

**The Calgary Young Men's
Christian Association**
(YMCA Calgary)

Financial Statements
December 31, 2022



Independent auditor's report

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

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Calgary Young Men's Christian Association (the Association) as at December 31, 2022 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.

What we have audited

The Association's financial statements comprise:

- the statement of financial position as at December 31, 2022;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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

PricewaterhouseCoopers LLP
111-5th Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3
T: +1 403 509 7500, F: +1 403 781 1825

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta

April 6, 2023

The Calgary Young Men's Christian Association

Statement of Financial Position

As at December 31, 2022

	2022 \$	2021 \$ (Revised – note 20)
Assets		
Current assets		
Cash	7,483,109	10,267,223
Restricted cash	2,127,945	118,499
Accounts receivable	3,091,456	1,429,581
Pledges receivable (note 4)	200,000	155,355
Prepaid expenses	1,057,250	680,673
Assets held for sale (note 7)	-	6,318,396
	<u>13,959,760</u>	<u>18,969,727</u>
Restricted cash (note 3)	8,216,465	-
Investments (note 5)	18,196,528	20,637,036
Capital assets (note 7)	<u>23,716,239</u>	<u>23,423,320</u>
	<u>64,088,992</u>	<u>63,030,083</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	4,913,627	3,440,651
Current portion of obligations under capital leases (note 8)	742,297	881,472
Deferred revenue	2,171,935	2,539,520
Deferred contributions (note 11)	<u>1,820,012</u>	<u>1,546,392</u>
	9,647,871	8,408,035
Deferred sponsorship revenue	3,899,444	3,971,667
Deferred capital grants	2,450,163	544,680
Obligations under capital leases (note 8)	348,964	478,496
Asset lifecycle obligations (note 12)	<u>12,871,000</u>	<u>10,150,000</u>
	<u>29,217,442</u>	<u>23,552,878</u>
Net Assets		
Investment in capital assets	20,174,815	21,518,672
Endowments (note 9)	7,017,898	7,945,152
Capital lifecycle reserve	3,442,227	3,760,439
Internally restricted	8,216,465	-
Unrestricted	<u>(3,979,855)</u>	<u>6,252,942</u>
	<u>34,871,550</u>	<u>39,477,205</u>
	<u>64,088,992</u>	<u>63,030,083</u>
Commitments (note 15)		

The accompanying notes are an integral part of these financial statements.

The Calgary Young Men's Christian Association

Statement of Operations

For the year ended December 31, 2022

	2022 \$	2021 \$ (Revised – note 20)
Revenue		
Memberships	22,323,838	7,093,528
Programs and services	14,488,432	8,244,517
Government grants	6,930,413	8,179,561
Government assistance	1,156,424	9,518,035
Rentals	2,667,226	1,934,087
Donations	2,601,368	3,167,780
United Way of Calgary and Area	918,200	624,193
Other income	1,461,985	383,912
	<u>52,547,886</u>	<u>39,145,613</u>
Expenses		
Salaries and benefits	29,013,565	19,998,611
Building operations	12,534,467	8,314,770
Administration	6,328,745	4,615,757
Programs and services	3,241,401	2,073,864
Amortization	4,211,501	5,379,603
Asset lifecycle obligations (note 12)	2,721,000	2,750,000
	<u>58,050,679</u>	<u>43,132,605</u>
Operating deficiency of revenue over expenses	(5,502,793)	(3,986,992)
Investment (loss) income (note 6)	(1,583,896)	1,888,042
Gain on disposal of capital assets	64,927	297,011
Gain on sale of assets held for sale (note 7)	2,398,054	-
Deficiency of revenue over expenses for the year	<u>(4,623,708)</u>	<u>(1,801,939)</u>

The accompanying notes are an integral part of these financial statements.

The Calgary Young Men's Christian Association

Statement of Changes in Net Assets

For the year ended December 31, 2022

						2022	2021
	Investments in capital assets \$	Endowments \$ (note 9)	Capital lifecycle reserve \$	Internally restricted \$	Unrestricted \$	Total \$	Total \$ (Revised – note 20)
Net assets – Beginning of year (revised – note 20)	21,518,672	7,945,152	3,760,439	-	6,252,942	39,477,205	41,203,829
(Deficiency) excess of revenue over expenses before investment income	(4,211,501)	-	-	-	1,171,689	(3,039,812)	(3,689,981)
Investment (loss) income	-	146,036	-	-	(1,729,932)	(1,583,896)	1,888,042
Contributions	-	18,053	-	-	-	18,053	75,315
Interfund transfers (notes 3 and 14)	2,867,644	(1,091,343)	(318,212)	8,216,465	(9,674,554)	-	-
Net assets – End of year	20,174,815	7,017,898	3,442,227	8,216,465	(3,979,855)	34,871,550	39,477,205

The accompanying notes are an integral part of these financial statements.

