

YWCA of Kitchener-Waterloo  
Financial Statements  
For the year ended December 31, 2018

---

	<u>Contents</u>
Independent Auditor's Report	2 - 4
Financial Statements	
Balance Sheet	5
Statement of Changes in Fund Balances	6
Statement of Operations	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 21
Schedule 1 - Schedule of Expenses	22
Unaudited Supplementary Financial Information	
Schedule 2 - Schedule of Operating Fund Balances	23



Tel: 519 576 5220  
Fax: 519 576 5471  
www.bdo.ca

BDO Canada LLP  
The Bauer Buildings  
150 Caroline St S Suite 201  
Waterloo ON N2L 0A5 Canada

---

## Independent Auditor's Report

---

To the Members of  
YWCA of Kitchener-Waterloo

### Opinion

We have audited the accompanying financial statements of YWCA of Kitchener-Waterloo, which comprise the balance sheet as at December 31, 2018, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of YWCA of Kitchener-Waterloo as at December 31, 2018, 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.

### 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 YWCA of Kitchener-Waterloo 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.

### Other Matter - Supplementary Information

We draw attention to the fact that the supplementary information included in Schedule 2 does not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing YWCA of Kitchener-Waterloo'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 YWCA of Kitchener-Waterloo or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing YWCA of Kitchener-Waterloo'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 YWCA of Kitchener-Waterloo'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 YWCA of Kitchener-Waterloo'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 YWCA of Kitchener-Waterloo 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario  
April 2, 2019

YWCA of Kitchener-Waterloo  
Balance Sheet

December 31

2018

2017

	Operating Fund	Externally Restricted Fund	Tangible Capital Asset Fund	Total	Total
<b>Assets</b>					
<b>Current</b>					
Cash (Note 2)	\$ 556,287	\$ -	\$ -	\$ 556,287	\$ -
Short-term investments (Note 3)	382,949	-	-	382,949	368,221
Accounts receivable	264,662	-	-	264,662	256,653
Inventory	2,373	-	-	2,373	2,373
Prepaid expenses	21,294	-	-	21,294	20,001
	1,227,565	-	-	1,227,565	647,248
Long-term investments (Note 4)	205,093	642,190	-	847,283	879,926
Tangible capital assets (Note 5)	-	-	7,918,175	7,918,175	8,238,093
	\$ 1,432,658	\$ 642,190	\$ 7,918,175	\$ 9,993,023	\$ 9,765,267
<b>Liabilities and Fund Balances</b>					
<b>Current</b>					
Bank indebtedness (Note 2)	\$ -	\$ -	\$ -	\$ -	74,090
Accounts payable and accrued liabilities	856,564	-	-	856,564	675,408
Deferred revenue (Note 6)	299,568	-	-	299,568	214,129
Current portion of mortgages payable (Note 7)	-	-	245,873	245,873	1,240,866
Current portion of other long term debt (Note 8)	-	-	23,454	23,454	22,543
	1,156,132	-	269,327	1,425,459	2,227,036
Mortgages payable (Note 7)	-	-	1,351,322	1,351,322	588,630
Other long term debt (Note 8)	-	-	435,103	435,103	458,550
	1,156,132	-	2,055,752	3,211,884	3,274,216
<b>Fund balances</b>					
Externally restricted (Note 9)	-	642,190	-	642,190	645,423
Internally restricted	267,036	-	5,862,423	6,129,459	5,970,686
Unrestricted	9,490	-	-	9,490	(125,058)
	276,526	642,190	5,862,423	6,781,139	6,491,051
	\$ 1,432,658	\$ 642,190	\$ 7,918,175	\$ 9,993,023	\$ 9,765,267

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

YWCA of Kitchener-Waterloo  
Statement of Changes in Fund Balances

For the year ended December 31

2018

2017

	Operating Fund	Externally Restricted Fund	Tangible Capital Asset Fund	Total	Total
Fund balances, beginning of year	\$ (81,876)	\$ 645,423	\$ 5,927,504	\$ 6,491,051	\$ 6,151,751
Excess (deficiency) of revenues over expenses for the year	610,414	183,300	(501,774)	291,940	339,752
Transfer to The Kitchener and Waterloo Community Foundation (Note 10)	-	(1,852)	-	(1,852)	(452)
Inter-fund transfers (Note 11)	(252,012)	(184,681)	436,693	-	-
Fund balances, end of year	\$ 276,526	\$ 642,190	\$ 5,862,423	\$ 6,781,139	\$ 6,491,051

