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# Financial statements of YMCAs of Québec Foundation

December 31, 2014

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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, 2014, 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 revenues 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, 2014 and December 31, 2013, assets as at December 31, 2014 and December 31, 2013 and fund balances as at December 31, 2014, December 31, 2013 and January 1, 2013. Our audit opinion on the financial statements for the previous year was also modified 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 as at December 31, 2014, 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.

Debitte LLP<sup>1</sup>

June 19, 2015

<sup>1</sup> CPA auditor, CA, public accountancy permit No. A120628

# YMCAs of Québec Foundation

## Statement of operations

Year ended December 31, 2014

Notes	General Fund	Endowment Fund	2014	2013
	\$	\$	\$	\$
<b>Revenue</b>				
	Donations and contributions (Schedule)		1,155,575	1,262,460
	Contributions received as endowments (Schedule)		—	291,568
		389,148	389,148	291,568
		389,148	1,544,723	1,554,028
	Investment income		275,651	458,134
4		—	275,651	458,134
		389,148	1,820,374	2,012,162
<b>Expenses</b>				
General administration				
	Salaries and employee benefits		299,332	269,315
	Office expenses		26,456	24,977
	Professional fees		14,450	39,135
	Advertising		11,267	30,276
	Development of personnel		5,405	8,473
	Contributions		2,803	4,583
			359,713	376,759
	Contribution from The YMCAs of Québec to the operations of the Foundation		(324,065)	(339,260)
5		—	(324,065)	(339,260)
		—	35,648	37,499
Specific fees				
	Special events		99,021	105,280
	Management fees – Endowment Fund		26,289	33,852
	Fundraising campaigns		172,489	19,157
			297,799	158,289
			333,447	195,788
	Excess of revenue over expenses before contributions		1,097,779	1,816,374
		389,148	1,486,927	1,816,374
Contributions to The YMCAs of Québec				
	Development projects		83,027	140,701
	Community initiatives		1,147,334	1,025,408
	International initiatives		43,397	42,177
	Other		—	148,000
			1,273,758	1,356,286
	Excess (deficiency) of revenue over expenses		(175,979)	460,088
		389,148	213,169	460,088

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

**YMCAs of Québec Foundation**  
**Statement of changes in fund balances**  
Year ended December 31, 2014

	<b>General Fund</b>	<b>Endowment Fund</b>	<b>Total</b>
	\$	\$	\$
Fund balances, December 31, 2012	(74,902)	4,534,188	4,459,286
Excess of revenue over expenses	168,520	291,568	460,088
Interfund transfer	2,311	(2,311)	—
Fund balances, December 31, 2013	95,929	4,823,445	4,919,374
Excess (deficiency) of revenue over expenses	<b>(175,979)</b>	<b>389,148</b>	<b>213,169</b>
Interfund transfer	<b>3,910</b>	<b>(3,910)</b>	—
Fund balances, December 31, 2014	<b>(76,140)</b>	<b>5,208,683</b>	<b>5,132,543</b>

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

**YMCAs of Québec Foundation**  
**Statement of financial position**

As at December 31, 2014

	Notes	General Fund		Endowment Fund		Total	
		2014	2013	2014	2013	2014	2013
		\$	\$	\$	\$	\$	\$
<b>Assets</b>							
Current assets							
Cash		261,557	310,862	1,835	50,586	263,392	361,448
Accounts receivable		12,480	14,900	—	—	12,480	14,900
Due from Endowment Fund		753,657*	562,056*	—	—	—	—
		<b>1,027,694</b>	<b>887,818</b>	<b>1,835</b>	<b>50,586</b>	<b>275,872</b>	<b>376,348</b>
Investments	2	—	—	5,960,505	5,334,915	5,960,505	5,334,915
		<b>1,027,694</b>	<b>887,818</b>	<b>5,962,340</b>	<b>5,385,501</b>	<b>6,236,377</b>	<b>5,711,263</b>
<b>Liabilities</b>							
Current liabilities							
Due to the YMCAs of Québec	5	626,065	489,454	—	—	626,065	489,454
Accrued liabilities		6,594	—	—	—	6,594	—
Due to General Fund		—	—	753,657*	562,056*	—	—
Deferred revenue		471,175	302,435	—	—	471,175	302,435
		<b>1,103,834</b>	<b>791,889</b>	<b>753,657</b>	<b>562,056</b>	<b>1,103,834</b>	<b>791,889</b>
<b>Fund balances</b>							
Externally restricted	6	—	—	3,333,738	2,944,590	3,333,738	2,944,590
Internally restricted	7	—	—	1,874,945	1,878,855	1,874,945	1,878,855
Unrestricted		(76,140)	95,929	—	—	(76,140)	95,929
		<b>(76,140)</b>	<b>95,929</b>	<b>5,208,683</b>	<b>4,823,445</b>	<b>5,132,543</b>	<b>4,919,374</b>
		<b>1,027,694</b>	<b>887,818</b>	<b>5,962,340</b>	<b>5,385,501</b>	<b>6,236,377</b>	<b>5,711,263</b>

