Financial Statements

The Young Men's Christian Association of Edmonton

(Operating as YMCA of Northern Alberta)

December 31, 2019

Contents

Independent Auditor's Report

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To the Members of The Young Men's Christian Association of Edmonton (operating as YMCA of Northern Alberta)

Opinion

We have audited the financial statements of The Young Men's Christian Association of Edmonton (operating as YMCA of Northern Alberta) ("the Association"), which comprise the statement of financial position as at December 31, 2019, 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, the accompanying financial statements present fairly, in all material respects, the financial position of The Young Men's Christian Association of Edmonton (operating as YMCA of Northern Alberta) as at December 31, 2019, and its results of 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. 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Edmonton, Canada — Grant Thornton LLP

May 27, 2020 — Chartered Professional Accountants

The Young Men's Christian Association of Edmonton
(Operating as YMCA of Northern Alberta)
Statement of Operations

Year ended December 31	**2019**	2018
Revenues		
Program fees	**$ 26,637,270**	$ 26,098,040
Membership dues	**14,525,330**	15,000,464
YMCA Opportunity Fund (Note 15)	**(1,894,636)**	(2,048,668)
	39,267,964	39,049,836
Operating grants - government	**21,433,031**	15,596,085
Amortization of deferred capital contributions (Note 11)	**3,420,780**	3,669,837
Operating grants – other	**2,071,732**	2,159,180
Rental and other revenue	**1,749,937**	1,743,788
Housing	**1,392,784**	1,302,353
Contributions	**1,153,160**	1,329,010
United Way	**458,823**	529,798
Investment income	**153,182**	47,403
	71,101,393	65,427,290
Expenses		
Operating (Schedule 1)	**66,374,887**	59,940,752
Amortization of capital assets	**5,039,153**	5,461,399
Interest on long-term debt and capital leases	**273,141**	215,819
Contributions	**150,000**	-
Amortization of intangible asset	**126,300**	126,300
Loss on disposal of capital assets	**1,202**	32,833
	71,964,683	65,777,103
Deficiency of revenues over expenses before other items	**(863,290)**	(349,813)
Other items		
Write off of capital asset (Note 5 (b))	**(1,814,625)**	-
Wood Buffalo fire		
Insurance proceeds	**-**	311,285
Expenses	**-**	(244,768)
Deficiency of revenues over expenses	**$ (2,677,915)**	$ (283,296)

See accompanying notes to the financial statements

The Young Men’s Christian Association of Edmonton
(Operating as YMCA of Northern Alberta)
Statement of Changes in Net Assets

Year Ended December 31

	Investment in capital assets (Note 12)	Unrestricted	**2019 Total**	2018 Total
Balance, beginning of year	$ 10,416,599	$ (2,450,697)	**$ 7,965,902**	$ 8,249,198
(Deficiency) excess of revenues over expenses	(3,631,592)	953,677	**(2,677,915)**	(283,296)
Transfer from unrestricted fund	1,833,174	(1,833,174)	**-**	-
Balance, end of year	$ 8,618,181	$ (3,330,194)	**$ 5,287,987**	$ 7,965,902

See accompanying notes to the financial statements

The Young Men's Christian Association of Edmonton
(Operating as YMCA of Northern Alberta)
Statement of Financial Position

December 31	2019	2018
Assets		
Current		
Cash and cash equivalents	**$ 8,329,604**	$ 9,160,239
Short-term investments	**77**	18,307
Accounts and grants receivable (Note 3)	**2,840,178**	2,179,619
Receivables from related parties (Note 4)	**163,107**	42,927
Inventories	**82,524**	111,889
Prepaids and deposits	**263,190**	269,283
	11,678,680	11,782,264
Restricted cash and equivalents (Note 20)	**356,074**	297,795
Capital assets (Note 5 (a))	**48,405,843**	54,028,201
Intangible asset (Note 5 (c))	**1,715,575**	1,841,875
	$ 62,156,172	$ 67,950,135
Liabilities		
Current		
Cheques issued in excess of funds on deposit	**$ -**	$ 172,894
Bank operating line of credit (Note 6)	**-**	60,000
Accounts payable and accrued liabilities (Note 7)	**4,345,265**	4,387,077
Payables to related parties (Note 4)	**-**	3,428
Deferred revenue (Note 8)	**7,117,423**	6,600,446
Current portion of obligations under capital leases (Note 9)	**45,047**	139,737
Current portion of long-term debt (Note 10)	**561,614**	459,074
	12,069,349	11,822,656
Obligations under capital leases (Note 9)	**-**	45,047
Long-term debt (Note 10)	**5,901,404**	6,439,422
Long-term payable (Note 20)	**356,074**	297,795
Deferred capital contributions (Note 11)	**38,541,358**	41,379,313
	56,868,185	59,984,233
Net Assets		
Investment in capital assets (Note 12)	**8,618,181**	10,416,599
Unrestricted	**(3,330,194)**	(2,450,697)
	5,287,987	7,965,902
	$ 62,156,172	$ 67,950,135

