

Financial Statements

The Young Men's Christian Association of
Edmonton

(Operating as YMCA of Northern Alberta)

December 31, 2023

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Independent Auditor's Report

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, 2023, 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, 2023, 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.

Other Matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The Schedule 2 on page 28 is presented for purposes of additional information and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

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 Organization'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 Organization'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 Organization 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
May 7, 2024


Chartered Professional Accountants

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

Year ended December 31	2023	2022
Revenues		
Program fees	\$ 20,226,615	\$ 17,822,868
Membership dues	10,437,370	7,788,226
YMCA Opportunity fund (Note 15)	<u>(854,627)</u>	<u>(550,817)</u>
	29,809,358	25,060,277
Operating grants – government	25,319,222	22,998,885
Rental and other revenue	2,628,721	1,844,531
Operating grants – other	1,955,057	2,735,519
Amortization of deferred capital contributions (Note 11)	1,409,965	3,243,684
Contributions	1,350,964	1,046,175
Investment income	520,150	529,105
United Way	215,000	226,767
Housing (Note 13b)	<u>185,199</u>	<u>930,456</u>
	63,393,636	58,615,399
Expenses		
Operating (Schedule 1)	61,292,695	56,074,757
Amortization of capital assets	2,776,610	4,469,511
Interest on long-term debt and capital leases	248,024	200,540
Amortization of intangible asset	<u>-</u>	<u>126,300</u>
	64,317,329	60,871,108
Deficiency of revenues over expenses before other item	(923,693)	(2,255,709)
Other item		
Gain on disposition of building (Note 13)	<u>249,445</u>	<u>-</u>
Deficiency of revenues over expenses	<u>\$ (674,248)</u>	<u>\$ (2,255,709)</u>

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	2023		2022	
	Investment in capital assets (Note 12)	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 10,181,621	\$ (1,614,508)	\$ 8,567,113	\$10,822,822
(Deficiency) excess of revenues over expenses	(765,639)	91,391	(674,248)	(2,255,709)
Transfer from unrestricted fund	<u>1,125,036</u>	<u>(1,125,036)</u>	-	-
Balance, end of year	<u>\$ 10,541,018</u>	<u>\$ (2,648,153)</u>	<u>\$ 7,892,865</u>	<u>\$ 8,567,113</u>

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 2023 2022

Assets

Current

Cash and cash equivalents	\$ 9,593,664	\$ 9,514,149
Restricted cash and cash equivalents (Note 10)	400,344	-
Accounts and grants receivable (Note 3)	3,381,627	3,658,320
Receivables from related parties (Note 4)	12,769	11,330
Inventories	18,947	33,072
Prepays and deposits	509,064	486,261
Long-lived assets held for sale (Note 13)	-	14,350,478
	<u>13,916,415</u>	<u>28,053,610</u>

Restricted cash and equivalents (Note 10)	-	473,843
Capital assets (Note 5)	<u>23,191,980</u>	<u>22,192,026</u>

\$ 37,108,395 \$ 50,719,479

Liabilities

Current

Accounts payable and accrued liabilities (Note 7)	\$ 5,322,039	\$ 4,864,466
Payable to related parties (Note 4)	69,577	15,168
Deferred revenue (Note 8)	5,461,013	3,100,836
Current portion of long-term debt (Note 9)	1,777,190	1,871,295
Reserve fund payable (Note 10)	400,000	-
Liabilities related to long-lived assets held for sale (Note 13)	-	14,612,540
	<u>13,029,819</u>	<u>24,464,305</u>

Reserve fund payable (Note 10)	-	400,000
Long-term debt (Note 9)	2,997,109	2,846,240
Deferred capital contributions (Note 11)	<u>13,188,602</u>	<u>14,441,821</u>
	<u>29,215,530</u>	<u>42,152,366</u>


Net Assets

Investment in capital assets (Note 12)	10,541,018	10,181,621
Unrestricted	<u>(2,648,153)</u>	<u>(1,614,508)</u>
	<u>7,892,865</u>	<u>8,567,113</u>

