

The YMCA of Greater Vancouver Foundation

Financial statements
December 31, 2021



Independent auditor's report

To the Trustees of
The YMCA of Greater Vancouver Foundation

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **The YMCA of Greater Vancouver Foundation** [the "Foundation"] which comprise the statement of financial position as at December 31, 2021, and the statement of changes in net assets, statement of operations and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by the *Societies Act* (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada
June 9, 2022

Ernst & Young LLP

Chartered Professional Accountants



The YMCA of Greater Vancouver Foundation

Statement of financial position

As at December 31

	2021	2020
	\$	\$
Assets		
Current		
Cash	165,562	2,487,489
Investments [note 4]	51,620,051	49,174,146
Other receivables	1,062,397	208,176
Prepaid expenses	1,142	3,239
Total current assets	52,849,152	51,873,050
Investments [note 4]	22,773,923	20,165,433
Tenant Incentives, net	1,476,116	707,100
Real property, net [note 5]	18,605,057	17,246,330
Total assets	95,704,248	89,991,913
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities [note 10]	449,601	1,210,669
Due to The YMCA of Greater Vancouver [note 3]	1,409,597	37,948
Current portion of long-term debt [note 6]	256,199	249,189
Total current liabilities	2,115,397	1,497,806
Long-term debt [note 6]	8,271,806	8,528,707
Total liabilities	10,387,203	10,026,513
Contingency [note 11]		
Net assets		
Unrestricted	62,125,014	59,997,789
Endowment funds	13,114,980	11,499,177
Invested in real property	10,077,051	8,468,434
Total net assets	85,317,045	79,965,400
Total liabilities and net assets	95,704,248	89,991,913

See accompanying notes

On behalf of the Board:

Trustee



Trustee



The YMCA of Greater Vancouver Foundation

Statement of changes in net assets

Year ended December 31

	2021			2020	
	Unrestricted	Endowment funds	Invested in real property	Total	Total
	\$	\$	\$	\$	\$
Net assets, beginning of year	59,997,789	11,499,177	8,468,434	79,965,400	77,618,816
Excess (deficiency) of revenue over expenses for the year	4,318,444	790,451	(582,602)	4,526,293	2,300,257
Endowment contributions and bequests	—	825,352	—	825,352	46,327
Interfund transfer	(2,191,219)	—	2,191,219	—	—
Net assets, end of year	62,125,014	13,114,980	10,077,051	85,317,045	79,965,400

See accompanying notes

The YMCA of Greater Vancouver Foundation

Statement of operations

Year ended December 31

	2021	2020
	\$	\$
Revenue		
Rent <i>[note 3]</i>	763,753	700,863
Operating cost recoveries <i>[note 3]</i>	470,995	431,640
Investment income	1,726,845	1,413,489
Unrealized investment gains	6,062,106	2,992,947
Income from funds administered by the Vancouver Foundation		
The YMCA of Greater Vancouver Designated Funds <i>[note 7]</i>	103,345	125,795
Other funds <i>[note 7]</i>	43,423	29,115
Donations and other income	19,839	23,241
	9,190,306	5,717,090
Expenses		
Grants to:		
The YMCA of Greater Vancouver <i>[note 3]</i>	2,144,622	1,106,155
What Really Matters Capital Campaign <i>[note 3]</i>	600,000	500,000
Other grants	16,086	11,717
Administration fee to the YMCA of Greater Vancouver <i>[note 3]</i>	340,644	302,891
Property costs	564,780	520,106
Office, legal, professional and contract services	100,907	58,381
Interest on long-term debt <i>[note 6]</i>	266,878	271,344
Bank and investment charges	312,657	334,384
Insurance premiums	15,937	18,231
Meetings, conferences and travel	809	3,254
Promotion	5,654	5,035
Commodity tax rebate	(20,685)	(20,963)
	4,348,289	3,110,535
Excess of revenue over expenses before the following	4,842,017	2,606,555
Amortization of real property	(315,724)	(306,298)
Excess of revenue over expenses for the year	4,526,293	2,300,257

See accompanying notes

The YMCA of Greater Vancouver Foundation

Statement of cash flows

Year ended December 31

	2021	2020
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	4,526,293	2,300,257
Tenant incentives	(873,552)	(707,100)
Add (deduct) items not involving cash		
Unrealized investment gain	(6,062,106)	(2,992,947)
Amortization of tenant incentives	104,536	—
Amortization of real property	315,724	306,298
	<u>(1,989,105)</u>	<u>(1,093,492)</u>
Changes in non-cash working capital		
Other receivables	(854,221)	(137,548)
Prepaid expenses	2,097	67
Accounts payable and accrued liabilities	(761,068)	657,307
Due to The YMCA of Greater Vancouver	1,371,649	(441,661)
Cash used in operating activities	<u>(2,230,648)</u>	<u>(1,015,327)</u>
Investing activities		
Net proceeds from (acquisition of) investments	1,007,711	(4,770,960)
Additions to real property	(1,674,451)	(711,631)
Cash used in investing activities	<u>(666,740)</u>	<u>(5,482,591)</u>
Financing activities		
Receipt of endowment contributions and bequests	825,352	46,327
Repayment of long-term debt	(249,891)	(222,104)
Cash provided by (used in) financing activities	<u>575,461</u>	<u>(175,777)</u>
Net decrease in cash during the year	(2,321,927)	(6,673,695)
Cash, beginning of year	2,487,489	9,161,184
Cash, end of year	<u>165,562</u>	<u>2,487,489</u>

