

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

Financial Statements
December 31, 2015



May 10, 2016

Independent Auditor's Report

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

We have audited the accompanying financial statements of Young Women's Christian Association (of Vancouver, British Columbia), which comprise the balance sheet as at December 31, 2015 and the statements of revenue and expenses, changes in fund balances, and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

*PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806*



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Young Women's Christian Association (of Vancouver, British Columbia) as at December 31, 2015 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 (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Young Women's Christian Association

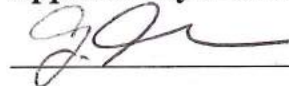
(of Vancouver, British Columbia)

Balance Sheet

As at December 31, 2015

	Operating Fund		Capital Fund		Total	
	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
Assets						
Current assets						
Cash and cash equivalents (note 3)	6,824,477	5,695,667	-	-	6,824,477	5,695,667
Short-term investments (note 4)	1,189,833	1,177,573	-	-	1,189,833	1,177,573
Accounts receivable	2,135,778	1,345,639	-	-	2,135,778	1,345,639
Prepays and inventory	244,796	284,922	-	-	244,796	284,922
Interfund balances	(2,765,490)	(3,003,080)	2,765,490	3,003,080	-	-
	7,629,394	5,500,721	2,765,490	3,003,080	10,394,884	8,503,801
Restricted investments (notes 11 and 12)	2,183,119	2,067,469	-	-	2,183,119	2,067,469
Long-term investments (note 4)	3,682,937	3,514,242	-	-	3,682,937	3,514,242
Property and equipment (note 5)	-	-	26,955,342	23,645,820	26,955,342	23,645,820
	13,495,450	11,082,432	29,720,832	26,648,900	43,216,282	37,731,332
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	3,027,509	1,942,012	-	-	3,027,509	1,942,012
Deferred revenue (note 7)	1,641,379	1,230,392	-	-	1,641,379	1,230,392
Current portion of capital leases payable (note 9)	-	-	39,238	56,734	39,238	56,734
Current portion of mortgages payable (note 8)	-	-	192,826	165,448	192,826	165,448
	4,668,888	3,172,404	232,064	222,182	4,900,952	3,394,586
Capital leases payable (note 9)	-	-	75,479	120,053	75,479	120,053
Mortgages payable (note 8)	-	-	5,423,496	4,593,674	5,423,496	4,593,674
	4,668,888	3,172,404	5,731,039	4,935,909	10,399,927	8,108,313
Fund balances						
Unrestricted	616,137	597,311	-	-	616,137	597,311
Internally restricted	6,027,306	5,245,248	-	-	6,027,306	5,245,248
Externally restricted	819,229	724,128	-	-	819,229	724,128
Donor designated endowment funds	1,363,890	1,343,341	-	-	1,363,890	1,343,341
Capital funds	-	-	23,989,793	21,712,991	23,989,793	21,712,991
	8,826,562	7,910,028	23,989,793	21,712,991	32,816,355	29,623,019
	13,495,450	11,082,432	29,720,832	26,648,900	43,216,282	37,731,332

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, 2015

	Operating Fund		Capital Fund		Total	
	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
Revenue						
Government contracted programs (note 19)	13,201,176	13,481,661	985,921	387,260	14,187,097	13,868,921
Donations	3,040,338	2,668,506	2,030,390	1,305,136	5,070,728	3,973,642
Hotel/residence	3,869,906	3,615,057	-	-	3,869,906	3,615,057
Health and fitness	2,686,812	2,702,608	-	-	2,686,812	2,702,608
Early Learning and Care Centres	1,602,959	1,577,666	-	-	1,602,959	1,577,666
Other revenue	875,699	772,523	-	-	875,699	772,523
Investment income (note 4)	432,472	657,624	-	-	432,472	657,624
Events	522,810	416,238	-	228,131	522,810	644,369
Gaming revenue	52,000	52,000	-	-	52,000	52,000
	<u>26,284,172</u>	<u>25,943,883</u>	<u>3,016,311</u>	<u>1,920,527</u>	<u>29,300,483</u>	<u>27,864,410</u>
Expenses (note 19)						
Government contracted programs	13,426,333	12,983,212	-	-	13,426,333	12,983,212
Hotel/residence	2,849,601	2,570,099	-	-	2,849,601	2,570,099
Health and fitness	2,611,569	2,565,026	-	-	2,611,569	2,565,026
Other community services	2,353,893	2,123,623	-	-	2,353,893	2,123,623
Early Learning and Care Centres	2,022,942	1,876,553	-	-	2,022,942	1,876,553
Fundraising	1,242,049	1,125,938	-	-	1,242,049	1,125,938
Depreciation	-	-	911,083	947,821	911,083	947,821
Events	349,834	306,367	-	89,782	349,834	396,149
Head office	228,258	196,982	-	-	228,258	196,982
National and world allocation	111,985	104,554	-	-	111,985	104,554
	<u>25,196,464</u>	<u>23,852,354</u>	<u>911,083</u>	<u>1,037,603</u>	<u>26,107,547</u>	<u>24,889,957</u>
Excess of revenue over expenses	<u>1,087,708</u>	<u>2,091,529</u>	<u>2,105,228</u>	<u>882,924</u>	<u>3,192,936</u>	<u>2,974,453</u>

