Grant Thornton

Financial Statements

YMCA of Cape Breton

March 31, 2022

Contents

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Independent auditor's report

To the members of
YMCA of Cape Breton

Qualified Opinion

We have audited the financial statements of YMCA of Cape Breton ("the Organization"), which comprise the statement of financial position as at March 31, 2022, 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.

In our opinion, except for the effects of the matter described in the Basis for Opinion paragraph, the accompanying financial statements present fairly in all material respects, the financial position of YMCA of Cape Breton as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenues, excess of revenue over expenditures, and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at March 31, 2022 and 2021. 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 in 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 Organization 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Grant Thornton LLP

Sydney, Canada
May 27, 2022

Chartered Professional Accountants

YMCA of Cape Breton
Statement of operations

Year ended March 31	General Fund	Opportunity Fund	**Total 2022**	Total 2021
Revenue				
Federal funding	$ 498,056	$ -	**$ 290,705**	$ 211,347
Federal Wage Subsidy	200,834	-	**200,834**	494,934
Province of Nova Scotia	3,610,820	-	**3,618,171**	3,008,076
Membership	1,144,254	-	**1,144,254**	892,103
Programming	181,209	-	**181,209**	81,755
Preschool	460,149	-	**460,149**	261,987
After school	82,234	-	**82,234**	27,558
Rentals	5,826	-	**5,826**	250
Investment income	917	-	**917**	9,207
Y Lotto revenue	-	100,970	**100,970**	116,034
Donations	344	15,558	**15,902**	68,916
Concession sales	2,265	-	**2,265**	5,640
United Way	20,568	-	**20,568**	10,167
Insurance claim proceeds	20,026	-	**20,026**	-
	6,227,502	116,528	**6,344,030**	5,187,974
Expenditures				
Administrative fee	35,620	-	**35,620**	32,315
Advertising	30,499	-	**30,499**	18,680
Allocations and Priority Sam	61,777	-	**61,777**	33,161
Bad debts (recovery) expense	(28,711)	-	**(28,711)**	20,900
Community support	-	32,200	**32,200**	26,722
Cost of goods for resale	-	-	**-**	648
Insurance	49,891	-	**49,891**	45,923
Interest on long-term debt	50,786	-	**50,786**	53,179
Bank charges	51,868	-	**51,868**	73,346
Professional fees	102,335	-	**102,335**	53,422
Professional development	39,839	-	**39,839**	15,794
Repairs and maintenance	379,363	-	**379,363**	281,568
Rent	155,277	-	**155,277**	123,084
Salaries and benefits	4,300,746	18,587	**4,319,333**	3,424,694
Supplies and equipment	363,015	9,427	**372,442**	257,796
Technical support	65,377	-	**65,377**	40,053
Telephone	82,488	-	**82,488**	63,507
Travel and meals	17,663	-	**17,663**	9,193
Utilities	232,798	-	**232,798**	171,738
Y Lotto prizes	-	48,343	**48,343**	58,974
	5,990,631	108,557	**6,099,188**	4,804,697
	236,871	7,971	**244,842**	383,277
Amortization of deferred contributions related to capital assets	282,579	-	**282,579**	294,670
Amortization of capital assets	(355,691)	-	**(355,691)**	(371,125)
	(73,112)	-	**(73,112)**	(76,455)
Excess of revenues over expenditures	$ 163,759	$ 7,971	**$ 171,730**	$ 306,822

See accompanying notes to the financial statements.

YMCA of Cape Breton
Statement of financial position

March 31	General Fund	Opportunity Fund	**2022**	2021
Assets				
Current				
Cash and cash equivalents (Note 3)	$ 2,378,396	$ 135,524	**$ 2,513,920**	$ 2,116,293
Receivables (Note 4)	187,599	-	**187,599**	180,250
Prepaids	16,408	-	**16,408**	23,324
	2,582,403	135,524	**2,717,927**	2,319,867
Capital assets (Note 5)	9,617,932	-	**9,617,932**	9,889,471
	$ 12,200,335	$ 135,524	**$ 12,335,859**	$ 12,209,338
Liabilities				
Current				
Payables and accruals (Note 6)	$ 563,337	$ -	**$ 563,337**	$ 404,887
Due (from) to Opportunity Fund	(163,597)	163,597	**-**	-
Deferred revenue	1,668,078	28,435	**1,696,513**	1,533,438
Current portion of long-term debt (Note 7)	102,266	-	**102,266**	96,163
	2,170,084	192,032	**2,362,116**	2,034,488
Long-term debt (Note 7)	1,104,023	-	**1,104,023**	1,207,568
Deferred contributions (Note 8)	7,493,598	-	**7,493,598**	7,762,890
	10,767,705	192,032	**10,959,737**	11,004,946
Equity (Page 5)				
Investment in capital assets (Note 9)	918,045	-	**918,045**	822,850
Unrestricted	514,585	(56,508)	**458,077**	381,542
	1,432,630	(56,508)	**1,376,122**	1,204,392
	$ 12,200,335	$ 135,524	**$ 12,335,859**	$ 12,209,338

On behalf of the Board

________________________ Director ________________________ Director

See accompanying notes to the financial statements.

