

THE FREDERICTON YMCA INC.

Financial Statements

Year Ended December 31, 2020

THE FREDERICTON YMCA INC.
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Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Fredericton YMCA Inc.

Qualified Opinion

We have audited the financial statements of The Fredericton YMCA Inc. (the Organization), which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, revenues and expenditures and cash flow 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 December 31, 2020, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation of scope.

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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 relating 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.

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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.

Teed Saunders Doyle

Fredericton, New Brunswick

CHARTERED PROFESSIONAL ACCOUNTANTS

THE FREDERICTON YMCA INC.

Statement of Financial Position

December 31, 2020

| | 2020 | 2019 |
|--------------------------------------------------|----------------------|---------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 1,768,943 | \$ 1,304,513 |
| Accounts receivable (Note 4) | 196,593 | 195,901 |
| Inventory | 20,465 | 33,388 |
| Prepaid expenses | 29,788 | 7,108 |
| | <u>2,015,789</u> | 1,540,910 |
| CAPITAL ASSETS (Note 5) | <u>14,061,503</u> | 14,739,815 |
| | <u>\$ 16,077,292</u> | \$ 16,280,725 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable (Note 6) | \$ 202,214 | \$ 270,250 |
| Deferred revenue, membership and program fees | 131,795 | 225,212 |
| Deferred revenue, grants and donations (Note 7) | 161,329 | 135,762 |
| Current portion of long term debt (Note 8) | 1,755,127 | 134,035 |
| | <u>2,250,465</u> | 765,259 |
| LONG TERM DEBT (Note 8) | 127,948 | 1,758,775 |
| DEFERRED CONTRIBUTIONS - CAPITAL ASSETS (Note 9) | 7,597,984 | 8,067,631 |
| LONG-TERM LIABILITIES - YMCA CANADA | - | 10,516 |
| NOTE PAYABLE - PMC ENERGY LIMITED (Note 10) | 159,584 | 256,293 |
| | <u>10,135,981</u> | 10,858,474 |
| NET ASSETS | | |
| Unrestricted | 1,320,866 | 602,877 |
| Internally restricted (Note 11) | 40,000 | 40,000 |
| Invested in capital assets (Note 12) | 4,580,445 | 4,779,374 |
| | <u>5,941,311</u> | 5,422,251 |
| | <u>\$ 16,077,292</u> | \$ 16,280,725 |

ON BEHALF OF THE BOARD

_____ Director

_____ Director

THE FREDERICTON YMCA INC.
Statement of Changes in Net Assets
Year Ended December 31, 2020

| | Unrestricted | Internally Restricted <i>(Note 11)</i> | Invested in Capital Assets <i>(Note 12)</i> | 2020 | 2019 |
|----------------------------------------------------|---------------------|----------------------------------------------|------------------------------------------------------|---------------------|---------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 602,877 | \$ 40,000 | \$ 4,779,374 | \$ 5,422,251 | \$ 5,317,518 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES | 848,181 | - | (329,121) | 519,060 | 104,733 |
| NET CHANGE IN INVESTMENT IN CAPITAL ASSETS | (130,192) | - | 130,192 | - | - |
| NET ASSETS - END OF YEAR | \$ 1,320,866 | \$ 40,000 | \$ 4,580,445 | \$ 5,941,311 | \$ 5,422,251 |

THE FREDERICTON YMCA INC.
Statement of Revenues and Expenditures
Year Ended December 31, 2020

| | 2020 | 2019 |
|---------------------------------------------------------|-------------------|-------------------|
| REVENUE | | |
| Memberships | \$ 1,534,647 | \$ 2,243,615 |
| Childcare | 794,695 | 1,225,946 |
| Grants <i>(Note 13)</i> | 1,266,027 | 710,927 |
| Program fees | 127,612 | 267,840 |
| Cultures retail sales | 116,189 | 166,871 |
| Donations and fundraising | 181,816 | 129,685 |
| Administration fees | 34,753 | 61,067 |
| Facility rental | 19,083 | 56,295 |
| Other | 571 | 1,969 |
| | <u>4,075,393</u> | <u>4,864,215</u> |
| EXPENSES | | |
| Salaries and benefits | 2,104,076 | 2,615,862 |
| Building and maintenance | 437,066 | 570,845 |
| Programs and services | 247,324 | 532,657 |
| Administration | 263,566 | 505,228 |
| Interest on long term debt | 107,384 | 109,820 |
| Cultures purchases | 59,071 | 94,340 |
| Bad debts | 8,725 | 20,654 |
| International projects | - | 1,800 |
| | <u>3,227,212</u> | <u>4,451,206</u> |
| EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS | <u>848,181</u> | <u>413,009</u> |
| OTHER INCOME (EXPENSES) | | |
| Amortization of deferred contributions - capital assets | 470,647 | 465,224 |
| Amortization of capital assets | (799,768) | (773,500) |
| | <u>(329,121)</u> | <u>(308,276)</u> |
| EXCESS OF REVENUE OVER EXPENSES | <u>\$ 519,060</u> | <u>\$ 104,733</u> |

THE FREDERICTON YMCA INC.

