



Grant Thornton

Financial Statements

YMCA-YWCA of Vancouver Island

December 31, 2021

Contents

	Page
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Operations and Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-14

Independent Auditors' Report

Grant Thornton LLP
Suite 650
1675 Douglas Street
Victoria, BC
V8W 2G5

T +1 250 383 4191
F +1 250 381 4623

To the members of YMCA-YWCA of Vancouver Island,

Opinion

We have audited the financial statements of YMCA-YWCA of Vancouver Island, (the "Association"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and changes in fund balance, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of YMCA-YWCA of Vancouver Island, as at December 31, 2021, 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 opinion

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Victoria, Canada
May 26, 2022




Chartered Professional Accountants

YMCA-YWCA of Vancouver Island

Statement of Financial Position

December 31	General Fund	Capital Fund	Endowment Fund	Downtown Fund	2021	2020
Assets						
Current Assets						
Cash and cash equivalents	\$ 961,272	\$ -	\$ -	2,500,000	\$ 3,461,272	\$ 8,989,271
Accounts receivable	449,856	-	-	35,813	485,669	345,459
Inventory	79,806	-	-	-	79,806	96,373
Prepaid expenses	9,139	-	-	-	9,139	131,968
	<u>1,500,073</u>	<u>-</u>	<u>-</u>	<u>2,535,813</u>	<u>4,035,886</u>	<u>9,563,071</u>
Tangible capital assets (Note 3)	2,867,946	-	-	87,617	2,955,563	3,248,485
Investments (Note 4)	-	-	1,371,845	5,000,000	6,371,845	1,296,754
Cash surrender value of life insurance policies	-	-	48,111	-	48,111	46,309
Deposits	160,314	-	-	-	160,314	35,314
Due to / from other funds	(1,112,751)	640,570	47,463	424,718	-	-
	<u>\$ 3,415,582</u>	<u>\$ 640,570</u>	<u>\$ 1,467,419</u>	<u>\$ 8,048,148</u>	<u>\$ 13,571,719</u>	<u>\$ 14,189,933</u>
Liabilities						
Current Liabilities						
Accounts payable and accrued liabilities (Note 5)	\$ 1,950,580	\$ -	\$ -	\$ -	1,950,580	1,473,261
Deferred revenue (Note 6)	690,538	-	-	-	690,538	779,460
	<u>2,641,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,641,118</u>	<u>2,252,721</u>
Deferred lease liability	643,187	-	-	-	643,187	731,608
	<u>3,284,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,284,305</u>	<u>2,984,329</u>
Fund Balances						
Unrestricted	131,277	-	-	548,148	679,425	1,716,784
Externally restricted	-	640,570	1,249,405	-	1,889,975	1,782,220
Internally restricted (Note 13)	-	-	218,014	7,500,000	7,718,014	7,706,600
	<u>131,277</u>	<u>640,570</u>	<u>1,467,419</u>	<u>8,048,148</u>	<u>10,287,414</u>	<u>11,205,604</u>
	<u>\$ 3,415,582</u>	<u>\$ 640,570</u>	<u>\$ 1,467,419</u>	<u>\$ 8,048,148</u>	<u>\$ 13,571,719</u>	<u>\$ 14,189,933</u>

