YMCA of Northeast Avalon Inc.
Financial Statements
August 31, 2024

Contents

Management's Responsibility

To the Board of YMCA of Northeast Avalon Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. The Committee is also responsible for recommending the appointment of the Association's external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

December 23, 2024

e-Signed by Jason Brown
2024-12-23 21:08:45:45 GMT

Chief Executive Officer

e-Signed by Chrissy Harvey
2024-12-23 21:15:44:44 GMT

Chief Financial Officer

Independent Auditor's Report

To the Board of YMCA of Northeast Avalon Inc.:

Qualified Opinion

We have audited the financial statements of YMCA of Northeast Avalon Inc. (the "Association"), which comprise the statement of financial position as at August 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at August 31, 2024, 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

In common with many charitable organizations, the Association derives revenue from donations 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 entity and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, deferred capital contributions, current assets and net assets as at August 31, 2024.

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 Association 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 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 Association’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 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.

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.

Mount Pearl, Newfoundland and Labrador

MNP LLP

December 23, 2024

Chartered Professional Accountants

YMCA of Northeast Avalon Inc.
Statement of Financial Position
As at August 31, 2024

	2024	2023
Assets		
Current		
Cash *(Note 3)*	**2,617,403**	2,189,404
Guaranteed investment certificate *(Note 4)*	**1,000,000**	-
Accounts receivable *(Note 5)*	**579,644**	690,212
Prepaid expenses	**246,012**	87,984
Inventory	**18,082**	20,936
	4,461,141	2,988,536
Intangible assets *(Note 6)*	**12,196**	34,623
Property, plant and equipment *(Note 7) (Note 8), (Note 9), (Note 10)*	**11,670,847**	12,011,185
	16,144,184	15,034,344
Liabilities		
Current		
Accounts payable and accruals *(Note 12)*	**804,837**	392,953
Deferred revenue *(Note 13)*	**2,266,756**	1,712,793
Deferred revenue - childcare fees paid by parents and membership fees	**103,413**	138,660
Current portion of long-term debt *(Note 14)*	**290,777**	280,483
Current portion of capital lease obligations *(Note 15)*	**91,083**	68,562
	3,556,866	2,593,451
Long-term debt *(Note 14)*	**9,107,483**	9,398,259
Capital lease obligations *(Note 15)*	**215,248**	186,895
Deferred revenue - Building Capital Fund *(Note 16)*	**4,835,534**	5,037,019
	17,715,131	17,215,624
Commitments (Note 18)		
Contingency (Note 22)		
Net Assets	**(1,570,947)**	(2,181,280)
	16,144,184	15,034,344

Approved on behalf of the Board

e-Signed by Jennifer Button
2024-12-24 19:13:09:09 GMT
Director

e-Signed by Natalie Hand
2024-12-24 22:15:55:55 GMT
Director

The accompanying notes are an integral part of these financial statements

YMCA of Northeast Avalon Inc.
Statement of Operations
For the year ended August 31, 2024

	2024	*2023*
Revenue *(Note 17)*		
Employment, Enterprise, and Newcomer Projects - Schedule 1	**3,285,184**	2,899,593
General Administration	**378,596**	329,522
Health, Fitness, Aquatics, Child Care and Day Camp	**14,269,461**	10,630,846
Philanthropy and Miscellaneous Grants	**173,942**	123,353
	18,107,183	13,983,314
Expenses		
Employment, Enterprise, and Newcomer Projects - Schedule 1	**2,970,086**	2,437,489
General Administration	**1,378,704**	1,117,453
Health, Fitness, Aquatics, Child Care and Day Camp	**12,053,685**	9,088,600
Philanthropy and Miscellaneous Grants	**156,863**	51,411
	16,559,338	12,694,953
Excess of revenue over expenses before other items	**1,547,845**	1,288,361
Other expenses		
Amortization	**(608,944)**	(621,547)
Interest on long term debt	**(316,720)**	(324,983)
Interest on obligations under capital lease	**(11,848)**	(14,292)
	(937,512)	(960,822)
Excess of revenue over expenses	**610,333**	327,539

The accompanying notes are an integral part of these financial statements

YMCA of Northeast Avalon Inc.
Statement of Changes in Net Assets
For the year ended August 31, 2024

