



Financial Statements

YMCA of Cape Breton

March 31, 2023

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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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at March 31, 2023 and 2022. 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 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  
September 21, 2023



Chartered Professional Accountants

## YMCA of Cape Breton Statement of operations

Year ended March 31	General Fund	Opportunity Fund	Total 2023	Total 2022
<b>Revenue</b>				
Federal funding	\$ 677,023	\$ -	\$ 677,023	\$ 490,705
Wage Subsidy	-	-	-	200,834
Province of Nova Scotia	5,081,870	-	5,081,870	3,618,171
Membership	1,770,384	-	1,770,384	1,144,254
Programming	172,022	-	172,022	181,209
Preschool	361,111	-	361,111	460,149
After school	221,956	-	221,956	82,234
Rentals	10,940	-	10,940	5,826
Investment income	8,364	-	8,364	917
Y Lotto revenue	-	28,014	28,014	100,970
Donations	-	430,044	430,044	15,902
Concession sales	3,890	-	3,890	2,265
United Way	69,600	-	69,600	20,568
Insurance claim proceeds	-	-	-	20,026
	<u>8,377,160</u>	<u>458,058</u>	<u>8,835,218</u>	<u>6,344,030</u>
<b>Expenditures</b>				
Administrative fee	66,877	-	66,877	35,620
Advertising	81,494	-	81,494	30,499
Allocations	154,553	-	154,553	61,777
Bad debts (recovery) expense	8,016	-	8,016	(28,711)
Community support	-	51,444	51,444	32,200
Cost of goods for resale	2,103	-	2,103	-
Insurance	77,958	-	77,958	49,891
Interest on long-term debt	65,400	-	65,400	50,786
Bank charges	64,418	704	65,122	51,868
Professional fees	179,153	-	179,153	102,335
Professional development	38,127	70	38,197	39,839
Repairs and maintenance	429,275	-	429,275	379,363
Rent	256,719	-	256,719	155,277
Salaries and benefits	5,679,579	3,415	5,682,994	4,319,333
Supplies and equipment	448,388	35,781	484,169	372,442
Technology subscription	21,297	-	21,297	-
Technical support	96,247	-	96,247	65,377
Telephone	117,717	-	117,717	82,488
Travel and meals	76,571	-	76,571	17,663
Utilities	311,335	-	311,335	232,798
Y Lotto prizes	-	17,330	17,330	48,343
	<u>8,175,227</u>	<u>108,744</u>	<u>8,283,971</u>	<u>6,099,188</u>
	<u>201,933</u>	<u>349,314</u>	<u>551,247</u>	<u>244,842</u>
Amortization of deferred contributions related to capital assets	335,419	-	335,419	282,579
Amortization of capital assets	(378,960)	-	(378,960)	(355,691)
	<u>(43,541)</u>	<u>-</u>	<u>(43,541)</u>	<u>(73,112)</u>
Excess of revenues over expenditures	<u>\$ 158,392</u>	<u>\$ 349,314</u>	<u>\$ 507,706</u>	<u>\$ 171,730</u>

See accompanying notes to the financial statements.

# YMCA of Cape Breton

## Statement of financial position

March 31	General Fund	Opportunity Fund	2023	2022
<b>Assets</b>				
Current				
Cash and cash equivalents (Note 3)	\$ 2,210,219	\$ 119,477	\$ 2,329,696	\$ 2,513,920
Receivables (Note 4)	282,602	-	282,602	187,599
Marketable securities	395,149	-	395,149	-
Prepays	<u>42,509</u>	<u>-</u>	<u>42,509</u>	<u>16,408</u>
	2,930,479	119,477	3,049,956	2,717,927
Capital assets (Note 5)	<u>10,124,423</u>	<u>-</u>	<u>10,124,423</u>	<u>9,617,932</u>
	<u>\$ 13,054,902</u>	<u>\$ 119,477</u>	<u>\$ 13,174,379</u>	<u>\$ 12,335,859</u>
<b>Liabilities</b>				
Current				
Payables and accruals (Note 6)	\$ 1,065,864	\$ -	\$ 1,065,864	\$ 563,337
Due (from) to Opportunity Fund	173,329	(173,329)	-	-
Deferred revenue	1,097,649	-	1,097,649	1,696,513
Current portion of long-term debt (Note 7)	<u>30,610</u>	<u>-</u>	<u>30,610</u>	<u>102,266</u>
	2,367,452	(173,329)	2,194,123	2,362,116
Long-term debt (Note 7)	1,093,690	-	1,093,690	1,104,023
Deferred contributions (Note 8)	<u>8,002,738</u>	<u>-</u>	<u>8,002,738</u>	<u>7,493,598</u>
	<u>11,463,880</u>	<u>(173,329)</u>	<u>11,290,551</u>	<u>10,959,737</u>
<b>Equity (Page 5)</b>				
Investment in capital assets (Note 9)	997,385	-	997,385	918,045
Unrestricted	<u>593,637</u>	<u>292,806</u>	<u>886,443</u>	<u>458,077</u>
	<u>1,591,022</u>	<u>292,806</u>	<u>1,883,828</u>	<u>1,376,122</u>
	<u>\$ 13,054,902</u>	<u>\$ 119,477</u>	<u>\$ 13,174,379</u>	<u>\$ 12,335,859</u>

On behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes to the financial statements.

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**YMCA of Cape Breton**  
**Statement of changes in net assets**

Year ended March 31

**2023**

**2022**

	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	\$ 918,045	\$ 514,585	\$ (56,508)	<b>\$1,376,122</b>	\$ 1,204,392
(Deficiency) excess of revenue over expenditures (Note 10)	(43,541)	201,933	349,314	<b>507,706</b>	171,730
Net change in investment in capital asset (Note 10)	<u>122,881</u>	<u>(122,881)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<b><u>\$ 997,385</u></b>	<b><u>\$ 593,636</u></b>	<b><u>\$ 292,806</u></b>	<b><u>\$1,883,828</u></b>	<b><u>\$ 1,376,122</u></b>

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See accompanying notes to the financial statements.

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# YMCA of Cape Breton

## Statement of cash flows

Year ended March 31

2023

2022

Increase (decrease) in cash and cash equivalents

<b>Operating</b>		
Excess of revenues over expenditures	\$ 507,706	\$ 171,730
Amortization of capital assets	378,960	355,691
Amortization of deferred contributions related to capital assets	<u>(335,419)</u>	<u>(282,579)</u>
	551,247	244,842
Change in non-cash operating working capital (Note 11)	<u>(217,441)</u>	<u>321,092</u>
	<u>333,806</u>	<u>565,934</u>
<b>Investing</b>		
Purchase of marketable securities	(395,149)	-
Contributions received for purchase of capital assets	844,559	13,287
Purchase of capital assets	<u>(885,451)</u>	<u>(84,152)</u>
	<u>(436,041)</u>	<u>(70,865)</u>
<b>Financing</b>		
Repayment of long-term debt	<u>(81,989)</u>	<u>(97,442)</u>
Net (decrease) increase in cash and cash equivalents	(184,224)	397,627
Cash and cash equivalents, beginning of year	<u>2,513,920</u>	<u>2,116,293</u>
Cash and cash equivalents, end of year	<u>\$ 2,329,696</u>	<u>\$ 2,513,920</u>
<hr/>		
Cash and cash equivalents comprised of		
Cash	\$ 1,766,154	\$ 1,957,220
Term deposits	<u>563,542</u>	<u>556,700</u>
	<u>\$ 2,329,696</u>	<u>\$ 2,513,920</u>

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See accompanying notes to the financial statements.



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# YMCA of Cape Breton

## Notes to the financial statements

March 31, 2023

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### 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.

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### 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.

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# YMCA of Cape Breton

## Notes to the financial statements

March 31, 2023

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### 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.

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# YMCA of Cape Breton

## Notes to the financial statements

March 31, 2023

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### 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:

<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.

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### 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 (2022 – \$nil).

