

The YMCA of Greater Vancouver Properties Foundation

Financial statements
December 31, 2022



Independent auditor's report

To the Directors of
The YMCA of Greater Vancouver Properties Foundation

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **The YMCA of Greater Vancouver Properties Foundation** [the "Properties Foundation"], which comprise the statement of financial position as at December 31, 2022, 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 Properties Foundation as at December 31, 2022, 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 Properties 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.

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 Properties 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 Properties Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Properties 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 Properties 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 Properties 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 Properties 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 14, 2023

Ernst + Young LLP

Chartered Professional Accountants



The YMCA of Greater Vancouver Properties Foundation

Statement of financial position

As at December 31

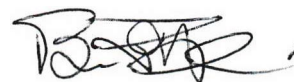
	2022	2021
	\$	\$
Assets		
Properties, net <i>[note 3]</i>	59,225,249	60,580,139
Property under development <i>[note 4]</i>	24,899,591	19,039,868
Due from YMCA of Greater Vancouver <i>[note 5]</i>	6,557,444	—
Cash	3,220,601	2,426,816
Amounts receivable <i>[note 11]</i>	733,196	657,409
Derivative asset <i>[note 8]</i>	99,003	—
Total assets	94,735,084	82,704,232
Liabilities and net assets		
Deferred capital contributions <i>[note 6]</i>	30,642,049	31,996,939
Construction loans <i>[note 7]</i>	25,326,630	11,206,935
Bankers' acceptance <i>[note 8]</i>	1,989,811	2,115,302
Accounts payable and accrued liabilities	1,357,265	1,306,503
Derivative liability <i>[note 8]</i>	—	28,786
Due to the YMCA of Greater Vancouver <i>[note 5]</i>	—	1,513,010
Total liabilities	59,315,755	48,167,475
Commitments <i>[note 4]</i>		
Net assets		
Unrestricted	2,289,515	1,559,448
Invested in properties	33,129,814	32,977,309
Total net assets	35,419,329	34,536,757
Total liabilities and net assets	94,735,084	82,704,232

See accompanying notes

On behalf of the Board:



Director



Director

The YMCA of Greater Vancouver Properties Foundation

Statement of changes in net assets

Year ended December 31

	2022		2021	
	Invested in properties	Unrestricted	Total	
	\$	\$	\$	
Net assets, beginning of year	32,977,309	1,559,448	34,536,757	33,620,850
Excess of revenue over expenses for the year	53,926	828,646	882,572	915,907
Transfer to invested in properties	98,579	(98,579)	—	—
Net assets, end of year	33,129,814	2,289,515	35,419,329	34,536,757

See accompanying notes

The YMCA of Greater Vancouver Properties Foundation

Statement of operations

Year ended December 31

	2022	2021
	\$	\$
Revenue		
Rent <i>[note 5]</i>	3,971,661	4,222,879
Other income	2,293	821
	<u>3,973,954</u>	<u>4,223,700</u>
Expenses		
Grants to the YMCA of Greater Vancouver <i>[note 5]</i>	3,165,779	3,372,665
Office, legal, professional and contract services	101,780	36,197
Planning expenses	42,423	81,980
Administration fee charged by the YMCA of Greater Vancouver <i>[note 5]</i>	33,061	34,934
Insurance	2,265	2,569
	<u>3,345,308</u>	<u>3,528,345</u>
Excess of revenue over expenses before the following	628,646	695,355
Interest expense <i>[note 8]</i>	(73,863)	(79,061)
Amortization of properties <i>[note 3]</i>	(1,354,890)	(1,354,889)
Amortization of deferred capital contributions <i>[note 6]</i>	1,354,890	1,354,889
Restricted contribution recognized as revenue <i>[note 11]</i>	200,000	200,000
Gain on derivative liability <i>[note 8]</i>	127,789	99,613
Excess of revenue over expenses for the year	<u>882,572</u>	<u>915,907</u>

