

CUMBERLAND YMCA
Financial Statements
Year Ended March 31, 2024

CUMBERLAND YMCA
Index to Financial Statements
Year Ended March 31, 2024

| | Page |
|--|--------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 2 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 3 |
| Statement of Revenues and Expenditures | 4 |
| Statement of Changes in Net Assets | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 - 12 |

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, 2024, 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, 2024, 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, 2024, current assets and net assets as at March 31, 2024. Our audit opinion on the financial statements for the year ended March 31, 2023 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.

(continues)

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 18, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

CUMBERLAND YMCA
Statement of Financial Position
March 31, 2024

| | General Fund | Endowment Fund | 2024 | 2023 |
|--|---------------------|------------------|---------------------|---------------------|
| ASSETS | | | | |
| CURRENT | | | | |
| Cash | \$ 696,362 | \$ - | \$ 696,362 | \$ 634,754 |
| Term deposits (Note 4) | 119,000 | - | 119,000 | - |
| Accounts receivable (Note 3) | 95,071 | - | 95,071 | 110,841 |
| Inventory | 2,817 | - | 2,817 | 484 |
| Prepaid expenses | 2,088 | - | 2,088 | 338 |
| | 915,338 | - | 915,338 | 746,417 |
| INVESTMENTS (Note 4) | 334,349 | 72,275 | 406,624 | 505,206 |
| RESTRICTED CASH | 712 | 1,279 | 1,991 | 1,843 |
| LAND, BUILDING AND EQUIPMENT (Note 5) | 3,399,997 | - | 3,399,997 | 3,511,576 |
| DUE BETWEEN FUNDS | 2,233 | (2,233) | - | - |
| | <u>\$ 4,652,629</u> | <u>\$ 71,321</u> | <u>\$ 4,723,950</u> | <u>\$ 4,765,042</u> |
| LIABILITIES AND NET ASSETS | | | | |
| CURRENT | | | | |
| Accounts payable and accrued liabilities | \$ 148,653 | \$ - | \$ 148,653 | \$ 131,783 |
| Current portion of long term debt (Note 8) | 13,000 | - | 13,000 | 12,500 |
| | 161,653 | - | 161,653 | 144,283 |
| DEFERRED REVENUE (Note 7) | 1,413,754 | - | 1,413,754 | 1,475,730 |
| LONG TERM DEBT (Note 8) | 177,348 | - | 177,348 | 190,715 |
| | <u>1,752,755</u> | <u>-</u> | <u>1,752,755</u> | <u>1,810,728</u> |
| NET ASSETS | | | | |
| Endowment fund | - | 71,321 | 71,321 | 71,196 |
| Capital reserve (Note 9) | 175,000 | - | 175,000 | 175,000 |
| General fund | 2,674,874 | - | 2,674,874 | 2,658,118 |
| Internally restricted general reserve (Note 9) | 50,000 | - | 50,000 | 50,000 |
| | <u>2,899,874</u> | <u>71,321</u> | <u>2,971,195</u> | <u>2,954,314</u> |
| | <u>\$ 4,652,629</u> | <u>\$ 71,321</u> | <u>\$ 4,723,950</u> | <u>\$ 4,765,042</u> |

CONTINGENT LIABILITY (Note 10)

