

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

Financial Statements  
**December 31, 2010**

May 10, 2011

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the Young Women's Christian Association (of Vancouver, British Columbia), which comprise the balance sheet as at December 31, 2010 and the statements of revenues and expenses, changes in fund balances and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

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

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

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



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Young Women's Christian Association as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**

# Young Women's Christian Association

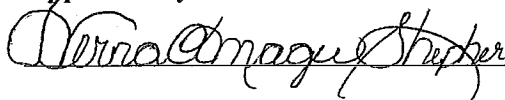
(of Vancouver, British Columbia)

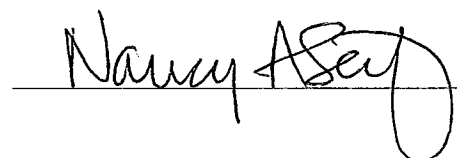
Balance Sheet

As at December 31, 2010

	Operating Fund		Capital Fund		Total	
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
<b>Assets</b>						
<b>Current assets</b>						
Cash	639,386	1,984,098	-	-	639,386	1,984,098
Short-term investments	226,351	191,855	-	-	226,351	191,855
B.C. Housing funds in trust	-	-	-	181,802	-	181,802
Accounts receivable	503,499	334,274	-	-	503,499	334,274
Prepays and inventory	143,615	123,934	-	-	143,615	123,934
Interfund balances	(202,770)	(339,305)	202,770	339,305	-	-
	1,310,081	2,294,856	202,770	521,107	1,512,851	2,815,963
<b>Restricted investments</b> (note 10)	368,302	359,073	-	-	368,302	359,073
<b>Long-term investments</b> (note 3)	3,956,758	3,974,690	-	-	3,956,758	3,974,690
<b>Property and equipment</b> (note 4)	-	-	23,591,088	24,069,210	23,591,088	24,069,210
	5,635,141	6,628,619	23,793,858	24,590,317	29,428,999	31,218,936
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities	1,031,361	1,172,256	-	-	1,031,361	1,172,256
Deferred revenue (note 6)	476,529	961,743	-	-	476,529	961,743
Current portion of long-term debt (note 7)	-	-	878,289	1,057,262	878,289	1,057,262
Current portion of capital leases payable (note 8)	-	-	61,889	44,150	61,889	44,150
	1,507,890	2,133,999	940,178	1,101,412	2,448,068	3,235,411
<b>Long-term debt</b> (note 7)	-	-	4,458,376	5,387,722	4,458,376	5,387,722
<b>Capital leases payable</b> (note 8)	-	-	133,783	81,358	133,783	81,358
<b>Deferred revenue</b> (note 6)	40,000	50,000	-	-	40,000	50,000
	1,547,890	2,183,999	5,532,337	6,570,492	7,080,227	8,754,491
<b>Fund balances</b>	4,087,251	4,444,620	18,261,521	18,019,825	22,348,772	22,464,445
	5,635,141	6,628,619	23,793,858	24,590,317	29,428,999	31,218,936

Approved by the Board of Directors

 Director

 Director

# Young Women's Christian Association

(of Vancouver, British Columbia)

Statement of Changes in Fund Balances

For the year ended December 31, 2010

	2010		2009		
	Operating Fund	Capital Fund	Operating Fund	Total	
	Unrestricted \$	Internally restricted \$ (note 9)	Externally restricted \$ (note 10)	Donor designated endowment funds \$ (note 11(a))	Total \$
Fund balances - Beginning of year	26,798	3,561,168	359,073	497,581	22,464,445
Excess (deficiency) of revenues over expenses	82,816	-	9,230	7,464	18,019,825
Transfer to internally restricted funds (note 9)	14,507	(14,507)	-	-	22,464,445
Endowment contributions (note 11(a))	-	-	-	2,750	(118,423)
Transfer to Capital Fund - Purchase of property and equipment not funded by capital contributions	(87,066)	(372,563)	-	-	(217,933)
					4,444,620
					99,510
					2,750
					(459,629)
Fund balances - End of year (note 16)	37,055	3,174,098	368,303	507,795	22,348,772
					18,261,521
					22,464,445

