Medicine Hat Family YMCA
Financial Statements
August 31, 2020

Management's Responsibility

To the Members of Medicine Hat Family YMCA:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

Chief Executive Officer

Director of Finance

Independent Auditor's Report

To the Members of Medicine Hat Family YMCA:

Qualified Opinion

We have audited the financial statements of Medicine Hat Family YMCA (the "Organization") including a related schedule, which comprise the statement of financial position as at August 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at August 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.

Basis for Qualified Opinion

The Organization derives revenue from the public in the form of cash receipts, the completeness of which is not susceptible to satisfactory audit. Due to the Organization's inability to create sufficient internal control procedures for collections and billings in this area, the completeness of these transactions are not susceptible to satisfactory audit verification.

The Organization also derives revenue from the public in the form of membership payments, the completeness and accuracy of which is not susceptible to satisfactory audit. Due to the Organization's inability to create sufficient internal control procedures for the maintenance and accuracy of the contracts in this area, the completeness of these transactions are not susceptible to satisfactory audit verification.

Accordingly our verification of these revenues were limited to the amounts recorded in the records of the Organization and we were unable to determine whether any adjustments might be necessary to revenue, deficiency of revenue over expenses, assets, and net assets.

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

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Medicine Hat, Alberta

December 16, 2020

MNP LLP

Chartered Professional Accountants

Medicine Hat Family YMCA
Statement of Financial Position
As at August 31, 2020

	2020	*2019*
Assets		
Current		
Cash	**86,675**	119,599
Restricted cash *(Note 3)*	**473,936**	453,629
Accounts receivable	**386,766**	181,682
Government assistance receivable *(Note 4)*	**249,211**	-
Prepaid expenses and deposits	**-**	1,991
Inventory	**8,504**	14,280
Long-lived assets held for sale *(Note 5)*	**327,070**	-
	1,532,162	771,181
Capital assets *(Note 6)*	**4,800,083**	5,265,009
Investments including restricted balances *(Note 7)*	**1,236,571**	1,206,541
	7,568,816	7,242,731
Liabilities		
Current		
Bank indebtedness *(Note 8)*	**-**	63,045
Accounts payable and accruals	**318,395**	308,763
Goods and Services Tax payable	**-**	18,408
Government payables	**24,946**	99,722
Deferred contributions *(Note 9)*	**515,124**	497,463
Current portion of long-term debt *(Note 11)*	**13,000**	60,000
Current portion of capital lease obligations *(Note 12)*	**6,944**	23,783
	878,409	1,071,184
Long-term debt *(Note 11)*	**286,976**	269,976
Capital lease obligations *(Note 12)*	**-**	10,172
Deferred capital contributions *(Note 13)*	**1,660,435**	1,799,539
	2,825,820	3,150,871
Subsequent events *(Note 17)*		
Net Assets		
Invested in capital assets	**3,159,800**	3,131,541
Unrestricted	**622,877**	-
Internally restricted	**960,319**	960,319
	4,742,996	4,091,860
	7,568,816	7,242,731

Approved on behalf of the Board

E-SIGNED by Tyler Pocsik

Director

E-SIGNED by Christopher Baba

Director

The accompanying notes are an integral part of these financial statements

Medicine Hat Family YMCA
Statement of Operations
For the year ended August 31, 2020

	2020	2019
Revenue		
Program fees	**3,964,332**	3,673,724
Membership fees	**958,324**	1,689,170
Amortization of deferred contributions	**139,105**	139,305
Donations and fundraising	**138,472**	57,548
Rental	**59,117**	146,112
Other income *(Note 15)*	**9,539**	6,223
	5,268,889	5,712,082
Expenses		
Salaries and benefits	**3,462,032**	4,735,341
Supplies	**516,278**	837,791
Occupancy	**503,577**	382,411
Purchased services	**169,834**	248,741
Membership allocations	**59,309**	117,993
Bad debts	**11,879**	-
Interest on capital lease	**921**	2,043
	4,723,830	6,324,320
Excess (deficiency) of revenue over expenses before amortization and other items	**545,059**	(612,238)
Other items		
Canada Emergency Wage Subsidy	**401,027**	-
COVID-19 expenses	**(13,362)**	-
Gain (loss) on change in fair value of financial instruments	**25,754**	(65,292)
Gain on disposal of investments	**3,374**	64,160
Foreign exchange gain (loss)	**9,934**	(43,946)
Investment income	**20,313**	34,670
Investment fees	**(10,030)**	(13,377)
Gain (loss) on disposal of capital assets	**7,500**	(77,190)
Amortization of capital assets	**(313,859)**	(364,216)
	130,651	(465,191)
Excess (deficiency) of revenue over expenses before discontinued operations	**675,710**	(1,077,429)
Discontinued operations (Note 5)	**(24,574)**	-
Excess (deficiency) of revenue over expenses	**651,136**	(1,077,429)

