

Financial Statements

**The Young Men's Christian Association  
of Greater Vancouver**

December 31, 2014



Building a better  
working world

# INDEPENDENT AUDITORS' REPORT

To the Members of  
**The Young Men's Christian Association of Greater Vancouver**

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 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 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 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  
April 14, 2015

*Ernst & Young LLP*

Chartered Accountants

The Young Men's Christian Association of Greater Vancouver

STATEMENT OF FINANCIAL POSITION

As at December 31

	2014	2013
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	2,128,776	1,225,854
Accounts receivable [notes 4, 8 and 15]	1,543,268	1,442,844
Due from the Endowment Fund of the YMCA [note 3]	67,694	11,913
Prepaid expenses and other	744,224	594,085
<b>Total current assets</b>	<b>4,483,962</b>	<b>3,274,696</b>
YMCA facilities under development [note 5]	765,744	—
Investments and restricted cash [note 6]	15,824,259	14,746,253
Property and equipment, net [notes 7 and 8]	56,733,157	59,744,807
<b>Total assets</b>	<b>77,807,122</b>	<b>77,765,756</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Bank demand loan [note 8[a]]	—	37,567
Current portion of term loans [note 8[b]]	3,491,824	3,399,887
Accounts payable and accrued liabilities [note 15]	2,705,963	2,699,466
Deferred revenue [note 9[a]]	1,772,039	2,283,325
Current portion of capital lease obligations [note 10]	3,600	3,600
<b>Total current liabilities</b>	<b>7,973,426</b>	<b>8,423,845</b>
Deferred capital contributions [note 9[b]]	19,881,424	19,281,105
Term loans [note 8[b]]	471,514	385,050
Capital lease obligations [note 10]	39,600	43,200
<b>Total liabilities</b>	<b>28,365,964</b>	<b>28,133,200</b>
Commitments and contingencies [note 11]		
<b>Net assets</b>		
Unrestricted	136,226	(2,596,756)
Internally Restricted [note 12]	49,304,932	52,229,312
<b>Total net assets</b>	<b>49,441,158</b>	<b>49,632,556</b>
<b>Total liabilities and net assets</b>	<b>77,807,122</b>	<b>77,765,756</b>

See accompanying notes

On behalf of the Board:



Director



Director

# The Young Men's Christian Association of Greater Vancouver

## STATEMENT OF OPERATIONS

Year ended December 31

	2014	2013
	\$	\$
<b>REVENUE</b>		
Membership fees	14,892,844	13,945,384
Program fees	14,401,881	12,573,724
Government sources – other	3,770,201	3,489,916
Government sources – childcare	3,631,387	3,524,011
Donations <i>[note 14]</i>	1,183,395	1,150,648
Investment income <i>[note 6]</i>	796,357	168,710
Allocations from the United Way	524,842	503,982
Grants from the Endowment Fund of the YMCA <i>[note 3]</i>	397,715	320,973
Grants from the YMCA of Greater Vancouver Properties Foundation <i>[note 4]</i>	228,975	220,344
Gaming	220,040	222,500
Other revenue	61,552	125,733
	<b>40,109,189</b>	<b>36,245,925</b>
<b>EXPENSES</b>		
Salaries <i>[note 3]</i>	20,908,121	19,338,935
Occupancy <i>[notes 3 and 4]</i>	5,164,520	4,738,283
Employee benefits	2,561,043	2,279,396
Supplies	2,234,179	2,109,634
Grants and work study fees	1,430,115	1,077,447
Office, legal and contract services	1,418,078	1,300,506
Repairs and maintenance	628,395	446,086
Advertising and promotion	584,887	362,616
Conferences, employee expense and vehicle costs	539,123	516,303
Bank charges	525,418	456,687
Staff and volunteer training	457,521	491,039
National support	426,167	351,123
Other	60,569	77,214
Recovery of commodity tax rebate	(336,090)	(434,271)
	<b>36,602,046</b>	<b>33,110,998</b>
Excess of revenue over expenses before the following	3,507,143	3,134,927
Loss on sale of disposal of equipment	(56,894)	(34,507)
Interest <i>[note 8]</i>	(128,590)	(136,197)
Gain on interest rate swap <i>[notes 8 and 13]</i>	26,584	26,633
Amortization of property and equipment <i>[note 7]</i>	(4,389,172)	(4,020,977)
Amortization of deferred capital contributions <i>[note 9]</i>	849,531	905,330
<b>Deficiency of revenue over expenses for the year</b>	<b>(191,398)</b>	<b>(124,791)</b>

