

YWCA of Kitchener-Waterloo
Financial Statements
For the year ended December 31, 2019

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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, 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.

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

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, reviewed or otherwise attempted to verify the accuracy or completeness of 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 7, 2020

YWCA of Kitchener-Waterloo
Balance Sheet

December 31

2019 2018

	Operating Fund	Externally Restricted Fund	Tangible Capital Asset Fund	Total	Total
Assets					
Current					
Cash (Note 2)	\$ 624,909	\$ -	\$ -	\$ 624,909	\$ 556,287
Short-term investments (Note 3)	398,267	-	-	398,267	382,949
Accounts receivable	263,766	-	-	263,766	264,662
Inventory	-	-	-	-	2,373
Prepaid expenses	22,588	-	-	22,588	21,294
	1,309,530	-	-	1,309,530	1,227,565
Long-term investments (Note 4)	416,577	618,541	-	1,035,118	847,283
Tangible capital assets (Note 5)	-	-	7,541,384	7,541,384	7,918,175
	\$ 1,726,107	\$ 618,541	\$ 7,541,384	\$ 9,886,032	\$ 9,993,023
Liabilities and Fund Balances					
Current					
Accounts payable and accrued liabilities	\$ 729,614	\$ -	\$ -	\$ 729,614	\$ 856,564
Deferred revenue (Note 6)	410,558	-	-	410,558	299,568
Current portion of mortgages payable (Note 7)	-	-	679,372	679,372	245,873
Current portion of other long term debt (Note 8)	-	-	24,414	24,414	23,454
	1,140,172	-	703,786	1,843,958	1,425,459
Mortgages payable (Note 7)	-	-	672,087	672,087	1,351,322
Other long term debt (Note 8)	-	-	410,684	410,684	435,103
	1,140,172	-	1,786,557	2,926,729	3,211,884
Fund balances					
Externally restricted (Note 9)	-	618,541	-	618,541	642,190
Internally restricted	709,509	-	5,754,827	6,464,336	6,129,459
Unrestricted	(123,574)	-	-	(123,574)	9,490
	585,935	618,541	5,754,827	6,959,303	6,781,139
	\$ 1,726,107	\$ 618,541	\$ 7,541,384	\$ 9,886,032	\$ 9,993,023

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

2019

2018

	Operating Fund	Externally Restricted Fund	Tangible Capital Asset Fund	Total	Total
Fund balances, beginning of year	\$ 276,526	\$ 642,190	\$ 5,862,423	\$ 6,781,139	\$ 6,491,051
Excess (deficiency) of revenues over expenses for the year	446,524	225,739	(493,763)	178,500	291,940
Transfer to The Kitchener and Waterloo Community Foundation (Note 10)	-	(336)	-	(336)	(1,852)
Inter-fund transfers (Note 11)	(137,115)	(249,052)	386,167	-	-
Fund balances, end of year	\$ 585,935	\$ 618,541	\$ 5,754,827	\$ 6,959,303	\$ 6,781,139

