

The YMCA of Greater Vancouver Foundation

Financial statements
December 31, 2019



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, 2019, 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, 2019, 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 scepticism 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
May 29, 2020

Ernst & Young LLP

Chartered Professional Accountants



The YMCA of Greater Vancouver Foundation

Statement of financial position

As at December 31

	2019	2018
	\$	\$
Assets		
Current		
Cash	9,161,184	42,903,711
Investments <i>[note 4]</i>	50,963,073	24,805,396
Prepaid expenses	3,306	—
Other receivables <i>[note 3]</i>	70,628	152,627
Total current assets	60,198,191	67,861,734
Investments <i>[note 4]</i>	10,612,599	8,875,112
Real property, net <i>[note 5]</i>	16,840,997	530,000
Total assets	87,651,787	77,266,846
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities <i>[notes 3 and 10]</i>	1,032,971	79,977
Current portion of long-term debt <i>[note 6]</i>	242,205	—
Total current liabilities	1,275,176	79,977
Long-term debt <i>[note 6]</i>	8,757,795	—
Total liabilities	10,032,971	79,977
Net assets		
Unrestricted	59,165,220	67,781,757
Endowment funds	10,612,599	8,875,112
Invested in real property	7,840,997	530,000
Total net assets	77,618,816	77,186,869
Total liabilities and net assets	87,651,787	77,266,846

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

	2019			2018	
	Unrestricted \$	Endowment funds \$	Invested in real property \$	Total \$	Total \$
Net assets, beginning of year	67,781,757	8,875,112	530,000	77,186,869	31,696,726
Excess (deficiency) of revenue over expenses for the year	(1,280,620)	1,069,133	(24,920)	(236,407)	45,231,946
Endowment contributions and bequests	—	668,354	—	668,354	258,197
Interfund transfer	(7,335,917)		7,335,917	—	—
Net assets, end of year	59,165,220	10,612,599	7,840,997	77,618,816	77,186,869

See accompanying notes

The YMCA of Greater Vancouver Foundation

Statement of operations

Year ended December 31

	2019	2018
	\$	\$
Revenue		
Rent <i>[note 3]</i>	103,083	334,218
Investment income <i>[note 4]</i>	1,815,813	1,516,762
Unrealized investment (loss) gain <i>[note 4]</i>	3,616,380	(651,771)
Income from funds administered by the Vancouver Foundation		
The YMCA of Greater Vancouver Designated Fund <i>[note 7]</i>	106,500	104,156
Vancouver Foundation other Funds <i>[note 7]</i>	35,420	34,062
Donations	20,290	22,155
	5,697,486	1,359,582
Expenses		
Grants to		
The YMCA of Greater Vancouver <i>[note 3]</i>	1,082,411	1,968,563
What Really Matters Capital Campaign <i>[note 3]</i>	4,200,000	1,000,000
Other grants	11,480	11,260
Administration fee to the YMCA of Greater Vancouver <i>[note 3]</i>	310,569	326,270
Net recovery on common area leased property costs		
Cost recovery	(57,949)	
Property costs incurred	57,684	(12,848)
Office, legal, professional and contract services	97,188	143,769
Property tax, utilities, occupancy and other	25,000	43,237
Interest on long-term debt <i>[note 6]</i>	19,743	161,343
Bank and investment charges	130,750	38,975
Insurance premiums	19,928	21,661
Meetings, conferences and travel	8,317	11,990
Promotion	7,073	4,774
Commodity tax rebate	(3,221)	(10,195)
	5,908,973	3,708,799
Deficiency of revenue over expenses before the following	(211,487)	(2,349,217)
Other income (expenses)		
Amortization of real property	(24,920)	—
Other expenses	—	(87,537)
Gain on sale of real property	—	47,668,700
Excess (deficiency) of revenue over expenses for the year	(236,407)	45,231,946

