The YMCA of Greater Vancouver

Financial statements
December 31, 2018

Building a better working world

Independent auditor's report

To the Members of
The YMCA of Greater Vancouver

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **The YMCA of Greater Vancouver** [the "Organization"] which comprise the statement of financial position as at December 31, 2018, 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 Organization as at December 31, 2018 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Ernst & Young LLP

Chartered Professional Accountants

Vancouver, Canada
June 5, 2019

The YMCA of Greater Vancouver

Statement of financial position

As at December 31

	2018	2017
	$	$
Assets		
Current		
Cash	**234,145**	2,012,146
Amounts receivable *[note 4]*	**2,485,839**	1,269,786
Due from the YMCA of Greater Vancouver Foundation *[note 3]*	**—**	684,441
Prepaid expenses and other assets	**414,648**	565,515
Total current assets	**3,134,632**	4,531,888
Investments and restricted cash *[note 5]*	**21,043,522**	29,961,956
Facilities and projects under development *[note 6]*	**23,888,804**	5,832,136
Property and equipment, net *[note 7]*	**8,765,850**	8,577,033
Total assets	**56,832,808**	48,903,013
Liabilities and net assets		
Current		
Bank indebtedness *[note 8]*	**4,738,379**	—
Accounts payable and accrued liabilities *[notes 3 and 14]*	**5,799,080**	4,423,514
Deferred revenue *[note 9]*	**5,344,610**	5,761,943
Current portion of term loans *[note 8]*	**584,147**	618,617
Current portion of capital lease obligations *[note 10]*	**3,600**	3,600
Total current liabilities	**16,469,816**	10,807,674
Term loans *[note 8]*	**597,396**	548,745
Capital lease obligations *[note 10]*	**25,200**	28,800
Deferred capital contributions *[note 9]*	**18,955,414**	16,438,064
Total liabilities	**36,047,826**	27,823,283
Commitments *[note 11]*		
Net assets (deficiency)		
Unrestricted	**(6,820,421)**	419,514
Externally restricted	**—**	—
Invested in property and equipment	**27,325,526**	20,420,016
Vehicle replacement fund	**279,877**	240,200
Total net assets	**20,784,982**	21,079,730
Total liabilities and net assets	**56,832,808**	48,903,013

See accompanying notes

On behalf of the Board:

Director

Director

The YMCA of Greater Vancouver

Statement of changes in net assets

Year ended December 31

	2018					2017
	Unrestricted	Externally restricted	Invested in property and equipment	Vehicle replacement fund	Total	Total
	$	$	$	$	$	$
Net assets, beginning of year	**419,514**	**—**	**20,420,016**	**240,200**	**21,079,730**	20,018,323
Excess (deficiency) of revenue over expenses for the year	**2,044,371**	**—**	**(2,342,933)**	**3,814**	**(294,748)**	1,061,407
Interfund transfers	**(9,284,306)**	**—**	**9,248,443**	**35,863**	**—**	—
Donations and investment income	**—**	**2,612,500**	**—**	**—**	**2,612,500**	—
Deferred capital	**—**	**(2,612,500)**	**—**	**—**	**(2,612,500)**	—
Investments and restricted cash	**—**	**(10,612,343)**	**10,612,343**	**—**	**—**	—
Deferred capital contributions	**—**	**10,612,343**	**(10,612,343)**	**—**	**—**	—
Net assets (deficiency), end of year	**(6,820,421)**	**—**	**27,325,526**	**279,877**	**20,784,982**	21,079,730

