

Financial Statements

**The Endowment Fund of
the Young Men's Christian Association
of Greater Vancouver**

December 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Trustees of
**The Endowment Fund of the Young Men's
Christian Association of Greater Vancouver**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **The Endowment Fund of the Young Men's Christian Association of Greater Vancouver**, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **The Endowment Fund of the Young Men's Christian Association of Greater Vancouver** as at December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Society Act 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.

Vancouver, Canada
May 20, 2015

Ernst & Young LLP

Chartered Accountants

**The Endowment Fund of the Young Men's
Christian Association of Greater Vancouver**

STATEMENT OF FINANCIAL POSITION

As at December 31

	2014	2013
	\$	\$
ASSETS		
Current		
Cash	702,740	1,109,269
Accrued interest and other receivables	148,701	70,357
Prepaid expenses	11,923	10,916
Total current assets	863,364	1,190,542
Investments <i>[note 4]</i>	6,786,842	5,889,380
Properties under development	26,383	—
Property and equipment, net <i>[note 5]</i>	11,032,439	10,870,976
Total assets	18,709,028	17,950,898
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities <i>[notes 3 and 9]</i>	172,939	99,160
Current portion of long-term debt <i>[note 6]</i>	211,002	203,207
Deferred revenue	26,427	26,427
Total current liabilities	410,368	328,794
Long-term debt <i>[note 6]</i>	6,998,419	7,209,421
Total liabilities	7,408,787	7,538,215
Net assets		
Endowment funds	6,604,339	5,748,112
Unrestricted fund	875,091	1,206,222
Internally restricted fund	3,820,811	3,458,349
Total net assets	11,300,241	10,412,683
Total liabilities and net assets	18,709,028	17,950,898

See accompanying notes

On behalf of the Board:



Director



Director

**The Endowment Fund of the Young Men's
Christian Association of Greater Vancouver**

STATEMENT OF OPERATIONS

Year ended December 31

	2014	2013
	\$	\$
REVENUE		
Rental income <i>[note 3]</i>	962,355	879,294
Investment income <i>[note 4]</i>	156,919	118,369
Income from funds administered by the Vancouver Foundation		
The YMCA of Greater Vancouver Designated Fund <i>[note 7]</i>	77,737	74,680
Guy Flavelle Memorial Fund <i>[note 7]</i>	23,648	32,013
Chilliwack Family YMCA Endowment Fund <i>[note 7]</i>	8,755	—
J.D. Wilson Charitable Trust <i>[note 7]</i>	472	454
Donations	22,534	24,700
Other income	18,541	18,391
	<u>1,270,961</u>	<u>1,147,901</u>
EXPENSES		
Grants to		
The YMCA of Greater Vancouver <i>[note 3]</i>	399,672	321,503
Strong Foundations, Strong Communities, Robert Lee (Downtown) YMCA <i>[note 3]</i>	—	100,000
Camp Elphinstone <i>[note 3]</i>	160,000	60,000
Other grants	6,627	6,793
Administration fee to the YMCA of Greater Vancouver <i>[note 3]</i>	144,996	105,000
Net recovery on common area leased property costs		
Cost recovery	(372,392)	
Property costs incurred	<u>386,409</u>	6,484
Office, legal, professional and contract services	60,693	47,228
Insurance premiums	23,536	25,064
Promotion	13,883	11,093
Meetings, conferences and travel expenses	15,204	10,558
Property tax, utilities, occupancy and other	2,539	3,764
Interest <i>[note 6]</i>	275,327	282,858
Recovery of commodity tax rebate	(26,207)	(31,756)
	<u>1,090,287</u>	<u>948,589</u>
Excess of revenue over expenses before amortization and unrealized investment gain	180,674	199,312
Amortization of property and equipment	(182,886)	(156,648)
Unrealized investment gain <i>[note 4]</i>	639,810	810,426
Excess of revenue over expenses for the year	<u>637,598</u>	<u>853,090</u>

See accompanying notes

**The Endowment Fund of the Young Men's
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STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	2014			2013	
	Endowment	Unrestricted	Internally	Total	Total
	funds	fund	restricted fund		
	\$	\$	\$	\$	\$
Net assets, beginning of year	5,748,112	1,206,222	3,458,349	10,412,683	8,565,254
Excess (deficiency) of revenue over expenses for the year	606,267	214,217	(182,886)	637,598	853,090
Endowment contributions and bequests	249,960	—	—	249,960	994,339
Transfer to (from) internally restricted net assets	—	(545,348)	545,348	—	—
Net assets, end of year	6,604,339	875,091	3,820,811	11,300,241	10,412,683