Commitments (Note 13), Subsequent events (Note 21)

On behalf of the Board

John Corlett Director ______________________ Director

See accompanying notes to the financial statements

The Young Men’s Christian Association of Edmonton
(Operating as YMCA of Northern Alberta)
Statement of Cash Flows

Year Ended December 31	2019	2018
Increase (decrease) in cash and cash equivalents		
Operating		
Cash receipts from members, participants, donors, and delivery of services	**$ 67,260,241**	$ 65,381,494
Cash paid to employees, suppliers, and for program purposes	**(66,472,962)**	(59,974,901)
Investment income	**153,182**	47,403
Interest paid	**(273,141)**	(215,819)
	667,320	5,238,177
Financing		
Capital contributions received	**582,825**	455,275
Repayment of long-term debt	**(435,478)**	(270,827)
Repayment of obligations under capital leases	**(139,737)**	(432,062)
Proceeds from long-term debt	**-**	2,277,461
	7,610	2,029,847
Investing		
Acquisition of capital assets	**(1,232,622)**	(2,147,995)
Increase in restricted cash and equivalents	**(58,279)**	(51,866)
Change in short-term investments	**18,230**	(367)
Proceeds from disposition of capital assets	**-**	54,868
	(1,272,671)	(2,145,360)
Net (decrease) increase in cash and cash equivalents	**(597,741)**	5,122,664
Cash and cash equivalents:		
Beginning of year	**8,927,345**	3,804,681
End of year	**$ 8,329,604**	$ 8,927,345

See accompanying notes to the financial statements

The Young Men's Christian Association of Edmonton
(Operating as YMCA of Northern Alberta)
Statement of Cash Flows (cont'd)

Year Ended December 31		**2019**		2018

Supplemental cash flow information

Cash and cash equivalents are comprised of the following:

Cash, including bank savings accounts	**$**	**8,329,604**	$	6,549,237
Cashable guaranteed investment certificates		**-**		2,611,002
Cheques issued in excess of funds on deposit		**-**		(172,894)
Bank operating line of credit		**-**		(60,000)
	$	**8,329,604**	$	8,927,345

See accompanying notes to the financial statements

1. Nature of operations

The Young Men's Christian Association of Edmonton (operating as YMCA of Northern Alberta), (the "Association") is part of the worldwide fellowship dedicated to creating life-enhancing opportunities for the growth and development of all people in spirit, mind, and body and to support the development of strong kids, healthy families and thriving communities. The Association provides services in each of the Edmonton, Grande Prairie, Wood Buffalo and Red Deer regions within the province of Alberta. The Association was incorporated in 1907 under an Act of the Alberta Legislature as a not-for-profit organization, is a registered charity under the Income Tax Act and is exempt from income taxes.

2. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of estimates and measurement uncertainty

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, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from those estimates.

Significant estimates included in these financial statements are the amortization basis for capital assets, fair value of contributed capital assets and intangible assets and valuation of allowance for doubtful accounts receivable.

2. Summary of significant accounting policies (cont'd)

Revenue recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions received for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Restricted contributions for the purchase of capital assets that will not be amortized are recognized as a direct increase in the investment in capital asset fund. A liability to repay a restricted contribution with contingent repayment terms is accounted for in the period in which conditions arise that causes the restricted contribution to be repaid.

Pledged amounts represent promised contributions from individuals and corporations. Given that pledged amounts are not legally enforceable claims, they have not been reflected in the financial statements.

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.

Membership dues, program fees, rental and other revenue and housing revenues are recognized when the related service is performed and when reasonable assurance exists regarding the measurement and collection of the consideration received.

Interest on bank accounts and interest and dividends on marketable securities are recorded as revenue when earned.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash, including bank savings accounts, and cashable guaranteed investment certificates which are highly liquid or convertible to cash in less than one year.

The Association's definition of investing activities for the statement of cash flows includes short-term investments in marketable securities and life insurance policies at estimated cash surrender value.

2. Summary of significant accounting policies (cont'd)

Financial instruments

Initial measurement:

The Association's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement:

At each reporting date, the Association measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Association uses the effective interest method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, accounts and grants receivable, receivables from related parties, accounts payable and accrued liabilities, payables to related parties and long-term debt. The carrying value of financial instruments approximates their fair value due to the short-term nature, unless otherwise noted.

For financial assets measured at cost or amortized cost, the Association regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Association determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Controlled not-for-profit organization

The Association reports a controlled not-for-profit organization (The Edmonton YMCA Foundation) by disclosing information about the controlled not-for-profit organization. As a result, the Association's financial statements do not include the financial position, financial performance or cash flows of The Edmonton YMCA Foundation.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is based on actual original purchase price of inventory. Net realizable value is defined as the estimated selling price less estimated selling costs.

2. Summary of significant accounting policies (cont'd)

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	4 to 25 years
Building upgrades	10 years
Furniture and equipment	1 to 5 years
Computer software/hardware	1 to 10 years
Vehicles	5 years
Leasehold improvements	3 to 5 years
Equipment under capital leases	3 to 5 years

Capital assets are amortized in the year of acquisition at one-half of the straight-line rate.

