

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

Financial Statements
December 31, 2014



May 13, 2015

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 Young Women's Christian Association (of Vancouver, British Columbia), which comprise the balance sheet as at December 31, 2014 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.

*PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806*

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Young Women's Christian Association (of Vancouver, British Columbia) as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on other legal and regulatory requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

PricewaterhouseCoopers LLP

Chartered Accountants

Young Women's Christian Association


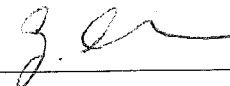
(of Vancouver, British Columbia)

Balance Sheet

As at December 31, 2014

	Operating Fund		Capital Fund		Total	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Assets						
Current assets						
Cash and cash equivalents (note 3)	5,695,667	3,611,240	-	-	5,695,667	3,611,240
Short-term investments (note 4)	1,177,573	483,329	-	-	1,177,573	483,329
Accounts receivable	1,345,639	764,963	-	-	1,345,639	764,963
Prepays and inventory	284,922	340,656	-	-	284,922	340,656
Interfund balances	(3,003,080)	(1,878,842)	3,003,080	1,878,842	-	-
	5,500,721	3,321,346	3,003,080	1,878,842	8,503,801	5,200,188
Restricted investments						
(notes 11 and 12)	2,067,469	1,944,046	-	-	2,067,469	1,944,046
Long-term investments						
(note 4)	3,514,242	3,036,395	-	-	3,514,242	3,036,395
Property and equipment (note 5)	-	-	23,645,820	23,542,001	23,645,820	23,542,001
	11,082,432	8,301,787	26,648,900	25,420,843	37,731,332	33,722,630
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	1,942,012	1,577,181	-	-	1,942,012	1,577,181
Deferred revenue (note 7)	1,230,392	510,384	-	-	1,230,392	510,384
Current portion of capital leases payable (note 9)	-	-	56,734	29,479	56,734	29,479
Current portion of mortgages payable (note 8)	-	-	165,448	156,785	165,448	156,785
	3,172,404	2,087,565	222,182	186,264	3,394,586	2,273,829
Capital leases payable (note 9)	-	-	120,053	32,092	120,053	32,092
Mortgages payable (note 8)	-	-	4,593,674	4,759,123	4,593,674	4,759,123
Deferred revenue (note 7)	-	10,000	-	-	-	10,000
	3,172,404	2,097,565	4,935,909	4,977,479	8,108,313	7,075,044
Fund balances						
Unrestricted	597,311	161,207	-	-	597,311	161,207
Internally restricted	5,245,248	4,098,969	-	-	5,245,248	4,098,969
Externally restricted	724,128	621,524	-	-	724,128	621,524
Donor designated endowment funds	1,343,341	1,322,522	-	-	1,343,341	1,322,522
Capital funds	-	-	21,712,991	20,443,364	21,712,991	20,443,364
	7,910,028	6,204,222	21,712,991	20,443,364	29,623,019	26,647,586
	11,082,432	8,301,787	26,648,900	25,420,843	37,731,332	33,722,630

