YMCA BC

Financial statements
December 31, 2023

Building a better working world

Independent auditor's report

To the Members of
YMCA BC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **YMCA BC** [the "Association"], which comprise the statement of financial position as at December 31, 2023, 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 Association as at December 31, 2023, 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 Association 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.

Comparative information

The financial statements of the Association for the year ended December 31, 2022 are unaudited.

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, 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.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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 20, 2024

YMCA BC

Statement of financial position

As at December 31

	2023	2022
	$	$
		[unaudited]
		[combined]
Assets		
Current		
Cash	**4,778,652**	8,065,206
Accounts receivable	**5,068,699**	5,872,015
Due from YMCA BC Foundation *[note 3]*	**1,074,995**	1,247,820
Derivative asset *[note 8]*	**497,691**	851,973
Prepaid expenses and other assets	**1,027,829**	754,848
Total current assets	**12,447,866**	16,791,862
Investments and restricted cash *[note 5]*	**11,311,533**	7,691,554
Facilities under development *[note 6]*	**5,412,484**	22,639,619
Property and equipment, net *[note 7]*	**49,240,983**	30,018,267
Total assets	**78,412,866**	77,141,302
Liabilities and net assets		
Current		
Bank indebtedness *[note 8]*	**8,740,856**	9,015,546
Accounts payable and accrued liabilities *[note 16]*	**6,867,231**	6,456,520
Due to YMCA BC Properties Foundation *[note 4]*	**3,699,539**	6,557,443
Deferred revenue *[note 11]*	**17,951,756**	13,003,291
Current portion of term loans *[note 8]*	**275,059**	83,006
Current portion of mortgage loan *[note 9]*	**98,936**	94,938
Current portion of note payable *[note 10]*	**4,600**	4,600
Current portion of capital lease obligations *[note 12]*	**3,600**	3,600
Total current liabilities	**37,641,577**	35,218,944
Term loans *[note 8]*	**616,091**	—
Mortgage loan *[note 9]*	**533,541**	632,297
Note payable *[note 10]*	**27,600**	32,200
Capital lease obligations *[note 12]*	**7,200**	10,800
Deferred capital contributions *[note 11]*	**36,789,842**	31,509,723
Total liabilities	**75,615,851**	67,403,964
Contingency *[note 8]*		
Commitments *[note 13]*		
Net assets		
Unrestricted	**(5,728,816)**	891,748
Externally restricted	**—**	—
Invested in property and equipment	**7,953,084**	8,367,152
Vehicle replacement fund	**572,747**	478,438
Total net assets	**2,797,015**	9,737,338
Total liabilities and net assets	**78,412,866**	77,141,302

See accompanying notes

On behalf of the Board:

Director

Director

Statement of changes in net assets

	2023					2022
	Unrestricted	Externally restricted	Invested in property and equipment	Vehicle replacement fund	Total	Total
	$	$	$	$	$	$
						[unaudited] *[combined]*
Net assets, January 1, 2023	**891,748**	**—**	**8,367,152**	**478,438**	**9,737,338**	26,026,815
Excess (deficiency) of revenue over expenses	**(2,636,845)**	**—**	**(3,121,144)**	**22,309**	**(5,735,680)**	(2,562,237)
Deed of gift – strategic reserve *[note 5]*	**—**	**—**	**—**	**—**	**—**	(13,727,240)
Deed of gift – Kamloops property *[note 7]*	**—**	**—**	**(1,204,643)**	**—**	**(1,204,643)**	—
Interfund transfers	**(3,983,719)**	**—**	**3,911,719**	**72,000**	**—**	—
Donations and investment income	**—**	**6,431,518**	**—**	**—**	**6,431,518**	2,155,256
Deferred capital	**—**	**(6,431,518)**	**—**	**—**	**(6,431,518)**	(2,155,256)
Investments and restricted cash	**—**	**6,479,746**	**(6,479,746)**	**—**	**—**	—
Deferred capital contributions	**—**	**(6,479,746)**	**6,479,746**	**—**	**—**	—
Net assets, December 31, 2023	**(5,728,816)**	**—**	**7,953,084**	**572,747**	**2,797,015**	9,737,338

