

Consolidated financial statements of

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

December 31, 2011

The Calgary Young Men’s Christian Association

December 31, 2011

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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, 2011, and 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 generally accepted accounting principles, 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, 2011, and the results of its operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants
April 3, 2012

The Calgary Young Men's Christian Association

Consolidated statement of operations and changes in fund balances year ended December 31, 2011

				2011	2010
	General Fund	Restricted Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
Revenue					
Memberships	11,883,145	-	-	11,883,145	11,712,144
Programs and services	9,764,279	-	-	9,764,279	9,669,115
Government grants	1,068,505	-	-	1,068,505	1,229,100
United Way of Calgary	803,400	-	-	803,400	772,500
Donations, net of pledge allowances	1,517,563	(29,922)	84,632	1,572,273	902,317
Capital expenditure fee	-	341,372	-	341,372	349,938
Other	420,982	3,308	-	424,290	528,798
	25,457,874	314,758	84,632	25,857,264	25,163,912
Expenses					
Salaries and benefits	13,997,489	-	-	13,997,489	13,401,936
Programs and services	3,776,985	10,000	52,032	3,839,017	3,677,563
Building operations	3,023,024	-	-	3,023,024	3,161,560
Administration	2,368,198	5,000	22,106	2,395,304	2,319,019
Communications	160,297	-	-	160,297	226,889
Amortization	1,998,085	-	-	1,998,085	1,994,770
	25,324,078	15,000	74,138	25,413,216	24,781,737
Operating excess					
of revenue over expenses from continuing operations	133,796	299,758	10,494	444,048	382,175
Operating deficiency of					
revenue over expenses from discontinued operations (Note 4)	-	-	-	-	(1,047,109)
Loss on disposal of property and equipment	(62,730)	-	-	(62,730)	-
Investment income (loss) (Note 7)	106,585	74,483	(180,190)	878	581,884
Excess (deficiency) of revenue over expenses					
	177,651	374,241	(169,696)	382,196	(83,050)
Fund balance, beginning of year	17,731,419	16,923,532	3,685,037	38,339,988	38,423,038
Interfund transfers	(651,391)	651,391	-	-	-
Fund balance, end of year	17,257,679	17,949,164	3,515,341	38,722,184	38,339,988


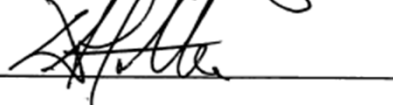
The Calgary Young Men's Christian Association

Consolidated statement of financial position

as at December 31, 2011

				2011	2010
	General Fund	Restricted Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
Assets					
Current assets					
Cash and cash equivalents	890,094	1,004,185	125,878	2,020,157	7,633,938
Short-term deposits	-	-	-	-	2,506,155
Interest receivable	-	-	-	-	7,247
Accounts receivable	636,704	174,046	-	810,750	1,014,553
Inventories	73,836	-	-	73,836	109,090
Prepaid expenses	242,891	-	-	242,891	205,947
Current assets related to discontinued operations (Note 4)	-	-	-	-	6,172
	1,843,525	1,178,231	125,878	3,147,634	11,483,102
Accounts receivable	18,000	-	-	18,000	70,000
Investments (Note 6)	2,658,628	-	3,442,786	6,101,414	6,140,340
Property and equipment (Note 8)	16,521,698	17,949,164	-	34,470,862	24,476,717
	21,041,851	19,127,395	3,568,664	43,737,910	42,170,159
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	1,265,589	574,076	5,451	1,845,116	954,371
Due (from) to other funds	(652,027)	604,155	47,872	-	-
Current portion of obligations under capital leases (Note 9)	166,823	-	-	166,823	90,499
Unearned revenue	2,769,487	-	-	2,769,487	2,706,625
Current liabilities related to discontinued operations (Note 4)	-	-	-	-	12,002
	3,549,872	1,178,231	53,323	4,781,426	3,763,497
Obligations under capital leases (Note 9)	234,300	-	-	234,300	66,674
	3,784,172	1,178,231	53,323	5,015,726	3,830,171
Commitments (Note 12)					
Fund balance					
Internally restricted - invested in					
property and equipment	16,120,575	17,949,164	-	34,069,739	24,319,544
Externally restricted	-	-	3,200,304	3,200,304	13,130,622
Donor restricted endowment funds (Note 10)	-	-	315,037	315,037	330,786
Unrestricted funds	1,137,104	-	-	1,137,104	559,036
	17,257,679	17,949,164	3,515,341	38,722,184	38,339,988
	21,041,851	19,127,395	3,568,664	43,737,910	42,170,159