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, 2014

	Operating Fund		Capital Fund		Total	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Revenue						
Government contracted programs	13,481,661	12,464,367	387,260	540,038	13,868,921	13,004,405
Donations	2,668,506	2,094,087	1,305,136	534,966	3,973,642	2,629,053
Hotel/residence	3,615,057	3,164,897	-	-	3,615,057	3,164,897
Health and fitness	2,702,608	2,646,115	-	-	2,702,608	2,646,115
Early Learning and Care Centres	1,577,666	1,657,310	-	-	1,577,666	1,657,310
Other revenue	772,523	811,368	-	-	772,523	811,368
Investment income (note 4)	657,624	591,138	-	-	657,624	591,138
Events	416,238	379,141	228,131	231,909	644,369	611,050
Gaming revenue	52,000	52,000	-	-	52,000	52,000
	<u>25,943,883</u>	<u>23,860,423</u>	<u>1,920,527</u>	<u>1,306,913</u>	<u>27,864,410</u>	<u>25,167,336</u>
Expenses (note 19)						
Government contracted programs	12,983,212	12,320,982	-	-	12,983,212	12,320,982
Hotel/residence	2,570,099	2,620,174	-	-	2,570,099	2,620,174
Health and fitness	2,565,026	2,491,766	-	-	2,565,026	2,491,766
Other community services	2,123,623	1,749,332	-	-	2,123,623	1,749,332
Early Learning and Care Centres	1,876,553	1,932,725	-	-	1,876,553	1,932,725
Fundraising	1,125,938	1,130,607	-	-	1,125,938	1,130,607
Depreciation	-	-	947,821	894,572	947,821	894,572
Events	306,367	267,998	89,782	92,696	396,149	360,694
Head office	196,982	159,794	-	-	196,982	159,794
National and world allocation	104,554	98,873	-	-	104,554	98,873
	<u>23,852,354</u>	<u>22,772,251</u>	<u>1,037,603</u>	<u>987,268</u>	<u>24,889,957</u>	<u>23,759,519</u>
Excess of revenue over expenses	<u>2,091,529</u>	<u>1,088,172</u>	<u>882,924</u>	<u>319,645</u>	<u>2,974,453</u>	<u>1,407,817</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, 2014

	2014				2013	
	Total				Total	
	Operating Fund				Capital Fund	
	Donor designated endowment funds					
	Unrestricted \$	Internally restricted \$ (note 10)	Externally restricted \$ (note 11)	Total \$ (note 12(a))	Total \$	\$
Fund balances - Beginning of year	161,207	4,098,969	621,524	1,322,522	6,204,222	20,443,364
Excess of revenue over expenses	1,969,086	-	102,604	19,839	2,091,529	882,924
Transfer to internally restricted funds (note 10)	(1,402,000)	1,146,279	-	-	(255,721)	255,721
Endowment contributions (note 12(a))	-	-	-	980	980	-
Transfer to Capital Fund - Repayment of capital leases payable and interfund loan	(130,982)	-	-	-	(130,982)	130,982
Fund balances - End of year (note 17)	597,311	5,245,248	724,128	1,343,341	7,910,028	21,712,991
						26,647,586

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, 2014

	2014 \$	2013 \$
Cash flows from operating activities		
Excess of revenue over expenses	2,974,453	1,407,817
Items not affecting cash		
Depreciation	947,821	894,572
Realized gain and change in unrealized gain on investments	(436,358)	(398,836)
	3,485,916	1,903,553
Net change in non-cash working capital balances, excluding current portion of mortgages payable and capital leases payable	549,903	(611,901)
	4,035,819	1,291,652
Cash flows from financing activities		
Repayment of mortgages payable	(156,793)	(148,649)
Proceeds from capital leases	167,622	12,117
	10,829	(136,532)
Cash flows from investing activities		
Repayment of capital leases	(52,406)	(40,538)
Increase in short-term investments	(694,243)	(79,151)
(Increase) decrease in restricted investments	(123,423)	400,464
Endowment contributions and interest	980	61,674
(Increase) decrease in long-term investments	(41,489)	202,074
Purchase of property and equipment	(1,051,640)	(446,620)
	(1,962,221)	97,903
Increase in cash and cash equivalents	2,084,427	1,253,023
Cash and cash equivalents - Beginning of year	3,611,240	2,358,217
Cash and cash equivalents - End of year	5,695,667	3,611,240
Supplementary information		
Interest paid	267,702	260,604

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

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2014

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 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 for 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 \$3,003,080 (2013 - \$1,878,842) 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 \$109,504 (2013 - \$188,080) between the Operating Fund and the Capital Fund. This loan is non-interest bearing and will be repaid by 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 revenue 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.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2014

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 723 volunteers contributed over 21,000 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 receipted donations totalling \$172,387 (2013 - \$155,406) 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit and a higher interest earning premium investment account.

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 deposits and investments are disclosed separately and represent those investments with a maturity of less than one year.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2014

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 Canadian accounting standards for not-for-profit organizations (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 mortgages payable are measured at amortized cost.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2014

3 Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and a higher interest-earning premium investment account.

