Medicine Hat Family YMCA
Financial Statements
August 31, 2023

Management's Responsibility

To the Members of Medicine Hat Family YMCA:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

November 29, 2023

e-Signed by Sharon Hayward
2023-11-28 15:36:26:26 MST
Chief Executive Officer

e-Signed by Corina Cayer
2023-11-28 18:30:41:41 MST
Chief Financial Officer

Independent Auditor's Report

To the Board Members of Medicine Hat Family YMCA:

Qualified Opinion

We have audited the financial statements of Medicine Hat Family YMCA (the "Organization"), which comprise the statement of financial position as at August 31, 2023, and the statements of operations including as supplementary schedule, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at August 31, 2023, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended August 31, 2023 , current assets as at August 31, 2023, and net assets as at September 1, 2022 and August 31, 2023. Our audit opinion on the financial statements for the year ended August 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Medicine Hat, Alberta

MNP LLP

November 29, 2023

Chartered Professional Accountants

Medicine Hat Family YMCA
Statement of Financial Position
As at August 31, 2023

	2023	2022
Assets		
Current		
Cash	**96,383**	-
Restricted cash *(Note 3)*	**3,007,936**	188,800
Accounts receivable	**400,399**	661,407
Prepaid expenses and deposits	**39,442**	6,201
Inventory	**14,902**	11,980
Long-lived assets held for sale *(Note 4)*	**327,070**	327,070
	3,886,132	1,195,458
Tangible capital assets *(Note 5)*	**5,296,808**	5,267,009
Investments including restricted balances *(Note 6)*	**2,170,621**	2,398,574
	11,353,561	8,861,041
Liabilities		
Current		
Bank indebtedness *(Note 7)*	**-**	101,725
Accounts payable and accruals	**367,900**	419,213
Government payables	**52,450**	40,783
Deferred contributions *(Note 8)*	**2,271,200**	188,800
Current portion of long-term debt *(Note 10)*	**45,000**	132,000
	2,736,550	882,521
Long-term debt *(Note 10)*	**-**	45,000
Deferred capital contributions *(Note 11)*	**1,306,296**	1,401,693
	4,042,846	2,329,214
Net Assets		
Invested in tangible capital assets	**4,272,255**	4,015,059
Unrestricted	**131,102**	118,194
Internally restricted	**2,907,358**	2,398,574
	7,310,715	6,531,827
	11,353,561	8,861,041

Approved on behalf of the Board

e-Signed by Tyler Pocsik
2023-11-29 08:50:35:35 MST
Director

e-Signed by Ryan O'Reilly
2023-11-29 11:06:29:29 MST
Director

The accompanying notes are an integral part of these financial statements

Medicine Hat Family YMCA
Statement of Operations
For the year ended August 31, 2023

	2023	*2022*
Revenue		
Program fees	**7,430,539**	5,971,449
Membership fees	**1,302,747**	1,049,426
Donations and fundraising	**132,137**	135,017
Rental	**141,905**	91,587
Other income	**54,912**	32,737
	9,062,240	7,280,216
Expenses		
Salaries and benefits	**5,812,545**	4,826,007
Supplies	**1,197,863**	1,061,773
Occupancy	**831,231**	827,201
Purchased services	**180,271**	174,013
Membership allocations	**131,547**	122,860
Bad debts	**23,741**	45,487
	8,177,198	7,057,341
Excess of revenue over expenses before amortization and other items	**885,042**	222,875
Other revenues (expenses)		
Canada Emergency Wage Subsidy *(Note 14)*	**-**	591,649
Gain (loss) on change in fair value of financial instruments	**27,692**	(126,165)
Investment income	**74,291**	28,758
Foreign exchange gain	**15,619**	13,873
Gain (loss) on disposal of investments	**17,054**	(61,914)
Investment fees	**(21,526)**	(19,560)
Amortization of deferred capital contributions	**95,397**	125,371
Amortization of tangible capital assets	**(314,681)**	(257,615)
	(106,154)	294,397
Excess of revenue over expenses	**778,888**	517,272

The accompanying notes are an integral part of these financial statements

Medicine Hat Family YMCA
Statement of Changes in Net Assets
For the year ended August 31, 2023

	Invested in tangible capital assets	*Unrestricted*	*Internally restricted*	***2023***	*2022*
Net assets, beginning of year	4,015,059	118,194	2,398,574	**6,531,827**	6,014,555
Excess of revenue over expenses	-	778,888	-	**778,888**	517,272
Purchase of tangible capital assets	344,480	(344,480)	-	**-**	-
Amortization of tangible capital assets	(314,681)	314,681	-	**-**	-
Amortization of deferred contributions	95,397	(95,397)	-	**-**	-
Scheduled repayment of long-term debt	132,000	(132,000)	-	**-**	-
Transfer from internally restricted investments	-	227,952	(227,952)	**-**	-
Funds restricted for renovations and CFEP matching	-	(736,736)	736,736	**-**	-
Net assets, end of year	**4,272,255**	**131,102**	**2,907,358**	**7,310,715**	6,531,827

