

Young Women's Christian Association

(of Vancouver, British Columbia)

Financial Statements
December 31, 2013



May 14, 2014

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, 2013 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 Young Women's Christian Association (of Vancouver, British Columbia) as at December 31, 2013 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, 2013

	Operating Fund		Capital Fund		Total	
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
Assets						
Current assets						
Cash and cash equivalents	3,611,240	2,358,217	-	-	3,611,240	2,358,217
Short-term investments (note 3)	483,329	404,178	-	-	483,329	404,178
Accounts receivable	764,963	830,359	-	-	764,963	830,359
Prepays and inventory	340,656	233,039	-	-	340,656	233,039
Interfund balances	(1,878,842)	(1,039,039)	1,878,842	1,039,039	-	-
	3,321,346	2,786,754	1,878,842	1,039,039	5,200,188	3,825,793
Restricted cash and investments (notes 10, 11 and 19)						
	1,944,046	2,344,510	-	-	1,944,046	2,344,510
Long-term investments (note 3)						
	3,036,395	2,839,633	-	-	3,036,395	2,839,633
Property and equipment (note 4)						
	-	-	23,542,001	23,989,953	23,542,001	23,989,953
	8,301,787	7,970,897	25,420,843	25,028,992	33,722,630	32,999,889
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities (note 19)	1,577,181	2,127,993	-	-	1,577,181	2,127,993
Deferred revenue (note 6)	510,384	519,251	-	-	510,384	519,251
Current portion of capital leases payable (note 8)	-	-	29,479	40,170	29,479	40,170
Current portion of mortgage payable (note 7)	-	-	156,785	148,642	156,785	148,642
	2,087,565	2,647,244	186,264	188,812	2,273,829	2,836,056
Capital leases payable (note 8)						
	-	-	32,092	49,822	32,092	49,822
Mortgage payable (note 7)						
	-	-	4,759,123	4,915,916	4,759,123	4,915,916
Deferred revenue (note 6)						
	10,000	20,000	-	-	10,000	20,000
	2,097,565	2,667,244	4,977,479	5,154,550	7,075,044	7,821,794
Fund balances						
Unrestricted	161,207	2,261	-	-	161,207	2,261
Internally restricted	4,098,969	3,625,207	-	-	4,098,969	3,625,207
Externally restricted	621,524	443,978	-	-	621,524	443,978
Donor designated endowment funds	1,322,522	1,232,207	-	-	1,322,522	1,232,207
Capital funds	-	-	20,443,364	19,874,442	20,443,364	19,874,442
	6,204,222	5,303,653	20,443,364	19,874,442	26,647,586	25,178,095
	8,301,787	7,970,897	25,420,843	25,028,992	33,722,630	32,999,889

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, 2013

	Operating Fund		Capital Fund		Total	
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
Revenue						
Government contracted programs	12,464,367	10,268,894	540,038	140,979	13,004,405	10,409,873
Hotel/residence	3,164,897	3,248,715	-	-	3,164,897	3,248,715
Health and fitness	2,646,115	2,605,274	-	-	2,646,115	2,605,274
Donations	2,094,087	2,269,467	534,966	589,537	2,629,053	2,859,004
Early Learning and Care Centres	1,657,310	1,577,373	-	-	1,657,310	1,577,373
Other revenue	811,368	700,698	-	-	811,368	700,698
Investment income (note 3)	591,138	388,939	-	-	591,138	388,939
Events	379,141	333,498	231,909	280,856	611,050	614,354
Gaming revenue	52,000	52,000	-	-	52,000	52,000
	<u>23,860,423</u>	<u>21,444,858</u>	<u>1,306,913</u>	<u>1,011,372</u>	<u>25,167,336</u>	<u>22,456,230</u>
Expenses (note 18)						
Government contracted programs	12,320,982	10,586,152	-	-	12,320,982	10,586,152
Health and fitness	2,491,766	2,474,378	-	-	2,491,766	2,474,378
Hotel/residence	2,620,174	2,438,114	-	-	2,620,174	2,438,114
Early Learning and Care Centres	1,932,725	1,856,705	-	-	1,932,725	1,856,705
Other community services	1,749,332	1,661,226	-	-	1,749,332	1,661,226
Fundraising	1,130,607	1,019,177	-	-	1,130,607	1,019,177
Events	267,998	261,010	92,696	161,936	360,694	422,946
Head office	159,794	195,207	-	-	159,794	195,207
National and world allocation	98,872	101,591	-	-	98,872	101,591
Depreciation	-	-	894,573	928,931	894,573	928,931
	<u>22,772,250</u>	<u>20,593,560</u>	<u>987,269</u>	<u>1,090,867</u>	<u>23,759,519</u>	<u>21,684,427</u>
Excess (deficiency) of revenue over expenses	<u>1,088,173</u>	<u>851,298</u>	<u>319,644</u>	<u>(79,495)</u>	<u>1,407,817</u>	<u>771,803</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, 2013