	2024	*2023*
Net assets, beginning of year	**(2,181,280)**	(2,508,819)
Excess of revenue over expenses	**610,333**	327,539
Net assets, end of year	**(1,570,947)**	(2,181,280)

The accompanying notes are an integral part of these financial statements

YMCA of Northeast Avalon Inc.
Statement of Cash Flows
For the year ended August 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**610,333**	327,539
Amortization	**608,944**	621,547
Amortization of deferred revenue - building capital fund	**(201,485)**	(210,000)
	1,017,792	739,086
Changes in working capital accounts		
Accounts receivable	**110,568**	(379,826)
Inventory	**2,854**	(26)
Prepaid expenses	**(158,028)**	(47,206)
Accounts payable and accruals	**411,882**	81,493
Deferred revenue	**553,963**	153,055
Deferred revenue - childcare and memberships	**(35,247)**	7,879
	1,903,784	554,455
Financing		
Proceeds of capital lease obligations	**119,436**	-
Repayment of capital lease obligations	**(68,562)**	(65,284)
Repayment of long-term debt	**(280,482)**	(272,220)
	(229,608)	(337,504)
Investing		
Purchase of property, plant and equipment	**(246,177)**	(79,015)
Increase in cash resources	**1,427,999**	137,936
Cash resources, beginning of year	**2,189,404**	2,051,468
Cash resources, end of year	**3,617,403**	2,189,404
Cash resources are composed of:		
Cash	**2,617,403**	2,189,404
Guaranteed investment certificate	**1,000,000**	-
	3,617,403	2,189,404

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

YMCA of Northeast Avalon Inc. (the "Association") was incorporated under the Corporations Act of Newfoundland and Labrador. The Association operated through various Associations since 1854 and has been a charity dedicated to strengthening the foundations of communities by nurturing the potential of children, teens and young adults; promoting healthy living; and fostering social responsibility. By focusing on inclusiveness and accessibility, people of all ages, backgrounds and abilities are served through all stages of life. Through YMCA financial assistance programs, the YMCA is accessible to all. Core offerings include: Childcare, Camps, Aquatics, Health & Fitness, Education, Employment Services, ECE Training Program, Newcomer Services, Volunteer Development, Global Initiatives and Opportunities to Give. The Association is a registered charity under the Income Tax Act of Canada and is therefore exempt from tax.

The Association controls various programs and funded projects throughout the Province of Newfoundland and Labrador. Programs and projects are open to everyone and no one is turned away for inability to pay fees. Programs and projects include:

a) Health, Fitness and Aquatics Membership at the Ches Penney Family YMCA, Marystown YMCA and Central Labrador YMCA locations where revenue is fee for service.

b) Children's Services - regulated child preschool and school age care, pre-kindergarten programs, children's programs, and day camps at various locations. Revenue is fee for service and also receive operating grant funding from the Province of Newfoundland and Labrador.

c) Enterprise Programs - established to assist individuals in the development of business plans and provide counselling to help determine the viability of businesses. This program is partially funded by the Atlantic Canada Opportunities Agency and Province of Newfoundland and Labrador Department of Advanced Education, Skills and Labour.

d) Enterprise Olympics - established for school age students in Newfoundland and Labrador and funded by Employment and Social Development Canada, Atlantic Canada Opportunities Agency, Department of Education - Province of Newfoundland and Labrador and private sponsors.

e) From time to time other programs may be undertaken when funded by external sources. Included in these results are the following programs - Y Digital, Youth Community Action Network (YCAN), International Student Development, Opportunity for All Youth, Youth Guided Employment Opportunities, Y Take the Shot, IRCC and Early Learning Child Care Program (three year program).

f) Charitable contributions - to fund capital and operating expenses including the YMCA Assistance program.

On October 1, 2015 the Association entered into a twenty year operating agreement commencing April 1, 2016 with the Town of Marystown to offer YMCA programs and services at the YMCA facility in the Town of Marystown. The agreement is renewable for an additional period of up to twenty years.

In support of the Association's operations, the Town of Marystown shall provide funding to cover actual operating deficits, if any, incurred by the Association during the term of the Agreement. This funding will occur by way of a monthly operating grant equal in amount to such deficits, if any, determined monthly.