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

YWCA of Kitchener-Waterloo
Statement of Operations

For the year ended December 31

				2019	2018
	Operating Fund	Externally Restricted Fund	Tangible Capital Asset Fund	Total	Total
Revenues					
Program (Note 18)	\$ 3,799,213	\$ -	\$ -	\$ 3,799,213	\$ 3,666,885
Grants (Note 14, 15 and 17)	3,774,928	76,890	-	3,851,818	3,982,672
United Way	220,000	-	-	220,000	228,694
Donations and special events	274,902	166,406	-	441,308	403,176
Interest	70,469	11,389	-	81,858	95,785
Memberships	165	-	-	165	210
Rent	-	42,207	-	42,207	42,692
Partnership contracts	261,170	-	-	261,170	449,328
	<u>8,400,847</u>	<u>296,892</u>	<u>-</u>	<u>8,697,739</u>	<u>8,869,442</u>
Expenses					
Salaries and benefits (Note 16) (Schedule 1)	6,361,933	-	-	6,361,933	6,206,762
Occupancy costs (Schedule 1)	838,595	51,826	-	890,421	879,284
Financial costs (Schedule 1)	6,411	242	-	6,653	7,261
Program costs (Schedule 1)	417,810	58,885	-	476,695	613,205
Office administration (Schedule 1)	287,408	1,928	-	289,336	259,371
Interest on long term debt (Schedule 1)	-	-	66,628	66,628	87,095
Other (Schedule 1)	75,503	-	-	75,503	69,491
	<u>7,987,660</u>	<u>112,881</u>	<u>66,628</u>	<u>8,167,169</u>	<u>8,122,469</u>
Excess (deficiency) of revenue over expenses before other items	<u>413,187</u>	<u>184,011</u>	<u>(66,628)</u>	<u>530,570</u>	<u>746,973</u>
Other items					
Amortization of tangible capital assets (Schedule 1)	-	-	(427,135)	(427,135)	(414,679)
Realized gain on disposal of long-term investments	583	2,898	-	3,481	38,932
Unrealized gain (loss) on change in fair market value of long-term investments	32,754	38,830	-	71,584	(79,286)
	<u>33,337</u>	<u>41,728</u>	<u>(427,135)</u>	<u>(352,070)</u>	<u>(455,033)</u>
Excess (deficiency) of revenues over expenses for the year	<u>\$ 446,524</u>	<u>\$ 225,739</u>	<u>\$ (493,763)</u>	<u>\$ 178,500</u>	<u>\$ 291,940</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	2019	2018
Cash flows from operating activities		
Excess of revenues over expenses for the year	\$ 178,500	\$ 291,940
Items not involving cash		
Amortization of tangible capital assets	427,135	414,679
Realized gain on disposal on long-term investments	(3,481)	(38,932)
Unrealized gain on change in fair market value of long-term investments	(71,584)	79,286
	<u>530,570</u>	<u>746,973</u>
Changes in non-cash working capital balances		
Accounts receivable	896	(8,009)
Inventory	2,373	-
Prepaid expenses	(1,294)	(1,293)
Accounts payable and accrued liabilities	(126,950)	181,156
Deferred revenue	110,990	85,439
	<u>516,585</u>	<u>1,004,266</u>
Cash flows from investing activities		
Purchase of tangible capital assets	(100,344)	(94,761)
Proceeds on sale of tangible capital assets	50,000	-
Purchase of long-term investments	(167,622)	(114,090)
Proceeds on disposal of long-term investments	54,852	106,379
Reinvested income on short-term investments	(15,318)	(14,728)
	<u>(178,432)</u>	<u>(117,200)</u>
Cash flows from financing activities		
Repayment of mortgages	(245,736)	(232,301)
Repayment of other long term debt	(23,459)	(22,536)
Transfer to the Kitchener-Waterloo Community Foundation	(336)	(1,852)
	<u>(269,531)</u>	<u>(256,689)</u>
Increase in cash during the year	68,622	630,377
Cash (bank indebtedness), beginning of year	<u>556,287</u>	<u>(74,090)</u>
Cash, end of year	<u>\$ 624,909</u>	<u>\$ 556,287</u>

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2019

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, whereby 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, annuity investments 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, 2019

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.

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, 2019

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.

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, 2019

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>2019</u>	<u>2018</u>
Accumulation Annuity Investment	\$ 398,267	\$ 382,949

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

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2019

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:

	2019	2018
<u>Encasa Financial Inc. Portfolio</u>		
Canadian Short Term Bond Fund	\$ 21,198	\$ 20,591
Canadian Bond Fund	201,509	189,593
Canadian Equity Fund	286,720	250,404
	509,427	460,588
<u>Rae & Lipskie Investment Counsel Portfolio</u>		
Canadian Equity Instruments	109,888	94,782
Foreign Equity Instruments	82,407	70,464
Fixed Income Securities	195,009	178,265
Cash	138,387	43,184
	525,691	386,695
	\$ 1,035,118	\$ 847,283

During the past 12 months, the Encasa Financial Inc. and Rae & Lipskie portfolio's earned returns of 11.71% and 4.76% respectively.

The balance of fixed income securities includes a variety of government, bank, and corporate bonds with effective yields ranging from 1.957% to 3.746% and maturity dates ranging from December 2019 to June 2023.

