

**The Lethbridge Young Men's Christian Association**  
**Financial Statements**  
For the year ended December 31, 2020

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For the year ended December 31, 2020

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## Independent Auditor's Report

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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, 2020, 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, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

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

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

Management is responsible for the preparation and fair presentation of 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.

### *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:

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## Independent Auditor's Report (continued)

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- ♦ 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 10, 2021

# The Lethbridge Young Men's Christian Association

## Statement of Financial Position

December 31 2020 2019

### Assets

#### Current

Cash (Note 2)	\$ 2,719,155	\$ 2,695,144
Accounts receivable (Note 3)	256,645	157,051
Prepaid expenses	32,700	32,469
GST receivable	149	-

3,008,649 2,884,664

Long term-investments (Note 4)

994,366 33,774

Funds held in trust

- 150,000

Capital assets (Note 5)

3,548,503 3,664,479

\$ 7,551,518 \$ 6,732,917

### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities (Note 6)	\$ 442,800	\$ 417,708
Due to the City of Lethbridge (Schedule 1) (Note 12)	957,919	832,222
Deferred revenue (Note 8)	1,157,710	1,284,814
Deposits (Note 7)	22,600	20,300
GST payable	-	10,075

2,581,029 2,565,119

Deferred capital contributions (Note 9)

3,261,744 3,638,012

5,842,773 6,203,131

#### Net assets

Unrestricted net assets	837,212	116,703
Net assets invested in capital assets	286,759	29,309
Net assets restricted for endowment purposes	34,774	33,774
Net assets internally restricted (Note 11)	550,000	350,000

1,708,745 529,786

\$ 7,551,518 \$ 6,732,917

Approved on behalf of the board:





The accompanying notes and schedule 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

2020

	Unrestricted net assets	Invested in capital assets	Restricted for endowment	Internally restricted	Total
<b>Balance, beginning of year</b>	\$ 116,703	\$ 29,309	\$ 33,774	\$ 350,000	\$ 529,786
Excess of revenue over expenses for the year	1,178,959	-	-	-	1,178,959
Purchase of capital assets	(373,155)	523,155	-	(150,000)	-
Additions to deferred capital contributions	242,615	(242,615)	-	-	-
Lifecycle reserve and community reserve	(350,000)	-	-	350,000	-
Amortization expense	641,972	(641,972)	-	-	-
Amortization of deferred capital contribution	(618,882)	618,882	-	-	-
Transfer to endowment	(1,000)	-	1,000	-	-
<b>Balance, end of year</b>	\$ 837,212	\$ 286,759	\$ 34,774	\$ 550,000	\$ 1,708,745

For the year ended December 31

2019

	Unrestricted net assets	Investment in capital assets	Endowment fund	Internally restricted	Total
<b>Balance, beginning of year</b>	\$ 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)	-	-	-
Purchase of Bumble Bear Day Care	(651,597)	651,597	-	-	-
Lifecycle reserve and community reserve	(350,000)	-	-	350,000	-
Amortization expense	401,688	(401,688)	-	-	-
Amortization of deferred capital contribution	(398,849)	398,849	-	-	-
Transfer to endowment	(4,437)	-	4,437	-	-
<b>Balance, end of year</b>	\$ 116,703	\$ 29,309	\$ 33,774	\$ 350,000	\$ 529,786

