

Financial Statements

The Edmonton YMCA Foundation

March 31, 2018

# Contents

	<b>Page</b>
Independent Auditor's Report	1 – 2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 – 13

## Independent Auditor's Report

To the Members of  
The Edmonton YMCA Foundation

We have audited the accompanying financial statements of The Edmonton YMCA Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Edmonton YMCA Foundation as at March 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Canada

June 28, 2018

*Grant Thornton LLP*

Chartered Professional Accountants

## The Edmonton YMCA Foundation

### Statement of Operations

Year Ended March 31

2018

2017

	Unrestricted fund	Internally restricted fund	Total	Total
<b>Revenues</b>				
Contributions from YMCA of Northern Alberta (Note 8)	\$ 152,504	\$ -	\$ 152,504	\$ 172,152
Investment income (Note 6)	-	13,588	13,588	10,493
Receipts – special events	4,625	-	4,625	5,090
Contributions	2,143	-	2,143	7,792
Contributions of life insurance premiums	-	1,599	1,599	3,268
Increase in fair value of financial instruments	-	-	-	5,227
	<u>159,272</u>	<u>15,187</u>	<u>174,459</u>	<u>204,022</u>
<b>Expenditures</b>				
YMCA of Northern Alberta program funding	-	130,270	130,270	170,732
Professional fees	5,484	-	5,484	5,644
International program funding	-	5,107	5,107	6,968
Life insurance premiums	-	1,669	1,669	3,323
Decrease in fair value of financial instruments	-	4,009	4,009	-
GST expense	278	-	278	-
Bank charges	-	48	48	48
	<u>5,762</u>	<u>141,103</u>	<u>146,865</u>	<u>186,715</u>
<b>Expenditures contributed by YMCA of Northern Alberta (Note 8)</b>				
Salaries and benefits	142,576	-	142,576	154,400
Promotion	5,928	-	5,928	13,752
Office supplies and postage	4,000	-	4,000	4,000
	<u>152,504</u>	<u>-</u>	<u>152,504</u>	<u>172,152</u>
	<u>158,266</u>	<u>141,103</u>	<u>299,369</u>	<u>358,867</u>
(Deficiency) excess of revenues over expenditures	<u>\$ 1,006</u>	<u>\$ (125,916)</u>	<u>\$ (124,910)</u>	<u>\$ (154,845)</u>

See accompanying notes to the financial statements.

**The Edmonton YMCA Foundation**  
**Statement of Changes in Net Assets**

Year Ended March 31

2018 2017

	Unrestricted fund	Internally restricted fund (Note 5)	Endowment fund (Note 4)	Total	Total
Balance, beginning of year	\$ -	\$ 191,469	\$ 3,815,639	\$ 4,007,108	\$ 3,773,769
(Deficiency) excess of revenues over expenditures	<u>1,006</u>	<u>(125,916)</u>	-	<u>(124,910)</u>	<u>(154,845)</u>
	<u>1,006</u>	<u>65,553</u>	<u>3,815,639</u>	<u>3,882,198</u>	<u>3,618,924</u>
Endowment contributions	-	-	536,185	536,185	142,200
Increase (decrease) in fair value of financial instruments	-	-	(93,073)	(93,073)	108,411
Investment income	-	-	136,794	136,794	137,573
	-	-	579,906	579,906	388,184
Inter-fund transfers	<u>(1,006)</u>	<u>131,276</u>	<u>(130,270)</u>	-	-
Balance, end of year	\$ -	\$ 196,829	\$ 4,265,275	\$ 4,462,104	\$ 4,007,108

See accompanying notes to the financial statements.

**The Edmonton YMCA Foundation**  
**Statement of Financial Position**

March 31

2018

2017

	Unrestricted fund	Internally restricted fund	Endowment fund	Total	Total
<b>Assets</b>					
Current					
Cash	\$ -	\$ 12,186	\$ -	\$ 12,186	\$ 8,209
Accrued interest receivable	-	1,149	-	1,149	1,091
Receivable from other fund	5,564	-	-	5,564	5,644
	5,564	13,335	-	18,899	14,944
Long-term investments (Note 3)	-	324,505	4,265,275	4,589,780	4,183,984
	\$ 5,564	\$ 337,840	\$ 4,265,275	\$ 4,608,679	\$ 4,198,928
<b>Liabilities</b>					
Current					
Payables and accruals	\$ 5,564	\$ -	\$ -	\$ 5,564	\$ 5,644
Due to YMCA of Northern Alberta (Note 8)	-	135,447	-	135,447	180,532
Payable to other fund	-	5,564	-	5,564	5,644
	5,564	141,011	-	146,575	191,820
Net Assets					
Endowment fund (Note 4)	-	-	4,265,275	4,265,275	3,815,639
Internally restricted fund (Note 5)	-	196,829	-	196,829	191,469
	-	196,829	4,265,275	4,462,104	4,007,108
	\$ 5,564	\$ 337,840	\$ 4,265,275	\$ 4,608,679	\$ 4,198,928

Approved by the Board of Directors

 Director

Director



See accompanying notes to the financial statements.

