

Consolidated financial statements of

**The Calgary Young Men's
Christian Association**

December 31, 2015

The Calgary Young Men's Christian Association

December 31, 2015

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Calgary Young Men's Christian Association, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Calgary Young Men's Christian Association as at December 31, 2015 and the results of its operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
April 5, 2016

The Calgary Young Men's Christian Association

Consolidated Statement of Operations and Changes in Fund Balances Year Ended December 31, 2015

| | General Fund \$ | Restricted Fund \$ | Endowment Fund \$ | Total 2015 \$ | Total 2014 \$ |
|---|-----------------------|--------------------------|-------------------------|---------------------|---------------------|
| Revenue | | | | | |
| Memberships | 16,048,058 | - | - | 16,048,058 | 16,640,782 |
| Programs and services | 11,470,295 | - | - | 11,470,295 | 11,364,419 |
| Government grants | 1,328,421 | - | - | 1,328,421 | 1,196,521 |
| United Way of Calgary and Area | 1,079,311 | - | - | 1,079,311 | 969,797 |
| Donations | 1,959,129 | 1,615,857 | 148,327 | 3,723,313 | 6,337,970 |
| Capital expenditure fee | - | 311,034 | - | 311,034 | 383,353 |
| Other | 581,196 | 18,571 | - | 599,767 | 577,263 |
| | 32,466,410 | 1,945,462 | 148,327 | 34,560,199 | 37,470,105 |
| Expenses | | | | | |
| Salaries and benefits | 18,634,397 | 102,472 | - | 18,736,869 | 18,377,271 |
| Programs and services | 3,443,349 | - | 88,000 | 3,531,349 | 3,487,942 |
| Building operations | 4,303,027 | - | - | 4,303,027 | 4,234,383 |
| Administration | 3,141,425 | 309,667 | 21,834 | 3,472,926 | 3,725,488 |
| Communications | 437,711 | - | - | 437,711 | 335,713 |
| Amortization | 3,366,156 | - | - | 3,366,156 | 2,922,229 |
| | 33,326,065 | 412,139 | 109,834 | 33,848,038 | 33,083,026 |
| Operating (deficiency) excess of revenue over expenses | (859,655) | 1,533,323 | 38,493 | 712,161 | 4,387,079 |
| (Loss) gain on disposal of tangible capital assets | (44,776) | - | - | (44,776) | 65,607 |
| Investment income (Note 5) | 182,776 | - | 246,771 | 429,547 | 1,026,672 |
| (Deficiency) excess of revenue over expenses | (721,655) | 1,533,323 | 285,264 | 1,096,932 | 5,479,358 |
| Fund balance, beginning of year | 35,012,228 | 5,222,411 | 5,736,974 | 45,971,613 | 40,492,255 |
| Interfund transfers | 38,737 | - | (38,737) | - | - |
| Fund balance, end of year | 34,329,310 | 6,755,734 | 5,983,501 | 47,068,545 | 45,971,613 |

