

**Young Women's Christian  
Association**  
(of Vancouver, British Columbia)

Financial Statements  
**December 31, 2012**

May 14, 2013

## **Independent Auditor's Report**

**To the Members of  
Young Women's Christian Association**  
(of Vancouver, British Columbia)

We have audited the accompanying financial statements of the Young Women's Christian Association (of Vancouver, British Columbia), which comprise the balance sheet as at December 31, 2012 and the statements of revenue and expenses, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Young Women's Christian Association (of Vancouver, British Columbia) as at December 31, 2012 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

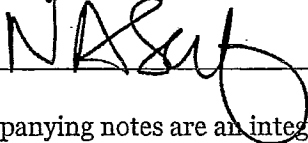
(of Vancouver, British Columbia)

## Balance Sheet

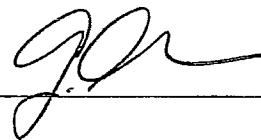
As at December 31, 2012

	Operating Fund		Capital Fund		Total	
	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	2,358,217	2,265,848	-	-	2,358,217	2,265,848
Short-term investments (note 4)	404,178	831,389	-	-	404,178	831,389
Accounts receivable	830,359	1,513,113	-	-	830,359	1,513,113
Prepays and inventory	233,039	175,765	-	-	233,039	175,765
Interfund balances	(1,039,039)	(1,283,646)	1,039,039	1,283,646	-	-
	2,786,754	3,502,469	1,039,039	1,283,646	3,825,793	4,786,115
<b>Restricted cash and investments (notes 11, 12 and 20)</b>	2,344,510	1,626,979	-	-	2,344,510	1,626,979
<b>Long-term investments (note 4)</b>	2,839,633	2,147,815	-	-	2,839,633	2,147,815
<b>Property and equipment (note 5)</b>	-	-	23,989,953	23,728,031	23,989,953	23,728,031
	7,970,897	7,277,263	25,028,992	25,011,677	32,999,889	32,288,940
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities (note 20)	2,127,993	1,936,802	-	-	2,127,993	1,936,802
Deferred revenue (note 7)	519,251	580,218	-	-	519,251	580,218
Current portion of capital leases payable (note 9)	-	-	40,170	64,668	40,170	64,668
Current portion of mortgage payable (note 8)	-	-	148,642	140,978	148,642	140,978
	2,647,244	2,517,020	188,812	205,646	2,836,056	2,722,666
<b>Capital leases payable (note 9)</b>	-	-	49,822	66,022	49,822	66,022
<b>Mortgage payable (note 8)</b>	-	-	4,915,916	5,064,560	4,915,916	5,064,560
<b>Deferred revenue (note 7)</b>	20,000	30,000	-	-	20,000	30,000
	2,667,244	2,547,020	5,154,550	5,336,228	7,821,794	7,883,248
<b>Fund balances</b>						
Unrestricted	2,261	20,525	-	-	2,261	20,525
Internally restricted	3,625,207	3,082,741	-	-	3,625,207	3,082,741
Externally restricted	443,978	403,563	-	-	443,978	403,563
Donor designated endowment funds	1,232,207	1,223,414	-	-	1,232,207	1,223,414
Capital Fund	-	-	19,874,442	19,675,449	19,874,442	19,675,449
	5,303,653	4,730,243	19,874,442	19,675,449	25,178,095	24,405,692
	7,970,897	7,277,263	25,028,992	25,011,677	32,999,889	32,288,940

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

# Young Women's Christian Association

(of Vancouver, British Columbia)