See accompanying notes

The YMCA of Greater Vancouver Foundation

Statement of cash flows

Year ended December 31

	2019	2018
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	(236,407)	45,231,946
Add (deduct) items not involving cash		
Unrealized investment loss (gain)	(3,616,380)	651,771
Gain on sale of real property	—	(47,668,700)
Straight-line rent	—	6,332
Amortization of real property	24,920	—
	<u>(3,827,867)</u>	<u>(1,778,651)</u>
Changes in non-cash working capital		
Prepaid expenses	(3,306)	141,857
Other receivables	81,999	60,898
Accounts payable and accrued liabilities	952,994	(737,458)
Deferred revenue	—	(29,430)
Cash used in operating activities	<u>(2,796,180)</u>	<u>(2,342,784)</u>
Investing activities		
Increase in investments	(24,278,784)	(14,185,489)
Proceeds from sale of real property	—	55,660,740
Purchase of real property	(16,335,917)	—
Cash provided by (used in) investing activities	<u>(40,614,701)</u>	<u>41,475,251</u>
Financing activities		
Receipt of endowment contributions and bequests	668,354	258,197
Proceeds of long-term debt	9,000,000	—
Repayment of long-term debt	—	(2,536,161)
Cash provided by (used in) financing activities	<u>9,668,354</u>	<u>(2,277,964)</u>
Net increase (decrease) in cash during the year	(33,742,527)	36,854,503
Cash, beginning of year	<u>42,903,711</u>	<u>6,049,208</u>
Cash, end of year	<u>9,161,184</u>	<u>42,903,711</u>

See accompanying notes

The YMCA of Greater Vancouver Foundation

Notes to financial statements

December 31, 2019

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

Accounting standards

These financial statements were prepared in accordance with *CPA Canada Handbook – Accounting*, Part III, "Accounting Standards for Not-for-Profit Organizations".

Adoption of new accounting standard

On January 1, 2019, the Foundation adopted Section 4433 in Part III, "Tangible capital assets held by not-for-profit organizations" which replaced Section 4431 on the same subject.

Under the new standard, the cost of a contributed tangible capital asset is deemed to be its fair value at the date of contribution plus all costs directly attributable to the acquisition of the tangible capital asset, including installation and costs associated with getting it to the condition necessary for intended use.

Under the new standard, the Foundation is required to consider componentization, which is separating tangible capital assets into their significant component parts and then amortizing each component over the estimated useful lives of the separate components.

Under the new standard, the Foundation can now record amortization of a tangible asset based on the greater of the cost less salvage value over the life of the asset or the cost less residual value over the useful life of the asset. The Foundation is also required to consider whether impairments could be required when conditions indicate that the asset no longer contributes to the Foundation's ability to provide goods or services or that the value of the future economic benefits or service potential associated with the asset is less than its carrying amount. The Foundation will need to consider partial impairments and not only full impairment. Write-downs are recorded in the statement of operations and are not reversed. In addition, disclosure is required related to the nature and basis of any write-down recognized.

The adoption of Section 4433 does not have a material impact on the Foundation's financial statements and related disclosures.

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

The YMCA of Greater Vancouver Foundation

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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 period received.

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 in marketable securities at fair value. Directly attributable costs incurred on the acquisition of those 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 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

Cash includes all balances held at banks and highly liquid 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.

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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 provides for amortization of buildings on a straight-line basis over the estimated useful lives of the assets of 32 years.

When conditions indicate that an item of property and equipment no longer contributes to the Foundation's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the item is less than its net carrying amount, the item is written down to its fair value or replacement cost. The write-down is recognized as an expense in the statement of operations and is 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.

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 [What Really Matters Capital Campaign]. In April 2018, the trustees made further pledges of \$7,000,000 to bring their gift to \$10,000,000. During the year ended December 31, 2019, \$4,200,000 [2018 – \$1,000,000] was contributed and at December 31, 2019, an aggregate of \$5,700,000 [2018 – \$1,500,000] of this commitment had 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 2019, the Foundation provided grants of \$1,082,411 to the YMCA [2018 – \$1,968,563].

The Foundation reimbursed the YMCA for administration support services totaling \$310,569 [2018 – \$326,270].

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, 2019, included in rent revenue is \$56,185 [2018 – \$154,705] charged to the YMCA.