# Young Women's Christian Association

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Statement of Revenues and Expenses

For the year ended December 31, 2010

	Operating Fund		Capital Fund		Total	
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
<b>Revenues</b>						
Government grants and contracts	5,870,970	5,991,836	573,593	141,350	6,444,563	6,133,186
Hotel/residence	3,400,819	3,045,176	-	-	3,400,819	3,045,176
Health and fitness	2,296,851	2,990,319	-	-	2,296,851	2,990,319
Early Learning and Care Centres	1,491,353	1,527,925	-	-	1,491,353	1,527,925
Donations	1,764,401	1,809,527	196,522	191,576	1,960,923	2,001,103
Rental and other	763,432	757,299	-	-	763,432	757,299
Events	336,519	291,545	-	-	336,519	291,545
Gaming grant	38,000	38,000	-	-	38,000	38,000
Investment income (note 3)	378,686	515,708	2,432	-	381,118	515,708
	<u>16,341,031</u>	<u>16,967,335</u>	<u>772,547</u>	<u>332,926</u>	<u>17,113,578</u>	<u>17,300,261</u>
<b>Expenses (note 18)</b>						
Government grants and contracts	6,303,499	6,599,293	-	-	6,303,499	6,599,293
Hotel/residence	2,350,078	2,281,917	-	-	2,350,078	2,281,917
Health and fitness	2,519,959	2,656,003	-	-	2,519,959	2,656,003
Early Learning and Care Centres	1,816,604	1,873,233	-	-	1,816,604	1,873,233
Donations	965,518	927,610	-	-	965,518	927,610
Other community services	1,585,885	1,624,257	-	-	1,585,885	1,624,257
Events	244,956	214,957	-	-	244,956	214,957
Head office	282,457	169,188	-	-	282,457	169,188
Pension solvency	82,800	82,800	-	-	82,800	82,800
National and world allocation	89,765	90,689	-	-	89,765	90,689
Depreciation	-	-	990,480	1,138,104	990,480	1,138,104
	<u>16,241,521</u>	<u>16,519,947</u>	<u>990,480</u>	<u>1,138,104</u>	<u>17,232,001</u>	<u>17,658,051</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>99,510</u>	<u>447,388</u>	<u>(217,933)</u>	<u>(805,178)</u>	<u>(118,423)</u>	<u>(357,790)</u>

# Young Women's Christian Association

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## Statement of Cash Flows

For the year ended December 31, 2010

	2010	2009
	\$	\$
<b>Cash flows from operating activities</b>		
Deficiency of revenues over expenses	(118,423)	(357,790)
Items not affecting cash		
Depreciation	990,480	1,138,104
Reinvested realized gains and change in unrealized gain on investments	(230,336)	(284,908)
	641,721	495,406
Net change in non-cash working capital balances, excluding current portion of long-term debt and capital leases payable	(643,214)	102,349
	(1,493)	597,755
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	(309,681)	(114,615)
Proceeds from long-term debt	20,641	371,628
Proceeds from capital leases - net of repayments	70,165	95,786
	(218,875)	352,799
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(1,331,636)	(703,457)
Net decrease (increase) in long-term investments	248,268	(83,529)
Endowment contributions and interest	2,750	9,225
Increase in short-term investments	(34,496)	(129,568)
Increase in restricted cash and investments	(9,230)	(46,772)
	(1,124,344)	(954,101)
<b>Decrease in cash</b>	(1,344,712)	(3,547)
<b>Cash - Beginning of year</b>	1,984,098	1,987,645
<b>Cash - End of year</b>	639,386	1,984,098
<b>Supplementary information</b>		
Interest paid	325,644	328,956
<b>Non-cash investing activities</b>		
Property and equipment	819,279	-
<b>Non-cash financing activities</b>		
Long-term debt	(819,279)	-

# Young Women's Christian Association

(of Vancouver, British Columbia)

Notes to Financial Statements

December 31, 2010

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## 1 Mission statement

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

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

## 2 Significant accounting policies

### Fund accounting

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

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

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

### Revenue recognition

#### Operating Fund

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

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

Pledged funds and legacies are recorded as they are received.

