

Financial Statements

YMCA of Northern Alberta Foundation

March 31, 2022

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Independent Auditor's Report

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To the Members of
YMCA of Northern Alberta Foundation

Opinion

We have audited the financial statements of YMCA of Northern Alberta Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2022, 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 YMCA of Northern Alberta Foundation as at March 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.

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 Foundation 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 Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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

September 22, 2022



Chartered Professional Accountants

YMCA of Northern Alberta Foundation

Statement of Operations

Year Ended March 31

2022

2021

	Unrestricted fund	Internally restricted fund	Total	Total
Revenues				
Contributions from YMCA of Northern Alberta (Note 8)	\$ 141,472	\$ -	\$ 141,472	\$ 153,530
Increase in fair value of financial instruments	-	1,162	1,162	31,701
Investment income (Note 6)	-	9,181	9,181	18,597
Contributions	6,009	-	6,009	5,303
Contributions of life insurance premiums	-	1,676	1,676	1,670
	<u>147,481</u>	<u>12,019</u>	<u>159,500</u>	<u>210,801</u>
Expenditures				
YMCA of Northern Alberta support funding	-	179,250	179,250	152,156
Professional fees	7,100	-	7,100	6,955
International support funding	-	5,550	5,550	4,844
Life insurance premiums	-	2,297	2,297	1,734
Office supplies	349	50	399	1,605
GST expense	360	-	360	318
Expense reimbursement	<u>(1,441)</u>	<u>-</u>	<u>(1,441)</u>	<u>-</u>
	<u>6,368</u>	<u>187,147</u>	<u>193,515</u>	<u>167,612</u>
Expenditures contributed by YMCA of Northern Alberta (Note 8)				
Salaries and benefits	138,426	-	138,426	151,030
Promotion	3,046	-	3,046	2,500
Office supplies and postage	-	-	-	-
	<u>141,472</u>	<u>-</u>	<u>141,472</u>	<u>153,530</u>
	<u>147,840</u>	<u>187,147</u>	<u>334,987</u>	<u>321,142</u>
Deficiency of revenues over expenditures	<u>\$ (359)</u>	<u>\$ (175,128)</u>	<u>\$ (175,487)</u>	<u>\$ (110,341)</u>

See accompanying notes to the financial statements.

YMCA of Northern Alberta Foundation
Statement of Changes in Net Assets

Year Ended March 31

2022

2021

	Unrestricted fund	Internally restricted fund (Note 5)	Endowment fund (Note 4)	Total	Total
Balance, beginning of year	\$ -	\$ 110,752	\$ 5,334,260	\$ 5,445,012	\$ 4,620,737
Deficiency of revenues over expenditures	<u>(359)</u>	<u>(175,128)</u>	<u>-</u>	<u>(175,487)</u>	<u>(110,341)</u>
	<u>(359)</u>	<u>(64,376)</u>	<u>5,334,260</u>	<u>5,269,525</u>	<u>4,510,396</u>
Endowment contributions	-	-	117,487	117,487	81,884
Increase in fair value of financial instruments	-	-	55,980	55,980	657,006
Investment income	<u>-</u>	<u>-</u>	<u>260,873</u>	<u>260,873</u>	<u>195,726</u>
	<u>-</u>	<u>-</u>	<u>434,340</u>	<u>434,340</u>	<u>934,616</u>
Inter-fund transfers	<u>359</u>	<u>184,441</u>	<u>(184,800)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 120,065</u>	<u>\$ 5,583,800</u>	<u>\$ 5,703,865</u>	<u>\$ 5,445,012</u>

See accompanying notes to the financial statements.

