THE EXPLOITS VALLEY
YOUNG MEN'S CHRISTIAN ASSOCIATION

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To The Members
The Exploits Valley Young Men's Christian Association

Qualified Opinion
I have audited the financial statements of The Exploits Valley Young Men's Christian Association (the Organization), which comprise the statement of financial position as at December 31, 2021, and the statement of operations, statement of net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion
I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The organization has experienced difficulty with its billing software during the year resulting in excessive accumulation of balances in accounts receivable, deferred revenue, childcare revenue, and Battcock Manor revenue. The Organization has made adjustments to correct the errors but accordingly I was unable to determine if any additional adjustment was required to revenue, accounts receivable, current year surplus and accumulated surplus.

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 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Exploits Valley Young Men's Christian Association's internal control.*
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Exploits Valley Young Men's Christian Association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause The Exploits Valley Young Men's Christian Association to cease to continue as a going concern.*
- *Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*

I 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 I identify during my audit.

Grand Falls-Windsor, NL
DATE

Chartered Professional Accountant
Chartered Accountant

THE EXPLOITS VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 365,998	$ 199,470
Accounts receivable, net of allowance for doubtful accounts $ 58,903 (2020 - $58,903)	21,351	-
Government assistance receivable	-	256,734
Due from NLHC (Note 5)	12,571	14,783
Harmonized sales tax	18,690	27,804
Prepaid expenses	11,971	9,668
	430,581	508,459
INTERNALLY RESTRICTED CASH (Note 3)	82,241	76,811
TANGIBLE CAPITAL ASSETS UNDER CONSTRUCTION (Note 12)	687,151	504,136
TANGIBLE CAPITAL ASSETS (Note 4)	257,643	278,577
DEFERRED FINANCING COSTS	1,739	2,897
	$1,459,355	$1,370,880
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 410,746	$ 311,443
Accrued vacation pay	16,816	17,777
Accrued wages	20,167	52,165
Deferred revenue (Note 6)	9,719	49,892
Current maturity on long term debt	12,162	11,342
	469,610	442,619
LONG TERM DEBT (Note 7)	158,588	130,750
	628,198	573,369
NET ASSETS		
INVESTMENT IN CAPITAL ASSETS	814,044	640,621
INTERNALLY RESTRICTED	82,241	76,811
UNRESTRICTED	(65,128)	80,079
	831,157	797,511
	$1,459,355	$1,370,880

COMMITMENTS (Note 12)

Signed on behalf of the board.

_____, *Chairperson* _____, *Treasurer*

The accompanying notes form an integral part of this financial statement.

THE EXPLOITS VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
REVENUE		
Recreation Centre (Note 9)	$ 438,213	$ 365,879
Child Care Centres	1,497,466	1,457,352
Battcock Manor	83,733	72,263
Fundraising	3,971	5,168
Government assistance	235,887	329,087
Bank interest	299	952
	2,259,569	2,230,701
EXPENSES		
Wages and benefits	1,494,764	1,400,888
Electricity	216,678	238,241
YMCA fees	41,094	25,191
Professional fees	11,693	11,384
Staff and volunteer training	2,510	6,665
Advertising and promotion	20,400	8,398
Maintenance and cleaning	91,789	65,465
Rent	99,030	102,184
Other occupancy costs	40,528	47,217
Childcare transportation	35,690	28,810
Supplies	66,768	70,163
Communications	17,130	17,141
Insurance	19,568	17,737
Bank fees and CLASS fees	11,620	10,741
Interest on long term debt	9,586	7,788
Consumable equipment	2,739	7,702
Fees and dues	1,813	2,465
Software support and development fees	12,785	34,275
Depreciation	20,934	24,783
Provision for doubtful accounts	8,804	4,825
	2,225,923	2,132,063
EXCESS OF REVENUE OVER EXPENSES	$ 33,646	$ 98,638

The accompanying notes form an integral part of this financial statement.