The Calgary Young Men's Christian Association

Statement of Cash Flows

For the year ended December 31, 2022

	2022 \$	2021 \$ (Revised – note 20)
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses for the year	(4,623,708)	(1,801,939)
Items not affecting cash		
Amortization	4,211,501	5,379,603
Asset lifecycle obligations (note 12)	2,721,000	2,750,000
Investment loss (income) less management fees (note 6)	1,657,878	(1,821,069)
Amortization of deferred sponsorship revenue (note 11)	(720,000)	(720,000)
Amortization of deferred capital contributions	(94,517)	(139,729)
Gain on disposal of capital assets	(64,927)	(297,011)
Gain on sale of assets held for sale (note 7)	(2,398,054)	-
	689,173	3,349,855
Change in non-cash working capital (note 10)	89,727	(3,300,519)
	778,900	49,336
Financing activities		
Repayment of obligations under capital assets	(992,469)	(1,169,887)
Proceeds from capital contributions	2,000,000	233,161
	1,007,531	(936,726)
Investing activities		
Additions to investments	(22,681)	(22,223)
Withdrawals from investments	659,275	641,101
Additions to capital assets	(3,780,657)	(1,560,127)
Proceeds from disposal of capital assets	64,927	297,011
Proceeds from sale of assets held for sale (note 7)	8,716,450	-
Change in restricted cash	(10,207,859)	5,088,461
	(4,570,545)	4,444,223
(Decrease) increase in cash during the year	(2,784,114)	3,556,833
Cash – Beginning of year	10,267,223	6,710,390
Cash – End of year	7,483,109	10,267,223
Supplementary information		
Equipment acquired under capital lease	714,785	72,921

The accompanying notes are an integral part of these financial statements.

The Calgary Young Men's Christian Association

Notes to Financial Statements

December 31, 2022

1 Description of Association

Since inception in 1902, The Calgary Young Men's Christian Association (YMCA Calgary or the Association) has evolved into a vibrant charity offering health and wellness programs, leadership and community outreach programs, childcare, and day and overnight camps. YMCA Calgary operates seven health and wellness facilities, six childcare development centres with licensed childcare, two outdoor campsites and dozens of community program sites. YMCA Calgary delivers programs, services and opportunities to help Calgarians connect, build life-long skills and keep active and healthy. YMCA Calgary is a registered charity and, as such, is exempt from income and property taxes and may issue tax-deductible receipts to donors.

YMCA Calgary controls 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 has continued to operate as a separate entity; however, it has been inactive for several years.

2 Significant accounting policies

The financial statements of YMCA Calgary have been prepared by management in accordance with Part III of the CPA Canada Handbook, accounting standards for not-for-profit organizations (ASNPO).

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

Revenue recognition

YMCA Calgary follows the deferral method of accounting for contributions, which includes grants and donations.

a) Memberships

Membership revenue is recognized over the term of the membership.

b) Programs and services

Revenue for programs and services is recorded over the duration of the related activities.

c) Government grants and United Way of Calgary and Area funding

Government grants and United Way of Calgary and Area funding are recognized in income as the related expenses are incurred.

The Calgary Young Men's Christian Association

Notes to Financial Statements

December 31, 2022

d) Government assistance

YMCA Calgary may receive government assistance that provides immediate financial assistance as compensation for costs or expenditures incurred. YMCA Calgary recognizes government assistance as revenue when received or receivable and when there is reasonable assurance that conditions attached to the subsidies are met.

e) 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.

f) Donations

General donations and bequests are recognized when used to support individuals and families with purchasing a YMCA Calgary membership or attending 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.

Endowment 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. Endowment donations are recognized only as a direct increase to investments and net assets on the statement of financial position.

g) Investment income

Investment income from interest, dividends and gains and losses is recognized in the period in which it is earned. Restricted endowment net investment income is recognized as deferred revenue and recognized in revenue as the related expenditures are incurred.

h) Other

Other revenue includes fees collected from new members who are assessed a one-time capital expenditure fee for building maintenance and lifecycle costs. This fee is recognized as income when received.