YMCA of Northern Alberta Foundation
Statement of Financial Position

March 31

				2022	2021
	Unrestricted fund	Internally restricted fund	Endowment fund	Total	Total
Assets					
Current					
Cash	\$ -	\$ 18,136	\$ -	\$ 18,136	\$ 6,679
Accrued interest receivable	-	4,827	-	4,827	5,429
Receivable from other fund	7,100	-	-	7,100	6,956
	<u>7,100</u>	<u>22,963</u>	<u>-</u>	<u>30,063</u>	<u>19,064</u>
Long-term investments (Note 3)	-	245,206	5,583,800	5,829,006	5,502,430
	<u>\$ 7,100</u>	<u>\$ 268,169</u>	<u>\$ 5,583,800</u>	<u>\$ 5,859,069</u>	<u>\$ 5,521,494</u>
Liabilities					
Current					
Payables and accruals	\$ 7,100	\$ -	\$ -	\$ 7,100	\$ 6,956
Due to YMCA of Northern Alberta (Note 8)	-	141,004	-	141,004	62,570
Payable to other fund	-	7,100	-	7,100	6,956
	<u>7,100</u>	<u>148,104</u>	<u>-</u>	<u>155,204</u>	<u>76,482</u>
Net Assets					
Endowment fund (Note 4)	-	-	5,583,800	5,583,800	5,334,260
Internally restricted fund (Note 5)	-	120,065	-	120,065	110,752
	<u>-</u>	<u>120,065</u>	<u>5,583,800</u>	<u>5,703,865</u>	<u>5,445,012</u>
	<u>\$ 7,100</u>	<u>\$ 268,169</u>	<u>\$ 5,583,800</u>	<u>\$ 5,859,069</u>	<u>\$ 5,521,494</u>

Approved by the Board of Directors

 Director

 Director

See accompanying notes to the financial statements.

YMCA of Northern Alberta Foundation**Statement of Cash Flows**

Year Ended March 31

2022**2021**

Increase (decrease) in cash

Operating

Deficiency of revenues over expenditures	\$ (175,487)	\$ (110,341)
Increase in fair value of financial instruments	<u>(1,162)</u>	<u>(31,701)</u>
	(176,649)	(142,042)
Changes in non-cash operating working capital		
Accrued interest receivable	602	(9)
Payables and accruals	<u>144</u>	<u>589</u>
	(175,903)	(141,462)

Investing

Contributions to Endowment fund	117,489	81,884
Increase (decrease) in payable (net) to YMCA of Northern Alberta	78,434	(236,538)
Net transactions for long-term investments	<u>(8,563)</u>	<u>235,748</u>
	187,360	81,094

Net increase (decrease) in cash **11,457** (60,368)Cash, beginning of year 6,679 67,047Cash, end of year \$ 18,136 \$ 6,679

See accompanying notes to the financial statements.

YMCA of Northern Alberta Foundation

Notes to the Financial Statements

Year ended March 31, 2022

1. Nature of operations

YMCA of Northern Alberta 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, including the internally restricted International Development Fund.

YMCA of Northern Alberta Foundation

Notes to the Financial Statements

Year ended March 31, 2022

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.

YMCA of Northern Alberta Foundation

Notes to the Financial Statements

Year ended March 31, 2022

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

Financial instruments

The Canadian Accounting Standards Board recently issued amendments to Section 3856 Financial Instruments, which outline the accounting guidelines related to financial assets and financial liabilities in related party transactions. The Association applied the new accounting policy retrospectively, subject to certain transitional provisions. The adoption of the amendments did not have a significant impact on the Association's financial statements.

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.

YMCA of Northern Alberta Foundation

Notes to the Financial Statements

Year ended March 31, 2022

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

Financial instruments (cont'd)

Related party financial instruments:

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. Subsequent measurement is based on how the Association initially measured the instrument. The Association does not have any financial assets or financial liabilities in related party transactions measured at fair value.

3. Long-term investments	<u>2022</u>	<u>2021</u>
Investments, at market value, cost \$5,288,631 (2021 - \$5,022,342)	\$ 5,743,815	\$ 5,420,384
Cash surrender value of life insurance	<u>85,191</u>	<u>82,046</u>
	<u>\$ 5,829,006</u>	<u>\$ 5,502,430</u>

