Consolidated financial statements of

The Calgary Young Men's Christian Association

December 31, 2016

The Calgary Young Men's Christian Association

December 31, 2016

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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, 2016 and 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 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.

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 The Calgary Young Men's Christian Association as at December 31, 2016, and the results of its operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Professional Accountants
April 4, 2017

The Calgary Young Men's Christian Association

Consolidated Statement of Operations and Changes in Fund Balances

Year Ended December 31, 2016

	General Fund $	Restricted Fund $	Endowment Fund $	Total 2016 $	Total 2015 $
Revenue					
Memberships	16,275,556	-	-	16,275,556	15,904,778
Programs and services	12,575,391	-	-	12,575,391	10,757,535
Government grants	1,606,798	-	-	1,606,798	1,328,421
United Way of Calgary and Area	1,047,811	-	-	1,047,811	1,079,311
Donations	1,891,857	4,197,036	76,725	6,165,618	3,932,040
Capital expenditure fee	-	174,297	-	174,297	311,034
Other	603,233	59,768	-	663,001	514,767
	34,000,646	4,431,101	76,725	38,508,472	33,827,886
Expenses					
Salaries and benefits	20,760,607	58,307	-	20,818,914	18,736,869
Programs and services	3,074,138	-	3,000	3,077,138	2,799,036
Building operations	4,584,466	-	-	4,584,466	4,303,027
Administration	3,044,879	450,909	22,885	3,518,673	3,472,926
Communications	363,257	-	-	363,257	437,711
Amortization	4,251,833	-	-	4,251,833	3,366,156
	36,079,180	509,216	25,885	36,614,281	33,115,725
Operating (deficiency) excess of revenue over expenses	(2,078,534)	3,921,885	50,840	1,894,191	712,161
Gain (loss) on disposal of tangible capital assets	4,369	-	-	4,369	(44,776)
Investment income (Note 5)	324,106	14,269	507,853	846,228	429,547
(Deficiency) excess of revenue over expenses	(1,750,059)	3,936,154	558,693	2,744,788	1,096,932
Fund balance, beginning of year	34,329,310	6,755,734	5,983,501	47,068,545	45,971,613
Interfund transfers	3,668,690	(3,574,438)	(94,252)	-	-
Fund balance, end of year	36,247,941	7,117,450	6,447,942	49,813,333	47,068,545

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, 2016

	General Fund $	Restricted Fund $	Endowment Fund $	Total 2016 $	Total 2015 $
Assets					
Current assets					
Cash (Note 9)	**3,925,899**	**8,169,790**	**10,420**	**12,106,109**	2,230,601
Accounts receivable	**705,386**	**40,000**	**10,000**	**755,386**	501,644
Pledges receivable (Note 3)	**-**	**1,500,166**	**-**	**1,500,166**	854,087
Prepaid expenses	**282,409**	**-**	**-**	**282,409**	258,710
	4,913,694	**9,709,956**	**20,420**	**14,644,070**	3,845,042
Restricted cash	**-**	**7,470,428**	**-**	**7,470,428**	5,170,074
Investments (Note 4)	**6,913,039**	**1,011,991**	**6,415,076**	**14,340,106**	13,610,724
Tangible capital assets (Note 6)	**31,893,677**	**300,211**	**-**	**32,193,888**	31,475,848
	43,720,410	**18,492,586**	**6,435,496**	**68,648,492**	54,101,688
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	**2,137,512**	**8,181,701**	**3,000**	**10,322,213**	1,856,052
Due from (to) other funds	**47,011**	**(31,565)**	**(15,446)**	**-**	-
Current portion of obligations under capital leases (Note 7)	**764,863**	**-**	**-**	**764,863**	711,553
Unearned revenue	**3,428,494**	**3,225,000**	**-**	**6,653,494**	3,165,480
	6,377,880	**11,375,136**	**(12,446)**	**17,740,570**	5,733,085
Deferred capital contributions	**301,050**	**-**	**-**	**301,050**	317,696
Obligations under capital leases (Note 7)	**793,539**	**-**	**-**	**793,539**	982,362
	7,472,469	**11,375,136**	**(12,446)**	**18,835,159**	7,033,143
Commitments (Note 10)					
Fund balances					
Internally restricted - invested in tangible capital assets	**30,239,767**	**-**	**-**	**30,239,767**	29,497,304
Externally restricted	**-**	**7,117,450**	**5,308,294**	**12,425,744**	11,626,904
Donor restricted endowment funds (Note 8)	**-**	**-**	**1,139,648**	**1,139,648**	1,112,331
Unrestricted funds	**6,008,174**	**-**	**-**	**6,008,174**	4,832,006
	36,247,941	**7,117,450**	**6,447,942**	**49,813,333**	47,068,545
	43,720,410	**18,492,586**	**6,435,496**	**68,648,492**	54,101,688