\$ 37,108,395 \$ 50,719,479

Commitments (Note 14)

On behalf of the Board

 Director

 Director

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

Statement of Cash Flows

Year Ended December 31

2023

2022

Increase (decrease) in cash and cash equivalents

Operating

Cash receipts from members, participants, donors, governments and delivery of services	\$ 64,346,592	\$ 52,675,164
Cash paid to employees, suppliers, and for program purposes	(61,042,667)	(54,811,645)
Investment income	520,150	529,105
Interest paid	(248,024)	(200,540)
	<u>3,576,051</u>	<u>(1,807,916)</u>

Financing

Capital contributions received	156,746	7,634
Proceeds from long-term debt	694,940	-
Repayment of long-term debt	(638,176)	(568,118)
Repayment of obligations under capital leases	-	(14,173)
	<u>213,510</u>	<u>(574,657)</u>

Investing

Acquisition of capital assets	(3,783,555)	(736,365)
Decrease (increase) in restricted cash and equivalents	73,499	(96,089)
Proceeds from disposition of long-lived assets held for sale	10	-
	<u>(3,710,046)</u>	<u>(832,454)</u>

Net increase (decrease) in cash and cash equivalents **79,515** (3,215,027)

Cash and cash equivalents:

Beginning of year	<u>9,514,149</u>	<u>12,729,176</u>
End of year	<u>\$ 9,593,664</u>	<u>\$ 9,514,149</u>

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

Statement of Cash Flows (cont'd)

Year Ended December 31

2023

2022

Supplemental cash flow information

Cash and cash equivalents are comprised of the following:

Cash, including bank savings accounts	\$ 8,654,680	\$ 9,495,040
Cashable guaranteed investment certificates	<u>938,984</u>	<u>19,109</u>
	<u>\$ 9,593,664</u>	<u>\$ 9,514,149</u>

The cashable guaranteed investment certificate bears interest at 4.7% and matures May 8, 2024.

Restricted cash and cash equivalents relate to the following:

The Association held a cashable guaranteed investment certificate to fund the long-term reserve fund of \$400,000 (Note 10). The cashable guaranteed investment certificate held for this purpose bears interest at 4.2% and matures on January 1, 2024.

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

Notes to the Financial Statements

December 31, 2023

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 igniting the potential in people, building thriving communities where everyone belongs and can shine. 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.

From 2020 to 2022, the operations and financial performance of the Association were negatively impacted by COVID-19 related conditions and government restrictions and closures. In 2022, the Association began to experience recovering participation levels and increased revenue as the impacts from the pandemic subsided. In 2023, the Association continued to trend in a positive direction with participation levels and financial performance improving.

The Board of Directors and Management are continuing to develop and assess strategies, not only short-term, but also mid and long-term strategies to serve the community and ensure the financial sustainability of the Association. The Association also continues to pursue a business interruption insurance claim related to the impact on operations caused by the COVID-19 pandemic.

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:

Principles of consolidation

The accompanying financial statements include the assets, liabilities and results of operations of KJAM Worldwide Holdings Inc. ("KJAM"). KJAM holds the land and building for the Association's head office that was acquired on August 1, 2023 through a purchase of 100% of the outstanding common shares. All intercompany balances and transactions have been eliminated upon consolidation.

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.

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

Notes to the Financial Statements

December 31, 2023

2. Summary of significant accounting policies (continued)

Use of estimates and measurement uncertainty (continued)

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 useful lives and amortization basis for capital assets, fair value of contributed assets and allowance for doubtful accounts receivable.

Revenue recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions, including operating grants, 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 is 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 Young Men's Christian Association of Edmonton (Operating as YMCA of Northern Alberta)

Notes to the Financial Statements

December 31, 2023

2. Summary of significant accounting policies (continued)

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). 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, accounts payable and accrued liabilities, reserve fund payable 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.

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.