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## YMCA of Cape Breton

### Notes to the financial statements

March 31, 2023

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4. Receivables	<u>2023</u>	<u>2022</u>
Membership	\$ 164,609	\$ 123,717
Commodity taxes	32,281	46,819
Other	<u>124,481</u>	<u>52,132</u>
	321,371	222,668
Allowance for doubtful accounts	<u>(38,769)</u>	<u>(35,069)</u>
	<u>\$ 282,602</u>	<u>\$ 187,599</u>

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5. Capital assets			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 61,971	\$ -	\$ 61,971	\$ 61,971
Building	12,538,979	3,704,724	8,834,255	9,107,479
Renovations	995,681	219,960	775,721	300,160
Equipment	1,252,041	1,075,076	176,965	120,099
Computer equipment	317,515	316,746	769	1,180
Computer software	122,452	105,610	16,842	27,043
Construction in progress	<u>257,900</u>	<u>-</u>	<u>257,900</u>	<u>-</u>
	<u>\$ 15,546,539</u>	<u>\$ 5,422,116</u>	<u>\$ 10,124,423</u>	<u>\$ 9,617,932</u>

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6. Payables and accruals	<u>2023</u>	<u>2022</u>
Trade	\$ 968,639	\$ 476,400
Government remittances	<u>97,225</u>	<u>86,937</u>
	<u>\$ 1,065,864</u>	<u>\$ 563,337</u>

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## YMCA of Cape Breton

### Notes to the financial statements

March 31, 2023

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7. Long-term debt	<u>2023</u>	<u>2022</u>
Toronto Dominion Bank		
6.37% loan, repayable in monthly instalments of \$1,876, including interest	\$ 253,709	\$ 274,368
6.35% loan, repayable in monthly instalments of \$4,297, including interest	578,414	621,260
6.36% loan, repayable in monthly instalments of \$2,172, including interest	<u>292,177</u>	<u>310,661</u>
	<u>1,124,300</u>	1,206,289
Less current portion	<u>30,610</u>	<u>102,266</u>
	<u>\$ 1,093,690</u>	<u>\$ 1,104,023</u>

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

2024	\$ 30,610
2025	\$ 32,585
2026	\$ 34,698
2027	\$ 37,056
2028	\$ 39,596

As security, the Organization has provided a first mortgage on specific land and building having a net book value of \$8,896,226, 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.

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# YMCA of Cape Breton

## Notes to the financial statements

March 31, 2023

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### 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.

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 7,493,598	\$ 7,762,890
Contributions received	<u>844,559</u>	<u>13,287</u>
	8,338,157	7,776,177
Less: amortized amounts	<u>335,419</u>	<u>282,579</u>
	<u>\$ 8,002,738</u>	<u>\$ 7,493,598</u>

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### 9. Investment in capital assets

	<u>2023</u>	<u>2022</u>
Capital assets	\$ 10,124,423	\$ 9,617,932
Amounts financed by long-term debt	<u>(1,124,300)</u>	<u>(1,206,289)</u>
Amount financed by deferred contributions	<u>(8,002,738)</u>	<u>(7,493,598)</u>
	<u>\$ 997,385</u>	<u>\$ 918,045</u>

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### 10. Change in equity invested in capital assets

	<u>2023</u>	<u>2022</u>
Deficiency of revenue over expenses		
Amortization of deferred contributions related to capital assets	\$ 335,419	\$ 282,579
Amortization of capital assets	<u>(378,960)</u>	<u>(355,691)</u>
	<u>\$ (43,541)</u>	<u>\$ (73,112)</u>
Net change in investment in capital assets		
Capital assets purchased, net of contribution	\$ 40,892	\$ 70,865
Repayment of long-term debt	<u>81,989</u>	<u>97,442</u>
	<u>\$ 122,881</u>	<u>\$ 168,307</u>

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# YMCA of Cape Breton

## Notes to the financial statements

March 31, 2023

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11. Supplemental cash flow information	<u>2023</u>	<u>2022</u>
Change in non-cash operating working capital		
Receivables	\$ (95,003)	\$ (7,349)
Prepays	(26,101)	6,916
Payables and accruals	502,527	158,450
Deferred revenue	<u>(598,864)</u>	<u>163,075</u>
	<u>\$ (217,441)</u>	<u>\$ 321,092</u>

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### 12. Defined contribution plan

The Organization has contributed \$148,835 (2022 – \$130,758) to the employees' defined contribution plan for the year ended March 31, 2023.

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### 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, 2023.

#### 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.

#### 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.

#### 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.

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# YMCA of Cape Breton

## Notes to the financial statements

March 31, 2023

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### 14. 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 \$150,144.