
Financial statements of YMCAs of Québec Foundation

December 31, 2015

Independent Auditor's Report	1-2
Statement of operations	3
Statement of changes in fund balances.....	4
Statement of financial position	5
Statement of cash flows	6
Notes to the financial statements.....	7-11
Schedule	12



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Independent Auditor's Report

To the Members of the
YMCAs of Québec Foundation

We have audited the accompanying financial statements of the YMCAs of Québec Foundation, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the YMCAs of Québec Foundation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenue was limited to the amounts recorded in the YMCAs of Québec Foundation's records and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses and cash flows from operating activities for the years ended December 31, 2015 and December 31, 2014, current assets as at December 31, 2015 and December 31, 2014, and fund balances as at December 31, 2015, December 31, 2014 and January 1, 2014. Our audit opinion on the financial statements for the previous year was also qualified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements present fairly, in all material respects, the financial position of the YMCAs of Québec Foundation as at December 31, 2015, and the results of its activities and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP¹

May 30, 2016

¹CPA auditor, CA, public accountancy permit No. A120628

YMCAs of Québec Foundation

Statement of operations

Year ended December 31, 2015

	Notes	2015			2014
		General Fund	Endowment Fund	Total	Total
		\$	\$	\$	\$
Revenue					
Donations and contributions (Schedule)		1,162,098	808,064	1,970,162	1,544,723
Investment income	4	193,572	—	193,572	275,651
		1,355,670	808,064	2,163,734	1,820,374
Expenses					
General administration					
Salaries and employee benefits		306,106	—	306,106	299,332
Office expenses		35,334	—	35,334	26,456
Professional fees		14,000	—	14,000	14,450
Advertising		9,129	—	9,129	11,267
Development of personnel		4,743	—	4,743	5,405
Contributions		3,949	—	3,949	2,803
Amortization of intangible asset		6,594	—	6,594	—
		379,855	—	379,855	359,713
Contribution from The YMCAs of Québec to the operations of the Foundation	6	(334,937)	—	(334,937)	(324,065)
		44,918	—	44,918	35,648
Specific fees					
Special events		84,474	—	84,474	99,021
Management fees – Endowment Fund		34,207	—	34,207	26,289
Fundraising campaigns	7	373,089	—	373,089	172,489
		491,770	—	491,770	297,799
		536,688	—	536,688	333,447
Excess of revenue over expenses before contributions		818,982	808,064	1,627,046	1,486,927
Contributions to The YMCAs of Québec	6				
Development projects		16,689	—	16,689	83,027
Community initiatives		1,166,349	—	1,166,349	1,190,731
Other		150,000	—	150,000	—
		1,333,038	—	1,333,038	1,273,758
Excess (deficiency) of revenue over expenses		(514,056)	808,064	294,008	213,169

The accompanying notes are an integral part of the financial statements.

YMCAs of Québec Foundation
Statement of changes in fund balances
Year ended December 31, 2015

	General Fund	Endowment Fund	Total
	\$	\$	\$
Fund balances, December 31, 2013	95,929	4,823,445	4,919,374
Excess (deficiency) of revenue over expenses	(175,979)	389,148	213,169
Interfund transfer	3,910	(3,910)	—
Fund balances, December 31, 2014	(76,140)	5,208,683	5,132,543
Excess (deficiency) of revenue over expenses	(514,056)	808,064	294,008
Interfund transfer	4,380	(4,380)	—
Fund balances, December 31, 2015	(585,816)	6,012,367	5,426,551

The accompanying notes are an integral part of the financial statements.

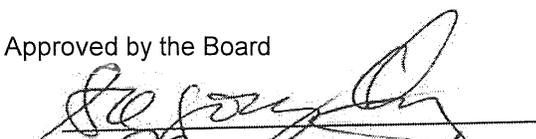
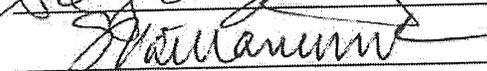
YMCAs of Québec Foundation
Statement of financial position
As at December 31, 2015

