Consolidated financial statements of

# The Calgary Young Men's Christian Association

December 31, 2019

Deloitte.

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# Independent Auditor's Report

To the Members of
The Calgary Young Men's Christian Association

## Opinion

We have audited the consolidated financial statements of The Calgary Young Men's Christian Association ("YMCA Calgary"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of operations and changes in fund balances and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of YMCA Calgary as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 YMCA Calgary 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 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 YMCA Calgary'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 YMCA Calgary or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing YMCA Calgary'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 GAAS 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 GAAS, 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 YMCA Calgary’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 YMCA Calgary’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 YMCA Calgary 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.

Deloitte LLP

Chartered Professional Accountants
April 7, 2020

# The Calgary Young Men's Christian Association

Consolidated Statement of Operations and Changes in Fund Balances
Year Ended December 31, 2019

| | General Fund | Restricted Fund | Endowment Fund | Total 2019 | Total 2018 |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Revenue** | | | | | |
| Memberships | **30,554,517** | - | - | **30,554,517** | 23,177,875 |
| Programs and services | **19,544,101** | - | - | **19,544,101** | 17,711,063 |
| Government grants | **8,483,660** | - | - | **8,483,660** | 5,808,040 |
| Donations | **2,229,689** | **1,746,246** | **200,936** | **4,176,871** | 3,330,087 |
| Rentals | **2,505,592** | - | - | **2,505,592** | 903,726 |
| United Way of Calgary and Area | **939,407** | - | - | **939,407** | 1,013,544 |
| Capital expenditure fee | - | **274,453** | - | **274,453** | 269,095 |
| Other | **913,681** | **24,500** | - | **938,181** | 606,793 |
| | **65,170,647** | **2,045,199** | **200,936** | **67,416,782** | 52,820,223 |
| **Expenses** | | | | | |
| Salaries and benefits | **37,047,769** | - | - | **37,047,769** | 29,972,487 |
| Building operations | **12,048,066** | - | - | **12,048,066** | 7,744,144 |
| Programs and services | **5,886,422** | - | **6,600** | **5,893,022** | 5,619,936 |
| Administration | **4,704,595** | **97,524** | **24,799** | **4,826,918** | 3,975,364 |
| Communications | **791,319** | - | - | **791,319** | 606,222 |
| Amortization | **6,198,646** | - | - | **6,198,646** | 4,567,089 |
| Asset lifecycle obligation | **4,420,000** | - | - | **4,420,000** | 2,500,000 |
| Impairment on capital assets (Note 6) | **1,564,971** | - | - | **1,564,971** | - |
| | **72,661,788** | **97,524** | **31,399** | **72,790,711** | 54,985,242 |
| **Operating (deficiency) excess of revenue over expenses** | **(7,491,141)** | **1,947,675** | **169,537** | **(5,373,929)** | (2,165,019) |
| Investment income (Note 5) | **942,080** | **106,822** | **1,066,158** | **2,115,060** | 157,851 |
| Gain on disposal of capital assets | **58,067** | - | - | **58,067** | 30,965 |
| **(Deficiency) excess of revenue over expenses** | **(6,490,994)** | **2,054,497** | **1,235,695** | **(3,200,802)** | (1,976,203) |
| Fund balance, beginning of year | **38,609,702** | **2,878,375** | **6,566,354** | **48,054,431** | 50,030,634 |
| Interfund transfers | **3,414,307** | **(3,085,307)** | **(329,000)** | - | - |
| **Fund balance, end of year** | **35,533,015** | **1,847,565** | **7,473,049** | **44,853,629** | 48,054,431 |

