

YMCA OF PICTOU COUNTY
Financial Statements
December 31, 2021



MacDonald &
Murphy Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Members of YMCA of Pictou County

Opinion

We have audited the financial statements of YMCA of Pictou County (the organization), which comprise the statement of financial position as at December 31, 2021, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2021, 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 Opinion

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 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 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 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.



Independent Auditor's Report to the To the Members of YMCA of Pictou County (*continued*)

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.

New Glasgow, Nova Scotia
May 26, 2022

*MacDonald &
Murphy Inc.*
Chartered Professional Accountants

YMCA OF PICTOU COUNTY
Statement of Revenues and Expenditures
Year Ended December 31, 2021

	Total 2021	Total 2020
Revenues		
Memberships and health, fitness, recreation and aquatic programs	\$ 988,685	\$ 712,002
Child care centre and afterschool programs	919,626	553,392
Government grants and HST credit	82,805	72,337
Investment income	57,930	76,562
Donations	42,647	74,054
	<u>2,091,693</u>	<u>1,488,347</u>
Expenses		
Administration costs	73,276	163,965
Amortization	27,567	34,562
Bad debts	8,280	1,785
Dues - YMCA	37,094	19,390
Insurance	32,625	28,419
Interest on long term debt	16,338	13,550
Interest on obligations under capital lease	2,221	1,397
Occupancy costs	471,491	409,031
Professional fees	26,566	15,856
Repairs and maintenance	53,299	54,571
Salaries, wages and other benefits	1,673,141	1,360,625
Supplies	174,222	69,408
	<u>2,596,120</u>	<u>2,172,559</u>
Excess (deficiency) of revenues over expenses from operations	<u>(504,427)</u>	<u>(684,212)</u>
Other income		
Canada Emergency Wage Subsidy	316,453	610,512
Pandemic grants	170,398	246,186
Canada Emergency Rent Subsidy	126,947	
Temporary Wage Subsidy		24,956
	<u>613,798</u>	<u>881,654</u>
Excess (deficiency) of revenues over expenses before unrealized gain (loss) on investments	<u>109,371</u>	<u>197,442</u>
Unrealized gain (loss) on investments	<u>205,089</u>	<u>(23,089)</u>
Excess revenue (expenses)	<u>\$ 314,460</u>	<u>\$ 174,353</u>

YMCA OF PICTOU COUNTY
Statement of Changes in Net Assets
Year Ended December 31, 2021

	Operating Fund	Capital Fund	Endowment Fund (note 3)	2021	2020
Net assets - beginning of year	\$ 932,853	\$ 23,565	\$ 516,881	\$ 1,473,299	\$ 1,282,065
Excess revenues	314,460			314,460	174,353
Restricted investment income			18,995	18,995	2,865
Unrealized gain on restricted investments			47,772	47,772	14,016
Repayment of long term debt	(17,700)	17,700			
Repayment of lease obligations	(18,072)	18,072			
Amortization of capital assets	27,567	(27,567)			
Change in net assets	306,225	8,205	66,767	381,227	191,233
Net assets - end of year	\$ 1,239,108	\$ 31,770	\$ 583,648	\$ 1,854,526	\$ 1,473,299

YMCA OF PICTOU COUNTY
Statement of Financial Position
December 31, 2021

	2021	2020
ASSETS		
Current		
Cash	\$ 235,111	\$ 253,216
Accounts receivable (Note 5)	66,849	215,308
Prepaid expenses	10,275	9,327
	<u>312,235</u>	477,851
Capital assets (Note 6)	110,266	137,833
Investments - Unrestricted (Note 7)	2,462,269	1,839,278
Investments - Restricted (Note 8)	583,648	516,881
	<u>\$ 3,468,418</u>	<u>\$ 2,971,843</u>
LIABILITIES		
Current		
Accounts payable and accruals (Note 9)	\$ 526,082	\$ 269,703
Deferred revenue (Note 10)	309,896	279,112
Current portion of obligations under capital lease (Note 11)	18,863	18,072
Current portion of long term debt (Note 13)	17,797	17,712
	<u>872,638</u>	584,599
Deferred revenue (Note 10)	302,818	332,280
Obligations under capital lease (Note 11)	23,054	41,917
Long term payable (Note 12)	165,846	272,427
Long term debt (Note 13)	249,536	267,321
	<u>1,613,892</u>	1,498,544
NET ASSETS		
Operating fund	1,239,108	932,853
Capital fund	31,770	23,565
Endowment fund (Note 3)	583,648	516,881
	<u>1,854,526</u>	1,473,299
	<u>\$ 3,468,418</u>	<u>\$ 2,971,843</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director



