

**CUMBERLAND YMCA**  
**Financial Statements**  
**Year Ended March 31, 2021**

**CUMBERLAND YMCA**  
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**Year Ended March 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Cumberland YMCA

### *Qualified Opinion*

We have audited the financial statements of Cumberland YMCA (the Association), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenditures, 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 Association as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Association derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2021 and March 31, 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both 2021 and 2020. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation of scope.

Long term debt of the organization bearing interest at a rate lower than market rate is not originally recorded at fair value, as required under Accounting Standards for Not-for-Profit Organizations. The fair value of such loans at inception is lower than the actual cash advanced. The original balance of these loans should be recorded at fair value, based on the present value of the future cash flows of the loan, discounted at a market interest rate for similar borrowings. The effect of this departure from Canadian accounting standards for not-for-profit organizations is that long term debt is overstated and deferred revenue is understated by \$45,500 (2020 - \$50,600). Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this departure from accounting standards.

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 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 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 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.

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Independent Auditor's Report to the Members of Cumberland YMCA *(continued)*

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 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 but 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.



Amherst, Nova Scotia  
June 22, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

**CUMBERLAND YMCA**  
**Statement of Financial Position**  
**March 31, 2021**


	General Fund	Endowment Fund	2021	2020 (Restated - Note 13)
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ 430,095	\$ -	\$ 430,095	\$ 93,654
Accounts receivable (Note 3)	90,933	-	90,933	64,152
Inventory	1,954	-	1,954	444
Prepaid expenses	19,420	-	19,420	-
	542,402	-	542,402	158,250
INVESTMENTS (Note 4)	299,700	-	299,700	279,068
RESTRICTED CASH	-	69,625	69,625	69,343
LAND, BUILDINGS AND EQUIPMENT (Note 5)	3,780,647	-	3,780,647	4,029,974
	\$ 4,622,749	\$ 69,625	\$ 4,692,374	\$ 4,536,635
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT</b>				
Accounts payable and accrued liabilities	\$ 71,698	\$ -	\$ 71,698	\$ 69,014
Current portion of long term debt (Note 8)	12,500	-	12,500	12,500
	84,198	-	84,198	81,514
<b>DEFERRED</b>				
REVENUE (Notes 7, 13)	1,501,116	-	1,501,116	1,555,243
LONG TERM DEBT (Note 8)	216,068	-	216,068	224,851
	1,801,382	-	1,801,382	1,861,608
<b>NET ASSETS</b>				
General fund	2,646,367	-	2,646,367	2,455,684
Capital reserve (Notes 9, 13)	175,000	-	175,000	150,000
Endowment fund	-	69,625	69,625	69,343
	2,821,367	69,625	2,890,992	2,675,027
	\$ 4,622,749	\$ 69,625	\$ 4,692,374	\$ 4,536,635

CONTINGENT LIABILITY (Note 10)

OTHER SIGNIFICANT EVENT (Note 14)

ON BEHALF OF THE BOARD

 Director

 Director

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CUMBERLAND YMCA**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2021**

	Budget 2021 <i>(Note 16)</i>	Total 2021	Total 2020 <i>(Restated - Note 13)</i>
<b>REVENUE</b>			
Grants <i>(Notes 11, 13, 14)</i>	\$ 651,998	\$ 1,269,964	\$ 724,024
Programs <i>(Note 11)</i>	1,199,581	850,705	1,097,106
Membership	347,650	176,818	347,173
Donations and fundraising	91,900	74,509	70,717
Courses and instruction	86,153	29,076	63,646
Rental	60,065	27,943	53,038
Interest	-	6,971	5,928
Merchandise	10,500	4,700	8,382
	2,447,847	2,440,686	2,370,014
<b>EXPENSES</b>			
Bad debts	-	8,020	5,144
Bank and service charges	26,731	19,112	26,690
Donations and fundraising	4,375	2,724	2,271
Dues and fees	43,593	23,309	41,291
Equipment	10,200	12,280	14,641
Insurance	19,651	19,917	18,451
Interest on long term debt	-	2,347	2,441
Maintenance	82,000	78,711	72,372
Merchandise	4,760	3,415	6,142
Office and communications	43,228	24,164	28,038
Professional fees	65,349	44,238	65,657
Program supplies	84,786	143,211	102,660
Rent and utilities	175,355	120,175	173,525
Salaries and benefits <i>(Note 12)</i>	1,748,925	1,574,329	1,659,887
Staff and volunteer development	14,572	5,226	22,291
Travel	10,424	2,068	12,207
	2,333,949	2,083,246	2,253,708
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	113,898	357,440	116,306
<b>OTHER EXPENSES (INCOME)</b>			
Amortization of building and equipment	-	238,013	237,738
Loss on disposal of assets	-	11,314	-
Recognition of previously deferred capital donations <i>(Notes 7, 11, 13)</i>	-	(94,191)	(93,980)
Unrealized loss (gain) on investments	-	(13,661)	7,339
	-	141,475	151,097
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ 113,898	\$ 215,965	\$ (34,791)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CUMBERLAND YMCA**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2021**