## Statement of Revenue and Expenses

For the year ended December 31, 2012

	Operating Fund		Capital Fund		Total	
	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$
<b>Revenue</b>						
Government contracted programs	10,268,894	6,013,453	165,979	592,154	10,434,873	6,605,607
Hotel/residence	3,248,715	3,234,174	-	-	3,248,715	3,234,174
Health and fitness	2,605,274	2,487,520	-	-	2,605,274	2,487,520
Donations	2,269,467	1,885,961	845,393	1,719,376	3,114,860	3,605,337
Early Learning and Care Centres	1,577,373	1,616,448	-	-	1,577,373	1,616,448
Other revenue	700,698	716,506	-	-	700,698	716,506
Investment income (note 4)	388,939	86,744	-	-	388,939	86,744
Events	333,498	382,440	-	-	333,498	382,440
Gaming revenue	52,000	62,500	-	-	52,000	62,500
	<u>21,444,858</u>	<u>16,485,746</u>	<u>1,011,372</u>	<u>2,311,530</u>	<u>22,456,230</u>	<u>18,797,276</u>
<b>Expenses (note 19)</b>						
Government contracted programs	10,586,152	6,535,084	-	-	10,586,152	6,535,084
Health and fitness	2,474,378	2,498,628	-	-	2,474,378	2,498,628
Hotel/residence	2,438,114	2,472,672	-	-	2,438,114	2,472,672
Early Learning and Care Centres	1,856,705	1,833,931	-	-	1,856,705	1,833,931
Other community services	1,661,226	1,608,248	-	-	1,661,226	1,608,248
Fundraising	1,019,177	995,831	161,936	-	1,181,113	995,831
Events	261,010	264,071	-	-	261,010	264,071
Head office	195,207	183,347	-	-	195,207	183,347
National and world allocation	101,591	93,961	-	-	101,591	93,961
Depreciation	-	-	928,931	962,584	928,931	962,584
	<u>20,593,560</u>	<u>16,485,773</u>	<u>1,090,867</u>	<u>962,584</u>	<u>21,684,427</u>	<u>17,448,357</u>
<b>Excess (deficiency) of revenue over expenses</b>	<u>851,298</u>	<u>(27)</u>	<u>(79,495)</u>	<u>1,348,946</u>	<u>771,803</u>	<u>1,348,919</u>

The accompanying notes are an integral part of these financial statements.

# Young Women's Christian Association

(of Vancouver, British Columbia)

## Statement of Changes in Fund Balances

For the year ended December 31, 2012

	2012					2011	
	Unrestricted	Internally restricted (note 10)	Externally restricted (note 11)	Donor designated endowment funds (note 12(a))	Operating Fund Total	Capital Fund	Total
Fund balances - Beginning of year	20,525	3,082,741	403,563	1,223,414	4,730,243	19,675,449	22,348,771
Excess (deficiency) of revenue over expenses	802,690	-	40,415	8,193	851,298	(79,495)	1,348,919
Transfer to internally restricted funds (note 10)	(595,927)	595,927	-	-	-	-	-
Endowment contributions (note 12(a))	-	-	-	600	600	-	708,002
Transfer to Capital Fund - Repayment of capital leases payable and interfund loan	(225,027)	(53,461)	-	-	(278,488)	278,488	-
<b>Fund balances - End of year (note 17)</b>	<b>2,261</b>	<b>3,625,207</b>	<b>443,978</b>	<b>1,232,207</b>	<b>5,303,653</b>	<b>19,874,442</b>	<b>24,405,692</b>

The accompanying notes are an integral part of these financial statements.

# Young Women's Christian Association

(of Vancouver, British Columbia)

## Statement of Cash Flows

For the year ended December 31, 2012

	2012 \$	2011 \$
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses	771,803	1,348,919
Items not affecting cash		
Depreciation	928,931	962,584
Writeoff on disposal of property and equipment	16,447	9,564
Realized (gain) loss and change in unrealized (gain) loss on investments	(212,879)	64,692
	<u>1,504,302</u>	<u>2,385,759</u>
Net change in non-cash working capital balances, excluding current portion of long-term debt and capital leases payable	745,706	(42,635)
	<u>2,250,008</u>	<u>2,343,124</u>
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	(140,981)	(131,127)
Proceeds from capital leases	27,177	-
	<u>(113,804)</u>	<u>(131,127)</u>
<b>Cash flows from investing activities</b>		
Decrease (increase) in short-term investments	427,210	(605,037)
Endowment contributions and interest	600	708,003
(Increase) decrease in long-term investments	(478,940)	1,236,454
Purchase of property and equipment	(1,207,300)	(1,109,092)
Increase in restricted cash and investments	(717,530)	(750,880)
Repayment of capital leases	(67,875)	(64,983)
	<u>(2,043,835)</u>	<u>(585,535)</u>
<b>Increase in cash and cash equivalents</b>	92,369	1,626,462
<b>Cash and cash equivalents - Beginning of year</b>	<u>2,265,848</u>	<u>639,386</u>
<b>Cash and cash equivalents - End of year</b>	<u>2,358,217</u>	<u>2,265,848</u>
<b>Supplementary information</b>		
Interest paid	<u>272,747</u>	<u>287,473</u>

The accompanying notes are an integral part of these financial statements.

## 1 Mission statement

The Young Women's Christian Association (of Vancouver, British Columbia) (the Association), a registered charity under the Income Tax Act, is a volunteer and membership based association and part of the YWCA network around the world.