					Operating Fund		Capital Fund	2013	2012
	Unrestricted	Internally restricted	Externally restricted	Donor designated endowment funds	Total		Total	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	
		(note 9)	(note 10)	(note 11(a))					
Fund balances - Beginning of year	2,261	3,625,207	443,978	1,232,207	5,303,653	19,874,442	25,178,095	24,405,692	
Excess of revenue over expenses	881,986	-	177,546	28,641	1,088,173	319,644	1,407,817	771,803	
Transfer to internally restricted funds (note 9)	(616,043)	473,762	-	-	(142,281)	142,281	-	-	
Endowment contributions (note 11(a))	-	-	-	61,674	61,674	-	61,674	600	
Transfer to Capital Fund - Repayment of capital leases payable and interfund loan	(106,997)	-	-	-	(106,997)	106,997	-	-	
Fund balances - End of year (note 16)	161,207	4,098,969	621,524	1,322,522	6,204,222	20,443,364	26,647,586	25,178,095	

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

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Statement of Cash Flows

For the year ended December 31, 2013

	2013 \$	2012 \$
Cash flows from operating activities		
Excess of revenue over expenses	1,407,817	771,803
Items not affecting cash		
Depreciation	894,572	928,931
Writeoff on disposal of property and equipment	-	16,447
Realized gain and change in unrealized gain on investments	(398,836)	(212,879)
	<u>1,903,553</u>	<u>1,504,302</u>
Net change in non-cash working capital balances, excluding current portion of long-term debt and capital leases payable	(611,899)	745,706
	<u>1,291,654</u>	<u>2,250,008</u>
Cash flows from financing activities		
Repayment of mortgage payable	(148,649)	(140,981)
Proceeds from capital leases	12,117	27,177
	<u>(136,532)</u>	<u>(113,804)</u>
Cash flows from investing activities		
(Increase) decrease in short-term investments	(79,151)	427,210
Endowment contributions and interest	61,674	600
Decrease (increase) in long-term investments	202,074	(478,940)
Purchase of property and equipment	(446,620)	(1,207,300)
Decrease (increase) in restricted cash and investments	400,464	(717,530)
Repayment of capital leases	(40,538)	(67,875)
	<u>97,903</u>	<u>(2,043,835)</u>
Increase in cash and cash equivalents	1,253,025	92,369
Cash and cash equivalents - Beginning of year	2,358,217	2,265,848
Cash and cash equivalents - End of year	<u>3,611,242</u>	<u>2,358,217</u>
Supplementary information		
Interest paid	<u>260,604</u>	<u>272,747</u>

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, 2013

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 \$1,878,842 (2012 - \$1,039,039) 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 \$188,080 (2012 - \$266,656) 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 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.

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Notes to Financial Statements

December 31, 2013

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 785 volunteers contributed over 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 receipted donations totalling \$155,406 (2012 - \$220,768) 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 highly liquid short term investments with a maturity at the date of purchase of three months or less.

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.

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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 organization (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.

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Notes to Financial Statements

December 31, 2013

3 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.

