

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

Financial Statements
December 31, 2015



May 10, 2016

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, 2015 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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"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, 2015 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 Professional Accountants

Young Women's Christian Association

(of Vancouver, British Columbia)

Balance Sheet

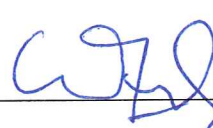
As at December 31, 2015

| | Operating Fund | | Capital Fund | | Total | |
|--|----------------|-------------|--------------|------------|------------|------------|
| | 2015 \$ | 2014 \$ | 2015 \$ | 2014 \$ | 2015 \$ | 2014 \$ |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents (note 3) | 6,824,477 | 5,695,667 | - | - | 6,824,477 | 5,695,667 |
| Short-term investments (note 4) | 1,189,833 | 1,177,573 | - | - | 1,189,833 | 1,177,573 |
| Accounts receivable | 2,135,778 | 1,345,639 | - | - | 2,135,778 | 1,345,639 |
| Prepays and inventory | 244,796 | 284,922 | - | - | 244,796 | 284,922 |
| Interfund balances | (2,765,490) | (3,003,080) | 2,765,490 | 3,003,080 | - | - |
| | 7,629,394 | 5,500,721 | 2,765,490 | 3,003,080 | 10,394,884 | 8,503,801 |
| Restricted investments (notes 11 and 12) | 2,183,119 | 2,067,469 | - | - | 2,183,119 | 2,067,469 |
| Long-term investments (note 4) | 3,682,937 | 3,514,242 | - | - | 3,682,937 | 3,514,242 |
| Property and equipment (note 5) | - | - | 26,955,342 | 23,645,820 | 26,955,342 | 23,645,820 |
| | 13,495,450 | 11,082,432 | 29,720,832 | 26,648,900 | 43,216,282 | 37,731,332 |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable and accrued liabilities | 3,027,509 | 1,942,012 | - | - | 3,027,509 | 1,942,012 |
| Deferred revenue (note 7) | 1,641,379 | 1,230,392 | - | - | 1,641,379 | 1,230,392 |
| Current portion of capital leases payable (note 9) | - | - | 39,238 | 56,734 | 39,238 | 56,734 |
| Current portion of mortgages payable (note 8) | - | - | 192,826 | 165,448 | 192,826 | 165,448 |
| | 4,668,888 | 3,172,404 | 232,064 | 222,182 | 4,900,952 | 3,394,586 |
| Capital leases payable (note 9) | - | - | 75,479 | 120,053 | 75,479 | 120,053 |
| Mortgages payable (note 8) | - | - | 5,423,496 | 4,593,674 | 5,423,496 | 4,593,674 |
| | 4,668,888 | 3,172,404 | 5,731,039 | 4,935,909 | 10,399,927 | 8,108,313 |
| Fund balances | | | | | | |
| Unrestricted | 616,137 | 597,311 | - | - | 616,137 | 597,311 |
| Internally restricted | 6,027,306 | 5,245,248 | - | - | 6,027,306 | 5,245,248 |
| Externally restricted | 819,229 | 724,128 | - | - | 819,229 | 724,128 |
| Donor designated endowment funds | 1,363,890 | 1,343,341 | - | - | 1,363,890 | 1,343,341 |
| Capital funds | - | - | 23,989,793 | 21,712,991 | 23,989,793 | 21,712,991 |
| | 8,826,562 | 7,910,028 | 23,989,793 | 21,712,991 | 32,816,355 | 29,623,019 |
| | 13,495,450 | 11,082,432 | 29,720,832 | 26,648,900 | 43,216,282 | 37,731,332 |

