

YMCA Canada

Financial Statements
December 31, 2019



Independent auditor's report

To YMCA Canada

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of YMCA Canada as at December 31, 2019 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.

What we have audited

YMCA Canada's financial statements comprise:

- the balance sheet as at December 31, 2019;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Independence

We are independent of YMCA Canada in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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In preparing the financial statements, management is responsible for assessing YMCA Canada'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 YMCA Canada or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of YMCA Canada'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 YMCA Canada'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 YMCA Canada 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
May 15, 2020

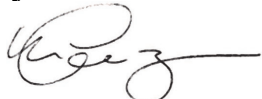
YMCA Canada

Balance Sheet

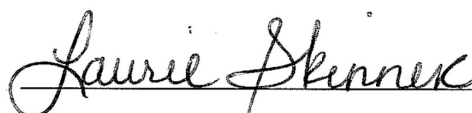
As at December 31, 2019

	2019 \$	2018 \$
Assets		
Current assets		
Cash and cash equivalents (note 3)	1,577,459	3,180,280
Accounts receivable (note 6)	679,313	1,766,383
Prepaid expenses	80,367	97,916
	<u>2,337,139</u>	<u>5,044,579</u>
Investments (note 5(a))	18,662,231	16,529,098
Accounts receivable (note 6)	400,888	665,422
Capital assets (note 7)	65,041	63,268
Intangible assets (note 8)	2,775,811	14,255,508
Other long-term assets	58,169	119,088
	<u>24,299,279</u>	<u>36,676,963</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	772,862	1,182,276
Deferred contributions (note 9)	228,278	250,441
	<u>1,001,140</u>	<u>1,432,717</u>
Deferred capital contributions (note 10)	2,265,558	12,930,855
Deferred lease inducement	32,916	52,666
	<u>3,299,614</u>	<u>14,416,238</u>
Net Assets		
Endowments (note 11)	15,580,786	13,215,552
Board restricted reserves (note 12)	3,327,447	3,859,017
Unrestricted	1,093,666	1,307,129
Investment in capital and intangible assets	997,766	3,879,027
	<u>20,999,665</u>	<u>22,260,725</u>
	<u>24,299,279</u>	<u>36,676,963</u>
Commitments (notes 4 and 14)		

Approved by the Board of Directors



Director



Director

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

YMCA Canada

Statement of Operations

For the year ended December 31, 2019

	2019	2018
	\$	\$
Revenue		
Allocations from YMCA Member Associations	9,591,322	9,021,651
Payments from YMCA Member Associations for externally developed software (note 4)	-	1,403,623
Amortization of deferred capital contributions (notes 4 and 10)	12,284,767	-
Foundation grants	56,196	34,038
National meetings and conferences	212,176	132,084
Dividend income	693,563	685,688
Recoveries from YMCA Member Associations	602,016	451,422
Government and other grants	237,418	371,741
Miscellaneous income	231,361	82,748
	<u>23,908,819</u>	<u>12,182,995</u>
Expenses		
Salaries and employee benefits	3,515,673	3,114,277
Purchased services (note 18)	2,173,530	1,969,200
Travel and meetings (note 18)	1,134,128	1,482,798
YMCA Lead and other Member Association agreements	801,476	824,939
YMCA Resource Development Centre dues	1,780,741	1,733,244
YMCA Resource Development Centre support	244,552	152,646
Communications	702,425	651,625
World YMCA services	376,067	322,531
Rent and office	266,157	311,826
Licence fees	304,356	598,181
Affiliations, professional services and insurance	133,949	163,719
Amortization of capital and intangible assets	530,096	416,157
Impairment of intangible assets (note 8)	14,666,622	-
Grants distributed	237,418	371,741
	<u>26,867,190</u>	<u>12,112,884</u>
(Deficiency) excess of revenue over expenses before the undernoted	(2,958,371)	70,111
Change in fair value of investments	1,276,260	(681,779)
Deficiency of revenue over expenses for the year	<u>(1,682,111)</u>	<u>(611,668)</u>