See accompanying notes

YMCA BC

Statement of operations

Year ended December 31

	2023	2022
	$	$
		[unaudited]
		[combined]
Revenue *[note 20]*		
Program fees	**20,748,334**	23,237,606
Membership fees	**16,311,715**	9,476,146
Government sources – childcare *[note 19]*	**30,087,595**	18,235,565
Government sources – other *[note 19]*	**20,353,704**	17,773,390
Grants from YMCA BC Properties Foundation *[note 4]*	**6,047,575**	2,965,779
Grants from YMCA BC Foundation *[note 3]*	**1,354,628**	2,412,565
Donations	**1,610,849**	1,335,882
Allocations from the United Way	**56,630**	149,832
Gaming	**4,800,093**	4,990,024
Other revenue	**40,474**	316,081
	101,411,597	80,892,870
Expenses		
Salaries *[notes 3 and 17]*	**57,094,370**	44,567,065
Occupancy *[notes 3 and 4]*	**18,183,694**	12,373,931
Employee benefits	**8,293,567**	6,473,300
Supplies	**8,988,720**	7,358,641
Office, legal and contract services *[note 14]*	**3,921,412**	3,493,931
Repairs and maintenance	**753,095**	1,599,851
Grants and work study fees	**1,869,525**	747,182
Staff and volunteer training	**891,491**	1,002,615
National support	**1,136,917**	844,464
Conferences, employee expense and vehicle costs	**1,066,218**	797,704
Advertising and promotion	**882,600**	803,409
Bank charges	**592,549**	386,090
Miscellaneous	**31,543**	344,923
Recovery of commodity tax rebate	**(418,406)**	(319,711)
	103,287,295	80,473,395
Excess (deficiency) of revenue over expenses before the following	**(1,875,698)**	419,475
Other income (expenses)		
Investment income (loss)	**(224,204)**	(722,766)
Unification cost	**(869,112)**	(635,289)
Gain (loss) on disposal of property and equipment	**50,150**	(2,632)
Interest *[notes 8 and 9]*	**(1,117,474)**	(431,535)
Amortization of property and equipment *[note 7]*	**(2,850,741)**	(2,604,216)
Amortization of deferred capital contributions *[note 11]*	**1,151,399**	1,414,726
Deficiency of revenue over expenses for the year	**(5,735,680)**	(2,562,237)

See accompanying notes

YMCA BC

Statement of cash flows

Year ended December 31

	2023	2022
	$	$
		[unaudited]
		[combined]
Operating activities		
Deficiency of revenue over expenses for the year	**(5,735,680)**	(2,562,237)
Add (deduct) non-cash items		
Amortization of deferred compensation	**19,828**	28,496
Amortization of deferred capital contributions	**(1,151,399)**	(1,414,726)
Amortization of property and equipment	**2,850,741**	2,604,216
(Gain) loss on investments	**(196)**	2,516,896
(Gain) loss on disposal of property and equipment	**(50,150)**	2,632
Unrealized (gain) loss on derivative	**354,282**	(1,752,351)
	(3,712,574)	(577,074)
Changes in non-cash working capital		
Accounts receivable	**803,316**	(504,507)
Due from YMCA BC Foundation	**172,825**	161,777
Prepaid expenses and other assets	**(272,981)**	(185,529)
Accounts payable and accrued liabilities	**390,883**	(302,006)
Due to YMCA BC Properties Foundation	**(2,857,904)**	1,768,439
Deferred revenue	**4,948,465**	28,631
Cash provided by (used in) operating activities	**(527,970)**	389,731
Investing activities		
Proceeds from investments and restricted cash	**2,291,587**	2,850,000
Purchase of investments and restricted cash	**(5,911,370)**	(789,689)
Additions to facilities under development	**(3,513,844)**	(2,884,326)
Purchase of property and equipment	**(2,537,121)**	(925,551)
Proceeds on disposal of property and equipment	**50,150**	869
Cash used in investing activities	**(9,620,598)**	(1,748,697)
Financing activities		
Repayment of bank indebtedness	**(274,690)**	(343,928)
Receipt (repayment) of term loans	**808,144**	(255,608)
Receipt (repayment) of mortgage loan	**(94,758)**	(90,883)
Repayment of note payable	**(4,600)**	(4,600)
Payment of capital lease obligations	**(3,600)**	(3,600)
Receipt of contributions restricted for capital purposes	**6,431,518**	2,163,846
Cash provided by financing activities	**6,862,014**	1,465,227
Net decrease in cash during the year	**(3,286,554)**	106,261
Cash, beginning of year	**8,065,206**	7,958,945
Cash, end of year	**4,778,652**	8,065,206

