

YWCA of Kitchener-Waterloo
Financial Statements
For the year ended December 31, 2021

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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, 2021, 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, 2021, 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 11, 2022

YWCA of Kitchener-Waterloo
Balance Sheet

December 31

2021 2020

	Operating Fund	Externally Restricted Fund	Tangible Capital Asset Fund	Total	Total
Assets					
Current					
Cash (Note 2)	\$ 1,371,549	\$ -	\$ 713,590	\$ 2,085,139	\$ 3,734,550
Short-term investments (Note 3)	430,766	-	-	430,766	414,198
Accounts receivable (Note 4)	1,120,984	-	-	1,120,984	449,817
Prepaid expenses	11,108	-	-	11,108	13,899
	<u>2,934,407</u>	<u>-</u>	<u>713,590</u>	<u>3,647,997</u>	<u>4,612,464</u>
Long-term investments (Note 5)	1,294,561	621,899	-	1,916,460	1,193,539
Tangible capital assets (Note 6)	-	-	11,735,544	11,735,544	6,632,363
	<u>\$ 4,228,968</u>	<u>\$ 621,899</u>	<u>\$ 12,449,134</u>	<u>\$ 17,300,001</u>	<u>\$ 12,438,366</u>
Liabilities and Fund Balances					
Current					
Accounts payable and accrued liabilities	\$ 1,669,043	\$ -	\$ -	\$ 1,669,043	\$ 876,425
Deferred revenue (Note 7)	523,745	-	-	523,745	722,781
Current portion of mortgages payable (Note 8)	-	-	181,347	181,347	175,978
Current portion of other long term debt (Note 9)	-	-	27,189	27,189	26,126
	<u>2,192,788</u>	<u>-</u>	<u>208,536</u>	<u>2,401,324</u>	<u>1,801,310</u>
Mortgages payable (Note 8)	-	-	314,624	314,624	495,971
Other long term debt (Note 9)	-	-	366,222	366,222	392,696
Asset retirement obligation (Note 10)	-	-	95,190	95,190	-
	<u>2,192,788</u>	<u>-</u>	<u>984,572</u>	<u>3,177,360</u>	<u>2,689,977</u>
Fund balances					
Externally restricted (Note 11)	-	621,899	-	621,899	621,684
Internally restricted	1,689,812	-	11,464,562	13,154,374	8,705,119
Unrestricted	346,368	-	-	346,368	421,586
	<u>2,036,180</u>	<u>621,899</u>	<u>11,464,562</u>	<u>14,122,641</u>	<u>9,748,389</u>
	<u>\$ 4,228,968</u>	<u>\$ 621,899</u>	<u>\$ 12,449,134</u>	<u>\$ 17,300,001</u>	<u>\$ 12,438,366</u>

On behalf of the Board:



April 26, 2022

Director

Ingrid Holbik, Treasurer, Board of Directors

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

2021

2020

	Operating Fund	Externally Restricted Fund	Tangible Capital Asset Fund	Total	Total
Fund balances, beginning of year	\$ 1,363,572	\$ 621,684	\$ 7,763,133	\$ 9,748,389	\$ 6,959,303
Excess of revenues over expenses for the year	905,440	3,091	3,466,257	4,374,788	2,789,622
Transfer to The Kitchener and Waterloo Community Foundation (Note 12)	-	(536)	-	(536)	(536)
Inter-fund transfers (Note 13)	(232,832)	(2,340)	235,172	-	-
Fund balances, end of year	\$ 2,036,180	\$ 621,899	\$11,464,562	\$14,122,641	\$ 9,748,389

