

The YMCA of Greater Vancouver Foundation

Financial statements
December 31, 2018



Independent auditor's report

To the Trustees of
The YMCA of Greater Vancouver Foundation

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **The YMCA of Greater Vancouver Foundation** [the "Foundation"] which comprise the statement of financial position as at December 31, 2018, and the statement of changes in net assets, statement of operations and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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* (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada
June 5, 2019

Ernst & Young LLP

Chartered Professional Accountants



The YMCA of Greater Vancouver Foundation

Statement of financial position

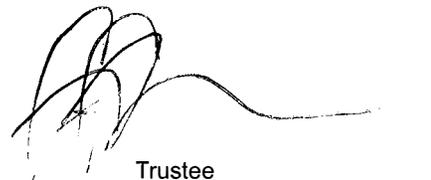
As at December 31

	2018	2017
	\$	\$
Assets		
Current		
Cash	42,903,711	6,049,208
Investments <i>[note 4]</i>	24,805,396	11,322,442
Other receivables <i>[note 3]</i>	152,627	300,816
Prepaid expenses	—	60,898
Real property held for sale <i>[note 10]</i>	—	7,992,040
Total current assets	67,861,734	25,725,404
Investments <i>[note 4]</i>	8,875,112	8,824,348
Land <i>[note 5]</i>	530,000	530,000
Total assets	77,266,846	35,079,752
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities <i>[note 3]</i>	79,977	817,435
Current portion of long-term debt <i>[note 6]</i>	—	91,450
Deferred revenue	—	29,430
Total current liabilities	79,977	938,315
Long-term debt <i>[note 6]</i>	—	2,444,711
Total liabilities	79,977	3,383,026
Net assets		
Unrestricted	67,781,757	16,886,499
Endowment funds	8,875,112	8,824,348
Invested in land and building	530,000	5,985,879
Total net assets	77,186,869	31,696,726
Total liabilities and net assets	77,266,846	35,079,752

See accompanying notes

On behalf of the Board:


Trustee


Trustee

The YMCA of Greater Vancouver Foundation

Statement of changes in net assets

Year ended December 31

	2018			2017	
	Unrestricted	Endowment funds	Invested in land and building	Total	Total
	\$	\$	\$	\$	\$
Net assets, beginning of year	16,886,499	8,824,348	5,985,879	31,696,726	17,353,045
Excess (deficiency) of revenue over expenses for the year	(887,563)	(207,433)	46,326,942	45,231,946	13,882,454
Endowment contributions and bequests	—	258,197	—	258,197	461,227
Interfund transfer	51,782,821	—	(51,782,821)	—	—
Net assets, end of year	67,781,757	8,875,112	530,000	77,186,869	31,696,726

See accompanying notes

The YMCA of Greater Vancouver Foundation

Statement of operations

Year ended December 31

	2018	2017
	\$	\$
Revenue		
Rent <i>[note 3]</i>	334,218	821,767
Investment income <i>[note 4]</i>	1,516,762	667,024
Unrealized investment (loss) gain <i>[note 4]</i>	(651,771)	887,574
Income from funds administered by the Vancouver Foundation		
The YMCA of Greater Vancouver Designated Fund <i>[note 7]</i>	95,570	91,703
Guy Flavelle Memorial Fund <i>[note 7]</i>	33,484	32,864
Chilliwack Family YMCA Endowment Fund <i>[note 7]</i>	8,586	6,484
J.D. Wilson Charitable Trust <i>[note 7]</i>	578	670
Donations	22,155	25,069
	1,359,582	2,533,155
Expenses		
Grants to:		
The YMCA of Greater Vancouver <i>[note 3]</i>	1,968,563	1,036,538
What Really Matters Capital Campaign <i>[note 3]</i>	1,000,000	300,000
Other grants	11,260	10,722
Administration fee to the YMCA of Greater Vancouver <i>[note 3]</i>	326,270	145,000
Net recovery on common area leased property costs		
Cost recovery	(153,512)	
Property costs incurred	140,664	(57,950)
Office, legal, professional and contract services	143,769	48,006
Property tax, utilities, occupancy and other expenses	43,237	4,181
Interest <i>[note 6]</i>	161,343	114,243
Bank and investment charges	38,975	35,939
Insurance premiums	21,661	23,474
Meetings, conferences and travel	11,990	8,036
Promotion	4,774	11,484
Commodity tax rebate	(10,195)	(24,398)
	3,708,799	1,655,275
Excess (deficiency) of revenue over expenses before the following	(2,349,217)	877,880
Other income (expenses)		
Amortization of real property	—	(101,891)
Other (expense) income	(87,537)	139,930
Gain on sale of real property <i>[note 10]</i>	47,668,700	12,966,535
Excess of revenue over expenses for the year	45,231,946	13,882,454