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

Notes to the Financial Statements

December 31, 2023

2. Summary of significant accounting policies (continued)

Controlled not-for-profit organization

The Association reports a controlled not-for-profit organization (YMCA of Northern Alberta 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 YMCA of Northern Alberta 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.

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

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

Notes to the Financial Statements

December 31, 2023

2. Summary of significant accounting policies (continued)

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.

Long-lived assets held for sale

Long-lived assets are classified as held for sale when there is a commitment to sell and the sale is probable and is expected to be completed within one year. Long-lived assets classified as held for sale are measured at the lower of carrying amount or fair value less cost to sell. Long-lived assets will not be amortized while classified as held for sale and any expenses attributable to the assets will be accrued.

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.

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

Notes to the Financial Statements

December 31, 2023

3. Accounts and grants receivable	<u>2023</u>	<u>2022</u>
Program fees and membership dues	\$ 1,214,758	\$ 1,020,456
Less: allowance for doubtful accounts	<u>(235,045)</u>	<u>(210,278)</u>
	979,713	810,178
 Operating grants – government	 1,581,392	 2,045,466
Operating grants – other	384,441	65,256
Canada Emergency Rent Subsidy – government	254,272	256,263
Rental and other	<u>181,809</u>	<u>481,157</u>
	<u>\$ 3,381,627</u>	<u>\$ 3,658,320</u>

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	<u>2023</u>	<u>2022</u>
Receivables from related parties:		
The Regional Council of YMCAs of Alberta	\$ 11,518	\$ 5,488
Boyle Renaissance Condominium Corporation	<u>1,251</u>	<u>5,842</u>
	<u>\$ 12,769</u>	<u>\$ 11,330</u>
 Payables to related parties:		
YMCA of Northern Alberta Foundation	<u>\$ 69,577</u>	<u>\$ 15,168</u>

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

	<u>2023</u>	<u>2022</u>
Revenue received from related parties:		
Rental and management fees from The Regional Council of YMCAs of Alberta	\$ 13,000	\$ 13,000
Contributions from YMCA of Northern Alberta Foundation	\$ 194,000	\$ 184,800

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

Notes to the Financial Statements

December 31, 2023

4. Related parties (continued)

Expenses paid to or on behalf of related parties:

YMCA of Northern Alberta Foundation	\$	146,424	\$	146,345
Boyle Renaissance Condominium Corporation	\$	71,730	\$	113,734

a) YMCA of Northern Alberta Foundation

YMCA of Northern Alberta 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.

A financial summary of the Foundation as at March 31, 2023, and March 31, 2022, was as follows:

Financial position as at March 31	<u>2023</u>	<u>2022</u>
Total assets	\$ 6,108,542	\$ 5,859,069
Total liabilities	\$ 15,200	\$ 155,204
Total net assets	\$ 6,093,342	\$ 5,703,865

Results of operations for the year ended March 31

Total revenues	\$ 157,244	\$ 159,500
Total expenses	\$ 352,928	\$ 334,987
Deficiency of revenues over expenditures	\$ (195,684)	\$ (175,487)
Contributions from the Association to the Foundation		
included in total revenues	\$ 146,424	\$ 141,472
Program funding expense to the Association		
included in total expenses	\$ 194,000	\$ 184,800

Cash flows for the year ended March 31

Decrease in cash from operating activities	\$ (199,869)	\$ (175,903)
Increase in cash from investing activities	\$ 197,733	\$ 187,360
Net (decrease) increase in cash	\$ (2,136)	\$ 11,457

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

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

Notes to the Financial Statements

December 31, 2023

4. Related parties (continued)

There have been no significant events or transactions from March 31, 2023 to December 31, 2023 in the Foundation which would impact the Association's financial position or results of operations.

b) The 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 mission of The Regional Council of Young Men's Christian Associations of Alberta ("YMCA Alberta") is to foster growth and development of local YMCAs throughout Alberta by providing leadership development programs, advocating for social policies which positively impact communities and the not-for-profit and charitable sector and supporting program development, delivery and stability, locally, nationally and internationally. The Regional Council has a commitment to work with the private sector, other not-for-profits, orders of government and community members to empower Albertans at all ages and stages so they can achieve their potential.

