
Financial statements of
YMCAs of Québec Foundation

December 31, 2019

For discussion

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
Supporting schedule	12

For discussion

Independent Auditor's Report

To the Members of the
YMCAs of Québec Foundation

Qualified Opinion

We have audited the financial statements of the YMCAs of Québec Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the Foundation's records and we were not able to determine whether any adjustments might be necessary to donations and contributions revenue, the excess (deficiency) of revenue over expenses, and cash flows from operating activities for the years ended December 31, 2019 and December 31, 2018, current assets as at December 31, 2019 and December 31, 2018, and fund balances as at December 31, 2019, December 31, 2018 and January 1, 2018. Our audit opinion on the financial statements for the year ended December 31, 2018, was also modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Foundation 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 qualified audit opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Community Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Community Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, 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 ASNPO, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 GAAS 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 GAAS, 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 Foundation'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 Foundation'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 Foundation 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.

•, 2020

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

YMCAs of Québec Foundation
Statement of operations
Year ended December 31, 2019

	Notes and schedule	2019			2018
		General Fund	Endowment Fund	Total	Total
		\$	\$	\$	\$
Revenue					
Donations and contributions	A	2,358,012	29,954	2,387,966	2,357,267
Investment income	4	548,825	—	548,825	122,468
		2,906,837	29,954	2,936,791	2,479,735
Expenses					
Operating expenses					
Human resources	5	94,190	—	94,190	94,348
Administration and communications		90,461	—	90,461	105,047
		184,651	—	184,651	199,395
Expenses inherent to the revenue					
Donations and contributions	5 et 7	666,405	—	666,405	767,617
Management fees – Endowment Fund		38,020	—	38,020	36,643
		704,425	—	704,425	804,260
		889,076	—	889,076	1,003,655
Excess of revenue over expenses before contributions		2,017,761	29,954	2,047,715	1,476,080
Contributions to The YMCAs of Québec	6	1,852,228	—	1,852,228	1,606,973
Excess (deficiency) of revenue over expenses		165,533	29,954	195,487	(130,893)

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

YMCAs of Québec Foundation
Statement of changes in fund balances
Year ended December 31, 2019

	General Fund	Endowment Fund	Total
	\$	\$	\$
Fund balances, December 31, 2017	122,745	5,324,564	5,447,309
(Deficiency) excess of revenue over expenses	(171,995)	41,102	(130,893)
Interfund transfer	1,191	(1,191)	—
Fund balances, December 31, 2018	(48,059)	5,364,475	5,316,416
Excess of revenue over expenses	165,533	29,954	195,487
Interfund transfer	1,101	(1,101)	—
Fund balances, December 31, 2019	118,575	5,393,328	5,511,903

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

For discussion

YMCAs of Québec Foundation
Statement of financial position
As at December 31, 2019

	Notes	General Fund		Endowment Fund		Total	
		2019	2018	2019	2018	2019	2018
		\$	\$	\$	\$	\$	\$
Assets							
Current assets							
Cash		961,268	865,830	4,549	2,393	965,817	868,223
Accounts receivable		4,208	—	—	—	4,208	—
Due from Endowment Fund		1,260,983*	808,789*	—	—	—	—
		2,226,459	1,674,619	4,549	2,393	970,025	868,223
Investments	2	—	—	6,649,762	6,170,871	6,649,762	6,170,871
		2,226,459	1,674,619	6,654,311	6,173,264	7,619,787	7,039,094
Liabilities							
Current liabilities							
Due to The YMCAs of Québec	6	1,162,698	1,049,724	—	—	1,162,698	1,049,724
Due to General Fund		—	—	1,260,983*	808,789*	—	—
Deferred revenue		945,186	672,954	—	—	945,186	672,954
		2,107,884	1,722,678	1,260,983	808,789	2,107,884	1,722,678
Fund balances							
Externally restricted	8	—	—	4,279,341	4,249,387	4,279,341	4,249,387
Internally restricted	9	—	—	1,113,987	1,115,088	1,113,987	1,115,088
Unrestricted		118,575	(48,059)	—	—	118,575	(48,059)
		118,575	(48,059)	5,393,328	5,364,475	5,511,903	5,316,416
		2,226,459	1,674,619	6,654,311	6,173,264	7,619,787	7,039,094

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

The accompanying notes and supporting schedule 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, 2019

	2019	2018
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	195,487	(130,893)
Adjustments for:		
Change in fair value of investments	(615,436)	398,680
Amortization of intangible asset	—	14,058
Amortization of deferred revenue	(149,716)	(153,082)
	(569,665)	128,763
Changes in non-cash operating working capital items		
Accounts receivable	(4,208)	3,525
Due to The YMCAs of Québec	112,974	26,171
Accrued liabilities	—	(184)
Deferred revenue	421,948	(65,417)
	(38,951)	92,858
Investing activities		
Acquisition of investments	(233,913)	(417,540)
Disposal of investments	370,458	30,094
	136,545	(387,446)
Net increase (decrease) in cash	97,594	(294,588)
Cash, beginning of year	868,223	1,162,811
Cash, end of year	965,817	868,223

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

YMCAs of Québec Foundation
Notes to the financial statements
December 31, 2019

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 uses the restricted fund method.