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

# The Calgary Young Men's Christian Association

Consolidated Statement of Financial Position

As at December 31, 2019

| | General Fund $ | Restricted Fund $ | Endowment Fund $ | Total 2019 $ | Total 2018 $ |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets | | | | | |
| Cash | **5,746,409** | **58,440** | **223,340** | **6,028,189** | 3,658,208 |
| Restricted cash | **1,692,078** | **816,896** | **-** | **2,508,974** | 4,923,488 |
| Accounts receivable | **1,083,100** | **-** | **-** | **1,083,100** | 821,272 |
| Pledges receivable (Note 3) | **-** | **856,401** | **-** | **856,401** | 783,779 |
| Prepaid expenses | **358,868** | **-** | **-** | **358,868** | 418,229 |
| | **8,880,455** | **1,731,737** | **223,340** | **10,835,532** | 10,604,976 |
| Investments (Note 4) | **12,581,130** | **3,106,571** | **7,304,247** | **22,991,948** | 18,797,586 |
| Capital assets (Note 6) | **36,355,315** | **256,962** | **-** | **36,612,277** | 37,759,150 |
| | **57,816,900** | **5,095,270** | **7,527,587** | **70,439,757** | 67,161,712 |
| **Liabilities** | | | | | |
| Current liabilities | | | | | |
| Accounts payable and accrued liabilities | **4,838,992** | **41,637** | **-** | **4,880,629** | 4,071,397 |
| Due to (from) other funds | **1,375,505** | **(1,430,043)** | **54,538** | **-** | - |
| Current portion of obligations under capital leases (Note 7) | **889,733** | **-** | **-** | **889,733** | 699,663 |
| Unearned revenue (Note 10) | **6,853,039** | **4,636,111** | **-** | **11,489,150** | 10,700,467 |
| | **13,957,269** | **3,247,705** | **54,538** | **17,259,512** | 15,471,527 |
| Deferred capital grants | **510,253** | **-** | **-** | **510,253** | 487,634 |
| Obligations under capital leases (Note 7) | **896,363** | **-** | **-** | **896,363** | 648,120 |
| Asset lifecycle obligation (Note 11) | **6,920,000** | **-** | **-** | **6,920,000** | 2,500,000 |
| | **22,283,885** | **3,247,705** | **54,538** | **25,586,128** | 19,107,281 |
| Commitments (Note 14) | | | | | |
| **Fund balances** | | | | | |
| Internally restricted - invested in capital assets | **36,355,315** | **-** | **-** | **36,355,315** | 31,440,185 |
| Externally restricted | **-** | **1,847,565** | **6,034,273** | **7,881,838** | 8,102,364 |
| Donor restricted endowment funds (Note 8) | **-** | **-** | **1,438,776** | **1,438,776** | 1,342,365 |
| Unrestricted funds | **(822,300)** | **-** | **-** | **(822,300)** | 7,169,517 |
| | **35,533,015** | **1,847,565** | **7,473,049** | **44,853,629** | 48,054,431 |
| | **57,816,900** | **5,095,270** | **7,527,587** | **70,439,757** | 67,161,712 |

Approved by the Board

Tim Dauk _______________ Director    M Alderson. _______________ Director

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

# The Calgary Young Men's Christian Association

Consolidated Statement of Cash Flows

Year Ended December 31, 2019

| | General Fund $ | Restricted Fund $ | Endowment Fund $ | Total 2019 $ | Total 2018 $ |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| (Deficiency) excess of revenue over expenses | (6,490,994) | 2,054,497 | 1,235,695 | (3,200,802) | (1,976,203) |
| Items not affecting cash | | | | | |
| Amortization | 6,198,646 | - | - | 6,198,646 | 4,567,089 |
| Impairment on capital assets | 1,564,971 | - | - | 1,564,971 | - |
| Asset lifecycle obligation | 4,420,000 | - | - | 4,420,000 | 2,500,000 |
| Realized loss (gain) on sale of investments (Note 5) | 41,289 | (1,861) | (82,060) | (42,632) | (340,984) |
| Unrealized gain on investments (Note 5) | (340,220) | (3,627) | (696,427) | (1,040,274) | 795,558 |
| Amortization of deferred capital contributions | (70,857) | - | - | (70,857) | (30,346) |
| Gain on disposal of capital assets | (58,067) | - | - | (58,067) | (30,965) |
| Interfund transfers | 3,414,307 | (3,085,307) | (329,000) | - | - |
| | 8,679,075 | (1,036,298) | 128,208 | 7,770,985 | 5,484,149 |
| Changes in non-cash working capital (Note 9) | 7,938,347 | (5,519,871) | (301,818) | 2,116,658 | 2,162,204 |
| | 16,617,422 | (6,556,169) | (173,610) | 9,887,643 | 7,646,353 |
| **Financing activity** | | | | | |
| Repayment of obligations under capital leases | (1,009,503) | - | - | (1,009,503) | (855,863) |
| **Investing activities** | | | | | |
| Net additions to investments | (3,421,628) | (50,618) | 360,790 | (3,111,456) | (3,069,230) |
| Net additions to capital assets | (9,883,149) | 4,714,221 | - | (5,168,928) | (7,104,840) |
| Changes in accounts payable pertaining to capital assets | (264,878) | 14,969 | - | (249,909) | (1,136,891) |
| Proceeds from disposal of capital assets | 58,067 | - | - | 58,067 | 30,965 |
| Proceeds from capital contributions | 93,476 | - | - | 93,476 | 121,074 |
| Changes in restricted cash | - | 1,870,591 | - | 1,870,591 | 4,111,744 |
| | (13,418,112) | 6,549,163 | 360,790 | (6,508,159) | (7,047,178) |
| Net increase (decrease) in cash | 2,189,807 | (7,006) | 187,180 | 2,369,981 | (256,688) |
| Cash, beginning of year | 3,556,602 | 65,446 | 36,160 | 3,658,208 | 3,914,896 |
| **Cash, end of year** | 5,746,409 | 58,440 | 223,340 | 6,028,189 | 3,658,208 |
| **Supplementary information** | | | | | |
| Equipment acquired under capital lease | | | | 1,447,816 | 800,545 |