On behalf of the board:  _____, Director

 _____, Director

YMCA-YWCA of Vancouver Island

Statement of Operations and Changes in Fund Balances

Year Ended December 31, 2021

	Restricted Funds			2021	2020
	General Fund	Capital Fund	Downtown Fund		
Revenue					
Program	\$ 3,283,547	\$ -	\$ -	\$ 3,283,547	\$ 2,969,624
Government (Note 7)	4,422,705	-	-	4,422,705	3,852,801
Gaming	99,933	-	-	99,933	99,996
Fundraising activities	449,683	39,775	2,500	491,958	310,770
Other revenue	177,954	-	-	177,954	59,029
Investment income	90,781	-	1,803	194,479	216,106
	<u>8,524,603</u>	<u>39,775</u>	<u>4,303</u>	<u>8,670,576</u>	<u>7,508,326</u>
Expenses					
Wages and benefits	\$ 4,630,340	\$ -	\$ -	\$ 4,630,340	\$ 4,839,006
Operations	603,796	-	-	603,796	592,948
Occupancy	2,942,749	-	-	2,942,749	2,791,820
Purchased services	665,767	-	-	665,767	521,513
Amortization	357,708	-	-	357,708	409,649
Association dues	139,489	-	-	139,489	128,835
Interest and bank charges	91,388	-	-	91,388	89,376
Marketing and communications	108,587	-	-	108,587	124,702
Insurance	108,508	-	-	108,508	111,866
Bad debt	16,421	-	-	16,421	19,638
Scholarships	1,105	-	-	1,105	-
	<u>9,665,858</u>	<u>39,775</u>	<u>4,303</u>	<u>9,665,858</u>	<u>9,629,353</u>
(Deficiency) excess of revenues over expenses from operations	(1,141,255)		101,895	(995,282)	(2,121,027)
Gain on sale of equipment	2,000	-	-	2,000	-
Unrealized gain (loss) on investments	-	-	75,091	75,091	121,649
(Deficiency) excess of revenues over expenses	<u>(1,139,255)</u>	<u>39,775</u>	<u>101,895</u>	<u>(918,191)</u>	<u>(1,999,378)</u>
Fund balances, beginning of year	770,532	600,795	1,388,025	11,205,605	13,204,983
Transfer of funds for working capital (Note 9)	500,000	-	(500,000)	-	-
Fund balances, end of year	<u>131,277</u>	<u>640,570</u>	<u>1,467,419</u>	<u>10,287,414</u>	<u>11,205,605</u>

See accompanying notes to the financial statements

YMCA-YWCA of Vancouver Island
Statement of Cashflow

Year Ended December 31	2021	2020
Cash provided by (used in):		
Operations:		
(Deficiency) excess of revenue over expenses:		
General fund	(1,139,352)	(327,972)
Capital fund	39,775	29,345
Endowment fund	79,393	128,866
Downtown fund	101,895	(1,829,617)
	<u>(918,289)</u>	<u>(1,999,378)</u>
Items not involving cash		
Amortization of capital assets	357,708	409,649
Unrealized loss (gain) on investments	(75,091)	(121,649)
Increase in cash surrender value of life insurance policies	(1,802)	(1,452)
Gain on sale of equipment	2,000	-
	<u>282,815</u>	<u>286,548</u>
Changes in non-cash operating working capital		
Accounts receivable	(140,210)	(75,303)
Inventory	16,567	(15,304)
Prepaid expenses	122,829	(62,066)
Deposits	(125,000)	125,000
Accounts payable and accrued liabilities	477,417	666,849
Deferred revenue	(88,922)	(136,425)
Deferred lease liability	(88,421)	32,591
	<u>174,260</u>	<u>535,342</u>
Investing activities:		
Purchase of tangible capital assets	(66,786)	(151,918)
	<u>(66,786)</u>	<u>(151,918)</u>
Increase (decrease) in cash	(527,999)	(1,329,406)
Cash (bank indebtedness), beginning of year	8,989,271	10,318,677
Cash, end of year	<u>8,461,272</u>	<u>8,989,271</u>
Cash is comprised of:		
Cash	-	296
Donation Savings	-	210
Operating Account	961,272	988,765
GICs (short-term and long-term)	7,500,000	8,000,000
	<u>8,461,272</u>	<u>8,989,271</u>

See accompanying notes to the financial statements

YMCA-YWCA of Vancouver Island, British Columbia

Notes to the Financial Statements

December 31, 2021

1. Purpose of the organization

The YMCA-YWCA of Vancouver Island, British Columbia ("YMCA-YWCA" or the "Association") is incorporated under the Society Act (British Columbia) as a not-for-profit organization and is a registered charity under the Income Tax Act. During the 2015 year, the Association changed its legal name from YMCA-YWCA of Greater Victoria, British Columbia to YMCA-YWCA of Vancouver Island, British Columbia.