See accompanying notes

The YMCA of Greater Vancouver

Statement of operations

Year ended December 31

	2018	2017
	$	$
Revenue		
Program fees	**17,834,101**	17,703,992
Membership fees	**13,912,856**	14,454,863
Government sources – child care	**5,682,377**	4,061,194
Government sources – other	**5,391,905**	4,435,966
Grants from the YMCA of Greater Vancouver Properties Foundation *[note 4]*	**2,935,222**	2,657,009
Grants from the YMCA of Greater Vancouver Foundation *[note 3]*	**1,683,919**	699,917
Donations	**1,117,943**	1,036,682
Allocations from the United Way	**499,599**	536,318
Gaming	**225,001**	210,000
Investment income *[note 5]*	**163,812**	1,683,235
Other revenue *[note 4]*	**97,674**	83,225
	49,544,409	47,562,401
Expenses		
Salaries *[notes 3 and 15]*	**26,351,936**	25,186,559
Occupancy *[notes 3 and 4]*	**8,996,972**	8,734,622
Employee benefits	**3,480,727**	3,291,037
Supplies	**3,541,400**	2,703,488
Office, legal and contract services	**2,320,894**	1,653,753
Grants and work study fees	**541,694**	791,825
Conferences, employee expense and vehicle costs	**791,961**	731,071
National support	**547,136**	555,342
Staff and volunteer training	**742,100**	495,607
Advertising and promotion	**455,442**	459,122
Bank charges	**414,819**	419,572
Repairs and maintenance	**500,626**	313,734
Other	**112,276**	93,348
Recovery of commodity tax rebate	**(344,030)**	(346,205)
	48,453,953	45,082,875
Excess of revenue over expenses before the following	**1,090,456**	2,479,526
Other income (expenses)		
Gain (loss) on disposal of property and equipment	**25,849**	(163,141)
Interest *[notes 8 and 10]*	**(36,141)**	(28,093)
Amortization of property and equipment	**(1,593,912)**	(1,448,422)
Amortization of deferred capital contributions *[note 9]*	**219,000**	221,537
Excess (deficiency) of revenue over expenses for the year	**(294,748)**	1,061,407

See accompanying notes

The YMCA of Greater Vancouver

Statement of cash flows

Year ended December 31

	2018	2017
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**(294,748)**	1,061,407
Add (deduct) non-cash items		
Amortization of deferred compensation	**30,236**	30,241
Amortization of deferred capital contributions	**(219,000)**	(221,537)
Amortization of property and equipment	**1,593,912**	1,448,422
(Gain) loss on disposal of property and equipment	**(25,849)**	169,629
Unrealized loss (gain) on investments	**1,077,251**	(573,095)
	2,161,802	1,915,067
Changes in non-cash working capital		
Amounts receivable	**(1,216,053)**	609,722
Due from the YMCA of Greater Vancouver Foundation	**684,441**	(669,142)
Prepaid expenses and other assets	**120,631**	(97,609)
Accounts payable and accrued liabilities	**367,011**	(160,962)
Deferred revenue	**(417,333)**	3,361,564
Cash provided by operating activities	**1,700,499**	4,958,640
Investing activities		
Purchase of property and equipment	**(1,355,146)**	(1,537,897)
Proceeds on sale of property and equipment	**25,115**	78,435
Additions to facilities and projects under development	**(17,474,962)**	(3,532,107)
Decrease (increase) in investments and restricted cash	**7,841,183**	(10,364,628)
Cash used in investing activities	**(10,963,810)**	(15,356,197)
Financing activities		
Proceeds from term loans	**687,000**	593,925
Repayment of term loans	**(672,819)**	(702,274)
Proceeds from bank indebtedness	**4,738,379**	—
Receipt of contributions restricted for capital purposes	**2,736,350**	10,073,145
Payment of capital lease obligations	**(3,600)**	(3,600)
Cash provided by financing activities	**7,485,310**	9,961,196
Net decrease in cash during the year	**(1,778,001)**	(436,361)
Cash, beginning of year	**2,012,146**	2,448,507
Cash, end of year	**234,145**	2,012,146

See accompanying notes

The YMCA of Greater Vancouver

Notes to financial statements

December 31, 2018

1. Purpose of organization

The YMCA 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 *Societies Act* of British Columbia, is a registered charity under the *Income Tax Act* (Canada) and, accordingly, is not subject to income taxes. The Association transitioned to the new *Societies Act* of British Columbia effective January 1, 2017.

2. Significant accounting policies

These financial statements are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, "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 summarized below.

Revenue recognition

The Association follows the deferral method of accounting for contributions, which includes 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 received. 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.

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.

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 loss are recognized based on the trade date, and unrealized gains and losses are recognized based on the statement of financial position date.

Financial instruments

The Association initially and subsequently measures its investments at fair value. Directly attributable costs incurred on the acquisition of 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 Association 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.

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.

