

Consolidated financial statements of

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

December 31, 2013

The Calgary Young Men's Christian Association

December 31, 2013

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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, 2013, 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, 2013 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 Accountants
April 1, 2014

The Calgary Young Men's Christian Association

Consolidated statement of operations and changes in fund balances year ended December 31, 2013

				2013	2012
	General Fund	Restricted Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
Revenue					
Memberships	15,783,255	-	-	15,783,255	14,136,016
Programs and services	11,090,629	-	-	11,090,629	10,447,561
Government grants	1,075,900	-	-	1,075,900	938,669
United Way of Calgary and Area	830,840	-	-	830,840	803,710
Donations, net of pledge allowances	1,783,521	550,000	553,913	2,887,434	1,814,393
Capital expenditure fee	-	406,333	-	406,333	510,151
Other	462,017	-	-	462,017	405,112
	31,026,162	956,333	553,913	32,536,408	29,055,612
Expenses					
Salaries and benefits	17,790,112	-	-	17,790,112	16,306,880
Programs and services	3,193,333	10,000	69,000	3,272,333	3,509,420
Building operations	3,943,892	-	-	3,943,892	3,769,872
Administration	2,921,480	30,042	21,085	2,972,607	2,597,650
Communications	311,928	-	-	311,928	181,766
Amortization	3,509,955	-	-	3,509,955	3,135,639
	31,670,700	40,042	90,085	31,800,827	29,501,227
Operating (deficiency) excess of revenue over expenses	(644,538)	916,291	463,828	735,581	(445,615)
Loss on disposal of tangible capital assets	(33,827)	-	-	(33,827)	(41,258)
Investment income (Note 6)	308,652	-	702,270	1,010,922	544,268
(Deficiency) excess of revenue over expenses	(369,713)	916,291	1,166,098	1,712,676	57,395
Fund balance, beginning of year	34,874,524	-	3,905,055	38,779,579	38,722,184
Fund balance, end of year	34,504,811	916,291	5,071,153	40,492,255	38,779,579

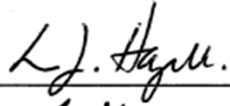

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

The Calgary Young Men's Christian Association

Consolidated statement of financial position as at December 31, 2013

				2013	2012
	General Fund	Restricted Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
Assets					
Current assets					
Cash	1,116,498	557,315	20,853	1,694,666	1,575,991
Accounts receivable	473,409	-	-	473,409	618,320
Inventories	64,386	-	-	64,386	73,307
Prepaid expenses	348,306	-	-	348,306	313,803
	2,002,599	557,315	20,853	2,580,767	2,581,421
Restricted cash (Note 4)	1,461,903	-	-	1,461,903	902,687
Investments (Note 5)	4,367,856	-	5,017,933	9,385,789	6,680,868
Tangible capital assets (Note 7)	32,921,857	-	-	32,921,857	34,209,467
	40,754,215	557,315	5,038,786	46,350,316	44,374,443
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities (Note 2)	1,549,696	-	5,405	1,555,101	1,600,591
Due from (to) other funds	396,748	(358,976)	(37,772)	-	-
Current portion of obligations under capital leases (Note 8)	545,244	-	-	545,244	398,683
Unearned revenue	2,776,868	-	-	2,776,868	2,896,158
	5,268,556	(358,976)	(32,367)	4,877,213	4,895,432
Deferred capital contributions	329,909	-	-	329,909	-
Obligations under capital leases (Note 8)	650,939	-	-	650,939	699,432
	6,249,404	(358,976)	(32,367)	5,858,061	5,594,864
Commitments (Note 11)					
Fund balance					
Internally restricted - invested in tangible capital assets	31,725,674	-	-	31,725,674	33,111,352
Externally restricted	-	916,291	4,216,712	5,133,003	3,555,249
Donor restricted endowment funds (Note 9)	-	-	854,441	854,441	349,806
Unrestricted funds	2,779,137	-	-	2,779,137	1,763,172
	34,504,811	916,291	5,071,153	40,492,255	38,779,579
	40,754,215	557,315	5,038,786	46,350,316	44,374,443

