

Young Women's Christian Association

(of Vancouver, British Columbia)

Financial Statements
December 31, 2019



Independent auditor's report

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

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Young Women's Christian Association (of Vancouver, British Columbia) (the Association) as at December 31, 2019 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.

What we have audited

The Association's financial statements comprise:

- the balance sheet as at December 31, 2019;
 - the statement of revenue and expenses for the year then ended;
 - the statement of changes in fund balances for the year then ended;
 - the statement of cash flows for the year then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 12, 2020

Young Women's Christian Association

(of Vancouver, British Columbia)

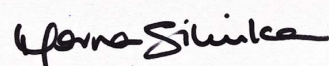
Balance Sheet

As at December 31, 2019

	Operating Fund		Capital Fund		Total	
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$
Assets						
Current assets						
Cash and cash equivalents (note 4)	12,177,816	8,289,179	-	-	12,177,816	8,289,179
Short-term investments (note 5)	639,487	5,418,083	-	-	639,487	5,418,083
Accounts receivable	2,572,915	1,107,213	-	-	2,572,915	1,107,213
Inventory and prepaid expenses	393,953	339,274	-	-	393,953	339,274
Interfund balances	2,389,303	(2,390,133)	(2,389,303)	2,390,133	-	-
	18,173,474	12,763,616	(2,389,303)	2,390,133	15,784,171	15,153,749
Restricted investments	3,045,848	2,844,573	-	-	3,045,848	2,844,573
Long-term investments (note 5)	4,774,612	4,082,434	-	-	4,774,612	4,082,434
Property and equipment (note 6)	-	-	45,484,376	34,895,439	45,484,376	34,895,439
	25,993,934	19,690,623	43,095,073	37,285,572	69,089,007	56,976,195
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	5,290,333	2,402,267	-	-	5,290,333	2,402,267
Deferred revenue (note 8)	2,401,083	4,577,111	-	-	2,401,083	4,577,111
Current portion of capital lease payable	-	-	9,880	-	9,880	-
Current portion of mortgages payable (note 9)	-	-	778,501	207,107	778,501	207,107
	7,691,416	6,979,378	788,381	207,107	8,479,797	7,186,485
Capital lease payable	-	-	24,614	-	24,614	-
Mortgages payable (note 9)	-	-	3,955,312	4,733,732	3,955,312	4,733,732
Deferred revenue (note 8)	2,227,004	-	-	-	2,227,004	-
	9,918,420	6,979,378	4,768,307	4,940,839	14,686,727	11,920,217
Fund balances	16,075,514	12,711,245	38,326,766	32,344,733	54,402,280	45,055,978
	25,993,934	19,690,623	43,095,073	37,285,572	69,089,007	56,976,195

Commitments (note 13)

Approved by the Board of Directors

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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, 2019

	Operating Fund		Capital Fund		Total	
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$
Revenue						
Government contracted programs	19,402,499	13,913,813	5,807,334	429,091	25,209,833	14,342,904
Donations	4,061,071	4,219,109	786,598	2,678,349	4,847,669	6,897,458
Hotel/residence	4,538,761	4,872,145	-	-	4,538,761	4,872,145
Health and fitness	3,111,213	2,978,095	-	-	3,111,213	2,978,095
Early Learning and Care Centres	2,319,091	1,943,529	-	-	2,319,091	1,943,529
Other revenue	1,293,780	1,041,442	-	-	1,293,780	1,041,442
Investment income	1,286,507	86,172	-	-	1,286,507	86,172
Women of Distinction Event	568,639	683,391	-	-	568,639	683,391
Gaming revenue	52,000	52,000	243,000	250,000	295,000	302,000
	36,633,561	29,789,696	6,836,932	3,357,440	43,470,493	33,147,136
Expenses (note 19)						
Government contracted programs	18,440,967	14,290,695	-	-	18,440,967	14,290,695
Hotel/residence	3,487,829	3,400,749	-	-	3,487,829	3,400,749
Health and fitness	3,034,315	2,820,848	-	-	3,034,315	2,820,848
Other community services	2,734,246	2,867,744	-	-	2,734,246	2,867,744
Early Learning and Care Centres	2,623,821	2,281,095	-	-	2,623,821	2,281,095
Fundraising	1,625,755	1,738,969	-	-	1,625,755	1,738,969
Depreciation	-	-	1,340,872	1,202,856	1,340,872	1,202,856
Women of Distinction Event	429,200	423,438	-	-	429,200	423,438
Head office expense	330,760	203,296	-	-	330,760	203,296
National and world allocation	127,153	136,097	-	-	127,153	136,097
	32,834,046	28,162,931	1,340,872	1,202,856	34,174,918	29,365,787
Excess of revenue over expenses	3,799,515	1,626,765	5,496,060	2,154,584	9,295,575	3,781,349