Approved by the Board


 _____ Director

 _____ Director

The Calgary Young Men's Christian Association

Consolidated statement of cash flows year ended December 31, 2011

				2011	2010
	General Fund	Restricted Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
Operating activities					
Excess (deficiency) of revenue over expenses	177,651	374,241	(169,696)	382,196	(83,050)
Adjustments for:					
Amortization	1,998,085	-	-	1,998,085	1,994,770
Realized gain on sale of investments (Note 7)	(21,189)	-	(16,524)	(37,713)	(43,334)
Unrealized loss (gain) on investments (Note 7)	6,446	-	251,421	257,867	(388,749)
Realized loss on disposal of property and equipment	62,730	-	-	62,730	-
Non-cash expenses related to discontinued operations (Note 4)	-	-	-	-	647,563
	2,223,723	374,241	65,201	2,663,165	2,127,200
Changes in non-cash working capital (Note 11)	(1,615,804)	2,158,585	48,183	590,964	1,269,045
Changes in non-cash working capital from discontinued operations (Note 4)	(5,830)	-	-	(5,830)	(110,783)
	602,089	2,532,826	113,384	3,248,299	3,285,462
Financing activities					
Repayment of obligations under capital leases	(151,521)	-	-	(151,521)	(117,013)
Repayment of obligations under capital leases from discontinued operations (Note 4)	-	-	-	-	(5,927)
	(151,521)	-	-	(151,521)	(122,940)
Investing activities					
Net additions to investments	(68,539)	-	(112,689)	(181,228)	(113,317)
Additions to property and equipment	(857,486)	(10,802,003)	-	(11,659,489)	(2,241,411)
Accounts payable purchases pertaining to property and equipment	49,927	574,076	-	624,003	-
Proceeds from disposal of (additions to) short-term deposits	-	2,506,155	-	2,506,155	(7,631)
Changes in investing activities from discontinued operations (Note 4)	-	-	-	-	(24,901)
	(876,098)	(7,721,772)	(112,689)	(8,710,559)	(2,387,260)
Net (decrease) increase in cash and cash equivalents	(425,530)	(5,188,946)	695	(5,613,781)	775,262
Cash and cash equivalents, beginning of year	1,315,624	6,193,131	125,183	7,633,938	6,858,676
Cash and cash equivalents, end of year	890,094	1,004,185	125,878	2,020,157	7,633,938
Supplementary information					
Equipment acquired under capital lease				395,471	57,462

The Calgary Young Men's Christian Association

Notes to the consolidated financial statements

December 31, 2011

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 tax 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.

2. Significant accounting policies

The consolidated financial statements of YMCA Calgary have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") 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 and the activities of the International Trust, an internally restricted fund, which has minimal activity.
- The Restricted Fund reflects resources that have been collected through the capital campaign and the capital expenditure fee and are therefore externally restricted by the contributors. Outstanding capital commitments are included in Note 8.
- The Endowment Fund records the accumulation of endowment contributions that must be maintained in perpetuity. The interest 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 in accordance with Canadian GAAP utilizing the accounting policies summarized below:

Cash and cash equivalents

Cash and cash equivalents are composed strictly of cash. The Association may from time to time invest in term deposits with maturity dates of three months or less from the date of purchase.

Short-term deposits

Short-term deposits are composed of deposits with initial maturities of less than 12 months. As at December 31, 2011, there were no outstanding deposits (2010 - three with effective interest rates of 1.25%, 0.90%, and 0.85%, respectively).

Revenue recognition

YMCA Calgary recognizes revenue earned as follows:

Memberships

Membership revenue is recognized when paid, with the exception of annual memberships paid in advance. For annual memberships paid in advance, membership revenue is initially recorded as unearned revenue and amortized to income monthly over the term of the membership.

New members are also assessed a one-time fee of \$75 (including GST) 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 or receivable.

The Calgary Young Men's Christian Association

Notes to the consolidated financial statements

December 31, 2011

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

Government grants are recorded as revenue when funds are received or receivable. These grants must be applied for on an annual basis.