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, 2024

| | Budget (Note 13) | Total 2024 | Total 2023 |
|---|---------------------|---------------|---------------|
| REVENUES | | | |
| Grants (Note 11) | \$ 1,215,988 | \$ 1,636,060 | \$ 1,258,368 |
| Programs (Note 11) | 1,462,953 | 1,427,707 | 1,337,490 |
| Membership | 435,993 | 528,980 | 382,418 |
| Courses and instruction | 91,505 | 115,168 | 97,024 |
| Donations and fundraising | 112,700 | 56,902 | 74,706 |
| Rental | 77,916 | 62,637 | 65,189 |
| Merchandise | 5,580 | 9,834 | 4,605 |
| | 3,402,635 | 3,837,288 | 3,219,800 |
| EXPENSES | | | |
| Bad debts (recovery) | - | 219 | (275) |
| Bank and service charges | 27,806 | 39,494 | 31,890 |
| Donations and fundraising | 7,570 | 5,270 | 4,962 |
| Dues and fees | 78,338 | 96,317 | 65,570 |
| Equipment | 14,850 | 21,463 | 11,614 |
| Insurance | 30,400 | 41,146 | 27,426 |
| Interest on long term debt | - | 1,973 | 2,101 |
| Maintenance | 94,300 | 97,484 | 81,099 |
| Merchandise | 2,080 | 6,377 | 5,063 |
| Office and communications | 39,314 | 48,867 | 67,389 |
| Professional fees | 121,779 | 90,862 | 72,216 |
| Salaries and benefits (Note 12) | 2,548,869 | 2,601,432 | 2,228,640 |
| Program supplies | 120,132 | 377,104 | 240,173 |
| Rent and utilities | 179,889 | 204,975 | 179,396 |
| Staff and volunteer development | 18,130 | 28,013 | 18,385 |
| Travel | 7,570 | 8,855 | 6,230 |
| | 3,291,027 | 3,669,851 | 3,041,879 |
| EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS | 111,608 | 167,437 | 177,921 |
| OTHER INCOME (EXPENSES) | | | |
| Amortization of building and equipment | - | (262,927) | (252,927) |
| Recognition of previously deferred capital donations (Notes 7, 11) | - | 92,332 | 94,191 |
| Unrealized gain (loss) on marketable securities | - | 1,324 | (12,160) |
| Investment income | - | 18,715 | 7,504 |
| | - | (150,556) | (163,392) |
| EXCESS OF REVENUES OVER EXPENSES | \$ 111,608 | \$ 16,881 | \$ 14,529 |

See accompanying notes to the financial statements

CUMBERLAND YMCA
Statement of Changes in Net Assets
Year Ended March 31, 2024

| | General Fund | Endowment Fund | Capital Reserve | Internally Restricted General Reserve | 2024 | 2023 |
|---------------------------------------|---------------------|------------------|-------------------|---------------------------------------|---------------------|---------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 2,658,118 | \$ 71,196 | \$ 175,000 | \$ 50,000 | \$ 2,954,314 | \$ 2,939,785 |
| Excess of revenues over expenses | 16,756 | 125 | - | - | 16,881 | 14,529 |
| NET ASSETS - END OF YEAR | \$ 2,674,874 | \$ 71,321 | \$ 175,000 | \$ 50,000 | \$ 2,971,195 | \$ 2,954,314 |

See accompanying notes to the financial statements

CUMBERLAND YMCA
Statement of Cash Flows
Year Ended March 31, 2024

| | 2024 | 2023 |
|---|--------------------------|--------------------------|
| OPERATING ACTIVITIES | | |
| Cash receipts from members and contributors | \$ 2,466,670 | \$ 2,099,856 |
| Cash paid to suppliers and employees | (3,655,013) | (3,150,939) |
| Government assistance (Note 11) | 1,435,240 | 1,345,569 |
| Cash flow from operating activities | <u>246,897</u> | <u>294,486</u> |
| INVESTING ACTIVITIES | | |
| Purchase of land and equipment | (151,348) | (130,762) |
| Purchase of investments | - | (109,000) |
| Endowment contributions | (2,358) | (1,981) |
| (Increase) decrease in investment cash | (18,715) | 53,392 |
| (Increase) decrease in restricted cash | - | 50,000 |
| Cash flow used by investing activities | <u>(172,421)</u> | <u>(138,351)</u> |
| FINANCING ACTIVITY | | |
| Repayment of long term debt | (12,868) | (12,740) |
| Cash flow used by financing activity | <u>(12,868)</u> | <u>(12,740)</u> |
| INCREASE IN CASH FLOW | 61,608 | 143,395 |
| Cash - beginning of year | <u>634,754</u> | <u>491,359</u> |
| CASH - END OF YEAR | <u>\$ 696,362</u> | <u>\$ 634,754</u> |

See accompanying notes to the financial statements

CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2024

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.