Other revenue also includes disbursements from the Genesis Centre of Community Wellness (Genesis Centre) Operating and Capital Reserves to offset common area expenses of the Genesis Centre and is recognized once common area expenses are incurred.

The Calgary Young Men's Christian Association

Notes to Financial Statements

December 31, 2022

Restricted cash (current)

Restricted cash consists of cash that has been designated for future purposes by donors, under the terms of government grants, or by other external restrictions.

Investments

Investments represent internally restricted reserves, externally restricted investments held 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), as well as endowment investments, representing 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.

Funds held on behalf of other parties

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 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
Equipment	4 – 5 years

Work-in-progress capital projects are not subject to amortization until the project is complete and the asset is ready for its intended use.

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. When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. Writedowns of capital assets are recognized as expenses in the statement of operations.

Deferred revenue

Deferred revenue is comprised of deferred membership, program, childcare, rental revenue, and investment income generated from restricted endowments.

The Calgary Young Men's Christian Association

Notes to Financial Statements

December 31, 2022

Deferred contributions

Deferred contributions are comprised of deferred donations designated for specific programs or operations, deferred government grants and deferred sponsorship dollars received.

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 financial statements.

Financial instruments

A financial asset or a financial liability is initially recognized when the Association becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished. The Association initially measures financial assets originated or acquired and financial liabilities issued or assumed in an arm's length transaction at fair value. These financial assets and liabilities are subsequently measured at amortized cost, except for equity investments quoted in active markets, which are measured at fair value. Changes in fair value are recognized in the statement of operations, with transaction and management costs expensed as incurred. Financial assets measured at amortized cost include cash, restricted cash, accounts receivable and pledges receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and obligations under capital leases.

Financial assets originated or acquired, and financial liabilities issued or assumed in a related party transaction are initially measured at cost. For financial instruments with repayment terms, cost is determined as the sum of undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. For financial instruments with no repayment terms, cost is determined by reference to the consideration transferred or received by the Association in the transaction. All other financial instruments resulting from related party transactions are subsequently measured at cost less any reduction for impairment.

At the end of each reporting period, the Association assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. If there are indicators of impairment, and the Association determines there has been a significant adverse change in the expected amount or timing of future cash flows, an impairment is recognized.

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 statement of financial position. Investment income from these securities is translated at the exchange rate in effect when earned.

The Calgary Young Men's Christian Association

Notes to Financial Statements

December 31, 2022

Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the 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 collectibility of accounts receivable, collectibility 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

As at December 31, 2022, the Association had government remittances payable of \$226,453 (2021 – \$226,055), which are included in accounts payable and accrued liabilities.

Related party transactions

Executive search consulting services were provided by a local firm controlled by a YMCA Calgary board member and, on a fee-for-service basis, \$76,267 (2021 – \$43,129) in consulting fees were incurred. These fees were measured at the exchange amount and recorded in the statement of operations within administration expenses.

Services were also provided for board member recruitment. No amount was recorded, as no consideration was paid for these services.

Asset lifecycle obligations provision

The Lease Operating Agreements (the LOAs) 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 a rolling 25-year period. The lifecycle plans are prepared by an independent expert and are required to be updated by an independent expert every five years.

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 present value of projected future costs. These expected costs are inflated to future values based on the long-term average observed. These costs are then discounted to present value using long-term Government of Canada bond yields (note 20). Changes to estimates are accounted for prospectively over the remaining term of the LOAs. Actual expenditures are recorded as a reduction of the liability.

The Calgary Young Men's Christian Association

Notes to Financial Statements

December 31, 2022

3 Restricted cash (long-term)

Within restricted cash (long term) on the statement of financial position, the Board of Directors has internally restricted \$8,216,465 for investment funds that are not considered to be available for operating cash reserves. These funds are planned to be invested in the second quarter of 2023 and will form a general capital reserve. These funds were received from the sale of the land and building of the Eau Claire YMCA (note 7).

4 Pledges receivable

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

	2022 \$	2021 \$
2022	-	155,355
2023	300,000	170,000
2024	170,000	150,000
2025	100,000	100,000
2026	100,000	100,000
2027	-	100,000
	<hr/>	<hr/>
Long-term and community program pledges	670,000 (470,000)	775,355 (620,000)
Current pledges recognized	<hr/> 200,000	<hr/> 155,355

The \$30 million Power of Potential capital campaign is 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. The 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 to 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, which are recognized based on the timing of the program and when expenses are incurred.

