

Young Women's Christian Association of Calgary

Financial Statements
March 31, 2014



June 11, 2014

Independent Auditor's Report

To the Members of Young Women's Christian Association of Calgary

We have audited the accompanying financial statements of Young Women's Christian Association of Calgary, which comprise the statement of financial position as at March 31, 2014, and the statements of revenues and expenses and changes in fund balances and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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*PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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 financial statements present fairly, in all material respects, the financial position of Young Women's Christian Association of Calgary as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Accountants

Young Women's Christian Association of Calgary

Statement of Financial Position


As at March 31, 2014

				2014	2013
	Operating Fund \$	Capital Fund \$	Endowment Fund \$	Total \$	Total \$
Assets					
Current assets					
Cash and cash equivalents	2,305,911	305,578	28,501	2,639,990	2,624,416
Accounts receivable (note 3)	627,834	708,486	-	1,336,320	461,662
Prepays and other	195,983	-	-	195,983	175,338
Short-term investments	-	-	181,776	181,776	147,758
	3,129,728	1,014,064	210,277	4,354,069	3,409,174
Long-term investments	-	-	-	-	30,000
Capital assets (note 4)	-	10,477,830	-	10,477,830	11,100,144
	3,129,728	11,491,894	210,277	14,831,899	14,539,318
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	635,300	3,342	22	638,664	413,063
Accrued payroll liability (note 5)	790,493	-	-	790,493	640,430
Due to (from) funds	(1,073,933)	1,079,097	(5,164)	-	-
Deferred revenue	9,980	-	-	9,980	128,260
Demand loan (note 7)	-	384,861	-	384,861	414,804
	361,840	1,467,300	(5,142)	1,823,998	1,596,557
Deferred contributions (note 8)	2,135,277	-	-	2,135,277	2,523,603
	2,497,117	1,467,300	(5,142)	3,959,275	4,120,160
Fund balances					
Internally restricted for investment in capital assets	-	8,970,178	-	8,970,178	9,696,033
Externally restricted (note 9)	-	970,717	100,493	1,071,210	259,062
Internally restricted	-	83,699	2,550	86,249	86,249
Endowments (note 10)	-	-	112,376	112,376	112,267
Unrestricted	632,611	-	-	632,611	265,547
	632,611	10,024,594	215,419	10,872,624	10,419,158
	3,129,728	11,491,894	210,277	14,831,899	14,539,318

Approved by the Board of Directors



Director



Director

Young Women's Christian Association of Calgary
Statement of Revenues and Expenses and Changes in Fund Balances
For the year ended March 31, 2014

				2014	2013
	Operating Fund \$	Capital Fund \$	Endowment Fund \$	Total \$	Total \$
Revenues					
Government grants	7,507,370	-	-	7,507,370	7,506,122
Programs and courses	1,588,595	-	-	1,588,595	1,621,287
Other grants	2,370,128	-	-	2,370,128	2,840,641
Donations and fundraising revenue	3,244,883	-	13,564	3,258,447	4,403,416
Membership fees	63,358	-	-	63,358	286,300
Accommodation	308,801	-	-	308,801	306,007
Rentals and sales	117,888	-	-	117,888	277,442
Investment and other income	116,201	-	109	116,310	230,450
	<u>15,317,224</u>	<u>-</u>	<u>13,673</u>	<u>15,330,897</u>	<u>17,471,665</u>
Expenses					
Salaries, wages and benefits	11,407,763	-	-	11,407,763	12,583,836
Professional fees and contracted services	630,224	-	-	630,224	757,179
Utilities	637,151	-	-	637,151	650,338
Amortization	-	330,724	-	330,724	372,874
Materials, supplies and equipment	1,107,849	-	-	1,107,849	1,442,404
Repairs and maintenance	409,339	-	-	409,339	623,830
Marketing and public relations	431,748	-	-	431,748	590,390
Staff and volunteer expenditures	211,616	-	-	211,616	279,075
Insurance	71,693	-	-	71,693	88,581
Finance charges	42,777	4,352	-	47,129	71,308
Loss on disposal	-	-	-	-	83
	<u>14,950,160</u>	<u>335,076</u>	<u>-</u>	<u>15,285,236</u>	<u>17,459,898</u>
Excess (deficiency) of revenues over expenses before the undernoted	367,064	(335,076)	13,673	45,661	11,767
Flood proceeds, net of related expenses (note 3)	-	407,805	-	407,805	-
Excess of revenues over expenses	367,064	72,729	13,673	453,466	11,767
Balance – Beginning of year	265,547	9,951,865	201,746	10,419,158	10,407,391
Balance – End of year	<u>632,611</u>	<u>10,024,594</u>	<u>215,419</u>	<u>10,872,624</u>	<u>10,419,158</u>