	General Fund	Endowment Fund	Capital Reserve	2021	2020
<b>NET ASSETS -</b>					
<b>BEGINNING OF</b>					
<b>YEAR</b>					
As previously reported	\$ 2,455,684	\$ 69,343	\$ 150,000	<b>\$ 2,675,027</b>	\$ 2,523,073
Correction of accounting errors ( <i>Note 13</i> )	-	-	-	-	186,745
As restated	2,455,684	69,343	150,000	<b>2,675,027</b>	2,709,818
Excess (deficiency) of revenue over expenses, restated	215,683	282	-	<b>215,965</b>	(34,791)
Transfer to capital reserve ( <i>Note 9</i> )	(25,000)	-	25,000	-	-
<b>NET ASSETS - END OF</b>					
<b>YEAR</b>	<b>\$ 2,646,367</b>	<b>\$ 69,625</b>	<b>\$ 175,000</b>	<b>\$ 2,890,992</b>	<b>\$ 2,675,027</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CUMBERLAND YMCA**  
**Statement of Cash Flows**  
**Year Ended March 31, 2021**

	2021	2020 <i>(Restated - Note 13)</i>
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers and donors	\$ 2,023,728	\$ 2,305,668
Cash paid to suppliers and employees	(2,093,473)	(2,299,794)
Government assistance <i>(Note 14)</i>	397,222	-
Cash flow from operating activities	<u>327,477</u>	<u>5,874</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of building and equipment	-	(39,205)
Purchase of investments	(42,300)	(113,000)
Proceeds on disposal of investments	37,000	107,000
Increase in endowment investments	(282)	(78)
Decrease (increase) in investment cash	<u>(1,671)</u>	<u>72</u>
Cash flow used by investing activities	<u>(7,253)</u>	<u>(45,211)</u>
<b>FINANCING ACTIVITIES</b>		
Capital contributions	25,000	29,211
Repayment of long term debt	(8,783)	(12,400)
Cash flow from financing activities	<u>16,217</u>	<u>16,811</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>336,441</b>	<b>(22,526)</b>
Cash - beginning of year	93,654	116,180
<b>CASH - END OF YEAR</b>	<b>\$ 430,095</b>	<b>\$ 93,654</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS



**CUMBERLAND YMCA**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

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1. DESCRIPTION OF OPERATIONS

The association operates a YMCA in Cumberland County, Nova Scotia. The organization is incorporated as a not-for-profit organization and is a registered charity under the Income Tax Act.

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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 and include the following significant accounting policies:

Fund accounting

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and externally restricted contributions for which no separate fund exists.

The Endowment Fund reports resources contributed for endowment. Investment income earned on resources of the Endowment Fund and directly related expenses are reported in the General Fund.

Revenue recognition

Cumberland YMCA follows the deferral method of accounting for contributions.

Restricted contributions from government and donors related to general operations and for which there is no separate fund are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Endowment contributions are recognized as revenue of the Endowment Fund in the year received. Restricted donations related to assets not subject to amortization are recognized as a direct increase to net assets in the year received.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions received for the acquisition of buildings and equipment are deferred and amortized on the same basis and at the same rates as the related assets.

Membership and program revenues are recognized over the period for which the membership is valid or the program is held.

Other revenue including courses and instruction, rental and merchandise are recognized at the time the products or services are provided to the customer.

Interest revenue is recognized when earned.

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**CUMBERLAND YMCA**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

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

Donated goods and services

Donated goods and services are recorded at their fair market value at the time of the donation if fair value can be reasonably estimated, provided the goods or services would otherwise be purchased.