---

**The Edmonton YMCA Foundation**  
**Statement of Cash Flows**

Year Ended March 31	2018	2017
Increase (decrease) in cash		
<b>Operating</b>		
Deficiency of revenues over expenditures	\$ (124,910)	\$ (154,845)
Decrease (increase) in fair value of financial instruments	<u>4,009</u>	<u>(5,227)</u>
	<b>(120,901)</b>	<b>(160,072)</b>
Changes in non-cash operating working capital		
Accrued interest receivable	(58)	(7)
Payables and accruals	<u>(80)</u>	<u>401</u>
	<b>(121,039)</b>	<b>(159,678)</b>
<b>Investing</b>		
Contributions to Endowment fund	486,833	279,773
Net cash transfers with YMCA of Northern Alberta	(45,085)	183,027
Net transactions for long-term investments	<u>(316,732)</u>	<u>(295,771)</u>
	<b>125,016</b>	<b>167,029</b>
Net increase in cash	<b>3,977</b>	7,351
Cash, beginning of year	<u>8,209</u>	<u>858</u>
Cash, end of year	<b>\$ 12,186</b>	<b>\$ 8,209</b>

---

See accompanying notes to the financial statements.



---

# The Edmonton YMCA Foundation

## Notes to the Financial Statements

Year ended March 31, 2018

---

### 1. Nature of operations

The Edmonton YMCA Foundation (the "Foundation") is incorporated as a not-for-profit organization under the Alberta Societies Act. The mission of the Foundation is to act as a fundraising body collecting donations, gifts, or bequests exclusively for the benefit of YMCA of Northern Alberta. The Foundation is a registered charity under the Income Tax Act and is exempt from income tax.

---

### 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 fair value of long-term investments.

#### Fund accounting

The operational and administrative activities of the Foundation, including unrestricted contributions from YMCA of Northern Alberta and revenues from special events, are reported by the unrestricted fund.

The internally restricted fund reports resources restricted by the Foundation's Board of Directors for the eventual transfer to YMCA of Northern Alberta.

The endowment fund reports resources that have been permanently restricted by the Foundation's Board of Directors for endowment purposes.

---

**The Edmonton YMCA Foundation**  
**Notes to the Financial Statements**  
Year ended March 31, 2018

---

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

**Revenue recognition**

The Foundation follows the deferral method of accounting for contributions.

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

Endowment contributions and investment income restricted for endowment purposes are recognized as a direct increase in net assets.

**Planned gifts**

The Foundation is the beneficiary of whole life insurance policies. Whole life insurance policies for which the Foundation is the registered owner are recorded as assets of the Foundation at their cash surrender value.

The Foundation is also the beneficiary of bequests stated in wills. Bequests are not recognized in the financial statements until the funds are received.

**Long-term investments**

The Foundation records its long-term investments at market value. Changes in the quoted market value for internally restricted investments are recognized in the statement of operations. Endowment investment changes are recorded directly to net assets.

**Donated gifts and services**

The Foundation records the fair market value of donated gifts and services in its accounts where such value is reasonably determinable and when the donations are normally purchased by the Foundation.

**Impairment of long-lived assets**

The Foundation tests for impairment when events or changes in circumstances indicate the carrying amount of an item or class of 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 where available, otherwise on discounted cash flows over the life of the asset.

---

## The Edmonton YMCA Foundation

### Notes to the Financial Statements

Year ended March 31, 2018

---

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

##### Financial instruments

###### Initial measurement:

The Foundation'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 Foundation 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 Foundation has also irrevocably elected to measure its investments in bonds at fair value. All changes in fair value of the Foundation's investments in equities quoted in an active market and in bonds are recorded in the statement of operations for unrestricted investments and directly to net assets for endowed investments. The Foundation 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, accrued interest receivable, payables and accruals, and due to YMCA of Northern Alberta. 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 Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation 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.

---

3. Long-term investments	<u>2018</u>	<u>2017</u>
Investments, at market value, (cost \$4,123,475 (2017 - \$3,626,427))	\$ 4,538,333	\$ 4,138,367
Cash surrender value of life insurance	<u>51,447</u>	<u>45,617</u>
	<u>\$ 4,589,780</u>	<u>\$ 4,183,984</u>