5 Investments

	2022 \$	2021 \$
Association unrestricted investments (note 15)	8,003,684	8,813,572
Capital lifecycle reserves (note 12)	3,442,227	3,760,439
Endowments (note 9)	6,750,617	8,063,025
	<hr/>	<hr/>
	18,196,528	20,637,036

The Calgary Young Men's Christian Association

Notes to Financial Statements

December 31, 2022

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

	Association unrestricted investments \$	Capital lifecycle reserves \$	Endowments \$	2022 \$	2021 \$
Cash and money market funds	445,588	101,954	188,155	735,697	1,538,888
Canadian					
Income funds	1,746,334	314,151	949,188	3,009,673	2,784,871
Equity funds	1,011,778	1,167,727	1,719,362	3,898,867	4,376,430
International					
Income funds	3,309,734	435,099	1,158,682	4,903,515	5,745,751
Equity funds	1,490,250	1,423,296	2,383,490	5,297,036	6,191,096
Alternative funds	-	-	351,740	351,740	-
	<u>8,003,684</u>	<u>3,442,227</u>	<u>6,750,617</u>	<u>18,196,528</u>	<u>20,637,036</u>

6 Investment (loss) income

	Association unrestricted investments \$	Capital lifecycle reserves \$	Endowments \$	2022 \$	2021 \$
Interest and dividend income	295,782	141,921	209,011	646,714	959,804
Realized (loss) gain on sale of investments	(73,030)	14,337	136,615	77,922	314,681
Change in unrealized (loss) gain on investments	(997,357)	(461,545)	(837,321)	(2,296,223)	546,057
Restricted endowment (loss) income recognized	-	-	(12,309)	(12,309)	67,500
	<u>(774,605)</u>	<u>(305,287)</u>	<u>(504,004)</u>	<u>(1,583,896)</u>	<u>1,888,042</u>

7 Capital assets

	2022		2021	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	23,000	-	23,000	23,000
Buildings	14,097,801	9,169,496	4,928,305	5,449,432
Building improvements	18,937,002	6,097,672	12,839,330	13,221,411
Equipment under capital leases	2,135,452	1,044,190	1,091,262	1,359,968
Furniture and equipment	9,325,716	7,616,271	1,709,445	3,069,257
Work-in-progress capital projects	3,124,897	-	3,124,897	300,252
	<u>47,643,868</u>	<u>23,927,629</u>	<u>23,716,239</u>	<u>23,423,320</u>

The Calgary Young Men's Christian Association

Notes to Financial Statements

December 31, 2022

On February 18, 2021, YMCA Calgary announced that, after extensive due diligence, the Association would begin a process to close the YMCA-owned Gray Family Eau Claire YMCA. As at December 31, 2021, the land, building and building improvements of the Gray Family Eau Claire YMCA were classified in the statement of financial position as held for sale. These assets hold a net book value as at December 31, 2021 of \$6,318,396.

On January 12, 2022 an official purchase and sale agreement was signed based on a property as-is basis, and the sale subsequently closed on June 13, 2022. A gain on sale has been recorded in the statement of operations based on the sale price exceeding the net book value.

Capital project commitments

As at December 31, 2022, authorizations for capital projects spending have been issued for \$6,421,860 (2021 – \$1,363,525), of which \$2,602,455 (2021 – \$883,442) remains unspent.

8 Obligations under capital leases

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

	\$
2023	780,316
2024	358,318
	<hr/>
	1,138,634
Less: Amount representing interest at a weighted-average rate of 6.93% (2021 – 7.53%)	<hr/>
	47,373
Principal value of future minimum lease payments	1,091,261
Less: Current portion	<hr/>
	742,297
Long-term portion	<hr/>
	348,964

9 Endowment funds

The endowment funds are comprised of general endowments as well as donor restricted endowment funds designated for specific charitable purposes by the donors. These endowment 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 or by the board of directors. Endowments as presented in the statement of changes in net assets differ slightly from the below due to restricted endowment deferred investment income, investment management fees expensed and current year donations deposited in the following fiscal year.