Capital assets under development are amortized in the year of significant completion and when useful life can be estimated.

Impairment of long-lived assets

The Association tests for impairment when events or changes in circumstances indicate the carrying amount of an item or class of capital assets may not be recoverable. The recoverability of long-lived assets is based on the net recoverable amounts determined on an undiscounted cash flow basis. If the carrying amount of an asset exceeds its net recoverable amount, an impairment loss is recognized to the extent that fair value is below the asset's carrying amount. Fair value is determined based on quoted market prices when available, otherwise on discounted cash flows over the life of the asset.

Intangible asset

The contributed intangible asset is recorded at fair value at the date of contribution. Amortization is provided using the straight-line method over the estimated useful life of the asset as follows:

Right-to-use land asset	20 years

2. Summary of significant accounting policies (cont'd)

Employee future benefits

The Association has a defined contribution pension plan. Pension costs comprise the cost of the employer contributions for the current service of employees during the year.

Donated materials and contributed services

Donated materials and services are recorded at fair value when the fair value can be reasonably estimated and when the materials and services are normally purchased by the Association.

The Association is dependent upon the services provided by its volunteers. Volunteers contributed numerous hours in carrying out the activities of the Association. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

3. Accounts and grants receivable

	2019	2018
Program fees and membership dues	**$ 1,225,484**	$ 448,914
Less: allowance for doubtful accounts	**(518,173)**	(109,262)
	707,311	339,652
Operating grants – government	**1,650,767**	1,364,295
Rental and other	**480,501**	302,505
Operating grants – other	**1,599**	173,167
	$ 2,840,178	$ 2,179,619

Current receivables are non-interest bearing and are generally received within 30-day terms. A provision for impairment on trade accounts receivable (provision for bad and doubtful receivables) is recognized when there is objective evidence that a receivable from members or participants is impaired. These have been included in operating expenses as bad debt expense (Schedule 1).

4. Related parties

		2019		2018
Receivables from related parties:				
The Edmonton YMCA Foundation	**$**	**146,697**	$	-
Regional Council of YMCAs of Alberta		**11,190**		42,927
Boyle Renaissance Condominium Corporation		**5,220**		-
	$	**163,107**	$	42,927
Payables to related parties:				
The Edmonton YMCA Foundation	**$**	**-**	$	3,428

All of the transactions with related organizations described below are conducted on the terms and conditions agreed to by the related parties and were recorded at the exchange amount.

		2019		2018
Revenue received from related parties:				
Rental and management fees from Regional Council of YMCAs of Alberta	**$**	**9,250**	$	12,000
Contributions from The Edmonton YMCA Foundation	**$**	**153,800**	$	135,377
Expenses paid to or on behalf of related parties:				
The Edmonton YMCA Foundation	**$**	**160,101**	$	164,762
Boyle Renaissance Condominium Corporation	**$**	**106,392**	$	94,936

a) The Edmonton YMCA Foundation

The Edmonton YMCA Foundation (the "Foundation") is incorporated as a not-for-profit organization under the Alberta Societies Act and is a registered charity under the Income Tax Act. The mission of the Foundation is to act as a fundraising body collecting donations, gifts and bequests exclusively for the benefit of the Association. The Association exercises control over the Foundation through the appointment of the members of the Board of Directors.

4. **Related parties** (cont'd)

a) The Edmonton YMCA Foundation (cont'd)

A financial summary of the Foundation as at March 31, 2019, and March 31, 2018, is as follows:

Financial position as at March 31	**2019**	2018
Total assets	**$ 4,960,052**	$ 4,608,679
Total liabilities	**$ 178,748**	$ 146,575
Total net assets	**$ 4,781,304**	$ 4,462,104
Results of operations for the year ended March 31		
Total revenues	**$ 176,850**	$ 174,459
Total expenses	**$ 320,201**	$ 299,369
Deficiency of revenues over expenditures	**$ (143,351)**	$ (124,910)
Contributions from the Association to the Foundation included in total revenues	**$ 158,037**	$ 152,504
Program funding expense to the Association included in total expenses	**$ 153,800**	$ 135,377
Cash flows for the year ended March 31		
Decrease in cash from operating activities	**$ (145,225)**	$ (121,039)
Increase in cash from investing activities	**$ 140,948**	$ 125,016
Net (decrease) increase in cash	**$ (4,277)**	$ 3,977

There are no significant differences in the accounting policies of the Foundation from those followed by the Association.

There have been no significant events or transactions from March 31, 2019, to December 31, 2019 in the Foundation which would impact the Association's financial position or results of operations.