The accompanying notes are an integral part of these financial statements

Medicine Hat Family YMCA
Statement of Cash Flows
For the year ended August 31, 2023

	2023	*2022*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**778,888**	517,272
Amortization of tangible capital assets	**314,681**	257,615
Amortization of deferred capital contributions	**(95,397)**	(125,371)
Loss (gain) on change in fair value of financial instruments	**(27,692)**	126,165
Loss (gain) on disposal of investments	**(17,054)**	61,914
	953,426	837,595
Changes in working capital accounts		
Accounts receivable	**118,944**	(254,468)
Government assistance receivable	**-**	361,958
Prepaid expenses and deposits	**(33,241)**	(3,477)
Inventory	**(2,922)**	1,337
Accounts payable and accruals	**(51,313)**	91,313
Goods and Services Tax	**142,064**	(60,389)
Government payables	**11,668**	10,499
Deferred contributions	**2,082,400**	(150,251)
	3,221,026	834,117
Financing		
Repayment of long-term debt	**(132,000)**	(110,000)
Investing		
Purchase of tangible capital assets	**(344,480)**	(854,443)
Purchase of investments	**(347,486)**	(1,620,996)
Proceeds on disposal of investments	**620,184**	393,022
	(71,782)	(2,082,417)
Increase (decrease) in cash resources	**3,017,244**	(1,358,300)
Cash resources, beginning of year	**87,075**	1,445,375
Cash resources, end of year	**3,104,319**	87,075
Cash resources are composed of:		
Cash	**96,383**	-
Restricted cash	**3,007,936**	188,800
Bank indebtedness	**-**	(101,725)
	3,104,319	87,075

The accompanying notes are an integral part of these financial statements

1. Purpose of organization

The Medicine Hat Family YMCA (the "Organization") is a registered charity, the purpose of which is to involve individuals and families of all backgrounds and abilities in the YMCA so that they can grow healthier in spirit, mind and body, and develop a sense of responsibility to each other and the global community. The Organization was incorporated under the Societies Act in 1966.

The YMCA is under a contractual agreement to act as an operator of the Southridge YMCA on behalf of the owners. The owners, City of Medicine Hat, the Medicine Hat Catholic Board of Education, and the Medicine Hat School District No. 76, operate as a joint venture.

Under the agreement, the Medicine Hat Family YMCA contributes capital expenditures to the complex and is responsible for maintaining and repairing the complex, its own equipment, furniture, and supplies as well as additional operating costs. Additional costs for parking lots, grounds, and roads as well as insurance are proportionately shared between the venturers.

Revenue generated from the YMCA's programs and services goes back into the Organization to further their objectives.

The Organization is registered as a charitable organization under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements. In the opinion of management, these requirements have been met.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Cash and cash equivalents subject to restrictions that prevent its use for current purposes is included in restricted cash.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the specific item basis. Net realizable value is the estimated selling price in the ordinary course of business. Inventory includes beverages, clothing, and sports equipment.

Investments

Investments are portfolio investments recorded at fair value for those with prices quoted in an active market. They have been classified as long term assets in concurrence with the nature of the investment.

Tangible capital assets

Tangible capital assets are initially recorded at cost. The Organization follows the policy of providing amortization at full rates in the year that assets are acquired and are available for use. Amortization is provided using the methods and rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings and leaseholds	straight-line	10-35 years
Automotive	straight-line	5 years
Equipment	straight-line	5-20 years
Systems software	straight-line	20 years

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies. Long lived assets held for sale are not subject to amortization.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization’s ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset’s fair value.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property’s fair market value. Assets under capital leases are amortized on a straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

Employee future benefits

The Organization’s employee future benefit program consists of a defined contribution pension plan.

Foreign currency translation

These financial statements have been presented in Canadian dollars, the principal currency of the Organization's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess of revenues over expenses for the current period.

Measurement uncertainty

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Amortization of deferred capital contributions are based on the useful lives of the related tangible capital assets.

Included in inventory is $14,902, which primarily consists of staff uniforms. Management has estimated the value of the inventory based upon their assessment of the realizable amount less selling costs.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

The Organization follows the deferral method of accounting for contributions and fundraising. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Organization reports membership fees as revenue proportionately over the membership term.

