

Young Women's Christian Association

(of Vancouver, British Columbia)

Financial Statements

December 31, 2021

(in thousands of dollars)



Independent auditor's report

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

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Young Women's Christian Association (of Vancouver, British Columbia) (the Association) as at December 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Association's financial statements comprise:

- the balance sheet as at December 31, 2021;
- the statement of revenue and expenses for the year then ended;
- the statement of changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

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



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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 11, 2022

Young Women's Christian Association

(of Vancouver, British Columbia)

Balance Sheet

As at December 31, 2021

(in thousands of dollars)

	Operating Fund		Restricted Fund		Total	
	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
Assets						
Current assets						
Cash and cash equivalents (note 3)	16,899	9,756	-	-	16,899	9,756
Short-term investments (note 4)	446	656	-	-	446	656
Accounts receivable	2,603	2,727	-	-	2,603	2,727
Inventory and prepaid expenses	551	568	-	-	551	568
Interfund balances	1,027	5,037	(1,027)	(5,037)	-	-
	21,526	18,744	(1,027)	(5,037)	20,499	13,707
Restricted investments	2,781	1,874	1,281	1,272	4,062	3,146
Long-term investments (note 4)	5,797	5,722	-	-	5,797	5,722
Property and equipment (note 5)	-	-	59,640	53,925	59,640	53,925
	30,104	26,340	59,894	50,160	89,998	76,500
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	3,388	3,174	-	-	3,388	3,174
Deferred revenue (note 6)	3,331	3,276	-	-	3,331	3,276
Current portion of capital lease payable	-	-	11	10	11	10
Demand loan payable (note 7)	-	-	4,864	-	4,864	-
Current portion of mortgages payable (note 7)	-	-	232	617	232	617
	6,719	6,450	5,107	627	11,826	7,077
Capital lease payable	-	-	4	15	4	15
Mortgages payable (note 7)	-	-	4,062	3,903	4,062	3,903
Deferred revenue (note 6)	473	1,205	-	-	473	1,205
	7,192	7,655	9,173	4,545	16,365	12,200
Fund balances						
Unrestricted	519	524	-	-	519	524
Internally restricted	19,612	16,037	-	-	19,612	16,037
Donor designated endowment funds	2,781	2,124	-	-	2,781	2,124
BC Housing Reserve Fund	-	-	1,281	1,272	1,281	1,272
Capital fund	-	-	49,440	44,343	49,440	44,343
	22,912	18,685	50,721	45,615	73,633	64,300
	30,104	26,340	59,894	50,160	89,998	76,500

Commitments (note 11)

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, 2021

(in thousands of dollars)

	Operating Fund		Restricted Fund		Total	
	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
Revenue						
Government contracted programs	26,078	23,269	3,268	5,148	29,346	28,417
Donations	4,402	4,682	3,611	1,890	8,013	6,572
Early Learning and Care Centres	2,459	1,880	-	-	2,459	1,880
Hotel/residence	2,412	734	-	-	2,412	734
Other revenue	1,991	1,323	-	-	1,991	1,323
Health and fitness	1,915	1,610	-	-	1,915	1,610
Government wage subsidy	1,364	2,810	-	-	1,364	2,810
Investment income	776	1,102	51	65	827	1,167
Women of Distinction Event	287	415	-	-	287	415
Gaming revenue	100	52	150	-	250	52
	41,784	37,877	7,080	7,103	48,864	44,980
Expenses (note 15)						
Government contracted programs	22,607	20,638	65	41	22,672	20,679
Other community services	3,821	3,189	-	-	3,821	3,189
Health and fitness	2,763	2,509	-	-	2,763	2,509
Hotel/residence	2,738	2,625	-	-	2,738	2,625
Early Learning and Care Centres	2,691	2,256	-	-	2,691	2,256
Fundraising	1,795	1,669	-	-	1,795	1,669
Head office expense	419	375	-	-	419	375
Women of Distinction Event	231	228	-	-	231	228
National and world allocation	146	131	-	-	146	131
Depreciation	-	-	2,255	1,420	2,255	1,420
	37,211	33,620	2,320	1,461	39,531	35,081
Excess of revenue over expenses	4,573	4,257	4,760	5,642	9,333	9,899

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, 2021

(in thousands of dollars)

