



Financial Statements

YMCA of Cape Breton

March 31, 2024

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Independent auditor's report

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

Membertou, Canada
July 4, 2024

Grant Thornton LLP
Chartered Professional Accountants

YMCA of Cape Breton Statement of operations

Year ended March 31	General Fund	Opportunity Fund	Total 2024	Total 2023
Revenue				
After school	\$ 390,711	\$ -	\$ 390,711	\$ 168,326
Concession sales	6,952	-	6,952	3,890
Donations	-	193,437	193,437	417,183
Federal funding	820,899	-	820,899	795,677
Grants	196,625	-	196,625	-
Investment income	89,766	-	89,766	8,364
Membership	2,163,616	-	2,163,616	1,664,200
Municipal funding	2,303	-	2,303	-
Preschool	257,767	-	257,767	414,742
Programming	221,803	-	221,803	172,412
Province of Nova Scotia	5,481,880	-	5,481,880	5,081,870
Rentals	24,582	-	24,582	10,940
United Way	73,163	-	73,163	69,600
YMCA funding	68,062	-	68,062	-
Y Lotto revenue	-	-	-	28,014
	<u>9,798,129</u>	<u>193,437</u>	<u>9,991,566</u>	<u>8,835,218</u>
Expenditures				
Administrative fee	55,572	-	55,572	66,083
Advertising	68,146	671	68,817	68,206
Allocations	107,242	-	107,242	154,553
Bad debts (recovery) expense	7,361	-	7,361	51,199
Community support	-	152,397	152,397	51,444
Insurance	105,267	-	105,267	77,959
Interest on long-term debt	66,974	-	66,974	65,400
Bank charges	80,894	-	80,894	65,122
Professional fees	181,142	-	181,142	186,845
Professional development	116,341	-	116,341	128,322
Repairs and maintenance	499,069	-	499,069	429,275
Rent	319,523	-	319,523	256,720
Salaries and benefits	6,597,458	67,883	6,665,341	5,682,994
Supplies and equipment	461,777	19,429	481,206	366,188
Technology subscription	54,392	-	54,392	21,297
Technical support	81,531	-	81,531	89,411
Telephone	127,528	-	127,528	117,717
Travel and meals	65,683	668	66,351	76,571
Utilities	305,926	-	305,926	311,335
Y Lotto prizes	-	-	-	17,330
	<u>9,301,826</u>	<u>241,048</u>	<u>9,542,874</u>	<u>8,283,971</u>
	<u>496,303</u>	<u>(47,611)</u>	<u>448,692</u>	<u>551,247</u>
Amortization of deferred contributions related to capital assets	404,280	-	404,280	335,419
Amortization of capital assets	(447,379)	-	(447,379)	(378,960)
	<u>(43,099)</u>	<u>-</u>	<u>(43,099)</u>	<u>(43,541)</u>
Excess of revenues over expenditures	<u>\$ 453,204</u>	<u>\$ (47,611)</u>	<u>\$ 405,593</u>	<u>\$ 507,706</u>

See accompanying notes to the financial statements.

YMCA of Cape Breton

Statement of financial position

March 31	General Fund	Opportunity Fund	2024	2023
Assets				
Current				
Cash and cash equivalents (Note 3)	\$ 2,697,177	\$ -	\$ 2,697,177	\$ 2,329,696
Receivables (Note 4)	493,625	-	493,625	282,602
Marketable securities	657,330	-	657,330	395,149
Prepays	51,003	-	51,003	42,509
	<u>3,899,135</u>	<u>-</u>	<u>3,899,135</u>	<u>3,049,956</u>
Capital assets (Note 5)	<u>11,033,563</u>	<u>-</u>	<u>11,033,563</u>	<u>10,124,423</u>
	<u>\$ 14,932,698</u>	<u>\$ -</u>	<u>\$ 14,932,698</u>	<u>\$ 13,174,379</u>
Liabilities				
Current				
Payables and accruals (Note 6)	\$ 717,641	\$ -	\$ 717,641	\$ 1,065,864
Due (from) to Opportunity Fund	245,195	(245,195)	-	-
Deferred revenue (Note 7)	2,040,283	-	2,040,283	1,097,649
Current portion of long-term debt (Note 8)	32,653	-	32,653	30,610
	<u>3,035,772</u>	<u>(245,195)</u>	<u>2,790,577</u>	<u>2,194,123</u>
Long-term debt (Note 8)	1,061,593	-	1,061,593	1,093,690
Deferred contributions (Note 9)	8,791,107	-	8,791,107	8,002,738
	<u>12,888,472</u>	<u>(245,195)</u>	<u>12,643,277</u>	<u>11,290,551</u>
Equity (Page 5)				
Investment in capital assets (Note 10)	1,148,210	-	1,148,210	997,385
Unrestricted	896,016	245,195	1,141,211	886,443
	<u>2,044,226</u>	<u>245,195</u>	<u>2,289,421</u>	<u>1,883,828</u>
	<u>\$ 14,932,698</u>	<u>\$ -</u>	<u>\$ 14,932,698</u>	<u>\$ 13,174,379</u>