Statement of Cash Flow

Year Ended December 31, 2020

| | 2020 | 2019 |
|------------------------------------------------------------------|---------------------|------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenses | \$ 519,060 | \$ 104,733 |
| Items not affecting cash: | | |
| Amortization of capital assets | 799,768 | 773,500 |
| Amortization of deferred contributions related to capital assets | <u>(470,647)</u> | <u>(465,224)</u> |
| | <u>848,181</u> | 413,009 |
| Changes in non-cash working capital: | | |
| Accounts receivable | (692) | 137,601 |
| Inventory | 12,923 | 1,555 |
| Prepaid expenses | (22,680) | 3,645 |
| Accounts payable | (68,035) | (5,678) |
| Deferred revenue, membership and program fees | (93,417) | (10,451) |
| Deferred revenue, grants and donations | <u>25,567</u> | <u>3,393</u> |
| | <u>(146,334)</u> | 130,065 |
| Cash flow from operating activities | <u>701,847</u> | 543,074 |
| INVESTING ACTIVITY | | |
| Purchase of capital assets | <u>(121,456)</u> | (561,765) |
| FINANCING ACTIVITIES | | |
| Proceeds from long term debt | 102,523 | 107,447 |
| Repayment of long term debt | (112,259) | (123,906) |
| Proceeds from deferred contributions related to capital assets | 1,000 | 211,216 |
| Long-term liabilities - YMCA Canada | (10,516) | (5,343) |
| Proceeds from note payable - PMC Energy Limited | - | 273,494 |
| Repayment of note payable - PMC Energy Limited | <u>(96,709)</u> | <u>(17,201)</u> |
| Cash flow from (used by) financing activities | <u>(115,961)</u> | 445,707 |
| INCREASE IN CASH | 464,430 | 427,016 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>1,304,513</u> | 877,497 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 1,768,943</u> | \$ 1,304,513 |
| Represented by: | | |
| Cash | \$ 1,568,943 | \$ 1,104,513 |
| Short-term investments | <u>200,000</u> | <u>200,000</u> |
| | <u>\$ 1,768,943</u> | \$ 1,304,513 |

THE FREDERICTON YMCA INC.

Notes to Financial Statements

Year Ended December 31, 2020

1. PURPOSE OF THE ORGANIZATION

The Fredericton YMCA Inc. (the "Organization") is incorporated as a corporation without share capital under the Companies Act of the Province of New Brunswick. The Organization is an independent association of volunteers and professionals whose purpose is to offer people opportunities for personal growth and service to others. The Organization is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Financial instruments policy

The Organization considers any contracts a financial asset, liability, or equity instrument as a financial instrument, except in certain limited circumstances. The Organization accounts for the following as financial instruments: cash and cash equivalents, accounts receivables, accounts payables and long-term debt.

A financial asset or liability is recognized when the Organization becomes party to contractual provisions of the instrument.

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Organization is in the capacity of management in which case they are accounted for in accordance with financial instruments.

The Organization subsequently measures its financial assets and financial liabilities at cost or amortized cost less any reduction for impairment.

The Organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled, or expires.

Cash and cash equivalents

The Organization considers cash on hand, short-term deposits and balances with banks, net of overdrafts as cash or cash equivalents.

Inventory

Inventory consists of goods held for resale in the Cultures gift shop and are valued at the lower of replacement cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business less the estimated costs necessary to make the sale.

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THE FREDERICTON YMCA INC.

Notes to Financial Statements

Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Purchased capital assets are stated at cost less accumulated amortization. Contributed capital assets are stated at fair value at the date of contribution less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

| | |
|------------------------|-----|
| Buildings | 4% |
| Equipment | 20% |
| Leasehold improvements | 20% |

The Organization regularly reviews its capital assets to eliminate obsolete items.

Contributed services

Volunteers contribute an indeterminable number of hours per year to assist the organization in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Significant estimates include useful lives of capital assets, deferred contributions, accrued liabilities and valuation allowances for receivables. Actual results could differ from these estimates.

Revenue recognition

The Fredericton YMCA Inc. follows the deferral method of accounting for contributions, which includes government grants.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of property and equipment are deferred and amortized into revenue on the same basis and rates corresponding with the amortization of the related capital assets.

Revenue from memberships, programs, Cultures, facility rental and various fees and services are recognized when the services are provided or the goods are sold and collection is reasonably assured.

Grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the year are accrued. Where a portion of a grant or contribution relates to a future period, it is deferred and recognized in that subsequent period.

