

YMCA Canada

Financial Statements
December 31, 2020



Independent auditor's report

To the Board of Directors of YMCA Canada

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of YMCA Canada (the Entity) as at December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Entity's financial statements comprise:

- the balance sheet as at December 31, 2020;
- 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 significant accounting policies and other explanatory information.

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 the Entity 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

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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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity 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
March 9, 2021


YMCA Canada

Balance Sheet

As at December 31, 2020

	2020 \$	2019 \$
Assets		
Current assets		
Cash (note 3)	2,279,626	1,577,459
Accounts receivable (note 7 and 20)	911,648	679,313
Prepaid expenses	58,512	80,367
	<u>3,249,786</u>	<u>2,337,139</u>
Investments (note 6(a))	19,708,655	18,662,231
Accounts receivable (note 7)	219,779	400,888
Capital assets (note 8)	47,947	65,041
Intangible assets (note 9)	21,798	2,775,811
Other long-term assets	-	58,169
	<u>23,247,965</u>	<u>24,299,279</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,275,545	772,862
Deferred contributions (note 10)	416,798	228,278
	<u>1,692,343</u>	<u>1,001,140</u>
Deferred capital contributions (note 11)	-	2,265,558
Deferred lease inducement	13,166	32,916
	<u>1,705,509</u>	<u>3,299,614</u>
Net Assets		
Endowments (note 12)	16,535,113	15,580,786
Board restricted reserves (note 13)	3,752,367	3,327,447
Unrestricted	1,185,231	1,093,666
Investment in capital and intangible assets	69,745	997,766
	<u>21,542,456</u>	<u>20,999,665</u>
	<u>23,247,965</u>	<u>24,299,279</u>
Commitment (note 15)		

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, 2020

	2020 \$	2019 \$
Revenue		
Allocations from YMCA Member Associations	4,646,299	9,591,322
Amortization of deferred capital contributions (notes 5 and 11)	2,265,558	12,284,767
Government grants (note 20)	626,192	7,000
National meetings and conferences	2,231	212,176
Dividend income	968,761	693,563
Recoveries from YMCA Member Associations	583,714	602,016
Foundation and other grants	64,209	286,614
Miscellaneous income	133,639	231,361
	<u>9,290,603</u>	<u>23,908,819</u>
Expenses		
Salaries and employee benefits	2,333,664	3,515,673
Purchased services (note 19)	1,508,985	2,173,530
Travel and meetings (note 19)	247,644	1,134,128
YMCA Lead and other Member Association agreements	191,177	801,476
YMCA Resource Development Centre dues	1,087,304	1,780,741
YMCA Resource Development Centre support	164,665	244,552
Communications	716,334	702,425
Uncollected Member Association charges	165,835	
World YMCA services	105,389	376,067
Rent and office	154,651	266,157
Licence fees	36,244	304,356
Affiliations, professional services and insurance	146,344	133,949
Amortization of capital and intangible assets	551,930	530,096
Impairment of intangible assets (notes 5 and 9)	2,140,448	14,666,622
Grants distributed	64,209	237,418
	<u>9,614,823</u>	<u>26,867,190</u>
Deficiency of revenue over expenses before the undernoted	(324,220)	(2,958,371)
Change in fair value of investments	<u>597,745</u>	<u>1,276,260</u>
Excess (deficiency) of revenue over expenses for the year	<u>273,525</u>	<u>(1,682,111)</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, 2020

					2020	2019
	Endowments	Board restricted reserves	Unrestricted	Investment in capital and intangible assets	Total	Total
	\$	\$	\$	\$	\$	\$
Balance – Beginning of year	15,580,786	3,327,447	1,093,666	997,766	20,999,665	22,260,725
Excess (deficiency) of revenue over expenses for the year	-	-	273,525	-	273,525	(1,682,111)
Investment income on externally restricted endowments (note 6(b))	265,023	-	-	-	265,023	365,446
Endowment contributions	4,243	-	-	-	4,243	55,605
Interfund transfers (note 14)	685,061	424,920	(181,960)	(928,021)	-	-
Balance – End of year	16,535,113	3,752,367	1,185,231	69,745	21,542,456	20,999,665