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## Capital Fund

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

## Donated services

Approximately 588 volunteers contributed over 22,000 hours throughout the year to assist the Association in carrying out its program activities. Due to the difficulty of determining their fair value, donated services are not recognized in the financial statements.

## Non-cash donations

As part of its programs, the Association receives non-cash donations consisting primarily of food, clothing and toys, which it distributes to families participating in its programs, and goods for sale at the Thrift Shop. Tax receipted donations totalling \$152,814 (2009 - \$145,551) have been recognized as both an in-kind revenue and an in-kind expense, at the fair market value of the gifts, as provided by the donors.

## Inventory

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

## Investments

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

## Property and equipment

Property and equipment are recorded at cost. Depreciation is recorded at 50% in the year of acquisition and is provided on a declining balance basis at the following rates:

Buildings	4%
Leasehold improvements	20%
Furniture and equipment	10%
Computer software	100%
Computer hardware	50%
Fitness equipment	30%
Fitness equipment under capital lease	straight-line over term of the lease

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## Investment income

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

## Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Pension plan

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

## Financial instruments

The Association has adopted the provisions of Section 3855, *Financial Instruments - Recognition and Measurement*, and Section 3861, *Financial Instruments - Disclosure and Presentation*, of the Canadian Institute of Chartered Accountants (CICA) Handbook.

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

As permitted by the CICA, the Association has elected not to adopt the new standards, Sections 3862 and 3863, relating to *Financial Instruments - Disclosures* and *Financial Instruments - Presentation*, and to continue to apply Section 3861, *Financial Instruments - Disclosure and Presentation*.

## Comparative figures

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

# Young Women's Christian Association

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Notes to Financial Statements

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## 3 Long-term investments

Long-term investments consist of a portfolio of various equity and bond funds that are managed by a professional investment manager, and units in equity funds that were received as donations.

	2010	2009
	\$	\$
T-bills (Canadian and US\$)	226,351	191,855
Asset-backed commercial paper	111,585	122,116
Bonds	1,966,651	1,819,700
Equities		
Canadian	1,272,614	1,197,754
International	974,211	893,397
	<hr/> 4,551,412	<hr/> 4,224,822
Less:		
Restricted cash and investments	368,303	58,277
Short-term investments	226,351	191,855
	<hr/> 3,956,758	<hr/> 3,974,690

Investment income comprises:

	2010	2009
	\$	\$
Dividend and interest income	150,782	160,777
Realized gain and change in unrealized gain	230,336	354,931
	<hr/> 381,118	<hr/> 515,708

# Young Women's Christian Association

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Notes to Financial Statements

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## 4 Property and equipment

	2010		
	Cost \$	Accumulated depreciation \$	Net \$
Land - Beatty Street	2,500,000	-	2,500,000
Land - Langley Fraser Gardens	565,000	-	565,000
Buildings			
Hornby Street (a)	3,013,172	833,771	2,179,401
Beatty Hotel/Residence (b)	11,274,542	5,014,440	6,260,102
Semlin Gardens (c) and (e)	3,791,103	1,687,240	2,103,863
Fraser Gardens (f)	3,223,472	905,185	2,318,287
Munroe House (d) and (e)	1,479,889	649,867	830,022
Crabtree Corner (g)	6,226,398	1,550,134	4,676,264
Emma's (h)	976,207	160,887	815,320
Leasehold improvements	227,555	187,536	40,019
Furniture and equipment (i)	3,218,926	1,935,379	1,283,547
Computer equipment	232,965	213,702	19,263
	36,729,229	13,138,141	23,591,088
			2009
	Cost \$	Accumulated depreciation \$	Net \$
Land - Beatty Street	2,500,000	-	2,500,000
Land - Langley Fraser Gardens	565,000	-	565,000
Buildings			
Hornby Street (a)	1,774,584	768,767	1,005,817
Beatty Hotel/Residence (b)	11,274,542	4,753,603	6,520,939
Semlin Gardens (c) and (e)	3,791,103	1,599,579	2,191,524
Fraser Gardens (f)	3,223,472	808,590	2,414,882
Munroe House (d) and (e)	1,479,889	615,283	864,606
Crabtree Corner (g)	6,226,398	1,355,290	4,871,108
Emma's (h)	976,207	126,916	849,291
Leasehold improvements	227,555	177,530	50,025
Furniture and equipment (i)	3,283,079	2,018,505	1,264,574
Computer equipment	529,309	480,229	49,080
Properties under development (j)	922,364	-	922,364
	36,773,502	12,704,292	24,069,210

