

YWCA of Kitchener-Waterloo
Financial Statements
For the year ended December 31, 2020

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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 (the Organization) which comprise the balance sheet as at December 31, 2020, 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 the Organization as at December 31, 2020, 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 the Organization 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 the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 the Organization'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 Organization'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 Organization 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 6, 2021

YWCA of Kitchener-Waterloo
Balance Sheet

December 31

2020

2019

	Operating Fund	Externally Restricted Fund	Tangible Capital Asset Fund	Total	Total
Assets					
Current					
Cash (Note 2)	\$ 1,513,009	\$ -	\$ 2,221,541	\$ 3,734,550	\$ 624,909
Short-term investments (Note 3)	414,198	-	-	414,198	398,267
Accounts receivable (Note 4)	449,817	-	-	449,817	263,766
Prepaid expenses	13,899	-	-	13,899	22,588
	2,390,923	-	2,221,541	4,612,464	1,309,530
Long-term investments (Note 5)	571,855	621,684	-	1,193,539	1,035,118
Tangible capital assets (Note 6)	-	-	6,632,363	6,632,363	7,541,384
	\$ 2,962,778	\$ 621,684	\$ 8,853,904	\$ 12,438,366	\$ 9,886,032
Liabilities and Fund Balances					
Current					
Accounts payable and accrued liabilities	\$ 876,425	\$ -	\$ -	\$ 876,425	\$ 729,614
Deferred revenue (Note 7)	722,781	-	-	722,781	410,558
Current portion of mortgages payable (Note 8)	-	-	175,978	175,978	679,372
Current portion of other long term debt (Note 9)	-	-	26,126	26,126	24,414
	1,599,206	-	202,104	1,801,310	1,843,958
Mortgages payable (Note 8)	-	-	495,971	495,971	672,087
Other long term debt (Note 9)	-	-	392,696	392,696	410,684
	1,599,206	-	1,090,771	2,689,977	2,926,729
Fund balances					
Externally restricted (Note 10)	-	621,684	-	621,684	618,541
Internally restricted	941,986	-	7,763,133	8,705,119	6,464,336
Unrestricted	421,586	-	-	421,586	(123,574)
	1,363,572	621,684	7,763,133	9,748,389	6,959,303
	\$ 2,962,778	\$ 621,684	\$ 8,853,904	\$ 12,438,366	\$ 9,886,032

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

2020

2019

	Operating Fund	Externally Restricted Fund	Tangible Capital Asset Fund	Total	Total
Fund balances, beginning of year	\$ 585,935	\$ 618,541	\$ 5,754,827	\$ 6,959,303	\$ 6,781,139
Excess of revenues over expenses for the year	998,506	62,978	1,728,138	2,789,622	178,500
Transfer to The Kitchener and Waterloo Community Foundation (Note 11)	-	(536)	-	(536)	(336)
Inter-fund transfers (Note 12)	(220,869)	(59,299)	280,168	-	-
Fund balances, end of year	\$ 1,363,572	\$ 621,684	\$ 7,763,133	\$ 9,748,389	\$ 6,959,303