YWCA of Kitchener-Waterloo
Notes to Financial Statements

December 31, 2019

5. Tangible Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 462,200	\$ -	\$ 462,200	\$ -
Buildings	12,194,762	5,873,229	12,223,551	5,566,863
Machinery and equipment	581,705	491,555	519,069	447,714
Automotive equipment	44,471	44,471	44,471	44,471
Leasehold improvements	1,271,745	604,244	1,255,252	527,320
	\$14,554,883	\$ 7,013,499	\$ 14,504,543	\$ 6,586,368
Net book value		\$ 7,541,384		\$ 7,918,175

6. Deferred Revenue

	2019	2018
Balance, beginning of year	\$ 299,568	\$ 214,129
Contributions received	410,558	299,568
Recognized into revenue during the year	(299,568)	(214,129)
Balance, end of year	\$ 410,558	\$ 299,568

YWCA of Kitchener-Waterloo
Notes to Financial Statements

December 31, 2019

7. Mortgages Payable

	2019	2018
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 with a net book value of \$946,451	\$ 842,717	\$ 1,008,430
Mortgage payable - 3.77%, due July 2, 2020, monthly payments of \$8,399 principal and interest, see security below.	508,742	588,765
	1,351,459	1,597,195
Current portion	(679,372)	(245,873)
	\$ 672,087	\$ 1,351,322

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 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.

Principal payments are repayable as follows:

2020	\$ 679,372
2021	175,978
2022	181,347
2023	186,880
2024	127,882
	\$ 1,351,459

YWCA of Kitchener-Waterloo
Notes to Financial Statements

December 31, 2019

8. Other Long Term Debt

	2019	2018
Loan payable - 4.003%, due August 2033, monthly payments of \$3,449 principal and interest	\$ 435,098	\$ 458,557
Current portion	(24,414)	(23,454)
	\$ 410,684	\$ 435,103

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 an assignment of comprehensive general liability insurance for \$2,000,000.

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

2020	\$	24,414
2021		25,411
2022		26,446
2023		27,524
2024		28,646
Thereafter		302,657
	\$	435,098

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2019

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:

	2019	2018
Lincoln Road Reserve Fund	\$ 437,975	\$ 463,253
151 Frederick Street Capital Fund	27,191	36,783
E. Dreger Memorial Fund	56,582	52,304
Women Municipal Campaign School	3,069	3,069
Anti-Human Traffic Coalition - Zonta Club	-	2,701
Family Relocation Project	72,644	63,000
84 Frederick Street - Supportive Housing	21,080	21,080
	\$ 618,541	\$ 642,190

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.

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.

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2019

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, \$336 (2018 - \$1,852) 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 \$137,115 from the Operating Fund and \$249,052 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:

2020	\$	60,079
2021		61,714
2022		63,398
2023		34,915
2024		2,788
		<hr/>
	\$	222,894

13. Departmental Statement of Revenues and Expenses

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

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2019

14. Grant Revenue

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

	2019	2018
Federal funding	\$ 265,016	\$ 10,473
Provincial funding	40,069	40,069
Regional funding	3,478,709	3,787,888
Corporations and foundations	68,024	144,242
	<u>\$ 3,851,818</u>	<u>\$ 3,982,672</u>

15. Government Assistance

The organization has a forgivable loan from the Region of Waterloo. Included in the grant revenue recorded in 2019 is \$45,000 relating to this loan. The total of the loan at December 31, 2019 is \$450,000. 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 \$171,521 (2018 - \$162,992) for current service and are included as an expense in the Statement of Operations.

17. Special Purpose Disclosure - Wage Subsidy

	2019	2018
Total amount of funding received for wage subsidy, wage enhancement, pay equity and fee stabilization wage grant	\$ 841,235	\$ 779,714

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.

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2019

18. Occupancy/Rental Charges

	2019	2018
Gross rental charges	\$ 469,502	\$ 512,184
RGI subsidy	(374,224)	(424,247)
Net rental charges	<u>\$ 95,278</u>	<u>\$ 87,937</u>

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

19. Subsequent Event

Subsequent to year end, the organization entered into a sale agreement relating to the land and building located at 153 Frederick Street with a sale price of \$2,800,000.