4. **Related parties** (cont'd)

b) Regional Council of YMCAs of Alberta

The Association exercises significant influence over the affairs of The Regional Council of YMCAs of Alberta (the "Regional Council") due to its right to appoint some members of its Board of Directors. The Regional Council's mission is to foster the growth and development of local YMCAs throughout Alberta by providing leadership development programs, assisting member Associations with governance, management and operational issues and supporting program development locally, nationally and internationally. The Regional Council is incorporated as a not-for-profit organization under the Alberta Societies Act and is a registered charity under the Income Tax Act. Financial transactions between the Association and the Regional Council are at "arm's length" and are in accordance with annual budgets approved by the Regional Council Board of Directors.

c) Boyle Renaissance Condominium Corporation

The Association exercises significant influence over the Boyle Renaissance Condominium Corporation ("BRCC") (Note 20) due to its ownership of units in the BRCC and representation on the Board of Directors. A member of the Association's Board of Directors has an ownership interest in the consulting company which had been engaged by the BRCC to provide administrative and management services.

d) Other

The Association paid professional fees during the year totalling $5,996 (2018 – $16,026) for purchased services expenses to one (2018 – two) firm(s) in which an Association Director holds ownership interests. In addition, the Association has mortgages payable with a financial institution of which two Association Directors are members of senior management.

5. Capital and intangible assets

a) Capital assets

	Cost	Accumulated Amortization	**2019 Net Book Value**	2018 Net Book Value
Land	$ 4,883,604	$ -	**$ 4,883,604**	$ 4,883,604
Buildings and building upgrades	88,040,093	47,307,652	**40,732,441**	44,439,701
Furniture and equipment	13,654,775	11,587,706	**2,067,069**	2,189,653
Computer software/hardware	4,486,222	3,902,255	**583,967**	471,291
Vehicles	1,000	700	**300**	500
Leasehold improvements	1,266,600	1,128,138	**138,462**	166,696
Equipment under capital leases	2,042,920	2,042,920	**-**	20,415
Project under development (5(b))	-	-	-	1,856,341
	$ 114,375,214	$ 65,969,371	**$ 48,405,843**	$ 54,028,201

Buildings include $1,833,828 (2018 – $1,932,954), net of accumulated amortization, relating to an interest in the YMCA Welcome Village parkade, owned through the Association's interest in the Boyle Renaissance Condominium Corporation ("BRCC") (Note 20).

b) Project under development

The software development project was completed in 2019, with total costs of $2,064,028 transferred to the Computer software/hardware category. The Association has determined that use of the software will be discontinued in 2020 and recorded a write-down of $1,814,625. The remaining net book value, at $154,802, is scheduled to be amortized in 2020.

c) Intangible asset

	Cost	Accumulated Amortization	**2019 Net Book Value**	2018 Net Book Value
Right to use land asset	$ 2,526,000	$ 810,425	**$ 1,715,575**	$ 1,841,875

The intangible asset represents the Association's right to use the land represented by the Melcor YMCA Village unit ownership, a component of the Welcome Village. The asset has been recorded at fair market value for the land upon contribution in 2013, as a proxy for the value of the right to use land asset, and will be amortized over the twenty years of expected use by the Association. The amortization period relates to the agreement with Capital Region Housing Corporation ("CRHC") and the expectation that ownership will transfer to CRHC in twenty years from acquisition in 2013 (Note 20).

6. Bank operating line of credit

The Association has an operating line of credit of $1,500,000 (2018 – $1,500,000) of which $nil (2018 – $60,000) is outstanding at year end. This facility is due on demand and bears interest at the bank's prime rate plus 0.5% (2018 – prime rate plus 0.5%).

Under the terms of the credit facility agreement, the lender has a second floating charge on all current land holdings of the Association, along with any future acquisitions of land. In addition, there is a second charge on all other property owned by the Association.

Subsequent to the year end, the Association was approved for a temporary increase in the bank operating line of credit, for an additional $4,524,000, from May 13, 2020 to July 12, 2020. The purpose of the increase is to provide short-term financing related to payroll payments under the Canadian Emergency Wage Subsidy program. The amount represents the maximum in related payroll payments calculated for the twelve-week program which are expected to be fully reimbursed through federal subsidies (Note 21).

7. Accounts payable and accrued liabilities

	2019	2018
Trade and accrued liabilities	**$ 4,175,970**	$ 4,188,600
Government payables	**169,295**	198,477
	$ 4,345,265	$ 4,387,077

Provisions are made for the Association's liability for employee future benefits arising from services rendered by employees to the balance sheet date. As such, the Association provides for unused vacation entitlement that has accumulated. The accrued amounts of $686,050 (2018 – $559,072) have been classified in trade and accrued liabilities.

8. Deferred revenue

Deferred contributions included in the deferred revenue balance of $7,117,423 as at December 31, 2019 (December 31, 2018 - $6,600,446) include:

	2018	Net Additions	Revenue Recognized	**2019**
Operating grants – government	$ 4,138,005	$ 21,451,155	$ 21,433,031	**$ 4,156,129**
Operating grants – other	274,669	1,961,589	2,071,732	**164,526**
Contributions	154,601	1,172,843	1,153,160	**174,284**
United Way	53,679	405,144	458,823	**-**
	$ 4,620,954	$ 24,990,731	$ 25,116,746	**$ 4,494,939**
Membership dues, program fees, housing and rental deposits and deferred revenue	1,979,492			**2,622,484**
	$ 6,600,446			**$ 7,117,423**

9. Obligations under capital leases

The following is a schedule by year of future minimum lease payments together with the balance of the obligations under capital leases:

2020	$ 45,180
Less: amount representing interest at 3.55% (2018 – 3.49%)	133
Balance of lease obligations	45,047
Less: current portion	45,047
	$ -

The collateral security lodged by the Association to support the obligations under capital leases are the underlying assets to which the leases relate.