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- a) The Hornby Street Program Centre includes the Health and Fitness Centre, the Leslie Diamond Early Learning and Care Centre, education, training and seminar rooms, and administrative and program management offices. The rights to the land and airspace parcel for the Hornby Street building were granted to the Association for its use and there are restrictions on its disposition or sublease.
- b) The Beatty Hotel/Residence is a 12-storey, 155-guest room building.
- c) Semlin Gardens is a low-income, 28 two and three-bedroom unit social housing project initiated by the Association to address the need for affordable housing for single mothers and their children.
- d) Munroe House is a 10-unit transition home for battered women and their children.
- e) The land for the Munroe House and Semlin Gardens buildings is leased for a period of 60 years, without charge to the Association from the City of Vancouver and the Province of British Columbia, expiring in 2055 and 2056, respectively. The land use is restricted to social housing and cannot be sold or subleased by the Association.
- f) Fraser Gardens is a low-income social housing project for single mothers and their children in Langley.
- g) Crabtree Corner provides community housing, childcare space and community programs in Vancouver's Downtown Eastside. The land for Crabtree Corner is leased without charge to the Association from the City of Vancouver for a period of 60 years, expiring in 2063.
- h) Emma's Early Learning and Care Centre is located on land leased, for a nominal amount, from the Vancouver School Board for a term of 30 years, expiring in 2036. The child care centre is for children of mothers attending a Vancouver School Board school.
- i) Included in furniture and equipment is equipment under capital lease of \$249,939 (2009 - \$204,958) (note 8), with accumulated depreciation of \$160,134 (2009 - \$109,250).
- j) In 2009, included in properties under development at year-end are development costs for the single mother's housing project in Coquitlam and design costs for the renovation of the Health and Fitness Centre. During the year, BC Housing restructured the funding arrangement for the single mother's housing project in Coquitlam whereby the Provincial Rental Housing Corporation (PRHC) will retain ownership of the project's property. Under the new arrangement, the Association will contribute \$1 million towards the project and receive a proportionate leasehold equity interest in the property secured by a Declaration of Trust agreement between the Association and the PRHC. As a result, \$819,279 in costs capitalized to this project, along with the related development funding loan payable to BC Housing have been written off.

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## 5 Bank operating loan

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

## 6 Deferred revenue

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

	2010	2009
	\$	\$
Fees and other income received in advance		
Health and fitness	3,464	72,755
Government contracted programs and other	403,397	404,255
Fundraising received in advance	76,065	112,000
Hotel deposits	33,603	422,733
	<hr/>	<hr/>
	516,529	1,011,743
Less: Short-term deferred revenue	476,529	961,743
	<hr/>	<hr/>
Long-term deferred revenue	40,000	50,000
	<hr/>	<hr/>