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, 2015

| | Operating Fund | | Capital Fund | | Total | |
|--|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | 2015 \$ | 2014 \$ | 2015 \$ | 2014 \$ | 2015 \$ | 2014 \$ |
| Revenue | | | | | | |
| Government contracted programs (note 19) | 13,201,176 | 13,481,661 | 985,921 | 387,260 | 14,187,097 | 13,868,921 |
| Donations | 3,040,338 | 2,668,506 | 2,030,390 | 1,305,136 | 5,070,728 | 3,973,642 |
| Hotel/residence | 3,869,906 | 3,615,057 | - | - | 3,869,906 | 3,615,057 |
| Health and fitness | 2,686,812 | 2,702,608 | - | - | 2,686,812 | 2,702,608 |
| Early Learning and Care Centres | 1,602,959 | 1,577,666 | - | - | 1,602,959 | 1,577,666 |
| Other revenue | 875,699 | 772,523 | - | - | 875,699 | 772,523 |
| Investment income (note 4) | 432,472 | 657,624 | - | - | 432,472 | 657,624 |
| Events | 522,810 | 416,238 | - | 228,131 | 522,810 | 644,369 |
| Gaming revenue | 52,000 | 52,000 | - | - | 52,000 | 52,000 |
| | <u>26,284,172</u> | <u>25,943,883</u> | <u>3,016,311</u> | <u>1,920,527</u> | <u>29,300,483</u> | <u>27,864,410</u> |
| Expenses (note 19) | | | | | | |
| Government contracted programs | 13,426,333 | 12,983,212 | - | - | 13,426,333 | 12,983,212 |
| Hotel/residence | 2,849,601 | 2,570,099 | - | - | 2,849,601 | 2,570,099 |
| Health and fitness | 2,611,569 | 2,565,026 | - | - | 2,611,569 | 2,565,026 |
| Other community services | 2,353,893 | 2,123,623 | - | - | 2,353,893 | 2,123,623 |
| Early Learning and Care Centres | 2,022,942 | 1,876,553 | - | - | 2,022,942 | 1,876,553 |
| Fundraising | 1,242,049 | 1,125,938 | - | - | 1,242,049 | 1,125,938 |
| Depreciation | - | - | 911,083 | 947,821 | 911,083 | 947,821 |
| Events | 349,834 | 306,367 | - | 89,782 | 349,834 | 396,149 |
| Head office | 228,258 | 196,982 | - | - | 228,258 | 196,982 |
| National and world allocation | 111,985 | 104,554 | - | - | 111,985 | 104,554 |
| | <u>25,196,464</u> | <u>23,852,354</u> | <u>911,083</u> | <u>1,037,603</u> | <u>26,107,547</u> | <u>24,889,957</u> |
| Excess of revenue over expenses | <u>1,087,708</u> | <u>2,091,529</u> | <u>2,105,228</u> | <u>882,924</u> | <u>3,192,936</u> | <u>2,974,453</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, 2015

| | 2015 | | | | | 2014 | |
|---|-----------------|------------------------------------|------------------------------------|--|-----------|--------------|------------|
| | Total | | | | | Total | Total |
| | Operating Fund | | | | | Capital Fund | |
| | Unrestricted \$ | Internally restricted \$ (note 10) | Externally restricted \$ (note 11) | Donor designated endowment funds \$ (note 12(a)) | Total \$ | | |
| Fund balances - Beginning of year | 597,311 | 5,245,248 | 724,128 | 1,343,341 | 7,910,028 | 21,712,991 | 26,647,586 |
| Excess of revenue over expenses | 972,458 | - | 95,101 | 20,149 | 1,087,708 | 2,105,228 | 2,974,453 |
| Endowment contributions (note 12(a)) | - | - | - | 400 | 400 | - | 980 |
| Transfer to internally restricted funds (note 10) | (782,058) | 782,058 | - | - | - | - | - |
| Transfer to Capital Fund - Repayment of capital leases payable and interfund loan | (171,574) | - | - | - | (171,574) | 171,574 | - |
| Fund balances - End of year (note 17) | 616,137 | 6,027,306 | 819,229 | 1,363,890 | 8,826,562 | 23,989,793 | 29,623,019 |

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, 2015

| | 2015 \$ | 2014 \$ |
|--|-------------|-------------|
| Cash flows from operating activities | | |
| Excess of revenue over expenses | 3,192,936 | 2,974,453 |
| Items not affecting cash | | |
| Depreciation | 911,083 | 947,821 |
| Writeoff capital assets disposed | 4,434 | - |
| Realized gain and change in unrealized gain on investments | (190,401) | (436,358) |
| | 3,918,052 | 3,485,916 |
| Net change in non-cash working capital balances, excluding current portion of mortgages payable and capital leases payable | 746,470 | 549,903 |
| | 4,664,522 | 4,035,819 |
| Cash flows from financing activities | | |
| Repayment of mortgages payable | (174,291) | (156,793) |
| Proceeds from capital leases | - | 167,622 |
| | (174,291) | 10,829 |
| Cash flows from investing activities | | |
| Repayment of capital leases | (62,070) | (52,406) |
| Increase in short-term investments | (12,261) | (694,243) |
| Increase in restricted investments | (115,650) | (123,423) |
| Endowment contributions and interest | 400 | 980 |
| (Increase) decrease in long-term investments | 21,707 | (41,489) |
| Purchase of property and equipment | (3,193,547) | (1,051,640) |
| | (3,361,421) | (1,962,221) |
| Increase in cash and cash equivalents | 1,128,810 | 2,084,427 |
| Cash and cash equivalents - Beginning of year | 5,695,667 | 3,611,240 |
| Cash and cash equivalents - End of year | 6,824,477 | 5,695,667 |
| Supplementary information | | |
| Interest paid | 258,595 | 267,702 |

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, 2015

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 \$2,765,490 (2014 - \$3,003,080) 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 \$nil (2014 - \$109,504) between the Operating Fund and the Capital Fund. This loan was non-interest bearing and was repaid by the end of 2015.