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

YWCA of Kitchener-Waterloo  
Statement of Operations

For the year ended December 31

				2018	2017
	Operating Fund	Externally Restricted Fund	Tangible Capital Asset Fund	Total	Total
<b>Revenues</b>					
Program (Note 18)	\$ 3,666,885	\$ -	\$ -	\$ 3,666,885	\$ 3,320,499
Grants (Notes 14, 15, 17)	3,828,678	153,994	-	3,982,672	3,481,876
United Way	228,694	-	-	228,694	220,825
Donations and special events	233,634	169,542	-	403,176	397,295
Interest	91,053	4,732	-	95,785	98,316
Memberships	210	-	-	210	150
Rent	-	42,692	-	42,692	45,056
Partnership contracts	449,328	-	-	449,328	359,162
	<u>8,498,482</u>	<u>370,960</u>	<u>-</u>	<u>8,869,442</u>	<u>7,923,179</u>
<b>Expenses</b>					
Salaries and benefits (Note 16) (Schedule)	6,206,762	-	-	6,206,762	5,524,356
Occupancy costs (Schedule)	771,379	107,905	-	879,284	874,290
Financial costs (Schedule)	7,112	149	-	7,261	11,858
Program costs (Schedule)	567,666	45,539	-	613,205	422,156
Office administration (Schedule)	246,067	13,304	-	259,371	241,246
Interest on long term debt (Schedule)	-	-	87,095	87,095	101,248
Other (Schedule)	69,491	-	-	69,491	65,168
	<u>7,868,477</u>	<u>166,897</u>	<u>87,095</u>	<u>8,122,469</u>	<u>7,240,322</u>
Excess (deficiency) of revenue over expenses before other items	<u>630,005</u>	<u>204,063</u>	<u>(87,095)</u>	<u>746,973</u>	<u>682,857</u>
<b>Other items</b>					
Amortization of tangible capital assets (Schedule)	-	-	(414,679)	(414,679)	(386,006)
Realized gain on disposal of long-term investments	6,739	32,193	-	38,932	39,458
Unrealized gain (loss) on change in fair market value of long-term investments	(26,330)	(52,956)	-	(79,286)	3,443
	<u>(19,591)</u>	<u>(20,763)</u>	<u>(414,679)</u>	<u>(455,033)</u>	<u>(343,105)</u>
<b>Excess (deficiency) of revenues over expenses for the year</b>	<u>\$ 610,414</u>	<u>\$ 183,300</u>	<u>\$ (501,774)</u>	<u>\$ 291,940</u>	<u>\$ 339,752</u>

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

## YWCA of Kitchener-Waterloo Statement of Cash Flows

For the year ended December 31	2018	2017
Cash flows from operating activities		
Excess of revenues over expenses for the year	\$ 291,940	\$ 339,752
Items not involving cash		
Amortization of tangible capital assets	414,679	386,006
Realized gain on disposal on long-term investments	(38,932)	(39,458)
Unrealized loss (gain) on change in fair market value of long-term investments	79,286	(3,443)
	746,973	682,857
Changes in non-cash working capital balances		
Accounts receivable	(8,009)	172,538
Prepaid expenses	(1,293)	2,078
Accounts payable and accrued liabilities	181,156	59,132
Deferred revenue	85,439	58,606
	1,004,266	975,211
Cash flows from investing activities		
Purchase of tangible capital assets	(94,761)	(654,133)
Purchase of long-term investments	(114,090)	(24,345)
Proceeds on disposal of long-term investments	106,379	111,549
Reinvested income on short-term investments	(14,728)	(14,163)
	(117,200)	(581,092)
Cash flows from financing activities		
Repayment of mortgages	(232,301)	(221,011)
Repayment of other long term debt	(22,536)	(21,660)
Transfer to the Kitchener-Waterloo Community Foundation	(1,852)	(452)
	(256,689)	(243,123)
Increase in cash during the year	630,377	150,996
Bank indebtedness, beginning of year	(74,090)	(225,086)
Cash (bank indebtedness), end of year	\$ 556,287	\$ (74,090)