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



# The Lethbridge Young Men's Christian Association

## Statement of Operations

For the year ended December 31	2020	2019
<b>Revenue</b>		
Covid-19 supports (Note 10)	\$ 2,120,192	\$ -
Grants and contributions (Note 10)	1,739,870	2,187,593
Memberships	1,435,982	2,290,822
Programs	778,507	843,202
Day passes	301,431	557,377
Facility rent	67,651	170,247
Strong kids campaign donation revenue	41,307	155,534
Sponsorship income	30,000	-
GST revenue	27,335	17,119
Food services and merchandise	5,893	17,232
	<b>6,548,168</b>	<b>6,239,126</b>
<b>Expenses</b>		
Salaries and related benefits	4,496,415	4,640,591
Office and telephone	195,271	294,742
Repairs and maintenance	168,996	179,970
Program supplies	117,521	162,826
Rent	111,882	36,381
Accounting and legal	87,293	58,631
Staff and volunteer development	78,696	93,294
Interest and bank charges	61,864	85,993
Affiliation fees and dues	59,111	52,346
Advertising	40,042	81,086
Insurance	29,453	28,720
Utilities	8,963	68,291
Philanthropic development	6,814	729
Bad debt expense	709	-
Strong kids campaign	144	3,355
Community Foundation donation	-	65,242
Merchandise	-	9,614
Casino expense	-	1,475
	<b>5,463,174</b>	<b>5,863,286</b>
<b>Excess of revenue over expenses before the following items</b>	<b>1,084,994</b>	<b>375,840</b>
Amortization of capital contributions	618,882	398,849
Investment income	67,804	34,585
Realized gain (loss) on disposition of investment	(744)	4,437
Amortization	(641,972)	(401,688)
Loss on disposition of capital assets	(3,463)	(239,840)
Gain on sale of marketable securities	170	-
Unrealized gain (loss) on investments	60,544	-
Management fees on investments	(7,256)	-
<b>Excess of revenue over expenses for the year</b>	<b>\$ 1,178,959</b>	<b>\$ 172,183</b>

The accompanying notes and schedule 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	2020	2019
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	\$ 1,178,959	\$ 172,183
Adjustments for non-cash items		
Amortization	641,972	401,688
Amortization of deferred capital contributions	(618,882)	(398,849)
Loss on sale of capital assets	-	239,840
Gain on sale of marketable securities	(170)	-
Unrealized gain on investment	(60,544)	-
	<u>1,141,335</u>	<u>414,862</u>
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	(99,594)	172,346
Decrease in inventory	-	202
Decrease (increase) in prepaid expenses	(231)	151,328
Increase in accounts payable and accrued liabilities	25,093	297,060
Increase in due to the City of Lethbridge	125,697	832,222
Increase (decrease) in deposits	2,300	20,300
Increase (decrease) in GST payable	(10,224)	19,488
Increase (decrease) in deferred revenue	(127,104)	(531,004)
	<u>1,057,272</u>	<u>1,376,804</u>
<b>Cash flows from investing activities</b>		
Purchase of long term-investments	(941,272)	-
Proceeds on sale of long term-investments	41,392	-
Purchase of capital assets	(525,995)	(3,976,179)
Proceeds on disposal of capital assets	-	44,354
Additions to capital contributions	242,614	3,946,870
Decrease in Y's Mens youth camp	-	(34,758)
Investment income	-	(4,436)
	<u>(1,183,261)</u>	<u>(24,149)</u>
<b>Cash flows from financing activities</b>		
Repayment of callable debt	-	(42,302)
Funds held in trust	150,000	(150,000)
	<u>150,000</u>	<u>(192,302)</u>
<b>Increase in cash during the year</b>	<b>24,011</b>	<b>1,160,353</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,695,144</b>	<b>1,534,791</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,719,155</b>	<b>\$ 2,695,144</b>

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



# The Lethbridge Young Men's Christian Association

## Notes to the Financial Statements

December 31, 2020

### 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** 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:

Asset	Rate
Building	10 - 20 years
Equipment	5 years
Furniture and fixtures	5 years
Sign	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.

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# The Lethbridge Young Men's Christian Association

## Notes to the Financial Statements

December 31, 2020

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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.

Investments are initially measured at cost. These investments are listed on the market and are subsequently measured at fair market value.

# The Lethbridge Young Men's Christian Association

## Notes to the Financial Statements

December 31, 2020

### 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

	2020	2019
Chequing	\$ 314,882	\$ 692,410
Savings	1,379,224	246
Casino	25,710	1,988
Cash on hand	2,050	500
US Chequing account	179	-
Short term GIC	-	2,000,000
High interest savings account	997,111	-
	<b>\$ 2,719,156</b>	<b>\$ 2,695,144</b>

Chequing and savings accounts have varying interest rates from 0% to 1.5%.