Included in program fee revenue is revenue derived from federal, provincial and municipal governments for fee-for-service contracts to provide various programs to the community as well as fees derived from individuals, which meet the Organizations' objectives. Program fee revenue is recognized at the time the program commences. Amounts received for services to be supplied after year end are included in deferred revenue.

Rental income is recognized over the term of the arrangement.

Investment income is recognized as revenue when earned.

Deferred capital contributions

Deferred capital contributions represent contributed tangible capital assets, restricted contributions and government assistance with which a portion of the building and major renovations were purchased. These contributions are deferred and amortized on the same basis as the related tangible capital assets are amortized.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

Internally restricted funds

The Board of the Organization has reserved funds for the future acquisition of tangible capital assets and for future maintenance and operation of the facility. This fund is supported by cash and investments held for these specific purposes.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has elected to report investments at fair market value. All other financial assets and financial liabilities are reported at amortized cost.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

3. Restricted cash

Restricted cash of $3,007,936 ($188,800 - 2022) relates to $2,271,200 grants and scholarship amounts included in deferred revenue, $300,000 set aside for scheduled renovations and $436,736 for general funds to be used to match CFEP grants.

4. Long-lived assets held for sale and discontinued operations

In 2020, the Board agreed to market the Camp Elkwater property. It was also decided at that time that Camp Elkwater programming and rentals would cease.

During 2022, a purchase agreement was signed for $525,000. The agreement is subject to conditions, that if met, would have allowed the property to be sold January 7, 2022. Due to a conditional approval requirement from Alberta Parks, the finalization of the contract was delayed to September 8, 2023 and therefore the asset will not be disposed of until the subsequent year.

5. Tangible capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	**200,000**	**-**	**200,000**	200,000
Buildings and leaseholds	**11,352,440**	**6,369,203**	**4,983,237**	4,906,250
Automotive	**8,000**	**8,000**	**-**	-
Equipment	**2,656,128**	**2,594,842**	**61,286**	105,055
Systems software	**68,387**	**16,102**	**52,285**	55,704
	14,284,955	**8,988,147**	**5,296,808**	5,267,009

6. Investments including restricted balances

Investments are stated at market value as at year end and include the following:

	2023	2022
Equity investments (Cost base $407,108 (2022 - $422,975))	**532,231**	546,927
Fixed income investments with interest rates ranging from 1.100% to 4.859% and maturity dates from 2024-2031 (Cost base $1,231,431(2022- $1,352,778))	**1,132,245**	1,245,366
Mutual funds (Cost base $251,964 (2022 - $359,284))	**279,080**	368,924
Foreign securities (Cost base $225,398 (2022 - $250,868))	**214,839**	237,357
Cash	**12,226**	-
	2,170,621	2,398,574

This balance consists of internally restricted investments that are intended for future capital projects and contingency funds beyond the next year's planned spending.

7. Bank indebtedness

The Organization has access to an authorized line of credit of $250,000, of which $nil was drawn at year end. The facility which includes the line of credit and Mastercards, with a credit limit of $50,000, includes interest of prime plus 1.00% and prime plus 2.00%, respectively, and is secured by a general security agreement.

The prior year bank indebtedness is a result of restricted cash related to deferred revenue being greater than operating cash.

8. Deferred contributions

Deferred contributions consist of unspent contributions, which have been externally restricted for capital or operating purposes. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

	Opening	*Amounts Received*	*Revenue Recognized*	*Ending*
2022				
Space creation	**151,044**	**103,956**	**(230,133)**	**24,867**
Other grants	**110,030**	**359,738**	**(379,526)**	**90,242**
Youthworks	**29,990**	**659,137**	**(689,127)**	**-**
ELCC transition	**26,173**	**207,336**	**(233,509)**	**-**
Young Moms	**18,814**	**113,020**	**(113,000)**	**18,834**
Scholarships	**3,000**	**1,695**	**(749)**	**3,946**
Alternative suspension	**-**	**58,783**	**(31,654)**	**27,128**
Memberships	**-**	**41,188**	**(17,405)**	**23,783**
	339,051	**1,544,853**	**(1,695,103)**	**188,800**
2023				
Space creation	**24,867**	**-**	**(24,867)**	**-**
Other grants	**90,242**	**731,150**	**(429,689)**	**391,703**
Youthworks	**-**	**273,231**	**(210,891)**	**62,340**
Young Moms	**18,834**	**113,000**	**(113,000)**	**18,834**
Scholarships	**3,946**	**-**	**(2,147)**	**1,799**
Memberships	**23,783**	**7,615**	**(23,783)**	**7,615**
CFEP Grant 2022-2023	**-**	**565,933**	**(129,197)**	**436,736**
HOW Grants	**-**	**1,780,678**	**(445,170)**	**1,335,508**
Alternative Suspension	**27,128**	**72,521**	**(82,984)**	**16,665**
	188,800	**3,544,128**	**(1,461,728)**	**2,271,200**

9. Related party transactions

The Organization paid membership fees in total to YMCA Canada and RDC West in the amount of $131,547 ($122,860 in 2022).