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, 2015

	2015					2014	
	Unrestricted \$	Internally restricted \$ (note 10)	Externally restricted \$ (note 11)	Donor designated endowment funds \$ (note 12(a))	Operating Fund Total \$	Capital Fund	Total
Fund balances - Beginning of year	597,311	5,245,248	724,128	1,343,341	7,910,028	21,712,991	29,623,019
Excess of revenue over expenses	972,458	-	95,101	20,149	1,087,708	2,105,228	3,192,936
Endowment contributions (note 12(a))	-	-	-	400	400	-	400
Transfer to internally restricted funds (note 10)	(782,058)	782,058	-	-	-	-	-
Transfer to Capital Fund - Repayment of capital leases payable and interfund loan	(171,574)	-	-	-	(171,574)	171,574	-
Fund balances - End of year (note 17)	616,137	6,027,306	819,229	1,363,890	8,826,562	23,989,793	32,816,355
							29,623,019

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, 2015

	2015 \$	2014 \$
Cash flows from operating activities		
Excess of revenue over expenses	3,192,936	2,974,453
Items not affecting cash		
Depreciation	911,083	947,821
Writeoff capital assets disposed	4,434	-
Realized gain and change in unrealized gain on investments	(190,401)	(436,358)
	<u>3,918,052</u>	<u>3,485,916</u>
Net change in non-cash working capital balances, excluding current portion of mortgages payable and capital leases payable	<u>746,470</u>	<u>549,903</u>
	<u>4,664,522</u>	<u>4,035,819</u>
Cash flows from financing activities		
Repayment of mortgages payable	(174,291)	(156,793)
Proceeds from capital leases	-	167,622
	<u>(174,291)</u>	<u>10,829</u>
Cash flows from investing activities		
Repayment of capital leases	(62,070)	(52,406)
Increase in short-term investments	(12,261)	(694,243)
Increase in restricted investments	(115,650)	(123,423)
Endowment contributions and interest	400	980
(Increase) decrease in long-term investments	21,707	(41,489)
Purchase of property and equipment	(3,193,547)	(1,051,640)
	<u>(3,361,421)</u>	<u>(1,962,221)</u>
Increase in cash and cash equivalents	1,128,810	2,084,427
Cash and cash equivalents - Beginning of year	<u>5,695,667</u>	<u>3,611,240</u>
Cash and cash equivalents - End of year	<u>6,824,477</u>	<u>5,695,667</u>
Supplementary information		
Interest paid	258,595	267,702

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

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

1 Mission statement

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

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

2 Significant accounting policies

Fund accounting

The Association maintains its accounts in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds according to the activity or objective specified.

The Operating Fund reports the general operating activities of the Association, the allocation of fund balances for internally and externally restricted purposes, and the activities of donor designated endowment funds.

The Capital Fund reports the Association's property that has been funded by government grants, capital contributions and amounts transferred from the Operating Fund.

Interfund balances of \$2,765,490 (2014 - \$3,003,080) reflect the amount of funds held by the Operating Fund that are to be used by the Capital Fund. Included in the interfund balances is an interfund loan of \$nil (2014 - \$109,504) between the Operating Fund and the Capital Fund. This loan was non-interest bearing and was repaid by the end of 2015.