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

YMCA Canada

Statement of Cash Flows

For the year ended December 31, 2020

	2020	2019
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	273,525	(1,682,111)
Non-cash items		
Amortization of capital and intangible assets	551,930	530,096
Impairment of intangible assets	2,140,448	14,666,622
Amortization of deferred capital contributions	(2,265,558)	(12,284,767)
Amortization of deferred lease inducement	(19,750)	(19,750)
Dividend income reinvested	(968,761)	(693,563)
Investment income reinvested	(93,220)	(87,045)
Change in fair value of investments	(597,745)	(1,276,260)
	<u>(979,131)</u>	<u>(846,778)</u>
Net change in non-cash working capital balances related to operations	732,108	806,757
	<u>(247,023)</u>	<u>(40,021)</u>
Investing activities		
Purchase of capital assets	(6,711)	(30,689)
Purchase of intangible assets	(106,511)	(3,688,105)
Proceeds on disposal of long-term investments	1,000,000	420,000
Drawdown of long-term assets	58,169	60,919
	<u>944,947</u>	<u>(3,237,875)</u>
Financing activities		
Endowment contributions	4,243	55,605
Receipt of deferred capital contributions	-	1,619,470
	<u>4,243</u>	<u>1,675,075</u>
Change in cash during the year	702,167	(1,602,821)
Cash – Beginning of year	<u>1,577,459</u>	<u>3,180,280</u>
Cash – End of year	<u>2,279,626</u>	<u>1,577,459</u>
Non-cash transactions		
Deferred contributions (note 10)	(121,675)	(130,819)
Investments	121,675	130,819

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

YMCA Canada

Notes to Financial Statements

December 31, 2020

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 36 YMCAs and four 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.

As part of a federated entity, YMCA Canada represents Canadian YMCAs and YMCA-YWCAs nationally, fostering the development of strong Member Associations by encouraging collaborative initiatives, protecting and enhancing the reputation of the YMCA and advocating on behalf of Member Associations regionally, nationally and internationally. YMCA Canada receives revenue from Member Associations through 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 8 and 9. 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.

YMCA Canada

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.

Financial instruments

The Association records cash, accounts receivable and accounts payable and accrued liabilities initially at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

Investments are recorded at fair value and transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All transactions are recorded on a trade date basis.

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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Notes to Financial Statements

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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 as the plan is accounted for as a defined contribution plan.

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. Accounts requiring significant estimates include accounts receivable, investments and intangible assets.

3 Cash

Cash totalling \$147,469 (2019 – \$74,207) 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

December 31, 2020

4 Line of credit

YMCA Canada has a \$1,000,000 revolving line of credit secured by investments held, with interest payable at the bank's prime rate plus 0.50%, available until December 31, 2021, at which time the line of credit will decrease to \$500,000 and will be unsecured. As at December 31, 2020, there is \$nil balance outstanding against the line of credit.

5 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 acted as the pay master on behalf of participating YMCA Member Associations, all of which signed a participation agreement with YMCA Canada. The contract included one-time costs payable to the vendor for the development, build, configuration and implementation of the solution by participating YMCA Member Associations.

In 2019 a number of YMCA Member Associations withdrew from the enterprise database solution project. In fiscal 2020 the remaining participating YMCA Member Associations exited from the agreement. As a result, YMCA Canada amortized \$2,265,558 (2019 – \$12,284,767) of the deferred capital contributions received (note 11). YMCA Canada recognized an impairment of the intangible capital assets in the amount of \$2,140,448 (2019 – \$14,666,622) (note 9) representing the remaining proportionate share of the one-time costs of \$1,457,662 (2019 – \$12,193,119) and the remaining project support implementation costs of \$682,786 (2019 – \$2,473,503).

