

CUMBERLAND YMCA
Financial Statements
Year Ended March 31, 2023

CUMBERLAND YMCA
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Year Ended March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

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, 2023, 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, 2023, 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 donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2023, current assets and net assets as at March 31, 2023. Our audit opinion on the financial statements for the year ended March 31, 2022 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 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.

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.

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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 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.

McIsaac Darragh Inc.

Amherst, Nova Scotia
June 20, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

CUMBERLAND YMCA
Statement of Financial Position
March 31, 2023

	General Fund	Endowment Fund	Total	Total
ASSETS				
CURRENT				
Cash	\$ 634,754	\$ -	\$ 634,754	\$ 491,359
Accounts receivable (Note 3)	110,841	-	110,841	185,042
Inventory	484	-	484	1,804
Prepaid expenses	338	-	338	5,545
	<u>746,417</u>	<u>-</u>	<u>746,417</u>	<u>683,750</u>
INVESTMENTS (Note 4)	433,310	71,896	505,206	389,862
RESTRICTED CASH	712	1,131	1,843	121,758
LAND, BUILDING AND EQUIPMENT (Note 5)	3,511,576	-	3,511,576	3,633,740
DUE BETWEEN FUNDS	1,831	(1,831)	-	-
	<u>\$ 4,693,846</u>	<u>\$ 71,196</u>	<u>\$ 4,765,042</u>	<u>\$ 4,829,110</u>
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable and accrued liabilities	\$ 131,783	\$ -	\$ 131,783	\$ 247,094
Current portion of long term debt (Note 8)	12,500	-	12,500	12,500
	<u>144,283</u>	<u>-</u>	<u>144,283</u>	<u>259,594</u>
DEFERRED REVENUE (Note 7)	1,475,730	-	1,475,730	1,426,276
LONG TERM DEBT (Note 8)	190,715	-	190,715	203,455
	<u>1,810,728</u>	<u>-</u>	<u>1,810,728</u>	<u>1,889,325</u>
NET ASSETS				
Endowment fund	-	71,196	71,196	71,046
Capital reserve (Note 9)	175,000	-	175,000	175,000
General fund	2,658,118	-	2,658,118	2,643,739
Internally restricted general reserve (Note 9)	50,000	-	50,000	50,000
	<u>2,883,118</u>	<u>71,196</u>	<u>2,954,314</u>	<u>2,939,785</u>
	<u>\$ 4,693,846</u>	<u>\$ 71,196</u>	<u>\$ 4,765,042</u>	<u>\$ 4,829,110</u>

CONTINGENT LIABILITY (Note 10)

OTHER SIGNIFICANT MATTER (Note 13)

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, 2023

	Budget (Note 14)	Total 2023	Total 2022
REVENUES			
Grants (Note 11)	\$ 839,968	\$ 1,258,368	\$ 1,019,523
Programs (Note 11)	1,297,248	1,337,490	1,047,636
Membership	320,059	382,418	235,494
Courses and instruction	61,050	97,024	35,572
Donations and fundraising	96,450	74,706	177,938
Rental	44,678	65,189	32,368
Merchandise	12,575	4,605	3,505
	<u>2,672,028</u>	<u>3,219,800</u>	<u>2,552,036</u>
EXPENSES			
Bad debts (recovery)	-	(275)	(4,083)
Bank and service charges	25,316	31,890	17,612
Donations and fundraising	7,620	4,962	6,092
Dues and fees	50,653	65,570	53,514
Equipment	10,400	11,614	8,955
Insurance	22,307	27,426	22,133
Interest on long term debt	-	2,101	2,228
Maintenance	91,100	81,099	90,670
Merchandise	3,580	5,063	2,860
Office and communications	43,959	67,389	34,822
Professional fees	94,792	72,216	78,484
Salaries and benefits (Note 12)	1,997,405	2,228,640	1,756,453
Program supplies	98,727	240,173	133,926
Rent and utilities	163,800	179,396	157,636
Staff and volunteer development	10,352	18,385	3,846
Travel	6,683	6,230	4,742
	<u>2,626,694</u>	<u>3,041,879</u>	<u>2,369,890</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>45,334</u>	<u>177,921</u>	<u>182,146</u>
OTHER INCOME (EXPENSES)			
Amortization of building and equipment	-	(252,927)	(242,704)
Recognition of previously deferred capital donations (Notes 7, 11)	-	94,191	94,191
Unrealized gain (loss) on marketable securities	-	(12,160)	11,414
Investment income	-	7,504	3,747
	<u>-</u>	<u>(163,392)</u>	<u>(133,352)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 45,334</u>	<u>\$ 14,529</u>	<u>\$ 48,794</u>

See accompanying notes to the financial statements

CUMBERLAND YMCA
Statement of Changes in Net Assets
Year Ended March 31, 2023

	General Fund	Endowment Fund	Capital Reserve	Internally Restricted General Reserve	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 2,643,739	\$ 71,046	\$ 175,000	\$ 50,000	\$ 2,939,785	\$ 2,890,991
Excess of revenues over expenses	14,379	150	-	-	14,529	48,794
NET ASSETS - END OF YEAR	\$ 2,658,118	\$ 71,196	\$ 175,000	\$ 50,000	\$ 2,954,314	\$ 2,939,785