Funding to cover the operating deficits incurred by the Association during the term of the agreement also includes the monthly rent charged by the Town of Marystown to the Association for use of the facility, details of which are disclosed in note 18.

On July 24, 2019 the Association entered into a twenty year operating agreement commencing April 1, 2021 with the Town of Happy Valley-Goose Bay to offer YMCA programs and services at the YMCA facility in the Town of Happy Valley-Goose Bay. The agreement is renewable for an additional period of up to twenty years.

In support of the Association's operations, the Town of Happy Valley-Goose Bay shall provide funding to cover actual operating deficits, if any, incurred by the Association during the term of the Agreement. This funding will occur by way of a monthly operating grant equal in amount to such deficits, if any, determined monthly.

Funding to cover the operating deficits incurred by the Association during the term of the agreement also includes the monthly rent charged by the Town of Happy Valley-Goose Bay to the Association for use of the facility, details of which are disclosed in note 18.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash and cash equivalents are defined as cash on hand, cash on deposit, net of cheques issued and outstanding at the reporting date, bank indebtedness and gift cards. Cash equivalents are also investments in term deposits and Guaranteed Investment Certificates with an original maturity of twelve months or less, and are valued at cost plus accrued interest.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method.

Property, plant and equipment

Property, plant and equipment are recorded at cost. The Association provides for amortization using the following methods at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

	Method	Rate
Buildings	declining balance	4 %
Computer equipment	declining balance and straight-line over 5 years	33 1/3 %
Conditioning equipment	declining balance	10 %
Furniture and equipment	declining balance and straight-line over 5 years	10 %
Leasehold improvements	straight-line	5 years
Parking lot	declining balance	8 %
Conditioning equipment	declining balance and straight-line over 5 years	25 %
Computers under capital lease	declining balance and straight-line over 5 years	33 1/3 %
Conditioning equipment under capital lease	declining balance and straight-line over 5 years	25 %
Furniture & equipment under capital lease	declining balance and straight-line over 5 years	10 %

Purchased property, plant and equipment are stated at cost or deemed cost less accumulated amortization.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

The Association regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are recognized as revenue on the same basis as the related capital assets are amortized.

Furniture and equipment are fully expensed for Enterprise and Employment and Newcomer Projects in the period of acquisition since the Atlantic Canada Opportunities Agency and Government of Canada - Federal contracts fund the majority of these acquisitions and may, at their discretion, direct the disposal of these assets upon completion of the projects. Furniture and equipment are expensed with no amortization and capital reimbursements are recorded as income in the year received.

Furniture and equipment are also expensed with no amortization and capital reimbursements are recorded as income in the year received under government capacity funding received for the childcare centers.

Intangible assets

Intangible assets are recorded at cost. The Association provides for amortization using the straight-line method over five years designed to amortize the cost of the intangible assets over their estimated useful lives.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

YMCA of Northeast Avalon Inc. follows the deferral method of accounting for contributions.

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

Contributions from all sources, except fundraising and bequests, are recognized as revenue when earned if the amount to be received can be reasonably estimated and collection is reasonably assured.

Philantrophy, fundraising and bequests are recognized as revenue when received. Contributions received for a specific program are deferred and recognized as revenue when the related expenditure is incurred.

Membership, courses, party fees, rental, personal training, childcare, day camp, miscellaneous and other revenue are recognized as revenue when earned if the amount to be received can be reasonably estimated and collection is reasonably assured.

Municipal operating funding and municipal rent subsidies are recognized as revenue when earned if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government grants for other than designated projects are recorded as income in the year received when there is reasonable assurance that the Association has complied and will continue to comply with all the necessary conditions to obtain the grant. Government grants for designated projects are recorded as income in the year the related expenditure is incurred.

Contributions received for the Building Capital Campaign are recognized as revenue on the same basis as the building is amortized.

Contributions received for the Annual Campaign can be used for capital and non-capital expenditures. Funds spent on capital expenditures are recognized as revenue on the same basis as the related capital assets are amortized. Funds spent on non-capital expenditures are recognized as revenue when the expenditures are incurred.