Revenue recognition

Operating Fund

The Association follows the deferral method of accounting for contributions in the Operating Fund. Contributions are recorded as revenue when received or receivable except when the donor has specified that they are intended for use in a future period, in which case they are recorded in deferred revenue. Contributions are recognized as revenue when the amount can be reasonably estimated and collection is reasonably assured. Hotel/residence revenue and health and fitness revenue are recognized when services are provided to the guests and members and ultimate collection is reasonably assured. Fees, government grants and contracts, and health and wellness memberships received in advance for services are accounted for using the deferral method, whereby such amounts are deferred and recorded as income in the period in which the service is provided.

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

Pledged funds and legacies are recorded as they are received.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

Capital Fund

The Association follows the restricted fund method of accounting for contributions in the Capital Fund. Contributions for capital expenditures are recorded as revenue when received.

Donated services

Approximately 756 volunteers contributed close to 24,000 hours throughout the year to assist the Association in carrying out its program activities. Due to the difficulty of determining their fair value, donated services are not recognized in the financial statements.

Non-cash donations

As part of its programs, the Association receives non-cash donations consisting primarily of food, clothing and toys, which it distributes to families participating in its programs, and goods for sale at the Thrift Shop. Tax receipted donations totalling \$193,383 (2014 - \$172,387) have been recognized as both an in-kind revenue and an in-kind expense, at the fair market value of the gifts, as provided by the donors.

Cash and cash equivalents

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

Inventory

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

Investments

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

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

Property and equipment

Property and equipment are recorded at cost. Depreciation is provided on a declining balance basis at the following rates, with the half-year rule applied during the year of acquisition:

Buildings	4%
Leasehold equity interest	2%
Leasehold improvements	20%
Furniture and equipment	10%
Computer software	100%
Computer hardware	50%
Fitness equipment	30%

Investment income

Investment income includes interest and dividends which are recorded on an accrual basis, and realized and unrealized gains and losses on disposal of investments.

Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations (ASNPO) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Pension plan

The Association is part of the United Way of the Lower Mainland multi-employer defined benefit pension plan. It provides this benefit for employees working 17.5 hours or more each week. The plan is accounted for on the defined contribution basis, as it is not possible to separately identify the assets and liabilities of the pension plan that relate to the Association.

Financial instruments

Financial assets and liabilities are measured at fair value with the exception of investments held to maturity, loans and receivables, and other liabilities that are measured at amortized cost using the effective interest rate method. The Association has designated its short-term and long-term investments as held-for-trading, and its cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and mortgages payable are measured at amortized cost.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

3 Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and a higher interest-earning premium investment account.

	2015 \$	2014 \$
Cash on deposit	1,458,886	1,975,734
Premium investment account	5,365,591	3,719,933
	<u>6,824,477</u>	<u>5,695,667</u>

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.

	2015 \$	2014 \$
T-bills (Canadian and US\$)	1,189,833	1,177,573
Bonds	3,275,612	3,010,884
Equities		
Canadian	1,131,911	1,192,385
International	1,458,533	1,378,442
	<u>7,055,889</u>	<u>6,759,284</u>
Less:		
Restricted investments (notes 11 and 12)	2,183,119	2,067,469
Short-term investments	1,189,833	1,177,573
	<u>3,682,937</u>	<u>3,514,242</u>

Investment income comprises:

	2015 \$	2014 \$
Dividend and interest income	242,071	221,266
Realized gain and change in unrealized gain	190,401	436,358
	<u>432,472</u>	<u>657,624</u>

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

5 Property and equipment

	2015		
	Cost \$	Accumulated depreciation \$	Net \$
Land and buildings			
Hornby Street (a)	3,013,172	1,236,148	1,777,024
Beatty Hotel/Residence (b)	13,756,542	6,160,349	7,596,193
Semlin Gardens (c)	3,791,103	2,075,671	1,715,432
Munroe House (d)	2,423,739	806,859	1,616,880
Fraser Gardens (e)	3,914,812	1,333,203	2,581,609
Crabtree Corner (f)	6,226,398	2,413,501	3,812,897
Emma's (g)	976,207	311,418	664,789
Leasehold equity interest - buildings (h)	2,030,625	138,528	1,892,097
Leasehold improvements	227,555	214,443	13,112
Furniture and equipment (i)	3,389,973	2,412,872	977,101
Computer equipment	433,362	421,290	12,072
Properties under development (j)	4,296,136	-	4,296,136
	<u>44,479,624</u>	<u>17,524,282</u>	<u>26,955,342</u>
			2014
	Cost \$	Accumulated depreciation \$	Net \$
Land and buildings			
Hornby Street (a)	3,013,172	1,162,105	1,851,067
Beatty Hotel/Residence (b)	13,756,542	5,948,007	7,808,535
Semlin Gardens (c)	3,791,103	2,004,195	1,786,908
Munroe House (d)	1,518,589	777,204	741,385
Fraser Gardens (e)	3,788,472	1,254,442	2,534,030
Crabtree Corner (f)	6,226,398	2,254,630	3,971,768
Emma's (g)	976,207	283,718	692,489
Leasehold equity interest - buildings (h)	2,030,625	99,914	1,930,711
Leasehold improvements	227,555	211,164	16,391
Furniture and equipment (i)	3,390,622	2,284,004	1,106,618
Computer equipment	433,362	348,218	85,144
Properties under development (j)	1,120,774	-	1,120,774
	<u>40,273,421</u>	<u>16,627,601</u>	<u>23,645,820</u>