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## 7 Long-term debt

	2010	2009
	\$	\$
<b>Semlin Gardens</b>		
Royal Bank mortgage loan, bearing interest at 8.25% per annum with monthly repayments of \$12,370 commencing June 1, 1996, maturing May 1, 2016 and amortized over a term of 35 years	1,336,233	1,374,582
<b>Munroe House</b>		
British Columbia Housing Management Commission (BCHMC) mortgage loan, bearing interest at 4.45% per annum with monthly repayments of \$4,821 commencing June 1, 2006, maturing June 1, 2011 and amortized over a term of 25 years	773,990	797,169
<b>Fraser Gardens</b>		
Royal Bank mortgage loan, bearing interest at 4.87% per annum with monthly repayments of \$13,821 maturing June 1, 2027 and amortized over a term of 30 years	2,478,849	2,524,002
<b>Crabtree Corner</b>		
TD Bank loan, bearing interest at 3.8% per annum with monthly repayments of \$3,605 commencing December 1, 2010, maturing December 1, 2020 and amortized over a term of 28 years	747,593	950,592
<b>Promissory note payable</b>		
BC Housing, development funding loan for pre-construction costs relating to the Coquitlam Single Mother's Housing Project. The loan is non-interest bearing, will be issued in multiple, accountable advances and is forgivable if the project does not reach commitment stage. Funds disbursed are repayable to BC Housing from proceeds upon financing. This loan payable was written off during the year (note 4(j))	-	798,639
	5,336,665	6,444,984
Less: Current portion	878,289	1,057,262
	<u>4,458,376</u>	<u>5,387,722</u>

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

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Estimated principal repayments on long-term debt excluding promissory note payable are as follows:

	\$
December 31	
2011	878,289
2012	110,724
2013	117,582
2014	124,903
2015	132,722
Thereafter	<u>3,972,445</u>
	<u>5,336,665</u>

Interest on long-term debt in 2010 was \$309,118 (2009 - \$319,940).

## 8 Capital leases payable

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

	\$
2011	72,373
2012	72,373
2013	36,667
2014	19,003
2015	<u>14,258</u>
	214,674
Less: Imputed interest at 5.25%	<u>19,002</u>
	195,672
Less: Current portion	<u>61,889</u>
	<u>133,783</u>

# Young Women's Christian Association

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## 9 Internally restricted funds

Internally restricted funds consist of the following:

				2010	2009
	Board- Designated Endowment Fund \$	Board- Designated Capital Repair and Replacement Reserve \$	Board- Designated Pension Solvency Deficit Fund \$	Total \$	Total \$
Reserve balance - Beginning of year	2,114,000	1,199,368	247,800	3,561,168	3,806,856
Disbursement/transfer from internally restricted funds	-	(504,270)	(82,800)	(587,070)	(255,688)
Transfer to internally restricted funds	-	200,000	-	200,000	10,000
Reserve balance - End of year	2,114,000	895,098	165,000	3,174,098	3,561,168

### a) Board-Designated Endowment Fund

The purpose of the Board-Designated Endowment Fund is to accumulate resources that may be used to meet future needs of the Association. The fund contains unrestricted contributions from donors as well as amounts allocated by the Board of Directors from operating surpluses. It is the intention of the Board of Directors to build the Endowment Fund to a total of \$5,000,000. The principal amount of the fund will remain intact, and income from investing the fund will be used to support the activities of the Association. Any use of the principal balance would be on a temporary basis only and the fund would be replenished.

### b) Board-Designated Capital Repair and Replacement Reserve

The purpose of the Board-Designated Capital Repair and Replacement Reserve is to provide for the maintenance and replacement of major property and equipment such as furniture, equipment, building components, and computer systems. This fund is not intended to be used for the acquisition or replacement of land or buildings. It is the intention of the Board of Directors to build this fund to a total of \$2,700,000. Expenditures out of this fund will require the Board of Directors' approval in the annual capital budget.

### c) Board-Designated Pension Solvency Deficit Fund

The purpose of the Board-Designated Pension Solvency Deficit Fund is to fund the Association's share of the deficit as a participant in the United Way of the Lower Mainland pension plan (note 12). This deficit is required to be funded over a period of seven years in accordance with an agreement with the Office of the Superintendent of Pensions.