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

## 1. Description of the Association

The Calgary Young Men's Christian Association ("YMCA Calgary" or the "Association") is dedicated to facilitating and promoting the spiritual, mental, physical and social development of individuals and to fostering a sense of belonging within the community. YMCA Calgary operates health and wellness facilities, childcare development centres, outdoor camp sites and community programs sites. YMCA Calgary is a registered charity and, as such, is exempt from income and property taxes and may issue tax-deductible receipts to donors.

The consolidated financial statements of the Association include the financial statements of The Calgary YMCA Foundation (the "Foundation"). The Foundation is a public foundation under the Income Tax Act (Canada) and was incorporated in 1990 under the Companies Act of the province of Alberta. The Foundation is a registered charity and, as such, is exempt from income taxes and may issue tax-deductible receipts to donors. On December 31, 2002, the assets of the Foundation were transferred to the Association. The Foundation still exists for purposes of flowing through existing known and unknown bequests for the Association. Thus, the Foundation will continue to operate as a separate entity; however, has been inactive for several years.

## 2. Significant accounting policies

The consolidated financial statements of YMCA Calgary have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") using the restricted fund method of accounting. YMCA Calgary receives funding for special purposes. Accordingly, the consolidated financial statements have been presented in a manner that segregates the balances into a General Fund, a Restricted Fund and an Endowment Fund.

- The General Fund reflects the activities associated with the Association's day-to-day operations.
- The Restricted Fund reflects resources that have been collected through a capital campaign and the development of capital projects, restricted by the board of directors and donors. This fund also includes the collection of capital expenditure fees which are internally restricted until used for capital expenditures of existing facilities.
- The Endowment Fund records the accumulation of endowment contributions that must be maintained in perpetuity. The investment income earned on these funds is expended in accordance with the guidelines approved by the board of directors and donors.

The consolidated financial statements have been prepared using the accounting policies summarized below:

*Revenue recognition*

YMCA Calgary recognizes revenue earned as follows:

*Memberships and capital expenditure fee*

Membership revenue is recognized when received, with the exception of annual memberships paid in advance. For annual memberships paid in advance, membership revenue is initially recorded as unearned revenue and is recognized monthly over the term of the membership in the consolidated statement of operations and changes in fund balances.

New members are also assessed a one-time capital expenditure fee of $45 to $75 (including Goods and Services Tax) for building maintenance costs, which has been reflected in the consolidated statement of operations and changes in fund balances under capital expenditure fee. This fee is recognized as income when received.

## 2. Significant accounting policies (continued)

*Revenue recognition (continued)*

*Programs and services*

Revenue for programs and services is recorded when the related activities are commenced.

*Government grants and United Way of Calgary and Area funding*

Government grants are recognized into income as the related activities are commenced or as the related programs and services are delivered. United Way of Calgary and Area funding is recorded as revenue when funds are received or receivable.

*Donations*

General Fund – general donations and bequests are recognized when received and are used to support individuals and families to purchase a YMCA Calgary membership or to attend a YMCA Calgary program. Donations received and designated for specific programs or operations are recognized as the related expenditures are incurred. Contributions received towards the acquisition of capital assets are deferred and amortized to revenue on the same basis as the related depreciable capital assets are amortized. Donated assets are recognized at fair market value when the fair market value can be reasonably estimated and when the Association would otherwise have purchased these items.

Restricted Fund – restricted donations and fees for capital development projects are recognized when received. Pledges made under specific fundraising campaigns for capital development projects are recognized when the amount to be received can be reasonably estimated and when collection is reasonably assured. Sponsorship revenue is recognized over the term of the agreement.