The Association is a charitable, community-based association of volunteers and staff working together to enhance the quality of life in the local and global communities based on the principles of human dignity, justice and peace. The Association's mission is to build strong communities on Vancouver Island by improving the health, fitness and well-being of individuals and families, nurturing the potential of youth, promoting equality, and providing opportunities for giving back.

2. Summary of significant accounting policies

Basis of presentation

The financial statements of the Association have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the significant accounting policies as described below:

(a) Fund accounting

The Association follows the restricted fund method of accounting for contributions. The Association records its activities in the following funds:

General Fund

The General Fund is established for the general operations of the Association. All operational transactions, including those of a capital nature, are recorded in the accounts of this fund.

Capital Fund

The Capital Fund is established to record restricted contributions that are to be used for the purchase of Camp Thunderbird capital assets and equipment for the Langford and View Royal facilities.

Endowment Fund

The Endowment Fund is established to record resources contributed for endowment. Other restricted funds are established as required.

Downtown Fund

The Downtown Fund is established to record restricted and unrestricted amounts that are to be used for the relocation of the downtown facility.

YMCA-YWCA of Vancouver Island, British Columbia

Notes to the Financial Statements

December 31, 2021

2. Summary of significant accounting policies (continued)

(b) Tangible Capital assets

Purchased capital assets are stated at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Buildings	40 years
Cabins	40 years
Camp improvements	40 years
Camp site services infrastructure	30 years
Equipment and software	2-10 years
Leasehold improvements	Term of the lease

Amortization on assets under construction commences when the asset is put into service.

When a capital asset no longer has any long-term service potential to the Association, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

(c) Inventory

Inventory consists of goods held for future use by the YMCA-YWCA and is carried at the lower of cost and net realizable value.

(d) Contributed services and materials

Volunteers contribute an indeterminable number of hours per year to assist the YMCA-YWCA in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Donated materials that would not otherwise have been purchased by the Association are not recognized in the financial statements.

(e) Revenue recognition

Program revenues are recognized as revenue of the General Fund in the year that they are earned and where collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

Deferred revenue includes unearned program revenues, government grants received in advance of expenses, unearned lease inducements, unspent externally restricted bequests and unspent externally restricted investment income.

YMCA-YWCA of Vancouver Island, British Columbia

Notes to the Financial Statements

December 31, 2021

2. Summary of significant accounting policies (continued)

(e) Revenue recognition (continued)

Donations of life insurance policies are recorded when the funds are received by the Association. The cash surrender value of life insurance policies and changes in cash surrender value are recorded for those policies in which the Association is the beneficiary. Changes in the cash surrender value of life insurance policies are recorded in fundraising activities revenue.

Contributions for endowment are recognized as revenue in the Endowment Fund when received or receivable.

Contributions for the capital campaign are recognized in the Capital Campaign Fund when received or receivable.

Restricted investment income earned on resources of the Endowment Fund is reported in the General Fund or the Endowment Fund depending on the nature of any restrictions imposed by contributors of funds for endowment. Unrestricted investment income earned on resources of the Endowment Fund is recognized as revenue of the General Fund.

Other investment income is recognized as revenue of the General Fund when earned.

Contributions for the relocation of the downtown facility are recognized in the Downtown Fund when received or receivable.

(f) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value and all changes in the fair value are recognized in excess (deficiency) of revenue over expenses in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

YMCA-YWCA of Vancouver Island, British Columbia

Notes to the Financial Statements

December 31, 2021

2. Summary of significant accounting policies (continued)

(g) Employee future benefits

The Association and its employees make contributions to a multi-employer defined contribution pension plan. The Association's contributions are expensed as incurred.

(h) Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

3. Capital assets

		<u>2021</u>		<u>2020</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 7,300	\$ -	\$ 7,300	\$ 7,300
Leasehold improvements	2,631,699	953,849	1,677,850	1,854,979
Cabins	696,803	153,589	542,944	563,810
Camp improvements	1,774,594	1,258,851	515,743	487,126
Equipment	1,608,250	1,490,899	117,351	212,893
Work in progress	94,375	-	94,375	122,377
	<u>\$ 6,813,021</u>	<u>\$ 3,857,458</u>	<u>\$ 2,955,563</u>	<u>\$ 3,248,485</u>

4. Investments

The following investments are recorded at fair value.