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

The Calgary Young Men's Christian Association

Consolidated Statement of Financial Position

As at December 31, 2015

| | General Fund \$ | Restricted Fund \$ | Endowment Fund \$ | Total 2015 \$ | Total 2014 \$ |
|--|-----------------------|--------------------------|-------------------------|---------------------|---------------------|
| Assets | | | | | |
| Current assets | | | | | |
| Cash | 2,128,345 | 62,438 | 39,818 | 2,230,601 | 2,708,887 |
| Accounts receivable | 501,644 | - | - | 501,644 | 502,051 |
| Pledges receivable (Note 3) | 5,347 | 720,940 | 127,800 | 854,087 | 3,499,654 |
| Prepaid expenses | 258,710 | - | - | 258,710 | 327,926 |
| | 2,894,046 | 783,378 | 167,618 | 3,845,042 | 7,038,518 |
| Restricted cash | - | 5,170,074 | - | 5,170,074 | 1,004,735 |
| Investments (Note 4) | 7,630,431 | - | 5,980,293 | 13,610,724 | 11,956,233 |
| Tangible capital assets (Note 6) | 31,191,218 | 284,630 | - | 31,475,848 | 32,654,796 |
| | 41,715,695 | 6,238,082 | 6,147,911 | 54,101,688 | 52,654,282 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Accounts payable and accrued liabilities | 1,822,367 | 33,685 | - | 1,856,052 | 2,000,789 |
| Due from (to) other funds | 386,927 | (551,337) | 164,410 | - | - |
| Current portion of obligations under capital leases (Note 7) | 711,553 | - | - | 711,553 | 693,458 |
| Unearned revenue | 3,165,480 | - | - | 3,165,480 | 2,989,620 |
| | 6,086,327 | (517,652) | 164,410 | 5,733,085 | 5,683,867 |
| Deferred capital contributions | 317,696 | - | - | 317,696 | 323,443 |
| Obligations under capital leases (Note 7) | 982,362 | - | - | 982,362 | 675,359 |
| | 7,386,385 | (517,652) | 164,410 | 7,033,143 | 6,682,669 |
| Commitments (Note 10) | | | | | |
| Fund balances | | | | | |
| Internally restricted - invested in | | | | | |
| tangible capital assets | 29,497,304 | - | - | 29,497,304 | 31,124,658 |
| Externally restricted | - | 6,755,734 | 4,871,170 | 11,626,904 | 9,894,942 |
| Donor restricted endowment funds (Note 8) | - | - | 1,112,331 | 1,112,331 | 1,064,443 |
| Unrestricted funds | 4,832,006 | - | - | 4,832,006 | 3,887,570 |
| | 34,329,310 | 6,755,734 | 5,983,501 | 47,068,545 | 45,971,613 |
| | 41,715,695 | 6,238,082 | 6,147,911 | 54,101,688 | 52,654,282 |

Approved by the Board

_____ Director

_____ Director

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

The Calgary Young Men's Christian Association

Consolidated Statement of Cash Flows

Year Ended December 31, 2015

| | General Fund \$ | Restricted Fund \$ | Endowment Fund \$ | Total 2015 \$ | Total 2014 \$ |
|--|-----------------------|--------------------------|-------------------------|---------------------|---------------------|
| Operating activities | | | | | |
| (Deficiency) excess of revenue over expenses | (721,655) | 1,533,323 | 285,264 | 1,096,932 | 5,479,358 |
| Items not affecting cash | | | | | |
| Amortization | 3,366,156 | - | - | 3,366,156 | 2,922,229 |
| Realized gain on sale of investments (Note 5) | (25,985) | - | (17,476) | (43,461) | (25,344) |
| Unrealized loss (gain) on investments (Note 5) | 178,566 | - | (11,274) | 167,292 | (448,082) |
| Amortization of deferred capital contributions | (16,646) | - | - | (16,646) | (14,466) |
| Loss (gain) on disposal of tangible capital assets | 44,776 | - | - | 44,776 | (65,607) |
| Interfund transfer | 38,737 | - | (38,737) | - | - |
| | 2,863,949 | 1,533,323 | 217,777 | 4,615,049 | 7,848,088 |
| Changes in non-cash working capital (Note 9) | 447,037 | 2,853,448 | (8,278) | 3,292,207 | (3,190,887) |
| | 3,310,986 | 4,386,771 | 209,499 | 7,907,256 | 4,657,201 |
| Financing activity | | | | | |
| Repayment of obligations under capital leases | (721,679) | - | - | (721,679) | (549,259) |
| Investing activities | | | | | |
| Net additions to investments | (1,479,810) | - | (298,512) | (1,778,322) | (2,097,018) |
| Additions to tangible capital assets | (1,121,894) | (123,309) | - | (1,245,203) | (1,937,418) |
| Increase in accounts payable pertaining to tangible capital assets | (455,894) | (90,000) | - | (545,894) | 405,797 |
| Proceeds from disposal of tangible capital assets | 59,996 | - | - | 59,996 | 69,750 |
| Proceeds from capital contributions | 10,899 | - | - | 10,899 | 8,000 |
| Changes in restricted cash | - | (4,165,339) | - | (4,165,339) | (1,004,735) |
| | (2,986,703) | (4,378,648) | (298,512) | (7,663,863) | (4,555,624) |
| Net (decrease) increase in cash | (397,396) | 8,123 | (89,013) | (478,286) | (447,682) |
| Cash, beginning of year | 2,525,741 | 54,315 | 128,831 | 2,708,887 | 3,156,569 |
| Cash, end of year | 2,128,345 | 62,438 | 39,818 | 2,230,601 | 2,708,887 |
| Supplementary information | | | | | |
| Equipment acquired under capital lease | | | | 1,046,777 | 721,893 |