See accompanying notes

The YMCA of Greater Vancouver Properties Foundation

Statement of cash flows

Year ended December 31

	2022	2021
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	882,572	915,907
Add (deduct) items not involving cash		
Amortization of properties	1,354,889	1,354,889
Amortization of deferred capital contributions	(1,354,889)	(1,354,889)
Gain on interest rate swap	(127,789)	(99,613)
	<u>754,783</u>	<u>816,294</u>
Changes in non-cash working capital balances		
Amounts receivable	(75,787)	(436,657)
Accounts payable and accrued liabilities	(23,618)	25,048
Cash provided by operating activities	<u>655,378</u>	<u>404,685</u>
Investing activities		
Additions to facilities under development	(5,785,343)	(11,671,522)
Due from the YMCA of Greater Vancouver	(6,557,444)	—
Cash used in financing activities	<u>(12,342,787)</u>	<u>(11,671,522)</u>
Financing activities		
Repayment of bankers' acceptance	(125,491)	(113,940)
Proceeds from construction loans	14,119,695	11,206,935
Due to/from the YMCA of Greater Vancouver	(1,513,010)	1,298,896
Cash provided by financing activities	<u>12,481,194</u>	<u>12,391,891</u>
Net increase in cash during the year	793,785	1,125,054
Cash, beginning of year	<u>2,426,816</u>	<u>1,301,762</u>
Cash, end of year	<u>3,220,601</u>	<u>2,426,816</u>

See accompanying notes

The YMCA of Greater Vancouver Properties Foundation

Notes to financial statements

December 31, 2022

1. Purpose of organization

The YMCA of Greater Vancouver Properties Foundation [the “Properties Foundation”] is an independent organization incorporated under the *Society Act* of British Columbia and is a registered public foundation under the *Income Tax Act* (Canada) and, accordingly, is not subject to income taxes. The Properties Foundation transitioned to the new *Societies Act* of British Columbia in June 2017. The Properties Foundation rents its land and buildings to the YMCA of Greater Vancouver [the “YMCA”] and makes charitable gifts to the YMCA to assist in building strong kids, strong families and strong communities – today and tomorrow. The YMCA and the Properties Foundation share common management. These financial statements do not include the results of the YMCA.

2. Summary of significant accounting policies

Accounting standards

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

Revenue recognition

The Properties Foundation follows the deferral method of accounting for contributions. 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. Externally restricted contributions for which the related restriction is unfulfilled at the statement of financial position date, as well as contributions for expenses of one or more future periods, are deferred and recognized as revenue in the same period or periods in which the restriction is fulfilled or the related expenses are recognized. Restricted contributions for the purchase of real properties and equipment that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired real property and equipment. Restricted contributions for the purchase of real property that will not be amortized are recognized as direct increases in net assets. Endowment contributions are recognized as direct increases in net assets in the current period.

The Properties Foundation has retained substantially all of the benefits and risks of ownership of its properties and, therefore, accounts for leases with its tenant as operating leases. 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.

Cash

Cash consists of cash on deposit with banks and highly liquid short-term investments with an original 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.

Properties

Properties are recorded at cost for property purchased by the Properties Foundation and at fair value at the time of donation for contributed property. The Properties Foundation provides for amortization on buildings on a straight-line basis using the cost less residual value over the useful life of the assets of 30 years.

The YMCA of Greater Vancouver Properties Foundation

Notes to financial statements

December 31, 2022

When conditions indicate that a property no longer contributes to the Property 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.

Property under development

Facilities under development are recorded at cost and are not amortized. When project construction is complete, the facility or project under development is transferred to the appropriate asset categories within property and equipment and amortized over its useful life. Interest costs directly attributable to the development projects are capitalized as part of facilities under development.

Financial instruments

The Properties Foundation initially and subsequently measures derivative financial instruments at fair value.

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 Properties 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.

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. Significant items affected by estimates in these financial statements are the useful lives of properties. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent; however, actual results could differ from those estimates.

The YMCA of Greater Vancouver Properties Foundation

Notes to financial statements

December 31, 2022

3. Properties

Location	2022			Net book value \$
	Land \$	Buildings \$	Accumulated amortization \$	
Chilliwack Family YMCA	2,703,000	331,330	167,713	2,866,617
Robert Lee YMCA – Downtown	9,357,000	25,765,000	6,298,111	28,823,889
Langara Family YMCA	6,537,000	108,000	26,400	6,618,600
Tong Louie Family YMCA – Surrey <i>[note 8]</i>	7,311,000	12,719,300	3,109,162	16,921,138
Camp Elphinstone	2,577,000	1,729,000	422,645	3,883,355
Healthy Heart Office – New Westminster	98,200	17,800	4,350	111,650
	28,583,200	40,670,430	10,028,381	59,225,249