Endowment Fund – donations received from individuals' planned giving are set aside in perpetuity. The investment income from these donations is used to support YMCA Calgary as directed by the board of directors and donors.

*Rentals*

Rental income earned from operating subleases is recognized over the lease term. Facility or space rental is recognized once the rental period has occurred.

*Investment income*

Investment income from interest, dividends, gains and losses is recognized in the period in which they are realized.

*Other*

Other revenue streams include revenue from massage, vending machines, merchandise sales, contract IT services, and Camp Chief Hector staff room and board. These revenues are recognized at the time the service is provided or sale has occurred. Other revenue also includes disbursements from the Genesis Centre of Community Wellness ("Genesis Centre") Operating Reserve to offset common area expenses of the Genesis Centre, and is recognized once received.

## 2. Significant accounting policies (continued)

*Restricted cash*

Restricted cash consists of cash that has been designated for future purposes by the board of directors, donors, or the terms of government grants and, therefore, is being held in separate bank accounts.

*Investments*

The General Fund investments represent funds that the board of directors considers as excess to current operating requirements. The Restricted Fund investments represent funds that are externally restricted as capital lifecycle reserves for the Remington YMCA in Quarry Park ("Remington"), Shane Homes YMCA at Rocky Ridge ("Shane Homes"), and the Brookfield Residential YMCA at Seton ("Brookfield"). The Endowment Fund investments represent funds that individuals have donated through planned giving and other donations to provide for the future of the Association.

These investments are financial instruments recorded at fair value with any unrealized gains or losses being recognized in investment income in the statement of operations.

*Funds held in trust*

YMCA Calgary holds an investment on behalf of the partners of the Genesis Centre that is administered by the Calgary Foundation. As the related investment is not owned by YMCA Calgary, the funds have been excluded from the consolidated financial statements.

*Capital assets*

Expenditures for capital assets are recorded at cost. Amortization is provided on a straight-line basis at the following rates, which are designed to amortize the cost of these assets over their estimated useful lives:

| | |
|---|---|
| Buildings | 20-25 years |
| Building improvements | 10-50 years |
| Equipment under capital leases | Over life of the lease |
| Furniture and equipment | 4-5 years |
| Facility start-up | 2 years |

Capital development projects are not subject to amortization until the development is complete.

Capital assets are tested for impairment whenever events or changes in circumstances indicate that an asset can no longer be used as originally expected and its carrying amount may not be fully recoverable. An impairment loss is recognized when and to the extent that management assesses the future useful life of the asset to be less than originally estimated.

*Unearned revenue*

Unearned revenue of the General Fund is comprised of deferred membership and program revenue, deferred donations designated for specific programs or operations, deferred government grants, and deferred rental revenue for payments made in advance for the rental of YMCA facilities. Unearned revenue of the Restricted Fund is comprised of deferred sponsorship dollars received.

## 2. Significant accounting policies (continued)

*Donated services*

The work of YMCA Calgary is dependent on the voluntary services of many people. Since these services are not normally purchased by YMCA Calgary and because of the difficulty in determining their fair value, donated services are not recognized in these consolidated statements.

*Financial instruments*

Financial instruments are recorded at fair value on initial recognition. Equity and fixed income instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost. Transaction costs related to financial instruments measured at fair value are expensed as incurred.

*Foreign currency translation*

Investments denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect on the date of the consolidated statement of financial position. Investment income from these securities is translated at the exchange rate in effect when realized.

*Use of estimates*

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Areas requiring the use of management estimates relate to the determination of collectability of accounts receivable, collectability of pledges, useful lives and potential impairment of capital assets, provisions for estimated future expenditure under the asset management plans of certain YMCA facilities, and accrued liabilities. Actual results could differ from these estimates.

*Government remittances payable*

At December 31, 2019, the Association had government remittances payable of $321,026 ($280,318 in 2018), which are included in accounts payable and accrued liabilities.

*Related party transactions*

During the normal course of operations, YMCA Calgary may receive donations, goods and services from various parties who may be connected to YMCA Calgary. These goods and services may be received as donations or they may be received for exchange amounts which represent fair market value.

A consulting firm controlled by a Director of YMCA Calgary provided recruitment services during 2019. Fees of $60,000 were paid to the firm which represent the exchange amount. This amount is reported in Administration expenses.