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

The Calgary Young Men's Christian Association

Notes to the Consolidated Financial Statements

December 31, 2015

1. Description of the Association

The Calgary Young Men's Christian Association ("YMCA Calgary" or the "Association") is dedicated to facilitating and promoting the spiritual, mental, physical and social development of individuals and to foster a sense of belonging within the community. YMCA Calgary is a registered charity and, as such, is exempt from income and property taxes and may issue tax-deductible receipts to donors.

The consolidated financial statements of the Association include the financial statements of The Calgary YMCA Foundation (the "Foundation"). The Foundation is a public foundation under the Income Tax Act (Canada) and was incorporated in 1990 under the Companies Act of the province of Alberta. The Foundation is a registered charity and, as such, is exempt from income taxes and may issue tax-deductible receipts to donors. All transactions between the Association and the Foundation have been eliminated on consolidation for the purposes of these consolidated financial statements. On December 31, 2002, the assets of the Foundation were transferred to the Association. The Foundation still exists for purposes of flowing through existing known and unknown bequests for the Association. Thus, the Foundation will continue to operate as a separate entity; however, has been inactive for several years.

2. Significant accounting policies

The consolidated financial statements of YMCA Calgary have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") using the restricted fund method of accounting. YMCA Calgary receives funding for special purposes. Accordingly, the consolidated financial statements have been presented in a manner that segregates the balances into a General Fund, a Restricted Fund and an Endowment Fund.

- The General Fund reflects the activities associated with the Association's day-to-day operations.
- The Restricted Fund reflects resources that have been collected through the capital campaign and are therefore externally restricted by the board of directors and donors. This fund also includes the capital expenditure fee which is internally restricted for capital expenditures of existing facilities.
- The Endowment Fund records the accumulation of endowment contributions that must be maintained in perpetuity. The investment income earned on these funds is expended in accordance with the restrictions imposed by the board of directors and donors.

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

Revenue recognition

YMCA Calgary recognizes revenue earned as follows:

Memberships and capital expenditure fee

Membership revenue is recognized when received, with the exception of annual memberships paid in advance. For annual memberships paid in advance, membership revenue is initially recorded as unearned revenue and is recognized monthly over the term of the membership in the consolidated statement of operations and changes in fund balances.

New members are also assessed a one-time capital expenditure fee of \$75 (including Goods and Services Tax) for building maintenance costs, which has been reflected in the consolidated statement of operations and changes in fund balances under capital expenditure fee. This fee is recognized as income when received.

The Calgary Young Men's Christian Association

Notes to the Consolidated Financial Statements

December 31, 2015

2. Significant accounting policies (continued)

Revenue recognition (continued)

Programs and services

Revenue for programs and services is recorded when the related activities are commenced.

Government grants and United Way of Calgary and Area funding

Government grants and United Way of Calgary and Area funding are recorded as revenue when funds are received or receivable.

Donations

General Fund – general donations and bequests are recognized when received and are used to support individuals and families to purchase a YMCA membership or to attend a YMCA program. Donations received and designated for specific programs or operations are recognized as the related expenditures are incurred. Contributions received towards the acquisition of tangible capital assets are deferred and amortized to revenue on the same basis as the related depreciable tangible capital assets are amortized. Donated assets are recognized at fair market value when the fair market value can be reasonably estimated and when the Association would otherwise have purchased these items.