See accompanying notes

**The Young Men's Christian Association of Greater Vancouver**

**STATEMENT OF CHANGES IN NET ASSETS**

Year ended December 31

	<b>2014</b>			<b>2013</b>
	<b>Unrestricted</b>	<b>Internally Restricted</b>	<b>Total</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Net assets, beginning of year</b>	<b>(2,596,756)</b>	<b>52,229,312</b>	<b>49,632,556</b>	49,757,346
Excess (deficiency) of revenue over expenses for the year	<b>3,059,255</b>	<b>(3,250,653)</b>	<b>(191,398)</b>	(124,790)
Transfer to Internally Restricted <i>[note 12]</i>	<b>(326,273)</b>	<b>326,273</b>	—	—
<b>Net assets, end of year</b>	<b>136,226</b>	<b>49,304,932</b>	<b>49,441,158</b>	49,632,556

*See accompanying notes*

## The Young Men's Christian Association of Greater Vancouver

### STATEMENT OF CASH FLOWS

Year ended December 31

	<b>2014</b>	<b>2013</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenses for the year	(191,398)	(124,791)
Add (deduct) non-cash items		
Amortization of deferred compensation	30,270	30,242
Amortization of property and equipment	4,389,172	4,020,977
Amortization of deferred capital contributions	(849,531)	(905,330)
Loss on disposal of assets	56,894	—
Gain on interest rate swap	(26,584)	(26,633)
	3,408,823	2,994,465
Changes in non-cash working capital balances related to operations		
Accounts receivable	(96,390)	(318,339)
Due from the Endowment Fund of the YMCA	(55,780)	(11,913)
Prepaid expenses and other	(148,306)	(43,042)
Accounts payable and accrued liabilities	(10,359)	365,354
Deferred revenue	(522,960)	484,158
<b>Cash provided by operating activities</b>	<b>2,575,028</b>	<b>3,470,683</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,577,550)	(3,155,370)
Proceeds on sale of property and equipment	82,625	17,688
Additions to YMCA facilities under development	(699,239)	(20,678)
Increase in investments and restricted cash	(1,078,007)	(86,046)
<b>Cash used in investing activities</b>	<b>(3,272,171)</b>	<b>(3,244,406)</b>
<b>FINANCING ACTIVITIES</b>		
Repayments on bank demand loan	(37,567)	(145,892)
Borrowings (repayments) on term loans	178,401	(4,549)
Receipt of contributions restricted for capital purposes	1,462,831	1,135,169
Payment of capital lease obligations	(3,600)	(3,600)
<b>Cash provided by financing activities</b>	<b>1,600,065</b>	<b>981,128</b>
<b>Net increase in cash during the year</b>	<b>902,922</b>	<b>1,207,405</b>
Cash, beginning of year	1,225,854	18,449
<b>Cash, end of year</b>	<b>2,128,776</b>	<b>1,225,854</b>

*See accompanying notes*

# **The Young Men's Christian Association of Greater Vancouver**

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2014

### **1. PURPOSE OF ORGANIZATION**

The Young Men's Christian Association of Greater Vancouver [the "Association" or the "YMCA"] is an independent, charitable organization dedicated to the development of people in spirit, mind and body as well as the improvement of local, national and international communities. The Association is incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act (Canada) and accordingly is not subject to income taxes.

### **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 Association follows the deferral method of accounting for contributions, which include grants and donations. Externally restricted contributions are initially deferred and then recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, including grants and donations, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Pledges are recognized as revenue if collection is reasonably assured, otherwise they are not recognized until the cash or asset is delivered.

Program fees and membership fees are recognized as revenue over the period to which the fees relate. Funds from government sources for services are recognized as revenue as the services to which the funds relate are delivered or performed. Amounts received in advance of meeting the criteria for revenue recognition are initially deferred and then recognized as revenue when earned. Contributions related to capital development projects and capital assets represent restricted contributions and are recognized as income on the same basis as the related assets are amortized.

Investment income, which consists of interest, dividends, income distributions from pooled funds and realized and unrealized gains and losses, is recorded in the statement of operations.