---

# YWCA of Kitchener-Waterloo

## Notes to Financial Statements

December 31, 2018

---

### 1. Summary of Significant Accounting Policies

Nature of Operations	The Young Women's Christian Association of Kitchener-Waterloo works to improve the lives of women and children at critical turning points, as part of a world-wide women's movement for social justice. The Association is incorporated under the Ontario Business Corporations Act as a not-for profit association and is a registered charity under the Income Tax Act and is therefore exempt from income taxes.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).
Revenue Recognition	Unrestricted contributions are recognized as revenue of the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the Externally Restricted Fund or the Tangible Capital Asset Fund in the year in which the contributions are received. Where there is no appropriate restricted fund, restricted contributions are recognized under the deferral method in the Operating Fund. Restricted revenue is recognized as revenue in the year in which the related expense is incurred.
Harmonized Sales Tax	As a registered charity the organization receives the public service bodies' rebate of 50% of the federal portion of the HST paid and 82% of the provincial portion of HST paid in Ontario.
Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable.

---

# YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2018

---

1. Summary of Significant Accounting Policies (continued)

Fund Accounting

The organization follows the restricted fund method of accounting for contributions.

Operating Fund

The operating fund accounts for administrative and operational costs and is financed by fees, donations, grants and other miscellaneous income. It also records the current assets, liabilities and surplus relating to ongoing programs and administrative operations.

Internally restricted fund and projects are determined by the Board. Annual operating surpluses are set aside by the Board into these funds. Interest on these funds accumulates to the funds unless directed otherwise by the Board.

Externally Restricted

The externally restricted fund reports donations, grants and rent received for restricted purposes. Net assets held in the externally restricted fund are invested in a variety of investment vehicles. Investment income earned on these funds is reported as revenue in the fund.

Tangible Capital Asset Fund

The tangible capital asset fund reports the assets, liabilities, revenues and expenses related to the association's tangible capital assets.

Leases

Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as an acquisition of tangible capital assets and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the organization, and the obligation, including interest thereon, is amortized over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is generally determined on the first-in, first-out basis.

---

# YWCA of Kitchener-Waterloo

## Notes to Financial Statements

December 31, 2018

---

### 1. Summary of Significant Accounting Policies (continued)

**Tangible Capital Assets**      Tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value, when fair value can be reasonably estimated, at the date of contribution. Amortization based on the estimated useful life of the asset is calculated as follows:

Buildings	-	40 years straight-line basis
Machinery and equipment	-	10 years straight-line basis
Automotive equipment	-	5 years straight-line basis
Leasehold improvements	-	10-20 years straight-line basis over the term of the lease

When a tangible capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

**Contributed Services and Materials**

Volunteers contribute many hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are not recognized in the financial statements unless they would normally be purchased by the organization and their fair market value can be ascertained.

**Use of Estimates**

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

---

YWCA of Kitchener-Waterloo  
Notes to Financial Statements

December 31, 2018

---

2. Cash / Bank Indebtedness

The organization's bank accounts are held at one chartered bank. The bank accounts earn nominal interest.

The organization has an operating facility available to a maximum of \$350,000. This facility was unused at year-end. The facility bears interest at the Bank's prime rate plus 1.25%. The facility is due on demand and secured as described in Note 7.

---

3. Short-term Investments

	<u>2018</u>	<u>2017</u>
Accumulation Annuity Investment	<u>\$ 382,949</u>	<u>\$ 368,221</u>

The total annualized return on these investments during the year was 3.92%.

## YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2018

#### 4. Long-term Investments

In accordance with the Ministry of Municipal Affairs and Housing, the organization has Social Housing Investments with Encasa Financial Inc. These investments are held in an account separate from operations and intended to be used as a source of funding for future capital projects related to the property at Lincoln Road. The balance of the organization's investments are managed by Rae & Lipskie Investment Counsel. A breakdown of the organization's investments at year-end is as follows:

	2018	2017
<u>Encasa Financial Inc. Portfolio</u>		
Canadian Short Term Bond Fund	\$ 20,591	\$ 20,342
Canadian Bond Fund	189,593	187,825
Canadian Equity Fund	250,404	268,226
	460,588	476,393
<u>Rae &amp; Lipskie Investment Counsel Portfolio</u>		
Canadian Equity Instruments	94,782	120,034
Foreign Equity Instruments	70,464	75,110
Fixed Income Securities	178,265	145,958
Cash	43,184	62,431
	386,695	403,533
	\$ 847,283	\$ 879,926

During the past 12 months, the Encasa Financial Inc. and Rae & Lipskie portfolio's earned returns of 9.44% and 5.95% respectively.