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
Leasehold improvements	Term of the lease or life of asset

When an item of property and equipment no longer has any long-term service potential to the Association, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Facilities and projects under development

Facilities and projects 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 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 and projects under development.

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.

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 rates of exchange in effect when the assets are acquired or obligations incurred. Revenues and expenses are translated at the exchange rates 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.

Notes to financial statements

December 31, 2018

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.

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 these estimates.

3. The YMCA of Greater Vancouver Foundation

The YMCA of Greater Vancouver Foundation [the "Foundation"] is an independent organization incorporated under the *Societies Act* of British Columbia and is a registered foundation under the *Income Tax Act* (Canada). Its primary purpose is to attract charitable gifts to support the Association's mandate. The by-laws of the Association provide that the Chair or designate of the Foundation also be a member of the Association's Board of Directors.

In April 2016, the Trustees of the Foundation committed to provide the Association with $3,000,000 over 10 years for the purpose of creating four new centres of community in Surrey, Vancouver, Coquitlam and Chilliwack. In April 2018, the Foundation made further pledges totalling $7,000,000 to bring its aggregate gift to $10,000,000. As at December 31, 2018, $1,500,000 [2017 – $500,000] of this commitment has been received by the Association and recognized as a deferred capital contribution *[note 9]*.

In addition, the Foundation makes grants and donations to the Association in accordance with donor's restrictions at the direction of the Foundation Trustees. During 2018, the Foundation provided grants of $2,968,593 [2017 – $1,336,538] to the Association, of which $1,637,088 [2017 – $681,346] was recognized as revenue, $221,505 [2017 – $345,192] was recognized as deferred revenue and $1,110,000 [2017 – $310,000] was recognized as deferred capital contributions. The Foundation reimbursed the Association for salaries relating to administration support totalling $326,270 [2017 – $145,000], which has been recorded as a reduction of salaries expense. In January 2015, the Association entered into a 10-year lease for lands and buildings owned by the Foundation that contains two renewal options of five years each. In July 2015, the Association entered into a 10-year lease for Camp Deka, which is owned by the Foundation, that contains two renewal options of 10 years each. For the year ended December 31, 2018, the Association was charged rent of $154,705 [2017 – $299,255] that is recognized in occupancy expense by the Foundation for the buildings and the camp. The transactions are recorded at the exchange amounts agreed and established between the Association and the Foundation.

As at December 31, 2018, included in accounts payable and accrued liabilities is $5,569 payable to the Foundation [2017 – $684,441 receivable from the Foundation].

4. The YMCA of Greater Vancouver Properties Foundation

The YMCA of Greater Vancouver Properties Foundation [the "Properties Foundation"] is an independent organization incorporated under the *Societies 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.

In September 2015, the Association entered into 10-year lease agreements with the Properties Foundation for the rental of properties that expire in August 2025 and contain two renewal options of 10 years each. The Association also has a 10-year lease for lands and buildings owned by the Properties Foundation for the Chilliwack Family YMCA Hocking facility that expires in August 2025 and contains two renewal options of 10 years each. For the year ended December 31, 2018, the Association was charged rent of $3,564,199 [2017 – $3,226,368] by the Properties Foundation, which is recognized in occupancy expense. During 2018, the Properties Foundation provided grants of $3,135,222 [2017 – $3,657,009] to the Association, of which $2,935,222 [2017 – $2,657,009] was recognized as revenue and $200,000 [2017 – $1,000,000] was recognized as deferred capital contributions. As at December 31, 2018, $146,618 [2017 – $62,036] was receivable from the Properties Foundation, which was included in amounts receivable. The Association charged the Properties Foundation an administration fee of $39,539 [2017 – $37,806] for the year ended December 31, 2018. The transactions are recorded at the exchange amounts agreed and established between the Association and the Properties Foundation.