	2014 \$	2013 \$
Cash on deposit	1,975,734	1,922,104
Premium investment account	3,719,933	1,689,136
	<u>5,695,667</u>	<u>3,611,240</u>

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.

	2014 \$	2013 \$
T-bills (Canadian and US\$)	1,177,573	483,329
Bonds	3,010,884	2,582,557
Equities		
Canadian	1,192,385	1,167,367
International	1,378,442	1,230,517
	<u>6,759,284</u>	<u>5,463,770</u>
Less:		
Restricted investments (notes 11 and 12)	2,067,469	1,944,046
Short-term investments	1,177,573	483,329
	<u>3,514,242</u>	<u>3,036,395</u>

Investment income comprises:

	2014 \$	2013 \$
Dividend and interest income	221,266	192,302
Realized gain and change in unrealized gain	436,358	398,836
	<u>657,624</u>	<u>591,138</u>

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2014

5 Property and equipment

	2014		
	Cost \$	Accumulated depreciation \$	Net \$
Land and buildings			
Hornby Street (a)	3,013,172	1,162,105	1,851,067
Beatty Hotel/Residence (b)	13,756,542	5,948,007	7,808,535
Semlin Gardens (c) and (e)	3,791,103	2,004,195	1,786,908
Munroe House (d) and (e)	1,518,589	777,204	741,385
Fraser Gardens (f)	3,788,472	1,254,442	2,534,030
Crabtree Corner (g)	6,226,398	2,254,630	3,971,768
Emma's (h)	976,207	283,718	692,489
Leasehold equity interest - buildings (i)	2,030,625	99,914	1,930,711
Leasehold improvements	227,555	211,164	16,391
Furniture and equipment (j)	3,390,622	2,284,004	1,106,618
Computer equipment	433,362	348,218	85,144
Properties under development (k)	1,120,774	-	1,120,774
	<u>40,273,421</u>	<u>16,627,601</u>	<u>23,645,820</u>
	2013		
	Cost \$	Accumulated depreciation \$	Net \$
Land and buildings			
Hornby Street (a)	3,013,172	1,084,977	1,928,195
Beatty Hotel/Residence (b)	13,756,542	5,726,818	8,029,724
Semlin Gardens (c) and (e)	3,791,103	1,929,740	1,861,363
Munroe House (d) and (e)	1,518,589	746,313	772,276
Fraser Gardens (f)	3,788,472	1,172,399	2,616,073
Crabtree Corner (g)	6,226,398	2,089,140	4,137,258
Emma's (h)	976,207	254,864	721,343
Leasehold equity interest - buildings (i)	2,030,625	60,512	1,970,113
Leasehold improvements	227,555	207,066	20,489
Furniture and equipment (j)	3,250,617	2,297,050	953,567
Computer equipment	293,585	254,462	39,123
Properties under development (k)	492,477	-	492,477
	<u>39,365,342</u>	<u>15,823,341</u>	<u>23,542,001</u>

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2014

- a) The Hornby Street Program Centre includes the Health and Fitness Centre, the Leslie Diamond Early Learning and Care Centre, meeting 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 that provides temporary accommodation to travellers and to people in need.
- 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 Province of British Columbia and the City of Vancouver and 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 BC Housing, 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 in 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 \$209,079 (2013 - \$185,019) (note 9), with accumulated depreciation of \$39,238 (2013 - \$155,674).
- k) Included in properties under development at year-end are development costs for the new Cause We Care House in East Vancouver and three new housing projects under development in Coquitlam, North Vancouver and the City of Vancouver.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2014

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:

	2014 \$	2013 \$
Fees and other income received in advance		
Health and fitness	13,253	4,836
Government contracted programs and other	732,274	326,495
Fundraising and events received in advance	458,692	163,150
Hotel deposits	26,173	25,903
	<hr/>	<hr/>
	1,230,392	520,384
Less: Short-term deferred revenue	1,230,392	510,384
	<hr/>	<hr/>
Long-term deferred revenue	-	10,000
	<hr/>	<hr/>