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

2024

2023

	Investment in Capital <u>Assets</u>	Unrestricted General <u>Fund</u>	Unrestricted Opportunity <u>Fund</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 997,385	\$ 593,637	\$ 292,806	\$1,883,828	\$ 1,376,122
(Deficiency) excess of revenue over expenditures (Note 11)	(43,099)	496,303	(47,611)	405,593	507,706
Net change in investment in capital asset (Note 11)	<u>193,924</u>	<u>(193,924)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$1,148,210</u>	<u>\$ 896,016</u>	<u>\$ 245,195</u>	<u>\$2,289,421</u>	<u>\$ 1,883,828</u>

See accompanying notes to the financial statements.

YMCA of Cape Breton

Statement of cash flows

Year ended March 31

2024

2023

Increase (decrease) in cash and cash equivalents

Operating		
Excess of revenues over expenditures	\$ 405,593	\$ 507,706
Amortization of capital assets	447,379	378,960
Amortization of deferred contributions related to capital assets	<u>(404,280)</u>	<u>(335,419)</u>
	448,692	551,247
Change in non-cash operating working capital (Note 12)	<u>374,894</u>	<u>(217,441)</u>
	<u>823,586</u>	<u>333,806</u>
Investing		
Purchase of marketable securities	(262,181)	(395,149)
Contributions received for purchase of capital assets	1,192,649	844,559
Purchase of capital assets	<u>(1,356,519)</u>	<u>(885,451)</u>
	<u>(426,051)</u>	<u>(436,041)</u>
Financing		
Repayment of long-term debt	<u>(30,054)</u>	<u>(81,989)</u>
Net (decrease) increase in cash and cash equivalents	367,481	(184,224)
Cash and cash equivalents, beginning of year	<u>2,329,696</u>	<u>2,513,920</u>
Cash and cash equivalents, end of year	<u>\$ 2,697,177</u>	<u>\$ 2,329,696</u>
<hr/>		
Cash and cash equivalents comprised of		
Cash	\$ 2,185,871	\$ 1,766,154
Term deposits	<u>511,306</u>	<u>563,542</u>
	<u>\$ 2,697,177</u>	<u>\$ 2,329,696</u>

See accompanying notes to the financial statements.

YMCA of Cape Breton

Notes to the financial statements

March 31, 2024

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.

YMCA of Cape Breton

Notes to the financial statements

March 31, 2024

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
- Marketable securities
- 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.

YMCA of Cape Breton

Notes to the financial statements

March 31, 2024

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

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:

<u>Financial instrument</u>	<u>Measurement</u>
Cash and cash equivalents	Amortized cost (which approximates fair value)
Receivables	Amortized cost
Marketable securities	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 (2023 – \$nil).

YMCA of Cape Breton

Notes to the financial statements

March 31, 2024

4. Receivables	<u>2024</u>	<u>2023</u>
Commodity taxes	\$ 59,815	\$ 32,281
Membership	186,808	164,609
Other	<u>285,771</u>	<u>124,481</u>
	532,394	321,371
Allowance for doubtful accounts	<u>(38,769)</u>	<u>(38,769)</u>
	<u>\$ 493,625</u>	<u>\$ 282,602</u>

5. Capital assets			<u>2024</u>	<u>2023</u>
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>
Building	\$ 12,982,953	\$ 3,969,751	\$ 9,013,202	\$ 8,834,255
Computer equipment	317,515	317,016	499	769
Computer software	122,452	114,032	8,420	16,842
Construction in progress	-	-	-	257,900
Equipment	1,276,399	1,113,860	162,539	176,965
Land	61,971	-	61,971	61,971
Renovations	<u>2,141,769</u>	<u>354,837</u>	<u>1,786,932</u>	<u>775,721</u>
	<u>\$ 16,903,059</u>	<u>\$ 5,869,496</u>	<u>\$ 11,033,563</u>	<u>\$ 10,124,423</u>