6 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:

	2020		2019	
	\$	%	\$	%
Canadian equities	3,668,681	19	3,439,967	18
US equities	3,667,481	18	4,182,221	22
International equities	5,138,206	26	3,831,865	21
Fixed income	7,234,287	37	7,208,178	39
	19,708,655	100	18,662,231	100

YMCA Canada

Notes to Financial Statements

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

	2020	2019
	\$	\$
Investment income	2,098,371	2,603,355
Less: Management fees	(51,947)	(50,222)
	<hr/>	<hr/>
	2,046,424	2,553,133
Investment income on externally restricted endowment funds added to endowment net assets (note 12)	(265,023)	(365,446)
Amount made available for spending on externally restricted endowments added to deferred contributions (note 10)	(121,675)	(130,819)
	<hr/>	<hr/>
	1,659,726	2,056,868
Less: Dividend income	(968,761)	(693,563)
Less: Investment income recognized in miscellaneous income	(93,220)	(87,045)
	<hr/>	<hr/>
Change in fair value of investments	597,745	1,276,260
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The investment income recognized in the statement of operations is related to the following balances:

	2020	2019
	\$	\$
Internally restricted endowment funds (note 12)	1,281,694	1,532,747
Board restricted reserves (note 12)	284,812	437,076
Investment income recognized in miscellaneous income	93,220	87,045
	<hr/>	<hr/>
	1,659,726	2,056,868
	<hr/>	<hr/>

7 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 5). The non-current amounts are non-interest bearing and are due between 2021 and 2024.

YMCA Canada

Notes to Financial Statements

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8 Capital assets

Capital assets consist of the following:

			2020	2019
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Leasehold improvements	77,173	63,781	13,392	15,761
Office equipment	18,097	8,883	9,214	12,571
Computer equipment	104,442	79,101	25,341	36,709
	<u>199,712</u>	<u>151,765</u>	<u>47,947</u>	<u>65,041</u>

9 Intangible assets

Intangible assets consist of the following:

			2020	2019
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Internally developed software	1,874,831	1,853,033	21,798	284,512
Externally developed software (note 5)	-	-	-	2,491,299
	<u>1,874,831</u>	<u>1,853,033</u>	<u>21,798</u>	<u>2,775,811</u>

During the year, all remaining participating Member Associations withdrew from the enterprise database solution project, accordingly an impairment of \$2,140,448 (2019 – \$14,666,622) was recorded for the externally developed software. Amortization of \$528,125 (2019 – \$123,881) was charged on intangible assets in fiscal 2020.

YMCA Canada

Notes to Financial Statements

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10 Deferred contributions

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

	2020	2019
	\$	\$
Balance – Beginning of year	228,278	250,441
Amounts received during the year	665,841	215,195
Amount made available for spending on externally restricted endowments (note 12)	121,675	130,819
Amount recognized in the year	<u>(598,996)</u>	<u>(368,177)</u>
	<u>416,798</u>	<u>228,278</u>

11 Deferred capital contributions

Deferred capital contributions represent payments from YMCA Member Associations for the externally developed software as described in note 5. The changes in the deferred capital contributions balance are as follows:

	2020	2019
	\$	\$
Balance – Beginning of year	2,265,558	12,930,855
Amounts received for externally developed software from YMCA Member Associations	-	1,619,470
Amortization of deferred capital contributions (note 5)	<u>(2,265,558)</u>	<u>(12,284,767)</u>
	<u>-</u>	<u>2,265,558</u>

12 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.

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Notes to Financial Statements

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Endowments comprise the following:

	2020 \$	2019 \$
Externally restricted		
Income earned		
Restricted	2,764,629	2,595,383
Unrestricted	1,334,735	1,234,854
	<hr/>	<hr/>
	4,099,364	3,830,237
Internally restricted by the board of directors	12,435,749	11,750,549
	<hr/>	<hr/>
	16,535,113	15,580,786

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% (2019 – 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 2020, the investment income on externally restricted endowment net assets was \$429,918 (2019 – \$533,310). Of this amount, \$164,895 (2019 – \$167,864) was made available for spending, with \$121,675 (2019 – \$130,819) (note 10) added to deferred contributions, as the investment income is restricted by the donors as to how the monies are to be spent, and \$43,220 (2019 – \$37,045) was recorded as revenue in the statement of operations as the investment income was unrestricted. The return in excess of 3.5% of \$265,023 (2019 – \$365,446) (note 6(b)) was recorded directly to externally restricted endowments.