## The Edmonton YMCA Foundation

### Notes to the Financial Statements

Year ended March 31, 2018

4. Endowment fund	<u>2018</u>	<u>2017</u>
<b>Endowed funds</b>		
William Lutsky Trust Fund (Land Trust Fund)	\$ 1,797,671	\$ 1,842,861
Literacy Endowment Fund	657,315	673,838
Estate of Mary Anne Murphy	285,705	-
Larry Pollock Youth Recreation Fund	235,573	241,495
Tim Melton Family Fund	198,780	152,386
Youth and Community Endowment Fund Jean-Louis Cloutier	135,229	138,628
Bill Rees Memorial Fund	119,264	-
Lammerink Family Fund	100,002	94,888
Eldon and Phyllis Fowler Fund	83,434	85,532
Robert J. Turnbull Trust Fund	79,749	81,753
William Lutsky Trust Fund	77,175	79,115
Phyllis Amerongen Memorial Fund	75,458	-
William Weir Memorial Fund	48,106	49,315
Sam Gabriel Trust Fund	39,795	40,796
Edwin S. Cook Leadership Fund	38,190	39,150
Al Maydonik Trust Fund	31,047	31,827
1907 – 2007 Centennial Trust	29,558	30,301
Wilfred Oliver (Mac) McLean Trust Fund	26,792	25,409
Del Dilkie Leadership Fund	23,765	23,519
Patricia Ellen (Pattey) Ready Memorial Fund	23,483	24,073
Jill Zimmerman Memorial Fund	21,656	22,200
Grant and Irene Duncan Family Fund	21,397	20,906
Bennett Clarke Memorial Scholarship Fund	15,501	15,891
Michael Zolf Trust Fund	13,210	13,542
Archie M. Langille Trust Fund	13,210	13,541
Rebecca Suen Fund for the Homeless	12,491	12,805
Matthew Peddle Memorial Fund for Children with Disabilities	12,371	12,681
Franco and Barbara Savoia Star-Builder Scholarship Fund	11,036	11,313
Len Dolgoy and Catherine Miller Trust Fund	10,504	10,767
Emerging Endowment Funds	<u>27,808</u>	<u>27,107</u>
	<u>\$ 4,265,275</u>	<u>\$ 3,815,639</u>

---

## The Edmonton YMCA Foundation

### Notes to the Financial Statements

Year ended March 31, 2018

---

#### 4. Endowment fund (cont'd)

The Endowment fund was established to raise funds for the benefit of YMCA of Northern Alberta. The assets held by the Endowment fund are endowed in perpetuity.

The Foundation accepts contributions intended towards establishing future Endowment funds, with the requested balance of \$10,000 or greater. These Emerging Endowment Funds receive, as do all of the Endowment funds, annual allocations of the Foundation's investment income. No annual transfer of funds to the benefit of the YMCA of Northern Alberta programs is processed until an Emerging Endowment Fund balance exceeds a balance of \$10,000.

---

5. Internally restricted fund	<u>2018</u>	<u>2017</u>
International Development Fund	\$ 146,238	\$ 149,806
Other internally restricted funds	<u>50,591</u>	<u>41,663</u>
	<u>\$ 196,829</u>	<u>\$ 191,469</u>

Internally restricted funds are held for the purpose of generating investment income for the eventual transfer to YMCA of Northern Alberta.

---

## The Edmonton YMCA Foundation

### Notes to the Financial Statements

Year ended March 31, 2018

---

#### 6. Investment income

Investment income earned is reported as follows:	<u>2018</u>	<u>2017</u>
Net income on long-term investments	\$ 142,687	\$ 144,186
Investment earnings from the Edmonton Community Foundation (Note 7)	1,694	1,633
Change in cash surrender value of life insurance policies	5,831	2,237
Interest on bank account and other	<u>170</u>	<u>10</u>
Net investment income earned during the year	150,382	148,066
Amount restricted for endowment purposes	<u>(136,794)</u>	<u>(137,573)</u>
Total investment income	<u>\$ 13,588</u>	<u>\$ 10,493</u>

---

#### 7. Contribution to Edmonton Community Foundation

In 2001, the Foundation established an endowment fund with the Edmonton Community Foundation through a donation of \$30,000. The principal balance of the Endowment Fund is owned by the Edmonton Community Foundation. As the named beneficiary of the fund, the Foundation is eligible to receive an allocation from future investment earnings arising from the current balance, as well as from future donations to the fund.

---

#### 8. Related not-for-profit organizations

The Foundation is influenced by YMCA of Northern Alberta by virtue of its ability to appoint the Foundation's Board of Directors. YMCA of Northern Alberta is incorporated as a not-for-profit organization and is a registered charity under the Income Tax Act.

YMCA of Northern Alberta is the beneficiary of the financial development operations of the Foundation and contributes staffing and other resources towards the work of the Foundation. The fair market value of these resources is estimated and reflected as contributions in the financial statements of the Foundation.

Contributions from YMCA of Northern Alberta during the year total \$152,504 (2017 - \$172,152). These have been recognized in the unrestricted fund.

The balance of \$135,447 (2017 - \$180,532) payable to YMCA of Northern Alberta is non-interest bearing and has no fixed terms of repayment.

---

## **The Edmonton YMCA Foundation**

### **Notes to the Financial Statements**

Year ended March 31, 2018

---

#### **9. Financial instrument risks**

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

The Foundation holds marketable security investments and 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 Foundation is exposed to credit risk from financial institutions and community fundraising entities. Credit risk arises from the possibility that these entities may experience financial difficulty and be unable to fulfil their obligations. The Foundation's maximum exposure to credit risk is represented by the carrying amounts of accrued interest receivable and it is management's opinion that the likelihood of loss is low.

The Foundation is exposed to liquidity risk as the Foundation could encounter difficulty in meeting obligations associated with its financial liabilities. Therefore, the Foundation is exposed to liquidity risk with respect to its payables and accruals and amounts due to the YMCA of Northern Alberta. The Foundation monitors its liquidity position and plans the purchase of investments accordingly.

---

#### **10. Comparative figures**

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