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, 2019

					2019		2018	
					Operating Fund	Capital Fund		
	Unrestricted \$	Internally restricted \$ (note 10)	Externally restricted \$	Donor designated endowment funds \$ (note 11(a))	Total \$	Total \$	Total \$	Total \$
Fund balances – Beginning of year	769,282	9,097,389	1,053,296	1,791,278	12,711,245	32,344,733	45,055,978	41,024,629
Excess (deficiency) of revenue over expenses	3,648,969	-	123,676	26,870	3,799,515	5,496,060	9,295,575	3,781,349
Transfer to internally restricted funds (note 10)	(3,629,694)	3,629,694	-	-	-	-	-	-
Transfer to Capital Fund	(141,348)	(344,625)	-	-	(485,973)	485,973	-	-
Endowment contribution	-	-	-	50,727	50,727	-	50,727	250,000
Fund balances – End of year (note 16)	647,209	12,382,458	1,176,972	1,868,875	16,075,514	38,326,766	54,402,280	45,055,978

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, 2019

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	9,295,575	3,781,349
Items not affecting cash		
Depreciation	1,340,872	1,202,856
Realized gain and change in unrealized gain on investments	(791,596)	177,055
	9,844,851	5,161,260
Net change in non-cash working capital balances, excluding current portion of mortgages payable and capital leases payable	1,418,660	3,470,985
	11,263,511	8,632,245
Financing activities		
Repayment of mortgages payable	(207,026)	(200,646)
New capital lease	40,999	-
	(166,027)	(200,646)
Investing activities		
Repayment of capital lease	(6,510)	(33,847)
Decrease in short-term investments	4,778,597	-
Increase in restricted investments	(201,275)	(412,683)
Endowment contributions	50,728	250,000
Decrease (increase) in investments	99,421	(4,144,841)
Purchase of property and equipment	(11,929,808)	(1,973,660)
	(7,208,847)	(6,315,031)
Increase in cash and cash equivalents	3,888,637	2,116,568
Cash and cash equivalents – Beginning of year	8,289,179	6,172,611
Cash and cash equivalents – End of year	12,177,816	8,289,179
Supplementary information		
Interest paid	170,732	176,250

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, 2019

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 \$2,389,303 (2018 – \$2,390,133) reflect the amount of funds used by the Capital Fund that are advanced by the Operating Fund.

Revenue recognition

Operating Fund

The Association follows the deferral method of accounting for contributions in the Operating Fund. Donations 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. Donations 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 and government grants and contracts, 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, 2019

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 837 volunteers contributed over 25,000 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 \$177,626 (2018 – \$321,819) 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 investments are disclosed separately and represent those investments with a maturity of less than one year.

Young Women's Christian Association

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Notes to Financial Statements

December 31, 2019

Property and equipment

Property and equipment are recorded at cost. Depreciation is provided at the following rates, with the half-year rule applied during the year of acquisition:

Buildings	4%
Leasehold equity interest	2%
Leasehold improvements	20%
Furniture and equipment	10%
Computer software	100%
Computer hardware	50%
Fitness equipment	30%

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, 2019

3 Adoption of new accounting policies and changes in accounting policy

The Association has applied the following new standards for the first time for its annual reporting period commencing January 1, 2019:

- a) Section 4433 – Tangible Capital Assets Held by Non-for-Profit Organizations; and
- b) Section 4434 – Intangible Assets Held by Not-for-Profit Organizations.