See accompanying notes

The YMCA of Greater Vancouver Foundation

Statement of cash flows

Year ended December 31

	2018	2017
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	45,231,946	13,882,454
Add (deduct) items not involving cash		
Unrealized investment loss (gain)	651,771	(887,574)
Gain on sale of real property	(47,668,700)	(12,966,535)
Straight-line rent	6,332	13,964
Amortization of real property	—	101,891
	<u>(1,778,651)</u>	<u>144,200</u>
Changes in non-cash working capital		
Other receivables	141,857	(136,773)
Prepaid expenses	60,898	(42,572)
Accounts payable and accrued liabilities	(737,458)	709,085
Deferred revenue	(29,430)	(20,688)
Cash provided by (used in) operating activities	<u>(2,342,784)</u>	<u>653,252</u>
Investing activities		
Increase in investments	(14,185,489)	(6,237,867)
Proceeds from sale of real property	55,660,740	15,369,813
Purchase of property and equipment	—	(5,322)
Cash provided by investing activities	<u>41,475,251</u>	<u>9,126,624</u>
Financing activities		
Receipt of endowment contributions and bequests	258,197	161,227
Repayment of long-term debt	(2,536,161)	(4,243,238)
Cash used in financing activities	<u>(2,277,964)</u>	<u>(4,082,011)</u>
Net increase in cash during the year	36,854,503	5,697,865
Cash, beginning of year	<u>6,049,208</u>	<u>351,343</u>
Cash, end of year	<u>42,903,711</u>	<u>6,049,208</u>

See accompanying notes

The YMCA of Greater Vancouver Foundation

Notes to financial statements

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1. Organization

The YMCA of Greater Vancouver Foundation [the “Foundation”] was incorporated in 2009 under the *Society Act* of British Columbia, is a registered public foundation under the *Income Tax Act* (Canada) and, accordingly, is not subject to income taxes. The Foundation transitioned to the new *Societies Act* of British Columbia in June 2017. The Foundation’s purpose is to attract charitable gifts to support the YMCA of Greater Vancouver [“YMCA”] in building strong kids, strong families and strong communities – today and tomorrow. The by-laws of the YMCA provide that the Chairperson of the Foundation’s Board of Directors, or a designate of the Foundation, is a member of the YMCA’s Board of Directors.

2. Summary of significant accounting policies

These financial statements were prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, “Accounting Standards for Not-for-Profit Organizations”, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year.

Rent revenue is recognized using the straight-line method, whereby the total amount of rent revenue to be received from a lease is accounted for on a straight-line basis over the term of the lease and collection is reasonably assured.

Investment income includes interest and dividend income, pooled fund income, realized investment gains and losses on sales of investments, and unrealized gains and losses on investments measured at fair value. Interest income is recognized with the passage of time, dividend income is recognized based on the ex-dividend date, pooled fund income is recognized on the date of distribution by the fund, realized gains and loss are recognized based on the trade date, and unrealized gains and losses are recognized based on the statement of financial position date.

Income from funds administered by the Vancouver Foundation is recognized when earned.

Financial instruments

The Foundation initially and subsequently measures its investments at fair value. Directly attributable costs incurred on the acquisition of investments are expensed as incurred.

All other financial assets and financial liabilities are initially measured at fair value, net of directly attributable costs of acquisition, and subsequently measured at cost or amortized cost. At each reporting date, the Foundation assess whether there are any indications that a financial asset measured at cost or amortized may be impaired. The amount of any impairment provision is recognized in the statement of operations. A previously recognized

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impairment provision may be reversed to the extent of any improvements relating to events occurring after the impairment was recognized. The amount of the reversal is recognized in the statement of operations in the period in which it is determined.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at rates of exchange in effect when the assets are acquired or obligations incurred. Revenues and expenses are translated at the exchange rates prevailing at the time the transaction occurs. All exchange gains and losses are recognized in the statement of operations in the period in which they arise.

Cash and cash equivalents

Cash and cash equivalents include all balances held at banks and short-term investments, with an original maturity of less than three months from the date of purchase, unless they are held for investment purposes rather than liquidity purposes, in which case they are classified as investments.

Real property

Real properties are recorded at cost for property purchased by the Foundation and at fair value at the time of donation for property donated.

The Foundation charges amortization on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and infrastructure	32 years
Building equipment/improvement	15 years
Tenant inducements	Lease term

Land is not amortized.

When a real property no longer has any long-term service potential to the Foundation, the excess of its carrying amount over any residual value is recognized as an expense in the Statement of operations. Write-downs are not reversed.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Management believes that the estimates utilized in preparing its financial statement are reasonable and prudent; however, actual results could differ from those estimates.

The YMCA of Greater Vancouver Foundation

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3. YMCA of Greater Vancouver

The YMCA is an independent charitable organization separately registered as a charity under the *Income Tax Act* (Canada) and incorporated under the *Societies Act* of British Columbia. The YMCA is dedicated to the development of people in spirit, mind and body as well as the improvement of local, national and international communities.

In April 2016, the Trustees of the Foundation committed to provide the YMCA \$3,000,000 over 10 years for the purpose of creating four new centres of community in Surrey, Vancouver, Coquitlam and Chilliwack. In April 2018, the trustees made further pledges of \$7,000,000 to bring their gift to \$10,000,000. As at December 31, 2018, \$1,500,000 of this commitment [2017 – \$500,000] has been contributed by the Foundation with respect to the What Really Matters Capital Campaign.