Pledged contributions are recorded when there is sufficient certainty of collection.

Internally restricted net assets

Internally restricted net assets include amounts restricted by the Board of Directors for future facility repair and replacement and for international activities. These internally restricted amounts are not available for other purposes without approval by the Board of Directors.

THE FREDERICTON YMCA INC.

Notes to Financial Statements

Year Ended December 31, 2020

3. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2020.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk with respect to the accounts and pledges receivable. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

4. ACCOUNTS RECEIVABLE

| | <u>2020</u> | <u>2019</u> |
|---------------------------------|-------------------|-------------------|
| Accounts receivable | \$ 226,300 | \$ 183,934 |
| HST Rebate | 1,902 | 46,011 |
| Allowance for doubtful accounts | <u>(31,609)</u> | <u>(34,044)</u> |
| | <u>\$ 196,593</u> | <u>\$ 195,901</u> |

5. CAPITAL ASSETS

| | Cost | Accumulated amortization | 2020 Net book value | 2019 Net book value |
|------------------------|----------------------|-----------------------------|------------------------------------|---------------------------|
| Land | \$ 2,529,000 | \$ - | \$ 2,529,000 | \$ 2,529,000 |
| Buildings | 17,688,885 | 6,424,250 | 11,264,635 | 11,979,696 |
| Equipment | 1,580,383 | 1,312,515 | 267,868 | 230,561 |
| Leasehold improvements | 2,809 | 2,809 | - | 558 |
| | <u>\$ 21,801,077</u> | <u>\$ 7,739,574</u> | <u>\$ 14,061,503</u> | <u>\$ 14,739,815</u> |

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$24,423 (2019 - \$nil), which includes amounts payable for HST.

THE FREDERICTON YMCA INC.

Notes to Financial Statements

Year Ended December 31, 2020

7. DEFERRED REVENUE, GRANTS AND DONATIONS

| | <u>2020</u> | <u>2019</u> |
|------------------------------------------------|-------------------|-------------------|
| Expenses of future periods | | |
| Balance, beginning of year | \$ 135,762 | \$ 132,369 |
| Less amounts recognized as revenue in the year | (289,061) | (314,410) |
| Add amounts received related to future periods | <u>314,628</u> | <u>317,803</u> |
| Balance, end of year | <u>\$ 161,329</u> | <u>\$ 135,762</u> |

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations.

8. LONG TERM DEBT

| | <u>2020</u> | <u>2019</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|
| TD mortgage bearing interest at 5.8% per annum, repayable in monthly blended payments of \$17,857. The loan matures on May 6, 2021 and is secured by a general security agreement and a specific property with a carrying value of \$13,793,634. | \$ 1,713,475 | \$ 1,801,603 |
| TD loan bearing interest at 4.6% per annum, repayable in monthly blended payments of \$2,008. The loan matures on February 22, 2024 and is secured by equipment with a carrying value of \$75,213. | 75,294 | 91,207 |
| TD loan bearing interest at 4.1% per annum, repayable in monthly blended payments of \$1,983. The loan matures on March 26, 2025 and is secured by equipment with a carrying value of \$92,271. | <u>94,306</u> | - |
| | <u>1,883,075</u> | 1,892,810 |
| Amounts payable within one year | <u>(1,755,127)</u> | <u>(134,035)</u> |
| | <u>\$ 127,948</u> | <u>\$ 1,758,775</u> |

Principal repayment terms are approximately:

| | |
|------|---------------------|
| 2021 | \$ 1,755,127 |
| 2022 | 43,504 |
| 2023 | 45,437 |
| 2024 | 31,439 |
| 2025 | <u>7,567</u> |
| | <u>\$ 1,883,074</u> |

The Organization is subject to certain financial and non-financial covenants relative to the TD loans. As at December 31, 2020 the Organization was compliant with the financial covenants.

Included in the current portion of long term debt is a mortgage of \$1,713,475 to be refinanced.

THE FREDERICTON YMCA INC.

Notes to Financial Statements

Year Ended December 31, 2020

9. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------|---------------------|---------------------|
| Capital assets | | |
| Balance, beginning of year | \$ 8,067,631 | \$ 8,321,639 |
| Less amounts amortized to revenue | (470,647) | (465,224) |
| Contributions | <u>1,000</u> | <u>211,216</u> |
| Balance, end of year | <u>\$ 7,597,984</u> | <u>\$ 8,067,631</u> |

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of contributions and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

10. NOTE PAYABLE - PMC ENERGY LIMITED

The note payable to PMC Energy Limited is interest free, repayable in variable monthly payments of a sum equal to the calculated adjusted Baseline Energy Usage minus the Post-Construction Energy Consumption. The loan matures after a period of 5 years from the commencement date. Balance outstanding as of December 31, 2020 is \$159,584 (2019 - \$256,293).