*Asset lifecycle obligation provision*

The Lease Operating Agreements ("LOA") for Remington, Shane Homes, and Brookfield require that YMCA Calgary prepare a lifecycle asset management plan ("lifecycle plan") for submission to The City of Calgary. The lifecycle plan estimates major maintenance obligations over the 25-year term of the LOA as prepared by an independent expert and is required to be updated by the independent expert every five years.

## 2. Significant accounting policies (continued)

*Asset lifecycle obligation provision (continued)*

With respect to these three City of Calgary-owned facilities, YMCA Calgary is required under the LOAs to perform the major maintenance in accordance with lifecycle plans, prepared by an independent expert over the term of the lease. As a result, YMCA Calgary records an asset lifecycle obligation provision for each of these facilities over the 25-year term of each LOA based on the projected future costs. These expected costs are inflated to future values based on the long-term average observed. Changes to estimates of future expenditures are accounted for prospectively over the remaining term of the LOA. Actual expenditures are recorded as a reduction of the liability.

*Adoption of new accounting standards*

The Association has adopted ASNPO Section 4433, Tangible Capital Assets Held by Not-for-Profit Organizations; Section 4434, Intangible Assets Held by Not-for-Profit Organizations; and Section 4441, Collections Held by Not-for-Profit Organizations. These accounting standards are effective for fiscal years beginning on or after January 1, 2019. The adoption of these standards did not affect the financial statements.

## 3. Pledges receivable

Pledges receivable are expected to be received in the following fiscal years:

| | **2019** | 2018 |
|---|---|---|
| | **$** | $ |
| 2019 | **-** | 1,293,809 |
| 2020 | **1,336,430** | 1,459,394 |
| 2021 | **438,147** | 735,000 |
| 2022 | **305,000** | 305,000 |
| 2023 | **150,000** | 200,000 |
| 2024 | **150,000** | 150,000 |
| 2025 | **200,000** | 200,000 |
| Total pledges | **2,579,577** | 4,343,203 |
| Long-term and community program pledges | **(1,723,176)** | (3,559,424) |
| Current pledges recognized | **856,401** | 783,779 |

The $30 million Power of Potential capital campaign is presented under the Restricted Fund, which reports the revenue and expenses related to the Association's commitment to provide funding to operate and equip three new community recreation centres in a joint project undertaken with The City of Calgary, to fund Camp Chief Hector infrastructure, and for community programs. This campaign concluded in 2017 as the goal was reached.

The Association has pledge agreements from individual and corporate donors who have committed to donate in the future in accordance with the schedule above. The Association regularly consults with donors to either receive their pledged gift or reaffirm their intent and timing to fulfill their commitment. Pledges are recognized on the statement of financial position based on the pledge's receivable in the next fiscal year, less those pledges to be received related to community programs as these pledges are recognized based on the timing of the program and when expenses are incurred.

## 4. Investments

| | **2019** | 2018 |
|---|---|---|
| | **$** | $ |
| General Fund | **12,581,130** | 8,860,571 |
| Restricted Fund - capital lifecycle reserves (Note 11) | **3,106,571** | 3,050,465 |
| Endowment Fund | **5,865,471** | 5,544,185 |
| Endowment Fund - donor restricted (Note 8) | **1,438,776** | 1,342,365 |
| | **22,991,948** | 18,797,586 |

The composition of the Association's investments by type is as follows:

| | **General Fund** | **Restricted Fund** | **Endowment Fund** | **Total 2019** | Total 2018 |
|---|---|---|---|---|---|
| | **$** | **$** | **$** | **$** | $ |
| Cash and money market funds | **208,735** | **2,591,797** | **166,444** | **2,966,976** | 5,577,487 |
| Canadian | | | | | |
| Income funds | **5,145,684** | **514,774** | **1,797,297** | **7,457,755** | 8,278,648 |
| Equity funds | **2,201,565** | **-** | **2,124,386** | **4,325,951** | 1,887,935 |
| International | | | | | |
| Income funds | **3,151,094** | **-** | **851,093** | **4,002,187** | 940,839 |
| Equity funds | **1,874,052** | **-** | **2,365,027** | **4,239,079** | 2,112,677 |
| | **12,581,130** | **3,106,571** | **7,304,247** | **22,991,948** | 18,797,586 |