Financial instruments policy

The Association recognizes financial instruments when the Association becomes party to the contractual provisions of the financial instrument.

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods financial instruments are reported at amortized cost and tested for impairment at each reporting date.

Financial assets subsequently measured at amortized cost includes cash, guaranteed investment certificates, and accounts receivable.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, and long term debt.

Transaction costs are recognized in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance and assumption.

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 impairment, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets and intangible assets. Accrued liabilities are based on historical charges for unbilled goods and services at year-end.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Pension costs

Employees of the Association are eligible for membership in the Association's defined contribution pension plan after two years of consecutive employment. The pension plan is administered by Manulife. Contributions to this plan are required from both the employees and the Association. The annual contributions to this pension plan are recognized as an expense and amount to $156,396 in the 2024 fiscal year (2023 - $147,021).

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lessor of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a declining balance or straight line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

3. Internally restricted cash

After year end, the Board of the Association has imposed an internal restriction of $500,000 in cash held by the Association. These funds are restricted for strategic priorities and future capital expenditures and upgrades.

4. Guaranteed investment certificate

The Association holds an investment in a cashable guaranteed investment certificate (GIC) with Toronto Dominion Bank. The GIC has a maturity date of August 6, 2025, earning interest at 3.50% per annum.

5. Accounts receivable

	2024	*2023*
Trade and other receivables	**168,486**	216,610
Enterprise, Employment, and Newcomer Services receivable	**30,061**	149,040
HST refund receivable	**51,254**	18,355
Town of Happy Valley-Goose Bay	**119,547**	231,408
Town of Marystown	**77,922**	74,799
Town of Placentia	**132,374**	-
	579,644	690,212

6. Intangible assets

	2024	*2023*
Intangible assets having definite lives		
Software development costs	**112,148**	112,148
Accumulated amortization	**(99,952)**	(77,525)
	12,196	34,623

Amortization of $22,426 (2023 – $22,426), related to intangible assets with definite lives, is included in current year earnings. Amortization is straight line over 5 years.

7. Property, plant and equipment (Total)

	Cost	***Accumulated amortization***	***2024 Net book value***	*2023 Net book value*
Land	**451,901**	**-**	**451,901**	451,901
Buildings	**17,739,564**	**7,288,497**	**10,451,067**	10,886,529
Computer equipment	**471,737**	**441,312**	**30,425**	21,171
Conditioning equipment	**693,632**	**667,757**	**25,875**	12,911
Furniture and equipment	**1,908,198**	**1,504,180**	**404,018**	379,682
Leasehold improvements	**18,121**	**4,135**	**13,986**	10,459
Parking lot	**98,680**	**65,193**	**33,487**	36,400
	21,381,833	**9,971,074**	**11,410,759**	11,799,053
Assets under capital lease:				
Conditioning equipment under capital lease	**329,620**	**149,351**	**180,269**	141,277
Computer equipment under capital lease	**42,311**	**25,387**	**16,924**	25,386
Furniture and equipment under capital lease	**104,876**	**41,981**	**62,895**	45,469
	476,807	**216,719**	**260,088**	212,132
	21,858,640	**10,187,793**	**11,670,847**	12,011,185

8. Property, plant and equipment - Central Labrador YMCA

The following assets relate to the Central Labrador YMCA:

	Cost	***Accumulated Amortization***	***2024 Net Book Value***	*2023 Net Book Value*
Computers	**42,311**	**25,387**	**16,924**	25,386
Conditioning equipment	**242,190**	**149,351**	**92,839**	141,277
Furniture and equipment	**140,751**	**72,509**	**68,242**	82,709
	425,252	**247,247**	**178,005**	249,372

9. Property, plant and equipment - Marystown YMCA

The following assets relate to the Marystown YMCA:

	Cost	Accumulated Amortization	2024 Net Book Value	2023 Net Book Value
Computers	**37,701**	**37,701**	**-**	-
Conditioning equipment	**307,712**	**307,712**	**-**	4
Furniture and equipment	**97,898**	**90,092**	**7,806**	9,810
	443,311	**435,505**	**7,806**	9,814

10. Property, plant and equipment - Placentia YMCA

	Cost	Accumulated Amortization	2024 Net Book Value	2023 Net Book Value
Computers	**8,445**	**-**	**8,445**	-
Conditioning equipment	**103,624**	**-**	**103,624**	-
Furniture and equipment	**32,007**	**-**	**32,007**	-
	144,076	**-**	**144,076**	-

No amortization recorded on property, plant and equipment of Placentia YMCA as they were not put into use in the year.