10. Long-term debt	**2019**	2018
Mortgage payable, bearing interest at prime, monthly interest-only payments, maturing September 30, 2022 (Note 10 (a))	**$ 925,000**	$ 925,000
Mortgage payable, bearing interest at 4.38%, repayable in blended monthly instalments of $17,368, amortized until March 1, 2030 with terms renewing January 31, 2023 (Note 10 (b) and (c))	**1,718,331**	1,848,385
Mortgage payable, bearing interest at 3.52%, repayable in blended monthly instalments of $16,630, amortized until March 1, 2030 with terms renewing April 1, 2020 (Note 10 (b) and (c))	**1,725,012**	1,861,247
Mortgage payable, bearing interest at 4.70%, repayable in blended monthly instalments of $16,580 until fully repaid on November 1, 2022 (Note 10 (b))	**541,244**	710,433
Mortgage payable, bearing interest at prime, monthly interest-only payments subject to the terms and provisions described in Note 10 (b) and (d)	**1,553,431**	1,553,431
	6,463,018	6,898,496
Less: current portion	**561,614**	459,074
	$ 5,901,404	$ 6,439,422

10. Long-term debt (cont'd)

a) The $925,000 mortgage payable is secured by the Bill Rees YMCA land and building, having a carrying value of $1,669,127 (2018 – $1,744,302).

b) The financing agreement for the Association's mortgage debt of $1,718,331, $1,725,012, $541,244 and $1,553,431 includes a demand feature that allows the lenders to demand repayment at any time. However, the financial institutions have committed to the Association that repayment will not be demanded on these mortgages payable prior to January 1, 2021. These commitments are based on the assumption that the Association will continue to meet all other related conditions and repayment terms of the agreement. As a result of these commitments, the Association has classified the liability as long-term debt.

Subsequent to the year end, the $1,725,012 mortgage was renewed at a floating interest rate of prime plus 0.5%, amortized until March 1, 2030. Currently, the effective floating interest rate is at 2.95% and the balance is being repaid in blended monthly instalments of $16,276, subject to changes in the prime rate.

Security for the four mortgages of $1,718,331, $1,725,012, $541,244 and $1,553,431 includes:

- A general security agreement providing a first charge over all assets pertaining specifically to the Don Wheaton Family YMCA facility and parkade, including all present and after acquired personal property and proceeds;
- A demand mortgage in the amount of $18,500,000 on the Don Wheaton Family YMCA facility and the parkade, with a combined carrying value of $13,582,243 (2018 – $14,526,079);
- General assignment of rents and leases receivable by the Association;
- General assignment of material contracts and benefits with respect to the Don Wheaton Family YMCA, and;
- Demand notes.

10. Long-term debt (cont'd)

c) The $1,718,331 and $1,725,012 mortgages are syndicated mortgages payable to two financial institutions.

d) The Association has an approved mortgage of $1,838,594, of which $1,553,431 has been advanced at December 31, 2019 relating to the acquisition of a new software program. Subsequent to the year end, the Association has applied to draw the remaining $285,163 balance from this mortgage to fund the acquisition of a replacement software program.

e) The principal payments due within the next five years and thereafter, assuming the loans are renewed at the current terms, are estimated as follows:

2020	$ 561,614
2021	609,377
2022	1,544,888
2023	461,084
2024	467,871
Thereafter	2,818,184
	$ 6,463,018

11. Deferred capital contributions

	2019	2018
Balance, beginning of year	**$ 41,379,313**	$ 44,593,875
Add: contributions received	**582,825**	455,275
Less: contributions recognized as revenue	**(3,420,780)**	(3,669,837)
Balance, end of year	**$ 38,541,358**	$ 41,379,313

Contributions received include:

	2019	2018
YMCA Welcome Village Capital Campaign	**$ 57,633**	$ 80,660
Capital grants (including $524,720 (2018 – $306,946) from government sources for facility development projects and other capital acquisitions)	**525,192**	374,615
	$ 582,825	$ 455,275

The Association previously entered into a capital contribution campaign to raise $3,300,000 in contributions for the YMCA Welcome Village and related fundraising costs. Contributions received to December 31, 2019 totalled $3,321,957 (2018 – $3,242,447). Outstanding pledges, totalling $915,335 (2018 – $994,085) as at December 31, 2019, are expected to be received within the next twelve years. Contributions exceeding the original $3,300,000 campaign goal will continue to be directed towards capital and operating support for the YMCA Welcome Village.