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, 2013

				2013	2012
	General Fund	Restricted Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
Operating activities					
(Deficiency) excess of revenue over expenses	(369,713)	916,291	1,166,098	1,712,676	57,395
Items not affecting cash					
Amortization	3,509,955	-	-	3,509,955	3,135,639
Realized gain on sale of investments (Note 6)	(223,957)	-	(690,312)	(914,269)	(11,685)
Unrealized loss (gain) on investments (Note 6)	88,610	-	139,407	228,017	(377,963)
Amortization of deferred capital contributions	(11,747)	-	-	(11,747)	-
Loss on disposal of tangible capital assets	33,827	-	-	33,827	41,258
	3,026,975	916,291	615,193	4,558,459	2,844,644
Changes in non-cash working capital (Note 10)	493,433	(464,310)	(172,484)	(143,361)	556,571
	3,520,408	451,981	442,709	4,415,098	3,401,215
Financing activity					
Repayment of obligations under capital leases	(433,020)	-	-	(433,020)	(245,642)
Investing activities					
Net additions to investments	(1,445,774)	-	(572,895)	(2,018,669)	(189,806)
Additions to tangible capital assets	(1,750,680)	-	-	(1,750,680)	(1,997,449)
Increase (decrease) in accounts payable pertaining to tangible capital assets	122,064	(24,154)	-	97,910	(534,378)
Proceeds from disposal of tangible capital assets	25,596	-	-	25,596	24,581
Proceeds from capital contributions	341,656	-	-	341,656	-
Changes in restricted cash	(559,216)	-	-	(559,216)	(902,687)
	(3,266,354)	(24,154)	(572,895)	(3,863,403)	(3,599,739)
Net (decrease) increase in cash	(178,966)	427,827	(130,186)	118,675	(444,166)
Cash, beginning of year	1,295,464	129,488	151,039	1,575,991	2,020,157
Cash, end of year	1,116,498	557,315	20,853	1,694,666	1,575,991
Supplementary information					
Equipment acquired under capital lease				531,088	942,634

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, 2013

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 accounting standards for not-for-profit organizations ("ASNFPO") 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 the capital expenditure fee and are therefore externally restricted by the contributors.
- 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 using the accounting policies summarized below:

Revenue recognition

YMCA Calgary recognizes revenue earned as follows:

Memberships

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.

New members are also assessed a one-time 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 or receivable.

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

The Calgary Young Men's Christian Association

Notes to the consolidated financial statements

December 31, 2013

2. Significant accounting policies (continued)

Revenue recognition (continued)

Donations (continued)

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

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.

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.

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.

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 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.

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.

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. Net realizable value is determined using the current estimated selling price less the selling costs and takes into account management's best estimate of the most probable set of economic conditions.

The sale of inventories during the year resulted in the recognition of expenses aggregating \$12,245 (2012 - \$16,174).

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 gain or loss being recognized in the year in which they occur.

The Calgary Young Men's Christian Association

Notes to the consolidated financial statements

December 31, 2013

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	20-50 years
Building improvements	10 years
Equipment under capital leases	Over life of the lease
Furniture and equipment	4-8 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 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 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, unless management has elected to record at fair value. The Association has not elected to carry any such financial instruments at fair value.

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, 2013

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with ASNFPO 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 tangible capital assets and accrued liabilities. Actual results could differ from these estimates.

Government remittances payable

At December 31, 2013, the Association had government remittances payable of \$18,141 (2012 - \$40,046), which are included in accounts payable and accrued liabilities.

Comparative information

Certain of the prior year's balances, specifically programs and services, donations and other revenue and programs and services and administration expenses in the consolidated statement of operations and changes in fund balances, have been reclassified to conform to the current year's financial statement presentation. The net balances of these amounts remain unchanged.

3. 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.

4. 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.

5. Investments

	2013	2012
	Market	Market
	value	value
	\$	\$
General Fund	4,367,856	2,786,735
Endowment Fund	4,163,492	3,544,327
Endowment Fund - donor restricted (Note 9)	854,441	349,806
	9,385,789	6,680,868

The Calgary Young Men's Christian Association

Notes to the consolidated financial statements

December 31, 2013

5. Investments (continued)

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

				2013	2012
	General Fund	Restricted Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
Money market funds	-	-	-	-	25,522
Canadian					
Income funds	2,731,268	-	1,671,992	4,403,260	3,219,217
Equity funds	961,782	-	1,660,712	2,622,494	2,208,282
International equity funds	674,806	-	1,685,229	2,360,035	1,227,847
	4,367,856	-	5,017,933	9,385,789	6,680,868