Sections 4433 and 4434 replace Section 4431, Tangible Capital Assets Held by Not-for-Profit Organizations and Section 4432, Intangible Assets Held by Not-for-Profit Organizations in Part III of the Handbook, respectively.

These standards have been adopted January 1, 2019, in accordance with the transition provisions set out in the standards. As a result, the standards have been applied prospectively from January 1, 2019, with depreciation from this date determined by allocating the cost to component parts of tangible capital assets based on their relative cost or fair value at the date the assets were acquired.

The determination of cost has not changed as a result of adopting the new guidance. The cost of a contributed tangible capital asset is deemed to be its fair value at the date of contribution plus all costs directly attributable to its acquisition.

The Association is now following guidance included in Section 3061 on amortization and componentization. The amount of amortization that is recognized as an expense in the consolidated statement of operations is the greater of (1) the cost less salvage value over the useful life of the asset and (2) the cost less residual value over the useful life of the asset. The cost of a tangible capital asset made up of significant separable component parts that are allocated to the component parts where practicable and when estimates can be made of the lives of the separate components

4 Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit, cash held in a high interest notice account and cash held in a premium investment account.

	2019 \$	2018 \$
Cash on deposit	2,620,004	2,885,662
Premium investment account	3,090,860	47,278
High interest notice account	6,466,952	5,356,239
	<hr/> 12,177,816	<hr/> 8,289,179

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2019

5 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.

	2019 \$	2018 \$
GICs	-	4,400,000
Money market (Canadian and US dollars)	639,487	1,018,083
Bond funds	4,441,311	4,155,857
Equity funds		
Canadian	1,557,123	1,280,338
International	1,822,026	1,490,812
	<hr/> 8,459,947	<hr/> 12,345,090
Less:		
Restricted investments	3,045,848	2,844,573
Short-term investments	639,487	5,418,083
	<hr/> 4,774,612	<hr/> 4,082,434

6 Property and equipment

	2019		
	Cost \$	Accumulated depreciation \$	Net \$
Land and buildings	47,077,386	17,870,121	29,207,265
Leasehold equity interest – buildings (a)	2,030,625	285,414	1,745,211
Leasehold improvements	535,182	282,443	252,739
Furniture and equipment (b)	4,344,709	2,949,271	1,395,438
Computer equipment	977,487	530,453	447,034
Properties under development (c)	12,436,689	-	12,436,689
	<hr/> 67,402,078	<hr/> 21,917,702	<hr/> 45,484,376

Young Women's Christian Association

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Notes to Financial Statements

December 31, 2019

	2018		
	Cost	Accumulated	Net
	\$	depreciation	\$
	\$	\$	\$
Land and buildings	45,581,158	16,855,011	28,726,147
Leasehold equity interest – buildings (a)	2,030,625	249,798	1,780,827
Leasehold improvements	227,555	220,841	6,714
Furniture and equipment (b)	3,733,720	2,832,990	900,730
Computer equipment	451,367	445,910	5,457
Properties under development (c)	3,475,564	-	3,475,564
	<u>55,499,989</u>	<u>20,604,550</u>	<u>34,895,439</u>

- a) Under arrangements with BC Housing, the Association contributed in 2012 \$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.
- b) Included in furniture and equipment is equipment under capital lease of \$40,999 (2018 – \$nil), with accumulated depreciation of \$35,875 (2018 – \$nil).
- c) Included in properties under development at year-end are development costs for a new project under development in the City of North Vancouver and the expansion of the Beatty Hotel residence.

7 Bank operating loan

At year-end, the Association has available a \$1 million line of credit 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.