YMCA OF PICTOU COUNTY
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
Operating activities		
Cash receipts	\$ 2,863,552	\$ 2,250,795
Cash paid to suppliers and employees	(2,446,543)	(2,184,529)
Interest paid	18,560	14,947
	<u>435,569</u>	<u>81,213</u>
Investing activities		
Proceeds on disposal of capital assets		1,310
Change in value of investments	(417,902)	(76,328)
	<u>(417,902)</u>	<u>(75,018)</u>
Financing activities		
Repayment of Child Care expansion loan	(5,247)	(3,588)
Repayment of Municipality of Pictou County loan	(12,453)	(10,377)
Repayment of obligations under capital lease	(18,072)	(8,750)
	<u>(35,772)</u>	<u>(22,715)</u>
Decrease in cash flow	<u>(18,105)</u>	<u>(16,520)</u>
Cash - beginning of year	<u>253,216</u>	<u>269,736</u>
Cash - end of year	<u>\$ 235,111</u>	<u>\$ 253,216</u>

1. Purpose of the organization

YMCA of Pictou County (the "organization") is a not-for-profit organization incorporated provincially under the Societies Act of Nova Scotia. As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The YMCA of Pictou County is part of a worldwide fellowship dedicated to the growth of persons in spirit, mind and body through programs such as physical activity for youth and adults, adult education, leadership training, co-programming with other associations, child care, and other social programs.

2. Summary of significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Cash and cash equivalents

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

Basis of accounting

Revenue and expenses are recorded on the accrual basis. Revenue related to services to be provided in the future is deferred until that accounting period.

Investments

All gains and losses from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in the fund that owned the assets.

Income from investments is accounted for in the fund owning the assets.

Fund accounting

The operating fund consists of revenue and expenses related to programs and administrative activities.

The capital fund reports on assets and liabilities related to the organizations' capital assets.

The endowment fund consists of a donation from Citizens for a Healthy Pictou County. The principal amount is restricted in perpetuity. Investment income earned in the fund is available to finance specific operations programming (note 3)

Revenue recognition

Member fees are recognized as revenue proportionately over the fiscal year to which they relate. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Capital contributions

Capital contributions are recognized as a reduction of the asset cost when purchased. External funding approved for expenses is recognized as revenue when the expense is incurred.

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2. Summary of significant accounting policies (*continued*)

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of capital assets;
- the estimated useful lives of assets;
- the allowance for doubtful accounts;
- the recoverability of tangible assets;
- the recoverability of long term investments;

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Furniture and equipment	20% declining balance method
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The organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Financial instrument measurement

Financial instruments consist of cash, term deposits, investments, accounts receivable, trade accounts payable, accrued liabilities and long term debt. They are classified and measured in accordance with CPA Handbook Part II Section 3856.

Long term debt is initially measured at fair value. All other financial instruments are considered to be carried at amounts which approximate fair value.

3. Endowment fund

As part of the agreement with Citizens for a Healthy Pictou County, the organization will accumulate 5% of investment income earned during each year as endowment capital. The remaining 95% of investment income can be used at the discretion of the organization to finance specific operations programming.

	Endowment capital	Investment income	2021	2020
Beginning of year	\$ 500,143	\$ 16,738	\$ 516,881	\$ 500,000
Investment income for the year		18,995	18,995	2,865
5% of investment income	950	(950)		
Unrealized gain on investments		47,772	47,772	14,016
End of year	\$ 501,093	\$ 82,555	\$ 583,648	\$ 516,881

4. Financial instruments

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization 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 organization has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable and accruals.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The organization is exposed to this risk in respect of its marketable securities.