	<u>2021</u>	<u>2020</u>
Cash	\$ 24,007	\$ 8,818
GICs	5,000,000	-
Fixed income	502,233	461,126
Canadian equities	283,193	270,119
U.S. equities	327,165	315,924
International equities	235,247	240,767
	<u>\$ 6,371,845</u>	<u>\$ 1,296,754</u>

YMCA-YWCA of Vancouver Island, British Columbia

Notes to the Financial Statements

December 31, 2021

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$15,889 (2020 - \$18,235), which includes amounts payable for GST, payroll deductions and workers' compensation premiums.

6. Deferred Revenue

Deferred revenue consists of the following:

	<u>2021</u>	<u>2020</u>
Grants	\$ 231,706	\$ 245,153
Bequests	146,581	146,281
Program revenue	118,121	175,007
Lease inducements	84,055	102,734
Miscellaneous	<u>110,075</u>	<u>110,285</u>
	<u>\$ 690,538</u>	<u>\$ 779,460</u>

7. Government funding

	<u>2021</u>	<u>2020</u>
Federal	\$ 2,835,126	\$ 2,159,150
Provincial	639,581	743,651
Municipal	<u>950,000</u>	<u>950,000</u>
	<u>\$ 4,424,706</u>	<u>\$ 3,852,801</u>

Included in the Federal Government funding are the COVID-19 relief benefits received for the Canada Emergency Wage Subsidy (CEWS), Canada Emergency Rent Subsidy (CERS) and the Tourism and Hospitality Recovery Program (THRP) in the amounts of \$1,550,439, \$757,609 and \$394,913, respectively (2020 - \$1,966,350, \$167,469, and \$0, respectively).

Included in accounts receivable at December 31, 2021 relating to government subsidies is \$0 for CEWS, \$0 for CERS, and \$394,913 for THRP (2020 - \$170,575, \$92,542, and \$0, respectively).

YMCA-YWCA of Vancouver Island, British Columbia
Notes to the Financial Statements

December 31, 2021

8. Commitments

The Association has operating leases with future minimum aggregate lease payments as follows:

	<u>Office Equipment</u>	<u>Fitness Equipment</u>	<u>Other Services</u>
2022	\$ 52,604	\$ 24,863	\$ -
2023	41,174	11,773	-
2024	29,744	2,943	-
2025	13,497	-	-
2026	-	-	-
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 137,017</u>	<u>\$ 39,579</u>	<u>\$ -</u>

View Royal ten-year lease

2022	\$ 286,097
2023	286,097
2024	304,355
2025	304,355
2026	105,899
Current lease ends May 7, 2026	<u>-</u>
	<u>\$ 1,286,802</u>

YMCA-YWCA of Vancouver Island, British Columbia

Notes to the Financial Statements

December 31, 2021

8. Commitments (continued)

Victoria Downtown year-to-year lease

2022	\$	-
	\$	<u>-</u>

Langford ten-year office lease

2022	\$	69,043
2023		69,043
2024		72,989
2025		73,975
2026		24,658
Current lease ends May 1, 2026		<u>309,709</u>
	\$	<u>309,709</u>

Langford twenty-five-year lease

	<u>Future minimum lease payments</u>	<u>Future minimum service income</u>
2022	\$ 1,579,188	\$ 950,000
2023	1,579,188	950,000
2024	1,579,188	950,000
2025	1,579,188	950,000
2026	1,579,188	950,000
Thereafter	<u>22,371,830</u>	<u>13,458,333</u>
	<u>\$ 30,267,770</u>	<u>\$ 18,208,333</u>

On February 7, 2013, the Association signed a services agreement with the City of Langford (the "City") to provide services to the City operating a community recreation centre. The City agreed to purchase the operating services for an annual payment of \$750,000 which has been increased to a maximum of \$950,000 annually. The term of the agreement is 25 years and commenced on March 1, 2016 with lease payments beginning on May 1, 2016, two months after the completion date of the new recreation facility.