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 in accordance with the annual budget 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 13) due to its ownership of units in the BRCC and representation on the Board of Directors.

d) Other

The Association paid professional fees during the year totalling \$38,934 (2022 - \$4,676) to a firm of which an Association Director holds an ownership interest plus rent payments during the year totalling \$67,250 (2022 - \$66,844) to a property management firm in which a Director is a member of senior management.

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

Notes to the Financial Statements

December 31, 2023

5. Capital assets

			2023	2022
	<u>Cost</u>	<u>Accumulated Amortization</u>	Net Book Value	Net Book Value
Land	\$ 3,301,552	\$ -	\$ 3,301,552	\$ 3,301,552
Buildings and building upgrades	65,010,151	46,936,690	18,073,461	17,397,719
Furniture and equipment	13,765,740	12,991,768	773,972	749,750
Computer software/hardware	3,002,292	2,615,947	386,345	619,773
Leasehold improvements	1,349,510	1,250,948	98,562	123,232
Equipment under capital leases	2,740,212	2,182,124	558,088	-
Vehicles	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 89,170,457</u>	<u>\$ 65,978,477</u>	<u>\$ 23,191,980</u>	<u>\$ 22,192,026</u>

Buildings include \$1,437,325 (2022 – \$1,536,451), 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 13).

Buildings and building upgrades include \$2,205,912, net of accumulated amortization, owned by KJAM Worldwide Holdings Inc. (KJAM). 100% of the outstanding common shares of KJAM are owned by the Association.

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

Notes to the Financial Statements

December 31, 2023

6. Bank operating lines of credit

The Association has two operating lines of credit as described below:

- a) \$1,500,000 (2022 – \$1,500,000) of which \$nil (2022 – \$nil) is outstanding at year end. This facility is due on demand and bears interest at the bank's prime rate plus 0.5% (2022 – 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.
- b) \$3,000,000 (2022 - \$3,000,000) of which \$nil (2022 - \$nil) is outstanding at year end. This facility is due on demand and bears interest at the bank's prime rate plus 0.5% (2022 – prime rate plus 0.5%). Under the terms of the credit facility agreement, security for this line of credit has the same components as those listed for the four mortgages in Note 9(a).

7. Accounts payable and accrued liabilities	<u>2023</u>	<u>2022</u>
Trade payables, accrued liabilities, and child care and rental deposits	\$ 5,037,657	\$ 4,671,310
Government payables	<u>284,382</u>	<u>193,156</u>
	<u>\$ 5,322,039</u>	<u>\$ 4,864,466</u>

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, at December 31, 2023, the Association has included in trade and accrued liabilities \$1,127,213 (2022 – \$1,078,570) related to unused vacation entitlement that has accumulated.

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

Notes to the Financial Statements

December 31, 2023

8. Deferred revenue

	<u>2022</u>	<u>Net Additions</u>	<u>Revenue Recognized</u>	<u>2023</u>
Operating grants – government	\$ 1,358,840	\$ 6,186,241	\$ 5,816,483	\$ 1,728,598
Operating grants – other	-	3,828,198	1,914,996	1,913,202
Contributions	<u>628,046</u>	<u>1,052,094</u>	<u>977,752</u>	<u>702,388</u>
	<u>1,986,886</u>	<u>\$ 11,066,533</u>	<u>\$ 8,709,231</u>	<u>4,344,188</u>
Membership dues, program fees, and other deferred revenue	<u>1,113,950</u>			<u>1,116,825</u>
	<u>\$ 3,100,836</u>			<u>\$ 5,461,013</u>