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, 2016

	General Fund $	Restricted Fund $	Endowment Fund $	Total 2016 $	Total 2015 $
Operating activities					
(Deficiency) excess of revenue over expenses	**(1,750,059)**	**3,936,154**	**558,693**	**2,744,788**	1,096,932
Items not affecting cash					
Amortization	**4,251,833**	**-**	**-**	**4,251,833**	3,366,156
Realized gain on sale of investments (Note 5)	**(194,645)**	**(1,649)**	**(294,891)**	**(491,185)**	(43,461)
Unrealized loss on investments (Note 5)	**142,329**	**2,387**	**3,761**	**148,477**	167,292
Amortization of deferred capital contributions	**(16,646)**	**-**	**-**	**(16,646)**	(16,646)
(Gain) loss on disposal of tangible capital assets	**(4,369)**	**-**	**-**	**(4,369)**	44,776
Interfund transfer	**3,668,690**	**(3,574,438)**	**(94,252)**	**-**	-
	6,097,133	**362,454**	**173,311**	**6,632,898**	4,615,049
Changes in non-cash working capital (Note 9)	**(102,895)**	**11,042,116**	**(59,056)**	**10,880,165**	3,292,207
	5,994,238	**11,404,570**	**114,255**	**17,513,063**	7,907,256
Financing activity					
Repayment of obligations under capital leases	**(750,960)**	**-**	**-**	**(750,960)**	(721,679)
Investing activities					
Net disposals (additions) to investments	**769,708**	**(1,012,729)**	**(143,653)**	**(386,674)**	(1,778,322)
Additions to tangible capital assets	**(4,375,106)**	**(15,581)**	**-**	**(4,390,687)**	(1,245,203)
Increase in accounts payable pertaining to tangible capital assets	**119,044**	**31,446**	**-**	**150,490**	(545,894)
Proceeds from disposal of tangible capital assets	**40,630**	**-**	**-**	**40,630**	59,996
Proceeds from capital contributions	**-**	**-**	**-**	**-**	10,899
Changes in restricted cash	**-**	**(2,300,354)**	**-**	**(2,300,354)**	(4,165,339)
	(3,445,724)	**(3,297,218)**	**(143,653)**	**(6,886,595)**	(7,663,863)
Net increase (decrease) in cash	**1,797,554**	**8,107,352**	**(29,398)**	**9,875,508**	(478,286)
Cash, beginning of year	**2,128,345**	**62,438**	**39,818**	**2,230,601**	2,708,887
Cash, end of year	**3,925,899**	**8,169,790**	**10,420**	**12,106,109**	2,230,601
Supplementary information					
Equipment acquired under capital lease				**615,447**	1,046,777

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

1. Description of the Association

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

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

2. Significant accounting policies

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

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

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

Revenue recognition

YMCA Calgary recognizes revenue earned as follows:

2. Significant accounting policies (continued)

Revenue recognition (continued)

Memberships and capital expenditure fee

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

New members are also assessed a one-time capital expenditure fee of $45 to $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.