## 5. Investment income

| | **General Fund** | **Restricted Fund** | **Endowment Fund** | **Total 2019** | Total 2018 |
|---|---|---|---|---|---|
| | **$** | **$** | **$** | **$** | $ |
| Interest income | **643,149** | **101,334** | **287,671** | **1,032,154** | 612,425 |
| Realized (loss) gain on sale of investments | **(41,289)** | **1,861** | **82,060** | **42,632** | 340,984 |
| Unrealized gain (loss) on investments | **340,220** | **3,627** | **696,427** | **1,040,274** | (795,558) |
| | **942,080** | **106,822** | **1,066,158** | **2,115,060** | 157,851 |

## 6. Capital assets

| | | | 2019 | 2018 |
|---|---|---|---|---|
| | **Cost** | **Accumulated amortization** | **Net book value** | Net book value |
| | **$** | **$** | **$** | $ |
| Land | **2,010,000** | **-** | **2,010,000** | 2,010,000 |
| Buildings | **39,939,699** | **30,555,948** | **9,383,751** | 8,568,214 |
| Building improvements | **19,627,793** | **4,731,633** | **14,896,160** | 14,207,210 |
| Equipment under capital leases | **2,976,766** | **1,190,670** | **1,786,096** | 1,347,782 |
| Furniture and equipment | **13,276,758** | **6,219,444** | **7,057,314** | 4,613,102 |
| Facility start-up | **810,298** | **613,372** | **196,926** | 208,222 |
| Capital development projects | **1,282,030** | **-** | **1,282,030** | 6,804,620 |
| | **79,923,344** | **43,311,067** | **36,612,277** | 37,759,150 |

*Capital project commitments*

As of December 31 2019, authorizations for capital projects spending have been issued for $4,347,267 ($7,414,273 as of December 31, 2018), of which $2,941,010 ($5,088,892 in 2018) has been spent.

The Melcor YMCA at Crowfoot building with a net book value of $1,640,355 ($1,901,692 in 2018) is on land under lease with The City of Calgary, having nominal costs and expiring in 2045. The use of the land is restricted under the lease, and the buildings will revert to the lessor if the lease is terminated.

*Impairment*

In February 2019, the Association discontinued the implementation of a new membership system, resulting in an impairment of capital development projects within capital assets in the amount of $1,121,352, representing the costs incurred.

In 2019 substantial re-work and remediation costs were incurred regarding the Camp Chief Hector Leadership Cabins, resulting in an impairment of capital development projects in the amount of $443,619.

## 7. Obligations under capital leases

YMCA Calgary has entered into capital lease obligations for equipment. The minimum lease payments under capital leases are as follows:

| | $ |
|---|---|
| 2020 | 948,173 |
| 2021 | 620,294 |
| 2022 | 289,400 |
| 2023 | 15,705 |
| Future minimum lease payments | **1,873,572** |
| Less: amount representing interest at a weighted-average rate of 6.95% (6.53% in 2018) | 87,476 |
| Principal value of future minimum lease payments | **1,786,096** |
| Less: current portion | 889,733 |
| Long term portion | **896,363** |

## 8. Donor restricted endowment funds

The donor restricted endowment funds are amounts that have been designated for specific charitable purposes by the donors. These funds include trusts, which provide that the principal assets are to be maintained in perpetuity. The investment income generated from assets held for endowment purposes must be used in accordance with the various purposes established by the donors.

A summary of the fund balances at year-end is as follows:

| | **2019** | 2018 |
|---|---|---|
| | **$** | $ |
| Tom Perkins Memorial fund | **113,010** | 101,977 |
| Mike Dodds Memorial Fund | **18,626** | 17,620 |
| The Amy and Howard P.Miller Memorial Fund | **112,521** | 106,347 |
| J.Fish Memorial Fund | **110,314** | 104,333 |
| Lorne and Pat Larson Fund | **758,648** | 717,074 |
| Camp Chief Hector Endowment | **290,520** | 274,200 |
| Camp Chief Hector Bursary | **35,137** | 20,814 |
| | **1,438,776** | 1,342,365 |

## 9. Changes in non-cash working capital

| | **2019** | 2018 |
|---|---|---|
| | **$** | $ |
| Restricted cash - government grant | **543,922** | (2,236,000) |
| Accounts receivable | **(261,828)** | 115,838 |
| Pledges receivable | **(72,621)** | 150,451 |
| Prepaid expenses | **59,361** | (6,539) |
| Accounts payable and accrued liabilities | **1,059,141** | 646,686 |
| Unearned revenue | **788,683** | 3,491,768 |
| | **2,116,658** | 2,162,204 |