The balance of fixed income securities includes a variety of government, bank, and corporate bonds with effective yields ranging from 1.939% to 3.45% and maturity dates ranging from December 2019 to June 2023.

YWCA of Kitchener-Waterloo  
Notes to Financial Statements

December 31, 2018

5. Tangible Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 462,200	\$ -	\$ 462,200	\$ -
Buildings	12,223,551	5,566,863	12,128,790	5,265,931
Machinery and equipment	519,069	447,714	519,069	419,600
Automotive equipment	44,471	44,471	44,471	44,470
Leasehold improvements	1,255,252	527,320	1,255,252	441,688
	<u>\$14,504,543</u>	<u>\$ 6,586,368</u>	<u>\$ 14,409,782</u>	<u>\$ 6,171,689</u>
Net book value		<u>\$ 7,918,175</u>		<u>\$ 8,238,093</u>

6. Deferred Revenue

	2018	2017
Balance, beginning of year	\$ 214,129	\$ 155,523
Contributions received	299,568	214,129
Recognized into revenue during the year	<u>(214,129)</u>	<u>(155,523)</u>
Balance, end of year	<u>\$ 299,568</u>	<u>\$ 214,129</u>

YWCA of Kitchener-Waterloo  
Notes to Financial Statements

December 31, 2018

7. Mortgages Payable

	2018	2017
Mortgage payable - 3.028%, due September 1, 2023, monthly payments of \$16,149 principal and interest, secured by land and a building on Lincoln Road	\$ 1,008,430	\$ 1,163,644
Mortgage payable - 3.77%, due July 2, 2020, monthly payments of \$8,399 principal and interest, see security below.	588,765	665,852
	1,597,195	1,829,496
Current portion	(245,873)	(1,240,866)
	\$ 1,351,322	\$ 588,630

The 3.77% mortgage payable has a general security agreement on all assets of the organization, an assignment of fire insurance for \$10,000,000, a collateral mortgage on 151/153 Frederick Street for \$700,000, a collateral mortgage on real property on 84 Frederick Street for \$2,325,000, business insurance for \$25,000,000 and a general assignment of rents representing a first charge on rents.

The agreement with respect to the 3.77% mortgage payable contains a covenant regarding a debt service coverage ratio pertaining to emergency shelter operations, which was not in compliance at year end.

Principal payments are repayable as follows:

2019	\$ 245,873
2020	679,372
2021	175,978
2022	181,347
2023	186,880
Thereafter	127,745
	\$ 1,597,195

YWCA of Kitchener-Waterloo  
Notes to Financial Statements

December 31, 2018

8. Other Long Term Debt

	2018	2017
Loan payable - 4.003%, due August 2033, monthly payments of \$3,449 principal and interest, secured by Jean Steckle Day Care facility	\$ 458,557	\$ 481,093
Current portion	(23,454)	(22,543)
	\$ 435,103	\$ 458,550

The loan is payable to the Waterloo Region District School Board for reimbursement of capital costs associated with the construction of the Jean Steckle day care facility. The loan is secured by the cost of the day care and an assignment of comprehensive general liability insurance for \$2,000,000.

Principal repayments for the next five years and thereafter are as follows:

2019	\$ 23,454
2020	24,402
2021	25,389
2022	26,415
2023	27,525
Thereafter	331,372
	\$ 458,557



YWCA of Kitchener-Waterloo  
Notes to Financial Statements

December 31, 2018

9. Externally Restricted Funds

Externally restricted funds represent amounts received from contributors which are designated for specific purposes. The fund balances at year-end are as follows:

	2018	2017
Lincoln Road Reserve Fund	\$ 463,253	\$ 514,736
151 Frederick Street Capital Fund	36,783	3,239
E. Dreger Memorial Fund	52,304	52,529
Women Municipal Campaign School	3,069	3,112
Anti-Human Traffic Coalition - Zonta Club	2,701	2,701
Family Relocation Project	63,000	42,297
84 Frederick Street - Supportive Housing	21,080	26,809
	\$ 642,190	\$ 645,423

Lincoln Road Reserve Fund

The purpose of this fund is to purchase repairs, renovations, and improvements to the physical building at 155 Lincoln Road and to purchase and repair the major equipment located therein.