11. Bank indebtedness

The Association has a secured (as disclosed in Note 14) operating line of credit with Toronto Dominion Bank of $250,000 which bears interest at the rate of prime plus 1% per annum. The credit available at August 31, 2024 was $250,000 (2023 - $250,000).

12. Accounts payable and accrued liabilities

	2024	2023
Trade and other payables	**743,810**	291,967
HAPSET payable	**19,224**	31,338
Workplace NL payable	**41,803**	34,429
Town of Marystown	**-**	35,219
	804,837	392,953

13. Deferred revenue

Deferred contributions consist of unspent contributions externally restricted for delivery of programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2024	*2023*
Balance, beginning of year	**1,712,793**	1,789,235
Amount received during the year	**10,859,933**	4,746,630
Less: Amount recognized as revenue during the year	**(10,305,970)**	(4,823,072)
Balance, end of year	**2,266,756**	1,712,793

14. Long-term debt

	2024	*2023*
Toronto Dominion Bank term loan bearing interest at 3.33% per annum, repayable in monthly blended principal and interest payments of $49,767. The loan is amortized over 25 years to November 2046, maturing November 23, 2026, and is secured as noted below.	**9,398,260**	9,678,742
Less: Current portion	**290,777**	280,483
	9,107,483	9,398,259

Principal repayments on long-term debt in each of the next five years, are estimated as follows:

	Principal
2025	290,777
2026	300,540
2027	311,373
2028	321,805
2029	332,587
Total	1,557,082
Thereafter	7,841,178

Security:

The term loan and the operating line of credit are secured by a general security agreement representing a first priority charge on all present and future personal property of the Association, a collateral mortgage representing a first priority charge in the amount of $10,510,000 over the real property at 35 Ridge Road, St. John's, NL, Canada with a net book value of $10,902,968 (2023 - $11,338,430), general assignment of rents and leases, an assignment of adequate fire insurance and general liability business insurance on the property at 35 Ridge Road, St. John's, NL, Canada with loss payable to Toronto Dominion Bank.

Covenant:

The Association is to maintain a debt service coverage ratio of not less than 1.10 calculated annually with the audited fiscal year end statements. As at August 31, 2024, the Association was in compliance with this loan covenant.

15. Capital lease obligations

	2024	2023
RBC long term equipment lease bearing interest at 4.91% per annum, repayable in monthly blended payments of $6,631. The lease matures in February, 2027 and is secured by the Association's insurance policy and by the equipment purchased.	**186,895**	255,457
RBC long term equipment lease bearing interest at 6.23% per annum, repayable in monthly blended payments of $2,310. The lease matures in September, 2029 and is secured by the Association's insurance policy and by the equipment purchased.	**119,436**	-
	306,331	255,457
Less: Current portion	**91,083**	68,562
	215,248	186,895

Future minimum lease payments related to the obligation under capital lease are as follows:

2025	91,083
2026	97,711
2027	62,773
2028	25,012
2029	26,616
	303,195
Thereafter	3,136
	306,331

The Association has a revolving lease line of credit with the Royal Bank of Canada of $750,000 (2023 - $750,000). The credit available at August 31, 2024 was $443,669 (2023 - $494,543). The above capital lease obligations are secured by the equipment purchased under the capital leases with a net book value of $260,088 (2023 - $212,132).

16. Deferred revenue - Building Capital Fund

Contributions were received through a Building Capital Campaign Phase 1 and the funds raised were contributed to the construction of the Ches Penney Family YMCA facility.