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 2020, the amount of \$566,506 (2019 – \$1,549,823) transferred from unrestricted net assets to endowment net assets (note 14) represents the remaining investment income earned on internally restricted endowment assets of \$1,281,694 (2019 – \$1,532,747) (note 6(b)) plus the investment income earned on board restricted reserves of \$284,812 (2019 – \$437,076) (note 6(b)) transferred to endowment net assets, after the amount approved for technology transferred to restricted funds of \$1,000,000.

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13 Board restricted reserves

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

	2020 \$	2019 \$
Stabilization reserve	575,000	1,075,000
Technology	1,658,719	777,274
Strategic plan reserve	1,066,104	1,132,633
Reserves for future events and programs	452,544	342,540
	<u>3,752,367</u>	<u>3,327,447</u>

14 Interfund transfers

Interfund transfers consist of the following:

	Endowments		Board restricted reserves		Unrestricted		Investment in capital and intangible assets	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Investment income transfer in accordance with board policy (notes 5, 12 and 13)	566,506	1,549,823	1,000,000	420,000	(1,566,506)	(1,969,823)	-	-
Transfers relating to the technology reserve	-	-	-	(233,000)	-	233,000	-	-
Capital transfers	-	-	-	-	245,235	407,758	(245,235)	(407,758)
Impairment of intangible assets (note 5)	-	-	-	-	682,786	2,473,503	(682,786)	(2,473,503)
Other transfers	118,555	394,360	(575,080)	(718,570)	456,525	324,210	-	-
	<u>685,061</u>	<u>1,944,183</u>	<u>424,920</u>	<u>(531,570)</u>	<u>(181,960)</u>	<u>1,468,648</u>	<u>(928,021)</u>	<u>(2,881,261)</u>

15 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 \$154,878.

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16 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, 2020, YMCA Properties had no assets and liabilities and had no revenue and expenses for the year then ended.

17 Pension plan

YMCA Canada contributed \$118,434 (2019 – \$165,326) to the Canadian YMCA Retirement Fund.

18 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. A range of alternatives is available to YMCA Canada including cash flow provided by operations, the line of credit, draw down from unrestricted investments or a combination thereof.

YMCA Canada expects to be able to meet its financial obligations in the foreseeable future.

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 \$2,859,120 (2019 – \$2,388,731).

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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.

19 Payments to YMCA Member Associations

In the statement of operations for 2020, purchased services include \$81,567 paid to YMCA Member Associations (2019 – \$91,606), and travel and meetings include \$19,692 (2019 – \$102,946) paid to YMCA Member Associations.

20 COVID-19 and Canadian government emergency relief subsidies

The impact of the COVID-19 pandemic caused a disruption to the economy that could impact YMCA Canada's liquidity risk. The COVID-19 pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus including travel bans, self-imposed quarantine periods and social distancing that have caused disruption to businesses resulting in an economic slowdown.

Due to public health orders many Member Associations' health and fitness facilities closed at the onset of the pandemic and continue to be subject to ongoing closures based on local public health orders, which has resulted in reduced allocations revenue from YMCA Member Associations. YMCA Canada has made every effort to contain costs.

During the year, YMCA Canada was eligible for the Canada Emergency Wage Subsidy (CEWS) and Canada Emergency Rent Subsidy (CERS) and recorded \$597,295 and \$28,897 for the respective programs in government grants revenue in the statement of operations. As at December 31, 2020, YMCA Canada has accrued \$62,508 and \$28,897 in accounts receivable for amounts to be received under the CEWS and CERS programs, respectively.

Revenue has declined as a result of the COVID-19 pandemic and related government measures. YMCA Canada is currently addressing the challenges related to the COVID-19 pandemic by managing costs and applying for all available government assistance.

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21 Comparative financial statements

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.