9. Interfund transfers

In 2020, Board approval was given to use a portion of the Downtown Fund to supplement working capital needs during the COVID-19 pandemic. During the year the Association transferred \$500,000 (2020 - \$2,000,000) and has the approval to continue to supplement working capital needs in 2022 so long as the Downtown fund balance is not reduced below \$7,500,000.

YMCA-YWCA of Vancouver Island, British Columbia

Notes to the Financial Statements

December 31, 2021

10. Victoria Foundation -The Young Men's and Young Women's Christian Association of Victoria Endowment Fund

The Young Men's and Young Women's Christian Association of Victoria Endowment Fund was established with the Victoria Foundation and managed for the benefit of the Association. This fund is held permanently by the Victoria Foundation and is not recorded on the statement of financial position. In the current year grants of \$ 5,633 (2020 - \$5,304) were received and recorded as investment income.

At December 31, 2021, the market value of this fund was \$159,387 (2020 - \$144,017).

11. Remuneration

On November 28, 2016 the British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, the ten highest paid employees and contractors who are paid at least \$75,000 annually.

The directors of the association receive no compensation as a result of their board position. From time to time, the Association carries out business transactions with suppliers of goods and services whose officers or senior management are also directors of the Association. During the year, these transactions amounted to \$NIL (2020 - \$NIL). These transactions are in the normal course of operations and are subject to regular review process.

During the year, the Society paid total remuneration of \$725,695 (2020 - \$586,498) to seven employees (2020 - six) and contractors for services, whose remuneration during the year was at least \$75,000.

12. Financial risk and concentration of credit risk

The Association is exposed to market risk through its investment portfolio.

The Association manages its investment portfolio to earn investment income and invests according to an investment policy approved by the Board. The Association is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

Investments that trade in foreign markets are exposed to currency risk as the price in local terms on the foreign stock exchange is converted to Canadian dollars to determine fair value. The Association's overall currency positions are monitored on a daily basis by the portfolio manager and exposure is limited by requirements of the Association's investment policy.

The Association believes that it is not exposed to significant credit or cash flow risk arising from its financial instruments.

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no change in the risk exposure from the prior year.

YMCA-YWCA of Vancouver Island, British Columbia

Notes to the Financial Statements

December 31, 2021

13. Internally restricted Downtown Fund

A portion of the proceeds from the sale of the Downtown building (\$7,500,000) have been internally restricted by the Board of Directors to be used toward a new downtown facility. As part of the purchase and sale agreement the Association had entered into a 3-year lease with the purchaser (Concert Properties) with an initial annual lease rate of \$NIL. The lease was amended in 2021 on a year-to-year basis with any base rent payments determined on the Downtown membership levels reaching a minimum of \$250,000 per month. The monthly lease payments will be determined based on a sliding scale as per the below calculation with lease payments not to exceed \$935,000 per annum.

Monthly Lease Payments = $(\$935,000 * ((\text{Monthly Membership Revenue} - \$250,000) / \$100,000)) / 12$

This was not achieved in 2021.

14. Payment to City of Victoria

An amount of \$1,892,000 has been remitted to the City of Victoria and becomes repayable upon the issuance of a building permit for the relocation of the downtown facility. This amount was paid to the City of Victoria in consideration for the removal of a covenant on the downtown property which was a condition of sale.

15. Impacts of COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Management continues to closely monitor the evolving situation and has been taking measures to mitigate any potential long-term negative impact to the Association's programs and operations and ensuring immediate continuity of its business as social distancing protocols have changed.

YMCA-YWCA of Vancouver Island, British Columbia

Notes to the Financial Statements

December 31, 2021

15. Impacts of COVID-19 (continued)

The Association's Childcare Centre and Health, Fitness and Aquatics facilities at the Eagle Creek location remained closed and the Association secured a tenant that subleased the Childcare space in early 2021 and also subleased the Health, Fitness and Aquatics facility in the fall of 2021.

The Association has also utilized the government funded COVID-19 relief benefits such as the Canada Emergency Wage Subsidy (CEWS), the Canada Emergency Rent Subsidy (CERS) and the Tourism and Hospitality Recovery Program (THRP) and will continue to do so until May 2022 based on the THRP's announced availability.

The overall duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Association for future periods.