Location	2021			Net book value \$
	Land \$	Buildings \$	Accumulated amortization \$	
Chilliwack Family YMCA	2,703,000	331,330	157,460	2,876,870
Robert Lee YMCA – Downtown	9,357,000	25,765,000	5,439,277	29,682,723
Langara Family YMCA	6,537,000	108,000	22,800	6,622,200
Tong Louie Family YMCA – Surrey <i>[note 8]</i>	7,311,000	12,719,300	2,685,186	17,345,114
Camp Elphinstone	2,577,000	1,729,000	365,012	3,940,988
Healthy Heart Office – New Westminster	98,200	17,800	3,756	112,244
	28,583,200	40,670,430	8,673,491	60,580,139

4. Property under development

In 2019, together with the YMCA, the Properties Foundation entered into a Project Development and Co-ownership Agreement with the City of Coquitlam [the “City”] for the development and construction of a new recreational and community facility [the “Coquitlam YMCA”]. During the year ended December 31, 2020, the Properties Foundation received a specified transfer gift of land from the City of Coquitlam with an estimated fair value of \$6,100,000. The Properties Foundation has a 50% undivided interest as tenants in common in the Coquitlam YMCA with the City.

The YMCA of Greater Vancouver Properties Foundation

Notes to financial statements

December 31, 2022

As at December 31, 2022, the Coquitlam YMCA is under final stages of construction. The construction costs associated with the base building are recognized by the Properties Foundation and the core fit-out costs are recognized by the YMCA. The following costs having been incurred and capitalized to property under development by the Properties Foundation:

	2022	2021
	\$	\$
Land	6,100,000	6,100,000
Development and construction costs	18,247,104	12,852,765
Interest [note 7]	552,487	87,103
	24,899,591	19,039,868

As of December 31, 2022, the Properties Foundation has committed a construction contract for the Coquitlam YMCA with the estimated remaining costs to be incurred related to the base building and core fit-out of approximately \$376,021, of which \$186,357 relates to base building and \$189,664 relates to core fit-out.

5. 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* (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.

The YMCA has committed to lease the buildings and land of the Properties Foundation for a 10-year term with two renewal terms. For the year ended December 31, 2022, the Properties Foundation charged the YMCA rent of \$3,971,661 [2021 – \$4,222,879]. At the direction of the Properties Foundation's Directors, the Properties Foundation made grants of \$3,165,779 [2021 – \$3,372,665] to the YMCA during the year ended December 31, 2022. For the year ended December 31, 2022, the administration fee charged by the YMCA was \$33,061 [2021 – \$34,934]. In addition to the above, the Properties Foundation has advanced \$6,864,461 to the YMCA in relation to the fit out costs of the Coquitlam YMCA.

As at December 31, 2022, \$6,557,444 [2021 – \$1,513,010 payable to] is receivable from the YMCA, that is unsecured, non-interest bearing, and without specified repayment terms.

Transactions between the Properties Foundation and the YMCA are in the normal course of operations and are measured at the exchange amount established and agreed between the parties.

Subsequent to December 31, 2022, the YMCA of Greater Vancouver amalgamated with the Kamloops Community Young Men's and Young Women's Christian Association and the Young Men's Christian Association of Northern BC, forming a new entity, YMCA BC.

The YMCA of Greater Vancouver Properties Foundation

Notes to financial statements

December 31, 2022

6. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of depreciable property contributed to the Properties Foundation. The amortization of deferred capital contributions is recorded as revenue in the statement of operations on the same basis that the related properties are amortized. In September 2015, the Properties Foundation received a specified transfer gift consisting of properties held at 282 49th Avenue West, Vancouver; 955 Burrard Street, Vancouver; 1760 YMCA Road, Langdale; #203 - 245 East Columbia Street, New Westminster; and 14988 and 15011 57th Avenue, Surrey. Changes in the deferred capital contributions balance are as follows:

	2022	2021
	\$	\$
Balance, beginning of year	31,996,939	33,351,828
Amortization of deferred capital contributions	(1,354,890)	(1,354,889)
Balance, end of year	30,642,049	31,996,939

7. Construction loans

During the year ended December 31, 2021, the Properties Foundation entered into credit facility agreement with Royal Bank of Canada that comprises a non-revolving term loan to \$27,500,000 and a revolving term loan to a maximum of \$4,000,000. The loans are to be used to finance the development, construction, and leasehold improvements of the Coquitlam YMCA [note 4].