5. Investments and restricted cash

	2018	**2017**
	$	$
Restricted cash		
[i] Internally restricted	**1,159,851**	331,793
[i] Externally restricted – Government *[note 9]*	**815,448**	8,077,194
[i] Externally restricted – Other *[note 9]*	**553,363**	1,124,638
Total restricted cash	**2,528,662**	9,533,625
Investments		
[ii] Guaranteed investment certificates for debt agreement *[note 8]*	**3,000,000**	4,000,000
[iii] Internally restricted for strategic reserve	**15,181,215**	15,927,863
[iv] Externally restricted *[note 9]*	**333,645**	500,468
Total investments	**18,514,860**	20,428,331
Total investments and restricted cash	**21,043,522**	29,961,956

[i] Bank account balances are held in savings accounts and earn interest at 0.80% [2017 – 0.80%] per annum.

[ii] GIC investments are held at the Royal Bank of Canada and earn interest at 1.230% to 2.060% [2017 – 1.060% to 1.500%] per annum.

[iii] Internally restricted strategic reserve funds are invested with a portfolio manager, subject to investment oversight by the Investment Committee of the Foundation through an agreement between the Foundation and the Association.

The unrealized investment (loss) gain of the strategic reserve portfolio was ($1,077,251) [2017 – $573,095] and income for the year was $1,180,603 [2017 – $1,053,169]. The annual rate of return for the year ended December 31, 2018 was 0.47% [2017 – 11.23%], since inception the rate of return is 7.35% as at December 31, 2018.

The investments in pooled funds for the strategic reserve comprise the following:

	2018	2017
	%	%
Money market	**5.7**	1.7
Fixed income	**34.1**	32.7
Equities and equity funds	**60.2**	65.6
	100.0	100.0

[iv] Externally restricted investments comprise 354 [2017 – 531] Class A Preferred Shares in a private company at a guaranteed value of $942.50 per share.

6. Facilities and projects under development

	2018	2017
	$	$
Chilliwack Family YMCA	**18,736,521**	3,794,802
Technology project	**1,269,342**	737,003
Coquitlam	**3,184,552**	761,521
South Vancouver	**329,345**	270,904
New Surrey	**329,979**	233,207
New child care facilities	**39,065**	34,699
	23,888,804	5,832,136

For the years ended December 31, 2018 and 2017, no facilities and projects under development costs were transferred to property and equipment.

In February 2019, the development of the Chilliwack Family YMCA was completed, the facility was opened, and the Association transferred the costs to property and equipment and commenced amortization. Further in February 2019, the Association drew on its non-revolving term loan facility by way of Bankers' Acceptances ["BA"] for $10 million *[note 8]* and also entered into a $10 million notional interest rate swap agreement with at a fixed rate of 4.60% per annum comprising a 2.90% fixed rate plus 1.70% BA fee per annum. The estimated quarterly blended interest and principal repayments are $169,000.

Notes to financial statements

December 31, 2018

7. Property and equipment

Location	Buildings and infrastructure and leasehold improvements $	Program and operating equipment $	Computer and office equipment $	Automobiles $	Total $	Accumulated amortization $	Net book value $
December 31, 2018							
Robert Lee YMCA – Downtown	**180,692**	**1,875,529**	**418,867**	**—**	**2,475,088**	**(1,804,366)**	**670,722**
Langara Family YMCA	**216,704**	**1,732,183**	**274,295**	**—**	**2,223,182**	**(1,643,942)**	**579,240**
Tong Louie Family YMCA – Surrey	**496,904**	**2,760,811**	**447,601**	**—**	**3,705,316**	**(2,639,497)**	**1,065,819**
Chilliwack Family YMCA	**—**	**2,338**	**27,514**	**—**	**29,852**	**(11,590)**	**18,262**
Camp Elphinstone	**2,050,032**	**1,437,635**	**250,367**	**273,062**	**4,011,096**	**(1,563,236)**	**2,447,860**
Camp Deka	**345,088**	**167,795**	**—**	**—**	**512,883**	**(285,971)**	**226,912**
Child Care Unit	**4,259,343**	**841,200**	**275,491**	**—**	**5,376,034**	**(2,390,801)**	**2,985,233**
Association Services	**408,721**	**9,631**	**2,247,247**	**—**	**2,665,599**	**(1,931,915)**	**733,684**
Community services	**—**	**53,199**	**28,501**	**39,855**	**121,555**	**(83,437)**	**38,118**
	7,957,484	**8,880,321**	**3,969,883**	**312,917**	**21,120,605**	**(12,354,755)**	**8,765,850**
December 31, 2017							
Robert Lee YMCA – Downtown	104,832	1,836,813	380,785	—	2,322,430	(1,873,325)	449,105
Langara Family YMCA	96,648	1,642,102	270,575	—	2,009,325	(1,423,683)	585,642
Tong Louie Family YMCA – Surrey	451,584	2,510,668	423,404	—	3,385,656	(2,460,338)	925,318
Chilliwack Family YMCA	—	—	27,514	—	27,514	(5,503)	22,011
Camp Elphinstone	2,040,434	1,217,750	247,521	250,124	3,755,829	(1,301,333)	2,454,496
Camp Deka	345,088	167,795	1,047	—	513,930	(265,157)	248,773
Child Care Unit	4,248,768	747,677	259,793	—	5,256,238	(2,152,155)	3,104,083
Association Services	408,721	9,631	2,050,050	—	2,468,402	(1,743,563)	724,839
Community services	—	64,695	34,211	39,855	138,761	(75,995)	62,766
	7,696,075	8,197,131	3,694,900	289,979	19,878,085	(11,301,052)	8,577,033