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

- a) The Hornby Street Program Centre includes the Health and Fitness Centre, the Leslie Diamond Early Learning and Care Centre, meeting rooms, and administrative and program management offices. The rights to the land and airspace parcel for the Hornby Street building were granted to the Association for its use and there are restrictions on its disposition or sublease.
- b) The Beatty Hotel/Residence is a 12-storey, 155-guest room building that provides temporary accommodation to travellers and to people in need.
- c) Semlin Gardens is a low-income, 28 two- and three-bedroom unit social housing project initiated by the Association to address the need for affordable housing for single mothers and their children.

The land for Semlin Gardens buildings is leased for a period of 60 years without charge to the Association from the City of Vancouver and expiring in 2056. The land use is restricted to social housing and cannot be sold or subleased by the Association.

- d) Munroe House is a 10-unit transition home for battered women and their children.
- e) Fraser Gardens is a low-income social housing project for single mothers and their children in Langley.
- f) Crabtree Corner provides community housing, childcare space and community programs in Vancouver's Downtown Eastside. The land for Crabtree Corner is leased without charge to the Association from the City of Vancouver for a period of 60 years, expiring in 2063.
- g) Emma's Early Learning and Care Centre is located on land leased, for a nominal amount, from the Vancouver School Board for a term of 30 years, expiring in 2036. The child care centre is for children of mothers attending a Vancouver School Board school.
- h) Under arrangements with BC Housing, the Association contributed \$1,013,039 and \$1,017,586 for the single mothers' housing projects in Coquitlam and Surrey, and received a proportionate leasehold equity interest in the properties secured by Declaration of Trust agreements between the Association and Provincial Housing Rental Corporation.
- i) Included in furniture and equipment is equipment under capital lease of \$209,079 (2014 - \$209,079) (note 9), with accumulated depreciation of \$83,126 (2014 - \$39,238).
- j) Included in properties under development at year-end are development costs for the new Cause We Care House in East Vancouver and three new housing projects under development in Coquitlam, North Vancouver and the City of Vancouver.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

6 Bank operating loan

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

7 Deferred revenue

Deferred revenue represents cash received for projects and services that are designated to be provided in the following year. Significant categories of deferred revenue are as follows:

	2015	2014
	\$	\$
Fees and other income received in advance		
Health and fitness	13,497	13,253
Government contracted programs and other	1,130,563	732,274
Fundraising and events received in advance	461,514	458,692
Hotel deposits	35,805	26,173
	<u>1,641,379</u>	<u>1,230,392</u>

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

8 Mortgages payable

	2015 \$	2014 \$
Semlin Gardens Royal Bank mortgage loan, bearing interest at 8.25% per annum with monthly repayments of \$12,370 commencing June 1, 1996, maturing May 1, 2016 and amortized over a term of 35 years	1,090,261	1,147,712
Munroe House BC Housing mortgage loan, bearing interest at 2.63% per annum with monthly repayments of \$4,120 commencing July 1, 2011, maturing June 1, 2016 and amortized over a term of 19 years and 9 months	621,232	653,959
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	897,392	-
Fraser Gardens Royal Bank mortgage loan, bearing interest at 4.87% per annum with monthly repayments of \$13,821 commencing June 1, 2007, maturing June 1, 2027 and amortized over a term of 30 years	2,217,423	2,274,857
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	125,257	-
Crabtree Corner TD Bank loan, bearing interest at 3.8% per annum with monthly repayments of \$3,605 commencing December 1, 2010, maturing December 1, 2020 and amortized over a term of 28 years	664,757	682,594
	<u>5,616,322</u>	<u>4,759,122</u>
Less: Current portion	192,826	165,448
	<u>5,423,496</u>	<u>4,593,674</u>