12. Investment in capital assets

	2019	2018
Balance, beginning of year	**$ 10,416,599**	$ 12,350,241
Amortization of capital assets	**(5,039,153)**	(5,461,399)
Amortization of intangible asset	**(126,300)**	(126,300)
Amortization of deferred capital contributions	**3,420,780**	3,669,837
Investment income	**78,908**	42,287
Contributions	**(150,000)**	-
Write off of capital asset	**(1,814,625)**	-
Loss on disposal of capital assets	**(1,202)**	(32,833)
Deficiency of revenue over expenses	**(3,631,592)**	(1,908,408)
Other items:		
Acquisition of capital assets	**1,232,622**	2,147,995
Receipt of capital contributions	**(582,825)**	(455,275)
Repayment of long-term debt	**435,478**	270,827
Repayment of obligations under capital leases	**139,737**	432,062
Transfer of restricted cash equivalents	**58,279**	51,866
Increase in long-term payable	**(58,279)**	(51,866)
Transfer of cash and short-term investments between funds	**608,162**	(88,514)
Proceeds from disposition of capital assets	**-**	(54,868)
Proceeds from long-term debt	**-**	(2,277,461)
Increase (decrease) in net assets invested in capital assets	**1,833,174**	(25,234)
Balance, end of year	**$ 8,618,181**	$ 10,416,599

13. Commitments

a) Operating leases and service contracts

The Association has sixty-one leased premises subject to operating lease commitments.

The minimum annual lease payments under these operating leases are as follows:

2020	$ 1,404,743
2021	750,819
2022	552,559
2023	418,107
2024 and thereafter	1,808,683
	$ 4,934,911

Included in the minimum lease payments are three lease agreements for child care centres where rent expense is a percentage of the gross child care fees on a monthly basis. The minimum annual lease payments include the estimated annual payments for these leases to the end of the current lease terms.

b) Electrical power purchase agreement

The Association has signed agreements to purchase power at a fixed rate for the periods from January 1, 2020 to December 31, 2020 and from January 1, 2021 to December 31, 2023.

c) Natural gas purchase agreement

The Association has signed agreements to purchase natural gas at a fixed rate for the period from December 1, 2017 to November 30, 2021.

d) Restriction of use

The Association has agreed to certain commitments to the City of Edmonton relating to the four Health, Fitness and Aquatic facilities located in the Edmonton region, intended to ensure the facilities continue to provide recreational services to members of the community.

14. Westwood lease agreement

The Association and the Fort McMurray Public School District ("School District") are the two remaining parties to a Settlement Agreement signed in 2015. As part of the Agreement, the School District has agreed to waive a disputed contingent liability if the Association will eventually transfer its ownership interest in the Westwood facility to the School District and will either vacate or enter into a residual lease agreement.

The remaining obligations of the Association arising from the Settlement Agreement were originally as follows:

- Facility expense sharing obligations, as outlined by a Shared Use Agreement between the School District and the Association, and two lease agreements, and;
- The eventual transfer, by December 31, 2019, of the remaining ownership interest of the Westwood facility to the School District, upon vacating or the continued occupancy in the facility, as a tenant, under the terms to be established by a residual lease agreement.

The disposition of the remaining ownership interest of the Westwood facility to the School District took place as of December 31, 2019. There was no gain or loss on the disposition. A related residual space lease is presently being negotiated with the School District.

15. YMCA Opportunity Fund

During the year, membership and program fees totaling $1,894,636 (2018 – $2,048,668), for qualifying individuals and families, were sponsored through the Association's financial assistance program (the YMCA Opportunity Fund) which is funded, in part, by the annual YMCA Giving fundraising campaign.

16. Family Ties Program in the Grande Prairie Region

During the year, the Association received funding for the Family Ties program, operating in the Grande Prairie region, under the terms of an agreement with the Minister of Human Services for the Province of Alberta. Operating grants - government revenue was recognized for this program of $263,248 (2018 – $276,859). As of December 31, 2019, deferred revenue for the program was $29,729 (2018 – $21,382).

17. Pension expense

The Association has a defined contribution plan covering eligible employees. Contributions are computed as a percentage of compensation. The expense recorded in relation to the employee benefit plan for the year ended December 31, 2019 was $746,853 (2018 – $701,609).

18. Financial instrument risks

The Association's main financial instrument risk exposure is detailed as follows:

The Association holds guaranteed investment certificates, which are subject to various risks such as interest rate and market fluctuations. These risks are mitigated by restricting both the type and term of securities eligible for investment. The Association is subject to interest rate risk due to the variable rate applicable to the mortgages payable. It is management's opinion that the Association is not exposed to significant interest rate risk arising from financial instruments.

The Association is exposed to credit risk from members, program participants, organizations receiving services and related parties. Credit risk arises from the possibility that the individuals, families and entities to which the Association provides services may experience financial difficulty and be unable to fulfil their obligations. The Association's receivable balance is made up of numerous and diverse receivables, which reduces the concentration of credit risk.