Young Women's Christian Association of Calgary

Statement of Cash Flows

For the year ended March 31, 2014

	2014 \$	2013 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses	453,466	11,767
Items not affecting cash		
Amortization	330,724	372,874
Impairment (note 3)	743,577	-
Donations-in-kind	-	(8,055)
	<u>1,527,767</u>	<u>376,586</u>
Net change in non-cash working capital		
Accounts receivable	(874,658)	(44,452)
Prepays and other	(20,645)	56,631
Accounts payable and accrued liabilities	225,601	(68,177)
Accrued payroll liability	150,063	29,751
Deferred revenue	(118,280)	19,271
Deferred contributions	(388,326)	(1,334,641)
	<u>(1,026,245)</u>	<u>(1,341,617)</u>
	<u>501,522</u>	<u>(965,031)</u>
Investing activities		
Purchase of capital assets	(451,987)	(252,159)
Purchase of short-term investments	(4,018)	-
	<u>(456,005)</u>	<u>(252,159)</u>
Financing activities		
Repayment of demand loan	(29,943)	(80,483)
Increase (decrease) in cash and cash equivalents	15,574	(1,297,673)
Cash and cash equivalents – Beginning of year	<u>2,624,416</u>	<u>3,922,089</u>
Cash and cash equivalents – End of year	<u>2,639,990</u>	<u>2,624,416</u>
Cash and cash equivalents are comprised of		
Cash on hand and balances with banks	1,830,777	2,623,245
Short-term investments with maturity dates less than 90 days	809,213	1,171
	<u>2,639,990</u>	<u>2,624,416</u>

Young Women's Christian Association of Calgary

Notes to Financial Statements

March 31, 2014

1 Nature of organization

Young Women's Christian Association of Calgary (the "Association") was established in 1910 by a special act of the Alberta Legislature. It is a charitable organization providing services in housing, crisis support, counselling, education, employment skills development, fitness and child care for women and their families.

The Association is a registered charity and therefore is exempt from income taxes.

2 Significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations as issued by the Canadian Accounting Standards Board.

Fund accounting

The Operating Fund reports the assets, liabilities, revenues and expenses related to program delivery and administrative activities.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Association's capital assets.

The Endowment Fund reports resources contributed for endowment, the principal of which must be permanently maintained, as well as externally restricted amounts for long-term use for the YWCA operations.

Amounts due to (from) funds are non-interest bearing with no fixed terms of repayment.

Revenue recognition

The Association follows the restricted fund method of accounting for contributions.

Restricted contributions related to operations are recorded as revenue of the Operating Fund in the year in which the related expenses are incurred. Restricted contributions received related to operations for expenses to be incurred in the future are initially recorded as deferred contributions and recognized in revenue of the Operating Fund. Restricted contributions related to capital activities and endowments are recognized as revenue of the appropriate fund when received. Unrestricted Contributions are recognized in the Operating Fund as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Restricted investment income is reported in the appropriate restricted fund or in the Operating Fund if no appropriate restricted fund exists. Unrestricted investment income is reported in the Operating Fund.

Revenues from programs and courses, rentals and sales, and accommodation are recognized as revenue when services are provided, the amount to be received can be reasonably estimated and collection is reasonably assured. Membership revenue is recorded as deferred revenue when received and recognized as revenue over the period of membership.

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Donated services and materials

Services donated to the Association through volunteer work are not reflected in these financial statements. Donated goods and services are recorded as revenues and expenses when the fair value is reasonably determinable and when they would normally be purchased and paid for by the Association, if not donated. During fiscal 2014, no contributed materials were recorded in the financial statements (2013 – \$13,066).