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

YWCA of Kitchener-Waterloo Statement of Operations

For the year ended December 31

				2020	2019
	Operating Fund	Externally Restricted Fund	Tangible Capital Asset Fund	Total	Total
Revenues					
Program (Note 19)	\$ 1,718,176	\$ -	\$ -	\$ 1,718,176	\$ 3,799,213
Grants (Note 15, 16 and 18)	6,123,762	85,629	-	6,209,391	3,851,818
United Way	221,408	-	-	221,408	220,000
Donations and special events	373,703	29,731	-	403,434	441,308
Interest	155,300	2,901	-	158,201	81,858
Memberships	155	-	-	155	165
Rent	-	11,027	-	11,027	42,207
Partnership contracts	178,547	-	-	178,547	261,170
	<u>8,771,051</u>	<u>129,288</u>	<u>-</u>	<u>8,900,339</u>	<u>8,697,739</u>
Expenses					
Salaries and benefits (Note 17) (Schedule 1)	6,227,803	-	-	6,227,803	6,361,933
Occupancy costs (Schedule 1)	674,723	68,470	-	743,193	890,421
Financial costs (Schedule 1)	9,411	179	-	9,590	6,653
Program costs (Schedule 1)	377,564	40,175	-	417,739	476,695
Office administration (Schedule 1)	349,010	58	-	349,068	289,336
Interest on long term debt (Schedule 1)	-	-	45,313	45,313	66,628
Other (Schedule 1)	142,446	-	-	142,446	75,503
	<u>7,780,957</u>	<u>108,882</u>	<u>45,313</u>	<u>7,935,152</u>	<u>8,167,169</u>
Excess (deficiency) of revenues over expenses before other items	<u>990,094</u>	<u>20,406</u>	<u>(45,313)</u>	<u>965,187</u>	<u>530,570</u>
Other items					
Amortization of tangible capital assets (Schedule 1)	-	-	(346,492)	(346,492)	(427,135)
Gain on disposal of tangible capital assets (Note 6)	-	-	2,119,943	2,119,943	-
Realized gain (loss) on disposal of long-term investments	(464)	27,217	-	26,753	3,481
Unrealized gain on change in fair market value of long-term investments	8,876	15,355	-	24,231	71,584
	<u>8,412</u>	<u>42,572</u>	<u>1,773,451</u>	<u>1,824,435</u>	<u>(352,070)</u>
Excess of revenues over expenses for the year	<u>\$ 998,506</u>	<u>\$ 62,978</u>	<u>\$ 1,728,138</u>	<u>\$ 2,789,622</u>	<u>\$ 178,500</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	2020	2019
Cash flows from operating activities		
Excess of revenues over expenses for the year	\$ 2,789,622	\$ 178,500
Items not involving cash		
Amortization of tangible capital assets	346,492	427,135
Gain on disposal of tangible capital assets	(2,119,943)	-
Realized gain on disposal on long-term investments	(26,753)	(3,481)
Unrealized gain on change in fair market value of long-term investments	(24,231)	(71,584)
	<u>965,187</u>	<u>530,570</u>
Changes in non-cash working capital balances		
Accounts receivable	(186,051)	896
Inventory	-	2,373
Prepaid expenses	8,689	(1,294)
Accounts payable and accrued liabilities	146,811	(126,950)
Deferred revenue	312,223	110,990
	<u>1,246,859</u>	<u>516,585</u>
Cash flows from investing activities		
Purchase of tangible capital assets	-	(100,344)
Proceeds on sale of tangible capital assets	2,682,472	50,000
Purchase of long-term investments	(236,580)	(167,622)
Proceeds on disposal of long-term investments	129,143	54,852
Reinvested income on short-term investments	(15,931)	(15,318)
	<u>2,559,104</u>	<u>(178,432)</u>
Cash flows from financing activities		
Repayment of mortgages	(679,510)	(245,736)
Repayment of other long term debt	(16,276)	(23,459)
Transfer to the Kitchener-Waterloo Community Foundation	(536)	(336)
	<u>(696,322)</u>	<u>(269,531)</u>
Increase in cash during the year	3,109,641	68,622
Cash, beginning of year	<u>624,909</u>	<u>556,287</u>
Cash, end of year	<u>\$ 3,734,550</u>	<u>\$ 624,909</u>

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2020

1. Summary of Significant Accounting Policies

Nature of Operations The Young Women's Christian Association of Kitchener-Waterloo (the "organization") 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 organization 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).

Fund Accounting
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.