Volunteers contribute many hours per year to assist the Cumberland YMCA in carrying out its operations. Because of the difficulty in determining the fair value, contributed labour is not recognized in the financial statements.

Employee benefits payable

The future cost of vacation days earned but not used by the employees up to March 31, 2021 has been accrued in the financial statements. Sick days do not vest and no accrual is recorded for unused sick time.

Investments

Investments are recorded at fair value, based on quoted market values at year end. In determining fair values, adjustments have not been made for commissions and fees on purchase and sale because these transaction costs are not considered to be material.

Land, building and equipment

Land, building and equipment are stated at cost or deemed cost less accumulated amortization. Land, building and equipment are amortized over their estimated useful life on a straight-line basis at the following rates and methods:

Land		non-amortizable
Building	25 years	straight-line method
Equipment	5 years - 25 years	straight-line method
Paving	10 years	straight-line method

The Association regularly reviews its building and equipment to eliminate obsolete items.

One half year's amortization is taken in the year of acquisition. Land, building and equipment acquired or constructed during the year but not placed into use are not amortized until the fiscal year in which they are placed into use.

Statement of cash flows

For the purpose of the statement of cash flows the YMCA considers cash on hand and balances with banks, net of overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less as cash and cash equivalents. Bank borrowings, including short term debt, are considered to be financing activities. Cash in investment accounts is considered to be held as an investment.

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**CUMBERLAND YMCA**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standard for not-for-profit enterprises 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 significant estimates include allowance for doubtful accounts, vacation and wage accruals and amortization of building and equipment. Estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. ACCOUNTS RECEIVABLE

	2021	2020
Childcare/Daycare receivables	\$ 18,071	\$ 32,868
Other trade receivables	16,513	18,906
Grants receivable	15,558	18,333
Government wage subsidies receivable <i>(Note 12)</i>	40,791	-
HST receivable	-	945
Subtotal	90,933	71,052
Allowance for doubtful accounts	-	(6,900)
	\$ 90,933	\$ 64,152

4. INVESTMENTS

	2021	2020
Cash	\$ 43,668	\$ 41,997
Common shares	63,732	50,071
Fixed income	192,300	187,000
	\$ 299,700	\$ 279,068

Fixed income investments consist of term deposits with interest rates ranging from 1.75% - 2.48%, maturing in 2022 (2020 - 1.86% - 2.48%, maturing between 2021 and 2022). \$175,000 of the investments is restricted to fund the capital reserve.

**CUMBERLAND YMCA**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

5. LAND, BUILDING AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 333,987	\$ -	\$ 333,987	\$ 333,987
Building	5,073,528	1,845,808	3,227,720	3,430,661
Equipment	395,719	178,029	217,690	261,576
Paving	25,000	23,750	1,250	3,750
	<b>\$ 5,828,234</b>	<b>\$ 2,047,587</b>	<b>\$ 3,780,647</b>	<b>\$ 4,029,974</b>

6. BANK INDEBTEDNESS

The Cumberland YMCA has the following credit term facilities:

1. Revolving line of credit with a \$60,000 limit, bearing interest at prime plus 1.5%.

The credit facilities are secured by a claim against all property that is owned by the Cumberland YMCA, fire insurance and other perils and a borrowing resolution executed by the approved signing officers. The line of credit was not in use as at March 31, 2021.

7. DEFERRED REVENUE

	Opening Balance	Receipts	Recognized as revenue	2021
<u>2021</u>				
Memberships	\$ 6,880	\$ 175,864	\$ 176,818	\$ 5,926
Grants	16,228	1,292,219	1,244,964	63,483
Other	30,363	14,047	20,284	24,126
Capital donations (Restated - Note 13)	1,501,772	-	94,191	1,407,581
	<b>\$ 1,555,243</b>	<b>\$ 1,482,130</b>	<b>\$ 1,536,257</b>	<b>\$ 1,501,116</b>

Included in deferred revenue is \$941,590 (2020 - \$937,474) of government contributions.

**CUMBERLAND YMCA**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

8. LONG TERM DEBT

	2021	2020
Department of Community Services loan bearing interest at 1% per annum, repayable in monthly blended payments of \$1,237. The loan matures in August 2037 and is secured by 1st ranking mortgage on the land and building with a net book value of \$3,561,706 (2020 - \$3,750,723).	\$ 228,568	\$ 237,351
Amounts payable within one year	(12,500)	(12,500)
	\$ 216,068	\$ 224,851

Principal repayment terms are approximately:

2022	\$	12,500
2023		12,800
2024		12,900
2025		13,000
2026		13,000
Thereafter		164,368
	\$	228,568

9. CAPITAL RESERVE

The capital reserve consists of amounts externally restricted by annual contributions from a donor for the sole purpose of establishing the capital reserve.