151 Frederick Street Capital Fund

The purpose of this fund is to purchase repairs, renovations, and improvements to the physical building at 151-153 Frederick Street, and to purchase and repair the major equipment located therein. This fund is also used for extraordinary Community Resource Centre (CRC) purchases, and to cover annual CRC deficits.

E. Dreger Memorial Fund

The purpose of this fund is to provide subsidies for children attending Camp Clover.

Women Municipal Campaign School

The purpose of this fund is to provide financing to support the plan and delivery of a two day workshop to support and encourage women to run for local office. The YWCA hosts the finances for the school.

Anti-Human Traffic Coalition - Zonta Club

The purpose of this fund is to serve victims of human trafficking. With funds received from the Zonta Club of Kitchener-Waterloo, the organization will cover travel and other supports to women who are victims of human trafficking and who wish to return to their home communities.

---

## YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2018

---

9. Externally Restricted Funds (continued)

Family Relocation Project

The purpose of this fund is to provide household furnishings to women and children who are victims of domestic violence and who are leaving area shelters. The project is delivered by a team of community volunteers.

84 Frederick Street - Supportive Housing

The purpose of this fund is for the renovations, furnishings and equipment to 84 Frederick Street necessary to create a nine-unit supportive housing wing.

---

10. YWCA Endowment Fund

On December 14, 1995, the organization entered into an agreement with The Kitchener and Waterloo Community Foundation (Community Foundation) to establish a permanent endowment fund within the Community Foundation to be known as YWCA Endowment Fund. The endowment fund includes two funds: YWCA General Fund and YWCA Mary's Place Fund. As required by the agreement, the organization transferred to the Endowment Fund the endowed portion of the Club 84 donations. During the year, \$1,852 (2017 - \$452) was transferred to the Kitchener Waterloo Community Foundation by the Association.

---

11. Interfund Transfers

During the year, the Board of Directors approved interfund transfers of \$252,012 from the Operating Fund and \$184,681 from the Externally Restricted fund to the Tangible Capital Asset Fund to cover the cost of debt servicing and capital additions.

---

12. Commitments

Under the terms of lease agreements, the organization's total obligations for occupied premises, exclusive of realty taxes and other occupancy charges and equipment for the next five years, are as follows:

2019	\$	54,811
2020		54,503
2021		56,138
2022		57,822
2023		29,338
		<hr/>
	\$	<u>252,612</u>

---

---

## YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2018

---

### 13. Departmental Statement of Revenues and Expenses

Unaudited departmental statements of revenues and expenses are available from the YWCA of Kitchener-Waterloo upon request.

---

### 14. Grant Revenue

During the year, the YWCA of Kitchener-Waterloo received the following funding:

	2018	2017
Federal funding	\$ 10,473	\$ 7,121
Provincial funding	40,069	40,069
Regional funding	3,787,888	3,311,066
Corporations and foundations	144,242	123,620
	<hr/>	<hr/>
	\$ 3,982,672	\$ 3,481,876

The organization expects to receive additional regional funding of \$45,000 related to the Lincoln Fourplex within the next 12 months once the grant requirements are completed.

---

### 15. Government Assistance

The organization has a forgivable loan from the Region of Waterloo. Included in the grant revenue recorded in 2018 is \$101,250 relating to this loan. The total of the loan at December 31, 2018 is \$405,000. The loan bears interest at prime plus 2% per annum and is due March 2043. The amount of interest owing on the loan is forgiven each year and the loan itself is forgiven as long as the organization has fulfilled all of the requirements of the commercial housing and operating agreement.

---

### 16. Pension Plan

The YWCA of Kitchener-Waterloo makes contributions to an employee defined contribution plan on behalf of some of its employees under a matching plan. Employer contributions during the year were \$162,992 (2017 - \$159,409) for current service and are included as an expense in the Statement of Operations.

---

---

YWCA of Kitchener-Waterloo  
Notes to Financial Statements

December 31, 2018

---

17. Special Purpose Disclosure - Wage Subsidy

	<u>2018</u>	<u>2017</u>
Total amount of funding received for wage subsidy, wage enhancement, pay equity and fee stabilization wage grant	<u>\$ 779,714</u>	<u>\$ 677,368</u>

In accordance with the Service agreement and Provincial Guidelines, the total amount of wage subsidy funding received from the Region of Waterloo has been applied to supplemental staff salaries and benefits as required.