	2013	2012
	\$	\$
T-bills (Canadian and US\$)	483,329	404,178
Bonds	2,582,557	2,414,960
Equities		
Canadian	1,167,367	1,011,151
International	1,230,517	1,089,707
	<hr/> 5,463,770	<hr/> 4,919,996
Less:		
Restricted investments (notes 10 and 11)	1,944,046	1,676,185
Short-term investments	483,329	404,178
	<hr/> 3,036,395	<hr/> 2,839,633

Investment income comprises:

	2013	2012
	\$	\$
Dividend and interest income	192,302	176,060
Realized gain and change in unrealized gain	398,836	212,879
	<hr/> 591,138	<hr/> 388,939

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Notes to Financial Statements

December 31, 2013

4 Property and equipment

	2013		
	Cost	Accumulated	Net
	\$	depreciation	\$
		\$	
Land - Beatty Street	2,500,000	-	2,500,000
Land - Langley Fraser Gardens	565,000	-	565,000
Buildings			
Hornby Street (a)	3,013,172	1,084,977	1,928,195
Beatty Hotel/Residence (b)	11,256,542	5,726,818	5,529,724
Semlin Gardens (c) and (e)	3,791,103	1,929,740	1,861,363
Fraser Gardens (f)	3,223,472	1,172,399	2,051,073
Munroe House (d) and (e)	1,518,589	746,313	772,276
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
	39,365,342	15,823,341	23,542,001
			2012
	Cost	Accumulated	Net
	\$	depreciation	\$
		\$	
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
	38,948,268	14,958,315	23,989,953

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- 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 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 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 \$185,019 (2012 - \$171,282) (note 8), with accumulated depreciation of \$155,674 (2012 - \$147,027).
- 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.

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5 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.

6 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:

	2013	2012
	\$	\$
Fees and other income received in advance		
Health and fitness	4,836	98
Government contracted programs and other	326,495	344,911
Fundraising and events received in advance	163,150	182,073
Hotel deposits	25,903	12,169
	<hr/>	<hr/>
	520,384	539,251
Less: Short-term deferred revenue	510,384	519,251
	<hr/>	<hr/>
Long-term deferred revenue	10,000	20,000
	<hr/>	<hr/>

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7 Mortgage payable

	2013 \$	2012 \$
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	1,200,702	1,249,577
Munroe House		
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	685,842	716,908
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	2,329,592	2,381,757
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 10 years	699,772	716,316
	<u>4,915,908</u>	<u>5,064,558</u>
Less: Current portion	156,785	148,642
	<u>4,759,123</u>	<u>4,915,916</u>

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

Estimated principal repayments on the mortgage payable are as follows:

	\$
December 31	
2014	156,785
2015	165,448
2016	174,667
2017	184,483
2018	194,937
Thereafter	<u>4,039,588</u>
	<u>4,915,908</u>

Interest on the mortgage in 2013 was \$258,358 (2012 - \$266,027).

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8 Capital leases payable

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

	\$
2014	32,716
2015	27,967
2016	7,792
	<hr/>
	68,475
Less: Imputed interest at 5.25%	6,904
	<hr/>
	61,571
Less: Current portion	29,479
	<hr/>
	32,092
	<hr/>

9 Internally restricted funds

Internally restricted funds consist of the following:

					2013	2012
	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	1,008,080	319,050	159,077	3,625,207	3,082,741
Disbursement/transfer from internally restricted funds	-	(298,223)	(108,998)	-	(407,221)	(135,661)
Transfer to internally restricted funds	-	500,000	40,060	340,923	880,983	678,127
Reserve balance - End of year	<hr/> 2,139,000	<hr/> 1,209,857	<hr/> 250,112	<hr/> 500,000	<hr/> 4,098,969	<hr/> 3,625,207

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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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.

10 Externally restricted funds

Externally restricted funds consist of the following:

	2013	2012
	\$	\$
Semlin Gardens Replacement and Maintenance Reserve	78,197	102,187
Fraser Gardens Replacement and Maintenance Reserve	231,957	190,094
Crabtree Housing Replacement and Maintenance Reserve	107,171	106,337
Alder Gardens Replacement and Maintenance Reserve	108,061	25,920
Como Lake Gardens Replacement and Maintenance Reserve	96,138	19,440
	<hr/>	<hr/>
	621,524	443,978
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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 annually (2012 - \$24,264) 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 \$52,341 (2012 - \$48,033). Interest of \$4,087 (2012 - \$nil) has been attributed to the fund.