The accompanying notes are an integral part of these financial statements

Medicine Hat Family YMCA
Statement of Changes in Net Assets
For the year ended August 31, 2020

	Invested in capital assets	*Unrestricted*	*Internally restricted*	***2020***	*2019*
Net assets, beginning of year	3,131,541	-	960,319	**4,091,860**	5,169,289
Excess (deficiency) of revenue over expenses	-	651,136	-	**651,136**	(1,077,429)
Purchase of capital assets	177,423	(177,423)	-	-	-
Amortization of capital assets	(313,859)	313,859	-	-	-
Amortization of deferred contributions	139,105	(139,105)	-	-	-
Repayment of capital lease	27,011	(27,011)	-	-	-
Net value of assets disposed	(1,421)	1,421	-	-	-
Net assets, end of year	**3,159,800**	**622,877**	**960,319**	**4,742,996**	4,091,860

The accompanying notes are an integral part of these financial statements

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Cash received from customers and funders	**5,082,298**	5,607,305
Cash paid to suppliers	**(1,328,831)**	(1,638,897)
Cash paid to employees	**(3,494,212)**	(4,676,580)
Interest received	**23,591**	41,507
	282,846	(666,665)
Financing		
Repayments of long-term debt	**(30,000)**	-
Payments made on capital lease obligation	**(27,011)**	(25,889)
	(57,011)	(25,889)
Investing		
Purchase of capital assets	**(177,423)**	(19,215)
Proceeds on disposal of capital assets	**1,420**	-
Purchase of investment	**(87,335)**	(1,055,074)
Proceeds of disposal of investments	**87,930**	1,942,643
	(175,408)	868,354
Increase in cash resources	**50,427**	175,800
Cash resources, beginning of year	**510,183**	334,383
Cash resources, end of year	**560,610**	510,183
Cash resources are composed of:		
Cash	**77,569**	119,599
Restricted cash	**483,041**	453,629
Bank indebtedness	**-**	(63,045)
	560,610	510,183

1. Purpose of organization

The Medicine Hat Family YMCA (the "Organization") is a registered charity, the purpose of which is to involve individuals and families of all backgrounds and abilities in the YMCA so that they can grow healthier in spirit, mind and body, and develop a sense of responsibility to each other and the global community. The Organization was incorporated under the Societies Act in 1966.

The Organization is registered as a charitable organization under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

The YMCA is under a contractual agreement to act as an operator of the Southridge YMCA on behalf of the owners. The owners, City of Medicine Hat, The Medicine Hat Catholic Board of Education, and The Medicine Hat School District No. 76, operate as a joint venture.

Under the agreement, the Medicine Hat Family YMCA contributes capital expenditures to the complex and is responsible for maintaining and repairing the complex, its own equipment, furniture, and supplies as well as additional operating costs. Additional costs for parking lots, grounds, and roads as well as insurance are proportionately shared between the members.

Revenue generated from the YMCA's programs and services goes back into the Organization to further their objectives.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Bank indebtedness is included if it frequently fluctuates between positive and negative balances.

Cash and cash equivalents subject to restrictions that prevent its use for current purposes is included in restricted cash.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the specific item basis. Net realizable value is the estimated selling price in the ordinary course of business. Inventory includes beverages, clothing, and sports equipment.

Investments

Investments are portfolio investments recorded at fair value for those with prices quoted in an active market. They have been classified as long term assets in concurrence with the nature of the investment.

Capital assets

Capital assets are initially recorded at cost. The Organization follows the policy of providing amortization at full rates in the year that assets are acquired and are available for use. Amortization is provided using the methods and rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings and leaseholds	straight-line	10-35 years
Automotive	straight-line	5 years
Equipment	straight-line	5-20 years
Systems software	straight-line	20 years
Equipment under capital lease	straight-line	5 years

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization's ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

Employee future benefits

The Organization's employee future benefit program consists of a defined contribution pension plan.

Foreign currency translation

These financial statements have been presented in Canadian dollars, the principal currency of the Organization's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess of revenues over expenses for the current period.

Measurement uncertainty

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Amortization of deferred capital contributions are based on the useful lives of the related capital assets. Deferred membership revenue was estimated based on the number of number of months outstanding for memberships paid anually, including an adjustment for the months the Organization was required to close due to Covid-19.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

The YMCA follows the deferral method of accounting for contributions and fundraising. Restricted contributions are recognized as revenue in the year in which the related expenditures 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.

The Organization reports membership fees as revenue on a time proportioned basis over the membership term.