---

18. Occupancy/Rental Charges

	<u>2018</u>	<u>2017</u>
Gross rental charges	\$ 512,184	\$ 512,184
RGI subsidy	<u>(424,247)</u>	<u>(421,383)</u>
Net rental charges	<u>\$ 87,937</u>	<u>\$ 90,801</u>

The net rental charges are included in program revenue in the Statement of Operations.

---

---

## YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2018

---

### 19. Financial Instrument Risks

#### 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. Financial instruments which potentially subject the organization to concentrations of credit risk consist of cash, accounts receivable and short and long term investments. The short and long term investments are described in Notes 3 and 4 respectively. The organization has deposited the cash and investments with a reputable financial institution, from which management believes the risk of loss to be remote. The credit risk on accounts receivable arises from related day care facilities and grantors.

#### Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, mortgages payable, other long-term debt and commitments.

#### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk and other price risk.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments and the value of its fixed rate long-term debt.

#### 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 (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to this risk through its equity holdings within its investment portfolio.

The organization's exposure to the above risks are unchanged from the prior year.

YWCA of Kitchener-Waterloo  
Schedule 1 - Schedule of Expenses

For the year ended December 31	2018	2017
<b>Salaries and Benefits</b>		
Salaries	\$ 5,460,882	\$ 4,823,478
Benefits	745,880	700,878
	<u>\$ 6,206,762</u>	<u>\$ 5,524,356</u>
<b>Occupancy Costs</b>		
Property taxes	\$ 2,867	\$ 102,004
Light, heat and power	215,696	219,738
Repairs and maintenance	423,172	334,040
Rent	183,514	169,911
Insurance	54,035	48,597
	<u>\$ 879,284</u>	<u>\$ 874,290</u>
<b>Financial Costs</b>		
Bank charges and interest	\$ 7,261	\$ 11,858
<b>Program Costs</b>		
Food	\$ 246,696	\$ 193,622
Program supplies and equipment	311,918	168,081
Special assistance	10,910	30,795
Miscellaneous	13,204	11,765
Advertising	6,890	12,346
Laundry	5,443	2,696
Fundraising event	1,810	2,851
Honoraria	6,100	-
Community inclusion	10,234	-
	<u>\$ 613,205</u>	<u>\$ 422,156</u>
<b>Office Administration</b>		
Office supplies and replacements	\$ 50,274	\$ 48,331
Telephone and postage	45,602	44,249
Professional fees	122,002	102,834
Conferences and meetings	11,844	10,788
Travel	29,649	35,044
	<u>\$ 259,371</u>	<u>\$ 241,246</u>
Amortization of tangible capital assets	\$ 414,679	\$ 386,006
Interest on long term debt	\$ 87,095	\$ 101,248
<b>Other</b>		
National YWCA support	\$ 69,491	\$ 65,168

YWCA of Kitchener-Waterloo  
Schedule 2 - Schedule of Operating Fund Balances  
(Unaudited)

For the year ended December 31, 2018	Operating	Internally Restricted	Total
<b>Revenues</b>			
Programs	\$ 3,666,885	\$ -	\$ 3,666,885
Grants	3,828,678	-	3,828,678
United Way	228,694	-	228,694
Donations and special events	233,634	-	233,634
Interest	73,300	17,753	91,053
Memberships	210	-	210
Partnership contracts	449,328	-	449,328
	<u>8,480,729</u>	<u>17,753</u>	<u>8,498,482</u>
<b>Expenses</b>			
Salaries and benefits	6,206,762	-	6,206,762
Occupancy costs	771,379	-	771,379
Financial costs	7,112	-	7,112
Program costs	561,191	6,475	567,666
Office administration	246,067	-	246,067
Other	69,491	-	69,491
	<u>7,862,002</u>	<u>6,475</u>	<u>7,868,477</u>
Excess of revenues over expenses before other items	618,727	11,278	630,005
<b>Other items</b>			
Realized gain on disposal of long-term investments	-	6,739	6,739
Unrealized loss on change in fair market value of long-term investments	-	(26,330)	(26,330)
Excess (deficiency) of revenues over expenses for the year	618,727	(8,313)	610,414
Interfund transfer	(484,179)	232,167	(252,012)
Fund balances, beginning of the year	<u>(125,058)</u>	<u>43,182</u>	<u>(81,876)</u>
Fund balances, end of the year	<u>\$ 9,490</u>	<u>\$ 267,036</u>	<u>\$ 276,526</u>