	Notes	General Fund		Endowment Fund		Total	
		2015	2014	2015	2014	2015	2014
		\$	\$	\$	\$	\$	\$
Assets							
Current assets							
Cash		99,084	261,557	68,578	1,835	167,662	263,392
Accounts receivable		21,550	12,480	—	—	21,550	12,480
Due from Endowment Fund		632,988*	753,657*	—	—	—	—
		753,622	1,027,694	68,578	1,835	189,212	275,872
Investments	2	—	—	6,576,777	5,960,505	6,576,777	5,960,505
Intangible asset	5	32,700	—	—	—	32,700	—
		786,322	1,027,694	6,645,355	5,962,340	6,798,689	6,236,377
Liabilities							
Current liabilities							
Due to The YMCAs of Québec	6	424,257	505,323	—	—	424,257	505,323
Accrued liabilities		4,190	6,594	—	—	4,190	6,594
Due to General Fund		—	—	632,988*	753,657*	—	—
Deferred revenue		446,168	471,175	—	—	446,168	471,175
		874,615	983,092	632,988	753,657	874,615	983,092
Advance from The YMCAs of Québec	6	497,523	120,742	—	—	497,523	120,742
		1,372,138	1,103,834	632,988	753,657	1,372,138	1,103,834
Fund balances							
Externally restricted	8	—	—	4,141,802	3,333,738	4,141,802	3,333,738
Internally restricted	9	—	—	1,870,565	1,874,945	1,870,565	1,874,945
Unrestricted		(585,816)	(76,140)	—	—	(585,816)	(76,140)
		(585,816)	(76,140)	6,012,367	5,208,683	5,426,551	5,132,543
		786,322	1,027,694	6,645,355	5,962,340	6,798,689	6,236,377

* These amounts are not presented in the "Total" column since they offset each other.

The accompanying notes are an integral part of the financial statements.

Approved by the Board

 _____, Director
 _____, Director

YMCAs of Québec Foundation

Statement of cash flows

Year ended December 31, 2015

	2015	2014
	\$	\$
Operating activities		
Excess of revenue over expenses	294,008	213,169
Adjustments for		
Change in fair value of investments	60,075	(178,094)
Amortization of intangible asset	6,594	—
Amortization of deferred revenue	(52,059)	—
	308,618	35,075
Changes in non-cash operating working capital items		
Accounts receivable	(9,070)	2,420
Due to the YMCAs of Québec	(81,066)	136,611
Accrued liabilities	(2,404)	6,594
Deferred revenue	27,052	168,740
	243,130	349,440
Investing activities		
Acquisition of investments	(705,143)	(471,748)
Disposal of investments	28,796	24,252
Acquisition of intangible asset	(39,294)	—
	(715,641)	(447,496)
Financing activities		
Increase of advance from The YMCAs of Québec	376,781	—
Net decrease in cash	(95,730)	(98,056)
Cash, beginning of year	263,392	361,448
Cash, end of year	167,662	263,392

The accompanying notes are an integral part of the financial statements.

1. Status and nature of activities

The YMCAs of Québec Foundation (the “Foundation”), incorporated on July 13, 1983, under Part III of the *Companies Act* (Québec), was established to support The YMCAs of Québec and ensure its sustainability by promoting the impact of its community action, by raising the funds to support it, and by administering these funds responsibly. The Foundation is recognized as a charitable organization according to the *Income Tax Act*.

2. Accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

Fund accounting

The Foundation reports its financial information using fund presentation and applies the deferral method of accounting for contributions.

(a) General Fund

Revenue and expenses related to fundraising and administrative activities are reported in the General Fund.

(b) Endowment Fund

Endowment contributions are reported in the Endowment Fund. Investment income derived from resources of the Endowment Fund and Endowment Fund expenses are reported in the General Fund.

The Foundation has a policy to allocate annually to The YMCAs of Québec the equivalent of 4% of the fair value of the Endowment Fund as at December 31 of the preceding year. All allocations are made in accordance with donors' wishes. An amount equivalent to 0.5% of the fair value of the Endowment Fund as at December 31 of the preceding year is also remitted to The YMCAs of Québec to contribute to the financing of the management of the Foundation. This amount is presented as a decrease of the contribution from The YMCAs of Québec to the operations of the Foundation.

Revenue recognition

Restricted contributions from fundraising activities are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the General Fund in the year they are received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as contributions received in the Endowment Fund.

Investment income on Endowment Fund resources that must be spent on donor restricted activities is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Pledges

Fundraising campaign pledges are recorded when contributions are received.

2. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments that are recognized at fair value at the date of the financial statements. Fair value fluctuations, which include interests earned, accrued interests, realized gain and loss and unrealized gain and loss are included in the investment's revenue. The Foundation's investments consist entirely of units held in the Investment Fund of The Greater Montreal Foundation, which comprises bonds and debentures, canadian and foreign mutual funds and shares, alternative investments, cash and other net assets. The Foundation has 5,494.1130 units (4,957.1074 in 2014) at a value of \$1,197.059 (\$1,202.416 in 2014) for each unit.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest revenue or expense.