### 3. Accounts receivable

	2020	2019
Trade receivables	\$ 62,606	\$ 39,851
Donations receivables	3,996	103,951
City of Lethbridge grants	-	13,249
Advances receivable	186	-
Canada Emergency Wage Subsidy	171,238	-
Canada Emergency Rent Subsidy	18,619	-
	<b>\$ 256,645</b>	<b>\$ 157,051</b>

# The Lethbridge Young Men's Christian Association

## Notes to the Financial Statements

December 31, 2020

### 4. Long term investments

Long term investments are held in a balanced portfolio of fixed income and equities traded on an active market and are recorded at fair value. The cost of the mutual funds is \$932,822 (2019 - \$nil).

	2020	2019
Fixed income	\$ 641,962	\$ -
Canadian equities	137,592	-
US equities	96,857	-
Foreign equities	116,955	-
Community Foundation endowment	1,000	-
	<u>\$ 994,366</u>	<u>\$ -</u>

### 5. Capital assets

	2020			2019	
	Cost	Accumulated Amortization	Net		Net
Building	\$ 1,486,032	\$ 120,296	\$ 1,365,736	\$	1,073,355
Equipment	1,815,722	581,315	1,234,407		1,492,629
Furniture and fixtures	1,039,973	325,353	714,620		852,234
Sign	250,435	16,695	233,740		246,261
	\$ 4,592,162	\$ 1,043,659	\$ 3,548,503	\$	3,664,479

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.

# The Lethbridge Young Men's Christian Association

## Notes to the Financial Statements

December 31, 2020

### 6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$27,227 (2019 - \$105,404)

### 7. Deposits

	2020	2019
Deposit on rental facilities	\$ 20,000	\$ 20,000
Deposit on birthday parties	2,600	300
	<u>\$ 22,600</u>	<u>\$ 20,300</u>

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

### 8. Deferred revenue

	Opening balance	Received	Recognized	Total
Community campaign	\$ 986,385	\$ 39,985	\$ (240,253)	\$ 786,117
Child care centre	119,255	531,591	(517,949)	132,897
Graham Greenslade estate	103,951	-	-	103,951
Membership and program fees	53,235	209,430	(167,747)	94,918
Casino funds	1,988	23,722	-	25,710
Other deferred revenue	20,000	28,612	(34,495)	14,117
	<u>\$ 1,284,814</u>	<u>\$ 833,340</u>	<u>\$ (960,444)</u>	<u>\$ 1,157,710</u>

Included in other deferred revenues is the sponsorship income received from Cavendish Farms \$20,000 (2019 - \$20,000).

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## The Lethbridge Young Men's Christian Association

### Notes to the Financial Statements

December 31, 2020

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**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:

	2020	2019
Opening balance	\$ 3,638,012	\$ 741,589
Capital contributions	242,614	3,946,870
Amortized capital contributions	(618,882)	(398,849)
Disposal of capital contributions	-	(651,598)
	<u>\$ 3,261,744</u>	<u>\$ 3,638,012</u>

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# The Lethbridge Young Men's Christian Association

## Notes to the Financial Statements

December 31, 2020

### 10. Grant revenues and COVID support

	2020	2019
City of Lethbridge - operating grant	\$ 920,103	\$ 1,358,058
Government of Alberta - child care grant	517,950	500,108
Government of Alberta - child care subsidy grant	197,903	115,344
Government of Canada - summer jobs grant	74,106	102,634
Other	29,808	730
City of Lethbridge - ATB Centre - Phase 2 readiness	-	110,719
	<u>\$ 1,739,870</u>	<u>\$ 2,187,593</u>
		2020
Canadian Emergency Wages Support (CEWS)	\$ 1,951,452	
Relief Support Funding	107,221	
Canada Emergency Commercial Rent Assistance (CECRA)	27,900	
Federal Emergency Community Support	15,000	
Canada Emergency Rent Subsidy (CERS)	18,619	
	<u>\$ 2,120,192</u>	