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, balances with banks, and short-term investments with maturity dates less than 90 days from purchase date.

Investments

Investments are carried at fair value.

Capital assets

Purchased capital assets are recorded in the Capital Fund at cost. Donated capital assets are recorded at estimated fair value at the date of contribution. Amortization, which is reported in the Capital Fund, is computed on the declining balance basis at the following rates:

Vehicle	30.0%
Buildings	2.5%
Leasehold improvements	4.0%
Furniture and equipment	20.0%

Assets held under capital lease are amortized over the term of the lease on a declining balance basis.

Assets under construction are not amortized until the related assets are put into use.

The Association reviews its capital assets for impairment whenever events or changes in circumstances indicate that the capital asset no longer has any long-term service potential for the Association. If the carrying amount is greater than residual value, the asset is written down to its estimated residual value.

Financial instruments

The Association initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities at amortized cost, other than short-term investments and long-term investments which are reported at fair value. The financial assets subsequently measured at amortized cost include cash and cash equivalents, and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities, accrued payroll liability, and the demand loan.

a) Credit risk

The Association does not have a concentration of credit exposure with any one donor or member. The Association does not consider that it is exposed to undue credit risk.

Young Women's Christian Association of Calgary

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b) Liquidity risk

The Association is not exposed to significant liquidity risk as the majority of its investments are not held for long-term periods of time. These investments are subject to liquidity risk if the Association is required to sell at a time that the market for the investments is unfavourable.

c) Market risk

Interest rate risk

The Association is exposed to interest rate fluctuations on the operating line of credit.

Other price risk

The investments of the Association are subject to price risk because changing interest rates impact the market value of its fixed rate investments. This risk is not considered significant given the amount of investments held and the limited fluctuation of Canadian Guaranteed Investment Certificates.

There were no changes to the Association's risk exposures from the previous fiscal year.

Insurance proceeds

Proceeds whose amount or timing of receipt are uncertain are precluded from being recognized in the financial statements until such time as the uncertainties are resolved. Management considers that the uncertainties are resolved upon the execution of a written agreement with the insurer as to the amount and timing of receipt of the insurance proceeds.

Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

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Significant areas of measurement uncertainty include the following:

a) Impairment

In estimating the impairment, management must determine which of its assets no longer have long-term service potential and must be written down. Where a portion of an asset has been identified as no longer having long-term service potential, management must allocate the carrying value of the asset to the affected area on a systematic and rational basis. In the case of the Association's buildings which were impacted by the Southern Alberta floods (note 3), this allocation was performed on the basis of the square footage of the building affected. Management estimates the residual value of the impaired assets based on committed agreements for the sale of the impaired assets or estimates provided by the Association's insurers.

3 Southern Alberta floods

In June 2013 the Association was directly affected by record flooding in Southern Alberta and basic operations had to be temporarily relocated from the Association's central facility. The Association has an active project for replacement of capital facilities. Having suffered significant effects from the flooding a decision was made not to reopen the Association's ancillary fitness operations.

The Association has made insurance claims related to the decontamination and restoration of its facilities, impairment of un-remediated assets and for the disruption of business operations. A settlement has been reached for claims in the amount of \$918,778. Of this amount \$693,778 remained unpaid at March 31, 2014 and is included in accounts receivable and was subsequently received in full. Remaining settlements will be recorded in the period in which settlement amounts become virtually certain.