Through its programs and services, staff and volunteers at the Association work for the achievement of women's equality. The Association's mission is to touch lives and build better futures for women and their families through advocacy and integrated services that foster economic independence, wellness and equal opportunities.

## 2 Basis of preparation

### Transition to accounting standards for not-for-profit organizations

Effective January 1, 2012, the Association elected to adopt Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board. The accounting policies selected under this framework have been applied consistently and retrospectively as if these policies had always been in effect. The Association has not utilized any transitional exemptions on the adoption of ASNPO and has not made any adjustments on transition to ASNPO.

The transition from Canadian generally accepted accounting principles to ASNPO had no significant impact on cash flows generated by the Association.

	Operating Fund \$	Capital Fund \$	Total \$
Net assets as at December 31, 2010 as previously reported	4,087,251	18,261,520	22,348,771
Adjustments	-	-	-
Opening net assets as at January 1, 2011 under ASNPO	4,087,251	18,261,520	22,348,771
(Deficiency) excess of revenue over expenses for the year ended December 31, 2011 as previously reported	(27)	1,348,946	1,348,919
Adjustments	-	-	-
(Deficiency) excess of revenue over expenses for the year ended December 31, 2011 under ASNPO	(27)	1,348,946	1,348,919



### **3 Significant accounting policies**

#### **Fund accounting**

The Association maintains its accounts in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds according to the activity or objective specified.

The Operating Fund reports the general operating activities of the Association, the allocation of fund balances to internally and externally restricted purposes, and the activities of donor designated endowment funds.

The Capital Fund reports the Association's property that has been funded by government grants, capital contributions and amounts transferred from the Operating Fund.

Interfund balances of \$1,039,039 (2011 - \$1,283,646) reflect the amount of funds held by the Operating Fund that are to be used by the Capital Fund. Included in the interfund balances is an interfund loan of \$266,656 (2011 - \$345,232) between the Operating Fund and the Capital Fund. This loan is non-interest bearing and will be repaid in 2017.

#### **Revenue recognition**

##### *Operating Fund*

The Association follows the deferral method of accounting for contributions in the Operating Fund. Contributions are recorded as revenue when received or receivable except when the donor has specified that they are intended for use in a future period, in which case they are recorded in deferred revenue. Contributions are recognized as revenue when the amount can be reasonably estimated and collection is reasonably assured. Hotel/residence revenue and health and fitness revenues are recognized when services are provided to the guests and members and ultimate collection is reasonably assured. Fees, government grants and contracts, and health and wellness memberships received in advance for services are accounted for using the deferral method, whereby such amounts are deferred and recorded as income in the period in which the service is provided.

Endowment contributions are recognized as direct increases in fund balances when received.

Pledged funds and legacies are recorded as they are received.

##### *Capital Fund*

The Association follows the restricted fund method of accounting for contributions in the Capital Fund. Contributions for capital expenditures are recorded as revenue when received.

*Donated services*

Approximately 704 volunteers contributed close to 24,000 hours throughout the year to assist the Association in carrying out its program activities. Due to the difficulty of determining their fair value, donated services are not recognized in the financial statements.

*Non-cash donations*

As part of its programs, the Association receives non-cash donations consisting primarily of food, clothing and toys, which it distributes to families participating in its programs, and goods for sale at the Thrift Shop. Tax received donations totalling \$220,768 (2011 - \$166,692) have been recognized as both an in-kind revenue and an in-kind expense, at the fair market value of the gifts, as provided by the donors.

**Inventory**

Inventory is valued at the lower of cost and estimated net realizable value.

**Investments**

Investments are recorded at fair value based on prices quoted in active markets, and changes in fair value are recognized in the statement of revenue and expenses. Short-term investments are disclosed separately and represent those investments with a maturity of less than one year.

**Property and equipment**

Property and equipment are recorded at cost. Depreciation is provided on a declining balance basis at the following rates:

Buildings	4%
Leasehold equity interest	2%
Leasehold improvements	20%
Furniture and equipment	10%
Computer software	100%
Computer hardware	50%
Fitness equipment	30%
Equipment under capital lease	straight-line over term of the lease

**Investment income**

Investment income includes interest and dividends which are recorded on an accrual basis, and realized and unrealized gains and losses on disposal of investments.

## Use of estimates

The preparation of the financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## Pension plan

The Association is part of the United Way of the Lower Mainland multi-employer defined benefit pension plan. It provides this benefit for employees working 17.5 hours or more each week. The plan is accounted for on the defined contribution basis, as it is not possible to separately identify the assets and liabilities of the pension plan that relate to the Association.