YMCA of Cape Breton
Statement of changes in net assets

Year ended March 31 **2022** 2021

	Investment in Capital Assets	Unrestricted General Fund	Unrestricted Opportunity Fund	**Total**	Total
Balance, beginning of year	$ 822,850	$ 446,021	$ (64,479)	**$ 1,204,392**	$ 897,570
(Deficiency) excess of revenue over expenditures (Note 10)	(73,112)	236,871	7,971	**171,730**	306,822
Net change in investment in capital assets (Note 10)	168,307	(168,307)	-	**-**	-
Balance, end of year	$ 918,045	$ 514,585	$ (56,508)	**$ 1,376,122**	$ 1,204,392

See accompanying notes to the financial statements.

YMCA of Cape Breton
Statement of cash flows

Year ended March 31	2022	2021
Increase (decrease) in cash and cash equivalents		
Operating		
(Deficiency) excess of revenues over expenditures	**$ 171,730**	$ 306,822
Amortization of capital assets	**355,691**	371,125
Amortization of deferred contributions related to capital assets	**(282,579)**	(294,670)
	244,842	383,277
Change in non-cash operating working capital (Note 11)	**321,092**	840,947
	565,934	1,224,224
Investing		
Contributions received for purchase of capital assets	**13,287**	-
Purchase of capital assets	**(84,152)**	(3,348)
	(70,865)	(3,348)
Financing		
Repayment of long-term debt	**(97,442)**	(44,407)
Net increase (decrease) in cash and cash equivalents	**397,627**	1,176,469
Cash and cash equivalents, beginning of year	**2,116,293**	939,824
Cash and cash equivalents, end of year	**$ 2,513,920**	$ 2,116,293

Cash and cash equivalents comprised of		
Cash	**$ 1,957,220**	$ 1,560,509
Term deposits	**556,700**	555,784
	$ 2,513,920	$ 2,116,293

See accompanying notes to the financial statements.

1. Nature of operations

YMCA of Cape Breton is a registered charity providing wellness, health, recreation, and community development programs to the local community. The Organization is exempt from income taxes under provisions of the Income Tax Act.

2. Summary of significant accounting policies

Basis of accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Fund accounting

Funds within the financial statements consist of unrestricted general and unrestricted opportunity fund. Transfers between funds are recorded as adjustments to the appropriate fund balance.

Opportunity fund

The Opportunity fund is an unrestricted fund whose purpose is to provide financial assistance for community members for services provided at the Organization.

Revenue recognition

The Organization follows the deferral method of accounting for contributions for both the general fund and the opportunity fund, which include government assistance relating to operating expenses and capital assets. Under the deferral method, externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Contributions relating to expenses of future periods are deferred and recognized as revenue as the expenses are incurred.

Revenue from fees and contracts are recognized when the services are provided.

Long-term investments

Long-term investments are recorded at fair value.

Capital assets

Capital assets are recorded at cost. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization’s ability to provide services, its carrying amount is written down to its residual value.

2. Summary of significant accounting policies (continued)

Capital assets (continued)

Rates and bases of depreciation applied to write off the cost of property and equipment over their estimated lives are as follows:

Building	3%, declining balance
Enterprise Centre building	3%, declining balance
Renovations	10%, declining balance
Equipment	20%, declining balance
Computer equipment	35%, declining balance
Computer software	50%, declining balance

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Organization accounts for the following as financial instruments:

- Cash and cash equivalents
- Receivables
- Long-term investments
- Payables and accruals
- Long-term debt

A financial asset or liability is recognized when the organization becomes party to contractual provisions of the instrument.

Measurement

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

At each reporting date, the Organization measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which are measured at fair value. All changes in fair value of the organization's investments in equities quoted in an active market are recorded in the statement of operations.

2. Summary of significant accounting policies (continued)

Financial instruments

For financial assets measured at cost or amortized cost, the Organization regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the organization determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Financial assets and financial liabilities are subsequently measured according to the following methods:

Financial instrument	Measurement
Cash and cash equivalents	Amortized cost (which approximates fair value)
Receivables	Amortized cost
Long-term investments	Fair value
Payables and accruals	Amortized cost
Long-term debt	Amortized cost

Use of estimates

In preparing the Organization's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Donated goods and services

Donated goods and services are recognized at their fair market value when they are received.

3. Cash and cash equivalents

The Organization has access to an operating line of credit of $125,000 that bears interest at a rate of prime plus .5%. At the year end, the line of credit had a balance outstanding of nil (2021 – nil).