#### **Financial instruments**

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

# The Young Men's Christian Association of Greater Vancouver

## NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

### Property and equipment

Property and equipment are recorded at cost less accumulated amortization. The Association charges amortization on a straight line basis over the estimated useful lives of the assets as follows:

Buildings and infrastructure	25 to 32 years
Program and operating equipment	4 to 8 years
Computer and office equipment	5 years
Automobiles	5 years
Land	not amortized

### Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a short term to maturity of approximately three months or less from the date of purchase unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

### Leases

Leases are classified as either capital or operating leases. Those leases that transfer substantially all the benefits and risks of ownership of the property to the Association are accounted for as capital leases. Capital lease obligations reflect the present value of future lease payments discounted at appropriate interest rates. All other leases are accounted for as operating leases, wherein rental payments are charged to operations as incurred.

### YMCA facilities under development

The YMCA facilities under development are recorded at cost and are not amortized. When project construction is complete, the YMCA facility under development project is transferred to the appropriate asset categories and amortized over its useful life. Interest costs and internal salaries and wages directly attributable to the development projects are capitalized as part of the facilities under development.

## **The Young Men's Christian Association of Greater Vancouver**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Derivative financial instruments**

Interest rate swaps have been used to reduce interest rate risk on the Association's debt. Management does not enter into derivative financial instruments for trading or speculative purposes. The Association has not designated its interest rate swap contracts as a hedge for accounting purposes and, accordingly, records the fair value of this derivative using a mark-to-market valuation basis, with changes in fair value during the year recognized in the statement of operations as unrealized gain (loss) on interest rate swap.

#### **Long-term debt**

Long-term debt is initially measured at fair value, net of transaction costs and financing fees. It is subsequently measured at amortized cost. Transaction costs and financing fees are amortized using the straight-line method.

#### **Pension plan**

Contributions to a multi-employer defined contribution pension plan are expensed on an accrual basis.

#### **Contributed materials and services**

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are also not recognized in the financial statements.

#### **Management's 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 statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent; however, actual results could differ from these estimates. To these financial statements, such estimates principally impact the recoverability of YMCA facilities under development which are, in part, dependent on the success of the various development initiatives [note 5] and are dependent on the Association's continued support of these development initiatives. Management estimates also impact the period over which property and equipment and deferred capital contributions are amortized.

# **The Young Men's Christian Association of Greater Vancouver**

## **NOTES TO FINANCIAL STATEMENTS**

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### **3. THE ENDOWMENT FUND OF THE YMCA**

The Endowment Fund of the YMCA ["Endowment Fund"] is an independent organization incorporated under the Society Act of British Columbia and is a registered foundation under the Income Tax Act (Canada). It is concerned with assisting in the development, growth and continuing relevancy of the Association. The by-laws of the Association provide that the Chair or designate of the Endowment Fund also be a member of the Association's Board of Directors.

In 2010, the Trustees of the Endowment Fund committed to provide the Association \$600,000 over 7 years for the purpose of building new lodges at Camp Elphinstone. As at December 31, 2014, \$400,000 [2013 – \$240,000] had been received in respect of this commitment and has been recorded as deferred capital contributions.

In addition, the Endowment Fund makes grants and donations to the Association in accordance with donor's restrictions at the direction of the Endowment Fund Trustees. During 2014, the Endowment Fund provided grants of \$559,672 to the Association [2013 – \$481,503]. The Endowment Fund reimbursed the Association for salaries relating to administration support totaling \$144,996 [2013 – \$105,000] which has been recorded as a reduction of salaries expense. The Association has a ten-year lease for lands and buildings owned by the Endowment Fund. For the year ended December 31, 2014, the Association was charged rent of \$192,129 [2013 – \$174,440] by the Endowment Fund.

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

As at December 31, 2014, \$67,694 was receivable from the Endowment Fund in respect of administrative costs not paid [2013 – \$11,913]. The transactions are recorded at the exchange amounts agreed and established between the Association and the Endowment Fund.