Included in program fee revenue is revenue derived from federal, provincial and municipal governments for fee-for-service contracts to provide various programs to the community as well as fees derived from individuals, which meet the Organizations' objectives. Program fee revenue is recognized at the time the program commences. Amounts received for services to be supplied after year end are included in deferred revenue.

Rental income is recognized over the term of the arrangement.

Government assistance related to wage subsidies are included in revenue for the period the related costs were incurred. There is no future commitment related to these amounts.

Investment income is recognized as revenue when earned.

Deferred capital contributions

Deferred capital contributions represent contributed capital assets, restricted contributions and government assistance with which a portion of the building and major renovations were purchased. These contributions are deferred and amortized on the same basis as the related capital assets are amortized.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

Internally restricted funds

The Board of the Organization has reserved funds for the future acquisition of capital assets and for future maintenance and operation of the facility. The funds that are expected to be used within the next year are recorded as current restricted cash, and funds expected to be used beyond the next year are recorded as long term restricted cash.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions.*

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has elected to report investments at fair market value. All other financial assets and financial liabilities are reported at amortized cost.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment:

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. 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. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenues over expenses in the year the reversal occurs.

3. Restricted cash

Restricted cash of $472,436 ($453,629 in 2019) has been classified as current as the funds are to be expended prior to March 31, 2021. These funds relate to grants and scholarship amounts included in deferred revenue.

4. Government assistance receivable

Government assistance receivable consists of $401,027 (2019 - nil) for the Canada Emergency Wage Subsidy program, which has been credited directly to income. In order to qualify for the Canada Emergency Wage Subsidy certain criteria had to be met related to revenue reductions. Based on management's calculations the Organization has met these criteria, and the corresponding subsidy has been recorded as a receivable at August 31, 2020.

5. Long-lived assets held for sale, and discontinued operations

During the year, the Board agreed to market the Camp Elkwater property. It was also decided that Camp Elkwater programming and rentals would cease.

Subsequent to year end an offer to purchase was received on October 15, 2020 for $995,000. The gain that is expected to arise from this sale, not including selling commissions and other sellings costs, is estimated to be $667,930. The finalization of the sale is subject to third party approval.

The following losses have been reported in the statement of operations arising from these discontinued operations:

	2020	*2019*
Revenue	**18,173**	59,334
Expenses	**(42,747)**	(123,764)
Net loss from discontinued operations	**(24,574)**	(64,430)

6. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Buildings and leaseholds	**10,364,083**	**5,644,113**	**4,719,970**	5,084,485
Automotive	**8,000**	**8,000**	**-**	-
Equipment	**2,391,265**	**2,373,694**	**17,571**	136,688
Systems software	**68,387**	**5,845**	**62,542**	18,711
Equipment under capital lease	**125,626**	**125,626**	**-**	25,125
	12,957,361	**8,157,278**	**4,800,083**	5,265,009

7. Investments including restricted balances

Investments include bonds with effective interest rates of 1.350% to 4.859% (1.350% to 4.859% in 2019) and maturity dates from 2020-2031 (2020-2031 in 2019). Investments also includes equities in common shares, mutual funds and foreign securities. Values are stated at market value, as at year end.

This balance consists of internally restricted investments that are intended for capital projects and contingency funds beyond the next year.

8. Bank indebtedness

At August 30, 2020, the Organization has an authorized line of credit totalling $400,000 ($125,000 in 2019), of which nil was drawn at year end ($48,133 in 2019). The line of credit has an interest rate of prime + 1.91% (4.86% in 2019) and is secured by a general security agreement.

9. Deferred contributions

Deferred contributions consist of unspent contributions, which have been externally restricted for designated purposes. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

	2020	2019
Deferred memberships	**41,189**	43,834
Deferred grants	**481,541**	453,629
Deferred scholarship revenue	**1,500**	-
	524,230	497,463

10. Related party transactions

The Organization paid membership fees in total to YMCA Canada and RDC West in the amount of $59,309 ($117,993 in 2019).

