Programs and rentals	584,038
Philanthropic	149,842
Other grants	266,877
City of Lethbridge grant	<u>2,190,280</u>

5,836,080

Expenses

Administration, marketing and philanthropy	1,302,528
Memberships and program services	351,848
Health, fitness, recreation and aquatics program	1,654,278
Youth and family programs	475,988
Child care	233,836
Facility operations	<u>635,380</u>

4,653,858

Excess of revenues over expenses before allowable reserves

1,182,222

Allowable reserves

Community initiatives reserve	200,000
Lifecycle reserve	<u>150,000</u>

350,000

Due to the City of Lethbridge

\$ 832,222

Annual & Multi-Year Requirements

Once an organization is accredited there are a number of standards that require annual & multi-year activities. The following chart provides an overview of those areas. ***Please review the Standards Program Handbook or the online application for full details of the requirements to maintain your accreditation.***

Standards	Standards level applicable	Annual Requirements
A4	Levels 2 & 3	The most senior staff person must have current performance objectives & an annual performance review by the board.
A5	All levels	The expenses of the most senior staff person must be reviewed at least annually by a member(s) of the board.
A6	Levels 2 & 3	The board must annually discuss the succession plan for the most senior staff person.
A7	All levels	The board must annually review the organization's risk management plan.
A8	All levels	The board must annually review a summary report of the organization's insurance coverages.
A14	All levels	The organization must inform the board annually of the number, type and disposition of complaints received. If no complaints have been received this should also be reported to the board.
A24	Level 2	The board must annually review its own performance.
A24	Level 3	The board must annually reviews its own performance as well as the performance of individual directors.
B3	All levels	The organization's financial statements must be approved by the board and released within six months of year-end.
B4 ¹	All levels	The board has a process to ensure the T3010 is accurate and is filed with CRA within six months of year-end.

¹ Nonprofits and RCAAAs - please review the Standards Handbook for applicable requirements

B5	All levels	The board approves the annual budget & the board / board committee reviews actual revenue and expenses vs. budget at least twice per year .
B6	All levels	The board or a board committee receives assurances that all statutory remittances have been made at least twice per year .
B7	All levels	The board must annually review the organization's fundraising and administrative expenses.
B10	Levels 2 & 3	Organizations should ensure that all required disclosures are up-to-date on their website including annual reports, financial statements and the T3010, as well as the list of board members.
B12	All levels	Organizations providing disclosures for this standard should ensure they are updated annually.
D3	Level 3	HR management policies must be reviewed annually and revised if necessary.

Standards	Standards level applicable	Multi-Year Requirements
A1	All levels	The organization's mission statement must be reviewed by the board at least every five years.
C12	All levels	The board must review the relevance and appropriateness of the organization's fundraising policies at least every three years.
D3	Level 1 & 2	HR management policies must be reviewed every two years and revised if necessary.

Document last updated: February 2018