### **4. THE YMCA OF GREATER VANCOUVER PROPERTIES FOUNDATION**

The YMCA of Greater Vancouver Properties Foundation ["Properties Foundation"] is an independent organization incorporated under the Society Act of British Columbia and is a registered foundation under the Income Tax Act (Canada). It is concerned with assisting in the funding, support and promotion of the Association. The by-laws of the Properties Foundation provide that the immediate past-Chair of the Association also be an ex-officio member of the Properties Foundation Board of Directors. The Association has a ten-year lease for lands and buildings owned by the Properties Foundation for the Chilliwack Family YMCA Hocking facility which expires in December 2018. For the year ended December 31, 2014, the Association was

## The Young Men's Christian Association of Greater Vancouver

### NOTES TO FINANCIAL STATEMENTS

December 31, 2014

charged rent of \$274,770 [2013 – \$264,420] by the Properties Foundation. During 2014, the Properties Foundation provided grants of \$228,975 to the Association [2013 – \$220,344]. At December 31, 2014, \$2,634 was receivable from the Properties Foundation [2013 – nil] and is recorded in accounts receivable. The transactions are recorded at the exchange amounts agreed and established between the Association and the Properties Foundation.

#### 5. YMCA FACILITIES UNDER DEVELOPMENT

Costs capitalized with respect to ongoing capital projects to December 31, 2014 have been recorded in YMCA facilities under development and will be transferred to the appropriate property and equipment category in 2015 upon completion of the project.

	2014	2013
	\$	\$
YMCA Camp Elphinstone	762,418	—
Sechelt Childcare	3,326	—
	<u>765,744</u>	<u>—</u>

For the year ended December 31, 2014, facilities under development costs of nil were transferred to property and equipment [2013 – \$525,584].

#### 6. INVESTMENTS AND RESTRICTED CASH

Investments consist of the following:

	2014	2013
	\$	\$
<b>Bank account balances for</b>		
Internally Restricted	310,135	445,886
Internally Restricted for capital	—	9,569,821
Internally Restricted for strategic reserve	—	3,197,664
Externally Restricted – Government [note 9]	1,552,107	1,532,882
Externally Restricted – Other [notes 5 and 9]	314,921	—
Total bank account balances	<u>2,177,163</u>	<u>14,746,253</u>
<b>Investments for</b>		
Internally Restricted for strategic reserve	13,647,096	—
Total investment	<u>13,647,096</u>	<u>—</u>
Total investments and restricted cash	<u>15,824,259</u>	<u>14,746,253</u>

**The Young Men's Christian Association of Greater Vancouver**

**NOTES TO FINANCIAL STATEMENTS**

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Bank account balances are held in high interest savings accounts and earn interest at 1.23% per annum. The investment income earned on bank account balances during the year was \$85,261 [2013 – \$168,710].

In July 2014, certain bank balances were placed with an investment fund manager. The investment income on the portfolio for the five month period was \$711,096. The five month rate of return at December 31, 2014 was 5.50%.

The investments comprise the following:

	<b>2014</b>	<b>2013</b>
	%	%
Money market	<b>9.2</b>	—
Fixed income	<b>31.4</b>	—
Equities and equity funds	<b>59.4</b>	—
	<b>100.0</b>	—