## 10. Unearned revenue

| | **December 31, 2019** | December 31, 2018 |
|---|---|---|
| | **$** | $ |
| **General Fund** | | |
| Deferred membership, program, childcare revenue | **3,917,504** | 3,796,187 |
| Deferred ELCC childcare grant | **1,576,651** | 1,416,546 |
| Deferred donations | **875,454** | 353,381 |
| Deferred facility rental revenue | **483,430** | 176,020 |
| | **6,853,039** | 5,742,134 |
| **Restricted Fund** | | |
| Deferred sponsorships | **4,636,111** | 4,958,333 |
| Total unearned revenue | **11,489,150** | 10,700,467 |

In 2018 and 2019, YMCA Calgary received a Provincial Early Learning and Child Care Centre (ELCC) grant. The grant funds received were given to support childcare fees, wage increases based on accreditation, capital improvements of the childcare centres, approved general operating expenses, and to further the professional development of childcare employees.

## 11. Asset lifecycle obligations

| | **December 31, 2019** | December 31, 2018 |
|---|---|---|
| | **$** | $ |
| Remington | **2,220,000** | 1,480,000 |
| Shane Homes | **2,660,000** | 1,020,000 |
| Brookfield | **2,040,000** | - |
| | **6,920,000** | 2,500,000 |

Lifecycle plans for the Remington, Shane Homes, and Brookfield facilities have been prepared by independent experts and submitted to The City of Calgary. The plans estimate total expenditures over the 25-year LOA's of approximately $18.4 million, $33.2 million, and $51.0 million for the three facilities respectively. In accordance with these plans, an asset lifecycle obligation provision has been recorded. The first expenditure under the plans is expected to be incurred at Remington in 2023, followed by 2024 for Shane Homes and 2026 for the Brookfield facility.

YMCA Calgary is also required to maintain capital lifecycle investment reserves that are sufficient to fund the following 24 months of expenditures under the respective lifecycle plans, subject to an initial minimum reserve amount of $1 million for each facility. These reserves will become the property of The City of Calgary at expiry of the LOA (Note 4).

## 12. Funds held on behalf of other parties

In 2016, YMCA Calgary received $8,125,736 on behalf of the Governance Board of the Genesis Centre to establish the Common Area Lifecycle Reserve Fund. These funds are to be used for the capital lifecycle of the common areas of the Genesis Centre and are administered by The Calgary Foundation. This investment has been excluded from the YMCA Calgary consolidated financial statements as it is an asset of the Genesis Centre Governance Board.

| | **December 31, 2019** | December 31, 2018 |
|---|---|---|
| | **$** | $ |
| Opening fund balance | **8,875,402** | 8,864,188 |
| Investment income | **378,094** | 512,690 |
| Calgary Foundation administrative and management fees | **(100,174)** | (94,733) |
| Unrealized capital gains (losses) | **858,476** | (406,743) |
| Ending fund balance | **10,011,798** | 8,875,402 |

In 2016, the North East Center of Community Society ("NECCS") also received $5,062,503 on behalf of the Governance Board of the Genesis Centre to establish the Common Area Operating Reserve Fund. These funds are to be used for the operating and maintenance expenses of the common areas of the Genesis Centre and are administered by The Calgary Foundation. This investment has been excluded from the YMCA Calgary consolidated financial statements as it is an asset of the Genesis Centre Governance Board. At December 31, 2019 the investment balance was $4,258,138 ($5,367,900 in 2018).

YMCA Calgary is a member of the Canadian Urban Group, consisting of the largest YMCA's in Canada. YMCA Calgary holds $96,684 ($94,833 in 2018) of funds on their behalf, intended for future CUG initiatives. These funds have not been recorded in the financial statements.

## 13. Fund balance transfers

The board of directors approved an interfund transfer of $329,000 from the Endowment Fund to the General Fund in 2019, in accordance with the terms of various endowment agreements and the disbursement policy of the Association.

Interfund transfers made from the Restricted Fund to the General Fund related to Power of Potential Campaign funded capital projects that were completed during the year, in accordance with the policy of the Association. $2,810,854 was transferred for the Camp Chief Hector Leadership Cabins and furniture and equipment for Brookfield.

In addition, $274,453 was transferred from the Restricted Fund to the General Fund related to building fees collected on new memberships and directed to fund building improvement capital projects.

