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

Financial Statements
December 31, 2017

May 8, 2018

Independent Auditor's Report

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

Report on the financial statements

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, 2017 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, 2017 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 British Columbia Societies Act, 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, 2017

	Operating Fund		Capital Fund		Total	
	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $
Assets						
Current assets						
Cash and cash equivalents (note 3)	6,172,611	6,858,726	-	-	6,172,611	6,858,726
Short-term investments (note 4)	1,045,421	955,519	-	-	1,045,421	955,519
Accounts receivable	1,497,126	1,747,626	-	-	1,497,126	1,747,626
Prepaids and inventory	260,183	257,112	-	-	260,183	257,112
Interfund balances	(989,291)	(702,692)	989,291	702,692	-	-
	7,986,050	9,116,291	989,291	702,692	8,975,341	9,818,983
Restricted investments	2,431,884	2,267,357	-	-	2,431,884	2,267,357
Long-term investments (note 4)	4,487,310	4,207,836	-	-	4,487,310	4,207,836
Property and equipment (note 5)	-	-	34,124,638	30,732,589	34,124,638	30,732,589
	14,905,244	15,591,484	35,113,929	31,435,281	50,019,173	47,026,765
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	2,496,729	3,864,821	-	-	2,496,729	3,864,821
Deferred revenue (note 7)	1,322,485	1,317,818	-	-	1,322,485	1,317,818
Current portion of capital leases payable	-	-	33,844	32,208	33,844	32,208
Current portion of mortgages payable (note 8)	-	-	200,725	194,469	200,725	194,469
	3,819,214	5,182,639	234,569	226,677	4,053,783	5,409,316
Capital leases payable		-	-	38,557	-	38,557
Mortgages payable (note 8)	-	-	4,940,761	5,141,515	4,940,761	5,141,515
	3,819,214	5,182,639	5,175,330	5,406,749	8,994,544	10,589,388
Fund balances						
Unrestricted	803,126	805,346	-	-	803,126	805,346
Internally restricted	7,851,019	7,290,642	-	-	7,851,019	7,290,642
Externally restricted	980,751	882,496	-	-	980,751	882,496
Donor designated endowment funds	1,451,134	1,430,361	-	-	1,451,134	1,430,361
Capital funds	-	-	29,938,599	26,028,532	29,938,599	26,028,532
	11,086,030	10,408,845	29,938,599	26,028,532	41,024,629	36,437,377
	14,905,244	15,591,484	35,113,929	31,435,281	50,019,173	47,026,765

Commitments (note 12)

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, 2017

	Operating Fund		Capital Fund		Total	
	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $
Revenue						
Government contracted programs (note 17)	13,432,738	13,365,045	2,016,084	780,629	15,448,822	14,145,674
Donations	3,202,468	3,262,175	2,661,458	1,863,898	5,863,926	5,126,073
Hotel/residence	4,475,262	4,098,624	-	-	4,475,262	4,098,624
Health and fitness	2,737,767	2,602,488	-	-	2,737,767	2,602,488
Early Learning and Care Centres	1,792,315	1,717,963	-	-	1,792,315	1,717,963
Other revenue	928,798	862,759	-	-	928,798	862,759
Investment income (note 4)	624,646	457,107	-	-	624,646	457,107
Events	665,213	574,199	-	-	665,213	574,199
Gaming revenue	52,000	52,000	-	-	52,000	52,000
	27,911,207	26,992,360	4,677,542	2,644,527	32,588,749	29,636,887
Expenses (note 18)						
Government contracted programs	14,218,444	13,375,571	-	-	14,218,444	13,375,571
Hotel/residence	3,277,382	2,944,473	-	-	3,277,382	2,944,473
Health and fitness	2,654,796	2,579,088	-	-	2,654,796	2,579,088
Other community services	2,324,494	2,240,352	-	-	2,324,494	2,240,352
Early Learning and Care Centres	2,218,324	2,043,095	-	-	2,218,324	2,043,095
Fundraising	1,407,201	1,321,314	-	-	1,407,201	1,321,314
Depreciation	-	-	1,060,863	816,549	1,060,863	816,549
Events	414,521	387,389	-	-	414,521	387,389
Head office	301,209	228,475	-	-	301,209	228,475
National and world allocation	124,263	125,572	-	-	124,263	125,572
	26,940,634	25,245,329	1,060,863	816,549	28,001,497	26,061,878
Excess of revenue over expenses	970,573	1,747,031	3,616,679	1,827,978	4,587,252	3,575,009