The Association is exposed to liquidity risk as the Association could encounter difficulty in meeting obligations associated with its financial liabilities. The Association is, therefore, exposed to liquidity risk with respect to its accounts payable and accrued liabilities, obligations under capital leases and long-term debt.

19. Fundraising

The Association creates opportunities for all participants and members to form relationships and gain a sense of belonging and involvement. This comprehensive fund development program incorporates a variety of activities, including community engagement, planned giving, grant writing, capital campaign administration and the annual YMCA Giving fundraising campaign. Total costs for the fund development program for the year ended December 31, 2019, were $621,208 (2018 – $588,245) including $432,927 (2018 – $439,985) in salaries, wages, and benefits. In addition, the direct cost of the 2019 YMCA Giving campaign of $84,167 (2018 – $66,613) was expensed in branch operations.

20. YMCA Welcome Village

In 2009, the Association entered into a Memorandum of Understanding ("MOU") with the Capital Region Housing Corporation ("CRHC") relating to the development of the YMCA Welcome Village.

The Boyle Renaissance Condominium Corporation ("BRCC") was registered in 2013 for the purpose of facilitating the long-term ownership structure of the YMCA Welcome Village units. In 2013, legal titles of the following BRCC units were transferred to the Association and are included in capital assets:

- Melcor YMCA Village;
- Shirley Stollery YMCA Child Care Centre;
- YMCA Family Resource Centre, and;
- A portion of the West Building external structure and parkade (Note 5(a)).

The right to use land asset related to the Melcor YMCA Village has been recorded as an intangible asset (Note 5 (c)), at the estimated fair market value of $2,526,000 as a proxy for the value of the right-to-use land asset.

The Association has extended, to December 31, 2025, a long-term lease for $1 per year, with the City of Edmonton, relating to the West building access and office administration.

The Association will hold title to the Melcor YMCA Village facility for a minimum of twenty years, the period of time that the Association is committed to operating affordable housing services under the terms of the provincial government capital grant.

In 2013, an agreement was made with CRHC which includes the following:

- Allowing CRHC an option to purchase the Melcor YMCA Village and the related reserve fund for $10. The option may be exercised at any time prior to January 18, 2034, with a transfer of ownership occurring not before January 18, 2034. The option period may be extended for an additional term of one year or such other period in excess of one year as agreed to by both parties.
- That the Association shall maintain a capital reserve to be used for major capital repairs, the balance of which will be transferred to CRHC if ownership transfers. All expenditures from the reserve are subject to written approval of CRHC.

20. YMCA Welcome Village (cont'd)

The Association expects that the option will be exercised and ownership will transfer to CRHC in twenty years and accounts for the current access to the Melcor Village as a long-term operating lease. The Melcor YMCA Village building has been recorded as leasehold improvements, classified with buildings.

The Association allocates 4% of the housing revenue from the facility to the capital reserve, which is recorded as a long-term payable. Funding of the balance of the long-term payable is held in restricted cash, at $356,074 (2018 - cashable guaranteed investment certificates of $297,795). Subsequent to the year end, a cashable guaranteed investment certificate, bearing interest at 1.78% and maturing on February 10, 2021, was purchased for the purpose of funding the long-term payable.

21. Subsequent events

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to operations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

All Child Care and Health, Fitness and Aquatic operations of the Association have been temporarily discontinued, subject to the government restrictions relating to COVID-19 being reversed at some future date. Other than a small team composed of Management and other critical employees, the majority of employees had been placed on a temporary lay-off. The Association has recently recalled all salaried employees under the terms of the Canadian Wage Enhancement Subsidy (CEWS) program. Management is actively pursuing a business interruption insurance claim and intends to apply for additional bank financing to support ongoing fixed costs required to maintain the Association's facilities as well as to cover reopening costs. Financing for the longer-term, including support to re-establish the required level of working capital for continuing operations, is being explored. Management and the Board of Directors are presently developing reopening plans for operations under various sets of assumptions, including possible reopening dates as well as changes to operations which are expected to be directed by provincial health authorities.

21. **Subsequent events** (cont'd)

The Association has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Association for future periods.

Under the terms of the Association's bylaws, audited financial statements and the Annual General Meeting are to be completed annually by April 30th of the following year. Due to the impact of the pandemic, these are scheduled for completion on or before June 30, 2020. Management has advised all lenders of this delay in meeting the 120-day financial statement reporting requirement reflected in financing agreements.

In addition, in late April 2020, extreme flooding resulted in a wide-spread evacuation within the City of Fort McMurray. The Association's NewAlta Child Care Centre, located in a rented facility which was closed due to the COVID-19 pandemic, was flooded. An insurance claim has been filed with the extent and cost of damages unknown at this point. The timing of when the facility would be available to support the re-opening of child care services is also unknown.

22. **Comparative figures**

Certain comparative figures have been reclassified to conform to the current year's presentation.