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## 10 Externally restricted funds

Externally restricted funds consist of the following:

	2010	2009
	\$	\$
Semlin Gardens Replacement and Maintenance Reserve	129,783	131,698
Fraser Gardens Replacement and Maintenance Reserve	155,315	149,887
Crabtree Housing Replacement and Maintenance Reserve	83,205	77,488
	<u>368,303</u>	<u>359,073</u>

a) Semlin Gardens Replacement and Maintenance Reserve

Under the mortgage agreement with BCHMC, the Association is required to set aside as a replacement and maintenance reserve an amount of \$12,132 annually (2009 - \$24,263). During the year, BCHMC approved expenditures from the fund of \$12,344 (2009 - \$8,302). During the year, BC Housing also adjusted the 2009 appropriation from \$24,263 to \$18,197, a decrease of \$6,066. Interest of \$4,363 was attributed to the reserve during the year. This reserve amount is appropriated from the Operating Fund balance.

b) Fraser Gardens Replacement and Maintenance Reserve

Under the mortgage agreement with BCHMC, the Association is required to set aside as a replacement and maintenance reserve an amount of \$12,024 annually (2009 - \$24,032). During the year, BCHMC approved expenditures from the fund of \$5,556 (2009 - \$5,822). During the year, BC Housing also adjusted the 2009 appropriation from \$24,032 to \$18,026, a decrease of \$6,006. Interest of \$4,966 was attributed to the reserve during the year. This reserve amount is appropriated from the Operating Fund balance.

c) Crabtree Housing Replacement and Maintenance Reserve

Under the mortgage agreement with BCHMC, the Association is required to set aside an amount of \$6,300 annually (2009 - \$12,601) as a replacement and maintenance reserve. During the year, BC Housing also adjusted the 2009 appropriation from \$12,601 to \$9,451, a decrease of \$3,150. Interest of \$2,567 was attributed to the reserve during the year. This reserve amount is appropriated from the Operating Fund balance.

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## 11 Donor designated endowment funds

- a) Managed by the Association

	Balance - beginning of year \$	Endowment contributions \$	Inflation adjustment \$	Balance - End of year \$
May Brown	52,923	800	794	54,517
Charles and Adeliene Hill	165,630	-	2,484	168,114
Jean Giles	41,161	1,800	617	43,578
Rudy and Patricia North	69,012	-	1,035	70,047
Ralph and Grace Fisher	109,218	-	1,639	110,857
Daryl Bramall	34,267	-	514	34,781
Dan Hill	25,370	150	381	25,901
	497,581	2,750	7,464	507,795

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

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

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

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

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

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

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The Dan Hill Memorial Endowment Fund for Women and Children Living in Poverty was established in 2008 with an initial contribution of \$11,110 from a bequest from Dan's estate. In 2008, the Association's Board of Directors made a motion to transfer \$13,890 from the unrestricted fund to this fund to meet the minimum named endowment level of \$25,000. Income from investing the fund, net of an inflation adjustment to the principal, is used to support women and children living in poverty, which is currently YWCA Crabtree Corner.

- b) Managed by the Vancouver Foundation

## YWCA Endowment Fund

The Association and the Vancouver Foundation have contributed to an Endowment Fund administered by the Vancouver Foundation. The Association receives all income from the Endowment Fund in its Operating Fund but does not have access to the capital, which is \$403,225 at December 31, 2010 (2009 - \$403,225). Interest income from the fund in 2010 was \$26,184 (2009 - \$9,042).

## Mary C. Jordan Fund

The Mary C. Jordan Economic Independence for Women Fund was established to support economic independence for women through programs offered by the Association. In October 2003, Mary C. Jordan contributed \$25,000 to this fund and assigned the administration to the Vancouver Foundation. The Association receives all income from the fund but does not have access to the capital, which is \$40,000 at December 31, 2010 (2009 - \$40,000). Interest income from the fund in 2010 was \$1,622 (2009 - \$564).

## 12 Pension plan

Funding contributions are made by the Association to the pension plan based on a percentage of employee compensation. The employer contribution rate to the pension plan is 165% of employee contributions. In 2010, the Association's pension contribution and pension expense were \$597,626 (2009 - \$595,456).

As at December 31, 2007, the United Way of the Lower Mainland pension plan had a solvency deficit of \$2.4 million. The Association's share of this deficit is \$575,000, which is to be funded over a period of seven years in accordance with an agreement with the Office of the Superintendent of Pensions. As at December 31, 2010, the Association has utilized \$248,400 of the \$413,400 that was originally reserved to fund this solvency deficit. The remaining reserve of \$165,000 will be used as partial funding for the residual deficit of \$326,600.