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, 2017

					Operating Fund	Capital Fund	2017	2016
	Unrestricted $	Internally restricted $ (note 9)	Externally restricted $	Donor designated endowment funds $ (note 10(a))	Total $	Total $	Total $	Total $
Fund balances - Beginning of year	805,346	7,290,642	882,496	1,430,361	10,408,845	26,028,532	36,437,377	32,816,355
Excess of revenue over expenses	851,545	-	98,255	20,773	970,573	3,616,679	4,587,252	3,575,009
Endowment contributions (note 10(a))	-	-	-	-	-	-	-	46,013
Transfer to internally restricted funds (note 9)	(816,844)	560,377	-	-	(256,467)	256,467	-	-
Transfer to Capital Fund - Repayment of capital leases payable	(36,921)	-	-	-	(36,921)	36,921	-	-
Fund balances - End of year (note 15)	803,126	7,851,019	980,751	1,451,134	11,086,030	29,938,599	41,024,629	36,437,377

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, 2017

	2017 $	2016 $
Cash flows from operating activities		
Excess of revenue over expenses	4,587,252	3,575,009
Items not affecting cash		
Depreciation	1,060,863	816,549
Realized gain and change in unrealized gain on investments	(379,686)	(233,663)
	5,268,429	4,157,895
Net change in non-cash working capital balances, excluding current portion of mortgages payable and capital leases payable	(1,115,993)	889,586
	4,152,436	5,047,481
Cash flows from financing activities		
Repayment of mortgages payable	(194,498)	(280,338)
Cash flows from investing activities		
Grant from provincial government for development services	2,102,000	-
Repayment of capital leases	(36,924)	(43,955)
Increase in restricted investments	(164,528)	(84,238)
Endowment contributions and interest	-	46,013
Decrease (increase) in investments	10,309	(56,923)
Purchase of property and equipment	(6,554,910)	(4,593,791)
	(4,644,053)	(4,732,894)
(Decrease) increase in cash and cash equivalents	(686,115)	34,249
Cash and cash equivalents - Beginning of year	6,858,726	6,824,477
Cash and cash equivalents - End of year	6,172,611	6,858,726
Supplementary information		
Interest paid	184,983	224,707

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

1 Mission statement

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

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

2 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 $989,291 (2016 - $702,692) reflect the amount of funds held by the Operating Fund that are to be used by the Capital Fund.

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.

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 751 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 $147,162 (2016 - $98,612) 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.

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.

3 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.

	2017 $	2016 $
Cash on deposit	1,583,428	2,314,659
Premium investment account	540,820	4,544,067
High interest notice account	4,048,363	-
	6,172,611	6,858,726

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.

	2017 $	2016 $
Money market (Canadian and US dollars)	1,045,421	955,519
Bond funds	3,828,081	3,440,097
Equity funds		
Canadian	1,445,018	1,451,233
International	1,646,095	1,583,863
	7,964,615	7,430,712
Less:		
Restricted investments	2,431,884	2,267,357
Short-term investments	1,045,421	955,519
	4,487,310	4,207,836

Investment income comprises:

	2017 $	2016 $
Dividend and interest income	244,960	223,444
Realized gain and change in unrealized gain	379,686	233,663
	624,646	457,107

5 Property and equipment

			2017
	Cost $	Accumulated depreciation $	Net $
Land and buildings	45,375,554	15,833,058	29,542,496
Leasehold equity interest - buildings (a)	2,030,625	213,455	1,817,170
Leasehold improvements	227,555	219,163	8,392
Furniture and equipment (b)	3,695,534	2,699,304	996,230
Computer equipment	451,367	436,714	14,653
Properties under development (c)	1,745,697	-	1,745,697
	53,526,332	19,401,694	34,124,638

			2016
	Cost $	Accumulated depreciation $	Net $
Land and buildings	34,101,978	14,963,883	19,138,095
Leasehold equity interest - buildings (a)	2,030,625	176,370	1,854,255
Leasehold improvements	227,555	217,065	10,490
Furniture and equipment (b)	3,672,186	2,556,187	1,115,999
Computer equipment	433,362	427,326	6,036
Properties under development (c)	8,607,714	-	8,607,714
	49,073,420	18,340,831	30,732,589

a) 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.

b) Included in furniture and equipment is equipment under capital lease of $167,622 (2016 - $167,622), with accumulated depreciation of $117,334 (2016 - $83,810).

c) Included in properties under development at year-end are development costs for new housing projects under development in the City of Vancouver, the City of North Vancouver and the proposed expansion of the Beatty Hotel residence.

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:

	2017 $	**2016** $
Fees and other income received in advance		
Health and fitness	83,520	76,067
Government contracted programs and other	794,716	767,096
Fundraising and events received in advance	382,585	453,364
Hotel deposits	61,664	21,291
	1,322,485	1,317,818

8 Mortgages payable

	2017 $	2016 $
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	886,916	942,322
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	547,594	585,673
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	865,276	881,554
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	2,093,922	2,157,158
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	120,774	123,043
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	627,004	646,234
	5,141,486	5,335,984
Less: Current portion	200,725	194,469
	4,940,761	5,141,515

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

Estimated principal repayments on the mortgages payable are as follows:

	$
December 31	
2018	200,725
2019	207,107
2020	213,733
2021	220,613
2022	227,757
Thereafter	4,071,551
	5,141,486

Interest on the mortgages in 2017 was $182,399 (2016 - $219,516).