Programs and services

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

Government grants and United Way of Calgary and Area funding

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

Donations

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

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

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

Investment income

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

2. Significant accounting policies (continued)

Revenue recognition (continued)

Other

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

Restricted cash

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

Investments

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

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

Tangible capital assets

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

Buildings	20-25 years
Building improvements	10-50 years
Equipment under capital leases	Over life of the lease
Furniture and equipment	4-5 years
Facility start-up	2 years

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

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

2. Significant accounting policies (continued)

Donated services

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

Financial instruments

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

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

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

Foreign currency translation

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

Use of estimates

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

2. Significant accounting policies (continued)

Government remittances payable

At December 31, 2016, the Association had government remittances payable of $236,594 (2015 - $170,725), which are included in accounts payable and accrued liabilities.

Related Party Transactions

During the normal course of operations, YMCA Calgary may receive donations, goods and services from various parties who may be connected to the YMCA Calgary. These goods and services may be received as donations or they may be received for exchange amounts which represent fair market value.

Presentation and reclassification of prior year balances

Prior year's comparative figures pertaining to capital assets, membership revenue, programs and services revenue, donations revenue, other revenue, and programs and services expense have all been reclassified to conform to the current year's financial statement presentation. The net balances of these amounts remain unchanged.

3. Pledges receivable

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

	2016 **$**	2015 $
2016	**-**	1,124,087
2017	**1,630,166**	766,279
2018	**839,945**	929,904
2019	**1,178,319**	943,319
2020	**406,000**	100,000
2021	**151,000**	200,000
2022 - 2029	**150,000**	-
Total pledges	**4,355,430**	4,063,589
Long-term pledges	**(2,855,264)**	(3,209,502)
Current pledges recognized	**1,500,166**	854,087

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

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

4. Investments

	2016 $	2015 $
General Fund	**6,913,039**	7,630,431
Restricted Fund	**1,011,991**	-
Endowment Fund	**5,275,428**	4,867,962
Endowment Fund - donor restricted (Note 8)	**1,139,648**	1,112,331
	14,340,106	13,610,724

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

	General Fund $	Restricted Fund $	Endowment Fund $	Total 2016 $	Total 2015 $
Cash	**486,491**	**514,512**	**255,280**	**1,256,283**	411,249
Canadian					
Income funds	**6,079,424**	**497,479**	**2,561,537**	**9,138,440**	8,138,094
Equity funds	**-**	**-**	**1,408,766**	**1,408,766**	1,764,054
International					
Income funds	**347,124**	**-**	**373,091**	**720,215**	780,579
Equity funds	**-**	**-**	**1,816,402**	**1,816,402**	2,516,748
	6,913,039	**1,011,991**	**6,415,076**	**14,340,106**	13,610,724

5. Investment income

	General Fund $	Restricted Fund $	Endowment Fund $	Total 2016 $	Total 2015 $
Interest income	**271,790**	**15,007**	**216,723**	**503,520**	553,378
Realized gain on sale of investments	**194,645**	**1,649**	**294,891**	**491,185**	43,461
Unrealized loss on investments	**(142,329)**	**(2,387)**	**(3,761)**	**(148,477)**	(167,292)
	324,106	**14,269**	**507,853**	**846,228**	429,547

6. Tangible capital assets

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
	$	$	$	$
Land	**2,010,000**	**-**	**2,010,000**	2,010,000
Buildings	**38,092,983**	**27,617,695**	**10,475,288**	11,338,172
Building improvements	**16,617,963**	**2,565,624**	**14,052,339**	14,369,551
Equipment under capital leases	**2,289,528**	**767,387**	**1,522,141**	1,693,914
Furniture and equipment	**6,630,611**	**3,305,984**	**3,324,627**	1,557,360
Facility start-up	**344,681**	**217,340**	**127,341**	45,000
Capital development projects	**682,152**	**-**	**682,152**	461,851
	66,667,918	**34,474,030**	**32,193,888**	31,475,848

Capital project commitments

Authorization for capital projects for existing facilities have been issued for $1,485,472 (2015 - $737,890), of which $770,818 (2015 - $669,050) has been spent. Authorization for capital projects for new facilities including the Remington YMCA and Quarry Park Child Development Centre have been issued for $3,392,881 (2015 - $0), of which $3,397,651 (2015 - $0) has been spent.