See accompanying notes

Notes to financial statements

December 31, 2023

1. Organization

YMCA BC [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 and is a registered charity under the *Income Tax Act* (Canada) and, accordingly, is not subject to income taxes.

On January 3, 2023, The YMCA of Greater Vancouver [“GV”], Kamloops Community YMCA-YWCA [“Kamloops”], and Young Men’s Christian Association of Northern BC [“NBC”] unified as one new entity, YMCA BC, recognizing that the combined entity was financially stronger and able to use the combined resources to offer more programs and services within their communities. This unification has been accounted for as a merger in accordance with Section 4449, *Combinations by not-for-profit organizations* in Part III of the *CPA Canada Handbook – Accounting*.

YMCA BC chose the calendar year as its reporting period. The results for the year ended December 31, 2023 are the aggregated results for the two-day period ended January 2, 2023 for the three entities when they were operating independently and the results of the combined entity for the period January 3 to December 31, 2023.

The comparative information in these financial statements is for the period from January 1 to December 31, 2022 and is the combined results of the three entities as though they had always been combined using the significant accounting policies disclosed in note 2 to these financial statements. The aggregated results include adjustments made to the comparative balances of the entities to align prior year accounting policies with those of the combined entity. The adjustments are as follows:

Aggregated statement of financial activities, year ended December 31, 2022

	GV	Kamloops	NBC	Adjustments	Total
	$	$	$	$	$
	[unaudited]	*[unaudited]*	*[unaudited]*	*[unaudited]*	*[unaudited]*
Total revenue	58,614,124	5,945,926	13,674,500	2,658,320	80,892,870
Total expenses and other income/expenses	(63,305,227)	(5,300,606)	(13,475,559)	(1,373,715)	(83,455,107)
Excess (deficiency) of revenue over expenses for the year	(4,691,103)	645,320	198,941	1,284,605	(2,562,237)

Notes to financial statements

December 31, 2023

Aggregated statement of financial position, year ended December 31, 2022

	GV	Kamloops	NBC	Adjustments	Total
	$	$	$	$	$
	[unaudited]	*[unaudited]*	*[unaudited]*	*[unaudited]*	*[unaudited]*
Total assets	60,539,536	5,713,386	6,094,663	4,793,717	77,141,302
Total liabilities	58,516,521	2,529,969	2,756,337	3,601,137	67,403,964
Net assets:	2,023,015	3,183,417	3,338,326	1,192,580	9,737,338
Externally restricted	—	1,559,425	—	(1,559,425)	—
Internally restricted	—	825,387	24,426	(849,813)	—
Unrestricted	(2,789,704)	(597,496)	1,535,865	2,743,083	891,748
Invested in property and equipment	4,334,281	1,396,101	1,778,035	858,735	8,367,152
Vehicle replacement fund	478,438	—	—	—	478,438

- To align the accounting policies for amortization of property and equipment, property and equipment and net assets invested in property and equipment at December 31, 2022 increased by $849,699 and amortization expense for the year ended December 31 increased by $55,087.
- To recognize deferred revenue at December 31, 2022, deferred revenue increased by $877,622, deferred capital contributions increased by $24,426, unrestricted net assets decreased by $52,235 and internally restricted net assets decreased by $849,813.
- To reclassify $1,559,425 from externally restricted net assets to unrestricted net assets at December 31, 2022.
- To align the accounting treatment of certain gaming activities, at December 31, 2022, assets decreased by $112,275, liabilities decreased by $1,348,736 and unrestricted net assets increased by $1,236,461. For the year ended December 31, 2022, revenues increased by $2,978,514 and expenses increased by $2,420,234.
- To align the accounting for deferred capital contributions, at December 31, 2022, property and equipment increased by $2,425,199, deferred capital contributions increased by $2,610,738, and account payable and accrued liabilities decreased by $183,539. For the year ended December 31, 2022, amortization of deferred capital contributions increased by $781,645.
- To increase accounts receivable and deferred revenue at December 31, 2022 by $1,559,896 to account for amounts on the gross basis.
- Other reclassifications were made to align certain accounts for consistent presentation.