## Financial instruments

Financial assets and liabilities are measured at fair value with the exception of investments held to maturity, loans and receivables, and other liabilities that are measured at amortized cost using the effective interest rate method. The Association has designated its short-term and long-term investments as held-for-trading, and its cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and mortgage payable are measured at amortized cost.

## 4 Investments

Long-term investments consist of a portfolio of various equity and bond funds that are managed by a professional investment manager, and units in equity funds that were received as donations.

	2012	2011
	\$	\$
T-bills (Canadian and US\$)	404,178	831,389
Asset-backed commercial paper	-	110,209
Bonds	2,414,960	2,094,770
Equities		
Canadian	1,011,151	744,689
International	1,089,707	825,126
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	4,919,996	4,606,183
Less:		
Restricted investments (notes 11 and 12)	1,676,185	1,626,979
Short-term investments	404,178	831,389
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	2,839,633	2,147,815
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Investment income comprises:

	2012 \$	2011 \$
Dividend and interest income	176,060	151,436
Realized gain (loss) and change in unrealized gain (loss)	212,879	(64,692)
	<u>388,939</u>	<u>86,744</u>

**5 Property and equipment**

	2012		
	Cost \$	Accumulated depreciation \$	Net \$
Land - Beatty Street	2,500,000	-	2,500,000
Land - Langley Fraser Gardens	565,000	-	565,000
Buildings			
Hornby Street (a)	3,013,172	1,004,636	2,008,536
Beatty Hotel/Residence (b)	11,256,542	5,496,413	5,760,129
Semlin Gardens (c) and (e)	3,791,103	1,852,183	1,938,920
Fraser Gardens (f)	3,223,472	1,086,938	2,136,534
Munroe House (d) and (e)	1,479,889	714,941	764,948
Crabtree Corner (g)	6,226,398	1,916,754	4,309,644
Emma's (h)	976,207	224,808	751,399
Leasehold equity interest - buildings (i)	2,030,625	20,306	2,010,319
Leasehold improvements	227,555	201,943	25,612
Furniture and equipment (j)	3,237,202	2,211,243	1,025,959
Computer equipment	-232,965	228,150	4,815
Properties under development (k)	188,138	-	188,138
	<u>38,948,268</u>	<u>14,958,315</u>	<u>23,989,953</u>

2011

	Cost \$	Accumulated depreciation \$	Net \$
Land - Beatty Street	2,500,000	-	2,500,000
Land - Langley Fraser Gardens	565,000	-	565,000
Buildings			
Hornby Street (a)	3,013,172	920,947	2,092,225
Beatty Hotel/Residence (b)	11,256,542	5,256,408	6,000,134
Semlin Gardens (c) and (e)	3,791,103	1,771,395	2,019,708
Fraser Gardens (f)	3,223,472	997,916	2,225,556
Munroe House (d) and (e)	1,479,889	683,068	796,821
Crabtree Corner (g)	6,226,398	1,737,185	4,489,213
Emma's (h)	976,207	193,500	782,707
Leasehold improvements	227,555	195,540	32,015
Furniture and equipment (j)	3,175,550	2,069,621	1,105,929
Computer equipment	232,965	223,334	9,631
Properties under development (k)	1,109,092	-	1,109,092
	<u>37,776,945</u>	<u>14,048,914</u>	<u>23,728,031</u>

- a) The Hornby Street Program Centre includes the Health and Fitness Centre, the Leslie Diamond Early Learning and Care Centre, education, training and seminar rooms, and administrative and program management offices. The rights to the land and airspace parcel for the Hornby Street building were granted to the Association for its use and there are restrictions on its disposition or sublease.
- b) The Beatty Hotel/Residence is a 12-storey, 155-guest room building.
- c) Semlin Gardens is a low-income, 28 two and three-bedroom unit social housing project initiated by the Association to address the need for affordable housing for single mothers and their children.
- d) Munroe House is a 10-unit transition home for battered women and their children.
- e) The land for the Munroe House and Semlin Gardens buildings is leased for a period of 60 years, without charge to the Association from the City of Vancouver and the Province of British Columbia, expiring in 2055 and 2056, respectively. The land use is restricted to social housing and cannot be sold or subleased by the Association.
- f) Fraser Gardens is a low-income social housing project for single mothers and their children in Langley.
- g) Crabtree Corner provides community housing, childcare space and community programs in Vancouver's Downtown Eastside. The land for Crabtree Corner is leased without charge to the Association from the City of Vancouver for a period of 60 years, expiring in 2063.