See accompanying notes

The YMCA of Greater Vancouver Foundation

Notes to financial statements

December 31, 2021

1. Organization

The YMCA of Greater Vancouver Foundation [the "Foundation"] was incorporated in 2009 under the *Society Act* of British Columbia, is a registered public foundation under the *Income Tax Act* (Canada) and, accordingly, is not subject to income taxes. The Foundation transitioned to the new *Societies Act* of British Columbia in June 2017. The Foundation's purpose is to [i] fund, support and promote The YMCA of Greater Vancouver ["YMCA"]; any organization that is a member of the National Council of Young Men's Christian Associations of Canada ["NC-YMCA"]; and any foundation or endowment fund whose purposes include the support of organizations that are members of NC-YMCA, and [ii] to receive gifts, bequests, funds and property, and to hold invest, administer and distribute funds and property for the purposes of the Foundation.

COVID-19 outbreak

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

2. Summary of significant accounting policies

Accounting standards

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

Revenue recognition

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

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

Operating cost recoveries are recognized as revenue when the amounts become due under the terms of the lease agreements, which is generally in the period in which the corresponding costs are incurred, and collection is reasonably assured.

The YMCA of Greater Vancouver Foundation

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

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

Financial instruments

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

All other financial assets and financial liabilities are initially measured at fair value, net of directly attributable costs of acquisition, and subsequently measured at cost or amortized cost. At each reporting date, the Foundation assess whether there are any indications that a financial asset measured at cost or amortized may be impaired. The amount of any impairment provision is recognized in the statement of operations. A previously recognized impairment provision may be reversed to the extent of any improvements relating to events occurring after the impairment was recognized. The amount of the reversal is recognized in the statement of operations in the period in which it is determined.

Foreign currency translation

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

Cash

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

Real property

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

The Foundation provides for amortization on a straight-line basis over the greater of the cost less salvage value over the life of the asset and the cost less residual value over the useful life of the asset as follows:

Building	32 years
Equipment and fixtures	5 to 20 years

The YMCA of Greater Vancouver Foundation

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When conditions indicate that an item of property and equipment no longer contributes to the Foundation's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the item is less than its net carrying amount, the item is written down to its fair value or replacement cost. The write-down is recognized as an expense in the statement of operations and is not reversed.

Tenant incentives

Tenant incentives, which include costs incurred to make leasehold improvements to tenant's space and cash allowances provided to tenants, are initially recognized as an asset and amortized on a straight-line basis over the initial term of the lease as a reduction in rent revenue.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial 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 those estimates.

3. The YMCA of Greater Vancouver

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

In April 2016, the Trustees of the Foundation committed to provide the YMCA \$3,000,000 over 10 years for the purpose of creating four new centres of community in Surrey, Vancouver, Coquitlam and Chilliwack [What Really Matters Capital Campaign]. In April 2018, the trustees made further pledges of \$7,000,000 to bring their gift to \$10,000,000. During the year ended December 31, 2021, \$600,000 [2020 – \$500,000] was contributed and at December 31, 2021, an aggregate of \$6,800,000 [2020 – \$6,200,000] of this commitment had been contributed by the Foundation with respect to the What Really Matters Capital Campaign.

In addition, the Foundation makes donations to the YMCA in accordance with donors' restrictions at the direction of the Foundation Trustees. During 2021, the Foundation provided grants of \$2,144,622 [2020 – \$1,106,155] to the YMCA.

For the year ended December 31, 2021, the Foundation reimbursed the YMCA for administration support services totalling \$340,644 [2020 – \$302,891].

In July 2015, the YMCA entered into a 10-year lease for Camp Deka, which is owned by the Foundation [note 5]. For the year ended December 31, 2021, included in rent revenue is \$66,215 [2020 – \$63,077] charged to the YMCA.

The Foundation has entered into a 10-year lease with the YMCA that expires in 2031, with two renewal options of five years each for space in the Foundation's Royal Avenue property with an annual base rent of approximately \$181,000 [note 5].

The YMCA of Greater Vancouver Foundation

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For the year ended December 31, 2021, included in rent revenue is \$151,000 [2020 – nil] of rent and included in operating cost recoveries is \$101,000 [2020 – nil] charged to the YMCA.

As at December 31, 2021, \$1,409,597 [2020 – \$37,948] is payable to the YMCA in respect of administrative costs and grants not paid or remitted. The transactions are recorded at exchange amounts agreed and established between the YMCA and the Foundation.