	2024	2023
Balance, beginning of year	**5,037,019**	5,247,019
Amortization	**(201,485)**	(210,000)
Balance, end of year	**4,835,534**	5,037,019

17. Revenue and contributions by major source

During the year, the Association recognized revenue and contributions from the following sources:

	2024	*2023*
Philanthropy	**156,012**	83,500
Amortization of capital contributions	**201,485**	210,000
Municipal operating funding	**1,033,109**	644,483
Various funding	**53,789**	57,835
Miscellaneous revenue	**139,511**	183,122
Government of Newfoundland and Labrador funding	**7,856,056**	4,862,770
Federal Government funding	**2,829,654**	2,463,150
Membership, courses, party fees, rental, personal training, and other revenue	**3,482,476**	3,269,375
Childcare and day camp	**1,267,586**	1,121,574
Municipal rent subsidies	**1,087,505**	1,087,505
	18,107,183	13,983,314

Government of Newfoundland and Labrador funding was received to deliver various service agreements. These include agreements related to providing childcare services and wage grid payments to ECE staff according to operating grant agreements. There are also agreements related to establishing new childcare locations under capacity funding agreements. In addition to childcare related agreements, there are various agreements established related other services, such as delivering programs to newcomers, delivering programs to international students, and recruiting international ECEs.

18. Lease commitments

The Association leases a recreation facility from the Town of Marystown under a long term lease that expires on September 30, 2035. Under the lease, the Association is required to pay rent of $30,625 plus HST per month for the twenty year term of the lease. The lease contains an option to renew the lease for one renewal term of twenty years. As part of the agreement with the Town of Marystown, the Association receives a Rent Reimbursement in the amount of $30,625 per month for the twenty year term of the lease.

The Association leases a recreation facility from the Town of Happy Valley-Goose Bay under a long term lease that expires on March 31, 2041. Under the lease, the Association is required to pay rent of $60,000 plus HST per month for the twenty year term of the lease. The lease contains an option to renew the lease for one renewal term of twenty years. As part of the agreement with the Town of Happy Valley-Goose Bay, the Association receives a Rent Reimbursement in the amount of $60,000 per month for the twenty year term of the lease.

Beginning September 1, 2024, the Association leases a recreation facility from the Town of Placentia under a long term lease that expires on August 31, 2044. Under the lease, the Association is required to pay rent of $20,000 plus HST per month for the twenty year term of the lease. The lease contains an option to renew the lease for one renewal term of twenty years. As part of the agreement with the Town of Placentia, the Association receives a Rent Reimbursement in the amount of $20,000 per month for the twenty year term of the lease.

The Association leases office space from Regatta Holdings Limited under a rental lease that expires on June 5, 2025. Under the lease, the Association is required to pay rent of $5,179 plus HST per month for the three year term of the lease.

The Association also leases a vehicle under an operating lease that expires in January, 2026. Under the lease, the Association is required to pay $446 plus HST per month for the 5 year term of the lease. The Association also leases three photocopiers under operating leases that expire in October, 2026, April, 2027, and June 2029. Under the leases, the Association is required to pay $102, $110, and $127 plus HST per month for the 5 year term of the leases.

Future minimum lease payments at year end are as follows:

	Lease Payments	*Lease Subsidy*	*Net Lease Payments*	
2025	**1,591,068**	**1,327,500**	**263,568**	-
2026	**1,533,357**	**1,327,500**	**205,857**	-
2027	**1,529,324**	**1,327,500**	**201,824**	-
2028	**1,528,374**	**1,327,500**	**200,874**	-
2029	**1,528,083**	**1,327,500**	**200,583**	-
Subsequent years	**16,301,969**	**14,175,625**	**2,126,344**	-
	24,012,175	**20,813,125**	**3,199,050**	-

19. Financial instruments

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of August 31, 2024.

Credit risk

The Association does have credit risk in accounts receivable of $579,644 (2023 - $690,212). Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from members and other receivables. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of members and funders which minimizes concentration of credit risk.

19. Financial instruments *(Continued from previous page)*

Interest rate risk

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 Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate cash flow risk primarily through its prime interest rate on bank indebtedness and interest rate price risk on the fixed rate debt and capital leases.

Liquidity risk

The Association does have a liquidity risk in the current liabilities of $3,556,866 (2023 - $2,593,451). Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of receipt of funds from its members, contract advances, long term debt, obligations under capital leases, contributions to the pension plan and accounts payable.

20. Related party transactions

All intra-department charges have been eliminated in the Statement of Operations. The intra-department charges are recognized in the Statement of Operations for Enterprise, Employment and Newcomer Services Projects, the Marystown YMCA Branch, the Central Labrador YMCA Branch, and the Placentia YMCA Branch.

