
Financial statements of The YMCAs of Québec

December 31, 2020

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Independent Auditor's Report

To the Members of
The YMCAs of Québec

Opinion

We have audited the financial statements of The YMCAs of Québec (the "YMCA"), which comprise the statement of financial position as at December 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 (collectively referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 YMCA 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 audit opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Community Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Community Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

Those charged with governance are responsible for overseeing the YMCA'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 GAAS 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 GAAS, 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 YMCA'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 YMCA'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 YMCA 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.

*Deloitte LLP*¹

March 22, 2021

¹ CPA auditor, CA, public accountancy permit No. A120628

The YMCAs of Québec
Statement of operations
Year ended December 31, 2020

Notes	2020	2019
	\$	\$
Revenue		
Program activities	8,038,675	30,546,339
Service agreements and grants for programs	18,457,069	24,738,163
Canada Emergency Wage Subsidy	9,365,448	—
Rent	1,400,006	1,634,125
Grants for installations	1,585,862	1,822,002
Grants for installations – interest	82,072	133,047
Donations from the YMCAs of Québec Foundation	1,076,693	1,341,865
Centraide of Greater Montréal	2,073,468	1,883,918
Management fees	695,690	—
Investment revenue	243,617	294,323
	43,018,600	62,393,782
Expenses		
Salaries and social benefits	27,171,967	36,712,367
Program expenses	3,104,741	5,833,307
Repairs and replacements, maintenance supplies and service contracts	4,006,550	6,521,690
Heat and electricity	1,043,534	1,635,308
Rent fees	1,146,563	1,259,340
Office expenses	927,140	1,230,406
Professional fees	820,636	1,382,644
Advertising expenses	590,146	862,200
Employees expenses and development	500,503	786,165
Insurance and taxes	974,242	796,947
Bank charges	174,218	352,629
YMCA Canada fees and other dues	334,329	732,496
Bad debts	93,114	266,450
Other expenses	77,831	362,268
	40,965,514	58,734,217
Excess of revenue over expenses before the following items	2,053,086	3,659,565
Interest on debt and other financing costs	(212,363)	(246,370)
Amortization of capital assets	(3,170,600)	(3,530,345)
Amortization of intangible assets	(26,440)	(197,870)
Amortization of deferred contributions related to capital assets	1,296,081	1,545,865
(Deficiency) excess of revenue over expenses before the loss on write-off of intangible assets and the gain on disposal of capital assets	(60,236)	1,230,845
Gain on disposal of capital assets	9,936,900	—
Loss on write-off of intangible assets	(2,054,844)	—
Excess of revenue over expenses	7,821,820	1,230,845

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

The YMCAs of Québec
Statement of changes in net assets
Year ended December 31, 2020

	Invested in capital and intangible assets	Internally restricted	Unrestricted	Total
	\$	\$	\$	\$
Balance, December 31, 2018	13,048,455	2,000,000	4,918,512	19,966,967
Excess (deficiency) of revenue over expenses	(2,192,695) ⁽¹⁾	—	3,423,540	1,230,845
Investment in capital and intangible assets	2,560,972 ⁽²⁾	—	(2,560,972)	—
Balance, December 31, 2019	13,416,732⁽³⁾	2,000,000	5,781,080	21,197,812
Excess of revenue over expenses	5,943,664⁽¹⁾	—	1,878,156	7,821,820
Investment in capital and intangible assets	(7,832,692)⁽²⁾	—	7,832,692	—
Balance, December 31, 2020	11,527,704⁽³⁾	2,000,000	15,491,928	29,019,632