General Fund

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

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.

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; it is otherwise recognized as deferred revenue. Unrestricted investment income is recognized as revenue when earned.

Fundraising campaign pledges are recorded when contributions are received.

Allocation of human resources expenses

The Foundation classifies expenses on the statement of operations by function. The functions reported in which human resources expenses are allocated are human resources and expenses inherent to the revenue. Human resources expenses are allocated proportionally on the basis of hours incurred directly in undertaking a function. The allocation are applied consistently on that basis each year.

YMCAs of Québec Foundation
Notes to the financial statements
December 31, 2019

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 investments in mutual funds and cash. The Foundation has 5,757.6539 units (5,885.4561 units in 2018) at a value of \$1,154.94 (\$1,048.50 in 2018) 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, 2019

3. Pledges

Pledges are as follows:

	2019	2018
	\$	\$
Short term		
Priority needs	173,547	246,050
Priority needs – Québec City YMCA	449,000	209,000
Development of Camp YMCA Kanawana	146,000	42,462
School Perseverance Program – Alternative Suspension	14,000	84,000
Youth Zone – Youth Creations	52,500	90,000
Refugees	10,000	—
Long term		
Priority needs	325,197	290,600
Priority needs – Québec City YMCA	888,000	352,000
Development of Camp YMCA Kanawana	313,000	385,000
School Perseverance Program – Alternative Suspension	34,000	33,000
Active youngsters	—	75,000
Youth Zone – Youth Creations	390,000	200,000
Refugees	10,000	—
	2,805,244	2,007,112

4. Investment income

Total investment income includes the following:

	2019	2018
	\$	\$
Interest income earned on resources held by the Endowment Fund	205,621	302,649
Loss on disposal of resources held by the Endowment Fund	(1,101)	(1,191)
Change in the unrealized fair value of investments held by the Endowment Fund	616,537	(397,489)
	821,057	(96,031)
Net change in deferred revenue	(272,232)	218,499
	548,825	122,468

5. Human resources

Human resources expenses included in each function are as follows:

	2019	2018
	\$	\$
Operating expenses – human resources	94,190	94,348
Expenses inherent to the revenue – donations and contributions	338,196	470,680
	432,386	565,028

YMCAs of Québec Foundation
Notes to the financial statements
December 31, 2019

6. Related party transactions

Amounts collected from contributions from fundraising programs are donated to The YMCAs of Québec. A total of \$1,852,228 (\$1,606,973 in 2018) was donated to The YMCAs of Québec. These donations are intended primarily to finance The YMCAs of Québec community programs and development projects.

The YMCAs of Québec also charges the Foundation for human resources expenses for an amount of \$432,386 (\$565,028 in 2018).

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. Expenses inherent to the revenue

Expenses inherent to the revenue include costs incurred to conduct a special fundraising effort for which the amounts will be received in the coming years.

8. Externally restricted fund balances

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

	2019	2018
	\$	\$
Support of the YMCA Mission	1,135,794	1,135,794
Standard Life Youth Fund	750,000	750,000
Estate of William Ridley Fund	589,146	589,146
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	149,628
Sam Lazarus Fund – Campership grants for young people	392,262	362,308
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	23,086	23,086
	4,279,341	4,249,387

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 of Directors.

YMCAs of Québec Foundation
Notes to the financial statements
December 31, 2019

9. Internally restricted fund balances (continued)

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

	2019	2018
	\$	\$
Investment revenue from resources held for endowment	253,655	254,756
Donations	860,332	860,332
	1,113,987	1,115,088

10. Financial instruments

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

Market risk

Market risk is the risk that investments are exposed to, caused by changes in interest rates, stock exchange indicators, exchange rates and the level of volatility of these rates and indicators.

11. Subsequent event

Subsequent to the year-end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The financial markets are very volatile in view of the situation surrounding COVID-19 and more particularly the fair value of shares suffered a significant drop. The Foundation's investment portfolio is subject to these variations in the financial markets. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Foundation in future periods.

YMCAs of Québec Foundation**Supporting schedule A – Donations and contributions**

Year ended December 31, 2019

	2019	2018
	\$	\$
Annual donations	272,870	360,601
Corporate donations	885,110	799,226
Donations from foundations	484,686	622,206
Fundraising activities	590,139	458,547
Major donations	40,336	97,502
Planned donations and bequests	114,825	19,185
	2,387,966	2,357,267

For discussion