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

YMCA Canada

Statement of Changes in Net Assets

For the year ended December 31, 2019

					2019	2018
	Endowments	Board restricted reserves	Unrestricted	Investment in capital and intangible assets	Total	Total
	\$	\$	\$	\$	\$	\$
Balance – Beginning of year	13,215,552	3,859,017	1,307,129	3,879,027	22,260,725	22,870,352
Deficiency of revenue over expenses for the year	-	-	(1,682,111)	-	(1,682,111)	(611,668)
Investment income on externally restricted endowments (note 5(b))	365,446	-	-	-	365,446	53,497
Endowment contributions	55,605	-	-	-	55,605	10,308
External endowment transfer to deferred contributions (note 9)	-	-	-	-	-	(61,764)
Interfund transfers (note 13)	1,944,183	(531,570)	1,468,648	(2,881,261)	-	-
Balance – End of year	15,580,786	3,327,447	1,093,666	997,766	20,999,665	22,260,725

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

YMCA Canada

Statement of Cash Flows

For the year ended December 31, 2019

	2019	2018
	\$	\$
Operating activities		
Deficiency of revenue over expenses for the year	(1,682,111)	(611,668)
Non-cash items		
Amortization of capital and intangible assets	530,096	416,157
Impairment of intangible assets	14,666,622	-
Amortization of deferred capital contributions	(12,284,767)	-
Amortization of deferred lease inducement	(19,750)	(19,750)
Dividend income reinvested	(693,563)	(685,688)
Investment income reinvested	(87,045)	-
Change in fair value of investments	(1,276,260)	681,779
	<u>(846,778)</u>	<u>(219,170)</u>
Net change in non-cash working capital balances related to operations	806,757	(72,510)
	<u>(40,021)</u>	<u>(291,680)</u>
Investing activities		
Purchase of capital assets	(30,689)	(23,600)
Purchase of intangible assets	(3,688,105)	(4,152,426)
Proceeds on disposal of long-term investments	420,000	205,100
Proceeds from sale of long-term assets	60,919	60,919
	<u>(3,237,875)</u>	<u>(3,910,007)</u>
Financing activities		
Endowment contributions	55,605	10,308
Receipt of deferred capital contributions	1,619,470	4,706,653
	<u>1,675,075</u>	<u>4,716,961</u>
Change in cash and cash equivalents during the year	(1,602,821)	515,274
Cash and cash equivalents – Beginning of year	<u>3,180,280</u>	<u>2,665,006</u>
Cash and cash equivalents – End of year	<u>1,577,459</u>	<u>3,180,280</u>
Non-cash transactions		
Deferred contributions (note 9)	(130,819)	(9,328)
Net assets	130,819	9,328

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

YMCA Canada

Notes to Financial Statements

December 31, 2019

1 Nature of organization

The National Council of Young Men's Christian Associations of Canada, which operates as YMCA Canada, is continued under the Canada Not-for-Profit Corporations Act. YMCA Canada is registered as a charitable organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

YMCA Canada is the national office of the Canadian YMCA federation made up of 40 YMCAs and five YMCA-YWCA Member Associations (Member Associations). YMCA Canada is a community-based charity, which has provided vital services to Canadians for over 160 years so they can enjoy healthy and active lives. YMCA Canada fosters supportive and inclusive spaces where people feel a sense of belonging that helps them achieve greater health and well-being.

YMCA Canada represents the federation nationally and fosters the development of strong Canadian YMCA and YMCA-YWCA Member Associations, encourages collaborative initiatives, protects and enhances the reputation of the YMCA and advocates on behalf of Member Associations regionally, nationally and internationally. YMCA Canada receives revenue from Member Associations under several circumstances, including federation membership allocations and fees for attending meetings and conferences. YMCA Canada may also reimburse Member Associations for expenses incurred when conducting business on behalf of YMCA Canada, including travel and meetings, the work of the development network to support and strengthen Member Associations and fulfilling obligations under Lead Association agreements.

2 Summary of significant accounting policies

The financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada Handbook – Accounting, which sets out Canadian accounting standards for not-for-profit organizations (ASNPO) and includes the significant accounting policies set out below.

Fund accounting

These financial statements include the following funds:

- **Endowment** – Endowments consist of internally and externally restricted amounts where the endowment principal is to be maintained intact.
- **Board restricted reserves** – Board restricted reserves comprise amounts internally restricted by the board of directors for future use.
- **Unrestricted** – The unrestricted fund accounts for YMCA Canada's administrative activities. This fund reports unrestricted resources available for immediate purposes.
- **Investment in capital and intangible assets** – The investment in capital and intangible assets fund represents the net investment in YMCA Canada's capital and intangible assets as described in notes 7 and 8. Amounts required for the purchase of capital assets or representing donated capital assets are transferred from the unrestricted fund or board restricted reserves to the investment in capital and intangible assets fund.