As at December 31, 2019, included in accounts payable and accrued liabilities is \$479,798 payable to [2018 – included in other receivables is \$5,569 receivable from] the YMCA in respect of administrative costs and grants not paid or remitted. The transactions are recorded at exchange amounts agreed and established between the YMCA and the Foundation.

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4. Investments

	2019	2018
	\$	\$
Unrestricted funds		
Mawer – Langdale New Westminster	12,823,067	5,542,653
Canada Life Canadian Real Estate Fund	6,926,283	—
IFM Global Infrastructure	20,518,507	—
Northleaf Senior Private Credit	3,854,327	—
North Growth Management Ltd	327,703	262,743
Guaranteed Investment Certificates ["GIC"]	—	12,500,000
ACM Commercial Mortgage Fund	6,513,186	6,500,000
	50,963,073	24,805,396
Endowment funds		
Mawer – Endowment	10,375,672	8,641,150
Mawer – Literacy	236,927	233,962
	10,612,599	8,875,112
Total investments	61,575,672	33,680,508

The unrealized investment net gain or loss on the portfolio for 2019 was a gain of \$3,616,380 [2018 – loss of \$651,771]. Investment income for the year was \$1,027,307 [2018 – \$690,535]. The realized loss for the year was \$2,058 [2018 – gain of \$33,289]. Other interest income earned on cash accounts for the year was \$790,564 [2018 – \$792,938].

The investment mix, excluding endowment donor designated funds, comprises the following:

	2019	2018
	%	%
Money market	—	39.54
Fixed income	7.2	14.65
Mortgages	13.2	19.30
Infrastructure	41.5	—
Real estate	14.0	—
Direct lending	4.8	—
Equities and equity funds	19.3	26.51
	100.0	100.00

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5. Real property

The Foundation owns 154 acres of land near Deka Lake, British Columbia, which is leased to the YMCA [note 3]. During the year ended December 31, 2019, the Foundation acquired certain real property at 620 Royal Ave, New Westminster, British Columbia for \$16,335,917 of which \$7,335,917 was paid in cash and \$9,000,000 was financed by way of long-term debt [note 6].

	Cost \$	Accumulated depreciation \$	Net book value \$
2019			
Land	7,064,367	—	7,064,367
Building	9,801,550	24,920	9,776,630
	16,865,917	24,920	16,840,997
2018			
Land	530,000	—	530,000

6. Long-term debt

	2019 \$	2018 \$
Long-term debt	9,000,000	—
Less current portion	242,205	—
	8,757,795	—

Term loan bearing interest at 3.10% per annum, repayable in blended monthly instalments of principal and interest of \$43,149 and maturing in December 2024. The term loan is collateralized by a first charge on a certain real property with a net book value at December 31, 2019 of \$16,310,997.

The estimated annual principal repayments required in each of the next five years are as follows:

	\$
2020	242,205
2021	249,821
2022	257,677
2023	265,779
2024	7,984,518
	9,000,000

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The Foundation's long-term debt contains a debt service coverage ratio covenant. Measurement of the covenant is defined in the agreement and is as interpreted by the lender. At December 31, 2019, the Foundation was in compliance with this covenant.

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. The capital of these funds are held permanently by Vancouver Foundation and invested in accordance with the provisions of the *Vancouver Foundation Act*. Income from these funds is recognized when distributed by the Vancouver Foundation

	Share of investment income %	2019 Cost \$	2018 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

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 deposit 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 exposed to liquidity risk arising from its accounts payable and accrued liabilities and its long-term debt. The Foundation's ability to meet its obligations depends on the amount and composition of its investments and its ability to obtain financing from existing or other potential lenders.

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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 in the amount of US\$2,923,500 [2018 – nil] 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. Government remittances

Included in accounts payable and accrued liabilities at December 31, 2019 are government remittances aggregating \$394,797 [2018 – \$383], such as sales taxes, which are required to be paid to government authorities.

11. Comparative figures

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

12. Subsequent event

The outbreak of the Coronavirus disease [“COVID-19”] has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown and global equity and fixed income markets experiencing significant uncertainty and volatility. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of the Foundation in future periods which could include decreased values in the investment portfolio and declines in investment performance.