9 Internally restricted funds

Internally restricted funds consist of the following:

					2017	2016
	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	2,616,372	535,270	2,000,000	7,290,642	6,027,306
Disbursement/transfer from internally restricted funds	-	(256,467)	(33,156)	-	(289,623)	(166,809)
Transfer to internally restricted funds	-	450,000	-	400,000	850,000	1,430,145
Reserve balance - End of year	2,139,000	2,809,905	502,114	2,400,000	7,851,019	7,290,642

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 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 Donor designated endowment funds

a) Managed by the Association

	Balance - Beginning of year $	Inflation adjustment $	Balance - End of year $
May Brown	84,599	1,269	85,868
Charles and Adeliene Hill	183,823	2,757	186,580
Jean Giles	51,565	773	52,338
North Growth Foundation	76,593	1,149	77,742
Ralph and Grace Fisher	121,215	1,818	123,033
Daryl Bramall	38,034	571	38,605
Dan Hill	35,128	527	35,655
Rina Maria Bidin	793,904	11,909	805,813
Housing endowments	45,500	-	45,500
	1,430,361	20,773	1,451,134

The total investment income earned on resources held for endowment in the year amounts to $138,865 (2016 - $98,278).

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.

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.

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, 2017 (2016 - $403,225). Interest income from the fund in 2017 was $28,937 (2016 - $27,734).

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, 2017 (2016 - $40,000). Interest income from the fund in 2017 was $1,790 (2016 - $1,716).

11 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% (2016 - 175%) of employee contributions. In 2017, the Association’s pension expenses were $1,153,215 (2016 - $1,073,749).

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, 2016, the Plan had a solvency deficit of $14.1 million and a going concern excess of $10.9 million.

12 Commitments

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

	$
2018	670,884
2019	311,229
2020	225,000
2021	225,000
2022	93,750

13 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.

14 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 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 9). Contractual obligation payments related to financial liabilities as at December 31, 2017 are expected to be paid in accordance with the repayment schedules disclosed in notes 8 and 12.

15 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 10. 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 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 8, the repayment of the debt is financed by BC Housing through an annual grant to the Association.

16 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 allocated to the programs. Head office support costs have been allocated to the following categories:

	2017 $	2016 $
Hotel/residence	268,781	205,077
Health and fitness	635,737	579,206
Early Learning and Care Centres	225,504	181,890
Other community services	239,674	212,438
Government contracted programs	2,166,455	1,912,246
Fundraising	122,970	99,943
Events	36,996	27,067
	3,696,117	3,217,867

17 Supplemental information

a) In addition to the amount reported, the Association received $2,102,000 from the provincial government in exchange for providing development management and construction services for five units at YWCA Cause We Care House. The Association has an Operating Agreement with the provincial government to manage these five units. The Association's Fundraising department secured this grant.

b) Under the Homelessness Partnership Strategy funding agreements with Services Canada, the Association received $nil (2016 - $384,150) for the Cause We Care project, $741,543 (2016 - $108,441) for the Pacific Spirit Terraces project, and $nil (2016 - $43,966) for the Clean Slate program during the year. The Cause We Care project incurred expenditures of $1,594,250 (2016 - $4,119,719), the Pacific Spirit Terraces project incurred expenditures of $1,300,767 (2016 - $91,859) and the Clean Slate program incurred expenditures of $nil (2016 - $87,467) during the year.

18 Expenses for the year

	2017 $	2016 $
Salaries	13,776,484	13,184,491
Purchased services	4,439,345	4,237,438
Benefits	2,534,193	2,453,326
Building supplies, maintenance, insurance and utilities	1,664,223	1,479,827
Program supplies	1,544,433	1,059,164
Depreciation	1,060,863	816,549
Rental and occupancy costs	911,095	867,396
Equipment	484,717	454,100
Telephone, fax, internet, postage and courier	320,554	325,644
Office and administration	285,386	324,556
Professional fees	258,237	181,455
Staff/volunteer	227,847	193,410
Cost of events	193,492	174,817
Marketing and communications	176,365	184,133
National and world allocation	124,263	125,572
	28,001,497	26,061,878

19 New Societies Act of British Columbia

Effective November 26, 2018, a new Societies Act came into force in British Columbia. The Association will transition to the new Act prior to November 28, 2018; however, some of the financial statements disclosure requirements are now effective. These are detailed below:

Remuneration paid to Directors

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

Remuneration paid to highest paid employees and contractors

During the year, the Association paid a total of $1,170,518 in salaries to ten employees whose remuneration is $75,000 or more.

Financial assistance

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