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Notes to Financial Statements

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Revenue recognition

Allocations from Member Associations are recognized in the year to which the amounts relate or when costs are incurred. Fees for national meetings and conferences are recognized in the year during which the event is held.

YMCA Canada follows the deferral method of accounting for contributions, which include donations and government grants. Other donations are recognized when received since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when received. Externally restricted contributions and grants are initially deferred when received in the accounts and are recognized as revenue in the year in which the related expenses are incurred except for endowment contributions, which are recognized as direct increases in net assets.

Externally restricted contributions for the acquisition of intangible assets are deferred and amortized over the life of the related intangible asset. Externally restricted contributions that have not been expended are recorded as part of deferred capital contributions on the balance sheet.

The change in fair value of investments consists of realized and unrealized gains and losses less management fees, and is recorded in the statement of operations, except to the extent it relates to externally restricted endowment funds, in which case it is added to/deducted from endowed funds or deferred contributions on the balance sheet.

Cash and cash equivalents

Cash and cash equivalents include cash and any short-term investments with a short-term maturity of three months or less from the date of purchase unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

Financial instruments

Investments in short-term securities are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost, net of any provision for impairment. Other investments are recorded at fair value and transaction costs are expensed as incurred. All transactions are recorded on a trade date basis.

Other financial instruments include accounts receivable and accounts payable and accrued liabilities. Accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

Capital and intangible assets

Purchased capital and intangible assets are stated at acquisition cost. Contributed capital and intangible assets are recorded at fair value at the date of contribution. Implementation expenditures, including consulting and legal costs, to bring the intangible asset to use are capitalized where there is deemed to be a future benefit.

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Amortization is provided on a straight-line basis over the estimated useful lives of the assets when brought into use as follows:

Capital assets	
Leasehold improvements	over term of lease
Office equipment	5 years
Computer equipment	3 years
Intangible assets	
Internally developed software	5 years
Externally developed software	5 years

YMCA Canada reviews the carrying amount, amortization and useful lives of its long-lived assets regularly. If the long-lived asset no longer has any long-term service potential, the excess of the net carrying amount over any residual value is recognized as an expense in the statement of operations.

Deferred lease inducement

The deferred lease inducement represents the value of a period of free rent and an incentive allowance paid by the landlord. It is amortized on a straight-line basis over the term of the lease as a reduction of rent expense.

Pension plan

Contributions to the Canadian YMCA Retirement Fund, a multi-employer defined contribution pension plan, are expensed on an accrual basis.

Contributed materials and services

Volunteers contribute an indeterminable number of hours per year and because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

Use of estimates

The financial statements of YMCA Canada have been prepared by management in accordance with ASNPO, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses for the reporting period. Actual results could differ from those estimates.

3 Cash and cash equivalents

Cash totalling \$74,207 (2018 – \$310,897) is restricted and will be transferred to YMCA Member Associations for future use; a corresponding amount is included in accounts payable and accrued liabilities.

YMCA Canada

Notes to Financial Statements

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4 Externally developed software

In 2016, YMCA Canada entered into a master services agreement with a vendor to implement and license an enterprise database solution on behalf of YMCA Member Associations for membership sales and management. YMCA Canada is the pay master on behalf of participating YMCA Member Associations, which have each signed a participation agreement with YMCA Canada.

The contract includes one-time costs payable to the vendor for the development, build, configuration and implementation of the solution by participating YMCA Member Associations. All participating YMCA Member Associations pay a proportionate share of the one-time costs, as well as the project support implementation costs. Total payments received for the year ended December 31, 2019 were \$1,619,470 (2018 – \$6,110,276), of which \$1,619,470 (2018 – \$4,706,653) (note 10) was recorded as received in deferred capital contributions.

In 2019, the total incurred on the technology project was \$5,039,809 (2018 – \$6,061,775), of which \$3,688,105 (2018 – \$4,152,426) was capitalized in intangible assets (note 8), and \$1,351,704 was expensed in the statement of operations, of which \$nil (2018 – \$1,403,623) was funded by participating YMCA Member Associations, \$1,208,000 (2018 – \$505,726) was transferred from the board restricted technology reserve and \$143,704 from unrestricted net assets.