6. Investment income

				2013	2012
	General Fund	Restricted Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
Interest income	173,305	-	151,365	324,670	154,620
Realized gain on sale of investments	223,957	-	690,312	914,269	11,685
Unrealized (loss) gain on investments	(88,610)	-	(139,407)	(228,017)	377,963
	308,652	-	702,270	1,010,922	544,268

7. Tangible capital assets

	2013		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	2,010,000	-	2,010,000
Buildings	51,772,854	25,295,107	26,477,747
Building improvements	804,953	77,946	727,007
Equipment under capital leases	1,880,384	682,684	1,197,700
Furniture and equipment	13,277,029	10,929,810	2,347,219
Facility start-up	1,181,856	1,019,672	162,184
	70,927,076	38,005,219	32,921,857

The Calgary Young Men's Christian Association

Notes to the consolidated financial statements

December 31, 2013

7. Tangible capital assets (continued)

			2012
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	2,010,000	-	2,010,000
Buildings	50,997,420	23,713,701	27,283,719
Building improvements	200,827	20,085	180,742
Equipment under capital leases	1,611,910	508,639	1,103,271
Furniture and equipment	13,284,616	10,405,993	2,878,623
Facility start-up	1,181,856	428,744	753,112
	<u>69,286,629</u>	<u>35,077,162</u>	<u>34,209,467</u>

Included in amortization expense is \$433,020 (2012 - \$245,238) of amortization recorded on equipment under capital leases.

Capital project commitments

Authorization for expenditures has been issued for \$1,305,327 (2012 - \$1,725,959), of which \$1,229,182 (2012 - \$1,377,716) has been spent.

Buildings with a net book value of \$3,691,034 (2012 - \$3,494,614) 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.

8. Obligations under capital leases

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

	\$
2014	590,730
2015	488,005
2016	190,054
Future minimum lease payments	<u>1,268,789</u>
Less: amount representing interest at a weighted-average rate of 7.64% (2012 - 7.76%)	<u>72,606</u>
Present value of future minimum lease payments	<u>1,196,183</u>
Less: current portion	<u>545,244</u>
	<u>650,939</u>

9. 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 the year, further endowments received for this fund totalled \$1,000 (2012 - \$750).

The Calgary Young Men's Christian Association

Notes to the consolidated financial statements

December 31, 2013

9. Donor restricted endowment funds (continued)

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.

The Amy and Howard Miller 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 the year, further endowments received for this fund totalled \$50 (2012 - \$3,745).

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 and 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.

Lorne and Pat Larson Fund

The interest income from this fund is designated to support immigrant or Aboriginal youth attending summer school, requiring tutoring for their academics and for upgrading after high school in order to attend post-secondary institutions.

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

	2013	2012
	\$	\$
Tom Perkins Memorial Fund	78,157	70,160
Mike Dodds Memorial Fund	14,883	13,051
The Army and Howard Miller Memorial Fund	88,934	54,995
J. Fish Memorial Fund	87,295	76,484
Lorne and Pat Larson Tipi Fund	154,132	135,116
Lorne and Pat Larson Fund	431,040	-
	854,441	349,806

10. Changes in non-cash working capital

	2013	2012
	\$	\$
Accounts receivable	144,911	210,430
Inventories	8,921	529
Prepaid expenses	(34,503)	(70,912)
Accounts payable and accrued liabilities	(143,400)	289,853
Unearned revenue	(119,290)	126,671
	(143,361)	556,571

The Calgary Young Men's Christian Association

Notes to the consolidated financial statements

December 31, 2013

11. Commitments

YMCA Calgary entered into a 10-year occupancy lease with Alberta Health Services at a nominal fee of \$1, with one renewal term of 10 years, effective September 24, 2012, for a YMCA presence in the South Health Campus hospital. For the duration of the term, YMCA Calgary is responsible for the repair and maintenance of equipment owned and supplied by YMCA Calgary.

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.

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 March 4, 2002, for the Shawnessy YMCA. For the duration of the term, YMCA Calgary is responsible for its portion of the lifecycle and capital replacement of the facility.

12. Additional information regarding fund development expenses

Remuneration to employees whose principal duties are related to fundraising totalled \$260,036 (2012 - \$236,763) and other fundraising expenses were \$110,460 (2012 - \$367,869).

13. 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, 2013 was \$9,385,789 (2012 - \$6,680,868), with \$4,982,529 (2012 - \$3,436,129) invested in equities (Note 5).

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, 2013, the foreign content of the investments was 25% (2012 - 18%) (Note 5).

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.

14. 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.