The Calgary Young Men's Christian Association

Notes to Financial Statements

December 31, 2022

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

	2022 \$	2021 \$
General endowments	5,136,314	6,217,649
Tom Perkins Memorial Fund	119,716	134,718
Mike Dodds Memorial Fund	18,961	21,831
The Amy and Howard P. Miller Memorial Fund	109,352	126,164
J. Fish Memorial Fund	112,174	129,443
Lorne and Pat Larson Fund	736,145	849,510
Camp Chief Hector Endowment	457,949	528,200
Camp Chief Hector Bursary	60,006	55,510
	<u>6,750,617</u>	<u>8,063,025</u>

10 Change in non-cash working capital

	2022 \$	2021 \$
Accounts receivable	(1,661,875)	440,089
Pledges receivable	(44,645)	338,400
Prepaid expenses	(376,577)	(189,843)
Accounts payable and accrued liabilities	1,472,976	(614,608)
Proceeds from sponsorships	647,777	697,777
Unearned revenue	52,071	(3,972,334)
	<u>89,727</u>	<u>(3,300,519)</u>

11 Deferred contributions

	2021 \$	Additions \$	Recognized in revenue \$	Reclassified from long- term portion \$	2022 \$
Deferred sponsorship revenue (current)	720,000	647,778	720,000	72,222	720,000
Deferred donations	826,392	3,124,385	2,850,765	-	1,100,012
	<u>1,546,392</u>	<u>3,772,163</u>	<u>3,570,765</u>	<u>72,222</u>	<u>1,820,012</u>

The Calgary Young Men's Christian Association

Notes to Financial Statements

December 31, 2022

12 Asset lifecycle obligations

	2022 \$	2021 \$ (Revised)
Remington	2,763,000	2,500,000
Shane Homes	4,633,000	3,600,000
Brookfield	5,475,000	4,050,000
	<u>12,871,000</u>	<u>10,150,000</u>

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 a total present value of expenditures over the 25-year LOAs of approximately \$7.8 million, \$25.3 million and \$35.4 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.

During 2022, a voluntary accounting policy change was completed to value the future costs of the plans and the related asset lifecycle obligation and annual provision based on present values of future cash flows rather than future values (note 20).

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 on expiry of the LOAs (note 5).

13 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 these financial statements as it is managed indirectly and remains an asset of the Genesis Centre Governance Board.

	2022 \$	2021 \$
Opening fund balance	12,053,295	10,607,585
Investment income	398,084	760,312
Calgary Foundation – administration and management fees	(113,908)	(117,627)
Unrealized capital (losses) gains	(919,450)	803,025
Withdrawals	(844,000)	-
	<u>10,574,021</u>	<u>12,053,295</u>

The Calgary Young Men's Christian Association

Notes to Financial Statements

December 31, 2022

In 2016, the North East Centre 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 these financial statements as it is an asset of the Genesis Centre Governance Board. As at December 31, 2022, the investment balance was \$5,092,609 (2021 – \$5,569,581).

YMCA Calgary is a member of the Canadian Urban Group (CUG), consisting of the largest YMCAs in Canada. YMCA Calgary holds \$33,901 (2021 – \$33,180) of funds on their behalf, intended for future CUG initiatives. These funds have not been recorded in the financial statements.

14 Interfund transfers

In 2022, \$2,867,644 (2021 – \$2,636,582) was transferred from the unrestricted fund to the investment in capital assets fund, representing the net cash outlays for capital asset acquisitions and capital lease payments made during the year and funded by the unrestricted fund.

\$318,212 was transferred from the capital lifecycle reserve to the unrestricted fund, representing investment losses on the capital lifecycle reserve incurred during the year. In 2021, \$474,464 was transferred from the unrestricted fund to the capital lifecycle reserve, representing investment income generated from the reserve during the year. \$511,343 was transferred from the endowment fund to the unrestricted fund, representing investment losses on the general endowment investments. In 2021, \$705,546 was transferred from the unrestricted fund to the endowment fund, representing investment income generated from the fund during the year. Unrestricted net investment income is internally restricted by the board of directors.

In addition, \$580,000 (2021 – \$573,600) was transferred to the unrestricted fund from the endowment fund, representing the board-approved disbursement from the general endowment. The general endowment holds contributions collected from donors that intend for their contributions to be maintained in perpetuity, but where no restrictions exist on the disbursements of income generated by the fund.