- h) Emma's Early Learning and Care Centre is located on land leased, for a nominal amount, from the Vancouver School Board for a term of 30 years, expiring in 2036. The child care centre is for children of mothers attending a Vancouver School Board school.
- i) Under arrangements with British Columbia Housing Management Commission (BCHMC), the Association contributed \$1,013,039 and \$1,017,586 for the single mothers' housing projects in Coquitlam and Surrey, and received a proportionate leasehold equity interest on the properties secured by Declaration of Trust agreements between the Association and Provincial Housing Rental Corporation.
- j) Included in furniture and equipment is equipment under capital lease of \$171,282 (2011 - \$249,939) (note 9), with accumulated depreciation of \$147,027 (2011 - \$211,018).
- k) Included in properties under development at year-end are development costs for the new Cause We Care House in East Vancouver. Under a Memorandum of Understanding with the City of Vancouver/Vancouver Public Library, the Association has committed to jointly design and construct the new Cause We Care House with library and housing facilities. The City of Vancouver/Vancouver Public Library will contribute towards the cost of the library whereas the Association will contribute towards the cost of the housing units.

## 6 Bank operating loan

At year-end, the Association has available a \$1 million line of credit (unutilized) with a Canadian chartered bank that bears interest at the bank's prime rate. A general assignment of accounts receivable and a letter of undertaking not to incur further indebtedness without prior consent from the bank have been pledged as collateral for the line of credit.

## 7 Deferred revenue

Deferred revenue represents cash received for projects and services that are designated to be provided in the following year. Significant categories of deferred revenue are as follows:

	2012	2011
	\$	\$
Fees and other income received in advance		
Health and fitness	98	19,189
Government contracted programs and other	344,911	442,136
Fundraising received in advance	182,073	118,437
Hotel deposits	12,169	30,456
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	539,251	610,218
Less: Short-term deferred revenue	519,251	580,218
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Long-term deferred revenue	20,000	30,000
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## 8 Long-term debt

	2012 \$	2011 \$
<b>Semlin Gardens</b>		
Royal Bank mortgage loan, bearing interest at 8.25% per annum with monthly repayments of \$12,370 commencing June 1, 1996, maturing May 1, 2016 and amortized over a term of 35 years	1,249,577	1,294,655
<b>Munroe House</b>		
BCHMC mortgage loan, bearing interest at 2.63% per annum with monthly repayments of \$4,120 commencing July 1, 2011, maturing June 1, 2016 and amortized over a term of 19 years and 9 months	716,908	747,162
<b>Fraser Gardens</b>		
Royal Bank mortgage loan, bearing interest at 4.87% per annum with monthly repayments of \$13,821 commencing June 1, 2007 maturing June 1, 2027 and amortized over a term of 30 years	2,381,757	2,431,472
<b>Crabtree Corner</b>		
TD Bank loan, bearing interest at 3.8% per annum with monthly repayments of \$3,605 commencing December 1, 2010, maturing December 1, 2020 and amortized over a term of 10 years	716,316	732,249
	<u>5,064,558</u>	<u>5,205,538</u>
Less: Current portion	148,642	140,978
	<u>4,915,916</u>	<u>5,064,560</u>

For all of the above, funding of the principal and interest is being provided by the British Columbia government.

Estimated principal repayments on long-term debt are as follows:

	\$
December 31	
2013	148,642
2014	156,785
2015	165,448
2016	174,667
2017	184,482
Thereafter	4,234,534
	<u>5,064,558</u>

Interest on long-term debt in 2012 was \$266,027 (2011 - \$280,084).

**9 Capital leases payable**

The Association is committed to minimum lease payments for equipment as follows:

	\$
2013	43,520
2014	27,301
2015	22,552
2016	<u>5,535</u>
	98,908
Less: Imputed interest at 5.25%	<u>8,916</u>
	89,992
Less: Current portion	<u>40,170</u>
	<u>49,822</u>



## 10 Internally restricted funds

Internally restricted funds consist of the following:

						2012	2011
	Board- Designated Endowment Fund \$	Board- Designated Capital Repair and Replacement Reserve \$	Board- Designated Pension Solvency Deficit Fund \$	Board- Designated Legacy Fund \$	Board- Designated Employment Program Fund \$	Total \$	Total \$
Reserve balance - Beginning of year	2,114,000	886,541	82,200	-	-	3,082,741	3,174,098
Disbursement/ transfer from internally restricted funds	-	(53,461)	(82,200)	-	-	(135,661)	(191,357)
Transfer to internally restricted funds	25,000	175,000	-	319,050	159,077	678,127	100,000
Reserve balance - End of year	2,139,000	1,008,080	-	319,050	159,077	3,625,207	3,082,741

a) Board-Designated Endowment Fund

The purpose of the Board-Designated Endowment Fund is to accumulate resources that may be used to meet future needs of the Association. The fund contains unrestricted contributions from donors as well as amounts allocated by the Board of Directors from operating surpluses. The principal amount of the fund will remain intact, and income from investing the fund will be used to support the activities of the Association. Any use of the principal balance would be on a temporary basis only and the fund would be replenished.

b) Board-Designated Capital Repair and Replacement Reserve

The purpose of the Board-Designated Capital Repair and Replacement Reserve is to provide for the maintenance and replacement of major property and equipment such as furniture, equipment, building components, and computer systems. This fund is not intended to be used for the acquisition or replacement of land or buildings. Expenditures out of this fund will require the Board of Directors' approval in the annual capital budget.

c) Board-Designated Pension Solvency Deficit Fund

The purpose of the Board-Designated Pension Solvency Deficit Fund is to fund the Association's share of the deficit as a participant in the United Way of the Lower Mainland pension plan (note 13).

Starting in 2011, the Board has decided to fund solvency deficits from operations so this Fund is no longer used by the Association for funding the pension deficit. The balance of the Pension Solvency Deficit Fund has been reallocated to the Legacy Fund.

d) Board-Designated Legacy Fund

The purpose of the Board-Designated Legacy Fund is to ensure that undesignated bequests that are greater than \$10,000 are used to fund important initiatives within the Association in a timely manner. By setting aside funds in the Legacy Fund, the Association has the flexibility to target resources to programs and activities with the greatest positive impact. Expenditures out of this fund will require the Board of Directors' approval.

e) Board-Designated Employment Program Fund

The purpose of the Board-Designated Employment Program Fund is to set aside resources for the future use of the employment programs as these programs transition from a guaranteed revenue model to a revenue generation model. As these programs are contracted for a period of five years, the Board of Directors will annually review the balance for this fund and decide on the level of funding required.

**11 Externally restricted funds**

Externally restricted funds consist of the following:

	2012 \$	2011 \$
Semlin Gardens Replacement and Maintenance Reserve	102,187	125,956
Fraser Gardens Replacement and Maintenance Reserve	190,094	183,686
Crabtree Housing Replacement and Maintenance Reserve	106,337	93,921
Alder Gardens Replacement and Maintenance Reserve	25,920	-
Como Lake Gardens Replacement and Maintenance Reserve	19,440	-
	443,978	403,563

a) Semlin Gardens Replacement and Maintenance Reserve

Under the mortgage agreement with BCHMC, the Association is required to set aside an amount of \$24,264 annually (2011 - \$18,198) as a replacement and maintenance reserve. This reserve amount is appropriated from the Operating Fund balance. During the year, BCHMC approved expenditures from the fund of \$48,033 (2011 - \$22,025).

b) Fraser Gardens Replacement and Maintenance Reserve

Under the mortgage agreement with BCHMC, the Association is required to set aside an amount of \$24,048 annually (2011 - \$18,036) as a replacement and maintenance reserve. This reserve amount is appropriated from the Operating Fund balance. During the year, BCHMC approved expenditures from the fund of \$17,640 (2011 - \$10,157).

c) Crabtree Housing Replacement and Maintenance Reserve

Under the mortgage agreement with BCHMC, the Association is required to set aside an amount of \$12,600 annually (2011 - \$9,450) as a replacement and maintenance reserve. This reserve amount is appropriated from the Operating Fund balance. During the year, BCHMC approved expenditures from the fund of \$184 (2011 - \$nil).

d) Alder Gardens Replacement and Maintenance Reserve

Under the mortgage agreement with BCHMC, the Association is required to set aside as a replacement and maintenance reserve an amount of \$31,104 annually. The amount for 2012 of \$25,920 represents 10 months of operations. This reserve amount is appropriated from the Operating Fund balance.

e) Como Lake Gardens Replacement and Maintenance Reserve

Under the mortgage agreement with BCHMC, the Association is required to set aside an amount of \$25,920 annually as a replacement and maintenance reserve. The amount for 2012 of \$19,440 represents nine months of operations. This reserve amount is appropriated from the Operating Fund balance.