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

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Notes to Financial Statements

December 31, 2015

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

Non-cash donations

As part of its programs, the Association receives non-cash donations consisting primarily of food, clothing and toys, which it distributes to families participating in its programs, and goods for sale at the Thrift Shop. Tax receipted donations totalling \$193,383 (2014 - \$172,387) 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

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Notes to Financial Statements

December 31, 2015

Property and equipment

Property and equipment are recorded at cost. Depreciation is provided on a declining balance basis 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, 2015

3 Cash and cash equivalents

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

| | 2015 \$ | 2014 \$ |
|----------------------------|------------------|------------------|
| Cash on deposit | 1,458,886 | 1,975,734 |
| Premium investment account | 5,365,591 | 3,719,933 |
| | <u>6,824,477</u> | <u>5,695,667</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.

| | 2015 \$ | 2014 \$ |
|--|------------------|------------------|
| T-bills (Canadian and US\$) | 1,189,833 | 1,177,573 |
| Bonds | 3,275,612 | 3,010,884 |
| Equities | | |
| Canadian | 1,131,911 | 1,192,385 |
| International | 1,458,533 | 1,378,442 |
| | <u>7,055,889</u> | <u>6,759,284</u> |
| Less: | | |
| Restricted investments (notes 11 and 12) | 2,183,119 | 2,067,469 |
| Short-term investments | 1,189,833 | 1,177,573 |
| | <u>3,682,937</u> | <u>3,514,242</u> |

Investment income comprises:

| | 2015 \$ | 2014 \$ |
|---|----------------|----------------|
| Dividend and interest income | 242,071 | 221,266 |
| Realized gain and change in unrealized gain | 190,401 | 436,358 |
| | <u>432,472</u> | <u>657,624</u> |

Young Women's Christian Association

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Notes to Financial Statements

December 31, 2015

5 Property and equipment

| | 2015 | | |
|---|-------------------|-----------------------------------|-------------------|
| | Cost \$ | Accumulated depreciation \$ | Net \$ |
| Land and buildings | | | |
| Hornby Street (a) | 3,013,172 | 1,236,148 | 1,777,024 |
| Beatty Hotel/Residence (b) | 13,756,542 | 6,160,349 | 7,596,193 |
| Semlin Gardens (c) | 3,791,103 | 2,075,671 | 1,715,432 |
| Munroe House (d) | 2,423,739 | 806,859 | 1,616,880 |
| Fraser Gardens (e) | 3,914,812 | 1,333,203 | 2,581,609 |
| Crabtree Corner (f) | 6,226,398 | 2,413,501 | 3,812,897 |
| Emma's (g) | 976,207 | 311,418 | 664,789 |
| Leasehold equity interest - buildings (h) | 2,030,625 | 138,528 | 1,892,097 |
| Leasehold improvements | 227,555 | 214,443 | 13,112 |
| Furniture and equipment (i) | 3,389,973 | 2,412,872 | 977,101 |
| Computer equipment | 433,362 | 421,290 | 12,072 |
| Properties under development (j) | 4,296,136 | - | 4,296,136 |
| | <u>44,479,624</u> | <u>17,524,282</u> | <u>26,955,342</u> |
| | 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) | 3,791,103 | 2,004,195 | 1,786,908 |
| Munroe House (d) | 1,518,589 | 777,204 | 741,385 |
| Fraser Gardens (e) | 3,788,472 | 1,254,442 | 2,534,030 |
| Crabtree Corner (f) | 6,226,398 | 2,254,630 | 3,971,768 |
| Emma's (g) | 976,207 | 283,718 | 692,489 |
| Leasehold equity interest - buildings (h) | 2,030,625 | 99,914 | 1,930,711 |
| Leasehold improvements | 227,555 | 211,164 | 16,391 |
| Furniture and equipment (i) | 3,390,622 | 2,284,004 | 1,106,618 |
| Computer equipment | 433,362 | 348,218 | 85,144 |
| Properties under development (j) | 1,120,774 | - | 1,120,774 |
| | <u>40,273,421</u> | <u>16,627,601</u> | <u>23,645,820</u> |

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- 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.

The land for Semlin Gardens buildings is leased for a period of 60 years without charge to the Association from the City of Vancouver and expiring in 2056. The land use is restricted to social housing and cannot be sold or subleased by the Association.