See accompanying notes

**The Endowment Fund of the Young Men's
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STATEMENT OF CASH FLOWS

Year ended December 31

	2014	2013
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	637,598	853,090
Add (deduct) non-cash items		
Unrealized investment gain	(639,810)	(810,426)
Amortization of property rent receivable	(65,021)	—
Amortization of property and equipment	182,886	156,648
	<u>115,653</u>	<u>199,312</u>
Changes in non-cash working capital balances related to operations		
Accrued interest and other receivables	(9,891)	17,986
Prepaid expenses	(1,007)	3,754
Accounts payable and accrued liabilities	41,756	(29,072)
Deferred revenue	—	(2,438)
Cash provided by operating activities	<u>146,511</u>	<u>189,542</u>
INVESTING ACTIVITIES		
Increase in investments	(257,652)	(959,413)
Purchase of property and equipment	(342,141)	(93,711)
Cash used in investing activities	<u>(599,793)</u>	<u>(1,053,124)</u>
FINANCING ACTIVITIES		
Endowment contributions and bequests	249,960	994,339
Repayment of long-term debt	(203,207)	(195,765)
Cash provided by financing activities	<u>46,753</u>	<u>798,574</u>
Net decrease in cash during the year	<u>(406,529)</u>	<u>(65,008)</u>
Cash, beginning of year	<u>1,109,269</u>	<u>1,174,277</u>
Cash, end of year	<u>702,740</u>	<u>1,109,269</u>

See accompanying notes

**The Endowment Fund of the Young Men's
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NOTES TO FINANCIAL STATEMENTS

December 31, 2014

1. PURPOSE OF ORGANIZATION AND BASIS OF PRESENTATION

The Endowment Fund of the Young Men's Christian Association of Greater Vancouver [the "Endowment Fund"] is an organization incorporated under the Society Act of British Columbia and is a registered public foundation under the Income Tax Act (Canada) and, accordingly, is not subject to income taxes. The Endowment Fund attracts 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 Chair or designate of the Endowment Fund also be a member of the YMCA's Board of Directors.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Part III of the CPA Canada Handbook – *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 described hereafter.

Revenue recognition

The Endowment Fund follows the deferral method of accounting for contributions.

Restricted investment income is initially deferred and then recognized as revenue in the year in which the related expenditures are incurred. Unrestricted investment income is recognized as revenue when earned.

Endowment contributions are recognized as direct increases in net assets.

Rental income is recognized on a monthly basis, when the Endowment Fund has earned the rental income.

Income earned on funds held by the Vancouver Foundation [note 7] is recorded as revenue when earned.

Pledges, since they are not legally enforceable claims, are not recorded as revenue until the cash or related asset is received.

Financial instruments

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred. Investment income, which consists of interest, dividends, income distributions from pooled funds and realized and unrealized gains and losses, is recorded as revenue in the statement of operations.

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Other financial instruments, including accrued interest and other receivables and accounts payable, are recorded at amortized cost, net of any provisions for impairment.

Cash and cash equivalents

Cash and cash equivalents include all balances held at banks, excluding overdraft amounts and any short-term investments with an original maturity of less than three months.

Properties under development

Properties under development are recorded at cost and are not amortized. When project construction is complete, the property under development is transferred to the appropriate asset category and amortized over its useful life.

Property and equipment

Property and equipment are recorded at cost for property purchased by the Endowment Fund and at fair values at the time of donation for property and equipment donated.

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

Buildings and infrastructure	32 years
Building equipment/improvements	15 years
Camp furniture and equipment	10 years
Tenant inducements	Over term of lease

Land is not amortized.

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 Society 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 2010, the Trustees of the Endowment Fund committed to provide the YMCA \$600,000 over seven years for the purpose of building new lodges at Camp Elphinstone. As at December 31, 2014, \$400,000 [2013 – \$240,000] had been contributed by the Endowment Fund with respect to the lodges at Camp Elphinstone.

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In addition, the Endowment Fund makes donations to the YMCA in accordance with donors' restrictions at the direction of the Endowment Fund Trustees. During 2014, the Endowment Fund provided grants of \$559,672 to the YMCA [2013 – \$481,503]. The Endowment Fund reimbursed the YMCA for administration support services totalling \$144,996 [2013 – \$105,000]. The YMCA has a ten-year lease for lands and buildings owned by the Endowment Fund. For the year ended December 31, 2014, the Endowment Fund charged the YMCA rent of \$192,129 [2013 – \$174,440].

During the year ended December 31, 2014, the YMCA made a grant of nil [2013 – \$48,300] to the Endowment Fund.