4. Investments

	2021 \$	2020 \$
Current		
<i>Unrestricted funds</i>		
Mawer – Langdale New Westminster	13,972,778	14,280,435
Canada Life Canadian Real Estate Fund	7,739,906	7,018,859
IFM Global Infrastructure	22,924,522	20,923,284
North Growth Management Ltd	486,216	411,088
ACM Commercial Mortgage Fund	6,496,629	6,540,480
Total current investments	51,620,051	49,174,146
Non-current		
<i>Unrestricted funds</i>		
Northleaf Senior Private Credit	9,658,943	8,666,256
<i>Endowment funds</i>		
Mawer – Endowment	12,901,775	11,287,291
Mawer – Literacy	213,205	211,886
Total non-current investments	22,773,923	20,165,433
Total investments	74,393,974	69,339,579

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

	2021 %	2020 %
Fixed income	4.9	7.0
Mortgages	10.7	11.7
Infrastructure	37.6	37.5
Real estate	12.7	12.6
Direct lending	15.3	11.9
Equities and equity funds	18.8	19.3
	100.0	100.0

The YMCA of Greater Vancouver Foundation

Notes to financial statements

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5. Real property

	2021		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Camp Deka			
Land	530,000	—	530,000
620 Royal Ave. – New Westminster			
Land	6,534,367	—	6,534,367
Building	12,131,303	646,003	11,485,300
Equipment and fixtures	56,329	939	55,390
	18,721,999	646,942	18,075,057
	19,251,999	646,942	18,605,057
	2020		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Camp Deka			
Land	530,000	—	530,000
620 Royal Ave. – New Westminster			
Land	6,534,367	—	6,534,367
Building	10,475,983	331,218	10,144,765
Equipment and fixtures	37,198	—	37,198
	17,047,548	331,218	16,716,330
	17,577,548	331,218	17,246,330

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

As at December 31, 2021, all building and equipment and fixtures were amortized as they were put into use during the year. As at December 31, 2020, building and equipment and fixtures totaling \$705,520 were not amortized as they were not put into use during the year.

The YMCA of Greater Vancouver Foundation

Notes to financial statements

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6. Long-term debt

	2021 \$	2020 \$
Long-term debt	8,528,005	8,777,896
Less current portion	256,199	249,189
	8,271,806	8,528,707

Term loan bearing interest at 3.10% per annum, repayable in blended monthly instalments of principal and interest of \$43,149 and maturing in January 2025. The term loan is collateralized by a first charge on a certain real property with a net book value at December 31, 2021 of \$18,075,057 [2020 – \$16,716,330]. For the year ended December 31, 2021, interest expense recorded on the term loan was \$266,878 [2020 – \$271,344].

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

	\$
2022	256,199
2023	265,779
2024	272,466
2025	7,733,561
	8,528,005

The Foundation's long-term debt contains a debt service coverage ratio covenant. Measurement of the covenant is defined in the agreement and is as interpreted by the lender. At December 31, 2021, the Foundation was in compliance with this covenant.

7. Funds held by the Vancouver Foundation

The undernoted funds are held by the Vancouver Foundation and, accordingly, are not included as assets of the Foundation. The capital of these funds are held permanently by Vancouver Foundation and invested in accordance with the provisions of the *Vancouver Foundation Act*. Income from these funds is recognized when distributed by the Vancouver Foundation

	Share of investment income %	2021 Cost \$	2020 Cost \$
The YMCA of Greater Vancouver Designated Fund	100	1,392,500	1,392,500
Guy Flavelle Memorial Fund	17	2,296,936	2,296,936
Chilliwack Family YMCA Endowment	100	160,000	160,000
J.D. Wilson Charitable Trust	20	51,125	51,125
		3,900,561	3,900,561

The YMCA of Greater Vancouver Foundation

Notes to financial statements

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8. Financial instruments

Interest rate risk

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

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to liquidity risk arising from its accounts payable and accrued liabilities, due to The YMCA of Greater Vancouver, and its long-term debt. The Foundation's ability to meet its obligations depends on the amount and composition of its investments and its ability to obtain financing from existing or other potential lenders.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation has investments denominated in US dollars in the amount of US\$7,351,843 [2020 – US\$6,793,956] and thus the Foundation is exposed to the risk of fluctuations in earnings and cash flows arising from changes in the exchange rate between the Canadian dollar and the US dollar and the degree of volatility in that rate.

Other price risk

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

9. Remuneration to trustees, employees and contractors

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

The YMCA of Greater Vancouver Foundation

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10. Government remittances

Included in accounts payable and accrued liabilities at December 31, 2021 are government remittances aggregating \$257,684 [2020 – \$4,661], such as sales taxes, which are required to be paid to government authorities.

11. Contingency

The Foundation has provided a guarantee and postponement of claim for \$31,500,000 to a bank for credit facilities provided to The YMCA of Greater Vancouver Properties Foundation [the “Properties Foundation”]. At December 31, 2021, \$11,206,935 was owed by the Properties Foundation under these credit facilities.

The Foundation has also provided a priority agreement to the Properties Foundation’s lender in respect of the credit facilities.