							2021	2020	
	Unrestricted \$	Internally restricted \$ (note 8)	Donor endowment \$	Total Operating Fund \$	Capital Fund \$	BC Housing Fund \$	Total Restricted Fund \$	Total \$	Total \$
Fund balances – Beginning of year	524	16,037	2,124	18,685	44,343	1,272	45,615	64,300	54,401
Excess of revenue over expenses	4,441	-	132	4,573	4,751	9	4,760	9,333	9,899
Transfer to internally restricted fund	(4,300)	4,300	-	-	-	-	-	-	-
Transfer to capital fund	(146)	(725)	-	(871)	871	-	871	-	-
Transfer for donor endowment fund	-	-	525	525	(525)	-	(525)	-	-
Fund balances – End of year (note 14)	519	19,612	2,781	22,912	49,440	1,281	50,721	73,633	64,300

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, 2021

(in thousands of dollars)

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	9,333	9,899
Items not affecting cash		
Depreciation	2,255	1,420
Realized gain and change in unrealized gain on investments	599	884
	<u>12,187</u>	<u>12,203</u>
Net change in non-cash working capital balances, excluding current portion of mortgages payable and capital leases payable	<u>(322)</u>	<u>(2,592)</u>
	<u>11,865</u>	<u>9,611</u>
Financing activities		
Repayment of mortgages payable	(226)	(214)
Demand loan payable	4,864	-
	<u>4,638</u>	<u>(214)</u>
Investing activities		
Repayment of capital lease	(10)	(10)
Decrease (increase) in short-term investments	211	(17)
Increase in restricted investments	(918)	(100)
Increase in investments	(674)	(1,831)
Purchase of property and equipment	(7,969)	(9,861)
	<u>(9,360)</u>	<u>(11,819)</u>
Increase (decrease) in cash and cash equivalents	7,143	(2,422)
Cash and cash equivalents – Beginning of year	9,756	12,178
Cash and cash equivalents – End of year	16,899	9,756
Supplementary information		
Interest paid	144	164

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

Young Women's Christian Association

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Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

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.

The Association's mission is to advance gender equity alongside women, families, Two-Spirit and gender diverse people through advocacy and integrated services that help support personal, collective and economic well-being.

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 Restricted Fund reports a Capital Fund and a BC Housing Reserve Fund. The Capital Fund includes the Association's property that has been funded by government grants, capital contributions and amounts transferred from the Operating Fund. The BC Housing Reserve Fund includes the Association's net assets that are externally restricted for capital asset replacement activities within BC Housing properties.

Interfund balances of \$1,027 (2020 – \$5,037) reflect the amount of funds used by the Restricted Fund that are advanced by the Operating Fund.

Revenue recognition

The Association follows the restricted fund method, which includes a general fund and a restricted fund for certain restricted contributions.

a) Operating Fund

The Association's general fund, the Operating Fund, follows the deferral method of accounting for contributions that do not have a separate restricted fund.

Donations are recorded as revenue when received or receivable except when the donor has specified that they are intended for use in a future period, in which case they are recorded in deferred revenue. Donations are recognized as revenue when the amount can be reasonably estimated and collection is reasonably assured. Hotel/residence revenue and health and fitness revenue are recognized when services are provided to the guests and members and ultimate collection is reasonably assured. Fees and

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Notes to Financial Statements

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(in thousands of dollars)

government grants and contracts are accounted for using the deferral method, whereby such amounts are deferred and recorded as income in the period in which the service is provided.

Endowment contributions are recognized as direct increases in fund balances when received.

Pledged funds and legacies are recorded as they are received.

b) Restricted Fund

The Association follows the restricted fund method of accounting for contributions in the Capital Fund and the BC Housing Reserve Fund. Contributions for capital expenditures are recorded as revenue when received. Contributions received from BC Housing for the replacement reserve fund have been reported as revenue in the BC Housing Reserve Fund.

c) Donated services

Approximately 266 volunteers contributed over 7,363 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. Amounts are not rounded.

d) 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. Tax receipted donations totalling \$210 (2020 – \$167) have been recognized as both an in-kind revenue and an in-kind expense, at the fair market value of the gifts, as provided by the donors.

Cash and cash equivalents

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

Inventory

Inventory is valued at the lower of cost and estimated net realizable value.

Investments

Investments are recorded at fair value based on prices quoted in active markets, and changes in fair value are recognized in the statement of revenue and expenses. Short-term investments are disclosed separately and represent those investments with a maturity of less than one year.