At the date of the merger, the principal components of the statement of financial position and the carrying amount of each category of net assets of each entity are not materially different from the amounts reported in the tables above.

For the year ended December 31, 2023, the amounts of the principal components of the statements of operations of each entity for the two-day period ended January 2, 2023 are not material.

2. Summary of significant accounting policies

Accounting standards

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

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 initially deferred and recognized as income on the same basis as the related assets are amortized. Endowment contributions are recognized as direct increases in net assets in the period received.

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. Revenue from gaming is recognized at the conclusion of the gaming event, which is typically the date of the draw and awarding of prizes.

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 YMCA initially records a financial instrument that was originated, issued or assumed in an arm’s length transaction at fair value.

Related party financial instruments that have repayment terms are initially recorded at cost, representing the undiscounted cash flows of that instrument, excluding interest and dividend payments. Related party financial instruments that do not have repayment terms are recorded as cost, determined using the consideration transferred or received by the YMCA; consideration with repayment terms is measured as described above while consideration without repayment terms is recorded at the carrying or exchange amount, depending on the circumstances.

The YMCA recognizes its transaction costs in net income in the period incurred. However, arm’s length financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs and financing fees that are directly attributable to their origination, issuance or assumption; in the case of financial instruments subsequently measured at amortized cost, these transaction costs and financing fees are amortized on a straight-line basis.

Subsequently, the YMCA measures financial instruments as follows:

- Cash and accounts receivables at amortized cost;
- Derivative asset at fair value;
- The amount due from YMCA BC Foundation using the cost method less impairment;
- Investments and restricted cash at amortized cost;
- The amount due to YMCA BC Properties Foundation using the cost method; and
- All other financial liabilities, which include bank indebtedness, accounts payable and accrued liabilities, term loans, mortgage loan and capital lease obligations at amortized cost.

For financial assets measured at cost or amortized cost, when there are indications of possible impairment, the YMCA determines if there has been a significant adverse change to the expected timing or amounts of future cash flows expected from the financial asset. The amount of any impairment loss is determined by comparing the carrying amount of the financial asset with the highest of three amounts:

[i] For an arm's length financial asset, the present value of the cash flows expected to be generated by holding the asset, discounted using a current market rate of interest appropriate to that asset, and for a related party debt instrument, the undiscounted cash flows expected to be generated by holding the asset, excluding interest and dividend payments;
[ii] The amount that could be realized by selling the asset at the consolidated balance sheet date; and
[iii] The amount the YMCA expects to realize by exercising its right to any collateral held to secure repayment of the asset, net of all costs necessary to exercise those rights.

A previously recognized impairment loss is reversed to the extent that the improvement can be related to an event occurring after the impairment was recognized, but the adjusted carrying amount of the financial asset shall be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized.

Forgiveness of all or part of a related party financial asset can only occur after assessing for and recognizing any impairment. This forgiveness is then recognized in net assets when the transaction that resulted in the origination or acquisition of the financial asset was not in the normal course of operations or in the statement of operations when the transaction was in the normal course of operations or when it is impracticable to determine whether or not the forgiven related party financial asset was originated or was acquired in the normal course of operations.

Cash

Cash consists of cash on deposit, account overdrafts and highly liquid short-term investments with a term to maturity of 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.

Notes to financial statements

December 31, 2023

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:

Intangible assets	5 years
Buildings	15 to 40 years
Program equipment	3 to 8 years
Office equipment	5 years
Kitchen equipment	5 years
Vehicles	5 years
Playground	4 to 8 years
Building equipment	15 to 40 years
Site service	5 years

Facilities 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 estimated useful life. Consultants cost and internal salaries and wages directly attributable to the development projects are capitalized as part of the facilities under development.