8 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:

	2019	2018
	\$	\$
Fees and other income received in advance	897,432	849,295
Fundraising and events received in advance	3,730,655	3,727,816
	<u>4,628,087</u>	<u>4,577,111</u>
Less: Long term deferred revenue	2,227,004	-
	<u>2,401,083</u>	<u>4,577,111</u>

Young Women's Christian Association

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Notes to Financial Statements

December 31, 2019

9 Mortgages payable

	2019 \$	2018 \$
Semlin Gardens		
Peoples Trust Mortgage loan, bearing interest at 2.41% per annum with monthly repayments of \$6,445 commencing June 1, 2016 and maturing May 1, 2026 and amortized over a term of 15 years	772,053	830,171
Munroe House		
BC Housing mortgage loan, bearing interest at 1.14% per annum with monthly repayments of \$4,120 commencing July 1, 2016, maturing June 1, 2021 and amortized over a term of 14 years and 9 months	470,128	509,081
2nd mortgage: Peoples Trust mortgage loan, bearing interest at 2.76% per annum with monthly repayments of \$3,355 commencing July 1, 2015, maturing June 1, 2025 and amortized over a term of 35 years	831,349	848,545
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	1,957,946	2,027,569
2nd mortgage: Peoples Trust mortgage loan, bearing interest at 2.76% per annum with monthly repayments of \$468 commencing July 1, 2015, maturing June 1, 2025 and amortized over a term of 35 years	116,039	118,439
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	586,298	607,034
	<hr/>	<hr/>
	4,733,813	4,940,839
Less: Current portion	778,501	207,107
	<hr/>	<hr/>
	3,955,312	4,733,732

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

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Estimated principal repayments on the mortgages payable are as follows:

	\$
2020	778,501
2021	589,216
2022	164,280
2023	170,350
2024	176,669
Thereafter	<u>2,854,797</u>
	<u>4,733,813</u>

Interest on the mortgages in 2019 was \$169,870 (2018 – \$176,250).

10 Internally restricted funds

Internally restricted funds consist of the following:

	2018 \$	Transfer from \$	Transfer to \$	2019 \$
Endowment fund	2,205,686	-	-	2,205,686
Capital reserve	3,478,094	(344,625)	1,000,000	4,133,469
Legacy fund	568,801	-	-	568,801
Employment fund	2,680,174	-	-	2,680,174
Sustainability fund	164,634	-	179,694	344,328
COVID fund	-	-	2,450,000	2,450,000
	<u>9,097,389</u>	<u>(344,625)</u>	<u>3,629,694</u>	<u>12,382,458</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.

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Notes to Financial Statements

December 31, 2019

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 undesigned 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.

e) Board-Designated Sustainability Fund

The purpose of the Board Designated Sustainability Fund is to ensure the long-term sustainability and viability of YWCA programs and services by setting aside funds to support programs after 30 years, at a time when relationship based major gifts fundraising is expected to be non existent. Expenditures out of the fund will require the Board of Directors' approval.

f) Board-Designated COVID Fund

The purpose of the Board Designated COVID Fund is to set aside resources for future years and to mitigate the financial impact of the COVID-19 Pandemic on future years' operations. Expenditures out of the fund will require the Board of Directors' approval.

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11 Donor designated endowment funds

a) Managed by the Association

	Balance – Beginning of year \$	Endowment Contributions	Inflation adjustment \$	Balance – End of year \$
May Brown	87,156	22,040	1,307	110,503
Charles Delmar Hill	189,379	-	2,841	192,220
Jean Giles	53,123	1,687	797	55,607
Rudy & Patricia North	78,908	-	1,184	80,092
Grace Fisher	124,878	-	1,873	126,751
Daryl Bramall	39,184	-	588	39,772
Dan Hill	36,190	-	543	36,733
Rina Hoendrick	817,900	-	12,269	830,169
Caroline Dunn	-	27,000	-	27,000
Crabtree Corner endowment	250,000	-	3,750	253,750
Housing endowments	114,560	-	1,718	116,278
	<u>1,791,278</u>	<u>50,727</u>	<u>26,870</u>	<u>1,868,875</u>

The total investment (loss) income earned on resources held for endowment in the year amounts to \$253,845 (2018 – \$(10,862)).