In addition, the Foundation makes donations to the YMCA in accordance with donors' restrictions at the direction of the Foundation Trustees. During 2018, the Foundation provided grants of \$2,968,563 to the YMCA [2017 – \$1,336,538]. The Foundation reimbursed the YMCA for administration support services totalling \$326,270 [2017 – \$145,000]. In January 2015, the YMCA entered into a 10-year lease for lands and buildings owned by the Foundation. In July 2015, the YMCA entered into a 10-year lease for Camp Deka, which is owned by the Foundation [note 5]. For the year ended December 31, 2018, included in rent revenue is \$154,705 [2017 – \$299,255] charged to the YMCA.

As at December 31, 2018, \$5,569 is receivable from [2017 – \$684,441 payable to] the YMCA. The transactions are recorded at exchange amounts agreed and established between the YMCA and the Foundation.

4. Investments

	2018	2017
	\$	\$
Mawer – Endowment [i]	8,707,910	8,657,218
Mawer – Literacy [ii]	233,962	232,600
Mawer – Langdale New Westminster [iii]	5,475,893	5,450,554
North Growth Management Ltd. [iv]	262,743	268,084
RBC – GIC Investments [v]	5,000,000	5,538,334
Vancity – GIC Investments [vi]	7,500,000	—
ACM – Investments [vii]	6,500,000	—
	33,680,508	20,146,790

The Foundation holds endowment donor designated funds in specific investment accounts noted above as Mawer – Endowment and Mawer – Literacy.

The unrealized investment net gain or loss on the portfolio for 2018 was a loss of \$651,771 [2017 – gain of \$887,574]. Investment income for the year was \$690,535 [2017 – \$287,507]. The realized gain for the year was \$33,289 [2017 – \$290,015]. Other interest income earned on cash accounts for the year was \$792,938 [2017 – \$89,502].

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- [i] The 12-month rate of return at December 31, 2018 was 0.59% [2017 – 10.99%].
- [ii] The 12-month rate of return at December 31, 2018 was 0.59% [2017 – 10.98%].
- [iii] The 12-month rate of return at December 31, 2018 was 0.47% [2017 – 11.19%].
- [iv] The 12-month rate of return at December 31, 2018 was (1.99%) [2017 – 20.6%].
- [v] The 12-month rate of return at December 31, 2018 was 1.68% [2017 – 1.06%].
- [vi] The 12-month rate of return at December 31, 2018 was 1.4% [2017 – N/A].
- [vii] There was no return recorded on this account as initial investment occurred in late December.

The investment mix comprises the following:

	2018 %	2017 %
Money market	39.54	29.71
Fixed income	14.65	22.97
Mortgages	19.30	—
Equities and equity funds	26.51	47.32
	100.00	100.00

5. Land

The Foundation owns 154 acres of land near Deka Lake, British Columbia, that is leased to the YMCA [note 3].

6. Long-term debt

Mortgage loan that bore interest at 3.8% per annum; was repayable in equal monthly instalments of principal and interest of \$15,458; collateralized by a first charge over the real property located at 5055 Joyce Street, Vancouver, BC; and due to mature in March 2022. During the year ended December 31, 2018, the mortgage was completely repaid as a result of the sale of 5055 Joyce Street [note 10].

7. Funds owned by the Vancouver Foundation

The undernoted funds are owned by the Vancouver Foundation and, accordingly, are not included as assets of the Foundation.

	Share of investment income %	2018 Cost \$	2017 Cost \$
The YMCA of Greater Vancouver Designated Fund	100	1,392,500	1,392,500
Guy Flavelle Memorial Fund	17	2,296,936	2,296,936
Chilliwack Family YMCA Endowment	100	160,000	160,000
J.D. Wilson Charitable Trust	20	51,125	51,125
		3,900,561	3,900,561

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8. Financial instruments

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation's cash earns interest at market rates and the Foundation has investments in certain fixed income securities. The Foundation does not use derivative financial instruments to manage the effects of this risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk in the event of non-performance by counterparties primarily in connection with its cash and investments in GICs. The Foundation mitigates its credit risk with respect to cash by dealing with Canadian financial institutions with no publicly known liquidity problems.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is not exposed to significant liquidity risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation has investments denominated in US dollars and thus the Foundation is exposed to the risk of fluctuations in earnings and cash flows arising from changes in the exchange rate between the Canadian dollar and the US dollar and the degree of volatility in that rate.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. The Foundation is exposed to other price risk from investments held by the Foundation for which future prices are uncertain. The Foundation manages price risk by allocating its investments across different investment managers and different types of investments and underlying industries.

9. Remuneration to directors, employees and contractors

The Directors of the Foundation are not remunerated and the Foundation does not have any employees or independent contractors.

10. Real property held for sale

During the year ended December 31, 2018, the Foundation concluded the sale of the real property at 5055 Joyce Street for net cash proceeds of \$55,660,740 resulting in a gain of \$47,668,700.

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Notes to financial statements

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11. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.