	2020	2019
	\$	\$
(1) Composed of:		
Amortization of capital assets	(3,170,600)	(3,530,345)
Amortization of intangible assets	(26,440)	(197,870)
Amortization of deferred contributions related to capital assets	1,296,081	1,545,865
Gain on disposal of capital assets	9,936,900	—
Loss on write-off of intangible assets	(2,054,844)	—
Change in fair value of interest-rate swap agreements	(37,433)	(10,345)
	5,943,664	(2,192,695)
(2) Composed of:		
Receipt of grants receivable	(943,462)	(1,351,694)
Additions to capital assets	1,685,794	1,785,446
Additions to intangible assets	270,006	556,427
Proceeds on disposal of capital assets	(10,000,000)	—
Repayment of debt	1,321,792	1,945,647
Increase in deferred contributions related to capital assets	(166,822)	(374,854)
	(7,832,692)	2,560,972
(3) Composed of:		
Short-term grants receivable	1,035,540	968,447
Long-term grants receivable	980,056	1,990,611
Capital assets	29,305,081	30,852,987
Intangible assets	344,274	2,155,552
Current portion of debt	(1,418,395)	(6,206,999)
Debt	(3,571,867)	(105,055)
Deferred contributions related to capital assets	(15,103,132)	(16,232,391)
Interest-rate swap agreements	(43,853)	(6,420)
	11,527,704	13,416,732

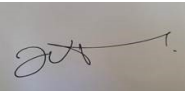
The accompanying notes are an integral part of the financial statements.

The YMCAs of Québec
Statement of financial position
As at December 31, 2020

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash		5,451,695	2,198,582
Investments	3	2,974,759	8,150,486
Accounts receivable	4	6,632,341	3,854,114
Balance receivable on sale of capital assets		10,000,000	—
Grants receivable	7	1,035,540	968,447
Amount receivable from the YMCAs of Québec Foundation	10	1,671,708	1,162,698
Supplies and prepaid expenses		691,141	745,713
		28,457,184	17,080,040
Investments	3	1,670,022	1,573,011
Grants receivable	7	980,056	1,990,611
Capital assets	5	29,305,081	30,852,987
Intangible assets	6	344,274	2,155,552
		60,756,617	53,652,201
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		5,521,235	5,794,937
Deferred revenue related to program activities		4,740,624	2,543,882
Other deferred revenue		1,337,879	1,564,705
Current portion of debt	7	1,418,395	6,206,999
		13,018,133	16,110,523
Debt	7	3,571,867	105,055
Deferred contributions related to capital assets	8	15,103,132	16,232,391
Interest-rate swap agreements		43,853	6,420
		31,736,985	32,454,389
Commitments	12		
Net assets			
Invested in capital and intangible assets		11,527,704	13,416,732
Internally restricted	13	2,000,000	2,000,000
Unrestricted		15,491,928	5,781,080
		29,019,632	21,197,812
		60,756,617	53,652,201

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

Approved by the Board

Jean-François Lacroix , Director

Waguih Rabbat , Director

The YMCAs of Québec
Statement of cash flows
Year ended December 31, 2020

	Notes	2020	2019
		\$	\$
Operating activities			
Excess of revenue over expenses		7,821,820	1,230,845
Adjustments for:			
Change in fair value of investments		(117,771)	(56,582)
Amortization of capital assets		3,170,600	3,530,345
Amortization of intangible assets		26,440	197,870
Amortization of deferred contributions related to capital assets		(1,296,081)	(1,545,865)
Gain on disposal of capital assets		(9,936,900)	—
Loss on write-off of intangible assets		2,054,844	—
Change in fair value of interest-rate swap agreements		37,433	10,345
		1,760,385	3,366,958
Changes in non-cash operating working capital items	11	(1,027,441)	417,766
		732,944	3,784,724
Investing activities			
Increase in the amount receivable from the YMCAs of Québec Foundation		(509,010)	(112,974)
Acquisition of investments		(52,858)	(5,448,513)
Disposal of investments		5,249,435	5,029,160
Additions to capital assets		(1,685,794)	(1,785,446)
Additions to intangible assets		(270,006)	(556,427)
		2,731,677	(2,874,200)
Financing activities			
Receipt of grants receivable		943,462	1,351,694
Repayment of debt		(1,321,792)	(1,945,647)
Increase in deferred contributions related to capital assets		166,822	374,854
		(211,508)	(219,099)
Net increase in cash		3,253,113	691,425
Cash, beginning of year		2,198,582	1,507,157
Cash, end of year		5,451,695	2,198,582

Non-cash transaction

The proceeds on disposal of capital assets of \$10,000,000 (nil in 2019) are included in the balance receivable on sale of capital assets as at December 31, 2020.