During 2019 a number of YMCA Member Associations withdrew from the enterprise database solution project. As a result, YMCA Canada amortized \$12,284,767 of the deferred capital contributions received (note 10) and recognized an impairment of the intangible capital assets in the amount of \$14,666,622 (note 8), representing the proportionate share of the one-time costs of \$12,193,119 and project support implementation costs of \$2,473,503, attributable to the YMCA Member Associations which have exited from the project.

The remaining amount due under the master services agreement to the vendor is \$454,755 (2018 – \$761,892).

In 2019, the board of directors approved additional funding of \$1,208,000 (2018 – \$500,000) for technology projects; \$975,000 was transferred from unrestricted and \$233,000 from restricted reserves.

5 Investments

- a) YMCA Canada's investment portfolio consists of units of various funds managed by Mawer Investment Management Ltd. As at December 31, the mix of assets held in those funds is as follows:

	2019		2018	
	\$	%	\$	%
Canadian equities	3,439,967	18	2,573,891	16
US equities	4,182,221	22	2,673,533	16
International equities	3,831,865	21	2,470,411	15
Fixed income	7,208,178	39	8,811,263	53
	18,662,231	100	16,529,098	100

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b) The investment income recorded in the statement of operations is calculated as follows:

	2019	2018
	\$	\$
Investment income	2,603,355	117,651
Less: Management fees	<u>(50,222)</u>	<u>(50,917)</u>
	2,553,133	66,734
Investment income on externally restricted endowment funds added to endowment net assets (note 11)	(365,446)	(53,497)
Amount made available for spending on externally restricted endowments added to deferred contributions (note 9)	<u>(130,819)</u>	<u>(9,328)</u>
	2,056,868	3,909
Less: Dividend income	(693,563)	(685,688)
Less: Investment income recognized in miscellaneous income	<u>(87,045)</u>	<u>-</u>
Change in fair value of investments	<u>1,276,260</u>	<u>(681,779)</u>

The investment income recognized in the statement of operations is related to the following balances:

	2019	2018
	\$	\$
Internally restricted endowment funds (note 11)	1,532,747	-
Board restricted reserves (note 11)	437,076	-
Investment income recognized in miscellaneous income	<u>87,045</u>	<u>3,909</u>
	<u>2,056,868</u>	<u>3,909</u>

6 Accounts receivable

Accounts receivable include amounts due from participating YMCA Member Associations under the master services agreement to implement and license an enterprise database solution for membership sales and management (note 4). The non-current amounts are non-interest bearing and are due between 2020 and 2023.

YMCA Canada

Notes to Financial Statements

December 31, 2019

7 Capital assets

Capital assets consist of the following:

	2019		2018	
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Leasehold improvements	77,173	61,412	15,761	23,478
Office equipment	18,097	5,526	12,571	5,912
Computer equipment	97,731	61,022	36,709	33,878
	193,001	127,960	65,041	63,268

8 Intangible assets

Intangible assets consist of the following:

	2019		2018	
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Internally developed software	1,874,831	1,590,319	284,512	661,811
Externally developed software (notes 4 and 10)	17,281,802	14,790,503	2,491,299	13,593,697
	19,156,633	16,380,822	2,775,811	14,255,508

During the year, an impairment of \$14,666,622 (2018 - \$nil) was recorded for the externally developed software, as a number of YMCA Member Associations withdrew from the enterprise database solution project. Amortization of \$123,881 has been charged on the remaining amount representing the YMCA Member Associations that are actively using the solution.

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9 Deferred contributions

Deferred contributions represent unspent externally restricted grants and donations for various purposes. The changes in the deferred contributions balance are as follows:

	2019	2018
	\$	\$
Balance - Beginning of year	250,441	249,287
Amounts received during the year	215,195	335,841
Amount made available for spending on externally restricted endowments (note 11)	130,819	9,328
External endowment transfer to deferred contributions (note 11)	-	61,764
Amount recognized in the year	(368,177)	(405,779)
	<u>228,278</u>	<u>250,441</u>

10 Deferred capital contributions

Deferred capital contributions represent payments from YMCA Member Associations for the externally developed software as described in note 4. The changes in the deferred capital contributions balance are as follows:

	2019	2018
	\$	\$
Balance - Beginning of year	12,930,855	8,224,202
Amounts received for externally developed software from YMCA Member Associations (note 4)	1,619,470	4,706,653
Amortization of deferred capital contributions (note 4)	(12,284,767)	-
	<u>2,265,558</u>	<u>12,930,855</u>

The balance consists of the following:

	2019	2018
	\$	\$
Amounts capitalized in intangible assets	1,843,086	10,439,747
Amounts unspent	422,472	2,491,108
	<u>2,265,558</u>	<u>12,930,855</u>

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11 Endowments

Endowments consist of internally and externally restricted amounts where the endowment principal is to be maintained intact. The investment income generated from assets held for endowment purposes must be used in accordance with the various purposes established by the donors or the board of directors.