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2014

8 Mortgages payable

	2014 \$	2013 \$
Semlin Gardens		
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	1,147,712	1,200,702
Munroe House		
BC Housing 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	653,959	685,842
Fraser Gardens		
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	2,274,857	2,329,592
Crabtree Corner		
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 28 years	682,594	699,772
	4,759,122	4,915,908
	165,448	156,785
Less: Current portion	4,593,674	4,759,123

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

Estimated principal repayments on the mortgages payable are as follows:

	\$
December 31	
2015	165,448
2016	174,667
2017	184,483
2018	194,937
2019	206,076
Thereafter	3,833,511
	4,759,122

Interest on the mortgages in 2014 was \$250,219 (2013 - \$258,358).

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2014

9 Capital leases payable

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

	\$
2015	69,318
2016	49,143
2017	41,352
2018	41,352
2019	3,444
	<u>204,609</u>
Less: Imputed interest at 5.25%	<u>27,822</u>
	176,787
Less: Current portion	<u>56,734</u>
	<u>120,053</u>

10 Internally restricted funds

Internally restricted funds consist of the following:

	2014				2013	
	Board-Designated Endowment Fund \$	Board-Designated Capital Repair and Replacement Reserve \$	Board-Designated Legacy Fund \$	Board-Designated Employment Program Fund \$	Total \$	Total \$
Reserve balance - Beginning of year	2,139,000	1,209,857	250,112	500,000	4,098,969	3,625,207
Disbursement/transfer from internally restricted funds	-	(133,721)	(122,000)	-	(255,721)	(407,221)
Transfer to internally restricted funds	-	763,500	138,500	500,000	1,402,000	880,983
Reserve balance - End of year	<u>2,139,000</u>	<u>1,839,636</u>	<u>266,612</u>	<u>1,000,000</u>	<u>5,245,248</u>	<u>4,098,969</u>

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.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2014

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 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.

d) 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:

	2014 \$	2013 \$
Semlin Gardens Replacement and Maintenance Reserve	86,017	78,197
Fraser Gardens Replacement and Maintenance Reserve	248,308	231,957
Crabtree Housing Replacement and Maintenance Reserve	120,412	107,171
Alder Gardens Replacement and Maintenance Reserve	143,487	108,061
Como Lake Gardens Replacement and Maintenance Reserve	125,904	96,138
	<u>724,128</u>	<u>621,524</u>

a) Semlin Gardens Replacement and Maintenance Reserve

Under the mortgage agreement with BC Housing, the Association is required to set aside an amount of \$24,264 (2013 - \$24,264) annually as a replacement and maintenance reserve. This reserve amount is appropriated from the Operating Fund balance. During the year, BC Housing approved expenditures from the fund of \$19,572 (2013 - \$52,341). Interest of \$3,128 (2013 - \$4,087) has been attributed to the fund.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2014

b) Fraser Gardens Replacement and Maintenance Reserve

Under the mortgage agreement with BC Housing, the Association is required to set aside an amount of \$24,048 (2013 - \$24,048) annually as a replacement and maintenance reserve. This reserve amount is appropriated from the Operating Fund balance. During the year, BC Housing approved expenditures from the fund of \$16,976 (2013 - \$2,604). Interest of \$9,278 (2013 - \$7,604) has been attributed to the fund.

c) Crabtree Housing Replacement and Maintenance Reserve

Under the mortgage agreement with BC Housing, the Association is required to set aside an amount of \$12,600 (2013 - \$12,600) annually as a replacement and maintenance reserve. This reserve amount is appropriated from the Operating Fund balance. During the year, BC Housing approved expenditures from the fund of \$3,645 (2013 - \$16,019). Interest of \$4,287 (2013 - \$4,253) has been attributed to the fund.

d) Alder Gardens Replacement and Maintenance Reserve

Under the mortgage agreement with BC Housing, the Association is required to set aside an amount of \$31,104 (2013 - \$31,104) annually as a replacement and maintenance reserve. This reserve amount is appropriated from the Operating Fund balance. Interest of \$4,322 (2013 - \$1,037) has been attributed to the fund.