The Young Men's Christian Association of Edmonton
(Operating as YMCA of Northern Alberta)
Schedule 1 - Operating Expenses

Year Ended December 31	**2019**	2018
Salaries, wages, and benefits	**$ 46,269,492**	$ 41,537,488
Occupancy	**5,814,879**	5,927,079
Supplies	**4,589,882**	3,694,650
Repairs and maintenance	**2,736,260**	2,578,034
Participant support costs	**1,972,772**	1,580,528
Finance and program registration fees	**783,156**	811,414
Purchased services and insurance	**779,316**	790,632
Printing and promotion	**707,075**	759,497
Membership and Association dues	**684,183**	636,988
Employee and participant travel	**641,154**	500,428
Bad debts	**499,163**	159,408
Training	**401,906**	404,128
Telephone and postage	**376,101**	429,551
Miscellaneous	**60,959**	60,652
Goods and Services tax	**43,589**	43,275
International program support	**15,000**	27,000
	$ 66,374,887	$ 59,940,752

The Young Men's Christian Association of Edmonton (Operating as YMCA of Northern Alberta)
Schedule 2 – Homeward Trust Edmonton and Homeward Trust Foundation

Year Ended December 31	2019	2018

The revenues and expenses relating to operating grants from Homeward Trust Edmonton and Homeward Trust Foundation are as follows:

Revenues		
Operating grants – other	**$ 1,287,944**	$ 1,229,866
Expenses		
Salaries, wages, and benefits	**647,118**	598,759
Participant support costs	**432,311**	425,462
Administration costs	**161,154**	163,787
Employee and participant travel	**25,533**	22,674
Telephone and postage	**7,364**	6,460
Occupancy	**6,000**	-
Training	**3,566**	1,364
Miscellaneous	**2,386**	10,541
Supplies	**2,211**	802
Purchased services and insurance	**301**	-
Printing and promotion	**-**	17
	1,287,944	1,229,866
Revenues over expenses	**$ -**	$ -

The continuity of deferred contributions and operating grants is as follows:

Balance, beginning of year	**$ 164,632**	$ 168,123
Add: operating grants received	**1,272,834**	1,226,375
Less: operating grants recognized as revenue	**(1,287,944)**	(1,229,866)
Balance, end of year	**$ 149,522**	$ 164,632

See accompanying notes to the financial statements

The Young Men's Christian Association of Edmonton
(Operating as YMCA of Northern Alberta)
Schedule 3 – The City of Grande Prairie Housing First Centralized Assessment

Year Ended December 31		**2019**		2018

The revenues and expenses relating to operating grants from The City of Grande Prairie for the Housing First Centralized Assessment program are as follows:

Revenues				
Operating grants – other	**$**	**332,316**	$	380,730
Expenses				
Salaries, wages, and benefits		**268,561**		311,538
Administration costs		**24,472**		31,470
Occupancy		**18,833**		18,804
Purchased services and insurance		**6,955**		-
Telephone and postage		**6,529**		6,770
Supplies		**3,161**		2,595
Training		**2,920**		4,678
Employee and participant travel		**488**		1,505
Participant support costs		**397**		3,150
Printing and promotion		**-**		220
		332,316		380,730
Revenues over expenses	**$**	**-**	$	-

The continuity of deferred contributions and operating grants is as follows:

Balance, beginning of year	**$**	**39,694**	$	32,462
Add: operating grants received		**333,214**		387,962
Less: operating grants recognized as revenue		**(332,316)**		(380,730)
Balance, end of year	**$**	**40,592**	$	39,694

See accompanying notes to the financial statements

The Young Men's Christian Association of Edmonton
(Operating as YMCA of Northern Alberta)
Schedule 4 – Government of Alberta Early Learning Child Care (ELCC) Centre Funding
Year Ended December 31, 2019

During the year, the Association received $7,890,600 (2018 - $8,361,455) in funding from the Government of Alberta towards supporting the operation of nineteen ELCC Child care centres. This represented the second year of provincial government funding related to the three-year pilot program sponsoring $25-a-day child care. Continuation of the program and funding to the Association beyond March 31, 2021, being the end of the three-year pilot program, has not been confirmed to date.

	Deferred revenue at beginning of year	Funding received	Revenue recognized	Deferred capital contributions	Deferred revenue at end of year
Year 1 Funding					
Access	$ 56,778	$ -	$ 26,291	16,305	$ 14,182
Affordability	2,586,563	-	1,528,393	1,515	1,056,655
Quality	627,002	-	395,454	51,148	180,400
Wage	307,669	-	157,130	-	150,539
Improvements	337,422	-	190,688	20,137	126,597
	3,915,434	-	2,297,956	89,105	1,528,373
Deferred interest revenue	119,057	-	-	-	119,057
Year 2 Funding					
Affordability	-	5,947,200	5,050,336	-	896,864
Quality	-	533,000	225,662	2,255	305,083
Wage	-	812,900	436,686	-	376,214
Improvements	-	597,500	414,565	12,026	170,909
	-	7,890,600	6,127,249	14,281	1,749,070
Deferred interest revenue	-	132,234	-	-	132,234
Total	$ 4,034,491	8,022,834	$ 8,425,205	$ 103,386	$ 3,528,734

See accompanying notes to the financial statements