As at December 31, 2022, \$25,159,630 [2021 – \$11,206,935] was outstanding under the non-revolving term loan, bearing interest at the bank's prime rate plus 0.25% per annum. The bank's prime rate at December 31, 2021 was 6.45% per annum. During the year ended December 31, 2022, interest aggregating \$465,384 was incurred on the non-revolving facility and capitalized to property under development [note 4].

As at December 31, 2022, \$167,000 [2021 – nil] was outstanding under the revolving term loan bearing interest at the bank's prime rate plus 0.25% per annum. During the year ended December 31, 2022, interest aggregating \$3,796 was incurred on the revolving facility.

Both loans are repayable in full by the earlier of the completion of the sale of certain real property comprising the Langara Family YMCA [note 3] and October 31, 2023.

A \$31,500,000 first collateral mortgage and assignment of rents over each of the Coquitlam YMCA and the Langara Family YMCA, a first security interest over all personal property located on or related to each of the Coquitlam YMCA and the Langara Family YMCA, a first ranking assignment in the Project Development and Co-Ownership Agreement and the development agreements and contracts for the Coquitlam YMCA, priority and subordination agreements from the YMCA and The YMCA of Greater Vancouver Foundation related to the Coquitlam YMCA and the Langara Family YMCA, and a guarantee and postponement of claim for \$31,500,000 from each of the YMCA and the YMCA of Greater Vancouver Foundation are provided as collateral for the credit facilities.

The YMCA of Greater Vancouver Properties Foundation

Notes to financial statements

December 31, 2022

8. Bankers' acceptance

As at December 31, 2022, the Properties Foundation has a bankers' acceptance ["BA"] facility of \$2,750,000 bearing interest at the one-month BA rate plus an acceptance fee of 1.5% per annum, which is available through November 2025. The Properties Foundation has entered into an interest rate swap contract [the "swap"] with a notional principal of \$2,548,000. As a result of entering into the swap agreement, the fixed interest rate payable by the Properties Foundation is 3.64% per annum. As at December 31, 2022, the interest swap has an outstanding balance of \$1,989,811 [2021 – \$2,115,302], which matures monthly until November 2025. Monthly interest and principal payments required under the facility are \$12,500.

As at December 31, 2022, the swap was in a net favourable position of \$99,003 [2021 – \$28,786 unfavourable] and the gain, being the change in fair value, for 2022 of \$127,789 [2021 – \$99,613] has been recorded in the statement of operations. Interest expense recorded on the facility was \$73,863 [2021 – \$79,061]. The loan is collateralized by an \$8,000,000 first fixed charge mortgage over the land and improvements of the Tong Louie Family YMCA – Surrey with a carrying amount of \$16,921,138 [2021 – \$17,345,114] as at December 31, 2022.

9. 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 Properties Foundation's bankers' acceptance and construction loans bear interest at a variable market interest rates and the Properties Foundation has entered into an interest rate swap to fix the interest rate on the bankers' acceptance 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 Properties Foundation is exposed to credit risk in the event of non-performance by counterparties primarily in connection with its cash, amounts receivable, and due from YMCA of Greater Vancouver. The Properties Foundation mitigates its credit risk with respect to cash by dealing with Canadian financial institutions with no publicly known liquidity problems and, with respect to accounts receivable and due from YMCA of Greater Vancouver, by dealing only with what management believes to be sound counterparties.

Liquidity risk

Liquidity risk is the risk that the Properties Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Properties Foundation is exposed to liquidity risk primarily arising from its bankers' acceptance, accounts payable and accrued liabilities, and construction loans. The Properties Foundation's ability to meet its obligations depends on cash flows generated from operations and its ability to obtain financing from existing or other potential lenders.

The YMCA of Greater Vancouver Properties Foundation

Notes to financial statements

December 31, 2022

10. Remuneration to directors, employees and contractors

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

11. City of Chilliwack

The City of Chilliwack has entered into a ten-year funding agreement ending in 2027 with the Properties Foundation to provide \$200,000 annually in relation to the Chilliwack Family YMCA facility. At December 31, 2022, \$200,000 [2021 – \$200,000] is included in amounts receivable, and a cumulative total of \$1,000,000 [2021 – \$800,000] has been recognized pursuant to this agreement.

12. Contingency

The Properties Foundation has issued a guarantee and postponement of claim in the amount of \$12,400,000 in connection with certain bank debt issued to the YMCA, which had a balance outstanding in the amount of \$9,098,552 [2021 – \$9,698,088] at December 31, 2022.

13. Comparative figures

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