e) Como Lake Gardens Replacement and Maintenance Reserve

Under the mortgage agreement with BC Housing, the Association is required to set aside an amount of \$25,920 (2013 - \$25,920) annually as a replacement and maintenance reserve. This reserve amount is appropriated from the Operating Fund balance. Interest of \$3,846 (2013 - \$778) has been attributed to the fund.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2014

12 Donor designated endowment funds

a) Managed by the Association

	Balance - Beginning of year \$	Endowment contributions \$	Inflation adjustment \$	Balance - End of year \$
May Brown	80,236	480	1,204	81,920
Charles and Adeliene Hill	175,793	-	2,637	178,430
Jean Giles	48,136	500	722	49,358
Rudy and Patricia North	73,247	-	1,099	74,346
Ralph and Grace Fisher	115,920	-	1,739	117,659
Daryl Bramall	36,372	-	546	36,918
Dan Hill	33,594	-	504	34,098
Rina Maria Bidin	759,224	-	11,388	770,612
	<u>1,322,522</u>	<u>980</u>	<u>19,839</u>	<u>1,343,341</u>

The total investment income earned on resources held for endowment in the year amounts to \$158,091 (2013 - \$159,075 gain).

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. Income from investing the fund, 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. Income from investing 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. Income from investing the fund, 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 investing the fund, net of an inflation adjustment to the principal, is used to support programs and services at Crabtree Corner.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2014

The Daryl Bramall (Crabtree Corner) Endowment for Women and Children Living in Poverty was established in 2005. Income from investing 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 through the programs and services at Crabtree Corner.

The Rina Maria Bidin Fund was established in 2011. Income from investing 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, 2014 (2013 - \$403,225). Interest income from the fund in 2014 was \$25,011 (2013 - \$24,184).

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, 2014 (2013 - \$40,000). Interest income from the fund in 2014 was \$1,548 (2013 - \$1,497).

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% (2013 - 175%) of employee contributions. In 2014, the Association's pension expenses were \$966,986 (2013 - \$956,218).

The Association is one of 11 agencies that comprise the United Way of the Lower Mainland pension plan (the Plan). As at December 31, 2013, the Plan had a solvency deficit of \$4.2 million, which decreased from \$9.1 million based on the actuarial valuation as at December 31, 2010. As at December 31, 2013, the Plan had a going concern excess of \$4.9 million.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2014

14 Commitments

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

	\$
2015	650,902
2016	641,536
2017	275,460
2018	101,717

The Association has committed to raise \$10.1 million towards the Cause We Care House project. Of the amount committed, \$9.5 million has been secured to date.

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 the mortgages payable 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 or 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.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2014

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, 2014 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 BC Housing through an annual grant to the Association.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2014

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 supports costs have been allocated to the following categories:

	2014 \$	2013 \$
Hotel/residence	181,875	175,443
Health and fitness	545,497	523,027
Early Learning and Care Centres	169,126	170,342
Other community services	175,523	149,126
Government contracted programs	1,586,225	1,489,116
Fundraising	90,780	85,253
Events	22,696	19,669
	<hr/>	<hr/>
	2,771,722	2,611,976

19 Supplemental information

Expenses for the year comprise:

	2014 \$	2013 \$
Salaries	11,916,167	11,551,110
Benefits	2,214,557	2,157,532
Purchased services	4,523,452	3,890,448
Program supplies	1,068,517	1,249,977
Building supplies, maintenance, insurance and utilities	1,511,842	1,743,322
Depreciation	947,821	894,572
Rental and occupancy costs	709,386	671,080
Telephone, fax, internet, postage and courier	348,580	297,057
Professional fees	105,392	155,127
Equipment	522,678	243,865
Cost of events	175,263	172,619
Marketing and communications	180,159	187,132
Staff/volunteer	220,520	194,182
National and world allocation	104,554	98,872
Office and administration	341,069	252,624
	<hr/>	<hr/>
	24,889,957	23,759,519