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 North Growth Foundation 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.

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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.

The housing endowments were established for the future use of the housing projects in North Vancouver and the City of Vancouver. Income from investing the fund, net of an inflation adjustment, will be used to support these programs when they open.

The Crabtree Corner endowment was established at the end of 2018. Income from investing the fund, net of an inflation adjustment to the principal, will be used to support programs and services at Crabtree Corner.

The Caroline Dunn Endowment Fund was established in 2019. Income from investing the fund, net of an inflation adjustment to the principal, is used to support YWCA operations.

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, 2019 (2018 – \$403,225). Interest income from the fund in 2019 was \$31,692 (2018 – \$30,417).

Mary C. Jordan Economic Independence for Women 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, 2019 (2018 – \$40,000). Interest income from the fund in 2019 was \$1,961 (2018 – \$1,882).

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12 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% (2018 – 175%) of employee contributions. In 2019, the Association's pension expenses were \$1,221,800 (2018 – \$1,115,226).

The Association is one of 11 agencies that comprise the United Way of the Lower Mainland pension plan (the Plan). As of the last valuation at December 31, 2017, the Plan had a solvency deficit of \$10 million and a going concern excess of \$15.1 million.

13 Commitments

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

	\$
2020	2,536,754
2021	1,382,805
2022	1,307,729
2023	1,200,197
2024	273,000
	<u>6,700,485</u>

The Association has a commitment to pay the City of Vancouver the balance of \$1,256,000 in exchange for the 60-year leasehold on the units at Pacific Spirit housing.

The Association has a commitment to enter into a three-year lease with BH Centre Head Corp., with total lease payments of \$318,000, for the space at the former Bentall Athletic Club.

14 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.

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15 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 accounts receivable 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 and marketable equity securities. 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 5.

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 9.

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, 2019 are expected to be paid in accordance with the repayment schedules disclosed in notes 9 and 13.

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16 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 note 11. 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 is 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 9, the repayment of the debt is financed by BC Housing through an annual grant to the Association.

17 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 resources, IT, purchasing, marketing and central building costs. Fund development expenses are not included in head office support expenses. Head office support costs have been allocated to the following categories:

	2019	2018
	\$	\$
Hotel/residence	274,782	260,357
Health and fitness	712,960	663,046
Early Learning and Care Centres	257,908	196,005
Other community services	244,846	317,420
Government contracted programs	2,679,990	2,061,008
Fundraising	133,435	118,831
Events	35,102	30,795
	<hr/>	<hr/>
	4,339,023	3,647,462

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December 31, 2019

18 Supplemental information

Under the Homelessness Partnership Strategy funding agreements with Services Canada, the Association received \$nil (2018 – \$136,670) for the Pacific Spirit Terrace project. The Pacific Spirit Terrace project incurred expenditures of \$nil (2018 - \$60,528) during the year.

Under the FASD National Strategic Project Fund agreement with Public Health Agency Canada, the Association received \$62,659 (2018 - \$nil) for the Culturally Sensitive Awareness to Prevent FASD in Marginalized Communities project. This project incurred expenditures of \$62,659 (2018 – \$nil) during the year

19 Expenses for the year

	2019 \$	2018 \$
Salaries and benefits	19,483,917	16,646,103
Purchased services	5,255,183	4,418,107
Programming expenses and supplies	1,924,829	1,680,751
Building supplies, maintenance, insurance and utilities	2,586,160	2,420,487
Depreciation	1,340,872	1,202,856
Rental and occupancy costs	1,333,395	960,955
Telephone, fax, internet, postage and courier	345,173	300,687
Audit and legal fees	119,019	114,775
Equipment expense	822,808	525,741
Marketing and communications	148,070	237,992
Staff/volunteer expense	301,071	355,691
National and world allocation	127,153	136,098
Office and administration	387,268	365,545
	<hr/> 34,174,918	<hr/> 29,365,788

20 New Societies Act of British Columbia

Effective November 26, 2018, a new Societies Act came into force in British Columbia. The Association transitioned to the new Act in June 2018. Financial statements disclosure requirements are detailed below:

a) Remuneration paid to Directors

Directors received no remuneration for being a Director of or acting in another capacity with the Association.

b) Remuneration paid to highest paid employees and contractors

During the year, the Association paid a total of \$1,199,757 (2018 – \$1,065,411) in salaries to ten employees whose remuneration is \$75,000 (2018 – \$75,000) or more.