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2020

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition	<p>The organization follows the restricted fund method of accounting for contributions.</p> <p>Unrestricted contributions from operational and one-time government grants, donations and partnership contracts 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.</p> <p>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. Amounts not yet recognized are included in deferred revenue on the balance sheet.</p> <p>Program revenue is recognized as earned on a monthly basis when the amount can be measured and collection is reasonably assured. Fees collected in advance are recorded as deferred revenue until the program is provided.</p> <p>Rental revenue from operating leases is recognized in income on a straight-line basis.</p> <p>Interest income is recognized as earned throughout the year.</p> <p>Operational grants have been received from the Region of Waterloo. Reconciliation reports are submitted to the Region of Waterloo for final approval. Assessments of prior funding may occur based on funder decisions. The effect of these adjustments, which cannot be quantified at the time of preparing these financial statements, will be recorded in the year of assessment.</p>
Financial Instruments	<p>Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all investments are reported at fair value, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable.</p>

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2020

1. Summary of Significant Accounting Policies (continued)

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.

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.

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 contributes to an organization's ability to provide goods and services, or the future economic benefits or service potential of the tangible capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations.

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, 2020

2. Cash

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, which was unused at year-end. The facility bears interest at the Bank's prime rate plus 1.25% and is secured by 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 representing a first charge on rents.

3. Short-term Investments

	<u>2020</u>	<u>2019</u>
Accumulation Annuity Investment	\$ 414,198	\$ 398,267

The total annualized return on these investments during the year was 3.92% (2019 - 3.92%).

4. Accounts Receivable

	<u>2020</u>	<u>2019</u>
Trade accounts receivable	\$ 239,163	\$ 263,766
Canada emergency wage subsidy receivable	210,654	-
	<u>\$ 449,817</u>	<u>\$ 263,766</u>

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2020

5. 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, which includes pooled/mutual funds, at year-end is as follows:

	2020	2019
<u>Encasa Financial Inc. Portfolio</u>		
Canadian Short Term Bond Fund	\$ 22,264	\$ 21,198
Canadian Bond Fund	218,863	201,509
Canadian Equity Fund	311,254	286,720
	552,381	509,427
 <u>Rae & Lipskie Investment Counsel Portfolio</u>		
Canadian Equity Instruments	152,653	109,888
Foreign Equity Instruments	102,297	82,407
Fixed Income Bonds	232,808	-
Fixed Income Securities	52,112	195,009
Preferred Shares	25,455	-
Cash	75,833	138,387
	641,158	525,691
	\$ 1,193,539	\$ 1,035,118

During the past 12 months, the Encasa Financial Inc. and Rae & Lipskie portfolios earned returns of 9.10% and 18.76% respectively.

The balance of fixed income securities includes a variety of government, bank, and corporate bonds with effective yields ranging from 1.939% to 3.746% and maturity dates ranging from January 2021 to June 2023.

YWCA of Kitchener-Waterloo
Notes to Financial Statements

December 31, 2020

6. Tangible Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 462,200	\$ -	\$ 462,200	\$ -
Buildings	11,383,760	5,872,454	12,194,762	5,873,229
Machinery and equipment	581,705	522,449	581,705	491,555
Automotive equipment	44,471	44,471	44,471	44,471
Leasehold improvements	1,271,745	672,144	1,271,745	604,244
	<u>\$13,743,881</u>	<u>\$ 7,111,518</u>	<u>\$ 14,554,883</u>	<u>\$ 7,013,499</u>
Net book value		<u>\$ 6,632,363</u>		<u>\$ 7,541,384</u>

During the year, the organization sold a building in Kitchener for proceeds totaling \$2,682,472. The gain on disposition of this building was \$2,119,943 and has been included in the Capital Asset Fund in the Statement of Operations.