The impairment of capital assets related to standing water damage which remain un-remediated is as follows:

	Buildings \$	Furniture and equipment \$	Other \$	Total \$
Cost of impaired assets	1,090,346	631,285	141,289	1,862,920
Accumulated amortization	(457,371)	(589,678)	(72,294)	(1,119,343)
Flood impairment of capital assets	632,975	41,607	68,995	743,577

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The net impact related to the Southern Alberta floods was:

	\$
Proceeds	
Insurance settlement to March 31, 2014	918,778
Flood related donations	631,056
	<u>1,549,834</u>
Disbursements	
Flood impairment of capital assets	743,577
Insurance deductible	25,000
Contracted remediation services	200,000
Other flood related expenses	173,452
	<u>1,142,029</u>
Net proceeds from flood	<u>407,805</u>

4 Capital assets

			2014	2013
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Vehicle	45,020	41,047	3,973	5,675
Buildings	12,329,985	4,793,209	7,536,776	7,921,157
Leasehold improvements	3,741,576	1,549,268	2,192,308	2,354,290
Furniture and equipment	2,755,027	2,578,127	176,900	263,113
Land	215,075	-	215,075	215,075
Construction in progress	352,798	-	352,798	340,834
Total	<u>19,439,481</u>	<u>8,961,651</u>	<u>10,477,830</u>	<u>11,100,144</u>

Construction in progress at March 31, 2014 reflects work begun preparing the Association's site for a planned expansion of the main building. Construction in progress at March 31, 2013 reflects the partial completion of elevator refurbishment. During 2014, no capital assets were contributed to the Association (2013 - \$8,055).

The land on which the Sheriff King Home building is located is leased through a sublease from the City of Calgary (the "City") until 2032 at an annual lease amount of \$1. Under the provision of the lease, at expiration or termination of the lease agreement, the value of improvements made will be compensated by the City to the lessee at a value determined by an independent appraiser.

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5 Government remittances

Government remittances consist of amounts required to be paid to government authorities and are recognized when the amounts are due. In respect of government remittances, payroll withholding tax of \$81,207 (2013 – \$57,986) is included in accrued payroll liability.

6 Operating line of credit

The Association has a \$1,000,000 revolving line of credit facility of which none is drawn at March 31, 2014 (2013– \$nil) and which bears interest at prime plus 1.25%, collateralized as described in note 7.

7 Demand loan

	2014 \$	2013 \$
Fixed rate non-revolving demand loan bearing interest at 4.3% with blended monthly payments of \$12,700 per month (2013 – 4.05% with blended monthly payments of \$8,300 per month) maturing August 31, 2014	384,861	414,804

The fixed-rate loan and revolving line of credit facilities are secured by a \$4,000,000 debenture with a first charge on the Association's real property and a general security agreement on all property. The terms of the fixed rate loan agreement indicate it is payable on demand.

8 Deferred contributions

Deferred contributions represent externally restricted amounts received that have not been spent. These amounts are restricted for various programs of the Association.

	2014 \$	2013 \$
Balance – Beginning of year	2,523,603	3,858,244
Contributions received	9,773,898	9,062,766
Recognized as government grants, other grants and donation and fundraising revenue	(10,162,224)	(10,397,407)
Balance – End of year	2,135,277	2,523,603

Young Women's Christian Association of Calgary

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9 Externally restricted fund balances

Externally restricted balances represent contributions received for the following purposes, which had not been spent at year end:

	2014 \$	2013 \$
Capital Fund		
Children's reading room	75,000	75,000
Sheriff King Home capital acquisitions	97,133	97,133
Capital project	798,584	-
	<u>970,717</u>	<u>172,133</u>
Endowment Fund		
Chickwagon Trust Fund	<u>100,493</u>	<u>86,929</u>
	<u>1,071,210</u>	<u>259,062</u>

10 Endowments

	2014 \$	2013 \$
Judy Osborne Memorial Fund	35,892	35,783
Power of Women – Power to Change Fund	76,484	76,484
	<u>112,376</u>	<u>112,267</u>

11 Employee future benefits

The Association maintains a voluntary group registered retirement savings plan for its employees. The Association matches employees' contributions to a maximum of 2% - 8% of their annual salary, depending on their term of service. The amount of the Association's contributions in fiscal 2014 was \$136,969 (2013- \$131,147) and is included in salaries, wages and benefits in the Statement of Revenues and Expenses and Changes in Fund Balances.

12 Fundraising expenses

As required under Section 7(2) of the Alberta Charitable Fundraising Regulation, the following amounts are disclosed:

	\$
Amounts paid as remuneration to employees whose principal duties involve fundraising	387,356
Total direct expenses incurred for the purpose of soliciting contributions	344,987