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

Notes to the Financial Statements

December 31, 2023

9. Long-term debt	<u>2023</u>	<u>2022</u>
Mortgage payable, bearing interest at 6.22%, repayable in blended monthly instalments of \$20,696, amortized until June 1, 2030 with terms renewing April 1, 2025 (Note 9 (a))	\$ 1,324,798	\$ 1,489,785
Mortgage payable, bearing interest at 6.44%, repayable in blended monthly instalments of \$20,918 amortized until March 10, 2030, with terms renewing June 1, 2024 (Note 9 (a))	1,288,506	1,462,538
Loan payable, bearing interest at 6.83%, repayable in blended monthly instalments of \$11,794 amortized until maturity on July 20, 2027 (Note 9 (a))	448,661	-
Loan payable, bearing interest at 6.62%, repayable in blended monthly instalments of \$4,756 amortized until maturity on June 1, 2027 (Note 9 (a))	177,835	-
Mortgage payable, bearing interest at 5.31%, repayable in blended monthly instalments of \$19,585 amortized until December 1, 2031 with terms renewing May 1, 2027 (Note 9 (a))	1,534,499	1,683,745
Mortgage payable, bearing interest at 4.70%, repayable in blended monthly instalments of \$40,977 fully repaid on February 1, 2023 (Note 9 (a))	-	81,467
	4,774,299	4,717,535
Less: current portion	1,777,190	1,871,295
	<u>\$ 2,997,109</u>	<u>\$ 2,846,240</u>

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9. Long-term debt (continued)

- a) The financing agreements for the Association's long-term debt 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, 2025. 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 liabilities as long-term debt, other than the \$1,288,506 mortgage as noted in (c) below.
- b) Security for the four mortgages 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 \$10,008,964 (2022 – \$10,940,280);
 - General assignment of rents, insurance proceeds and leases receivable by the Association;
 - General assignment of material contracts and benefits with respect to the Don Wheaton Family YMCA, and;
 - Demand notes.
- c) The \$1,288,506 mortgage payable is scheduled to be renewed on June 1, 2024 and is reflected in the current portion of long-term debt.
- d) The principal payments due within the next five years and thereafter, assuming the loans are renewed at the current terms, are estimated as follows:

2024	\$ 661,548
2025	704,531
2026	749,464
2027	708,708
2028	636,807
Thereafter	<u>1,313,241</u>
	<u>\$ 4,774,299</u>

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10. Reserve fund payable

In 2020, the agreement with the City of Red Deer related to the Association's operations at the Northside Community Centre was amended to provide for a \$400,000 reserve fund payable. This balance relates to unexpended funding provided by the City of Red Deer for past operations and may be applied to future operational funding, upon application to and receipt of approval from the City. This reserve fund is fully funded through a cashable guaranteed investment certificate, bearing interest at 4.2% which is included in restricted cash equivalents. At the end of the term of the agreement, on June 30, 2024, any amount left in the reserve fund is payable to the City of Red Deer.

11. Deferred capital contributions

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 14,441,821	\$ 31,831,441
Add: contributions received	156,746	7,634
Less: contributions recognized as revenue	(1,409,965)	(3,243,684)
Less: reflected as related to long-lived assets for sale (Note 13)	<u>-</u>	<u>(14,153,570)</u>
Balance, end of year	<u>\$ 13,188,602</u>	<u>\$ 14,441,821</u>
Contributions received include:		
YMCA Welcome Village Capital Campaign	\$ 75,000	\$ 75,000
Allocated to Boyle Street Plaza operating support	(75,000)	-
Allocated to YMCA Welcome Village operating support	<u>-</u>	<u>(75,000)</u>
	-	-
Capital grants (including \$nil (2022 – \$nil)) from government sources	<u>156,746</u>	<u>7,634</u>
	<u>\$ 156,746</u>	<u>\$ 7,634</u>

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, 2023 totalled \$3,631,957 (2022 – \$3,556,957). Outstanding pledges, totalling \$600,000 (2022 – \$675,000) as at December 31, 2023, are expected to be received within the next seven years. Contributions exceeding the original \$3,300,000 campaign goal will continue to be directed towards operating support for Community and Housing programs.