### 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.

	2020	2019
Life Cycle reserve	\$ 300,000	\$ 150,000
Community reserve fund	250,000	200,000
	<u>\$ 550,000</u>	<u>\$ 350,000</u>

During the year the Board of Directors made a motion to internally restrict \$350,000 and use \$150,000 for the purchase of the share of Bumble Bear Day Care.



# The Lethbridge Young Men's Christian Association

## Notes to the Financial Statements

December 31, 2020

### 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 \$1,045,800 in grant funding for operations.

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 2020 the net profits for Phase 2 was \$275,539 (Schedule 1).

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 (\$1,045,800 received in 2020).

2021	\$	843,200
2022		285,900
		-
		<u>1,129,100</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:

2021	\$	45,255
2022		61,541
2023		65,142
2024		66,355
2025		69,993
Subsequent years		<u>678,620</u>
	\$	<u>986,906</u>

#### Enigma Lease

The Association has entered into a lease agreement with Enigma Properties Inc. for Redwood Day Early Learning and Child Care Centre, located in the Forestry Ave Mall. The term is for 10 years beginning February 1, 2020 and terminating on November 30, 2029. The Association's total commitment under this lease agreement, exclusive of occupancy costs, on a calendar year basis is as follows:

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## The Lethbridge Young Men's Christian Association

### Notes to the Financial Statements

December 31, 2020

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**13. Commitments (continued)**

2021	\$ 25,880
2022	25,880
2023	28,845
2024	29,115
2025	29,115
Subsequent years	<u>138,296</u>
	<u>\$ 277,131</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 2021 and \$6,769 in 2022.

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**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.

(b) Market risk

The Association is subject to market risk with respect to its investments. The values of these investments fluctuate as a result in changes in equity prices, interest rates, or other factors affecting the values of the investments.

(c) 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.

(d) 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.

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## The Lethbridge Young Men's Christian Association

### Notes to the Financial Statements

December 31, 2020

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**14. Financial instruments (continued)**

(e) Interest rate risk

Interest rate risk arises from the possibility that change in interest rates will affect future cash flows or the fair values of interest-bearing financial instruments held by the Association.

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**15. COVID-19 Impact**

On March 11th, 2020, the World Health Organization declared the outbreak of COVID-19, a pandemic resulting in economic uncertainty. At this time, the full impact of COVID-19 on the Association is not known.

The Association is uncertain how long the duration of COVID-19 will be and will continue to monitor financial performance. The Association has been impacted due to closed facilities, laying off of employees and applying for government incentives. Should the pandemic continue for an indeterminate amount of time, the Association is uncertain how this would further affect them.

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

For the year ended December 31

2020

**Revenues**

Memberships	\$ 1,435,982
Daily admissions	301,431
Programs and rentals	472,392
Food service and merchandise	5,893
Other grants	1,807,269
City of Lethbridge grant	1,045,800
Additions to deferred capital	4,958
	<u>5,073,725</u>

**Expenses**

Administration, marketing and philanthropy	1,519,547
Memberships and program services	287,812
Health, fitness, recreation and aquatics program	991,169
Youth and family programs	260,758
Child care	507,341
Facility operations	791,479
Purchase of capital assets	90,080
	<u>4,448,186</u>

**Excess of revenues over expenses before allowable reserves**

625,539

**Allowable reserves**

Community initiatives reserve	200,000
Lifecycle reserve	150,000
	<u>350,000</u>

**Due to the City of Lethbridge - 2020 amount**

275,539

Due to the City of Lethbridge - 2019 amount

832,222

Adjustment to 2019 amount, approved in 2020 by the City of Lethbridge

(149,842)

682,380

**Due to the City of Lethbridge - Total**

\$ 957,919