(continues)

CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2024

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, 2024 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. 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, 2024

3. ACCOUNTS RECEIVABLE

| | 2024 | 2023 |
|---------------------------------|------------------|-------------------|
| Childcare/Daycare receivables | \$ 10,044 | \$ 14,051 |
| Grants receivable | 77,372 | 84,345 |
| Other trade receivables | 7,655 | 12,445 |
| Allowance for doubtful accounts | - | - |
| | \$ 95,071 | \$ 110,841 |

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

| | 2024 | 2023 |
|---------------------------|-------------------|-------------------|
| Fixed income - short term | \$ 119,000 | \$ - |
| Cash | \$ 20,405 | \$ 1,690 |
| Common Shares | 63,944 | 62,620 |
| Fixed income - long term | 250,000 | 369,000 |
| | 334,349 | 433,310 |
| Endowment | 72,275 | 71,896 |
| | \$ 406,624 | \$ 505,206 |

Fixed income investments consist of term deposits with interest rates ranging from 3.01% - 5.51%, maturing between April 2024 and August 2026 (2023 - 3.01% - 4.60%). \$175,000 of the investments is restricted to fund the capital reserve.

The endowment investment consists of a 3.25% (2023 - 3.25%) term deposit maturing in May 2024.

5. LAND, BUILDING AND EQUIPMENT

| | Cost | Accumulated amortization | 2024 Net book value | 2023 Net book value |
|-------------------|---------------------|-------------------------------------|------------------------------------|------------------------------------|
| Land | \$ 391,931 | \$ - | \$ 391,931 | \$ 333,987 |
| Building | 5,143,507 | 2,464,718 | 2,678,789 | 2,886,641 |
| Equipment | 539,183 | 281,862 | 257,319 | 203,900 |
| Computer software | 53,483 | 26,694 | 26,789 | 37,485 |
| Paving | 78,038 | 32,869 | 45,169 | 49,563 |
| | \$ 6,206,142 | \$ 2,806,143 | \$ 3,399,997 | \$ 3,511,576 |

CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2024

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, 2024.

7. DEFERRED REVENUE

| | Opening Balance | Receipts | Recognized as revenue | 2024 |
|-------------------|---------------------|---------------------|--------------------------|---------------------|
| Memberships | \$ 40,253 | \$ 527,973 | \$ 528,980 | \$ 39,246 |
| Grants | 214,577 | 1,711,109 | 1,713,951 | 211,735 |
| Other | 1,915 | - | 124 | 1,791 |
| Capital donations | 1,218,985 | 34,329 | 92,332 | 1,160,982 |
| | \$ 1,475,730 | \$ 2,273,411 | \$ 2,335,387 | \$ 1,413,754 |

Included in the ending deferred revenue balance is \$864,268 (2023 - \$993,953) of government contributions.

8. LONG TERM DEBT

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 \$3,061,048 (2023 - \$3,220,629).

Amounts payable within one year

| | 2024 | 2023 |
|--|-------------------|------------|
| | \$ 190,348 | \$ 203,215 |
| | (13,000) | (12,500) |
| | \$ 177,348 | \$ 190,715 |

Principal repayment terms are approximately:

| | |
|------------|-------------------|
| 2025 | \$ 13,000 |
| 2026 | 13,100 |
| 2027 | 13,300 |
| 2028 | 13,400 |
| 2029 | 13,500 |
| Thereafter | 124,048 |
| | \$ 190,348 |

CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2024

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>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| Federal government | \$ 43,129 | \$ 31,366 |
| Provincial government | 439,954 | 304,097 |
| Provincial government - childcare/daycare | 737,712 | 831,102 |
| Municipal government | 296,099 | 272,827 |
| | <u>\$ 1,516,894</u> | <u>\$ 1,439,392</u> |

Of the total government assistance reported above, \$97,894 (2023 - \$204,674) is included in program revenue, \$1,362,691 (2023 - \$1,177,425) is included in grant revenue and \$56,309 (2023 - \$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 \$60,826 (2023 - \$48,774) to a defined contribution retirement savings plan on behalf of its employees. The contribution is allocated to salaries and benefits.

13. BUDGET

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

CUMBERLAND YMCA
Notes to Financial Statements
Year Ended March 31, 2024

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, 2024.

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.