(d) Currency risk

Currency risk is the risk to the organization that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is exposed to foreign currency exchange risk through its foreign marketable securities. The organization does not use derivative instruments to reduce its exposure to foreign currency risk.

(e) Interest rate risk

(continues)

4. Financial instruments (continued)

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its marketable securities and credit facilities.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

5. Accounts receivable

	2021	2020
Federal and Provincial Government subsidies	\$ 49,073	\$ 89,202
Accounts receivable - general	11,991	40,919
Investment income accrual	9,939	9,939
Allowance for doubtful accounts	(4,154)	(14,452)
Membership agreement		89,700
	\$ 66,849	\$ 215,308

6. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Furniture and equipment	\$ 390,286	\$ 280,020	\$ 110,266	\$ 137,833

7. Investments - Unrestricted

	2021	2020
Long term investments, at cost	\$ 2,101,991	\$ 1,684,090
Unrealized change in market value	360,278	155,188
Market value	\$ 2,462,269	\$ 1,839,278

An unrestricted portfolio of investments, comprised of a mix of high interest savings, longer term fixed income and equity securities.

YMCA OF PICTOU COUNTY
Notes to Financial Statements
Year Ended December 31, 2021

8. Investments - Restricted

	<u>2021</u>	<u>2020</u>
Long term investments, at cost	\$ 521,861	\$ 502,865
Unrealized change in market value	61,787	14,016
Market value	<u>\$ 583,648</u>	<u>\$ 516,881</u>

A restricted portfolio of investments, comprised of a mix of high interest savings and equity securities.

9. Accounts payable

	<u>2021</u>	<u>2020</u>
Accounts payable and accruals	\$ 243,111	\$ 253,933
HST payable (receivable)	(21,373)	(10,927)
Employee source deductions payable	32,251	26,697
Current portion of Wellness Centre payable (a)	<u>272,093</u>	
	<u>\$ 526,082</u>	<u>\$ 269,703</u>

(a) Due to the pandemic, the organization and Pictou County Wellness Centre have agreed to defer shortfall re-payments until January 1, 2023. See note 12.

10. Deferred revenue

	<u>2021</u>	<u>2020</u>
Deferred revenue - Membership and Child Care	\$ 89,764	\$ 78,377
Child Care Centre and After School program grants	110,126	90,728
Child Care Centre (a)	294,463	320,638
Child Care Centre loan - discount on initial recognition	37,817	41,105
Unrestricted funding	51,929	51,929
Strategic Growth Child Care funding	<u>28,615</u>	<u>28,615</u>
Total deferred revenue	<u>612,714</u>	<u>611,392</u>
Long term portion		
Child Care Centre - long term portion (a)	268,289	294,463
Child Care Centre loan - discount on initial recognition - long term portion	<u>34,529</u>	<u>37,817</u>
Total long term portion of deferred revenue	<u>302,818</u>	<u>332,280</u>
Current portion of deferred revenue	<u>\$ 309,896</u>	<u>\$ 279,112</u>

(a) During 2013, the YMCA of Pictou County received a loan from the Nova Scotia Housing Development Corporation which is to be used for the child care centre. Of the total proceeds received of \$697,987, 25% is considered repayable (note 13), and the remaining 75% is forgivable over a term of 20 years, recognizing \$2,181 as government grant revenue each month. The forgivable portion will be fully recognized as income in March 2033.