These transactions are considered to be in the normal course of business and are measured at the exchange amount; the exchange amount being the amount of consideration established and agreed to by the related parties.

21. Subsequent event

Subsequent to year end, on September 9, 2024, the Association opened a new recreation complex in the Town of Placentia. The Operating Agreement for the operation of the Placentia Recreation Complex has a term of twenty years with the option to renew the lease for one renewal term of twenty years. This facility will increase revenues and expenses of the Association throughout the term of the agreement.

22. Contingency

The Town of Marystown has extended the previous twelve-month notice to terminate without cause the Operating Agreement for the operation of the Marystown Recreation Complex as the Marystown YMCA. The Association is disputing the notice of termination as invalid.

23. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the current year presentation.

The Statement of Operations - Employment, Enterprise, and Newcomer Projects includes intra-department administrative fees of $231,175 (2023 - $295,722) and intra-department rent of $135,919 (2023 - $173,957) which have been eliminated in the Statement of Operations (Note 20).

	2024	*2023*
Revenue		
Grants	**3,285,184**	2,899,593
	3,285,184	2,899,593
Expenditures		
Administration	**231,175**	295,772
Salaries and benefits	**1,273,316**	1,556,390
Supplies and other expenditures	**1,832,689**	1,055,056
	3,337,180	2,907,218
Deficiency of revenues over expenditures	**(51,996)**	(7,625)

The Statement of Operations - Central Labrador includes intra-department contributions to overhead of $201,978 (2023 - $209,157) which have been eliminated in the Statement of Operations (Note 20).

	2024	2023
Revenue		
Health, Fitness & Aquatics - Memberships, day passes and rentals	**985,175**	1,082,140
Rent reimbursement - Note 18	**720,000**	720,000
Town of Happy Valley-Goose Bay Operating Grant	**527,936**	330,942
Grants	**296,804**	211,665
Philanthropy	**8,170**	15,483
Childcare and camps	**68,558**	100,048
	2,606,643	2,460,278
Expenditures		
Maintenance and program supplies	**145,991**	112,228
Overhead expense - administration	**201,978**	209,157
Program administration	**125,217**	163,820
Rent	**774,000**	774,000
Telephone and utilities	**66,961**	70,452
Salaries and benefits	**1,196,472**	1,036,396
	2,510,619	2,366,053
Other expenditures		
Amortization	**85,010**	79,933
Interest on obligations under capital lease	**11,014**	14,292
	96,024	94,225
Deficiency of revenues over expenditures	**-**	-

The Statement of Operations - Marystown includes intra-department contributions to overhead of $77,592 (2023 - $78,623) which have been eliminated in the Statement of Operations (Note 20). The deficit relates to YMCA subsidies to non-Marystown residents.

	2024	2023
Revenue		
Health, Fitness & Aquatics - Memberships, day passes and rentals	**590,952**	574,982
Rent Reimbursement - Note 18	**367,505**	367,505
Town of Marystown Operating Grant	**372,799**	313,541
Grants and miscellaneous	**10,752**	45,646
Rental income	**-**	3,600
Philanthropy	**23,032**	16,866
Camps	**21,859**	14,095
	1,386,899	1,336,235
Expenditures		
Maintenance and program supplies	**88,259**	104,079
Overhead expense - administration	**77,592**	78,623
Program administration	**54,142**	54,669
Rent	**395,068**	395,068
Telephone and utilities	**179,008**	169,134
Salaries and benefits	**604,167**	543,296
	1,398,236	1,344,869
Other expenditures		
Amortization	**1,314**	7,162
	1,314	7,162
Deficiency of revenues over expenditures	**(12,651)**	(15,796)

	2024
Revenue	
Health, Fitness & Aquatics - Memberships, day passes and rentals	687
Town of Placentia Operating Grant	132,374
	133,061
Expenses	
Maintenance and program supplies	21,221
Program administration	64,437
Telephone and utilities	1,285
Salaries and benefits	45,346
	132,289
Other expenditures	
Interest on obligations under capital lease	834
	834
Deficiency of revenues over expenditures	(62)