The above transactions are in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. Long-term debt

	2023	*2022*
Non-interest bearing term loan from the City of Medicine Hat, payable in changing monthly instalments ranging from $11,000 to $12,000. This loan is unsecured and due in 2024.	**45,000**	177,000
Less: current portion	**45,000**	132,000
	-	45,000

Principal repayments on long-term debt in next year is estimated as follows:

2024	45,000

11. Deferred capital contributions

	2023	*2022*
Balance, beginning of year	**1,401,693**	1,527,064
Amortization	**(95,397)**	(125,371)
Balance, end of year	**1,306,296**	1,401,693

12. Commitments

The Organization leases land, where its main facility is located, from the City of Medicine Hat (the "City") at a rate of $1 per year for 90 years starting January 1, 1981. Under the terms of the lease the use of the property is to be restricted to the carrying on of the programs and purposes of the Organization. All buildings and improvements placed on the property during the term of the lease becomes property of the City at the end of the lease.

The Organization leases child development facilities from the City of Medicine Hat under a 3 year lease renewed on July 31, 2019. Rent (including utilities and taxes) per annum is $21,021 ($26,631 in 2022, payable in equal quarterly instalments. This lease was extended during the year to December 31, 2023.

The Organization leases the land on which the Elkwater Camp is located from the Province of Alberta. The lease term of 10 years started January 1, 2017 at a rate of $1,475 per year. The land is currently held for sale and this lease payment will cease upon closing of the sale.

The Organization has entered into an agreement with the City of Medicine Hat, Medicine Hat School District No.76 and Medicine Hat Catholic Board of Education to act as the operator of the Southridge facility for the term of 40 years commencing June 3, 2003. If the agreement was terminated voluntarily or involuntarily, the Organization would be reimbursed capital costs in the amount of $1,824,654. Upon termination, additional costs will be reimbursed in the amount of $1,200,000 less calculated reductions of $44,400 per annum beginning in 2017.

The Organization is also committed to paying monthly fees to YMCA Canada and RDC West. The amounts are determined annually by these organizations.

13. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of accounts receivable. Of the accounts receivable balance at August 31, 2023 two funders accounted for 28% of the balance (one funder in 2022 accounted for 24%).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization holds investments denominated in United States currency for which the related revenues and expenses are subject to exchange rate fluctuations. Foreign denominated amounts at August 31, 2023 were as follows:

	2023	2022
	CAD$	*CAD$*
Investments	***344,365***	***313,712***

Interest rate risk

Interest rate risk is the risk that the value of the financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, knows as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate risk with respect to its line of credit and investments.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization’s exposure to liquidity risk is dependent on the sale of inventory, collection of accounts, purchasing commitments and obligations or raising funds to meet commitments and sustain operations.

14. Government assistance

In response to the global outbreak of COVID-19, the federal Government of Canada introduced the Canada Emergency Wage Subsidy (CEWS) program and the Canada Emergency Rent Subsidy (CERS) to help organizations retain their employees and properties. These subsidies require complex calculations to determine the eligibility and amounts of the subsidies. At the date of release of these statements, there is uncertainty around the Government of Canada's review process with regards to these programs and it is possible that amounts claimed could be adjusted and require repayment in the future. As at the release of these financial statements, the Organization has applied for $nil ($591,649 in 2022) of wage and rent subsidies related to this period.

15. External endowment

The Organization is the beneficiary of an externally held managed endowment, which as at August 31, 2023 was $108,061 (2022 - $99,949). These funds are held by the Community Foundation of Southeastern Alberta for the purpose of creating a sustainable future for the Organization.

	2023	*2022*
Revenue		
Membership fees	**501,562**	397,956
Program fees	**84,832**	106,801
Rental	**83,101**	72,617
Other income	**37,811**	31,586
	707,306	608,960
Expenses		
Salaries and benefits	**442,010**	381,368
Supplies	**140,628**	83,827
Occupancy	**138,591**	111,094
Purchased services	**16,343**	14,053
	737,572	590,342
Excess of revenue over expenses before amortization and other items	**(30,266)**	18,618
Other items		
Amortization of deferred capital contributions	**52,743**	52,743
Canada Emergency Wage Subsidy	**-**	33,646
Amortization of tangible capital assets	**(44,761)**	(44,761)
	7,982	41,628
Excess (deficiency) of revenue over expenses	**(22,284)**	60,246