Impairment of long-lived assets

When conditions indicate that an item of property and equipment or facility under development no longer contributes to the Association'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.

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.

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. The significant items affected by estimates in these financial statements are the useful lives of property and equipment and the rates and methods of amortization. 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 BC Foundation

The YMCA of Greater Vancouver Foundation was renamed to YMCA BC Foundation.

The YMCA BC 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.

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 totaling $7,000,000 to bring its aggregate gift to $10,000,000. As at December 31, 2023, $8,000,000 [2022 – $7,400,000] of this commitment has been received by the Association and recognized as a deferred capital contribution. During the year ended December 31, 2023, $600,000 [2022 – $600,000] was recognized as deferred capital contributions *[note 11].*

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 2023, the Foundation provided grants of $2,466,698 [2022 – $2,557,688] to the Association, of which $1,354,628 [2022 – $2,412,565] was recognized as revenue and $1,112,070 [2022 – $145,123] was recognized as deferred revenue.

The Foundation reimbursed the Association for salaries relating to administration support totaling $404,472 [2022 – $399,576], which has been recorded as a reduction of salaries expense.

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 *[note 13].* For the year ended December 31, 2023, the Association was charged rent of $67,915 [2022 – $67,915], which is recognized in occupancy expense.

The Association has entered into a 10-year lease that expires in 2031, with two renewal options of five years each, for its head office space, which is owned by the Foundation, with an annual base rent of $181,440 [2022 – $181,440] *[note 13],* which is included in occupancy expense.

The transactions are recorded at the exchange amounts agreed and established between the Association and the Foundation.

As at December 31, 2023, $1,074,995 [2022 – $1,247,820] is receivable from the Foundation, that is unsecured, non-interest bearing, and without specified repayment terms.

4. The YMCA BC Properties Foundation

The YMCA of Greater Vancouver Properties Foundation was renamed to the YMCA BC Properties Foundation.

The YMCA BC 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.

In September 2015, the Association entered into 10-lease agreements with the Properties Foundation that expire in August 2025 and contains two renewal options of 10 years each for the rental of properties. The Association also has a 10-year lease for lands and buildings owned by the Properties Foundation for the Chilliwack Family YMCA Bob-Chan Kent facility which expires in August 2025 and contains two renewal options of 10 years each. For the year ended December 31, 2023, the Association was charged rent of $6,954,711 [2022 – $3,971,661] *[note 13]* by the Properties Foundation, which is recognized in occupancy expense. During 2023, the Properties Foundation provided grants of $6,247,575 [2022 – $3,165,779] to the Association, of which $6,047,575 [2022 – $2,965,779] was recognized as revenue and $200,000 [2022 – $200,000] was recognized as deferred capital contributions *[note 11]*. The Association charged the Properties Foundation an administration fee of $60,309 [2022 – $33,061] for the year ended December 31, 2023.

The transactions are recorded at the exchange amounts agreed and established between the Association and the Properties Foundation.

As at December 31, 2023, $3,699,539 [2022 – $6,557,443] is payable to the Properties Foundation, that is unsecured, non-interest bearing, and without specified repayment terms. This comprised of $7,806,924 owing to Properties Foundation for Coquitlam YMCA construction and $4,107,385 owed back to YBC, including $3,500,000 capital grant approved by Properties Foundation board for repair and maintenance of Robert Lee and Tong Louie facilities.

Notes to financial statements

December 31, 2023

5. Investments and restricted cash

	2023	2022
	$	$
		[unaudited] *[combined]*
Restricted cash		
Internally restricted – vehicle replacement fund [i]	**565,503**	478,438
Internally restricted – holdback for capital fund	**—**	379,858
Externally restricted – shelter donations	**852,111**	187,454
Externally restricted – Battle Street	**185,838**	145,700
Externally restricted – Gaming	**553,464**	566,617
Externally restricted – What Really Matters Campaign *[note 11]*	**1,597,557**	2,645,785
Externally restricted – government *[note 11]* [i]	**5,437,781**	1,787,702
	9,192,254	6,191,554
Investments		
Guaranteed investment certificates [“GICs”] for debt agreement *[note 8] [ii]*	**2,119,279**	1,500,000
	2,119,279	1,500,000
Total investments and restricted cash	**11,311,533**	7,691,554

[i] Restricted cash for vehicle replacement fund and $3,437,781 of the externally restricted government balances are held in a savings account and earn interest at 3.50% [2022 – 1.11%] per annum.