8. Bank debt

Bank indebtedness

The Association's bank indebtedness is comprised of the following:

Revolving demand facility

The Association has available a revolving demand loan facility for $2,500,000 [2017 – $2,500,000] bearing interest at the bank's prime rate plus 0.25% [2017 – bank's prime rate plus 0.45%] per annum. In December 2018, the facility was temporarily increased to $6,500,000 until February 28, 2019. At December 31, 2018, $2,540,000 [2017 – nil] was outstanding under this facility.

Account overdrafts

At December 31, 2018, the Association has a bank account overdraft of $2,198,379 [2017 – nil]. The bank permits this overdraft to be offset under a compensating account arrangement with other bank accounts the Association has that hold restricted funds *[note 5]*. Because the overdraft does not relate to the restricted funds, the Association presents the overdraft as part of bank indebtedness in these financial statements and not netted against restricted cash and investments.

Term loans

	2018	**2017**
	$	$
Term loans for equipment	**1,181,543**	1,167,362
Less current portion	**584,147**	618,617
	597,396	548,745

The Association has available combined revolving loan and lease line of credit facilities for $3,500,000 [2017 – $2,000,000] such that the aggregate borrowings outstanding under the loan facility and the aggregate amount owing under the lease facility can not exceed $3,500,000 [2017 – $2,000,000]. The loans can be drawn by way of advances bearing interest at the bank's prime rate plus 0.25% per annum with a one-year repayment term or by way of fixed interest rate loans with a three-year term and an interest rate determined at the time of borrowing. Lease rates are determined based on separate lease agreements.

At December 31, 2018, the Association had three [2017 – three] three-year term loans outstanding bearing interest at rates ranging from 2.93% to 3.99% [2017 – 2.93% to 3.99%] per annum, requiring blended monthly payments of principal and interest aggregating $59,766 [2017 – $61,302], and maturing in September 2019, November 2020, and September 2021. There were no outstanding leases at December 31, 2018 or 2017.

The total estimated annual principal repayments of the term loans in the next three years are as follows:

	$
2019	584,147
2020	417,871
2021	179,525
	1,181,543

Non-revolving term facility

The Association has available a $10,000,000 [2017 – nil] non-revolving term loan facility that can be drawn by way of 1-year Bankers' Acceptances ["BA"] bearing interest at the 1-year BA rate plus an acceptance fee of 1.70% per annum or by way of fixed rate term loans of between 1 and 5 years. In either case, the repayment is amortized over 25 years. At December 31, 2018, the Association had not drawn against this facility *[note 6]*.

Credit card facility

The Association has available a $500,000 [2017 – $500,000] credit card facility.

At December 31, 2018, the bank's prime interest rate was 3.95% [2017 – 3.20%] per annum.

A security agreement creating a first charge over all of the Association's equipment and amounts receivable, an assignment of term deposits and/or guaranteed investment certificates for $1,500,000, and a guarantee and postponement of claim by Properties Foundation for $12,400,000 supported by a first fixed mortgage for $12,400,000 over the Chilliwack Family YMCA are provided as collateral for all of the Association's bank debt.

The Association's credit facilities agreement 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, 2018, the Association was in compliance with this covenant.