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(in thousands of dollars)

Property and equipment

Property and equipment are recorded at cost. Depreciation is provided at the following rates on a pro rata basis once the assets are being used as intended by the Association:

Buildings	4%
Building components	8%
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 that are recorded on an accrual basis and realized and unrealized gains and losses on disposal of investments.

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.

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.

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(in thousands of dollars)

3 Cash and cash equivalents

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

	2021	2020
	\$	\$
Cash on deposit	2,746	1,626
Premium investment account	4,001	3,608
High interest notice account	3,541	4,522
GIC	6,611	-
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	16,899	9,756
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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.

	2021	2020
	\$	\$
Money market (Canadian and US dollars)	446	656
Bond funds	4,842	4,907
Equity funds		
Canadian	1,938	1,659
International	3,079	2,302
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	10,305	9,524
Less:		
Restricted investments	4,062	3,146
Short-term investments	446	656
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Long term investments	5,797	5,722
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Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

5 Property and equipment

	2021		
	Cost \$	Accumulated depreciation \$	Net \$
Land and buildings	76,053	20,753	55,300
Leasehold equity interest – buildings (a)	2,031	355	1,676
Leasehold improvements	511	421	90
Furniture and equipment (b)	4,996	3,405	1,591
Computer equipment	978	634	344
Properties under development (c)	639	-	639
	<u>85,208</u>	<u>25,568</u>	<u>59,640</u>
	2020		
	Cost \$	Accumulated depreciation \$	Net \$
Land and buildings	50,866	18,901	31,965
Leasehold equity interest – buildings (a)	2,031	320	1,711
Leasehold improvements	511	340	171
Furniture and equipment (b)	4,403	3,102	1,301
Computer equipment	1,011	651	360
Properties under development (c)	18,417	-	18,417
	<u>77,239</u>	<u>23,314</u>	<u>53,925</u>

- a) Under arrangements with BC Housing, the Association contributed in 2012 \$1,013 and \$1,018 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 \$41 (2020 – \$41), with accumulated depreciation of \$15 (2020 – \$26).
- c) Included in properties under development at year-end are development costs for new housing projects under development in the City of Burnaby and the City of Richmond.

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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:

	2021 \$	2020 \$
Fees and other income received in advance	2,207	3,056
Fundraising and events received in advance	1,597	1,425
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	3,804	4,481
Less: Long-term deferred revenue	473	1,205
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	3,331	3,276
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7 Debt payable

Mortgages

	2021 \$	2020 \$
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	652	712
Munroe House		
BC Housing mortgage loan, bearing interest at 1.34% per annum with monthly repayments of \$3,710 commencing June 1, 2021, maturing June 1, 2026 and amortized over a term of 9 years and 9 months	391	431
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	795	814
Fraser Gardens		
Royal Bank mortgage loan, bearing interest at 4.87% per annum with monthly repayments of \$13,821 commencing June 1, 2007, maturing June 1, 2027 and amortized over a term of 30 years	1,808	1,885
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	111	113
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Carried forward	3,757	3,955

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Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

	2021 \$	2020 \$
Brought forward	3,757	3,955
Crabtree Corner		
TD Bank loan, bearing interest at 1.439% per annum with monthly repayments of \$2,968 commencing December 1, 2020, maturing December 1, 2030 and amortized over a term of 18 years	537	565
	4,294	4,520
Less: Current portion	232	617
	<u>4,062</u>	<u>3,903</u>

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:

	\$
2022	233
2023	240
2024	246
2025	254
Thereafter	3,321
	<u>4,294</u>

Interest on the mortgages in 2021 was \$143 (2020 – \$163).

Demand loan

The Association has a demand loan with a balance of \$4,864 as at year-end. The loan bears interest at 2.46% per annum with monthly repayments of \$22 commencing February 15, 2021. The loan is secured against the hotel building located at 733 Beatty Street.

Bank operating loan

At year-end, the Association has available a \$1,000 line of credit with a Canadian chartered bank that bears interest at the bank's prime rate. A general assignment of accounts receivable and a letter of undertaking not to incur further indebtedness without prior consent from the bank have been pledged as collateral for the line of credit.