The building with a net book value of $2,617,428 (2015 - $2,975,297) is on land under leases with The City of Calgary, having nominal costs and expiring in 2045. The use of the land is restricted under the leases, and the buildings will revert to the lessor if the lease is terminated.

7. Obligations under capital leases

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

	$
2017	804,730
2018	507,271
2019	284,311
2020	22,552
Future minimum lease payments	1,618,864
Less: amount representing interest at a weighted-average rate of 5.75% (2015 - 6.55%)	60,462
Present value of future minimum lease payments	1,558,402
Less: current portion	764,863
	793,539

8. Donor restricted endowment funds

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

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

	2016	2015
	$	$
Tom Perkins Memorial Fund	**99,377**	94,525
Mike Dodds Memorial Fund	**17,754**	17,521
The Amy and Howard P. Miller Memorial Fund	**107,073**	104,702
J. Fish Memorial Fund	**105,140**	102,834
Lorne and Pat Larson Tipi Fund	**185,664**	181,502
Lorne and Pat Larson Fund	**624,640**	611,247
	1,139,648	1,112,331

9. Changes in non-cash working capital

	2016	2015
	$	$
Accounts receivable	**(253,742)**	407
Pledges receivable	**(646,079)**	2,645,567
Prepaid expenses	**(23,699)**	69,216
Accounts payable and accrued liabilities	**8,315,671**	401,157
Unearned revenue	**3,488,014**	175,860
	10,880,165	3,292,207

During the year, the YMCA Calgary received $8.1 million from The City of Calgary for the North East Centre of Community Society (NECCS)'s Common Area Lifecycle Reserve Fund. This amount represents funds that were raised in excess of the total project cost of the Genesis Centre, which opened to the community five years ago in partnership with The City of Calgary, the Calgary Public Library, the NECCS and the YMCA Calgary. These funds are held in trust with an equal amount recorded in accounts payable and accrued liabilities at year-end by the YMCA Calgary. Subsequent to year-end, these funds have been transferred to The Calgary Foundation for investment management of the fund.

10. Commitments and guarantees

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

During 2014, the YMCA Calgary entered into a 20-year occupancy lease with Remington Development Corporation at a starting rate of $27 per square foot per year for approximately 36,000 square feet, effective September 1, 2016, for the Quarry Park Child Development Center.

YMCA Calgary has an irrevocable letter of credit in favour of The City of Calgary up to an aggregate amount of $100,000 which may be drawn on at any time and from time to time upon written demand for payment. This was established as part of the agreement with The City of Calgary to operate the Remington YMCA in 2016. This letter of credit will continue up to March 16, 2021 with an automatic extension, without amendment, for one year. There was no withdrawal on the letter of credit as at December 31, 2016.

11. Additional information regarding fund development expenses

Remuneration to employees whose principal duties are related to fundraising totalled $300,893 (2015 - $389,159), and other fundraising expenses were $499,120 (2015 - $388,679).

12. Financial instruments and risk management

Equity risk

A significant portion of the Association's financial assets is investments, which represents the Association's exposure to equity risk. The Association invests some of its investment assets in equity securities, such as common shares, or in equity-like securities, such as mutual funds. The values of these securities change as the business, financial condition, management and other relevant factors affecting the company that issued the securities change, as well as changes in the general economic condition of the markets in which they operate, thereby exposing the Association to these fluctuations in value. The fair market value of the investments at December 31, 2016 was $14,340,106 (2015 - $13,610,724), with $3,225,168 (2015 - $4,280,802) invested in equities (Note 4).

Foreign exchange risk

A portion of the Association's investment portfolio is denominated in foreign currencies; therefore, the Association is exposed to fluctuations in those currencies. At December 31, 2016, the foreign content of the investments was 18% (2015 - 24%) (Note 4).

Credit risk

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

13. Contingency

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