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

1. Status and nature of activities

The YMCAs of Québec (the “YMCA”) is a registered charity committed to the fulfilment of people in spirit, mind and body, and to the development of self-reliance in the individual, family and to the community.

Through its actions, programs and services, the YMCA reflects the needs and aspirations of communities and works with individuals and local communities in developing countries to achieve social justice and control of their environment.

The YMCA is incorporated under Part III of the *Companies Act* (Québec) and is a registered charity under the *Income Tax Act*.

Given the specific context of the year 2020 related to the COVID-19 pandemic, certain activities were suspended between March and December 2020.

2. Accounting policies

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

Revenue recognition

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

Restricted contributions related to capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

The revenue related to the program activities is recognized when the underlying services to such income were rendered.

Management fees related to the municipal community and sports center Saint-Roch’s management are recognized when the corresponding services are rendered.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the YMCA becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments that are recognized at fair value at the date of the financial statements. Fair value fluctuations, which include interest earned, accrued interests, realized gain and loss and unrealized gain and loss, are included in the investment revenue.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

2. Accounting policies (continued)

Financial instruments (continued)

With respect to financial assets measured at amortized cost, the YMCA recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

Interest-rate swap agreements

The YMCA uses interest-rate swap agreements to manage the interest rate risk related to bank acceptances. The YMCA has chosen not to prepare the documentation necessary for the application of hedge accounting.

Therefore, the interest-rate swap agreements have been recorded at fair value as a liability in the statement of financial position. The fair value is determined based on stock quotes and prices obtained from financial institutions for identical or similar derivative financial instruments. Changes in the fair value of interest-rate swap agreements are presented in the statement of operations as a change in fair value of interest-rate swap agreements.

Supplies

Supplies are valued at the lower of cost or replacement value. The first-in, first-out method is used in the calculation of the cost.

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives using the straight-line method over the following periods:

Buildings	25 and 40 years
Leasehold improvements	Over the term of the lease
Major renovations	10 years
Vehicles, furniture and equipment	3 to 5 years

Intangible assets

Intangible assets are composed of softwares. They are recorded at cost and are amortized over their estimated useful life using the straight-line method over a period of five years.

Write-downs of tangible capital assets and intangible assets

When conditions indicate that a tangible capital asset or an intangible asset is impaired, the net carrying amount of the tangible capital asset or the intangible asset shall be written down to the asset's fair value or replacement cost. The write-downs of tangible capital assets and intangible assets shall be accounted for as expenses in the statement of operations. A write-down shall not be reversed.

Deferred revenue related to program activities

Deferred revenue related to program activities relate to community development programs that are government funded, to contributions from various donors and to donations from the YMCAs of Québec Foundation.

2. Accounting policies (continued)

Other deferred revenue

Other deferred revenue relate to amounts received for which services will be rendered during the next year.

Use of estimates

The preparation of financial statements in accordance 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 disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

3. Investments

	2020	2019
	\$	\$
Term deposit, bearing interest at 1.65%, maturing in August 2021	100,000	100,000
Guaranteed investment certificates, 1.95% to 2.07%, matured in 2020	—	5,039,919
Diversified mutual funds	4,544,781	4,583,578
	4,644,781	9,723,497
Current portion	2,974,759	8,150,486
Long-term portion	1,670,022	1,573,011

4. Accounts receivable

	2020	2019
	\$	\$
Clients	161,303	455,211
Allowance for doubtful accounts	(46,044)	(197,558)
	115,259	257,653
Accrued interest receivable on subsidized debts	48,326	77,816
Funders for community programs and others	1,230,367	3,518,645
Canada Emergency Wage Subsidy	5,238,389	—
	6,632,341	3,854,114