[ii] Guaranteed investment certificate investments are held at the Royal Bank of Canada and earn interest at 4.77% [2022 – 0.263%] per annum.

In December 2022, the Association transferred $13,727,240 of internally restricted reserve funds to the Foundation by way of a deed of gift that was recognized as a direct charge to net assets.

Notes to financial statements

December 31, 2023

6. Facilities under development

	2023	2022
	$	$
		[unaudited] *[combined]*
Bettie Allard	**—**	20,026,591
South Vancouver	**740,606**	578,693
Kamloops	**256,172**	149,091
New child care facilities	**—**	39,066
Chilliwack	**82,738**	20,075
IT related	**172,989**	—
Royal Avenue	**122,230**	—
Camp Elphinstone	**414,794**	252,154
Tong Louie YMCA	**2,643,336**	1,018,743
Robert Lee YMCA	**882,738**	537,217
Miscellaneous	**96,881**	17,989
	5,412,484	22,639,619

7. Property and equipment

	Cost	Accumulated amortization	Net book value
	$	$	$
December 31, 2023			
Intangible assets	**466,644**	**146,279**	**320,365**
Buildings	**58,124,638**	**12,870,792**	**45,253,846**
Program equipment	**2,356,602**	**521,761**	**1,834,841**
Office equipment	**1,382,679**	**906,467**	**476,212**
Kitchen equipment	**162,949**	**50,633**	**112,316**
Vehicles	**377,653**	**174,969**	**202,684**
Playground	**574,646**	**458,946**	**115,700**
Building equipment	**1,319,946**	**509,028**	**810,918**
Site service	**169,032**	**54,931**	**114,101**
	64,934,789	**15,693,806**	**49,240,983**

In 2023, the Association transferred real property with a carrying amount of $1,204,643 to the Properties Foundation by way of a deed of gift that was recognized as a direct charge to net assets.

Notes to financial statements

December 31, 2023

	Cost	Accumulated amortization	Net book value
	$	$	$
	[unaudited]	*[unaudited]*	*[unaudited]*
	[combined]	*[combined]*	*[combined]*
December 31, 2022			
Intangible assets	550,553	307,122	243,431
Land	198,880	—	198,880
Buildings	39,932,330	11,898,701	28,033,629
Program equipment	9,603,303	9,382,607	220,696
Office equipment	5,767,602	5,301,069	466,533
Kitchen equipment	202,803	107,335	95,468
Vehicles	711,031	478,871	232,160
Playground	869,961	671,527	198,434
Building equipment	1,422,824	1,188,107	234,717
Site service	139,560	45,241	94,319
	59,398,847	29,380,580	30,018,267

8. Bank debt

Bank indebtedness

	2023	2022
	$	$
		[unaudited]
		[combined]
Non-revolving term facility	**8,740,856**	9,015,546

Non-revolving term facility

In February 2019, the Association drew on its $9,186,000 [2022 – $10,000,000] non-revolving term loan facility that has been drawn by way of one-year Bankers' Acceptances ["BA"] bearing interest at the one-year BA rate plus an acceptance fee of 1.50% [2022 – 1.70%] per annum. The repayment of the facility is amortized over 25 years.

The Association has entered into a 25-year interest rate swap contract [the "swap"] with a notional amount of $10,000,000. The swap has been entered into in order to hedge the floating rate of interest associated with the non-revolving term loan facility. As a result of entering into the swap agreement, the fixed interest rate payable by the Association is 2.90% per annum. Quarterly interest and principal payments required under the facility are $169,000.

As at December 31, 2023, the swap was in a net favourable position of $497,691 [2022 – $851,973] and the loss, being the change in fair value, for 2023 of $354,282 [2022 – $1,752,351] has been recorded in the statement of operations. For the year ended December 31, 2023, interest expense recorded on the non-revolving term loan facility was $407,480 [2022 – $426,530].