Restricted Fund – restricted donations and fees for capital development projects approved by the board of directors are recognized when received. Pledges made under specific fundraising campaigns for capital development projects are recognized when the amount to be received can be reasonably estimated and when collection is reasonably assured.

Endowment Fund – donations received from individuals' planned giving and are set aside in perpetuity. The investment income from these donations is used to support YMCA Calgary as directed by the board of directors and donors.

Investment income

Investment income from interest, dividends, gains and losses is recognized in the period in which they are realized.

Other

Other revenue streams include revenue from facility rent, massage, vending machines and merchandise. These revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

Restricted cash

Restricted cash consists of cash that has been earmarked for future purposes by the board of directors and therefore is being held in separate bank accounts.

Investments

The General Fund long-term investments represent funds that the board of directors considers as excess to current operating requirements. The Endowment Fund long-term investments represent funds that individuals have left through planned giving and other donations to provide for the future of the Association.

These investments are financial instruments recorded at fair value with any unrealized gains or losses being recognized in the year in which they occur.

The Calgary Young Men's Christian Association

Notes to the Consolidated Financial Statements

December 31, 2015

2. Significant accounting policies (continued)

Tangible capital assets

Expenditures for tangible capital assets are recorded at cost. Amortization is provided on a straight-line basis at the following rates, which are designed to amortize the cost of these assets over their estimated useful lives:

| | |
|--------------------------------|------------------------|
| Buildings | 20-25 years |
| Building improvements | 10 years |
| Equipment under capital leases | Over life of the lease |
| Furniture and equipment | 4-5 years |
| Facility start-up | 2 years |

Capital development projects are not subject to amortization until the development is complete.

Tangible capital assets are tested for impairment whenever events or changes in circumstances indicate that an asset can no longer be used as originally expected and its carrying amount may not be fully recoverable. An impairment loss is recognized when and to the extent that management assesses the future useful life of the asset to be less than originally estimated.

Donated services

The work of YMCA Calgary is dependent on the voluntary services of many people. Since these services are not normally purchased by YMCA Calgary and because of the difficulty in determining their fair value, donated services are not recognized in these consolidated statements.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the consolidated statement of operations and changes in fund balances.

With respect to financial assets measured at cost or amortized cost, the Association recognizes in the consolidated statement of operations and changes in fund balances an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the consolidated statement of operations and changes in fund balances in the period the reversal occurs.

Foreign currency translation

Investments denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect on the date of the consolidated statement of financial position. Investment income from these securities is translated at the exchange rate in effect when realized.

The Calgary Young Men's Christian Association

Notes to the Consolidated Financial Statements

December 31, 2015

2. Significant accounting policies (continued)

Use of estimates

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 and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Areas requiring the use of management estimates relate to the determination of collectability of accounts receivable, collectability of pledges, useful lives and potential impairment of tangible capital assets and accrued liabilities. Actual results could differ from these estimates.

Government remittances payable

At December 31, 2015, the Association had government remittances payable of \$170,725 (2014 - \$17,459), which are included in accounts payable and accrued liabilities.

Presentation and reclassification of prior year balances

Prior year's comparative figures pertaining to inventory and prepaid expenses have been reclassified to conform to the current year's financial statement presentation. The net balances of these amounts remain unchanged.

3. Pledges receivable

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

| | 2015 | 2014 |
|----------------------------|--------------------|-------------|
| | \$ | \$ |
| 2015 | - | 3,499,654 |
| 2016 | 1,124,087 | 455,404 |
| 2017 | 766,279 | 425,904 |
| 2018 | 929,904 | 424,904 |
| 2019 | 943,319 | 263,320 |
| 2020 | 100,000 | 100,000 |
| 2021 - 2029 | 200,000 | - |
| Total pledges | 4,063,589 | 5,169,186 |
| Long-term pledges | (3,209,502) | (1,669,532) |
| Current pledges recognized | 854,087 | 3,499,654 |

The \$30 million Power of Potential capital campaign is presented under the Restricted Fund, which reports the revenue and expenses related to the Association's commitment to provide funding to operate and equip three new community recreation centres in a joint project undertaken with The City of Calgary and to fund camp infrastructure. This is an ongoing campaign.