6. Payables and accruals	<u>2024</u>	<u>2023</u>
Accruals	\$ 318,164	\$ 452,292
Government remittances	57,624	97,225
Trade	<u>341,853</u>	<u>516,347</u>
	<u>\$ 717,641</u>	<u>\$ 1,065,864</u>

YMCA of Cape Breton

Notes to the financial statements

March 31, 2024

7. Deferred revenue

	<u>2023</u>	Received in <u>2024</u>	Recognized as revenue	<u>2024</u>
Federal funding	\$ 114,569	\$ 620,987	\$ 566,299	\$ 169,257
Provincial funding	711,545	5,244,983	4,393,443	1,563,085
Other - grants	105,137	326,959	281,032	151,064
Other - memberships	166,399	-	9,522	156,877
	<u>\$ 1,097,650</u>	<u>\$ 6,192,929</u>	<u>\$5,250,296</u>	<u>\$ 2,040,283</u>

8. Long-term debt

	<u>2024</u>	<u>2023</u>
Toronto Dominion Bank		
6.37% loan, repayable in monthly instalments of \$1,876, including interest, maturing November 2042	\$ 247,522	\$ 253,709
6.35% loan, repayable in monthly instalments of \$4,297, including interest, maturing November 2042	562,552	578,414
6.36% loan, repayable in monthly instalments of \$2,172, including interest, maturing November 2042	<u>284,172</u>	<u>292,177</u>
	1,094,246	1,124,300
Less current portion	<u>32,653</u>	<u>30,610</u>
	<u>\$ 1,061,593</u>	<u>\$ 1,093,690</u>

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

2025	\$ 32,653
2026	\$ 35,057
2027	\$ 37,615
2028	\$ 40,339
2029	\$ 43,239

As security, the Organization has provided a first mortgage on specific land and building having a net book value of \$8,631,199, 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.

YMCA of Cape Breton

Notes to the financial statements

March 31, 2024

9. 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.

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 8,002,738	\$ 7,493,598
Contributions received	<u>1,192,649</u>	<u>844,559</u>
	9,195,387	8,338,157
Less: amortized amounts	<u>404,280</u>	<u>335,419</u>
	<u>\$ 8,791,107</u>	<u>\$ 8,002,738</u>

10. Investment in capital assets

	<u>2024</u>	<u>2023</u>
Capital assets	\$ 11,033,563	\$ 10,124,423
Amounts financed by long-term debt	<u>(1,094,246)</u>	<u>(1,124,300)</u>
Amount financed by deferred contributions	<u>(8,791,107)</u>	<u>(8,002,738)</u>
	<u>\$ 1,148,210</u>	<u>\$ 997,385</u>

11. Change in equity invested in capital assets

	<u>2024</u>	<u>2023</u>
Deficiency of revenue over expenses		
Amortization of deferred contributions related to capital assets	\$ 404,280	\$ 335,419
Amortization of capital assets	<u>(447,379)</u>	<u>(378,960)</u>
	<u>\$ (43,099)</u>	<u>\$ (43,541)</u>
Net change in investment in capital assets		
Capital assets purchased, net of contribution	\$ 163,870	\$ 40,892
Repayment of long-term debt	<u>30,054</u>	<u>81,989</u>
	<u>\$ 193,924</u>	<u>\$ 122,881</u>

YMCA of Cape Breton

Notes to the financial statements

March 31, 2024

12. Supplemental cash flow information

	<u>2024</u>	<u>2023</u>
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Change in non-cash operating working capital

Receivables	\$ (211,023)	\$ (95,003)
Prepays	(8,494)	(26,101)
Payables and accruals	(348,223)	502,527
Deferred revenue	<u>942,634</u>	<u>(598,864)</u>
	<u>\$ 374,894</u>	<u>\$ (217,441)</u>

13. Defined contribution plan

The Organization has contributed \$207,032 (2023 – \$187,625) to the employees' defined contribution plan for the year ended March 31, 2024.

14. 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, 2024.

(a) 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. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

(b) 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 and long-term debt of. The Organization manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

(c) 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.

YMCA of Cape Breton

Notes to the financial statements

March 31, 2024

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 \$101,757.

16. Comparative figure

Certain of the 2023 figures have been adjusted to conform to changes in the current year presentation.