## 12 Donor designated endowment funds

a) Managed by the Association

	Balance - Beginning of year \$	Endowment contributions \$	Inflation adjustment \$	Balance - End of year \$
May Brown	77,785	100	1,167	79,052
Charles and Adeliene Hill	170,636	-	2,560	173,196
Jean Giles	46,232	500	693	47,425
Rudy and Patricia North	71,097	-	1,066	72,163
Ralph and Grace Fisher	112,521	-	1,688	114,209
Daryl Bramall	35,302	-	530	35,832
Dan Hill	32,609	-	489	33,098
Rina Maria Bidin	677,232	-	-	677,232
	<u>1,223,414</u>	<u>600</u>	<u>8,193</u>	<u>1,232,207</u>

The total investment income earned on resources held for endowment in the year amount to \$89,143 (2011 - \$2,955 loss), of which \$81,220 (2011 - \$2,995 loss) is recognized within the statement of revenue and expenses.

The May Brown Leadership Endowment Fund for Young Women was established in 1999 to create an endowment fund for young women. Income from investing the fund, net of an inflation adjustment to the principal, is used to support the YWCA youth mentorship programs for young girls.

The Charles and Adeliene Hill Endowment Fund was established in 2000. The purpose of the fund is to help sustain the operations of the YWCA. The income from investing, net of an inflation adjustment to the principal, is used to support YWCA operations.

The Jean Giles Memorial Endowment Fund for Women and Children Living in Poverty was created in 2004 using a bequest from Jean Giles' estate, and contributions from Jean's friends. The income from the fund, net of an inflation adjustment to the principal, is used to support programs and services at Crabtree Corner.

The Rudy and Patricia North Endowment Fund was established in 2004. The purpose of the fund is to help sustain the operations of the YWCA. The income from investing, net of an inflation adjustment to the principal, is used to support YWCA operations.

The Ralph and Grace Fisher Endowment Fund for YWCA Crabtree Corner was established in 2005. Income from the investment of the fund, net of an inflation adjustment to the principal, is used to support programs and services at Crabtree Corner.

The Daryl Bramall (Crabtree Corner) Endowment for Women and Children Living in Poverty was established in 2005. Income from the investment of the fund, net of an inflation adjustment to the principal, is used to support programs and services at Crabtree Corner.

The Dan Hill Memorial Endowment Fund for Women and Children Living in Poverty was established in 2008. Income from investing the fund, net of an inflation adjustment to the principal, is used to support women and children living in poverty, which is currently Crabtree Corner.

The Rina Maria Bidin Fund was established in 2011. Income from the investment of the fund, net of an inflation adjustment to the principal, is used to support programs serving single mothers and babies.

b) Managed by the Vancouver Foundation

YWCA Endowment Fund

The Association and the Vancouver Foundation have contributed to an Endowment Fund administered by the Vancouver Foundation. The Association receives all income from the Endowment Fund in its Operating Fund but does not have access to the capital, which is \$403,225 at December 31, 2012 (2011 - \$403,225). Interest income from the fund in 2012 was \$23,717 (2011 - \$23,270).

### Mary C. Jordan Fund

The Mary C. Jordan Economic Independence for Women Fund was established to support economic independence for women through programs offered by the Association. In October 2003, Mary C. Jordan contributed \$25,000 to this fund and assigned the administration to the Vancouver Foundation. The Association receives all income from the fund but does not have access to the capital, which is \$40,000 at December 31, 2012 (2011 - \$40,000). Interest income from the fund in 2012 was \$1,647 (2011 - \$1,440).

## 13 Pension plan

Funding contributions are made by the Association to the pension plan based on a percentage of employee compensation. The employer contribution rate to the pension plan is 175% (2011 - 175%) of employee contributions. In 2012, the Association's pension expenses were \$870,466 (2011 - \$795,668).

The Association is one of 11 agencies that comprise the United Way of the Lower Mainland pension plan (the Plan). As at December 31, 2010, the Plan had a solvency deficit of \$9.1 million, which increased from \$2.4 million based on the actuarial valuation as at December 31, 2007.

The Plan filed an application with the Financial Institution Commission (FICom) requesting a smoothing of assets over five years and/or an extension of the solvency amortization period from seven to 10 years. Either approach will allow the Plan to meet its required contribution. FICom has granted approval of the extension of the solvency amortization period to 10 years, pending submission of a governance policy and a funding policy by October 30, 2013.

## 14 Commitments

The Association has entered into various leases for premises. Future minimum lease payments are as follows:

	\$
2013	555,261
2014	484,116
2015	486,610
2016	490,550
2017	122,884

The Association has committed to raise \$9.5 million towards the Cause We Care House project.