The Association has pledge agreements from individual or corporate donors who have committed to donate in the future as per the schedule above. The Association regularly consults with donors to either receive their pledged gift or reaffirm their intent to fulfill their commitment.

The Calgary Young Men's Christian Association

Notes to the Consolidated Financial Statements

December 31, 2015

4. Investments

| | 2015 \$ | 2014 \$ |
|--|-------------------|-------------------|
| General Fund | 7,630,431 | 6,303,202 |
| Endowment Fund | 4,867,962 | 4,588,588 |
| Endowment Fund - donor restricted (Note 8) | 1,112,331 | 1,064,443 |
| | 13,610,724 | 11,956,233 |

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

| | General Fund \$ | Restricted Fund \$ | Endowment Fund \$ | Total 2015 \$ | Total 2014 \$ |
|---------------|-----------------------|--------------------------|-------------------------|---------------------|---------------------|
| Cash | 264,196 | - | 147,053 | 411,249 | 11,663 |
| Canadian | | | | | |
| Income funds | 5,081,250 | - | 3,056,844 | 8,138,094 | 5,830,627 |
| Equity funds | 794,120 | - | 969,934 | 1,764,054 | 3,105,306 |
| International | | | | | |
| Income funds | 613,245 | - | 167,334 | 780,579 | 113,452 |
| Equity funds | 877,620 | - | 1,639,128 | 2,516,748 | 2,895,185 |
| | 7,630,431 | - | 5,980,293 | 13,610,724 | 11,956,233 |

5. Investment income

| | General Fund \$ | Restricted Fund \$ | Endowment Fund \$ | Total 2015 \$ | Total 2014 \$ |
|--|-----------------------|--------------------------|-------------------------|---------------------|---------------------|
| Interest income | 335,357 | - | 218,021 | 553,378 | 553,246 |
| Realized gain on sale of investments | 25,985 | - | 17,476 | 43,461 | 25,344 |
| Unrealized (loss) gain on investments | (178,566) | - | 11,274 | (167,292) | 448,082 |
| | 182,776 | - | 246,771 | 429,547 | 1,026,672 |

The Calgary Young Men's Christian Association

Notes to the Consolidated Financial Statements

December 31, 2015

6. Tangible capital assets

| | Cost \$ | Accumulated amortization \$ | 2015 Net book value \$ | 2014 Net book value \$ |
|--------------------------------|-------------------|-----------------------------------|---------------------------------|---------------------------------|
| Land | 2,010,000 | - | 2,010,000 | 2,010,000 |
| Buildings | 51,947,322 | 28,094,617 | 23,852,705 | 25,261,677 |
| Building improvements | 2,292,469 | 437,451 | 1,855,018 | 1,094,379 |
| Equipment under capital leases | 2,571,949 | 878,035 | 1,693,914 | 1,368,817 |
| Furniture and equipment | 13,583,409 | 12,026,049 | 1,557,360 | 2,144,185 |
| Facility start-up | 1,271,856 | 1,226,856 | 45,000 | - |
| Capital development projects | 461,851 | - | 461,851 | 775,738 |
| | 74,138,856 | 42,663,008 | 31,475,848 | 32,654,796 |

Capital project commitments

Authorization for expenditures has been issued for \$737,890 (2014 - \$1,697,285), of which \$669,050 (2014 - \$1,505,770) has been spent.

Buildings with a net book value of \$2,975,297 (2014 - \$3,333,165) are on land under leases with The City of Calgary, having nominal costs and expiring in 2045. The use of the land is restricted under the leases, and the buildings will revert to the lessor if the lease is terminated.