Donations

General Fund donations are recognized when received and are used to support individuals and families to purchase a YMCA membership or to attend a YMCA program.

Restricted Fund donations and fees received are recorded as revenue in the Restricted Fund when received. These funds will support capital development projects approved by the board of directors.

Other restricted donations received are recorded in the General Fund as the related expenditures are incurred.

Endowment Fund donations are received from individual estates and are set aside in perpetuity. The interest from these donations is used to support YMCA Calgary as directed by the board of directors and donors.

Donations and bequests are recorded when received. Donated assets are recorded at fair market value when the fair market value can be reasonably estimated and when the Association would otherwise have purchased these items.

Pledges under specific fundraising campaigns are recognized when the pledge is made. Pledges receivable are assessed regularly for collectability and the estimated fair value of pledges in future years is recorded in the consolidated financial statements.

Investment income

Interest income is recognized in the period in which it is earned. Realized and unrealized gains and losses on investments are recognized in the period in which they arise.

Other

Other revenue includes revenue from facility day passes, facility rent, massage, vending machines and the tuck shop. Revenue is 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.

Inventories

Inventories of merchandise and supplies on hand are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

For the year ended December 31, 2011, the sale of inventories resulted in the recognition of expenses aggregating \$ 31,498 (2010 - \$21,901). There were \$26,415 in write-downs of inventories to net realizable value required for the year ended December 31, 2011 (2010 - \$6,394) and \$Nil reversals of write-down of inventories have been recorded for the year ended December 31, 2011 (2010 - \$Nil).

The Calgary Young Men's Christian Association

Notes to the consolidated financial statements

December 31, 2011

2. Significant accounting policies (continued)

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 held-for-trading and have been recorded at fair value with any unrealized gain or loss being recognized in the year in which they occur.

Transaction costs

The transaction costs associated with the investment portfolio are expensed as incurred.

Property and equipment

Expenditures for property and equipment 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
Equipment under capital leases	Over life of the lease
Furniture and equipment	4-8 years

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

Property and equipment are tested for impairment whenever events or changes in circumstances indicate that an asset can no longer be used as originally expected and their carrying amounts may not be fully recoverable. An impairment loss is recognized when and to the extent that management assesses the future useful life of an 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 and hedges

The Association has elected to continue following the requirements of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3861, Financial Instruments - Disclosure and Presentation, and not adopt Section 3862, Financial Instruments - Disclosures, or Section 3863, Financial Instruments - Presentation.

Financial assets and financial liabilities held-for-trading are measured at fair value, and changes in those fair values are recognized in investment income. Financial assets classified as loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method of amortization.

The Association has classified all financial assets as loans and receivables, with the exception of cash and cash equivalents and investments. Cash and cash equivalents and investments have been classified as held-for-trading. Gains and losses related to these items are recognized in investment income in the period in which they arise. The Association has classified all financial liabilities as other financial liabilities.

The Association assesses at each consolidated statement of financial position date whether a financial asset carried at cost is impaired. If there is objective evidence that an impairment loss exists, the amount of the loss is measured as the difference between the carrying amount of the asset and its fair value. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of operations and changes in fund balances.

The Calgary Young Men's Christian Association

Notes to the consolidated financial statements

December 31, 2011

2. Significant accounting policies (continued)

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.

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP 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, net realizable value of inventories, useful lives and potential impairment of property and equipment and accrued liabilities. Actual results could differ from these estimates.

3. Future accounting change

New accounting framework

The CICA has issued a new accounting framework applicable to Canadian not-for-profit organizations. Effective for the annual reporting period that commences on or after January 1, 2012, not-for-profit organizations will have to choose between International Financial Reporting Standards ("IFRS") and Canadian accounting standards for not-for-profit organizations, whichever accounting framework suits them best. Early adoption of these standards is permitted. The Association currently plans to adopt the new Canadian accounting standards for not-for-profit organizations for its fiscal year beginning January 1, 2012 and has not yet determined the impact of adoption.

4. Discontinued operations

On December 8, 2009, the board of directors approved a motion to implement a planned closure of the South YMCA facility. Accordingly, this facility closed on September 5, 2010, and the building was surrendered to The City of Calgary on January 10, 2011.