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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 annually (2012 - \$24,048) 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 \$2,604 (2012 - \$17,640). During the year, BC Housing reviewed the prior year returns and approved an adjustment of \$12,815, which has been reflected in the current year. Interest of \$7,604 (2012 \$nil) 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 annually (2012 - \$12,600) 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 \$16,019 (2012 - \$184). Interest of \$4,253 (2012 - \$nil) 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 annually (2012 - \$25,920) as a replacement and maintenance reserve. The amount for 2012 of \$25,920 represents 10 months of operations. During the year, BC Housing approved an additional allocation of \$50,000 to the reserve fund. This reserve amount is appropriated from the Operating Fund balance. Interest of \$1,037 (2012 - \$nil) 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 annually (2012 - \$19,440) as a replacement and maintenance reserve. The amount for 2012 of \$19,440 represents nine months of operations. During the year, BC Housing approved an additional allocation of \$50,000 to the reserve fund. This reserve amount is appropriated from the Operating Fund balance. Interest of \$778 (2012 - \$nil) has been attributed to the fund.

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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	79,050	-	1,186	80,236
Charles and Adeliene Hill	173,195	-	2,598	175,793
Jean Giles	47,425	-	711	48,136
Rudy and Patricia North	72,165	-	1,082	73,247
Ralph and Grace Fisher	114,207	-	1,713	115,920
Daryl Bramall	35,834	-	538	36,372
Dan Hill	33,098	-	496	33,594
Rina Maria Bidin	677,233	61,674	20,317	759,224
	<u>1,232,207</u>	<u>61,674</u>	<u>28,641</u>	<u>1,322,522</u>

The total investment income earned on resources held for endowment in the year amounts to \$159,075 (2012 - \$89,143 gain), of which \$130,435 (2012 - \$81,220 gain) 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.

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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, 2013 (2012 - \$403,225). Interest income from the fund in 2013 was \$24,184 (2012 - \$23,717).

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, 2013 (2012 - \$40,000). Interest income from the fund in 2013 was \$1,497 (2012 - \$1,647).

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% (2012 - 175%) of employee contributions. In 2013, the Association's pension expenses were \$956,218 (2012 - \$870,466).

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 has filed and has been granted an application with the Financial Institution Commission (FICom) to extend the solvency amortization period from 7 to 10 years. This extension allows the Plan to meet its required contribution. The next actuarial valuation will be for December 31, 2013 and will be completed and filed in the fall of 2014.

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13 Commitments

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

	\$
2014	645,725
2015	650,902
2016	641,536
2017	275,460
2018	101,717

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

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 mortgage 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.

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 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 3.

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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 7.

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 9). Contractual obligation payments related to financial liabilities as at December 31, 2013 are expected to be paid in accordance with the repayment schedules disclosed in notes 7, 8 and 13.

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 notes 10 and 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 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 9. 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 7, the repayment of the debt is financed by BCHMC through an annual grant to the Association.

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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 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:

	2013 \$	2012 \$
Government contracted programs	1,489,116	819,392
Health and fitness	523,027	561,176
Hotel	175,443	183,771
Early Learning and Care Centres	170,342	176,092
Other community services	149,126	150,068
Donations	85,253	78,817
Events	19,669	19,706
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	2,611,976	1,989,022

18 Supplemental information

Expenses for the year comprise:

	2013 \$	2012 \$
Salaries	11,551,110	10,788,671
Benefits	2,157,532	1,976,543
Purchased services	3,890,448	2,987,785
Program supplies	1,249,977	1,056,482
Building supplies, maintenance, insurance and utilities	1,743,322	1,560,779
Depreciation	894,572	928,931
Rental and occupancy costs	671,080	613,385
Telephone, fax, internet, postage and courier	297,057	297,271
Professional fees	155,127	144,606
Equipment	243,865	493,659
Cost of events	172,619	200,916
Marketing and communications	187,132	176,218
Staff/volunteer	194,182	197,031
National and world allocation	98,872	101,590
Office and administration	252,624	160,560
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	23,759,519	21,684,427

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19 Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are amounts payable to the Province of British Columbia totalling \$nil (2012 - \$668,925) representing funds to be used as financial support for WorkBC clients. The funds of \$668,325 were included under restricted cash and investments in 2012.

Also included in accounts payable and accrued liabilities are government remittances due totalling \$30,761 (2012 - \$28,990).

20 Comparative figures

Certain comparative statement of revenues and expenses figures have been reclassified to conform with the current year presentation.