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

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

Estimated principal repayments on the mortgages payable are as follows:

	\$
December 31	
2016	192,826
2017	203,146
2018	214,119
2019	225,791
2020	238,212
Thereafter	<u>4,542,228</u>
	<u>5,616,322</u>

Interest on the mortgages in 2015 was \$255,660 (2014 - \$250,219).

9 Capital leases payable

The Association is committed to minimum lease payments for equipment as follows:

	\$
2016	49,143
2017	41,352
2018	41,352
2019	<u>3,444</u>
	135,291
Less: Imputed interest at 5.25%	<u>20,574</u>
	114,717
Less: Current portion	<u>39,238</u>
	<u>75,479</u>

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

10 Internally restricted funds

Internally restricted funds consist of the following:

					2015	2014
	Board- Designated Endowment Fund \$	Board- Designated Capital Repair and Replacement Reserve \$	Board- Designated Legacy Fund \$	Board- Designated Employment Program Fund \$	Total \$	Total \$
Reserve balance - Beginning of year	2,139,000	1,839,636	266,612	1,000,000	5,245,248	4,098,969
Disbursement/transfer from internally restricted funds	-	(92,385)	-	-	(92,385)	(255,721)
Transfer to internally restricted funds	-	455,785	118,658	300,000	874,443	1,402,000
Reserve balance - End of year	2,139,000	2,203,036	385,270	1,300,000	6,027,306	5,245,248

a) Board-Designated Endowment Fund

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

b) Board-Designated Capital Repair and Replacement Reserve

The purpose of the Board-Designated Capital Repair and Replacement Reserve is to provide for the maintenance and replacement of major property and equipment such as furniture, equipment, building components, and computer systems. This fund is not intended to be used for the acquisition or replacement of land or buildings. Expenditures out of this fund will require the Board of Directors' approval in the annual capital budget.

c) Board-Designated Legacy Fund

The purpose of the Board-Designated Legacy Fund is to ensure that undesignated bequests that are greater than \$10,000 are used to fund important initiatives within the Association in a timely manner. By setting aside funds in the Legacy Fund, the Association has the flexibility to target resources to programs and activities with the greatest positive impact. Expenditures out of this fund will require the Board of Directors' approval.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

d) Board-Designated Employment Program Fund

The purpose of the Board-Designated Employment Program Fund is to set aside resources for the future use of the employment programs as these programs transition from a guaranteed revenue model to a revenue generation model. As these programs are contracted for a period of five years, the Board of Directors will annually review the balance for this fund and decide on the level of funding required.

11 Externally restricted funds

Externally restricted funds consist of the following:

	2015 \$	2014 \$
Semlin Gardens Replacement and Maintenance Reserve	109,143	86,017
Fraser Gardens Replacement and Maintenance Reserve	252,487	248,308
Crabtree Housing Replacement and Maintenance Reserve	123,532	120,412
Alder Gardens Replacement and Maintenance Reserve	178,773	143,487
Como Lake Gardens Replacement and Maintenance Reserve	155,294	125,904
	<hr/> 819,229	<hr/> 724,128

a) Semlin Gardens Replacement and Maintenance Reserve

Under the mortgage agreement with BC Housing, the Association is required to set aside an amount of \$24,264 (2014 - \$24,264) annually as a replacement and maintenance reserve. This reserve amount is appropriated from the Operating Fund balance. During the year, BC Housing approved expenditures from the fund of \$3,546 (2014 - \$19,572). Interest of \$2,408 (2014 - \$3,128) has been attributed to the fund.

b) Fraser Gardens Replacement and Maintenance Reserve

Under the mortgage agreement with BC Housing, the Association is required to set aside an amount of \$nil (2014 - \$24,048) annually as a replacement and maintenance reserve. This reserve amount is appropriated from the Operating Fund balance. During the year, BC Housing approved expenditures from the fund of \$2,774 (2014 - \$16,976). Interest of \$6,953 (2014 - \$9,278) has been attributed to the fund.