With respect to financial assets measured at amortized cost, the Foundation recognized in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previous impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

Intangible asset

Intangible asset is recorded at cost and amortized using the straight-line method over a period of three years.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

YMCAs of Québec Foundation
Notes to the financial statements
December 31, 2015

3. Pledges

Pledges are as follows:

	2015	2014
	\$	\$
Short-term		
Priority needs	29,596	—
Priority needs – Québec City YMCA	9,000	9,000
Development of camp YMCA Kanawana	5,000	5,000
Development of Cartierville YMCA Center	—	21,000
Student retention Fund	—	750
School Perseverance Program – homework support	—	65,000
School Perseverance Program – Alternative Suspension	25,000	25,000
School Perseverance Program – City of Québec	7,500	—
Homelessness support	—	6,000
Youth Zone – Youth creations	25,000	25,000
Long-term		
Priority needs	69,970	—
Priority needs – Québec City YMCA	156,783	161,100
Development of camp YMCA Kanawana	15,000	39,746
School Perseverance Program – Alternative Suspension	25,000	50,000
Youth Zone – Youth Creations	100,000	125,000
	467,849	532,596

4. Investment income

Total investment income included the following:

	2015	2014
	\$	\$
Interest income earned on resources held for endowment	228,640	266,297
Loss on disposal of resources held in the Endowment Fund	(4,380)	(3,910)
Change in the unrealized fair value of investments held by the Endowment Fund	(55,695)	182,004
	168,565	444,391
Net change in deferred revenue	25,007	(168,740)
	193,572	275,651

YMCAs of Québec Foundation
Notes to the financial statements
December 31, 2015

5. Intangible asset

	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Software	39,294	6,594	32,700

6. Related party transactions

Amounts collected from contributions from the annual campaign and special events are donated to The YMCAs of Québec. A total of \$1,333,038 (\$1,273,758 in 2014) was donated to The YMCAs of Québec. These donations are intended primarily to finance The YMCAs of Québec community programs and international programs and the Camp Kanawana Revitalization program.

The contribution made by The YMCAs of Québec to the Foundation's operations amounted to \$334,937 for the year ended December 31, 2015 (\$324,065 in 2014), and is presented as a reduction of general administration expenses in the General Fund statement of operations.

Transactions concluded with The YMCAs of Québec are carried out in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Fundraising campaigns

Fundraising campaign expenses include costs incurred to conduct a special fundraising effort in the coming years.

8. Externally restricted fund balances

The balances of the externally restricted funds of the Endowment Fund are as follows:

	2015	2014
	\$	\$
Support of the YMCA Mission	1,133,546	1,116,324
Standard Youth Fund	750,000	—
Estate of William Ridley Fund	589,146	580,454
Literacy Fund	400,000	400,000
Pointe St. Charles Fund	320,344	320,344
Partnership projects in Third World countries	24,422	24,422
Youth leadership development	149,628	148,628
Campership grants for young people	260,227	229,077
Development of Camp Kanawana	394,572	394,572
Westmount Fund	63,300	63,300
Gabrielle and Maurice A. Massé Award	30,000	30,000
Du Parc Youth Center Fund	5,465	5,465
NDG Youth Center Fund	1,322	1,322
Heritage club	19,830	19,830
	4,141,802	3,333,738

9. Internally restricted fund balances

The Board of Directors of the Foundation has imposed an internal restriction on a portion of the investment income earned on unrestricted resources held for endowment and on external unrestricted donations received. The purpose of this internal restriction is to ensure funding for the programs of The YMCAs of Québec. The capital of these funds cannot be used without the authorization of the Board.

The balances of the internally restricted endowment funds are as follows:

	2015	2014
	\$	\$
Investment revenue from resources held for endowment	1,014,233	1,018,613
Donations	856,332	856,332
	1,870,565	1,874,945

10. Financial instruments

Because of its financial assets, the Foundation is exposed to the following risks related to the use of financial instruments:

Interest rate risk

A portion of the investments of the Foundation of Greater Montreal Investment Fund, in which the Foundation holds units, is invested in bonds and debentures. Consequently, a change in market interest rate will have an impact on the fair value of the units held by the Foundation.

Foreign exchange risk

A portion of the investments of the Foundation of Greater Montreal Investment Fund, in which the Foundation holds units, comprises shares and interests in equity funds invested in foreign countries. The units held by the Foundation are, therefore, exposed to foreign currency risk. The same applies to the earned income associated with these units.

Price risk

Price risk is the risk that the return on the investments of the Foundation of Greater Montreal Investment Fund, in which the Foundation holds units, is exposed to risk that arises from fluctuation of units stemming from market index rates and degree of volatility of these indexes.

Credit risk

Credit risk is primarily attributable to the units held in the Foundation of Greater Montreal Investment Fund, which are invested in bonds and debentures. Therefore, there is a credit risk that the bond or debenture issuers will be unable to pay their obligations toward the Investment Fund and this will have an impact on the fair value of the units held by the Foundation.

YMCAs of Québec Foundation
Schedule – Donations and contributions
Year ended December 31, 2015

	2015	2014
	\$	\$
Annual campaign	529,027	527,348
Benefit events	200,525	219,732
Exceptional and major donations	1,024,858	403,033
Planned donations and bequests	23,710	350,242
Other (including gifts in kind)	192,042	44,368
	1,970,162	1,544,723