At December 31, 2014, \$67,694 [2013 – \$11,913] is payable to the YMCA in respect of administrative costs and expenses not paid and included in accounts payable and accrued liabilities. The transactions are recorded at the exchange amounts agreed and established between the YMCA and the Endowment Fund.

4. INVESTMENTS

Investments are held as follows:

	2014	2013
	\$	\$
Mawer – Endowment [i]	6,420,271	5,529,204
Mawer – Literacy [i]	233,562	249,995
North Growth Management Ltd. [ii]	133,009	110,181
	6,786,842	5,889,380

The unrealized investment gain on the portfolio was \$639,810 [2013 – \$810,426]. Investment income for the year was \$127,226 [2013 – \$98,150]. The realized gain for the year was \$20,469 [2013 – \$10,451]. The investment income earned on bank account balances during the year was \$9,224 [2013 – \$9,768].

[i] The 12 month rate of return at December 31, 2014 was 13.11% [2013 – 21.18%].

[ii] The 12 month rate of return at December 31, 2014 was 21.7% [2013 – 44.22%].

The investments comprise the following:

	2014	2013
	%	%
Money market	7.84	4.73
Fixed income	30.21	30.00
Equities and equity funds	61.95	65.27
	100.00	100.00

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5. PROPERTY AND EQUIPMENT

	2014		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land [i]	7,038,217	—	7,038,217
Building and infrastructure [i]	4,607,321	1,083,185	3,524,136
Building equipment/improvements	421,556	47,744	373,812
Camp furniture and equipment	74,994	74,994	—
Tenant inducements	108,036	11,762	96,274
	12,250,124	1,217,685	11,032,439

	2013		
	Cost	Accumulated amortization	Net book Value
	\$	\$	\$
Land [i]	7,038,217	—	7,038,217
Building and infrastructure [i]	4,607,321	939,205	3,668,116
Building equipment/improvements	175,654	19,641	156,013
Camp furniture and equipment	74,994	74,994	—
Tenant inducements	9,589	959	8,630
	11,905,775	1,034,799	10,870,976

[i] Land and buildings include 226.6 acres of undeveloped land in the Langdale area, 90 acres of wilderness camp property on Deka Lake in the 100 Mile area, developed property in West Vancouver of 8,228 square feet currently leased to a bank, and developed property in Vancouver of 30,662 square feet currently leased to five tenants.

6. LONG-TERM DEBT

The purchase of the property at 5055 Joyce Street, Vancouver was financed by two loan facilities, one of \$3,000,000 secured by the Joyce Street property and one of \$4,750,000 secured by the Endowment Fund property at 1705 Marine Drive, West Vancouver. The carrying amount of these collateralized assets at December 31, 2014 was \$10,267,439 [2013 – \$10,105,976]. At December 31, 2014, the outstanding balance payable on the loan facilities was \$7,209,421 [2013 – \$7,412,628] of which \$211,002 is repayable in 2014 and is shown as a current liability. The balance of \$6,998,419 is shown as long-term debt. The loan facilities bear interest at 3.8% per annum over a term of ten years maturing March 1, 2022. Interest on the loan facilities in the amount of \$275,327 [2013 – \$282,858] is recorded as interest expense. Repayments including principal and interest on the loan facilities in the next five years are approximately \$479,184 per

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year based on a 25-year amortization period, repayable in monthly blended amounts of principal and interest.

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 Endowment Fund. The income from these funds has been allocated to the Endowment Fund and is recorded in the statement of operations.

	Share of investment income	2014 Cost	2013 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 Fund	100	160,000	—
J.D. Wilson Charitable Trust	20	51,125	51,125
		3,900,561	3,740,561

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 Endowment Fund's main credit risk relates to its other receivables. The Endowment Fund derives revenue from donations and bequests, investments purchased in Canadian dollars and rental property located in Canada.

Liquidity risk

Liquidity risk is the risk that the Endowment Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Endowment Fund has no difficulty in meeting obligations associated with its financial liabilities and accordingly is not exposed to liquidity risk.

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Financial risk

Financial risk is the risk to the Endowment Fund's results of operations that arises from fluctuations in interest rates and foreign exchange rates, and the degree of volatility of these rates. It is management's opinion that the Endowment Fund is not exposed to significant interest rate risk. In addition to managing these risks, the Endowment Fund has established a target mix of investment types designed to achieve an optimal return within reasonable risk tolerances.

9. GOVERNMENT REMITTANCES

HST/GST payable of \$1,849 [2013 – \$6,628] and PST payable of \$247 [2013 – \$385] are included in accounts payable and accrued liabilities.