c) Crabtree Housing Replacement and Maintenance Reserve

Under the mortgage agreement with BC Housing, the Association is required to set aside an amount of \$nil (2014 - \$12,600) annually as a replacement and maintenance reserve. This reserve amount is appropriated from the Operating Fund balance. During the year, BC Housing approved expenditures from the fund of \$252 (2014 - \$3,645). Interest of \$3,372 (2014 - \$4,287) has been attributed to the fund.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

d) Alder Gardens Replacement and Maintenance Reserve

Under the mortgage agreement with BC Housing, the Association is required to set aside an amount of \$31,268 (2014 - \$31,104) annually as a replacement and maintenance reserve. This reserve amount is appropriated from the Operating Fund balance. Interest of \$4,018 (2014 - \$4,322) has been attributed to the fund.

e) Como Lake Gardens Replacement and Maintenance Reserve

Under the mortgage agreement with BC Housing, the Association is required to set aside an amount of \$25,865 (2014 - \$25,920) annually as a replacement and maintenance reserve. This reserve amount is appropriated from the Operating Fund balance. Interest of \$3,525 (2014 - \$3,846) has been attributed to the fund.

12 Donor designated endowment funds

a) Managed by the Association

	Balance - Beginning of year \$	Endowment contributions \$	Inflation adjustment \$	Balance - End of year \$
May Brown	81,920	200	1,229	83,349
Charles and Adeliene Hill	178,430	-	2,676	181,106
Jean Giles	49,358	200	740	50,298
Rudy and Patricia North	74,346	-	1,115	75,461
Ralph and Grace Fisher	117,659	-	1,765	119,424
Daryl Bramall	36,918	-	554	37,472
Dan Hill	34,098	-	511	34,609
Rina Maria Bidin	770,612	-	11,559	782,171
	<u>1,343,341</u>	<u>400</u>	<u>20,149</u>	<u>1,363,890</u>

The total investment income earned on resources held for endowment in the year amounts to \$97,996 (2014 - \$158,091 gain).

The May Brown Leadership Endowment Fund for Young Women was established in 1999 to create an endowment fund for young women. Income from investing the fund, net of an inflation adjustment to the principal, is used to support the YWCA youth mentorship programs for young girls.

The Charles and Adeliene Hill Endowment Fund was established in 2000. The purpose of the fund is to help sustain the operations of the YWCA. Income from investing the fund, net of an inflation adjustment to the principal, is used to support YWCA operations.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

The Jean Giles Memorial Endowment Fund for Women and Children Living in Poverty was created in 2004 using a bequest from Jean Giles' estate, and contributions from Jean's friends. Income from investing the fund, net of an inflation adjustment to the principal, is used to support programs and services at Crabtree Corner.

The Rudy and Patricia North Endowment Fund was established in 2004. The purpose of the fund is to help sustain the operations of the YWCA. Income from investing the fund, net of an inflation adjustment to the principal, is used to support YWCA operations.

The Ralph and Grace Fisher Endowment Fund for YWCA Crabtree Corner was established in 2005. Income from investing the fund, net of an inflation adjustment to the principal, is used to support programs and services at Crabtree Corner.

The Daryl Bramall (Crabtree Corner) Endowment for Women and Children Living in Poverty was established in 2005. Income from investing the fund, net of an inflation adjustment to the principal, is used to support programs and services at Crabtree Corner.

The Dan Hill Memorial Endowment Fund for Women and Children Living in Poverty was established in 2008. Income from investing the fund, net of an inflation adjustment to the principal, is used to support women and children living in poverty through the programs and services at Crabtree Corner.

The Rina Maria Bidin Fund was established in 2011. Income from investing the fund, net of an inflation adjustment to the principal, is used to support programs serving single mothers and babies.

b) Managed by the Vancouver Foundation

YWCA Endowment Fund

The Association and the Vancouver Foundation have contributed to an Endowment Fund administered by the Vancouver Foundation. The Association receives all income from the Endowment Fund in its Operating Fund but does not have access to the capital, which is \$403,225 at December 31, 2015 (2014 - \$403,225). Interest income from the fund in 2015 was \$26,324 (2014 - \$25,011).

Mary C. Jordan Fund

The Mary C. Jordan Economic Independence for Women Fund was established to support economic independence for women through programs offered by the Association. In October 2003, Mary C. Jordan contributed \$25,000 to this fund and assigned the administration to the Vancouver Foundation. The Association receives all income from the fund but does not have access to the capital, which is \$40,000 at December 31, 2015 (2014 - \$40,000). Interest income from the fund in 2015 was \$1,629 (2014 - \$1,548).