10. CONTINGENT LIABILITY

The Province of Nova Scotia provided funding in the form of a forgivable loan of \$979,310 for construction and equipment. The forgivable loan has been accounted for as a capital donation (Note 7) and is being recognized as revenue at the same rate as the related assets are amortized.

In the event of default of the terms of the funding agreement, the loan is repayable on demand at market interest rates. As of year end, the Cumberland YMCA was in compliance with the agreement.

**CUMBERLAND YMCA**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

11. GOVERNMENT ASSISTANCE

Government assistance recognized as revenue during the year:

	2021	2020
Federal government	\$ 22,110	\$ 15,262
Federal government - COVID-19 wage subsidies (Note 12)	438,013	-
Provincial government	235,002	130,846
Provincial government - childcare/daycare	397,969	400,805
Municipal government	252,005	292,572
	<b>\$ 1,345,099</b>	<b>\$ 839,485</b>

Of the total government assistance reported above, \$128,427 (2020 - \$130,843) is included in program revenue, \$1,159,380 (2020 - \$651,350) is included in grant revenue and \$57,292 (2020 - \$57,292) is included in the recognition of previously deferred capital donations.

A five-year Municipal funding agreement in the amount of \$125,000 annually expired as of March 31, 2019 and has yet to be renewed. Contributions have continued and are accounted for in accordance with the original agreement.

12. EMPLOYEE FUTURE BENEFITS

The Cumberland YMCA contributed \$39,887 (2020 - \$35,471) to a defined contribution retirement savings plan on behalf of its employees. The contribution is allocated to salaries and benefits.

13. CORRECTION OF ACCOUNTING ERRORS

Contributions received were recognized as capital donations in error in fiscal years 2015 - 2020. The contributor restricted this funding to be used for a capital reserve. This accounting error was corrected retroactively resulting in an increase in 2020 grants revenue of \$25,000 and a decrease in the recognition of previously deferred capital donations of \$5,500. The following corrections were made to opening balances for 2020: Unrestricted net assets increased by \$112,500, capital reserve increased by \$125,000 and deferred capital contributions decreased by \$112,500.

Revenue from deferred capital contributions was recognized on a declining balance basis in error in fiscal years 2013 - 2020. Deferred capital contributions are to be recognized as revenue on the same basis as the amortization of the related assets, which is straight line. This accounting error was corrected retroactively resulting in an increase in 2020 recognition of previously deferred capital donations of \$24,472. The following corrections were made to opening balances for 2020: Unrestricted net assets increased by \$74,245, and deferred capital contributions decreased by \$74,245.

**CUMBERLAND YMCA**  
**Notes to Financial Statements**  
**Year Ended March 31, 2021**

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14. OTHER SIGNIFICANT EVENT

The outbreak of a novel strain of coronavirus continues to have a significant impact on the global economy as of the date of these financial statements. The duration and impact of the pandemic are unknown at this time, as are the efficacy of government and central bank interventions. It is not possible to reliably estimate the length and severity of the measures nor their impact on the future financial results and condition of the company. To date, no adjustments have been made to the carrying value of assets or liabilities as a result of the pandemic. Management is of the opinion no future adjustments will be necessary.

The association has taken steps to mitigate the financial impact of the pandemic, including:

1) Government assistance of \$21,759, representing the Association's entitlement to the Temporary Wage Subsidy, is receivable at year end and included in grants revenue.

2) Government assistance of \$416,254, representing the Association's entitlement to the Canada Emergency Wage Subsidy is included in grants revenue. Of the total, \$397,222 was received during the year and \$19,032 is receivable at year end.

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15. FINANCIAL INSTRUMENTS

The Cumberland YMCA is exposed to various risks through its financial instruments. The following analysis provides information about the Association's significant risk exposure and concentration as of March 31, 2021.

***Liquidity risk***

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and accounts payable. As described in Note 6, the association has access to a revolving line of credit to help mitigate liquidity risk.

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16. BUDGET

Budgeted figures have been provided for comparison purposes. The budget was developed by management and is unaudited.

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