The above transactions are in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. Long-term debt

	2020	*2019*
Non-interest bearing term loan from the City of Medicine Hat, payable in changing monthly instalments ranging from $500 to $3,500 (previously annual instalments of $30,000) with accelerated payments increasing over the remaining years as noted below. This loan is unsecured and due in 2024.	**299,976**	329,976
Less: current portion	**13,000**	60,000
	286,976	269,976

Principal repayments on long-term debt in each of the next four years are estimated as follows:

2021	13,000
2022	132,000
2023	132,000
2024	22,976

12. Capital lease obligations

	2020	*2019*
Capital lease bearing interest at 4.25%, payable in monthly instalments of $2,328 including interest, secured by related equipment with a net book value of nil ($25,125 in 2019) due 2021	**6,944**	33,955
Less: current portion	**6,944**	23,783
	-	10,172

Future minimum lease payments related to the obligation under capital lease are as follows:

2021	6,993
Less: imputed interest	(49)
	6,944
Less: current portion	(6,944)
	-

13. Deferred capital contributions

	2020	2019
Balance, beginning of year	**1,799,539**	1,938,844
Amortization	**(139,104)**	(139,305)
Balance, end of year	**1,660,435**	1,799,539

14. Commitments

The Organization leases land, where its main facility is located, from the City of Medicine Hat (the "City") at a rate of $1 per year for 90 years starting January 1, 1981. Under the terms of the lease the use of the property is to be restricted to the carrying on of the programs and purposes of the Organization. All buildings and improvements placed on the property during the term of the lease becomes property of the City at the end of the lease.

The Organization leases child development facilities from the City of Medicine Hat under a 3 year lease renewed on July 31, 2019. Rent (including utilities and taxes) per annum is $26,631 ($26,631 in 2019, payable in equal quarterly instalments.

The Organization leases the land on which the Elkwater Camp is located from the Province of Alberta. The lease term of 10 years started January 1, 2017 at a rate of $1,475 per year. The land is currently held for sale and this lease payment will cease upon disposal.

The Organization leases the TechnoGym from De Lage Landen Financial Services Canada Inc. under a 5 year lease beginning October 1, 2015 at a rate of $26,511 per year beginning in 2017 with the first year payment in 2016 being $24,301. The TechnoGym lease is being bought out on December 1, 2020 for $15,547 plus applicable tax.

The Organization has entered into an agreement with the City of Medicine Hat, Medicine Hat School District No.76 and Medicine Hat Catholic Board of Education to act as the operator of the Southridge facility for the term of 40 years commencing June 3, 2003. If the agreement was terminated voluntarily or involuntarily, the Organization would be reimbursed capital costs in the amount of $1,824,654. Upon termination, additional costs will be reimbursed in the amount of $1,200,000 less calculated reductions of $44,400 per annum beginning in 2017. Starting in 2022, the Organization has a requirement to fund reserves for operations at 15% of operating revenues.

The Organization is also committed to paying monthly fees to YMCA Canada and RDC West. The amounts are determined annually by these organizations.

15. Other income

	2020	2019
Downtown merchandise for resale	**2,138**	3,501
Food services	**1,527**	2,162
Southridge merchandise for resale	**1,349**	560
Endowment revenue	**4,525**	-
	9,539	6,223

16. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of accounts receivable. Of the accounts receivable balance at August 31, 2020 three funders accounted for 82% of the balance (two funders in 2019 accounted for 47%).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization holds investments denominated in United States currency for which the related revenues and expenses are subject to exchange rate fluctuations. Foreign denominated amounts at August 31, 2020 were as follows:

	2020	2019
	CAD$	*CAD$*
Cash	***24,693***	***8,205***
Investments	***189,400***	***181,444***

Interest rate risk

Interest rate risk is the risk that the value of the financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, knows as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate risk with respect to its line of credit and capital lease.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is dependent on the sale of inventory, collection of accounts, purchasing commitments and obligations or raising funds to meet commitments and sustain operations.

17. Subsequent events

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which could negatively impact the Organization's business and financial condition.

In response to the global outbreak of COVID-19 (coronavirus), the federal government of Canada introduced the Canada Emergency Wage Subsidy (CEWS) program to help organizations retain their employees. This subsidy requires complex calculations to determine the eligibility and amounts of the subsidy. Medicine Hat Family YMCA plans to apply for $249,211 of subsidies related to the current period ending that have not yet been received as of year end. This amount has been included in other income and recognized as a government assistance receivable.

Medicine Hat Family YMCA
Schedule 1 - Schedule of Southridge Operations Revenues and Expenses
For the year ended August 31, 2020

	2020	*2019*
Revenue		
Membership fees	**377,916**	597,362
Program fees	**98,671**	44,300
Amortization of deferred contributions	**52,743**	52,743
Rental	**38,150**	70,262
Other income	**2,260**	2,007
	569,740	766,674
Expenses		
Salaries and benefits	**321,916**	420,645
Supplies	**68,644**	75,659
Occupancy	**39,718**	44,665
Purchased services	**5,392**	15,438
Excess of revenue over expenses before amortization and other items	**435,670**	556,407
	134,070	210,267
Other items		
Canada Emergency Wage Subsidy	**34,104**	-
Amortization of capital assets	**(80,134)**	(77,941)
	(46,030)	(77,941)
Excess of revenue over expenses	**88,040**	132,326