Revolving demand facilities

The Association has available a revolving demand loan facility for $3,000,000 [2022 – $2,500,000] bearing interest at the bank's prime rate plus 0.25% [2022 – bank's prime rate plus 0.25%] per annum. As at December 31, 2023 and 2022, no amount was outstanding under this facility.

The Association has available a revolving demand loan facility for $1,600,000 [2022 – nil] available by way of letters of credit or letters of guarantee, designated as Kamloops gaming lottery security, bearing interest at the bank's prime rate plus 0.25% per annum. As at December 31, 2023, no amount was outstanding under this facility.

At no time can the aggregate amount outstanding of the two facilities exceed $4,000,000.

At December 31, 2022, the Association also had available a line of credit for $100,000 bearing interest at the prime rate and a combined letters of credit, letters of guarantee, and demand loan facility for $700,000. The demand loan bears interest at the prime rate plus 0.5% per annum. At December 1, 2022, no amounts were outstanding under these facilities. The line of credit facility was collateralized by the assets of NBC *[note 1]* and the combined facility was collateralized by the assets of Kamloops *[note 1]*.

Term loans

	2023	**2022**
	$	$
		[unaudited] *[combined]*
Term loans for equipment	**891,150**	83,006
Less current portion	**275,059**	83,006
	616,091	—

The Association has available revolving loan available by the way of a series of term loans for $3,500,000 [2022 – $3,500,000]. 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 up to a three-year term and an interest rate determined at the time of borrowing.

As at December 31, 2023, the Association had one [2022 – one] three-year term loan outstanding bearing interest at 7.38% [2022 – 2.48%] per annum, requiring blended monthly payments of principal and interest of $27,651 [2022 – $10,532], and maturing in December 2026 [2022 – August 2023].

Credit card facilities

The Association has available a $500,000 [2022 – $545,000] credit card facility.

As at December 31, 2023, the bank's prime interest rate was 7.20% [2022 – 6.45%] per annum.

Notes to financial statements

December 31, 2023

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 $2,124,000 [2022 – $1,500,000] *[note 5]*, a guarantee and postponement of claim by the Properties Foundation for $12,400,000 supported by a first fixed mortgage for $12,400,000 over the Bob Chan-Kent Family YMCA, and for 2022 a guarantee and postponement of claim by Properties Foundation for $4,000,000 supported by a collateral mortgage on Tong Louie 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. The Association was not in compliance with this covenant. The Association has received acknowledgement and tolerance of the covenant breach from the lender.

Guarantee

The Association has provided a guarantee and postponement of claim for $31,500,000 supported by security agreements covering all of the Association's equipment and accounts receivable, and an assignment of term deposits and/or guaranteed investment certificates for $1,500,000 *[note 5]* to a bank for a credit facility provided to the Properties Foundation. As at December 31, 2023, $1,182,250 was owed by the Properties Foundation under this credit facility.

9. Mortgage loan

Mortgage loan bearing interest at 4.84% per annum, repayable in blended monthly instalments of principal and interest of $10,643, and maturing on August 14, 2029. A General Security Agreement covering all assets of the Association and a mortgage of lease over the property with a carrying amount of $5,042,263 at December 31, 2023 are provided as collateral.

	2023	**2022**
	$	$
		[unaudited] *[combined]*
Mortgage loan	**632,477**	727,235
Less current portion	**98,936**	94,938
	533,541	632,297

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

	$
2024	98,936
2025	104,193
2026	109,357
2027	114,769
2028	120,423

For the year ended December 31, 2023, interest expense recorded on the mortgage was $33,107 [2022 – $25,817].