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

13 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% (2014 - 175%) of employee contributions. In 2015, the Association's pension expenses were \$1,029,661 (2014 - \$966,986).

The Association is one of 11 agencies that comprise the United Way of the Lower Mainland pension plan (the Plan). As of the last valuation at December 31, 2013, the Plan had a solvency deficit of \$4.2 million, and a going concern excess of \$4.9 million.

14 Commitments

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

	\$
2016	696,593
2017	502,803
2018	341,717
2019	225,000
2020	225,000
2021 and thereafter	318,750

15 Fair value of financial instruments

The carrying value of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued liabilities reflects their fair value due to the relatively short period to maturity of the instruments.

Capital leases payable and the mortgages payable are of a long-term nature and, as such, are impacted by changes in market yields, which can result in differences between carrying value and market value.

16 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 receivables 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.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. The Association is exposed to fair value risk on its investments held in short-term notes, bonds and debentures and marketable equity securities. These market risks are managed by establishing and monitoring asset allocation strategies and minimum credit criteria, and by diversifying investments within the various asset pools held by the Association. Exposure to any related foreign currency risk is limited to its investments in overseas equities as disclosed in note 4.

Interest rate risk

Interest rate risk is the risk that the Association's investments will change in fair value due to future fluctuations in market interest rates. The risk arises primarily on interest bearing financial instruments held in pooled money market and bond funds as well as the Association's fixed interest mortgage loans as disclosed in note 8.

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due. The Association's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flow generated from operations to fund the operations and settle debt and liabilities when due. The Association also maintains reserves to mitigate this risk (note 10). Contractual obligation payments related to financial liabilities as at December 31, 2015 are expected to be paid in accordance with the repayment schedules disclosed in notes 8, 9 and 14.

17 Capital disclosure

The Association defines its capital as the amounts included in its fund balances.

The Association's objective when managing its fund balances is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to its beneficiaries and its stakeholders.

A portion of the Association's fund balances is restricted as described in notes 11 and 12. 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 10. 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.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

The Association sets the amount of fund balances in proportion to risk, manages the fund structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

Although the Association has external debt, as detailed in note 8, the repayment of the debt is financed by BC Housing through an annual grant to the Association.

18 Allocation of expenses

The Association incurs a number of head office support expenses and allocates these expenses to the programs and to fund development proportionately based on the total costs of the program. These head office support costs include accounting, human resource, IT, purchasing, marketing and central building costs. Fund development expenses are not allocated to the programs. Head office supports costs have been allocated to the following categories:

	2015	2014
	\$	\$
Hotel/residence	192,010	181,875
Health and fitness	569,056	545,497
Early Learning and Care Centres	183,716	169,126
Other community services	203,709	175,523
Government contracted programs	1,716,598	1,586,225
Fundraising	92,773	90,780
Events	30,333	22,696
	<u>2,988,195</u>	<u>2,771,722</u>

19 Supplemental information

- a) Under the Homelessness Partnership Strategy funding agreements with Services Canada, the Association received \$800,000 (2014 - \$202,973) for the Cause We Care project and \$55,885 (2014 - \$82,885) for the Clean State program during the year. The Cause We Care project incurred expenditures of \$3,089,833 (2014 - \$539,341) during the year, and the Clean State program incurred expenditures of \$95,239 (2014 - \$108,056) during the year.

Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2015

b) Expenses for the year comprise:

	2015	2014
	\$	\$
Salaries	12,656,633	11,916,167
Benefits	2,344,154	2,214,557
Purchased services	4,501,236	4,523,452
Program supplies	1,195,285	1,068,517
Building supplies, maintenance, insurance and utilities	1,715,412	1,511,842
Depreciation	911,083	947,821
Rental and occupancy costs	890,504	709,386
Telephone, fax, internet, postage and courier	321,440	348,580
Professional fees	127,275	105,392
Equipment	406,103	522,678
Cost of events	169,566	175,263
Marketing and communications	220,046	180,159
Staff/volunteer	240,355	220,520
National and world allocation	111,985	104,554
Office and administration	296,470	341,069
	<u>26,107,547</u>	<u>24,889,957</u>