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8 Internally restricted funds

Internally restricted funds consist of the following:

	2020 \$	Transfer from \$	Transfer to \$	2021 \$
Endowment fund	2,206	-	-	2,206
Capital reserve	4,603	(725)	3,300	7,178
Legacy fund	569	-	20	589
Employment fund	4,730	-	770	5,500
Sustainability fund	479	-	210	689
COVID fund	3,450	-	-	3,450
	<u>16,037</u>	<u>(725)</u>	<u>4,300</u>	<u>19,612</u>

a) Board-Designated Endowment Fund

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

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 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. The fund will mitigate any future losses arising from performance based employment programs as well as provide resources to address needs and gaps in employment programming. The Board of Directors will annually review the balance for this fund and decide on the level of funding required.

e) Board-Designated Sustainability Fund

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

f) Board-Designated COVID Fund

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

9 Donor designated endowment funds

a) Managed by the Association

	Balance – Beginning of year \$	Endowment contributions \$	Inflation adjustment \$	Balance – End of year \$
May Brown	111	-	5	116
Charles Delmar Hill	193	-	10	203
Jean Giles	56	-	3	59
Rudy & Patricia North	80	-	4	84
Grace Fisher	127	-	6	133
Daryl Bramall	40	-	2	42
Dan Hill	37	-	2	39
Rina Hondrich	832	-	42	874
Caroline Dunn	27	-	1	28
Crabtree Corner endowment	254	-	13	267
Housing endowments	367	525	44	936
	<u>2,124</u>	<u>525</u>	<u>132</u>	<u>2,781</u>

The total investment income earned on resources held for endowment in the years amounts to \$254 (2020 – \$296).

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(in thousands of dollars)

b) Managed by the Vancouver Foundation

i) 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 as at December 31, 2021 (2020 – \$403). Interest income from the fund in 2021 was \$35 (2020 – \$32).

ii) 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 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 at December 31, 2021 (2020 – \$40). Interest income from the fund in 2021 was \$2 (2020 – \$2).

10 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% (2020 – 175%) of employee contributions. In 2021, the Association's pension expenses were \$1,468 (2020 – \$1,470).

The Association is one of ten agencies that comprise the United Way of the Lower Mainland pension plan (the Plan). As of the last valuation at December 31, 2019, the Plan had a solvency deficit of \$18,781 and a going concern excess of \$21,410.

11 Commitments

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

	\$
2022	1,308
2023	1,200
2024	273
	<hr/>
	2,781
	<hr/>

12 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.

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(in thousands of dollars)

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.

13 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 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 8). Contractual obligation payments related to financial liabilities as at December 31, 2021 are expected to be paid in accordance with the repayment schedules disclosed in notes 7 and 11.

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(in thousands of dollars)

14 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. 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 8. 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 mortgages is financed by BC Housing through an annual grant to the Association.

15 Total expenses for the year

	2021	2020
	\$	\$
Salaries and benefits	22,458	20,812
Purchased services	5,788	5,714
Programming expenses and supplies	1,978	1,398
Building supplies, maintenance, insurance and utilities	3,011	2,250
Depreciation	2,255	1,420
Rental and occupancy costs	1,641	1,544
Telephone, fax, internet, postage and courier	392	380
Audit and legal fees	224	121
Equipment expense	976	799
Marketing and communications	71	73
Staff/volunteer expense	278	175
National and world allocation	146	131
Office and administration	313	264
	<hr/>	<hr/>
	39,531	35,081
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Notes to Financial Statements

December 31, 2021

(in thousands of dollars)

16 New Societies Act of British Columbia

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

a) Remuneration paid to Directors

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

b) Remuneration paid to highest paid employees and contractors

During the year, the Association paid a total of \$1,234 (2020 – \$1,165) in salaries to ten employees whose remuneration is \$75 (2020 – \$75) or more.

c) Financial assistance

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

17 Supplemental information

Under the Fetal Alcohol Spectrum Disorder (FASD) National Strategic Projects Fund agreement with Public Health Agency Canada, the Association received \$179 (2020 – \$116) for the Culturally Sensitive Awareness to Prevent FASD in Marginalized Communities project. This project incurred expenditures of \$179 (2020 – \$117) during the year.

Under the Reaching Home: Canada's Homelessness Strategy Program, the Association received grants during the year of \$142 (2020 – \$53) for the Crabtree Housing Circles program. This program has incurred expenditures of \$151 (2020 – \$56).