Endowments comprise the following:

	2019	2018
	\$	\$
Externally restricted		
Income earned		
Restricted	2,595,383	2,359,058
Unrestricted	1,234,854	1,058,419
	<hr/>	<hr/>
	3,830,237	3,417,477
Internally restricted by the board of directors	11,750,549	9,798,075
	<hr/>	<hr/>
	15,580,786	13,215,552

YMCA Canada has a capital preservation policy, which has been approved by the board of directors. This policy has the objective of protecting the real value of the endowments by limiting the amount of earned income available for spending and requiring the reinvestment of any income earned in excess of this limit. The amount of income made available for spending is calculated as 3.5% (2018 – 3.5%) of the average fair value of externally restricted endowment net assets over the previous sixteen quarters for the current year. The investment income earned as preservation of capital is recorded as a direct increase in endowment net assets for externally restricted endowments, where external restrictions allow. The investment income earned on externally restricted endowment assets, where it is not restricted, is recognized in the statement of operations. In any particular year, should investment income be insufficient to fund the amount to be made available for spending or the investment return be negative, the amount is funded by a transfer from endowed net assets. For internally restricted endowments, any investment gain (loss) is recorded as revenue (expense) in the statement of operations. An amount is transferred to (from) internally restricted endowment net assets equal to the investment gain (loss) earned on these funds, adjusted by the amount approved for spending by the board of directors.

In fiscal 2019, the investment income on externally restricted endowment net assets was \$533,310 (2018 - \$13,237). Of this amount, \$167,864 (2018 - \$13,237) was made available for spending, with \$130,819 (2018 - \$9,328) (note 9) added to deferred contributions, as the investment income is restricted by the donors as to how the monies are to be spent, and \$37,045 (2018 - \$3,909) was recorded as revenue in the statement of operations as the investment income was unrestricted. The return in excess of 3.5% of \$365,446 (2018 - \$nil) (note 5(b)) was recorded directly to externally restricted endowments. In 2018, the amount made available for spending on externally restricted endowment funds of \$108,965 comprised \$13,237 from investment income, \$33,964 transferred from endowed net assets to unrestricted and \$61,764 transferred to deferred contributions.

For internally restricted endowments, any investment gain (loss) is recorded as revenue (expense) in the statement of operations. An amount is transferred to (from) internally restricted endowment net assets equal to the

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December 31, 2019

investment gain (loss) earned on these funds, adjusted by the amount approved for spending by the board of directors. In fiscal 2019, the amount of \$1,549,823 transferred from unrestricted net assets to endowment net assets (note 13) represents the investment income earned on internally restricted endowment assets of \$1,532,747 (note 5(b)) plus the investment income earned on board restricted reserves of \$437,076 transferred to endowment net assets, less the amount approved for spending of \$420,000. In fiscal 2018, the amount of \$483,964 (note 13) transferred from endowment net assets to restricted net assets represents the amount approved for spending of \$450,000 on internally restricted endowment net assets and \$33,964 on externally restricted net endowment assets transferred to unrestricted net assets.

12 Board restricted reserves

Board restricted reserves comprise amounts internally restricted by the board of directors for future use as follows:

	2019	2018
	\$	\$
Stabilization reserve	1,075,000	950,000
Technology	777,274	1,101,999
Strategic plan reserve	1,132,633	1,574,481
Reserves for future events and programs	342,540	232,537
	<u>3,327,447</u>	<u>3,859,017</u>

13 Interfund transfers

Interfund transfers consist of the following:

	<u>Endowments</u>		<u>Board restricted reserves</u>		<u>Unrestricted</u>		<u>Investment in capital and intangible assets</u>	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
Investment income transfer in accordance with board policy (note 11)	1,549,823	(483,964)	420,000	450,000	(1,969,823)	33,964	-	-
Transfers relating to the technology reserve (notes 4 and 12)	-	(408,119)	(233,000)	402,393	233,000	5,726	-	-
Capital transfers (note 4)	-	-	-	(1,412,818)	407,758	392,554	(407,758)	1,020,264
Impairment of intangible assets (note 4)	-	-	-	-	2,473,503	-	(2,473,503)	-
Other transfers	394,360	244,896	(718,570)	(195,415)	324,210	(49,481)	-	-
	<u>1,944,183</u>	<u>(647,187)</u>	<u>(531,570)</u>	<u>(755,840)</u>	<u>1,468,648</u>	<u>382,763</u>	<u>(2,881,261)</u>	<u>1,020,264</u>