YMCA of Northern Alberta Foundation

Notes to the Financial Statements

Year ended March 31, 2022

4. Endowment fund	<u>2022</u>	<u>2021</u>
Endowed funds – Externally Restricted		
William Lutsky Trust Fund (Land Trust Fund)	\$ 1,997,413	\$ 1,949,837
Literacy Endowment Fund	730,350	712,954
Healthy Communities Fund	447,275	428,322
Tim Melton Family Fund	436,872	377,657
Larry Pollock Youth Recreation Fund	261,748	255,514
Bennett Clarke Memorial Scholarship Fund	192,888	188,293
Youth and Community Endowment Fund Jean- Louis Cloutier	150,254	146,675
Bill Rees Memorial Fund	135,254	129,486
Lammerink Family Fund	113,113	108,466
Eldon and Phyllis Fowler Fund	94,843	90,607
Robert J. Turnbull Trust Fund	88,610	86,500
William Lutsky Trust Fund	85,748	83,706
Phyllis Amerongen Memorial Fund	83,843	81,846
William Weir Memorial Fund	53,450	52,177
Sam Gabriel Trust Fund	44,216	43,163
Grant and Irene Duncan Family Fund	43,473	27,600
Wilfred Oliver (Mac) McLean Trust Fund	42,661	37,740
Edwin S. Cook Leadership Fund	42,434	41,423
Al Maydonik Trust Fund	34,496	33,675
1907 – 2007 Centennial Trust	32,841	32,059
Cecil and Helen Paull Scholarship Fund	30,284	-
Del Dilkie Leadership Fund	26,406	25,777
Patricia Ellen (Pattey) Ready Memorial Fund	26,093	25,471
Scot McLeod Family Fund	24,126	13,692
Jill Zimmerman Memorial Fund	24,061	23,488
Archie M. Langille Trust Fund	14,678	14,328
Michael Zolf Trust Fund	14,678	14,328
Rebecca Suen Fund for the Homeless	13,879	13,548
Matthew Peddle Memorial Fund for Children with Disabilities	13,744	13,417
Bull Family Fund	13,627	12,766
Winnie Kwok Memorial Fund	12,814	12,021
Franco and Barbara Savoia Star-Builder Scholarship Fund	12,262	11,970
Herbert Family Fund	12,247	11,955
Len Dolgoy and Catherine Miller Trust Fund	12,106	11,762
J.J. and Mary-Anne Tremblay Family Fund	11,600	10,152
PD Fund	10,297	-
Emerging Endowment Funds	<u>36,656</u>	<u>53,294</u>
	5,421,340	5,175,669

YMCA of Northern Alberta Foundation

Notes to the Financial Statements

Year ended March 31, 2022

4. Endowment fund (cont'd)	2022	2021
Endowed funds – Externally Restricted	5,421,340	5,175,669
Endowment funds – Internally Restricted		
International Development Fund	<u>162,460</u>	<u>158,591</u>
	<u>\$ 5,583,800</u>	<u>\$ 5,334,260</u>

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 support YMCA of Northern Alberta is processed until an Emerging Endowment Fund balance exceeds a balance of \$10,000 (or a higher level, if directed by the donors.)

5. Internally restricted fund	2022	2021
Other internally restricted funds	<u>\$ 120,065</u>	<u>\$ 110,752</u>

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

6. Investment income

Investment income earned is reported as follows:	2022	2021
Net investment income on long-term investments	\$ 266,289	\$ 205,171
Investment earnings from the Edmonton Community Foundation (Note 7)	1,141	4,335
Change in cash surrender value of life insurance policies	2,571	4,808
Interest on bank account and other	<u>52</u>	<u>9</u>
Net investment income for the year	270,053	214,323
Amount restricted for endowment purposes	<u>(260,873)</u>	<u>(195,726)</u>
Total investment income	<u>\$ 9,181</u>	<u>\$ 18,597</u>

YMCA of Northern Alberta Foundation

Notes to the Financial Statements

Year ended March 31, 2022

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 \$141,472 (2021 - \$153,530). These have been recognized in the unrestricted fund.

The balance of \$141,004 (2021 - \$62,570) payable to YMCA of Northern Alberta is non-interest bearing and has no fixed terms of repayment.

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.

YMCA of Northern Alberta Foundation

Notes to the Financial Statements

Year ended March 31, 2022

9. Financial instrument risks (cont'd)

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 YMCA of Northern Alberta. The Foundation monitors its liquidity position and plans the purchase of investments accordingly.

There is the possibility of long-term impacts on global investments markets as well as the financial position and results of YMCA of Northern Alberta Foundation for future periods as the world-wide economies recover from the COVID-19 pandemic.