- d) Munroe House is a 10-unit transition home for battered women and their children.
- e) Fraser Gardens is a low-income social housing project for single mothers and their children in Langley.
- f) 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.
- g) 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.
- h) 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.
- i) Included in furniture and equipment is equipment under capital lease of \$209,079 (2014 - \$209,079) (note 9), with accumulated depreciation of \$83,126 (2014 - \$39,238).
- j) 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.

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Notes to Financial Statements

December 31, 2015

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:

| | 2015 \$ | 2014 \$ |
|--|------------|------------|
| Fees and other income received in advance | | |
| Health and fitness | 13,497 | 13,253 |
| Government contracted programs and other | 1,130,563 | 732,274 |
| Fundraising and events received in advance | 461,514 | 458,692 |
| Hotel deposits | 35,805 | 26,173 |
| | <hr/> | <hr/> |
| | 1,641,379 | 1,230,392 |

Young Women's Christian Association

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Notes to Financial Statements

December 31, 2015

8 Mortgages payable

| | 2015 \$ | 2014 \$ |
|--|------------------|------------------|
| 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 | 1,090,261 | 1,147,712 |
| 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 | 621,232 | 653,959 |
| 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 | 897,392 | - |
| 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 | 2,217,423 | 2,274,857 |
| 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 | 125,257 | - |
| 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 | 664,757 | 682,594 |
| | 5,616,322 | 4,759,122 |
| Less: Current portion | 192,826 | 165,448 |
| | <u>5,423,496</u> | <u>4,593,674</u> |

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:

| | \$ |
|-------------|------------------|
| December 31 | |
| 2016 | 192,826 |
| 2017 | 203,146 |
| 2018 | 214,119 |
| 2019 | 225,791 |
| 2020 | 238,212 |
| Thereafter | <u>4,542,228</u> |
| | <u>5,616,322</u> |

Interest on the mortgages in 2015 was \$255,660 (2014 - \$250,219).

9 Capital leases payable

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

| | \$ |
|---------------------------------|---------------|
| 2016 | 49,143 |
| 2017 | 41,352 |
| 2018 | 41,352 |
| 2019 | <u>3,444</u> |
| | 135,291 |
| Less: Imputed interest at 5.25% | <u>20,574</u> |
| | 114,717 |
| Less: Current portion | <u>39,238</u> |
| | <u>75,479</u> |

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10 Internally restricted funds

Internally restricted funds consist of the following:

| | 2015 | | | | 2014 | |
|---|---|---|---|---|-------------|-------------|
| | 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 | 1,839,636 | 266,612 | 1,000,000 | 5,245,248 | 4,098,969 |
| Disbursement/transfer from internally restricted funds | - | (92,385) | - | - | (92,385) | (255,721) |
| Transfer to internally restricted funds | - | 455,785 | 118,658 | 300,000 | 874,443 | 1,402,000 |
| Reserve balance - End of year | 2,139,000 | 2,203,036 | 385,270 | 1,300,000 | 6,027,306 | 5,245,248 |

a) Board-Designated Endowment Fund

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

b) Board-Designated Capital Repair and Replacement Reserve

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

c) Board-Designated 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.

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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:

| | 2015 \$ | 2014 \$ |
|---|------------|------------|
| Semlin Gardens Replacement and Maintenance Reserve | 109,143 | 86,017 |
| Fraser Gardens Replacement and Maintenance Reserve | 252,487 | 248,308 |
| Crabtree Housing Replacement and Maintenance Reserve | 123,532 | 120,412 |
| Alder Gardens Replacement and Maintenance Reserve | 178,773 | 143,487 |
| Como Lake Gardens Replacement and Maintenance Reserve | 155,294 | 125,904 |
| | <hr/> | <hr/> |
| | 819,229 | 724,128 |

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 (2014 - \$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 \$3,546 (2014 - \$19,572). Interest of \$2,408 (2014 - \$3,128) has been attributed to the fund.

b) Fraser Gardens Replacement and Maintenance Reserve

Under the mortgage agreement with BC Housing, the Association is required to set aside an amount of \$nil (2014 - \$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 \$2,774 (2014 - \$16,976). Interest of \$6,953 (2014 - \$9,278) 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 \$nil (2014 - \$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 \$252 (2014 - \$3,645). Interest of \$3,372 (2014 - \$4,287) has been attributed to the fund.