10. Note payable

	2023	2022
	$	$
		[unaudited] *[combined]*
Note payable	**32,200**	36,800
Less current portion	**(4,600)**	(4,600)
	27,600	32,200

11. Deferred revenue and deferred capital contributions

Deferred revenue

	2023	2022
	$	$
		[unaudited] *[combined]*
Community programs	**9,101,264**	4,719,658
Membership	**2,285,975**	1,641,377
Childcare	**3,615,831**	3,718,585
Other	**2,948,686**	2,923,671
	17,951,756	13,003,291

Deferred capital contributions

	2023	2022
	$	$
		[unaudited] *[combined]*
Balance, beginning of year	**31,509,723**	30,760,603
Amounts received during the year *[notes 3 and 4]*	**6,431,518**	2,163,846
Amortization of deferred capital contributions	**(1,151,399)**	(1,414,726)
Balance, end of year	**36,789,842**	31,509,723

Notes to financial statements

December 31, 2023

Deferred capital contributions represent capital contributions for the following:

	2023 $	2022 $ *[unaudited]* *[combined]*
What Really Matters Campaign capital grants and contributions	**23,947,448**	14,695,239
Other deferred capital grants and contributions	**9,244,837**	13,168,699
Externally restricted – Government *[note 5]*	**2,000,000**	1,000,000
Externally restricted – What Really Matters Campaign *[note 5]*	**1,597,557**	2,645,785
	36,789,842	31,509,723

12. Capital lease obligations

The present value of future minimum annual lease payments for a childcare centre under capital lease as at December 31, 2023 is as follows:

	2023 $	2022 $ *[unaudited]* *[combined]*
2023	**—**	3,600
2024	**3,600**	3,600
2025	**3,600**	3,600
2026	**3,600**	3,600
	10,800	14,400
Less current portion of capital lease obligations	**(3,600)**	(3,600)
	7,200	10,800

The was no interest on capital lease obligations for 2023 [2022 – nil].

13. Commitments

The Association has the following commitments for future payments under operating lease agreements as listed below:

[a] Premises leases expiring at various dates through 2031 *[notes 3 and 4]*.
[b] Equipment leases expiring at various dates until 2026.

	$
2024	6,848,441
2025	7,005,721
2026	7,260,115
2027	7,513,266
2028	7,905,227
Thereafter	8,286,033
	44,818,803

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

14. Related party transactions

During the year ended December 31, 2023, the Association purchased goods and services of $31,672 [2022 – $3,805] 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.

15. 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 deposit rates, and the Association has investments in certain fixed income securities. Certain of the Association's bank indebtedness bears interest at the one-year BA rate and other debt at a rate that varies with the prime rate. The term loans and mortgage loan bear interest at fixed interest rates. The Association has entered into an interest rate swap to manage the effects of changes in the BA rates.

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, accounts receivable, and due from the YMCA BC Foundation. 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 accounts receivable and due from the YMCA BC Foundation, by dealing only with what management believes to be financially 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, term loans, mortgage loan, credit card facility, due to the YMCA BC Properties Foundation, capital lease obligation, and operating lease commitments. 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. As at December 31, 2023, the Association has cash denominated in US dollars of $124,102 [2022 – $11,580] and investments of nil [2022 – nil].

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 was exposed to other price risk from investments held by the Association for which future prices are uncertain. The Association managed price risk by allocating its investments across different investment managers and different types of investments and underlying industries.

16. Government remittances

Included in accounts payable and accrued liabilities as at December 31, 2023 are government remittances aggregating $137,643 [2022 – $245,650], such as sales taxes and withholding taxes, which are required to be paid to government authorities.

17. Remuneration to directors, employees and contractors

The Directors of the Association are not remunerated. Included in wages and benefits are 60 [2022 – 49] employees and contractors with annual remuneration over $75,000. The aggregate remuneration paid to these employees and contractors was $6,944,531 [2022 – $5,433,521].

18. 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.

19. Government assistance

During the year ended December 31, 2023, the Association recognized nil [2022 – $3,047,055] with respect to the Tourism and Hospitality Recovery Program ["THRP"] and nil [2022 – $454,767] with respect to the Canada Emergency Rent Subsidy ["CERS"]. The THRP and CERS were implemented by the Canadian government to assist organizations that have been negatively impacted by the COVID-19 pandemic. In 2022, of the total assistance of $3,501,822, $1,854,674 was recognized in government sources – childcare and $1,647,148 was recognized in government sources – other.

Notes to financial statements

December 31, 2023

20. Economic dependence

The Association receives roughly 38% of its revenue from the Province of British Columbia. The Association's continued operations are dependent on these funding programs and on satisfying the terms of the various contracts.