20. 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.

Subsequent to year end, the credit risk related the organization's bond holdings (see Note 3 and 4) has increased due to the impact of COVID-19, which could lead to potential losses. This may impact the ability to fund the programs of the Organization in the future.

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.

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2019

20. Financial Instrument Risks (continued)

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.

Subsequent to year end, COVID-19 has had a significant effect on the financial markets. The Organization's investments in equity instruments (see Note 3 and 4) measured at fair value are reported in these financial statements at their values on December 31, 2019. As of April 7, 2020, the TSX Composite Index has declined by approximately 23.5%. The Organization's equity portfolio is experiencing similar declines in value. This may impact the organization's ability to fund programs that rely on investment returns. The extent of any future impact on the Organization's investments or operations as a result of COVID-19 is unknown.

The organization's exposure to the market, liquidity and interest rate risk are unchanged from the prior year.

YWCA of Kitchener-Waterloo
Schedule 1 - Schedule of Expenses

For the year ended December 31	2019	2018
Salaries and Benefits		
Salaries	\$ 5,614,052	\$ 5,460,882
Benefits	747,881	745,880
	<u>\$ 6,361,933</u>	<u>\$ 6,206,762</u>
Occupancy Costs		
Property taxes	\$ 8,391	\$ 2,867
Light, heat and power	237,329	215,696
Repairs and maintenance	400,902	423,172
Rent	179,530	183,514
Insurance	64,269	54,035
	<u>\$ 890,421</u>	<u>\$ 879,284</u>
Financial Costs		
Bank charges and interest	\$ 6,653	\$ 7,261
Program Costs		
Food	\$ 258,955	\$ 246,696
Program supplies and equipment	132,718	311,918
Special assistance	4,766	10,910
Miscellaneous	3,029	13,204
Advertising	12,065	6,890
Laundry	25,969	5,443
Fundraising event	5,418	1,810
Honoraria	4,956	6,100
Community inclusion	28,819	10,234
	<u>\$ 476,695</u>	<u>\$ 613,205</u>
Office Administration		
Office supplies and replacements	\$ 89,722	\$ 50,274
Telephone and postage	43,403	45,602
Professional fees	96,667	122,002
Conferences and meetings	30,455	11,844
Travel	29,089	29,649
	<u>\$ 289,336</u>	<u>\$ 259,371</u>
Amortization of tangible capital assets	\$ 427,135	\$ 414,679
Interest on long term debt	\$ 66,628	\$ 87,095
Other		
National YWCA support	\$ 75,503	\$ 69,491

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

For the year ended December 31, 2019	Operating	Internally Restricted	Total
Revenues			
Programs	\$ 3,799,213	\$ -	\$ 3,799,213
Grants	3,774,928	-	3,774,928
United Way	220,000	-	220,000
Donations and special events	274,902	-	274,902
Interest	53,702	16,767	70,469
Memberships	165	-	165
Partnership contracts	261,170	-	261,170
	<u>8,384,080</u>	<u>16,767</u>	<u>8,400,847</u>
Expenses			
Salaries and benefits	6,361,933	-	6,361,933
Occupancy costs	827,179	11,416	838,595
Financial costs	6,411	-	6,411
Program costs	417,280	530	417,810
Office administration	287,224	184	287,408
Other	75,503	-	75,503
	<u>7,975,530</u>	<u>12,130</u>	<u>7,987,660</u>
Excess of revenues over expenses before other items	408,550	4,637	413,187
Other items			
Realized gain on disposal of long-term investments	-	583	583
Unrealized loss on change in fair market value of long-term investments	-	32,754	32,754
	<u>-</u>	<u>33,337</u>	<u>33,337</u>
Excess (deficiency) of revenues over expenses for the year	408,550	37,974	446,524
Interfund transfer	(541,614)	404,499	(137,115)
Fund balances, beginning of the year	<u>9,490</u>	<u>267,036</u>	<u>276,526</u>
Fund balances, end of the year	<u>\$ (123,574)</u>	<u>\$ 709,509</u>	<u>\$ 585,935</u>