11. Obligations under capital lease

	<u>2021</u>	<u>2020</u>
Lease bearing interest at 4.35% per annum, repayable in monthly blended payments of \$1,691. The lease matures on February 1, 2024 and is secured by specific equipment with a net book value of \$44,660.	\$ 41,917	\$ 59,989
Amounts payable within one year	<u>(18,863)</u>	<u>(18,072)</u>
	<u>\$ 23,054</u>	<u>\$ 41,917</u>

Future minimum capital lease payments are approximately:

2022	\$ 18,863
2023	18,015
2024	<u>5,039</u>
Total minimum payments	<u>\$ 41,917</u>

12. Commitments

Commencing in November of the 2012 fiscal year, the YMCA of Pictou County entered into an operating agreement with the Pictou County Wellness Centre Building Authority Incorporated. The agreement is for a period of 25 years, requiring monthly payments that include rental of office, fitness, pool, and child care spaces, loan repayments (note 13), and the YMCA's proportionate share of utilities and other common costs. Proportionate share is based on the YMCA's ratio of floor area to that of the entire facility, or 29.31%. At the end of the 25 year period, the cost of the furniture, fixtures and equipment will be repaid, and at that time the operating agreement will be renegotiated.

Commencing in July of the 2018 fiscal year, the YMCA of Pictou County entered into an agreement with the Pictou County Wellness Centre Building Authority Incorporated. The Shortfall Repayment Agreement addresses the operating shortfall regarding terms that existed for the first five year term of the operating agreement which concluded March 31, 2018. The YMCA of Pictou County will repay the shortfall amount with quarterly instalments of \$68,106 beginning April 1, 2022 until January 1, 2023.

The YMCA of Pictou County has entered into a 5 year agreement to lease premises to house a new child care centre. Under terms of the agreement the organization is committed to annual payments of \$66,000 which commenced March 1, 2020. The agreement does not provide for any options for renewal at the end of the five year term.

13. Long term debt

	<u>2021</u>	<u>2020</u>
Nova Scotia Housing Development Corporation loan with a stated interest rate of 1%, repayable in monthly blended payments of \$802, due July, 2033, net of unamortized fair value discount of \$37,817 (2019 - \$41,105) calculated using an effective interest rate of prime + 3%. The loan is secured by a general security agreement including a first priority and sole security interest in all of the personal property.	\$ 67,045	\$ 72,292
Equipment loan with a stated interest rate of 0%, payable \$2,030 monthly, due January, 2038, net of unamortized fair value discount of \$191,406 (2020 - \$203,307) calculated using an effective interest rate of prime + 3%. The loan is secured by equipment with net book value of \$65,606.	<u>200,288</u>	212,741
	267,333	285,033
Amounts payable within one year	<u>(17,797)</u>	(17,712)
	\$ 249,536	\$ 267,321
Principal repayment terms are approximately:		
2022	\$ 17,797	
2023	17,883	
2024	17,969	
2025	18,056	
2026	<u>195,616</u>	
	\$ 267,321	

On initial recognition of the loans, the organization adjusts non-market rates of interest to fair value using the commercial borrowing rate of prime + 3%. The organization recognizes the difference (discount) between the stated value and the fair value of the loan over the term of the loan, using the effective interest method. During the year, the organization incurred \$16,339 (2020 - \$13,551) of interest on long term debt, including amortization of the discounts of \$15,189 (2020 - \$15,189).

14. Membership assistance

The organization provides financial assistance to a number of its afterschool program members as well as for families, adults, youth and seniors. The organization provides these members assistance, without expectation of payment, based on their assessed need.

The value of the financial assistance provided has been determined to be \$6,235 (2020 - \$12,828) for the child care, day camps & afterschool program while the value for general members has been determined as \$67,510 (2020 - \$64,692).

15. Government assistance

In response to the COVID-19 pandemic, the Government of Canada created the Canada Emergency Wage Subsidy ("CEWS"), Temporary Wage Subsidy and the Canada Emergency Rent Subsidy ("CERS"). The organization has assessed there is reasonable assurance that they are in compliance with the eligibility conditions related to the subsidies and that the grants received for the eligible periods during the year ended December 31, 2021 is appropriate.

The organization also received Child Care and Afterschool operational grants from the Province of Nova Scotia to maintain operations as a result of a closure during the pandemic.

16. Other matter

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at the financial statement date, the organization is aware of changes in its operations as a result of the COVID-19 crisis.

There have been and continue to be no going concern issues as a result of the pandemic.

17. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.