4. Receivables

	2022	2021
Membership	**$ 123,717**	$ 112,311
Commodity taxes	**46,819**	14,366
Other	**52,132**	117,728
	222,668	244,405
Allowance for doubtful accounts	**(35,069)**	(64,155)
	$ 187,599	$ 180,250

5. Capital assets

			2022	2021
	Cost	Accumulated depreciation	**Net book value**	Net book value
Land	$ 61,971	$ -	**$ 61,971**	$ 61,971
Building	12,538,979	3,431,500	**9,107,479**	9,389,155
Renovations	463,495	163,335	**300,160**	304,993
Equipment	1,161,106	1,041,007	**120,099**	115,811
Computer equipment	317,515	316,335	**1,180**	1,815
Computer software	118,024	90,981	**27,043**	15,726
	$ 14,661,090	$ 5,043,158	**$ 9,617,932**	$ 9,889,471

6. Payables and accruals

	2022	2021
Trade	**$ 476,400**	$ 338,363
Government remittances	**86,937**	66,524
	$ 563,337	$ 404,887

7. Long-term debt

	2022	2021
Toronto Dominion Bank		
2.63% loan, repayable in monthly instalments of $2,786, including interest	$ 274,368	$ 299,564
4.35% loan, repayable in monthly instalments of $6,341, including interest	621,260	669,423
4.35% loan, repayable in monthly instalments of $3,171, including interest	310,661	334,744
	1,206,289	1,303,731
Less current portion	102,266	96,163
	$ 1,104,023	$ 1,207,568

Estimated annual principal payments in each of the next five (5) years are as follows:

2023	$ 102,266
2024	$ 106,275
2025	$ 110,447
2026	$ 114,788
2027	$ 119,307

As security, the Organization has provided a first mortgage on specific land and building having a net book value of $9,169,450, a general security agreement over other property and an assignment of fire insurance.

The Organization is subject to a debt service coverage ratio covenant of better than 1.5:1 on its loans with the Toronto Dominion Bank. At the year-end date, the Organization was in compliance with this covenant.

8. Deferred contributions

Deferred capital contributions related to capital assets represent the unamortized amount of the grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2022	2021
Balance, beginning of year	$ 7,762,890	$ 8,057,560
Contributions received	13,287	-
	7,776,177	8,057,560
Less: amortized amounts	282,579	294,670
	$ 7,493,598	$ 7,762,890

9. Investment in capital assets

	2022	2021
Capital assets	$ 9,617,932	$ 9,889,471
Amounts financed by long-term debt	(1,206,289)	(1,303,731)
Amount financed by deferred contributions	(7,493,598)	(7,762,890)
	$ 918,045	$ 822,850

10. Change in equity invested in capital assets

	2022	2021
Deficiency of revenue over expenses		
Amortization of deferred contributions related to capital assets	$ 282,579	$ 294,670
Amortization of capital assets	(355,691)	(371,125)
	$ (73,112)	$ (76,455)
Net change in investment in capital assets		
Capital assets purchased, net of contribution	$ 70,865	$ 3,348
Repayment of long-term debt	97,442	44,407
	$ 168,307	$ 47,755

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11. Supplemental cash flow information

Change in non-cash operating working capital

	2022	2021
Receivables	**$ (7,349)**	$ 52,569
Prepaids	**6,916**	10,851
Payables and accruals	**158,450**	93,924
Deferred revenue	**163,075**	683,603
	$ 321,092	$ 840,947

12. Defined contribution plan

The Organization has contributed $130,758 (2021 – $116,490) to the employees' defined contribution plan for the year ended March 31, 2022.

13. Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposures and concentrations at March 31, 2022.

Credit risk

Credit risk is the risk of loss associated with a counterpart's inability to fulfil its payment obligations. The Organization's credit risk is attributable to receivables of $187,599 (2021 - $180,250). Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

Liquidity risk

Liquidity risk is the risk that the Organization will be unable to meet its contractual obligations and financial liabilities. The Organization's liquidity risk is attributable to payables of $563,337 (2021 - $404,887) and long-term debt of $1,206,289 (2021 - $1,303,731). The Organization manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

Market risk

Market risk is the risk of loss that may arise from changes in market factors, such as foreign exchange and changes in equities quoted in an active market. Management believes that the market risk concentration with respect to financial liabilities is remote.

14. Impact of COVID-19

Since December 2019, the spread of COVID-19 severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced significant volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. In 2022, COVID-19 and related government restrictions negatively impacted operations, revenues and net financial results for certain fee-based programs (Licensed Child Care, After School Programs, and Wellness Center).

The Organization confirmed its eligibility to receive funding from the government under the Canada Emergency Wage Subsidy (CEWS) program. Under the CEWS program, the Company is entitled to receive a subsidy up to 75% of an employee's wages - up to a set amount per week. In the 2022 fiscal year, the Organization received $200,834 (2021 - $494,934) in CEWS funding.

15. Related party transactions

The Organization has related party transactions with two different aspects. There are related party transactions with the Board of Directors, and there are related party transactions with Y Canada.

Related party transactions with the Board of Directors are limited to fees collected from any member of the Board that is a member of the YMCA.

Related party transactions with the Y Canada include:

- All YMCA's pay 1.76% of all revenues earned to Y Canada. The total amount of allocations to the Y Canada is $31,161.
- The YMCA of CB is set up on a payment plan with Y Canada to pay off the costs related to the old membership software that did not end up being used.

16. Comparative figures

Certain of the comparative figures have been adjusted to confirm with the presentation adopted for 2022.