

***THE EXPLOITS VALLEY  
YOUNG MEN'S CHRISTIAN ASSOCIATION***

***FINANCIAL STATEMENTS***

***AS AT DECEMBER 31, 2022***

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1.

## **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, 2022, 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, 2022, 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 2021 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, and beginning 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**  
**June 22, 2023**

  
**Chartered Professional Accountant**  
**Chartered Accountant**

**THE EXPLOITS VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION**

3.

**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 373,405	\$ 365,998
Accounts receivable, net of allowance for doubtful accounts \$ 70,526 (2021 - \$64,766)	4,719	21,351
Due from NLHC (Note 5)	4,612	12,571
Harmonized sales tax	29,632	18,690
Prepaid expenses	13,354	11,971
	<hr/>	<hr/>
	425,722	430,581
INTERNALLY RESTRICTED CASH (Note 3)	10,065	82,241
TANGIBLE CAPITAL ASSETS UNDER CONSTRUCTION (Note 12)	-	687,151
TANGIBLE CAPITAL ASSETS (Note 4)	1,114,385	257,643
DEFERRED FINANCING COSTS	1,160	1,739
	<hr/>	<hr/>
	\$1,551,332	\$1,459,355
	<hr/>	<hr/>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 468,751	\$ 410,746
Accrued vacation pay	13,348	16,816
Accrued wages	28,649	20,167
Deferred revenue (Note 6)	100,500	9,719
Current maturity on long term debt	53,041	12,162
	<hr/>	<hr/>
	664,289	469,610
	<hr/>	<hr/>
LONG TERM DEBT (Note 7)	105,548	158,588
	<hr/>	<hr/>
	769,837	628,198
	<hr/>	<hr/>
<b>NET ASSETS</b>		
INVESTMENT IN CAPITAL ASSETS	995,796	814,044
INTERNALLY RESTRICTED	10,065	82,241
UNRESTRICTED	( 224,366 )	( 65,128 )
	<hr/>	<hr/>
	781,495	831,157
	<hr/>	<hr/>
	\$1,551,332	\$1,459,355
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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

4.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
<b>REVENUE</b>		
Recreation Centre (Note 9)	\$ 547,686	\$ 438,213
Child Care Centres	1,697,919	1,497,466
Battcock Manor	104,243	83,733
Fundraising	4,229	3,971
Government assistance	76,281	235,887
Bank interest	7,348	299
	<u>2,437,706</u>	<u>2,259,569</u>
<b>EXPENSES</b>		
Wages and benefits	1,652,582	1,494,764
Electricity	216,766	216,678
YMCA fees	43,222	41,094
Professional fees	8,170	11,693
Staff and volunteer training	8,842	2,510
Advertising and promotion	21,136	20,400
Maintenance and cleaning	114,988	91,789
Rent	88,788	99,030
Other occupancy costs	47,170	40,528
Childcare transportation	35,260	35,690
Supplies	113,374	66,768
Communications	21,612	17,130
Insurance	21,592	19,568
Bank fees and CLASS fees	14,884	11,620
Interest on long term debt	9,346	9,586
Consumable equipment	3,827	2,739
Fees and dues	507	1,813
Software support and development fees	14,331	12,785
Depreciation	32,023	20,934
Provision for doubtful accounts	18,948	8,804
	<u>2,487,368</u>	<u>2,225,923</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ ( 49,662 )</u>	<u>\$ 33,646</u>

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

STATEMENT OF CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>			<u>2021</u>
	<i>Invested In Capital Assets</i>	<i>Internally Restricted</i>	<i>Unrestricted</i>	
<i>Balance, beginning of year</i>	\$ 814,044	\$ 82,241	\$( 65,128 )	\$ 831,157
<i>Excess of revenue over expenses</i>	( 32,023 )	46	( 17,685 )	( 49,662 )
<i>Capital expenditure from unrestricted resources</i>	125,554	-	( 125,554 )	-
<i>Capital expenditure from restricted sources</i>	76,059	( 76,059 )	-	-
<i>Repayment of long term debt</i>	12,162	-	( 12,162 )	-
<i>Cash transfer - net</i>	-	3,837	( 3,837 )	-
	<u>\$ 995,796</u>	<u>\$ 10,065</u>	<u>\$( 224,366 )</u>	<u>\$ 781,495</u>
	<i>Invested In Capital Assets</i>	<i>Internally Restricted</i>	<i>Unrestricted</i>	
<i>Balance, beginning of year</i>	\$ 640,621	\$ 76,811	\$ 80,079	\$ 797,511
<i>Excess of revenue over expenses</i>	( 20,934 )	258	54,322	33,646
<i>Capital expenditure from unrestricted resources</i>	-	-	-	-
<i>Capital expenditure from restricted sources</i>	183,015	( 183,015 )	-	-
<i>Proceeds from long term debt</i>	-	-	-	-
<i>Repayment of long term debt</i>	11,342	-	( 11,342 )	-
<i>Cash transfer - net</i>	-	188,187	( 188,187 )	-
	<u>\$ 814,044</u>	<u>\$ 82,241</u>	<u>\$( 65,128 )</u>	<u>\$ 831,157</u>