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

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

Approved by the Board

 \_\_\_\_\_, Director  
 \_\_\_\_\_, Director

# YMCAs of Québec Foundation

## Statement of cash flows

Year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	213,169	460,088
Adjustments for the change in fair value of investments	(178,094)	(418,157)
	<u>35,075</u>	<u>41,931</u>
Changes in non-cash operating working capital items		
Accounts receivable	2,420	11,200
Due to the YMCAs of Québec	136,611	9,104
Accrued liabilities	6,594	—
Deferred revenue	168,740	200,212
	<u>349,440</u>	<u>262,447</u>
<b>Investing activities</b>		
Acquisition of investments	(471,748)	(549,153)
Disposal of investments	24,252	238,245
	<u>(447,496)</u>	<u>(310,908)</u>
Net decrease in cash	(98,056)	(48,461)
Cash, beginning of year	361,448	409,909
<b>Cash, end of year</b>	<u>263,392</u>	<u>361,448</u>

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



# YMCAs of Québec Foundation

## Schedule of donations and contributions

Year ended December 31, 2014

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### 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 as endowments.

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. The investment's fair value is established at bid price. 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 4,957.1074 units (4,590.0664 in 2013) at a value of \$1,202.416 (\$1,162.270 in 2013) 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.

*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, 2014

**3. Pledges**

Pledges are as follows:

	<u>2014</u>	<u>2013</u>
	\$	\$
Short-term		
Development of camp YMCA Kanawana	5,000	28,362
Development of Cartierville YMCA Center	21,000	36,000
Endowment Fund	—	8,028
SNC Lavalin – School Perseverance Program	65,000	65,000
TELUS Québec – Alternative Suspension program and golf tournament	—	25,000
KPMG – Alternative Suspension program	25,000	25,000
Corus Entertainment Inc.	25,000	—
Estate of Alfred Fred Muth	9,000	—
Groupe Altus	6,000	—
Student retention Fund	750	—
Long-term		
Development of camp YMCA Kanawana	39,746	70,196
Development of Cartierville YMCA Center	—	1,000
Endowment Fund	—	11,502
SNC Lavalin – School Perseverance Program	—	65,000
Corus Entertainment Inc.	125,000	—
KPMG – Alternative Suspension program	50,000	75,000
Estate of Alfred Fred Muth	161,100	—
	<u>532,596</u>	<u>410,088</u>

**4. Investment income**

Total investment income included the following:

	<u>2014</u>	<u>2013</u>
	\$	\$
Interest income earned on resources held for endowment	266,297	247,689
Loss on disposal of resources held in the Endowment Fund	(3,910)	(2,311)
Change in the unrealized fair value of investments held by the Endowment Fund	182,004	420,468
	<u>444,391</u>	<u>665,846</u>
Portion accounted for as deferred revenue	(168,740)	(207,712)
	<u>275,651</u>	<u>458,134</u>

**YMCAs of Québec Foundation**  
**Notes to the financial statements**

December 31, 2014

**5. Related party transactions**

Amounts collected from contributions from the annual campaign and special events are donated to The YMCAs of Québec. A total of \$1,273,758 (\$1,356,286 in 2013) 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 \$324,065 in 2014 (\$339,260 in 2013) 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.

**6. Externally restricted fund balances**

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

	<u>2014</u>	<u>2013</u>
	\$	\$
Support of the YMCA Mission	<b>1,116,324</b>	1,100,898
Estate of William Ridley Fund	<b>580,454</b>	235,213
Literacy Fund	<b>400,000</b>	400,000
Pointe St. Charles Fund	<b>320,344</b>	320,344
Partnership projects in Third World countries	<b>24,422</b>	24,422
Youth leadership development	<b>148,628</b>	145,628
Campership grants for young people	<b>229,077</b>	203,596
Development of Camp Kanawana	<b>394,572</b>	394,572
Westmount Fund	<b>63,300</b>	63,300
Gabrielle and Maurice A. Massé Award	<b>30,000</b>	30,000
Du Parc Youth Center Fund	<b>5,465</b>	5,465
NDG Youth Center Fund	<b>1,322</b>	1,322
Heritage club	<b>19,830</b>	19,830
	<b><u>3,333,738</u></b>	<u>2,944,590</u>

**YMCAs of Québec Foundation**  
**Notes to the financial statements**

December 31, 2014

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**7. 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:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Investment revenue from resources held for endowment	<b>1,018,613</b>	1,022,523
Donations	<b>856,332</b>	856,332
	<b>1,874,945</b>	1,878,855

**8. Financial instruments**

Because of its financial assets and liabilities, 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 rate 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 of donations and contributions**  
Year ended December 31, 2014

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	<b>2014</b>	2013
	\$	\$
Annual campaign	<b>527,348</b>	502,214
Benefit events	<b>219,732</b>	216,837
Exceptional and major donations	<b>403,033</b>	385,958
Planned donations and bequests	<b>350,242</b>	248,627
Other (including gifts in kind)	<b>44,368</b>	200,392
	<b>1,544,723</b>	1,554,028