There was no impairment loss of long-lived assets recognized and the assets and liabilities associated with the South YMCA operation were segregated from continuing operations and reported in the consolidated statement of financial position.

The following table sets forth the results of the operation associated with the South YMCA, separately reported as a discontinued operation for the current and prior years.

			2011	2010
	General Fund	Restricted Fund	Total	Total
	\$	\$	\$	\$
Revenue	-	-	-	1,039,844
Expenses	-	-	-	2,069,317
Operating deficiency of revenue over expenses	-	-	-	(1,029,473)
Loss on disposal of equipment	-	-	-	(17,636)
Deficiency of revenue over expenses	-	-	-	(1,047,109)

The Calgary Young Men's Christian Association

Notes to the consolidated financial statements

December 31, 2011

5. The Calgary YMCA Foundation

YMCA Calgary controls the Foundation, whose purpose is to raise funds for YMCA Calgary. 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.

6. Investments

	2011 Market value	2010 Market value
	\$	\$
General Fund	2,658,628	2,575,346
Endowment Fund	3,127,749	3,234,208
Endowment Fund - donor restricted (Note 10)	315,037	330,786
	6,101,414	6,140,340

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

	2011			2010	
	General Fund	Restricted Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
Money market funds	-	-	-	-	9,688
Canadian					
Income funds	2,069,359	-	1,017,709	3,087,068	2,826,842
Equity funds	589,269	-	1,370,876	1,960,145	2,192,833
International equity funds	-	-	1,054,201	1,054,201	1,110,977
	2,658,628	-	3,442,786	6,101,414	6,140,340

7. Investment income

	2011			2010	
	General Fund	Restricted Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
Interest income	91,842	74,483	54,707	221,032	149,801
Realized gain on sale of investments	21,189	-	16,524	37,713	43,334
Unrealized (loss) gain on investments	(6,446)	-	(251,421)	(257,867)	388,749
	106,585	74,483	(180,190)	878	581,884

The Calgary Young Men's Christian Association

Notes to the consolidated financial statements

December 31, 2011

8. Property and equipment

	2011		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	2,010,000	-	2,010,000
Buildings	34,782,596	22,022,805	12,759,791
Equipment under capital leases	1,503,568	1,149,311	354,257
Furniture and equipment	11,315,902	9,918,252	1,397,650
Capital development projects	17,949,164	-	17,949,164
	67,561,230	33,090,368	34,470,862

	2010		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	2,010,000	-	2,010,000
Buildings	34,294,919	20,693,550	13,601,369
Equipment under capital leases	1,215,567	1,160,200	55,367
Furniture and equipment	11,278,025	9,615,205	1,662,820
Capital development projects	7,147,161	-	7,147,161
	55,945,672	31,468,955	24,476,717

Capital development projects totalling \$17,949,164 (2010 - \$7,147,161) are not subject to amortization until development is complete.

Capital project commitments

Of the capital development projects in progress, the Association has entered into a commitment with The City of Calgary, the NE Centre of Community Society and the Calgary Public Library Board for the construction of the Genesis Centre of Community Wellness. The outstanding commitment for furniture, fixtures and equipment at December 31, 2011 was \$2.5 million (2010 - \$12.5 million for furniture, fixtures, equipment and building). The amount The City of Calgary held in trust from the disposition of the North YMCA building aggregating \$1,457,681 has been applied against the project. Accordingly, at December 31, 2011, no funds are remaining (2010 - \$1,442,425) in trust. The facility was opened on January 7, 2012.

The second capital development project in progress pertains to the water treatment and sewage upgrade at YMCA Camp Chief Hector. The estimated costs to complete this project are approximately \$185,000 and the estimated completion date is September 2013.

Authorization for expenditures has been issued for \$983,941 (2010 - \$1,332,388), of which \$856,447 (2010 - \$1,299,052) has been spent.

Buildings with a net book value of \$3,756,816 (2010 - \$4,077,436) 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.

The Calgary Young Men's Christian Association

Notes to the consolidated financial statements

December 31, 2011

9. Obligations under capital leases

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

	\$
Years ending December 31,	
2012	185,320
2013	133,685
2014	108,349
2015	3,620
Future minimum lease payments	430,974
Less: amounts representing interest (interest rates ranging from 3.77% to 22.01% per annum)	29,851
Present value of future minimum lease payments	401,123
Less: current portion	166,823
	<u>234,300</u>

10. 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.