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2014

### 7. PROPERTY AND EQUIPMENT

Location	Land \$	Buildings and infrastructure \$	Program and operating equipment \$	Computer and office equipment \$	Automobiles \$	Total \$	Accumulated amortization \$	Net book value \$
<b>December 31, 2014</b>								
Robert Lee YMCA – Downtown	1,335,907	36,954,253	2,469,356	423,125	—	41,182,641	9,701,152	31,481,490
Langara Family YMCA	513,122	4,073,932	1,669,425	292,621	—	6,549,101	4,934,109	1,614,991
Tong Louie Family YMCA – Surrey <i>[note 8]</i>	826,602	14,460,013	2,974,848	522,448	—	18,783,910	8,762,162	10,021,748
Chilliwack Family YMCA	—	142,436	1,155,854	311,351	42,000	1,651,641	1,376,360	275,281
Camp Elphinstone	30,058	11,125,627	979,468	136,859	127,148	12,399,158	3,649,753	8,749,406
Camp Deka	—	345,088	111,190	1,047	14,825	472,150	213,821	258,328
Child Care Unit	—	4,248,767	573,059	295,098	23,137	5,140,063	1,613,663	3,526,400
Association services	—	496,894	9,631	1,587,191	—	2,093,716	1,464,642	629,074
Community services	—	119,000	32,175	27,950	39,855	218,980	42,541	176,439
	<u>2,705,689</u>	<u>71,966,010</u>	<u>9,975,006</u>	<u>3,597,690</u>	<u>246,965</u>	<u>88,491,360</u>	<u>31,758,203</u>	<u>56,733,157</u>
<b>December 31, 2013</b>								
Robert Lee YMCA – Downtown	1,335,907	36,689,324	2,457,039	464,310	—	40,946,580	8,409,854	32,536,726
Langara Family YMCA	513,122	4,073,932	1,649,176	281,207	—	6,517,437	4,065,309	2,452,128
Tong Louie Family YMCA – Surrey <i>[note 8]</i>	826,602	14,576,929	2,924,637	514,965	42,000	18,885,133	8,167,268	10,717,865
Chilliwack Family YMCA	—	90,725	1,077,451	319,459	86,261	1,573,896	1,362,141	211,755
Camp Elphinstone	30,058	11,086,813	955,516	137,740	64,488	12,274,615	3,239,638	9,034,977
Camp Deka	—	324,373	111,190	1,047	14,825	451,435	195,660	255,775
Child Care Unit	—	4,248,768	534,002	292,553	62,137	5,137,460	1,416,728	3,720,732
Association services	—	496,894	9,631	1,531,786	—	2,038,311	1,241,422	796,889
Community services	—	—	2,138	24,152	—	26,290	8,330	17,960
	<u>2,705,689</u>	<u>71,587,758</u>	<u>9,720,780</u>	<u>3,567,219</u>	<u>269,711</u>	<u>87,851,157</u>	<u>28,106,350</u>	<u>59,744,807</u>

As at December 31, 2014, property and equipment include program and operating equipment, and a childcare centre under capital lease having a net book value of \$43,200 [2013 – \$52,938].

**The Young Men’s Christian Association of Greater Vancouver**

**NOTES TO FINANCIAL STATEMENTS**

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**8. BANK DEMAND LOAN AND TERM LOANS**

**[a] Bank demand loan**

	<b>2014</b>	<b>2013</b>
	\$	\$
Uncashed cheques	—	37,567
	<u>—</u>	<u>37,567</u>

The Association has a demand operating loan facility of \$3,500,000 available to finance general operating activities and facility development activities, bearing interest at the bank’s prime rate plus 0.45% per annum on outstanding amounts payable on demand. Interest for the year ended December 31, 2014, on the demand operating loan facility in the amount of nil [2013 – \$32] is recorded as interest expense.

**[b] Bankers’ acceptance/term loans**

	<b>2014</b>	<b>2013</b>
	\$	\$
Loan agreement facility for Tong Louie Family YMCA – Surrey [i]	<b>2,996,820</b>	2,997,000
Term loans for equipment [ii]	<b>966,518</b>	787,937
	<u><b>3,963,338</b></u>	<u>3,784,937</u>
Less long-term portion	<u><b>(471,514)</b></u>	<u>(385,050)</u>
	<u><b>3,491,824</b></u>	<u>3,399,887</u>

[i] As at December 31, 2014, the Association has a bankers’ acceptance [“BA”] facility of \$3,000,000 for Tong Louie Family YMCA – Surrey bearing interest at the treasury rate plus a BA fee of 1.50% per annum. To reduce the interest rate risk on the facility, the Association entered into an interest rate swap contract with a notional principal of \$3,000,000 that entitled the Association to receive interest at floating rates on the notional principal amount and obliged it to pay interest at a fixed rate of 2.27% per annum plus the BA fee of 1.50%. The swap matured in October 2014 and as at December 31, 2014, the interest rate swap had an outstanding balance of nil [2013 – \$2,997,000]. The interest rate swap was subject to interest at the 30-day treasury rate plus a BA fee of 1.50% per annum. As at December 31, 2014, the mark to market gain, of \$26,584 [2013 – \$26,633] has been recorded in the statement of operations. Interest expense recorded on the loan amounts to \$106,929 [2013 – \$113,155].