11. INTERNALLY RESTRICTED

The Board has internally restricted the following:

| | <u>2020</u> | <u>2019</u> |
|---------------|------------------|------------------|
| Major repairs | <u>\$ 40,000</u> | <u>\$ 40,000</u> |

12. INVESTMENT IN CAPITAL ASSETS

| | <u>2020</u> | <u>2019</u> |
|------------------------------------------------------------|---------------------|---------------------|
| (a) Investment in capital assets is calculated as follows: | | |
| Capital assets | \$ 14,061,503 | \$ 14,739,815 |
| Amounts financed by: | | |
| Long-term debt | (1,883,074) | (1,892,810) |
| Deferred contributions - capital assets | <u>(7,597,984)</u> | <u>(8,067,631)</u> |
| | <u>\$ 4,580,445</u> | <u>\$ 4,779,374</u> |

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THE FREDERICTON YMCA INC.

Notes to Financial Statements

Year Ended December 31, 2020

12. INVESTMENT IN CAPITAL ASSETS *(continued)*

| | 2020 | 2019 |
|-----------------------------------------------------------------------------------|-------------------|-------------------|
| (b) Change in net assets invested in capital assets is calculated as follows: | | |
| Deficiency of revenues over expenses: | | |
| Amortization of deferred contributions related to capital assets | \$ (470,647) | \$ (465,224) |
| Amortization of Capital Assets | 799,768 | 773,500 |
| | \$ 329,121 | \$ 308,276 |
| Net change in investment in capital assets: | | |
| Purchase of capital assets | \$ 121,456 | \$ 561,765 |
| Amount funded by deferred contributions | (1,000) | (211,216) |
| Repayment of long-term debt | 112,259 | 123,906 |
| Proceeds from long-term debt | (102,523) | (107,447) |
| | \$ 130,192 | \$ 367,008 |

13. GRANTS

| | 2020 | 2019 |
|------------|---------------------|-------------------|
| Provincial | \$ 708,058 | \$ 633,495 |
| Other | 20,782 | 59,508 |
| Federal | 529,537 | 10,274 |
| Municipal | 7,650 | 7,650 |
| | \$ 1,266,027 | \$ 710,927 |

Provincial grant revenue includes \$49,050 (2019 - \$nil) received from the temporary COVID-19 childcare Wage Support Program and \$92,560 (2019 - \$nil) received from the COVID-19 childcare Health and Safety Grant. Federal grant revenue includes \$451,701 (2019 - \$nil) received or receivable from the Canada Emergency Wage Subsidy (CEWS) program.

14. PENSION COSTS AND OBLIGATIONS

The employees of the Organization participate in a multi-employer defined contribution pension plan administered by the Canadian YMCA Retirement Fund. Contributions by the Organization on behalf of the participating employees are expensed as incurred.

During the year \$26,794 (2019 - \$30,225) was contributed to the plan.

THE FREDERICTON YMCA INC.

Notes to Financial Statements

Year Ended December 31, 2020

15. CREDIT FACILITY

The Organization has a revolving demand credit facility available with CIBC for \$200,000 for general business purposes at the bank's prime lending rate plus 0.25%, secured by a general security agreement.

A second revolving demand credit facility is available with TD for \$250,000 for general business purposes at the bank's prime lending rate plus 0.25%, secured by a general security agreement.

As at year end, the facilities have not been drawn upon.

16. RELATED PARTY TRANSACTIONS

The Fredericton YMCA Inc. has an economic interest in The Fredericton YMCA Endowment Fund Inc. (the "Endowment Fund"), a related entity by virtue of consistent objectives and common Board members and management. The purpose of the Endowment Fund is to grow and invest funds, with investment returns to provide for the future growth and stability of the Fredericton YMCA Inc.

The Endowment Fund was incorporated on November 13, 1986 and is registered a charitable foundation under the Income Tax Act. The accounts of the Endowment Fund have not been consolidated in these financial statements. The net assets of the Endowment Fund at market value as at December 31, 2020 are \$2,396,327 (2019 - \$2,186,833).

Related party transactions and balances in the financial statements include the following:

- i) an amount of \$nil (2019 - \$75,000) has been received from the Endowment Fund and recorded as deferred contributions related to property and equipment;
- ii) an amount of \$10,000 (2019 - \$7,500) has been received from the Endowment Fund for management services and recorded in administration fees revenue;
- iii) amounts owing to the Endowment Fund of \$4,329 (2019 - \$2,466) which is included in accounts payable as at December 31, 2020; and
- iv) an amount of \$44,101 (2019 - \$nil) has been received from the Endowment Fund and recorded as donation revenue for the Strong Communities campaign.

17. SIGNIFICANT EVENT

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial assets and condition of the organization in future periods.