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d) Alder Gardens Replacement and Maintenance Reserve

Under the mortgage agreement with BC Housing, the Association is required to set aside an amount of \$31,268 (2014 - \$31,104) annually as a replacement and maintenance reserve. This reserve amount is appropriated from the Operating Fund balance. Interest of \$4,018 (2014 - \$4,322) 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 \$25,865 (2014 - \$25,920) annually as a replacement and maintenance reserve. This reserve amount is appropriated from the Operating Fund balance. Interest of \$3,525 (2014 - \$3,846) has been attributed to the fund.

12 Donor designated endowment funds

a) Managed by the Association

| | Balance - Beginning of year \$ | Endowment contributions \$ | Inflation adjustment \$ | Balance - End of year \$ |
|---------------------------|---|----------------------------------|-------------------------------|-----------------------------------|
| May Brown | 81,920 | 200 | 1,229 | 83,349 |
| Charles and Adeliene Hill | 178,430 | - | 2,676 | 181,106 |
| Jean Giles | 49,358 | 200 | 740 | 50,298 |
| Rudy and Patricia North | 74,346 | - | 1,115 | 75,461 |
| Ralph and Grace Fisher | 117,659 | - | 1,765 | 119,424 |
| Daryl Bramall | 36,918 | - | 554 | 37,472 |
| Dan Hill | 34,098 | - | 511 | 34,609 |
| Rina Maria Bidin | 770,612 | - | 11,559 | 782,171 |
| | <u>1,343,341</u> | <u>400</u> | <u>20,149</u> | <u>1,363,890</u> |

The total investment income earned on resources held for endowment in the year amounts to \$97,996 (2014 - \$158,091 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.

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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.

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, 2015 (2014 - \$403,225). Interest income from the fund in 2015 was \$26,324 (2014 - \$25,011).

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, 2015 (2014 - \$40,000). Interest income from the fund in 2015 was \$1,629 (2014 - \$1,548).

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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% (2014 - 175%) of employee contributions. In 2015, the Association's pension expenses were \$1,029,661 (2014 - \$966,986).

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, 2013, the Plan had a solvency deficit of \$4.2 million, and a going concern excess of \$4.9 million.

14 Commitments

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

| | \$ |
|---------------------|---------|
| 2016 | 696,593 |
| 2017 | 502,803 |
| 2018 | 341,717 |
| 2019 | 225,000 |
| 2020 | 225,000 |
| 2021 and thereafter | 318,750 |

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.

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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 4.

Interest rate risk

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

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due. The Association's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flow generated from operations to fund the operations and settle debt and liabilities when due. The Association also maintains reserves to mitigate this risk (note 10). Contractual obligation payments related to financial liabilities as at December 31, 2015 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 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.

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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.

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:

| | 2015 \$ | 2014 \$ |
|---------------------------------|------------|------------|
| Hotel/residence | 192,010 | 181,875 |
| Health and fitness | 569,056 | 545,497 |
| Early Learning and Care Centres | 183,716 | 169,126 |
| Other community services | 203,709 | 175,523 |
| Government contracted programs | 1,716,598 | 1,586,225 |
| Fundraising | 92,773 | 90,780 |
| Events | 30,333 | 22,696 |
| | <hr/> | <hr/> |
| | 2,988,195 | 2,771,722 |

19 Supplemental information

- a) Under the Homelessness Partnership Strategy funding agreements with Services Canada, the Association received \$800,000 (2014 - \$202,973) for the Cause We Care project and \$55,885 (2014 - \$82,885) for the Clean State program during the year. The Cause We Care project incurred expenditures of \$3,089,833 (2014 - \$539,341) during the year, and the Clean State program incurred expenditures of \$95,239 (2014 - \$108,056) during the year.

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b) Expenses for the year comprise:

| | 2015 \$ | 2014 \$ |
|---|------------|------------|
| Salaries | 12,656,633 | 11,916,167 |
| Benefits | 2,344,154 | 2,214,557 |
| Purchased services | 4,501,236 | 4,523,452 |
| Program supplies | 1,195,285 | 1,068,517 |
| Building supplies, maintenance, insurance and utilities | 1,715,412 | 1,511,842 |
| Depreciation | 911,083 | 947,821 |
| Rental and occupancy costs | 890,504 | 709,386 |
| Telephone, fax, internet, postage and courier | 321,440 | 348,580 |
| Professional fees | 127,275 | 105,392 |
| Equipment | 406,103 | 522,678 |
| Cost of events | 169,566 | 175,263 |
| Marketing and communications | 220,046 | 180,159 |
| Staff/volunteer | 240,355 | 220,520 |
| National and world allocation | 111,985 | 104,554 |
| Office and administration | 296,470 | 341,069 |
| | <hr/> | <hr/> |
| | 26,107,547 | 24,889,957 |