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### NOTES TO FINANCIAL STATEMENTS

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[ii] The Association has a combined term loan and lease facility of \$1,800,000 available to finance capital expenditures. Borrowings under this facility may be converted into a demand operating loan. This facility is subject to review by the bank annually. As at December 31, 2014, there was a combined amount of \$966,518 [2013 – \$787,937] in term facility loans. These are 3-year term loans that bear interest between 2.74% and 3.45% [2013 – 2.74% and 3.52%] per annum. Interest on the term loans in the amount of \$21,661 [2013 – \$23,010] is recorded as interest expense.

The bank's prime rate at December 31, 2014 was 3.00% [2013 – 3.00%].

The total estimated principal repayments of long-term debt due are as follows:

	\$
2015	3,491,824
2016	312,932
2017	158,582
	<u>3,963,338</u>

The loans are collateralized by:

- [a] A security agreement granted in favour of the bank over the accounts receivable of the Association with a carrying amount of \$1,543,268 at December 31, 2014.
- [b] Collateral mortgage in the amount of \$8.0 million, constituting a first fixed charge of the lands and improvements of the Tong Louie Family YMCA – Surrey with a carrying amount of \$9,301,144 at December 31, 2014.

### 9. DEFERRED REVENUE AND DEFERRED CAPITAL CONTRIBUTIONS

#### [a] Deferred revenue

	2014 \$	2013 \$
Community Programs	793,076	1,370,818
Membership	472,286	528,825
Regional Development Centre	255,189	190,944
Child Care	226,959	171,012
Other	24,529	21,726
	<u>1,772,039</u>	<u>2,283,325</u>

**The Young Men's Christian Association of Greater Vancouver**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2014

**[b] Deferred capital contributions**

	<b>2014</b>	<b>2013</b>
	\$	\$
<b>Balance, beginning of year</b>	<b>19,281,105</b>	19,051,266
Amounts received during the year	<b>1,455,190</b>	1,135,169
Amounts recognized as revenue during the year	<b>(849,531)</b>	(905,330)
Amounts related to assets disposed of during the year	<b>(5,340)</b>	—
<b>Balance, end of year</b>	<b>19,881,424</b>	19,281,105

Deferred capital contributions represent capital contributions for the following:

	<b>2014</b>	<b>2013</b>
	\$	\$
Tong Louie Family YMCA – Surrey capital campaign	<b>3,608,764</b>	3,834,312
Strong Foundations, Strong Communities – capital campaign	<b>10,183,875</b>	10,187,903
Strong Foundations, Strong Communities – government funds	<b>2,682,631</b>	2,819,694
Other deferred capital grants and contributions	<b>1,537,238</b>	906,314
Externally Restricted – Government <i>[note 6]</i>	<b>1,553,735</b>	1,532,882
Externally Restricted – Other <i>[notes 5 and 6]</i>	<b>315,181</b>	—
	<b>19,881,424</b>	19,281,105

The Tong Louie Family YMCA – Surrey capital campaign, including the Endowment Fund contribution of \$1 million, raised \$6.5 million in cash and pledges on a goal of \$6 million.

The Strong Foundations, Strong Communities capital campaign, including the Endowment Fund contribution of \$1 million, raised \$17.4 million [2013 – \$17.4 million] in cash and pledges on a goal of \$13.5 million. As at December 31, 2014, \$15.6 million [2013 – \$15.2 million] in contributions have been received.

The Externally Restricted government funds of \$1,553,735 are restricted for the Association's expansion in the Central Fraser Valley. The Externally Restricted – other funds of \$315,181 are restricted for the project in progress at Camp Elphinstone.

**The Young Men's Christian Association of Greater Vancouver**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2014

**10. CAPITAL LEASE OBLIGATIONS**

The present value of future minimum annual lease payments for a childcare center under capital lease at December 31, 2014 is as follows:

	\$
	<hr/>
2015	3,600
2016	3,600
2017	3,600
2018	3,600
2019	3,600
Thereafter	<hr/> 25,200
	43,200
Less amount representing interest	—
Less current portion of capital lease obligations	<hr/> 3,600
	<hr/> <hr/> 39,600

The interest on capital lease obligations was recorded as interest expense in the amount of nil [2013 – nil].