The Young Men's Christian Association of Edmonton
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Notes to the Financial Statements

December 31, 2023

12. Investment in capital assets	<u>2023</u>	<u>2022</u>
Balance, beginning of year	<u>\$ 10,181,621</u>	<u>\$ 9,960,990</u>
Amortization of capital assets	(2,776,609)	(4,469,511)
Amortization of intangible asset	-	(126,300)
Amortization of deferred capital contributions	1,409,965	3,243,684
Gain on disposition of building	249,445	-
Investment income	<u>351,560</u>	<u>187,893</u>
Deficiency of revenue over expenses	<u>(765,639)</u>	<u>(1,164,234)</u>
Other items:		
Acquisition of capital assets	3,783,555	736,365
Receipt of capital contributions	(156,746)	(7,634)
Repayment of long-term debt	638,176	568,118
Repayment of obligations under capital leases	-	14,173
Proceeds on disposition	10	-
Transfer of restricted cash and equivalents	(2,445,019)	73,843
Proceeds from long-term debt	<u>(694,940)</u>	<u>-</u>
Increase in net assets invested in capital assets	<u>1,125,036</u>	<u>1,384,865</u>
Balance, end of year	<u>\$ 10,541,018</u>	<u>\$ 10,181,621</u>

13. Gain on disposition of land and building and rent reimbursement

a) Payments related to the leased office location

In 2021, due to the City of Edmonton's requirement to acquire the former Bill Rees YMCA land and building site, the assets were sold to the City. In addition to the gain on disposition reported in 2021, the terms of the sale agreement provided for the City to reimburse the Association for moving costs plus occupancy costs for a period of three years ending March 31, 2024, related to a leased office location. Related reimbursements of \$484,914 (2022 - \$501,895) are included in "Rental and other revenue" in the Statement of Operations.

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

Notes to the Financial Statements

December 31, 2023

13. Gain on disposition of land and building and rent reimbursement (continued)

b) Disposal of the YMCA Welcome Village

In 2009, the Association entered into a Memorandum of Understanding ("MOU") with Cividia 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 continue to be reflected in capital assets:

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

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 also received title to the BRCC unit representing the Melcor YMCA Village facility. Initially, it was intended that the Association would hold this title for a minimum of twenty years, the period of time that the Association was committed to operating affordable housing services under the terms of the related provincial government capital grant.

In 2013, an agreement was made with Cividia which included the following:

- Allowing Cividia an option to purchase the Melcor YMCA Village facility and the related reserve fund for \$10. The option could be exercised at any time prior to January 18, 2034, with a transfer of ownership occurring not before January 18, 2034, and
- That the Association would maintain a capital reserve to be used for major capital repairs, the balance of which would be transferred to Cividia if ownership transfers. All expenditures from the reserve were subject to written approval of Cividia.

The COVID-19 pandemic had a significant impact on the operations of the Melcor YMCA Village with the occupancy dropping to the range of 50%. Management determined that the affordable housing model of operation had changed.

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

Notes to the Financial Statements

December 31, 2023

13. Gain on disposition of land and building and rent reimbursement (continued)

In order to better meet the housing needs in the community, the model needed to be changed to include both "affordable housing" and a "community supportive" housing model. During the fall of 2022 and first quarter of 2023, negotiations commenced between the Association and Civida to transfer the title of the Melcor YMCA Village facility and the capital reserve for \$10. Given Civida's extensive operations experience in both housing models, all parties agreed that Civida would be best suited to assume ownership and operations of the 150 units in the Melcor Housing Facility.

The Association received confirmation from the provincial government that the requirement to complete the twenty-years of affordable housing services was waived and title to the assets was transferred to Civida effective March 1, 2023. The Association recorded a gain of \$249,445 as a result of the de-recognition of the related assets and liabilities. Revenue associated with Melcor Housing Facility is included in "Housing" in the Statement of Operations.