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14 Lease commitment

YMCA Canada has entered into a lease commitment for office premises, which expires in August 2021. The future annual lease payments, including estimated property taxes and operating costs, are as follows:

	\$
2020	231,265
2021	<u>156,872</u>
	<u>388,137</u>

15 Y.M.C.A. Properties Incorporated

YMCA Canada controls Y.M.C.A. Properties Incorporated (YMCA Properties), a corporation incorporated under the laws of Ontario. YMCA Properties is registered as a charitable organization and, as such, is exempt from income taxes under the Income Tax Act (Canada). The purpose of YMCA Properties is to purchase, lease or otherwise acquire, hold, sell or dispose of property in the province of Ontario for itself or in trust for local YMCAs or YMCA-YWCAs, or for any other organization affiliated with or connected in any way to the work of the YMCA. YMCA Properties holds the title to property owned and operated by the YMCA of Simcoe/Muskoka. YMCA Canada's policy is to disclose the financial activities of its controlled entities. As at December 31, 2019, YMCA Properties had no assets and liabilities and had no revenue and expenses for the year then ended.

16 Pension plan

YMCA Canada contributed \$165,326 (2018 – \$205,544) to the Canadian YMCA Retirement Fund.

17 Financial instruments

YMCA Canada is exposed to various financial risks through transactions in financial instruments.

Foreign currency risk

YMCA Canada is exposed to foreign currency risk with respect to the underlying securities of its pooled funds denominated in foreign currencies because of fluctuations in the relative value of foreign currencies against the Canadian dollar. Management assessed exposure to foreign currency risk as not significant.

Liquidity risk

Liquidity risk is the risk YMCA Canada will not be able to meet its financial obligations as they come due. YMCA Canada manages liquidity through regular monitoring of forecasted and actual cash flows.

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Credit risk

YMCA Canada is exposed to credit risk with respect to its accounts receivable and its short-term and fixed income investments, including the underlying investments of its pooled funds. Management assessed exposure to credit risk as not significant.

The accounts receivable are presented in the financial statements net of the allowance for doubtful accounts provision of \$2,388,731 (2018 – \$2,366,022).

Interest rate risk

YMCA Canada is exposed to interest rate risk with respect to its investments in a pooled fund that holds fixed income securities, the fair values of which will fluctuate with changes in market interest rates. YMCA Canada is also exposed to interest rate risk with respect to its operating line of credit since the interest rate is linked to the bank's prime rate, which changes from time to time. The interest rate risk on investments is considered insignificant, as the majority of YMCA Canada's investments are held in units of pooled funds.

Other price risk

YMCA Canada is exposed to other price risk through changes in market prices (other than changes arising from interest rate or currency risks) in connection with its investment in a pooled fund that holds equity securities. YMCA Canada manages its exposure to this risk by monitoring compliance with the investment policy approved by the board of directors.

18 Payments to YMCA Member Associations

In the statement of operations for 2019, purchased services include \$91,606 paid to YMCA Member Associations (2018 – \$129,422), and travel and meetings include \$102,946 (2018 – \$142,530) paid to YMCA Member Associations.

19 Comparative financial statements

The comparative statement of cash flows has been reclassified from the statement previously presented to conform to the presentation adopted in the current year.

20 Subsequent event

Since December 31, 2019, the outbreak of the coronavirus pandemic has resulted in governments worldwide enacting emergency measures to control the spread of the virus. As a result, child care and fitness centres at YMCA Member Associations have been closed for an indefinite period and programs have been cancelled. These events may have a material impact on YMCA Canada's accounts receivable and revenues earned from YMCA Member Associations.

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In addition, global equity markets have experienced significant volatility and weakness. YMCA Canada has experienced significant declines in the market prices of its equity investments subsequent to year-end. It has not reflected these subsequent conditions in the measurement of its investments at the year-end date, which were based on quoted market prices for the investments as at December 31, 2019.

As the situation continues to evolve rapidly, YMCA Canada is unable to quantify the potential impact this pandemic may have on its financial statements.