9. Deferred revenue and deferred capital contributions

Deferred revenue

	2018	**2017**
	$	$
Community programs *[note 3]*	**3,178,897**	4,017,690
Membership	**568,257**	466,768
Regional development centre	**125,204**	228,450
Child care	**1,312,514**	1,021,281
Other	**159,738**	27,754
	5,344,610	5,761,943

Notes to financial statements

December 31, 2018

Deferred capital contributions

	2018	2017
	$	$
Balance, beginning of year	**16,438,064**	6,085,988
Amounts received during the year *[notes 3 and 4]*	**2,746,518**	10,578,115
Amortization of deferred capital contributions	**(219,000)**	(221,537)
Other	**(10,168)**	(4,502)
Balance, end of year	**18,955,414**	16,438,064

Deferred capital contributions represent capital contributions for the following:

	2018	2017
	$	$
Other deferred capital grants and contributions	**3,840,529**	3,935,941
What Really Matters capital grants and contributions	**13,412,429**	2,799,823
Externally restricted – Government *[note 5]*	**815,448**	8,077,194
Externally restricted – What Really Matters Campaign *[note 5]*	**887,008**	1,625,106
	18,955,414	16,438,064

10. Capital lease obligations

The present value of future minimum annual lease payments for a child care centre under capital lease at December 31, 2018 is as follows:

	$
2019	3,600
2020	3,600
2021	3,600
2021	3,600
2023	3,600
Thereafter	10,800
	28,800
Less amount representing interest	—
Less current portion of capital lease obligations	(3,600)
	25,200

The interest on capital lease obligations for 2018 was nil [2017 – nil].

11. Commitments

The Association is committed to equipment and premises leases expiring at various dates through 2025. The estimated annual minimum lease payments under the leases are as follows:

	Equipment commitments $	Occupancy commitments $	Total commitments $
		[notes 3 and 4]	
2019	289,955	4,901,005	5,190,960
2020	68,314	4,697,375	4,765,689
2021	—	4,329,970	4,329,970
2022	—	4,305,281	4,305,281
2023	—	4,300,556	4,300,556
Thereafter	—	7,178,210	7,178,210
	358,269	29,712,397	30,070,666

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

12. Related party transactions

During the year ended December 31, 2018, the Association purchased goods and services of $17,279 [2017 – $16,806] from entities whose officers are also directors of the Association. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount established and agreed to by the parties.

Other related party transactions are disclosed in notes 3 and 4.

13. 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 Association's restricted cash earns interest at market rates and the Association has investments in certain fixed income securities. The Association's bank debt bears interest at a rate that varies with the prime rate and the term loans bear interest at fixed interest rates. The Association 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 Association is exposed to credit risk in the event of non-performance by counterparties primarily in connection with its cash, restricted cash, investments in GICs and amounts receivable. The Association mitigates its credit risk with respect to cash, restricted cash, and investments in GICs by dealing with Canadian financial institutions with no publicly known liquidity problems and, with respect to amounts receivable, by dealing only with what management believes to be sound counterparties.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to liquidity risk primarily from its bank indebtedness, accounts payable and accrued liabilities, and term loans. The Association's ability to meet its obligations depends on generating cash flows from operations and the ability to obtain financing from other sources including its existing and 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 Association has cash and investments denominated in US dollars and thus the Association 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 Association is exposed to other price risk from investments held by the Association for which future prices are uncertain. The Association manages price risk by allocating its investments across different investment managers and different types of investments and underlying industries.

14. Government remittances

Included in accounts payable and accrued liabilities at December 31, 2018 are government remittances aggregating $224,667 [2017 – $221,848], such as sales taxes and withholding taxes, which are required to be paid to government authorities.

15. Remuneration to directors, employees, and contractors

The Directors of the Association are not remunerated. The aggregate remuneration paid to the Association's 10 employees and contractors with the highest individual remuneration in excess of $75,000 per annum is $1,693,382 [2017 – $1,663,216].

16. Pension plan

The Association has a multi-employer defined contribution pension plan in which eligible employees are entitled to participate. Contributions made by the Association to the plan are recognized as an expense in the period in which the contributions are made.

17. Comparative figures

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