During 2019 and 2020, the Association has received government grants of \$2,488 for a housing building envelope restoration project and \$7,999 for the Beatty Hotel project expansion. During 2021, the Association received government grants of \$1,800 for the May Brown housing project and \$680 for the continuation of the housing building envelope restoration project. These grants are secured against forgivable loans that are forgivable on condition that the Association meet certain requirements specified at the time of the grants.

Leveraging Gender Program (amounts are not rounded)

The Association signed a Contribution Agreement with the Minister for the Department for Women and Gender Equality to deliver a project called Leveraging Gender-based Analysis Plus to Advance Women's Participation and Prosperity. During the year, the Association received funding in the amount of \$72,142, incurred expenditures of \$20,134 and deferred the balance of \$52,008 to 2022.

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Notes to Financial Statements

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(amounts not rounded)

	\$
Revenue	<u>20,134</u>
Expenses	
Salaries and benefits	15,430
Materials and supplies	2,672
Other (specify) staff development, meeting food	202
Administration	<u>1,830</u>
	<u>20,134</u>
	<u>-</u>

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Ancillary Information

Schedule of Revenue and Expenditures for Housing Programs

For the year ended December 31, 2021

(amounts not rounded)

	Crabtree Housing \$	Semlin Gardens \$	Fraser Gardens \$	Alder Gardens \$	Munroe House \$	Como Lake \$
Revenue						
BC Housing subsidy	129,456	110,230	191,292	182,867	381,470	106,368
BC Housing subsidy – NPAT subsidy	-	-	5,616	-	40,267	-
BC Housing subsidy – non- recurring maintenance	17,420	-	-	-	-	-
Federal Grant – CEWS	803	803	803	1,377	6,902	803
Rental revenue	68,631	196,285	129,532	230,301	46,992	183,177
Other revenue	-	448	10,191	5,075	-	4,888
	<u>216,310</u>	<u>307,766</u>	<u>337,434</u>	<u>419,620</u>	<u>475,631</u>	<u>295,236</u>
Expenditures						
Property taxes and licences	3,061	27,379	-	-	1,034	-
Insurance	8,680	36,883	31,420	56,174	14,993	41,367
Utilities						
Heating and gas	4,056	5,170	6,625	-	7,314	-
Electricity/hydro	18,691	15,662	16,055	34,353	6,410	27,584
Water and sewer	4,857	21,570	11,889	11,388	4,220	23,452
Garbage removal	4,802	5,516	5,348	5,443	1,991	4,941
Maintenance						
Salaries and benefits	22,801	11,987	10,735	213,941	201,594	148,962
Building	14,538	57,614	49,978	88,575	33,846	45,472
Service contracts	5,334	6,763	10,076	5,650	9,596	24,008
Administration						
Salaries and benefits	254,596	52,850	49,892	39,661	36,795	31,592
Office overhead	8,525	7,092	4,716	11,730	18,028	5,668
Audit fee	3,193	3,193	3,193	3,193	3,193	3,193
Replacement reserve	-	24,192	-	-	-	-
Other programs expense	30,419	5,024	1,892	17,142	23,003	5,729
NPAT second mortgage payment	-	-	5,620	-	40,267	-
Mortgage payment	35,620	77,350	165,854	-	44,528	-
Non-recurring maintenance	17,420	-	-	-	-	-
	<u>436,593</u>	<u>358,245</u>	<u>373,293</u>	<u>487,250</u>	<u>446,812</u>	<u>361,968</u>
Surplus (deficiency) of revenue over expenditures	<u>(220,283)</u>	<u>(50,479)</u>	<u>(35,859)</u>	<u>(67,630)</u>	<u>28,819</u>	<u>(66,732)</u>

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Ancillary Information

Schedule of Replacement Reserve for Housing Programs

For the year ended December 31, 2021

(amounts not rounded)

	Semlin \$	Fraser Gardens \$	Crabtree \$	Como Lake \$	Alder Gardens \$	Total \$
Beginning	235,213	260,388	111,338	308,836	356,567	1,272,342
Contributions	24,192	-	-	-	-	24,192
Expenses	(12,469)	(44,310)	-	(4,325)	(5,054)	(66,158)
Interest allocation	9,408	10,416	4,454	12,353	14,263	50,894
Ending	256,344	226,494	115,792	316,864	365,776	1,281,270