The next actuarial valuation will be for December 31, 2010 and will be completed and filed in the fall of 2011.

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## 13 Commitments

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

	\$
2011	483,412
2012	339,737
2013	96,169
2014	12,897

Under agreements with BC Housing, the Association is committed to funding \$1 million each as its equity contribution in the housing projects in Coquitlam and Surrey. In March 2011, \$550,443 of the \$1 million commitment for the Surrey housing project was paid.

## 14 Fair value of financial instruments

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

Obligations under capital lease and long-term debt are of a long-term nature and, as such, are impacted by changes in market yields which can result in differences between carrying value and market value.

## 15 Credit, interest rate, and currency risk management

### Credit risk

Credit risk is the risk of loss resulting from the failure of an individual or group to honour its financial obligations. The only financial instruments that potentially subject the Association to concentrations of credit risk is its accounts receivable and investments in bonds and debentures. However, a majority of the Association's receivables relate to amounts owing from government grant programs and its investments are managed to maintain minimum credit criteria and are diversified within various asset pools held by the Association. Thus, the Association is not considered to be significantly exposed to credit risk.

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. The Association is exposed to fair value risk on its investments held in short-term notes, bonds and debentures, marketable equity securities, and asset-backed commercial papers. These market risks are managed by establishing and monitoring asset allocation strategies and minimum credit criteria, and by

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diversifying investments within the various asset pools held by the Association. Exposure to any related foreign currency risk is limited to its investments in overseas equities as disclosed in note 3.

## **Interest rate risk**

Interest rate risk is the risk that the Association's investments will change in fair value due to future fluctuations in market interest rates. The risk arises primarily on interest-bearing financial instruments held in pooled money market and bond funds as well as the Association's fixed interest mortgage loans as disclosed in note 7.

## **Liquidity risk**

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due. The Association's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flow generated from operations to fund the operations and settle debt and liabilities when due. The Association also maintains an operating reserve to mitigate this risk (note 9). Contractual obligation payments related to financial liabilities as at December 31, 2010 are expected to be paid in accordance with the repayment schedules disclosed in notes 7 and note 13.

## **16 Capital disclosure**

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

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

A portion of the Association's fund balances is restricted as described in notes 10 and 11(a). The Association has internal control processes to ensure that the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the year.

In addition, a portion of the Association's fund balances are internally restricted by the Board. The Board allocates the annual excess (deficiency) of revenues over expenses to various internally restricted funds, as detailed in note 9. The Board's policy is to allocate the excess (deficiency) of revenues over expenses from operations, before recognition of the change in fair value of investments. The Board has the discretion to utilize the internally restricted reserves to support the operations of the Association if required.

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

Although the Association has external debt, as detailed in note 7, the repayment of the debt is financed by BC Housing through an annual grant to the Association.

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## 17 Allocation of expenses

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

	2010	2009
	\$	\$
Hotel	197,916	227,182
Health and fitness	513,102	573,939
Early Learning and Care centres	190,740	213,046
Other community services	156,979	210,763
Government contracted programs	591,473	693,648
Donations	85,221	92,152
Events	22,003	20,743
	<u>1,757,434</u>	<u>2,031,473</u>

## 18 Supplemental information

Expenses for the year comprise:

	2010	2009
	\$	\$
Salaries	9,879,010	9,939,126
Benefits	1,583,810	1,554,161
Purchased services	737,795	818,465
Program supplies	923,948	936,247
Building supplies, maintenance, insurance and utilities	1,225,911	1,199,996
Depreciation	990,480	1,138,104
Rental and occupancy costs	539,506	541,167
Telephone, fax, internet, postage and courier	236,017	235,531
Professional fees	94,712	78,657
Equipment	284,099	375,523
Cost of events	113,441	107,812
Marketing and communications	162,476	172,029
Staff/volunteer	152,330	170,528
National and world allocation	89,765	90,689
Office and administration	135,901	217,216
Pension solvency	82,800	82,800
	<u>17,232,001</u>	<u>17,658,051</u>