7. Deferred Revenue

	2020	2019
Balance, beginning of year	\$ 410,558	\$ 299,568
Contributions received	722,781	410,558
Recognized into revenue during the year	<u>(410,558)</u>	<u>(299,568)</u>
Balance, end of year	<u>\$ 722,781</u>	<u>\$ 410,558</u>

YWCA of Kitchener-Waterloo
Notes to Financial Statements

December 31, 2020

8. Mortgages Payable

	2020	2019
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 \$910,669	\$ 671,949	\$ 842,717
Mortgage payable - repaid in the year	-	508,742
	671,949	1,351,459
Current portion	(175,978)	(679,372)
	\$ 495,971	\$ 672,087

Principal payments are repayable as follows:

2021	\$	175,978
2022		181,347
2023		314,624
	\$	671,949

YWCA of Kitchener-Waterloo
Notes to Financial Statements

December 31, 2020

9. Other Long Term Debt

	2020	2019
Loan payable - 4.003%, due August 2033, monthly payments of \$3,449 principal and interest	\$ 418,822	\$ 435,098
Current portion	(26,126)	(24,414)
	\$ 392,696	\$ 410,684

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 are as follows:

2021	\$ 26,126
2022	27,192
2023	28,301
2024	29,454
2025	30,656
Thereafter	277,093
	\$ 418,822

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2020

10. 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:

	2020	2019
Lincoln Road Reserve Fund	\$ 498,089	\$ 437,975
151 Frederick Street Capital Fund	-	27,191
E. Dreger Memorial Fund	59,099	56,582
Women Municipal Campaign School	3,069	3,069
Family Relocation Project	61,427	72,644
84 Frederick Street - Supportive Housing	-	21,080
	<u>\$ 621,684</u>	<u>\$ 618,541</u>

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. This building has been sold in the year and the Board approved a transfer of remaining funds to the operating fund (Note 12).

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.

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. This fund has been closed in the year. The Board approved a transfer of the remaining funds to the operating fund (Note 12).

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2020

11. 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, \$536 (2019 - \$336) was transferred to the Kitchener Waterloo Community Foundation by the Association.

12. Interfund Transfers

During the year, the Board of Directors approved an interfund transfer of \$59,299 from the Externally Restricted fund to the Operating Fund to recognize the closure of certain Externally Restricted Funds. The 151 Frederick Street capital fund was closed as the building was sold (Note 6). All remaining funds were transferred to the internally restricted fund. The 84 Frederick Street - Supportive Housing was also transferred to the internally restricted fund as external restrictions expired. The funds are still expected to be used for maintenance of the 84 Frederick Street building.

13. 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 four years, are as follows:

2021	\$	132,269
2022		87,178
2023		34,915
2024		2,788
		<hr/>
	\$	257,150

14. 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, 2020

15. Grant Revenue

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

	2020	2019
Federal funding - operating	\$ 611,253	\$ 265,016
Federal funding - Canada emergency wage subsidy	1,443,577	-
Provincial funding	40,069	40,069
Regional funding	4,037,396	3,478,709
Corporations and foundations	77,096	68,024
	<u>\$ 6,209,391</u>	<u>\$ 3,851,818</u>

16. Government Assistance

The organization has a forgivable loan from the Region of Waterloo. Included in the grant revenue recorded in 2020 is \$nil relating to this loan (2019 - \$45,000). The total of the loan at December 31, 2020 is \$450,000 and this is the maximum expected to be received. 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.

17. 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 \$175,826 (2019 - \$171,521) for current service and are included as an expense in the Statement of Operations.

18. Special Purpose Disclosure - Wage Subsidy

	2020	2019
Total amount of funding received for wage subsidy, wage enhancement, pay equity and fee stabilization wage grant	<u>\$ 733,604</u>	<u>\$ 841,235</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.

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2020

19. Occupancy/Rental Charges

	2020	2019
Gross rental charges	\$ 512,184	\$ 469,502
RGI subsidy	(427,027)	(374,224)
Net rental charges	<u>\$ 85,157</u>	<u>\$ 95,278</u>

The net rental charges are included in program revenue and the RGI subsidy is included in grant revenue in the Statement of Operations.

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 5 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.

Due to the outbreak of COVID-19, credit risk has increased for the organization as there is increased uncertainty whether customers will be able to make the required payments. Further, the credit risk related the organization's bond holdings (see Note 3 and 5) 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. This risk has increased due to the impact of COVID-19. The extent of any future impact on the organization's operational results is unknown.