THE EXPLOITS VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION

STATEMENT OF CHANGE IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Invested In Capital Assets	Internally Restricted	Unrestricted	2021	2020
Balance, beginning of year	$ 640,621	$ 76,811	$ 80,079	$ 797,511	
Excess of revenue over expenses	(20,934)	258	54,322	33,646	
Capital expenditure from unrestricted resources	-	-	-	-	
Capital expenditure from restricted sources	183,015	(183,015)	-	-	
Proceeds from long term debt	-	-	-	-	
Repayment of long term debt	11,342	-	(11,342)	-	
Cash transfer - net	-	188,187	(188,187)	-	
	$ 814,044	$ 82,241	$(65,128)	$ 831,157	

	Invested In Capital Assets	Internally Restricted	Unrestricted	2020
Balance, beginning of year	$ 573,882	$ 147,197	$(22,206)	$ 698,873
Excess of revenue over expenses	(24,783)	943	122,478	98,638
Capital expenditure from unrestricted resources	16,538	-	(16,538)	-
Capital expenditure from restricted sources	67,076	(67,076)	-	-
Proceeds from long term debt	(-)		-	-
Repayment of long term debt	7,908	-	(7,908)	-
Cash transfer - net	-	(4,253)	4,253	-
	$ 640,621	$ 76,811	$ 80,079	$ 797,511

The accompanying notes form an integral part of this financial statement.

THE EXPLOITS VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
CASH WAS DERIVED FROM (USED FOR)		
Operating		
Excess of revenue over expenses	$ 33,646	$ 98,638
Non-cash items, depreciation	20,934	24,783
, deferred financing costs	1,158	-
, provision for CEBA forgiveness	(20,000)	-
	35,738	123,421
Changes in non-cash working capital		
Accounts receivable	(21,351)	7,058
Government assistance receivable	256,734	(256,734)
Harmonized sales tax	2,212	(24,994)
Due to NLHC	9,114	(2,349)
Prepaid expenses	(2,303)	(704)
Accounts payable	99,303	176,110
Accrued vacation pay	(961)	3,799
Accrued wages	(31,998)	(808)
Deferred revenue	(40,173)	(136,472)
	306,315	(111,673)
Investing		
Purchase of tangible capital assets	-	-
Tangible capital assets under construction	(183,015)	(83,614)
Internally restricted cash	(5,430)	70,386
	(188,445)	(13,228)
Financing		
Proceeds from long term debt	60,000	-
Repayment of long term debt	(11,342)	(7,908)
	48,658	(7,908)
INCREASE (DECREASE) IN CASH	166,528	(132,809)
CASH, BEGINNING OF YEAR	199,470	332,279
CASH END OF YEAR	$365,998	$199,470
CASH CONSISTS OF		
Cash	$365,998	$199,470

The accompanying notes form an integral part of this financial statement.

THE EXPLOITS VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

	2021	2020

1. PURPOSE OF THE ORGANIZATION

The Exploits Valley Young Men's Christian Association is a charity, offering opportunities for personal growth in spirit, mind and body through participation and service to the community.

2. ACCOUNTING POLICY

The financial statements were prepared in accordance with Canadian generally accepted accounting standards for not for profit entities and include the following significant accounting policies:

(a) Cash consists of cash on hand and balances with bank including authorized overdrafts and recurring operating loans. Cash components included in the cash flow statement is detailed thereon. Internally restricted cash is not considered a component of cash.

(b) Amortization was provided on tangible capital assets at the following rates per annum using the declining balance method.

Buildings	4%
Land improvements	8%
Leasehold improvements	20%
Equipment	20, 30%

© Estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made to excess of revenue over expenses as appropriate in the year they become known.

(d) Financial Instruments

The organization initially measures financial instruments at fair value, except for certain non-arms length transactions. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for equity investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement provided it is no greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs are recognized in net income in the period incurred.

THE EXPLOITS VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

	2021	2020

2. ACCOUNTING POLICY (Cont'd)

(e)Revenue Recognition

Revenue is recognized using the deferral basis of accounting.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts and after eliminated revenues within the organization. Revenue is recognized on the following basis:

(i)Sales of goods - retail

Sales of goods are recognized when products are sold to the customer. Retail sales are usually in cash or by credit card.

(ii)Sales of services

Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iii)Grant revenue

Restricted contributions received for operating expenses are recognized as revenue in the year the expenses are incurred.

(f)Tangible capital assets are recorded as an asset addition in the year of purchase. Grants received towards the purchase of property, plant and equipment are deferred and amortized on the same basis as the underlying asset.

(g)The value of donated goods, services and labour is not reflected in the financial statements.