**11. COMMITMENTS AND CONTINGENCIES**

[a] The Association is committed to payments through 2022 under equipment and occupancy operating leases as follows:

	Equipment commitments	Occupancy commitments	Total commitments
	\$	\$	\$
	<hr/> <i>[notes 3 and 4]</i> <hr/>		
2015	366,112	798,088	1,164,200
2016	—	612,722	612,722
2017	—	587,701	587,701
2018	—	584,626	584,626
2019	—	335,619	335,619
Thereafter	<hr/> —	1,746,532	1,746,532
	<hr/> 366,112	4,665,288	<hr/> 5,031,400

## The Young Men's Christian Association of Greater Vancouver

### NOTES TO FINANCIAL STATEMENTS

December 31, 2014

In addition to minimum rentals, leases for offices generally require the payment of various operating costs.

[b] The Association is a member of the YMCA World Urban Network and holds \$283,906 [2013 – \$234,586] US funds on their behalf. These funds have not been recorded in the financial statements.

#### 12. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors appropriated Internally Restricted funds to be used as follows as at December 31, 2014:

	Internally Restricted for					Total \$
	Property and equipment \$	Childcare capital and transition requirements \$	Emergency capital requirements \$	Organization transition costs \$	Vehicle replacement costs \$	
<b>Closing balance as at December 31, 2012</b>	52,971,608	198,415	73,617	104,785	183,634	53,532,059
Transfer from (to)						
Unrestricted	2,099,537	(61,669)	—	—	(18,000)	2,019,868
Allocation of income	(3,288,123)	2,191	995	(40,160)	2,482	(3,322,615)
<b>Closing balance as at December 31, 2013</b>	51,783,022	138,937	74,612	64,625	168,116	52,229,312
Transfer from (to)						
Unrestricted	426,861	(66,355)	(75,062)	—	40,829	326,273
Allocation of income	(3,215,409)	1,949	450	(40,002)	2,359	(3,250,653)
<b>Closing balance as at December 31, 2014</b>	<b>48,994,474</b>	<b>74,531</b>	<b>—</b>	<b>24,623</b>	<b>211,304</b>	<b>49,304,932</b>

#### 13. FINANCIAL INSTRUMENTS AND 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 YMCA's main credit risk relates to its accounts receivable. The Association derives revenue from services delivered in Canada. Services are normally paid in advance or on a scheduled payment basis in Canadian funds and generally require no collateral. The Association's credit risk does not include counterparty exposure associated with the fixed interest rate swap contract in the event that there is non-performance as the counterparty to the contract and the underlying are one and the same.

# The Young Men's Christian Association of Greater Vancouver

## NOTES TO FINANCIAL STATEMENTS

December 31, 2014

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. During 2010, the Association entered into an interest rate swap contract terminating in October 2014 on a notional principal amount of \$3,000,000. The mark-to-market valuation of the swap contracts at December 31, 2014 gave rise to a gain of \$26,584 [2013 – \$26,633] [note 8].

### Financial risk

Financial risk is the risk to the Association results of operations that arises from fluctuations in equity valuations and foreign exchange rates and the degree of volatility of these rates. In managing these risks, the Association has established a target mix of investment types designed to achieve an optimal return within reasonable risk tolerances.

### Liquidity risk

The YMCA has no difficulty meeting obligations associated with its financial liabilities and accordingly is not exposed to liquidity risk.

## 14. FUNDS HELD BY THE VANCOUVER FOUNDATION

The Vancouver Foundation holds the funds listed below to which the Association is entitled to receive a portion of distributable investment income.

	Share of distributable income %	2014 income \$	2013 income \$
William E. and Emily Ross Fund	40	1,863	1,754
Senator and Mrs. S. S. McKeen Memorial Fund	100	2,037	2,004
Clarence L. Sorensen Fund	100	985	950
		<b>4,885</b>	<b>4,708</b>

## 15. GOVERNMENT RECEIVABLES AND REMITTANCES

Government receivables of \$853,821 [2013 – \$679,717] are included in accounts receivable. Government payables of \$374,201 [2013 – \$215,350] are included in accounts payable.

**The Young Men's Christian Association of Greater Vancouver**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2014

**16. RELATED PARTY PAYMENTS**

From time to time, the Association carries out business transactions with suppliers of goods and professional services whose officers are also directors of the Association. During the year, these transactions amounted to \$39,209 [2013 – \$74,281]. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and which, in management's opinion, is comparable to amounts that would have been paid to non-related parties. These transactions are subject to a regular review process.

**17. COMPARATIVE FIGURES**

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