## 14. Commitments

During 2014, YMCA Calgary entered into a 20-year occupancy lease with Remington Development Corporation at a starting rate of $27 per square foot per year for approximately 36,000 square feet, effective September 1, 2016, for the Quarry Park Child Development Center. The rent payments over the 20 years are outlined in the following schedule.

| | **Amount per year** |
|---|---|
| | **$** |
| to 2021 | **970,974** |
| 2022 to 2026 | **1,068,071** |
| 2027 to 2031 | **1,175,957** |
| 2032 to 2036 | **1,292,834** |

YMCA Calgary has entered into 5 to 25-year occupancy leases with The City of Calgary at nominal fees, with one renewal term each, for a YMCA presence at various locations. For the duration of each lease term, YMCA Calgary is responsible for its portion of the lifecycle and capital replacement of the facility or for the repair and maintenance of equipment owned and supplied by YMCA Calgary.

At the Shawnessy and Saddletowne facilities, management has prepared internal lifecycle plans which estimate approximately $10.0 million of capital maintenance (undiscounted) will be incurred over the remaining lease terms in aggregate. Management reviews these lifecycle plans on an annual basis. Future revisions to cost estimates could be material and no provision has been recorded for these costs.

At the Remington, Shane Homes and Brookfield facilities, the capital maintenance obligations in the LOA are prescribed through a lifecycle plan prepared by an independent expert and YMCA Calgary has recorded an asset lifecycle obligation provision (Note 11). Lifecycle plans for these facilities are required to be updated every five years and future revisions to cost estimates could be material.

No provision has been recorded for future costs at the remaining facilities.

YMCA Calgary has irrevocable letters of credit in favour of The City of Calgary up to an aggregate amount of $200,000, which may be drawn on at any time. Two separate letters of credit have been issued in the amount of $100,000, these letters of credit expire on September 1, 2023 and March 16, 2021 and will be renewed upon expiry. These were established as part of the agreements with The City of Calgary to operate the Remington, Shane Homes, and Brookfield facilities. These credit facilities may be terminated in whole or in part at any time. There was no withdrawal on the letters of credit as at December 31, 2019.

## 15. Additional information regarding fund development expenses

Remuneration to employees whose principal duties are related to fundraising totalled $401,697 ($357,956 in 2018), and other fundraising expenses were $259,799 ($120,697 in 2018).

## 16. Financial instruments and risk management

*Equity risk*

The Association invests some of its investment assets in equity securities which are all listed on public exchanges, such as common shares, or in equity-like securities, such as mutual funds. The values of these securities change as the business, financial condition, management and other relevant factors affecting the company that issued the securities change, as well as changes in the general economic condition of the markets in which they operate, thereby exposing the Association to these fluctuations in value. The fair market value of the investments at December 31, 2019 was $22,991,949 ($18,797,586 in 2018), with $8,565,030 ($4,000,612 in 2018) invested in equities (Note 4).

*Foreign exchange risk*

A portion of the Association's investment portfolio is denominated in foreign currencies; therefore, the Association is exposed to fluctuations in those currencies. At December 31, 2019, the foreign content of the investments was 36% (16% in 2018) (Note 4).

*Credit risk*

The Association is exposed to credit risk to the extent that its donors may experience financial difficulty and would be unable to meet their obligations. However, the Association has a large number of diverse donors, which minimizes the concentration of credit risk.

Credit risk is also attributable in the Association's fixed income investments. To mitigate the risk the Association invests in fixed income investments with a predetermined minimum investment grade.

*Liquidity risk*

The Association has mitigated the risk of being unable to meet short or intermediate term obligations by continually monitoring and adjusting an annual development plan which includes a forecasted cash flow projection. In addition, the Association has a $2,500,000 line of credit available if funds are promptly needed.

*Interest rate risk*

The Association is exposed to interest rate risk with respect to fixed income investments that are managed by professional investment advisors.

## 17. Contingency

In the normal course of operations, the Association is involved, from time to time, in various legal claims. Management believes the exposure to current claims and potential claims would not have a material impact on the financial position or operating results of the Association.

## 18. Subsequent event

As a result of the COVID-19 global pandemic, all Calgary YMCA facilities were closed indefinitely on March 16$^{th}$, 2020. This was done on the advice of Alberta's Chief Medical Officer of Health and an order issued by Calgary Emergency Management Agency. This includes all health, fitness, and aquatics facilities, child development centres, Camp Chief Hector, and Camp Riveredge. The extent of the impact on the operations of the Association are unknown at this time but may be significant.