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

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
<b>CASH WAS DERIVED FROM (USED FOR)</b>		
<i>Operating</i>		
Excess of revenue over expenses	\$( 49,662 )	\$ 33,646
Non-cash items, depreciation	32,023	20,934
, deferred financing costs	579	1,158
, provision for CEBA forgiveness	-	( 20,000 )
	<u>( 17,060 )</u>	<u>35,738</u>
<i>Changes in non-cash working capital</i>		
Accounts receivable	16,632	( 21,351 )
Government assistance receivable	-	256,734
Harmonized sales tax	( 10,942 )	2,212
Due to NLHC	7,959	9,114
Prepaid expenses	( 1,383 )	( 2,303 )
Accounts payable	58,005	99,303
Accrued vacation pay	( 3,468 )	( 961 )
Accrued wages	8,482	( 31,998 )
Deferred revenue	90,781	( 40,173 )
	<u>149,006</u>	<u>306,315</u>
<i>Investing</i>		
Purchase of tangible capital assets		-
Tangible capital assets under construction	(201,613 )	(183,015 )
Internally restricted cash	72,176	( 5,430 )
	<u>(129,437 )</u>	<u>(188,445 )</u>
<i>Financing</i>		
Proceeds from long term debt	-	60,000
Repayment of long term debt	( 12,162 )	( 11,342 )
	<u>( 12,162 )</u>	<u>48,658</u>
<b>INCREASE (DECREASE) IN CASH</b>	<u>7,407</u>	<u>166,528</u>
<b>CASH, BEGINNING OF YEAR</b>	<u>365,998</u>	<u>199,470</u>
<b>CASH END OF YEAR</b>	<u>\$ 373,405</u>	<u>\$ 365,998</u>
<b>CASH CONSISTS OF</b>		
Cash	<u>\$ 373,405</u>	<u>\$ 365,998</u>

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



## NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

20222021**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.*

<i>Buildings</i>	<i>4%</i>
<i>Land improvements</i>	<i>8%</i>
<i>Leasehold improvements</i>	<i>20%</i>
<i>Equipment</i>	<i>20, 30%</i>

**(c) 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.*

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

2022

2021

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	\$ 10,065	\$ 82,241
	<u>          </u>	<u>          </u>

4. TANGIBLE CAPITAL ASSETS.

	<u>Cost</u>	<u>Accumulated Depreciation</u>		
Land	\$ 44,272	\$ -	\$ 44,272	\$ 44,272
Land improvements	13,350	9,393	3,957	4,301
Leasehold improvements	33,386	27,411	5,975	7,469
Building	1,231,515	225,268	1,006,247	152,258
Equipment	628,432	574,498	53,934	49,343
Equipment not being amortized	138,134	138,134	-	-
	<u>\$2,089,089</u>	<u>\$ 974,704</u>	<u>\$ 1,114,385</u>	<u>\$ 257,643</u>

## NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
<b>5. PAYABLE TO NLHC</b>		
<i>Balance, beginning</i>	\$( 12,571 )	\$( 14,783 )
<i>Advances received</i>	13,600	15,400
<i>Settlement of prior year amounts</i>	32,965	5,847
<i>Repayments</i>	-	( 7,500 )
<i>Replacement reserve flowthrough expenditures</i>	-	-
<i>Excess of revenue over expenses</i>	( 38,606 )	( 11,535 )
	<u>\$( 4,612 )</u>	<u>\$( 12,571 )</u>

*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.*

<b>6. DEFERRED REVENUE</b>		
<i>Government grants</i>	\$ 98,642	\$ 9,719
<i>Membership, childcare, housing fees</i>	-	-
<i>Program revenue Recreation Centre</i>	1,858	-
	<u>\$ 100,500</u>	<u>\$ 9,719</u>

<b>7. LONG TERM DEBT</b>		
<i>CBDC Central</i>		
<i>7% term loan repayable by blended payments of \$1,744 commencing January 2022, secured by real estate under construction, due 2029</i>	\$ 118,589	\$ 130,750
<i>Bank of Nova Scotia</i>		
<i>Non-interest bearing Canada Emergency Business Account (CEBA), secured by organization guarantee, due December 2023</i>	60,000	60,000
	<u>178,589</u>	<u>190,750</u>
<i>Provision for CEBA forgiveness</i>	20,000	20,000
<i>Current maturities</i>	53,041	12,162
	<u>\$ 105,548</u>	<u>\$ 158,588</u>

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

2023	\$ 53,041
2024	13,963
2025	14,993
2026	16,077
2027	17,239

**THE EXPLOITS VALLEY YOUNG MEN'S CHRISTIAN ASSOCIATION**

10.

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>8. OTHER</b>		
<i>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 (2021 - \$60,000). Ownership of the building and mortgage liabilities remain with the Town.</i>		
<b>9. RECREATION CENTRE REVENUE</b>		
<i>Health, fitness, recreation (HFR)</i>	\$ 18,628	\$ 13,141
<i>Aquatics</i>	44,991	37,598
<i>Memberships</i>	422,407	325,864
<i>Miscellaneous</i>	1,660	1,610
<i>Town of Grand Falls-Windsor operating grant (Note 8)</i>	60,000	60,000
	<u>\$ 547,686</u>	<u>\$ 438,213</u>

**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 \$62,041 (2021 - \$62,648) and is included in Wages and benefits on the statement of operations.*

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2022**

**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 \$4,515 per month*

**13. COVID-19**

*The organization feels confident in its ability to manage risk and financial issues associated with the residual issues that may arise from COVID-19 pandemic.*