Tom Perkins Memorial Fund

The interest income from this fund is designated to support youth leaders within the YMCA who have given extraordinary leadership to the areas of their involvement, while at the same time carrying on with their post-secondary education. During 2011, further endowments received for this fund totalled \$500 (2010 - \$Nil).

Mike Dodds Memorial Fund

The interest income from this fund is used to assist youth, who would otherwise be unable to afford to attend YMCA Camp Chief Hector.

Amy R. Miller Family Memorial Fund

The interest income from this fund is used to assist youth who would otherwise be unable to afford to join YMCA Calgary. During 2011, further endowments received for this fund totalled \$Nil (2010 - \$2,030).

J. Fish Memorial Fund

The interest income from this fund is used to assist youth who would otherwise be unable to afford to attend YMCA Camp Chief Hector.

Lorne & Pat Larson Tipi Fund

The interest income from this fund is used to upgrade tipi sites and replace tipi canvasses and equipment, as required, by YMCA Camp Chief Hector.

The Calgary Young Men's Christian Association

Notes to the consolidated financial statements

December 31, 2011

10. Donor restricted endowment funds (continued)

A summary of the fund balances as at December 31 is as follows:

	2011	2010
	\$	\$
Tom Perkins Memorial Fund	63,230	66,262
Mike Dodds Memorial Fund	11,792	12,399
Amy R. Miller Family Memorial Fund	48,710	51,184
J. Fish Memorial Fund	69,156	72,622
Lorne & Pat Larson Tipi Fund	122,149	128,319
	315,037	330,786

11. Changes in non-cash working capital

	2011	2010
	\$	\$
Interest receivable	7,247	(5,332)
Accounts receivable	255,803	1,108,650
Inventories	35,254	18,276
Prepaid expenses	(36,944)	16,826
Accounts payable and accrued liabilities	266,742	88,657
Unearned revenue	62,862	41,968
	590,964	1,269,045

12. Commitments

On November 1, 2011, YMCA Calgary entered into a 25 year occupancy lease with The City of Calgary at a nominal fee of \$10 per year, with one renewal term of 25 years, effective January 7, 2012, for the Saddletowne YMCA premises in the Genesis Centre of Community. For the duration of the term, YMCA Calgary is responsible for its portion of the lifecycle and capital replacement of the facility.

On March 4, 2002, The City of Calgary Council approved a 25 year occupancy lease for YMCA Calgary at a nominal fee of \$10 per year for the Shawnessy YMCA. For the duration of the lease, YMCA Calgary is responsible for its portion of the lifecycle and capital replacement of the facility. Capital purchases for this branch in 2011 were \$214,804 (2010 - \$184,839) and have been recorded in property and equipment in the General Fund.

13. Additional information regarding fund development expenses

Remuneration to employees whose principal duties are related to fundraising totalled \$248,694 (2010 - \$301,251) and other fundraising expenses were \$112,357 (2010 - \$113,144).

The Calgary Young Men's Christian Association

Notes to the consolidated financial statements

December 31, 2011

14. Financial instruments and risk management

The Association's financial instruments include cash and cash equivalents, interest receivable, accounts receivable, investments, accounts payable and accrued liabilities, obligations under capital leases and unearned revenue. The fair values of these financial instruments approximate their carrying amounts.

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, 2011 was \$6,101,414 (2010 - \$6,140,340), with \$3,014,346 (2010 - \$3,303,810) invested in equities (Note 6).

Foreign exchange risk

Because a portion of the Association's investment portfolio is denominated in foreign currencies, the Association is exposed to fluctuations in those currencies. At December 31, 2011, the foreign content of the investments was 17% (2010 - 18%) (Note 6).

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 concentration of credit risk.

15. Management of capital

The Association's objective when managing capital is to ensure it has adequate cash flow to maintain operations and fund capital projects. Because the Association has been able to generate this cash flow from operations and money contributed to its Restricted and Endowment Funds, it presently has no debt, except for obligations under capital leases, which is in accordance with the Association's by-laws. Management and the board of directors carefully consider fundraising campaigns, grants, sponsorship and investment income to ensure that sufficient funds will be available to meet the Association's short and long-term objectives.

16. 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 would not have a material impact on the financial position or operating results of the Association.