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c) Financial assistance

The Association did not provide any financial assistance outside the ordinary course of activities during the year.

21 Subsequent event

Subsequent to year-end, the health and fitness centre and the early learning and child care centres have been temporarily closed for health and safety reasons linked to the COVID-19 pandemic. Further, the hotel/residence operations have been dramatically reduced also due to the COVID-19 pandemic. The impacts to the Association are not determinable at this date, however this could have a material impact on the Association's financial position, results of operation and cash flows. The Association's liquidity and ability to continue as a going concern is not expected to be impacted.

Young Women's Christian Association

Ancillary Information

For the year ended December 31, 2019

Schedule of Revenue and Expenditures

	Crabtree Housing \$	Semlin Gardens \$	Fraser Gardens \$	Alder Gardens \$	Como Lake \$
Revenue					
BC Housing subsidy	111,335	75,708	174,434	132,306	78,972
BC Housing subsidy – NPAT subsidy	-	-	5,616	-	-
BC Housing subsidy – non- recurring maintenance	-	76,707	105,800	-	-
Rental revenue	75,122	195,285	133,648	223,066	190,692
Fortis BC Grant – non- recurring maintenance	-	-	18,000	-	-
Other revenue	-	175	10,836	2,870	5,066
	<u>186,457</u>	<u>347,875</u>	<u>448,334</u>	<u>358,242</u>	<u>274,730</u>
Expenditures					
Property taxes and licenses	2,701	23,292	-	-	-
Insurance	5,566	13,799	10,405	18,844	13,345
Utilities					
Heating and gas	2,496	10,593	7,856	-	-
Electricity/hydro	11,636	7,267	16,275	32,260	25,654
Water and sewer	3,045	13,406	8,970	8,614	24,600
Garbage removal	3,306	4,673	4,519	5,690	4,549
Maintenance					
Salaries and benefits	19,699	11,038	10,635	164,446	120,175
Building	17,110	39,896	35,572	59,328	37,222
Service contracts	5,504	6,186	7,043	17,927	9,231
Administration					
Salaries and benefits	243,922	42,794	40,214	33,480	24,549
Office overhead	5,612	5,305	5,453	9,080	6,123
Audit fee	3,100	3,100	3,100	3,100	3,100
Replacement reserve	-	24,192	-	25,920	21,600
Programs funding	7,159	3,709	4,123	15,859	3,150
Non-recurring maintenance	-	76,707	123,800	-	-
NPAT second mortgage payment	-	-	5,620	-	-
Mortgage payment	43,266	77,350	165,854	-	-
	<u>374,122</u>	<u>363,307</u>	<u>449,439</u>	<u>394,548</u>	<u>293,298</u>
Deficiency of revenue over expenditures	<u>(187,665)</u>	<u>(15,432)</u>	<u>(1,105)</u>	<u>(36,306)</u>	<u>(18,568)</u>

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Ancillary Information...continued

For the year ended December 31, 2019

Replacement reserve

	Semlin \$	Fraser Gardens \$	Crabtree \$	Como Lake \$	Alder Gardens \$	Total \$
Beginning	178,492	258,781	103,760	238,345	273,918	1,053,296
Contributions	24,193	-	-	21,600	25,920	71,713
Expenses	-	(2,508)	(1,964)	-	(1,495)	(5,967)
Interest allocation	9,817	14,233	5,707	13,109	15,065	57,931
Ending	<u>212,502</u>	<u>270,506</u>	<u>107,503</u>	<u>273,054</u>	<u>313,408</u>	<u>1,176,973</u>