15 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 Centre. The annual rent payments over the term are outlined as follows:

	\$
2023 to 2025	1,068,071
2026 to 2030	1,175,957
2031 to 2035	1,292,834

The Calgary Young Men's Christian Association

Notes to Financial Statements

December 31, 2022

YMCA Calgary has entered into 5 – 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 Melcor YMCA at Crowfoot, Shawnessy and Saddletowne facilities, management has prepared internal lifecycle plans that estimate approximately \$22.0 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 LOAs are prescribed through a lifecycle plan prepared by independent experts and YMCA Calgary has recorded an asset lifecycle obligation provision (note 12). 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 \$300,000, which may be drawn on at any time. Three separate letters of credit have been issued in the amount of \$100,000. The letters automatically renew on expiry. These were established as part of the agreements with the City of Calgary to operate certain facilities owned by the City of Calgary. There was no withdrawal on the letters of credit as at December 31, 2022.

YMCA Calgary has pledged \$4,000,000 in investment property from the Association unrestricted investments as collateral to a financial institution to secure a credit card facility and revolving lease line. Second priority on assets has also been secured by this financial institution.

16 Additional information regarding fund development expenses

Remuneration to employees whose principal duties are related to fundraising totalled \$467,495 (2021 – \$352,553), recorded in the statement of operations within salaries and benefits. Other fundraising expenses totalled \$347,992 (2021 – \$86,165), recorded in the statement of operations within administration expenses. The year over year increase is due to the start of the Love, Camp – Camp Chief Hector Capital Campaign.

17 Financial instruments and risk management

Equity risk

The Association invests some of its investment assets in equity securities, 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 companies 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 as at December 31, 2022 was \$18,196,528 (2021 – \$20,637,036), with \$9,195,903 (2021 – \$10,567,526) invested in equities (note 5).

The Calgary Young Men's Christian Association

Notes to Financial Statements

December 31, 2022

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. As at December 31, 2022, the foreign currency denominated content of the investments was 56% (2021 – 58%) (note 5).

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 many diverse donors, which minimizes the concentration of credit risk.

Credit risk is also attributable to 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.

The Association has a demand operating line of credit of \$2,000,000 (2021 – \$2,500,000) if funds are promptly needed. The facility's interest rate is calculated at prime and repayment terms include interest only monthly. No amount was drawn in 2022 (2021 – \$nil). First priority on assets has been secured by the financial institution providing the operating line of credit.

Interest rate risk

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

18 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.

19 Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

The Calgary Young Men's Christian Association

Notes to Financial Statements

December 31, 2022

20 Change in accounting policy

In 2022, to present more reliable and relevant information concerning the asset lifecycle obligation, a voluntary accounting policy change was done. Rather than only basing the asset lifecycle obligation and annual provision off the future value of future costs, future cash outflows per the plans were present valued and discounted using long-term Government of Canada bond yields (representing a risk-free rate).

The change in policy was applied on a retrospective basis. The prior year comparable figures have been adjusted as follows:

Statement of financial position

	As previously reported \$	2021 adjustments \$	Revised \$
Asset lifecycle obligation liabilities	15,140,000	(4,990,000)	10,150,000
Total liabilities	28,542,878	(4,990,000)	23,552,878
Unrestricted net assets	1,262,942	4,990,000	6,252,942
Total net assets	34,487,205	4,990,000	39,477,205

Statement of operations

	As previously reported \$	2021 adjustments \$	Revised \$
Asset lifecycle obligation expense	4,110,000	(1,360,000)	2,750,000
Total expenses	44,492,605	(1,360,000)	43,132,605
Operating deficiency of revenue over expenses	(5,346,992)	1,360,000	(3,986,992)
Deficiency of revenue over expenses	(3,161,939)	1,360,000	(1,801,939)

The Calgary Young Men's Christian Association

Notes to Financial Statements

December 31, 2022

Statement of changes in net assets

	As previously reported \$	2021 adjustments \$	Revised \$
Net assets – Beginning of year	37,573,829	3,630,000	41,203,829
(Deficiency) excess of revenue over expenses before investment income	(5,049,981)	1,360,000	(3,689,981)
Net assets – End of year	34,487,205	4,990,000	39,477,205

Statement of cash flows

	As previously reported \$	2021 adjustments \$	Revised \$
Operating activities			
Deficiency of revenue over expenses for the year	(3,161,939)	1,360,000	(1,801,939)
Items not affecting cash			
Asset lifecycle obligations (note 12)	4,110,000	(1,360,000)	2,750,000