See accompanying notes to the financial statements

CUMBERLAND YMCA
Statement of Cash Flows
Year Ended March 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Cash receipts from members and contributors	\$ 2,099,856	\$ 1,557,770
Cash paid to suppliers and employees	(3,150,939)	(2,184,550)
Government assistance (Note 11)	1,345,569	935,005
Cash flow from operating activities	<u>294,486</u>	<u>308,225</u>
INVESTING ACTIVITIES		
Purchase of building and equipment	(130,762)	(95,801)
Purchase of investments	(109,000)	(75,000)
Endowment contributions	(1,981)	(1,421)
(Increase) decrease in investment cash	53,392	(11,414)
(Increase) decrease in restricted cash	50,000	(50,712)
	<u>-</u>	<u>-</u>
Cash flow used by investing activities	<u>(138,351)</u>	<u>(234,348)</u>
FINANCING ACTIVITY		
Repayment of long term debt	(12,740)	(12,613)
Cash flow used by financing activity	<u>(12,740)</u>	<u>(12,613)</u>
INCREASE IN CASH FLOW	143,395	61,264
Cash - beginning of year	<u>491,359</u>	<u>430,095</u>
CASH - END OF YEAR	<u>\$ 634,754</u>	<u>\$ 491,359</u>

See accompanying notes to the financial statements

CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2023

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.

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.

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.

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CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2023

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

Employee benefits payable

The future cost of vacation days earned but not used by the employees up to March 31, 2023 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. 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.

Cash and cash equivalents

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 restricted cash and investment accounts is considered to be held as an investment.

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 useful life 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.

CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2023

3. ACCOUNTS RECEIVABLE

	2023	2022
Childcare/Daycare receivables	\$ 14,051	\$ 16,999
Other trade receivables	2,967	24,122
Grants receivable	93,823	143,921
Allowance for doubtful accounts	-	-
	\$ 110,841	\$ 185,042

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of customers which minimizes concentration of credit risk.

4. INVESTMENTS

	2023	2022
Cash	\$ 1,690	\$ 55,082
Common shares	62,620	74,780
Fixed income	369,000	260,000
	433,310	389,862
Endowment	71,896	-
	\$ 505,206	\$ 389,862

Fixed income investments consist of term deposits with interest rates ranging from 3.01% - 4.60%, maturing between August 2023 and August 2026 (2022 - 0.95% - 1.00%). \$175,000 of the investments is restricted to fund the capital reserve.

The endowment investment consists of a 3.25% term deposit maturing in May 2024.

5. LAND, BUILDING AND EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 333,987	\$ -	\$ 333,987	\$ 333,987
Building	5,141,782	2,255,139	2,886,643	3,028,408
Equipment	448,370	244,472	203,898	223,422
Computer software	53,483	15,998	37,485	47,923
Paving	77,172	27,609	49,563	-
	\$ 6,054,794	\$ 2,543,218	\$ 3,511,576	\$ 3,633,740

CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2023

6. BANK INDEBTEDNESS

The Cumberland YMCA has the following credit term facility:

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

The credit facility is secured by a claim against all property 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, 2023.

7. DEFERRED REVENUE

	Opening Balance	Receipts	Recognized as revenue	2023
Memberships	\$ 11,917	\$ 410,754	\$ 382,418	\$ 40,253
Grants	87,910	1,410,015	1,283,348	214,577
Other	13,273	-	11,358	1,915
Capital donations	1,313,176	-	94,191	1,218,985
	\$ 1,426,276	\$ 1,820,769	\$ 1,771,315	\$ 1,475,730

Included in the ending deferred revenue balance is \$993,953 (2022 - \$898,000) of government contributions.

8. LONG TERM DEBT

	2023	2022
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 \$3,220,629 (2022 - \$3,358,692).	\$ 203,215	\$ 215,955
Amounts payable within one year	(12,500)	(12,500)
	\$ 190,715	\$ 203,455

Principal repayment terms are approximately:

2024	\$ 12,900
2025	13,000
2026	13,000
2027	13,100
2028	13,300
Thereafter	137,915
	\$ 203,215

CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2023

9. RESTRICTIONS ON NET ASSETS

The externally restricted capital reserve is to be used as an emergency fund for future large capital repairs.

The internally restricted general reserve has been approved by the Board to be used on the Strong Kids Campaign over the next three years.

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.

11. GOVERNMENT ASSISTANCE

Government assistance recognized as revenue during the year:

	<u>2023</u>	<u>2022</u>
Federal government	\$ 31,366	\$ 21,131
Federal government - COVID-19 wage subsidies	-	142,788
Provincial government	304,097	314,774
Provincial government - childcare/daycare	831,102	335,030
Municipal government	272,827	265,203
	<u>\$ 1,439,392</u>	<u>\$ 1,078,926</u>

Of the total government assistance reported above, \$204,674 (2022 - \$132,171) is included in program revenue, \$1,177,425 (2022 - \$889,463) is included in grant revenue and \$57,292 (2022 - \$57,292) is included in the recognition of previously deferred capital donations.

A five-year Municipal funding agreement for \$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 \$48,774 (2022 - \$45,872) to a defined contribution retirement savings plan on behalf of its employees. The contribution is allocated to salaries and benefits.

CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2023

13. OTHER SIGNIFICANT MATTER

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 \$nil (2022 - \$156,081), representing the Association's entitlement to the Canada Emergency Wage Subsidy is included in grants revenue.

14. 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, 2023.

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.

15. BUDGET

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