14. Commitments

a) Operating leases and service contracts

The Association has forty-six leased premises subject to operating lease commitments.

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

2024	653,100
2025	579,020
2026	489,734
2027	489,734
2028	450,482
Thereafter	<u>1,223,204</u>
	<u>\$ 3,885,274</u>

b) Electrical power purchase agreement

The Association has signed agreements to purchase power at a fixed rate for a specified volume for the period from January 1, 2024 to December 31, 2026.

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

Notes to the Financial Statements

December 31, 2023

14. Commitments (continued)

c) Natural gas purchase agreement

The Association has signed agreements to purchase natural gas at a fixed rate for a specified volume for the period from January 1, 2023 to December 31, 2024.

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.

15. YMCA Opportunity Fund

During the year, membership and program fees totaling \$854,627 (2022 – \$550,817), 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.

The annual YMCA Giving fundraising campaign also supports the Association's international partnerships and related program costs.

16. 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, 2023 was \$932,724 (2022 – \$900,234).

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

Notes to the Financial Statements

December 31, 2023

17. 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 and commitments. The Association is, therefore, exposed to liquidity risk with respect to its accounts payable and accrued liabilities and long-term debt. The Association actively monitors its obligations to ensure that it has available funds to meet current and foreseeable future financial requirements based on the forecasting and management of its operational cash flows. This expectation could be adversely affected by a material negative change in the Association's operations.

18. 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, endowment giving, grant writing, the annual Y Giving fundraising campaign and during some years, capital campaign administration. Total costs for the fund development program for the year ended December 31, 2023, were \$344,879 (2022 – \$226,359) including \$315,281 (2022 – \$226,400) in salaries, wages, and benefits. In addition, the direct cost of the 2023 Y Giving campaign of \$40,964 (2022 – \$32,466) was expensed.

**The Young Men's Christian Association of Edmonton
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Schedule 1 - Operating Expenses

Year Ended December 31	2023	2022
Salaries, wages, and benefits	\$ 44,610,454	\$ 39,623,827
Occupancy	5,530,310	5,599,719
Supplies	3,639,400	3,066,621
Participant support costs	2,222,099	2,558,830
Repairs and maintenance	1,682,319	1,793,371
Purchased services and liability insurance	751,723	802,722
Membership and Association dues	594,927	629,356
Employee and participant travel	464,509	279,176
Finance and program registration fees	427,079	515,087
Printing and promotion	399,650	364,594
Training	318,987	276,091
Telephone and postage	276,036	286,859
Goods and services tax	121,901	120,253
Miscellaneous	113,492	32,356
Bad debt expense	88,794	100,895
International program support	<u>51,015</u>	<u>25,000</u>
	<u>\$ 61,292,695</u>	<u>\$ 56,074,75</u>

The Young Men's Christian Association of Edmonton
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Schedule 2 – Homeward Trust Edmonton and Homeward Trust
Foundation

Year Ended December 31 **2023** 2022

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

Revenues			
Operating grants – other	\$	1,251,190	\$ 1,720,764
Expenses			
Salaries, wages, and benefits		637,326	793,283
Participant support costs		401,931	679,978
Administration costs		156,377	679,978
Occupancy		24,500	24,500
Employee and participant travel		19,977	21,040
Telephone and postage		8,038	11,546
Training		1,647	2,672
Supplies and allocation to capital costs		1,350	1,819
Miscellaneous		30	900
Purchased services, professional fees and insurance		14	414
	\$	<u>1,251,190</u>	\$ <u>1,720,990</u>
Expenses over revenues	\$	<u>-</u>	\$ <u>(226)</u>

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

Balance, beginning of year	\$	(61,440)	\$ (103,336)
Add: operating grants received		1,485,708	1,762,660
Less: operating grants recognized as revenue		<u>(1,251,190)</u>	<u>(1,720,764)</u>
Deferred revenue (grants receivable), end of year	\$	<u>173,078</u>	\$ <u>(61,440)</u>