## 15 Fair value of financial instruments

The carrying value of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued liabilities reflects their fair value due to the relatively short period to maturity of the instruments.

Capital leases payable and long-term debt are of a long-term nature and, as such, are impacted by changes in market yields, which can result in differences between carrying value and market value.

## **16 Credit, market, interest rate, and liquidity risk management**

### **Credit risk**

Credit risk is the risk of loss resulting from the failure of an individual or group to honour its financial obligations. The only financial instruments that potentially subject the Association to concentrations of credit risk are its accounts receivable and investments in bonds and debentures. However, a majority of the Association's receivables relate to amounts owing from government grant programs and its investments are managed to maintain minimum credit criteria and are diversified within various asset pools held by the Association. Thus, the Association is not considered to be significantly exposed to credit risk.

### **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. The Association is exposed to fair value risk on its investments held in short-term notes, bonds and debentures, marketable equity securities, and asset-backed commercial papers. These market risks are managed by establishing and monitoring asset allocation strategies and minimum credit criteria, and by diversifying investments within the various asset pools held by the Association. Exposure to any related foreign currency risk is limited to its investments in overseas equities as disclosed in note 4.

### **Interest rate risk**

Interest rate risk is the risk that the Association's investments will change in fair value due to future fluctuations in market interest rates. The risk arises primarily on interest bearing financial instruments held in pooled money market and bond funds as well as the Association's fixed interest mortgage loans as disclosed in note 8.

### **Liquidity risk**

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due. The Association's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flow generated from operations to fund the operations and settle debt and liabilities when due. The Association also maintains reserves to mitigate this risk (note 10). Contractual obligation payments related to financial liabilities as at December 31, 2012 are expected to be paid in accordance with the repayment schedules disclosed in notes 8, 9 and 14.

## 17 Capital disclosure

The Association defines its capital as the amounts included in its fund balances.

The Association's objective when managing its fund balances is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to its beneficiaries and its stakeholders.

A portion of the Association's fund balances is restricted as described in notes 11 and 12. The Association has internal control processes to ensure that the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the year.

In addition, a portion of the Association's fund balances are internally restricted by the Board. The Board allocates the annual excess (deficiency) of revenue over expenses to various internally restricted funds, as detailed in note 10. The Board's policy is to allocate the excess (deficiency) of revenue over expenses from operations, before recognition of the change in fair value of investments. The Board has the discretion to utilize the internally restricted reserves to support the operations of the Association if required.

The Association sets the amount of fund balances in proportion to risk, manages the fund structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

Although the Association has external debt, as detailed in note 8, the repayment of the debt is financed by BCHMC through an annual grant to the Association.

## 18 Allocation of expenses

The Association incurs a number of head office support expenses and allocates these expenses to the programs and to fund development proportionately based on the total costs of the program. These head office support costs include accounting, human resource, IT, purchasing, marketing and central building costs. Fund development expenses are not allocated to the programs. Head office support costs have been allocated to the following categories:

	2012	2011
	\$	\$
Government contracted programs	819,392	624,028
Health and fitness	561,176	588,747
Hotel	183,771	221,099
Early Learning and Care Centres	176,092	204,340
Other community services	150,068	162,464
Donations	78,817	93,400
Events	19,706	23,346
	<hr/>	<hr/>
	1,989,022	1,917,424

## 19 Supplemental information

Expenses for the year comprise:

	2012	2011
	\$	\$
Salaries	10,788,671	9,856,351
Benefits	1,976,543	1,797,488
Purchased services	2,987,785	836,122
Program supplies	1,056,482	931,704
Building supplies, maintenance, insurance and utilities	1,560,779	1,212,418
Depreciation	928,931	962,584
Rental and occupancy costs	613,385	576,326
Telephone, fax, internet, postage and courier	297,271	231,592
Professional fees	144,606	107,717
Equipment	493,659	278,605
Cost of events	200,916	111,016
Marketing and communications	176,218	156,703
Staff/volunteer	197,031	176,383
National and world allocation	101,590	93,961
Office and administration	160,560	119,387
	<u>21,684,427</u>	<u>17,448,357</u>

## 20 Accounts payable and accrued liabilities

Included in accounts payable are amounts payable to the Province of British Columbia totalling \$668,325, representing funds to be used as financial supports for WorkBC clients. These funds of \$668,325 (2011 - \$nil) are included under restricted cash and investments.

Also included in accounts payable are government remittances due totalling \$28,990 (2011 - \$26,493).