7. Obligations under capital leases

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

| | \$ |
|--|----------------|
| 2016 | 761,715 |
| 2017 | 615,050 |
| 2018 | 317,825 |
| 2019 | 83,416 |
| Future minimum lease payments | 1,778,006 |
| Less: amount representing interest at a weighted-average rate of 6.55% (2014 - 7.40%) | 84,091 |
| Present value of future minimum lease payments | 1,693,915 |
| Less: current portion | 711,553 |
| | 982,362 |

The Calgary Young Men's Christian Association

Notes to the Consolidated Financial Statements

December 31, 2015

8. Donor restricted endowment funds

The donor restricted endowment funds are amounts that have been earmarked for specific charitable purposes by the donors. These funds include trusts, which provide that the principal assets are to be maintained in perpetuity. The investment income generated from assets held for endowment purposes must be used in accordance with the various purposes established by the donors.

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

| | 2015 | 2014 |
|---|------------------|------------------|
| | \$ | \$ |
| Tom Perkins Memorial Fund | 94,525 | 86,625 |
| Mike Dodds Memorial Fund | 17,521 | 16,512 |
| The Amy and Howard Miller Memorial Fund | 104,702 | 98,578 |
| J. Fish Memorial Fund | 102,834 | 96,758 |
| Lorne and Pat Larson Tipi Fund | 181,502 | 170,832 |
| 6325146 Fund | 611,247 | 595,138 |
| | 1,112,331 | 1,064,443 |

9. Changes in non-cash working capital

| | 2015 | 2014 |
|--|------------------|--------------------|
| | \$ | \$ |
| Accounts receivable | 407 | (28,642) |
| Pledges receivable | 2,645,567 | (3,499,654) |
| Prepaid expenses | 69,216 | 84,766 |
| Accounts payable and accrued liabilities | 401,157 | 39,891 |
| Unearned revenue | 175,860 | 212,752 |
| | 3,292,207 | (3,190,887) |

10. Commitments

YMCA Calgary has entered into various 10-to-25-year occupancy leases at nominal fees, with one renewal term each, for a YMCA presence at each location. For the duration of the term at each facility, YMCA Calgary is responsible for its portion of the lifecycle and capital replacement of the facility or for the repair and maintenance of equipment owned and supplied by YMCA Calgary.

During 2014, YMCA Calgary entered into a 20-year occupancy lease with Remington Development Corporation at a starting rate of \$27 per square foot per year for approximately 3,600 square feet, effective September 1, 2016, for the Quarry Park Child Development Center.

11. Additional information regarding fund development expenses

Remuneration to employees whose principal duties are related to fundraising totalled \$389,159 (2014 - \$267,492), and other fundraising expenses were \$388,679 (2014 - \$439,770).

The Calgary Young Men's Christian Association

Notes to the Consolidated Financial Statements

December 31, 2015

12. Financial instruments and risk management

Equity risk

A significant portion of the Association's financial assets is investments, which represents the Association's exposure to equity risk. The Association invests some of its investment assets in equity securities, such as common shares, or in equity-like securities, such as mutual funds. The values of these securities change as the business, financial condition, management and other relevant factors affecting the company that issued the securities change, as well as changes in the general economic condition of the markets in which they operate, thereby exposing the Association to these fluctuations in value. The fair market value of the investments at December 31, 2015 was \$13,610,724 (2014 - \$11,956,233), with \$4,280,802 (2014 - \$6,000,491) invested in equities (Note 4).

Foreign exchange risk

A portion of the Association's investment portfolio is denominated in foreign currencies; therefore, the Association is exposed to fluctuations in those currencies. At December 31, 2015, the foreign content of the investments was 24% (2014 - 25%) (Note 4).

Credit risk

The Association is exposed to credit risk to the extent that its donors may experience financial difficulty and would be unable to meet their obligations. However, the Association has a large number of diverse donors, which minimizes the concentration of credit risk.

13. Contingency

In the normal course of operations, the Association is involved, from time to time, in various legal claims. Management believes the exposure to current claims and potential claims would not have a material impact on the financial position or operating results of the Association.