3. INTERNALLY RESTRICTED CASH

The organization has designated short term guaranteed investment certificates as internally restricted funds for use on future capital expenditures. Internally restricted cash consists of:

Current account	$ 82,241	$ 76,811

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Depreciation		
Land	$ 44,272	$ -	$ 44,272	$ 44,272
Land improvements	13,350	9,049	4,301	4,674
Leasehold improvements	33,386	25,917	7,469	9,337
Building	358,828	206,570	152,258	158,602
Equipment	612,354	563,011	49,343	61,692
Equipment not being amortized	138,134	138,134	-	-
	$1,200,324	$ 942,681	$257,643	$278,577

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

	2021	2020
5. PAYABLE TO NLHC		
Balance, beginning	$(14,783)	$(12,434)
Advances received	15,400	15,000
Settlement of prior year amounts	5,847	-
Repayments	(7,500)	-
Replacement reserve flowthrough expenditures	-	-
Excess of revenue over expenses	(11,535)	(17,349)
	$(12,571)	$(14,783)

The organization has entered into an agreement with Newfoundland and Labrador Housing Corporation (NLHC) to oversee administration of Battcock Manor. Under the terms of the agreement, any surplus in excess of a prescribed amount is repayable to NLHC.

6. DEFERRED REVENUE		
Government grants	$ 9,719	$ 26,892
Membership, childcare, housing fees	-	23,000
Program revenue Recreation Centre	-	-
	$ 9,719	$ 49,892

7. LONG TERM DEBT		
CBDC Central		
7% term loan repayable by blended payments of $1,744 commencing January 2021, secured by real estate under construction, due 2029	$130,750	$142,092
Bank of Nova Scotia		
Non-interest bearing Canada Emergency Business Account (CEBA), secured by organization guarantee, due December 2023	60,000	-
	190,750	142,092
Provision for CEBA forgiveness	20,000	-
Current maturities	12,162	11,342
	$158,588	$130,750

Estimated principal payments on long term debt for the next five years are as follows:

2022	12,162
2023	53,041
2024	13,963
2025	14,993
2026	14,993

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

8. OTHER

The Exploits Valley Young Men's Christian Association (Exploits Valley YMCA) signed an agreement with the Town of Grand Falls-Windsor to manage the Francis M. Nichols Community Centre which the YMCA currently occupies. The Exploits Valley YMCA is responsible for operating expenses of the facility. The amount of operating grant paid by the Town in return for the management services during the year was $60,000 (2020 - $60,000). Ownership of the building and mortgage liabilities remain with the Town.

9. RECREATION CENTRE REVENUE

	2021	*2020*
Health, fitness, recreation (HFR)	*$ 13,141*	*$ 15,458*
Aquatics	*37,598*	*23,532*
Memberships	*325,864*	*265,959*
Miscellaneous	*1,610*	*930*
Town of Grand Falls-Windsor operating grant (Note 7)	*60,000*	*60,000*
	$ 438,213	*$365,879*

10. FINANCIAL INSTRUMENTS & RISK MANAGEMENT

The organization carries various forms of financial instruments. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

11. EMPLOYEE FUTURE BENEFITS

The organization has a defined contribution pension plan providing pension benefits to most of its full time employees. The amount recorded as an expense for the year is $62,648 (2020 - $55,047) and is included in Wages and benefits on the statement of operations.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

12. COMMITMENTS

The organization has entered into lease agreements for the use of real estate.

The organization operates a fitness facility in the Francis M. Nichols Community Centre. No rent is charged for use of this facility. The organization has a right to occupy this facility which expires on December 31, 2025.

The organization operates various childcare facilities out of schools operated by the Newfoundland and Labrador English School District. The right to use these facilities is determined on a year to year basis. No rent is paid for the use of these facilities.

The organization leases two childcare facilities on a year to year basis at the total rate of $2,800 per annum.

The organization leases certain another childcare facility on a month to month basis at the rate of $7,766 per month

The organization has committed to the purchase of a modular building to house an extension to it's childcare facility. The estimated total cost of this project is $687,151. Cumulative deposits paid on the project to December 31, 2021 are $687,151, and have been funded by restricted cash. The remaining project cost is anticipated to be funded by restricted cash plus operating profits.

13. COVID-19

During the year and subsequent to year end the COVID-19 pandemic had a negative impact on the organization. For certain periods early in 2021, the pandemic forced closure of the Recreation Centre. To offset the impact, the organization was forced to lay off staff of the Recreation Centre and implement other cost savings actions. When the Recreation Centre was reopened additional costs were incurred with respect to managing threats associated with this virus. Furthermore membership revenue for the Recreation Centre was not charged during the closure and the return of membership revenue to pre COVID-19 levels has not yet been achieved.

The child care operations of the organization has not been severely impacted financially.

The organization feels confident in its ability to manage risk and financial issues associated with COVID-19.