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2020

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. Due to the economic impacts of COVID-19, there is expected to be an increase in volatility in market interest rates, increasing the organization's exposure to this risk.

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 investment portfolio. Due to the economic impacts of COVID-19, there is expected to be an increase in the volatility of the market value of equity instruments. 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.

21. Uncertainty due to COVID-19

During the year, the impact of COVID-19 in Canada and on the global economy increased significantly. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, industry, and workforce. The organization was forced to close its childcare centres for a period of time. In order to help mitigate costs and compensate employees, the organization applied for and received the Canada Emergency Wage Subsidy.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

YWCA of Kitchener-Waterloo
Schedule 1 - Schedule of Expenses

For the year ended December 31	2020	2019
Salaries and Benefits		
Salaries	\$ 5,500,778	\$ 5,614,052
Benefits	727,025	747,881
	<u>\$ 6,227,803</u>	<u>\$ 6,361,933</u>
Occupancy Costs		
Property taxes	\$ 507	\$ 8,391
Light, heat and power	204,268	237,329
Repairs and maintenance	287,665	400,902
Rent	179,878	179,530
Insurance	70,875	64,269
	<u>\$ 743,193</u>	<u>\$ 890,421</u>
Financial Costs		
Bank charges and interest	\$ 9,590	\$ 6,653
Program Costs		
Food	\$ 184,950	\$ 258,955
Program supplies and equipment	108,061	132,718
Special assistance	35,065	4,766
Miscellaneous	1,332	3,029
Advertising	4,369	12,065
Laundry	46,759	25,969
Fundraising event	14,638	5,418
Honoraria	5,724	4,956
Community inclusion	16,841	28,819
	<u>\$ 417,739</u>	<u>\$ 476,695</u>
Office Administration		
Office supplies and replacements	\$ 116,837	\$ 89,722
Telephone and postage	43,601	43,403
Professional fees	74,891	96,667
Conferences and meetings	98,231	30,455
Travel	15,508	29,089
	<u>\$ 349,068</u>	<u>\$ 289,336</u>
Amortization of tangible capital assets	\$ 346,492	\$ 427,135
Interest on long term debt	\$ 45,313	\$ 66,628
Other		
National YWCA support	\$ 71,247	\$ 75,503
COVID-19 disbursements	71,199	-
	<u>\$ 142,446</u>	<u>\$ 75,503</u>

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

For the year ended December 31, 2020	Operating	Internally Restricted	Total
Revenues			
Programs	\$ 1,718,176	\$ -	\$ 1,718,176
Grants	6,123,762	-	6,123,762
United Way	221,408	-	221,408
Donations and special events	273,703	100,000	373,703
Interest	75,600	79,700	155,300
Memberships	155	-	155
Partnership contracts	178,547	-	178,547
	<u>8,591,351</u>	<u>179,700</u>	<u>8,771,051</u>
Expenses			
Salaries and benefits	6,227,803	-	6,227,803
Occupancy costs	673,238	1,485	674,723
Financial costs	9,411	-	9,411
Program costs	377,564	-	377,564
Office administration	348,141	869	349,010
Other	142,446	-	142,446
	<u>7,778,603</u>	<u>2,354</u>	<u>7,780,957</u>
Excess of revenues over expenses before other items	812,748	177,346	990,094
Other items			
Realized gain on disposal of long-term investments	-	(464)	(464)
Unrealized loss on change in fair market value of long-term investments	-	8,876	8,876
	<u>-</u>	<u>8,412</u>	<u>8,412</u>
Excess (deficiency) of revenues over expenses for the year	812,748	185,758	998,506
Interfund transfer	(267,588)	46,719	(220,869)
Fund balances, beginning of the year	<u>(123,574)</u>	<u>709,509</u>	<u>585,935</u>
Fund balances, end of the year	<u>\$ 421,586</u>	<u>\$ 941,986</u>	<u>\$ 1,363,572</u>

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of this supplementary information.