The YMCAs of Québec
Notes to the financial statements
December 31, 2020

5. Capital assets

	2020			2019
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Lands	2,538,630	—	2,538,630	2,601,730
Buildings, leasehold improvements and major renovations	85,982,415	61,239,227	24,743,188	26,959,412
Vehicles, furniture and equipment	11,651,401	9,628,138	2,023,263	1,291,845
	100,172,446	70,867,365	29,305,081	30,852,987

6. Intangible assets

	2020			2019
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Softwares	370,868	26,594	344,274	2,155,552

7. Debt

	2020	2019
	\$	\$
Bankers' acceptances related to the Cartierville YMCA Center	3,881,297	4,287,320
Note payable related to the Cartierville YMCA Center	910,540	1,779,624
Loan from YMCA Canada	198,425	245,110
	4,990,262	6,312,054
Current portion	1,418,395	6,206,999
Long-term portion	3,571,867	105,055

Principal payments required in each of the forthcoming years are as follows:

	\$
2021	1,418,395
2022	436,031
2023	387,998
2024	397,808
2025	2,350,030

7. Debt (continued)

Bankers' acceptances related to the Cartierville YMCA Center

Under a credit agreement, the YMCA obtained, on March 31, 2010, credit facilities of an initial amount of \$7,000,000 and \$964,000 for periods of seven and five years, respectively, allowing it to borrow amounts in the form of discounted bankers' acceptances for a term varying from one month to one year. These credit facilities in the amount of \$5,552,770 and \$486,587 were renewed during the year ended December 31, 2015, and matured in the year ended December 31, 2020. One of those credit facilities in the amount of \$3,881,303 was renewed during the year ended December 31, 2020, and mature on December 30, 2025. The discounted bankers' acceptances related to the Cartierville YMCA Center held as at December 31, 2020, have a term of one month, nominal values of \$3,881,303, bear interest at an effective rate of 1.06% plus stamping fees of 1.59%, and mature on December 30, 2025. To protect against the risk of potential interest rate fluctuations on these bankers' acceptances, the YMCA has entered into interest-rate swap agreements. These derivative contracts are as follows:

- (a) Initial nominal amount of \$3,881,303, periodically reduced based on a predetermined schedule until its expected maturity on December 30, 2025, bearing interest at a fixed rate of 1.06% in exchange for receiving a variable interest rate based on the one-month CDOR rate. Of this amount, an initial amount of \$1,957,430 is subsidized by an external organization.

To maintain this financing, the YMCA must satisfy financial ratios related to debt service coverage and minimum net assets. The YMCA was in compliance with these ratios as at December 31, 2020.

Note payable related to the Cartierville YMCA Center

This note payable bears interest at 4.77%, repayable in monthly principal instalments of \$953,973, including interest, and matures in January 2021.

A grant from the ministère de l'Éducation et de l'Enseignement supérieur for this project will repay the loan.

To maintain this financing, the YMCA must satisfy the same financial ratios as those of the bankers' acceptances related to the Cartierville YMCA Center. As at December 31, 2020, the YMCA was in compliance with these ratios.

Loan from YMCA Canada

YMCA Canada made a loan to the YMCA as part of a project to replace the registration software. The outstanding balance is non-interest-bearing and is repayable in variable monthly instalments maturing in 2022.

7. Debt (continued)

Grants receivable relating to subsidized debts

The balance of the grants receivable related to the subsidized debts, in the amount of \$2,015,596 (\$2,959,058 in 2019), is as follows:

	2020	2019
	\$	\$
Short-term grants receivable	1,035,540	968,447
Long-term grants receivable	980,056	1,990,611
	2,015,596	2,959,058

The donor organizations have also agreed to pay the interest on the portion of the loans covered by the grants. The subsidized interest expense amounts to \$82,072 (\$133,047 in 2019).

8. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent restricted contributions from the YMCAs of Québec Foundation, government organizations, the City of Montréal and private companies. These contributions relate primarily to the buildings of the Cartierville YMCA Center, the Du Parc YMCA Center, the Downtown YMCA Center, the West Island YMCA Center, the YMCA Kanawana Camp and the improvements of a daycare. Changes in deferred contribution balances are as follows:

	2020	2019
	\$	\$
Balance, beginning of year	16,232,391	17,403,402
Contributions received	166,822	374,854
Amortization for the year	(1,296,081)	(1,545,865)
Balance, end of year	15,103,132	16,232,391

9. Letter of guarantee

Under an agreement between the City of Montréal and the Downtown YMCA Center, the YMCA issued a \$100,000 letter of guarantee in favour of the City of Montréal. This letter of guarantee expires in 2021, and is secured by a term deposit of the same amount.

10. The YMCAs of Québec Foundation

The financial statements do not include the assets, liabilities and activities of the YMCAs of Québec Foundation (the "Foundation"). The Foundation was established to perform the fundraising activities of the YMCA; therefore, the YMCA has an economic interest in the Foundation.

During the year, the YMCA recorded revenue of \$1,076,693 (\$1,341,865 in 2019), deferred contributions related to capital assets of \$183,200 (\$249,601 in 2019) and deferred revenue related to program activities by \$1,305,985 (\$260,762 in 2019), for a total of \$2,565,878 (\$1,852,228 in 2019) from the Foundation.

These transactions were carried out in the normal course of business and measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

10. The YMCAs of Québec Foundation (continued)

The following table is a summary of the Foundation's financial position as at December 31, 2020, and the results of its operations for the year ended December 31, 2020:

	2020	2019
	\$	\$
Financial position		
Total assets	8,551,987	7,619,787
Total liabilities	3,034,365	2,107,884
Total fund balances	5,517,622	5,511,903

Liabilities include a total amount of \$1,671,708 (\$1,162,698 in 2019) payable to the YMCA.

	2020	2019
	\$	\$
Results of operating activities		
Fund balances, beginning of year	5,511,903	5,316,416
Total revenue, excluding endowment contributions	3,180,914	2,906,837
Endowment contributions	6,933	29,954
Total expenses and donations	(3,182,128)	(2,741,304)
Net increase in fund balances	5,719	195,487
Fund balances, end of year	5,517,622	5,511,903

11. Additional information to the statement of cash flows

Changes in non-cash operating working capital items

	2020	2019
	\$	\$
Accounts receivable	(2,778,227)	(1,089,362)
Supplies and prepaid expenses	54,572	147,975
Accounts payable and accrued liabilities	(273,702)	1,054,606
Deferred revenue related to program activities	2,196,742	366,590
Other deferred revenue	(226,826)	(62,043)
	(1,027,441)	417,766

12. Commitments

The YMCA is committed to leasing premises under leases and has signed service contracts with suppliers expiring through 2025. Future payments will total \$7,903,147 and include the following amounts over the forthcoming years:

	\$
2021	3,801,063
2022	3,187,628
2023	504,567
2024	267,769
2025	142,120

13. Internally restricted net assets

These internally restricted net assets represent the resources reserved by the Board of Directors for the realization of certain investment projects in the real estate portfolio of the YMCA.

14. Financial assistance

As part of its charitable mission, the YMCA provides a financial assistance program to individuals who meet specific criteria. The access for all program gives individuals with limited financial resources access to community or fitness activities at a reduced fee. The amount of financial assistance provided in 2020 is \$203,291 (\$1,283,302 in 2019).

15. Financial instruments

Because of its financial assets and liabilities, the YMCA is exposed to the following risks related to the use of financial instruments:

Credit risk

In the normal course of business, the YMCA grants credit to members and maintains allowances for potential bad debt, if applicable.

Market risk

Market risk is the risk that investments in diversified mutual funds are exposed to, caused by changes in interest rates, exchange rates, stock exchange indicators and the level of volatility of these rates and indicators.

Interest rate risk

A portion of the debt bears interest at a fixed rate, whereas the interest related to the other portion is subsidized. Consequently, cash flow risk is minimal.

The YMCA is exposed to interest rate risk due to changes in the prime rate since the bankers' acceptances bear interest at variable rates. To manage this volatility, the YMCA uses interest-rate swap agreements to set the interest rates of the bankers' acceptances at 1.06% and that mature on December 30, 2025.