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

YWCA of Kitchener-Waterloo
Statement of Operations

For the year ended December 31

				2021	2020
	Operating Fund	Externally Restricted Fund	Tangible Capital Asset Fund	Total	Total
Revenues					
Program (Note 19)	\$ 2,257,646	\$ -	\$ -	\$ 2,257,646	\$ 1,718,176
Grants (Note 16 and 18)	6,331,505	39,233	3,708,566	10,079,304	6,209,391
United Way	156,667	-	-	156,667	221,408
Donations and special events	356,878	8,895	202,488	568,261	403,434
Interest	97,687	4,034	-	101,721	158,201
Memberships	110	-	-	110	155
Rent	-	-	-	-	11,027
Partnership contracts	256,094	-	-	256,094	178,547
	<u>9,456,587</u>	<u>52,162</u>	<u>3,911,054</u>	<u>13,419,803</u>	<u>8,900,339</u>
Expenses					
Salaries and benefits (Note 17) (Schedule 1)	6,882,833	-	-	6,882,833	6,211,434
Occupancy costs (Schedule 1)	817,062	51,289	52,146	920,497	759,320
Financial costs (Schedule 1)	10,105	-	-	10,105	9,590
Program costs (Schedule 1)	416,494	55,994	-	472,488	417,739
Office administration (Schedule 1)	372,401	-	-	372,401	349,310
Interest on long term debt (Schedule 1)	-	-	33,783	33,783	45,313
Other (Schedule 1)	111,582	-	-	111,582	142,446
	<u>8,610,477</u>	<u>107,283</u>	<u>85,929</u>	<u>8,803,689</u>	<u>7,935,152</u>
Excess (deficiency) of revenues over expenses before other items	<u>846,110</u>	<u>(55,121)</u>	<u>3,825,125</u>	<u>4,616,114</u>	<u>965,187</u>
Other items					
Amortization of tangible capital assets (Schedule 1)	-	-	(358,868)	(358,868)	(346,492)
Gain on disposal of tangible capital assets	-	-	-	-	2,119,943
Realized gain on disposal of long-term investments	1,922	57,359	-	59,281	26,753
Unrealized gain on change in fair market value of long-term investments	57,408	853	-	58,261	24,231
	<u>59,330</u>	<u>58,212</u>	<u>(358,868)</u>	<u>(241,326)</u>	<u>1,824,435</u>
Excess of revenues over expenses for the year	<u>\$ 905,440</u>	<u>\$ 3,091</u>	<u>\$ 3,466,257</u>	<u>\$ 4,374,788</u>	<u>\$ 2,789,622</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	2021	2020
Cash flows from operating activities		
Excess of revenues over expenses for the year	\$ 4,374,788	\$ 2,789,622
Items not involving cash		
Amortization of tangible capital assets	358,868	346,492
Gain on disposal of tangible capital assets	-	(2,119,943)
Realized gain on disposal on long-term investments	(59,281)	(26,753)
Unrealized gain on change in fair market value of long-term investments	(58,261)	(24,231)
	<u>4,616,114</u>	<u>965,187</u>
Changes in non-cash working capital balances		
Accounts receivable	(671,167)	(186,051)
Prepaid expenses	2,791	8,689
Accounts payable and accrued liabilities	792,618	146,811
Deferred revenue	(199,036)	312,223
	<u>4,541,320</u>	<u>1,246,859</u>
Cash flows from investing activities		
Purchase of tangible capital assets	(5,366,859)	-
Proceeds on sale of tangible capital assets	-	2,682,472
Purchase of long-term investments	(1,047,412)	(236,580)
Proceeds on disposal of long-term investments	442,033	129,143
Reinvested income on short-term investments	(16,568)	(15,931)
	<u>(5,988,806)</u>	<u>2,559,104</u>
Cash flows from financing activities		
Repayment of mortgages	(175,978)	(679,510)
Repayment of other long term debt	(25,411)	(16,276)
Transfer to the Kitchener-Waterloo Community Foundation	(536)	(536)
	<u>(201,925)</u>	<u>(696,322)</u>
Increase (decrease) in cash during the year	(1,649,411)	3,109,641
Cash, beginning of year	<u>3,734,550</u>	<u>624,909</u>
Cash, end of year	<u>\$ 2,085,139</u>	<u>\$ 3,734,550</u>

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2021

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, 2021

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, 2021

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

Construction in progress is not amortized until the tangible capital asset is substantially completed and ready for use.

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, 2021

1. Summary of Significant Accounting Policies (continued)

Asset Retirement Obligation A liability for an asset retirement obligation is recognized in the period in which it is incurred at an amount that is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. This obligation is subsequently reviewed at each balance sheet date and adjusted for the passage of time and for any revisions to the timing or amount required to settle the obligation. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related long-lived asset. This cost is amortized on the same basis as the related asset.

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>2021</u>	<u>2020</u>
Accumulation Annuity Investment	\$ 430,766	\$ 414,198

The total annualized return on these investments during the year was 3.92% (2020 - 3.92%).

4. Accounts Receivable

	<u>2021</u>	<u>2020</u>
Trade accounts receivable	\$ 429,227	\$ 239,163
Canada emergency wage subsidy receivable	14,299	210,654
Government receivable	677,458	-
	<u>\$ 1,120,984</u>	<u>\$ 449,817</u>

YWCA of Kitchener-Waterloo
Notes to Financial Statements

December 31, 2021

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:

	2021	2020
<u>Encasa Financial Inc. Portfolio</u>		
Canadian Short Term Bond Fund	\$ 21,861	\$ 22,264
Canadian Bond Fund	211,129	218,863
Canadian Equity Fund	374,913	311,254
	607,903	552,381
 <u>Rae & Lipskie Investment Counsel Portfolio</u>		
Canadian Equity Instruments	345,516	152,653
Foreign Equity Instruments	224,971	102,297
Fixed Income Bonds	152,438	232,808
Fixed Income Securities	395,806	52,112
Preferred Shares	157,000	25,455
Cash	32,826	75,833
	1,308,557	641,158
	\$ 1,916,460	\$ 1,193,539

During the past 12 months, the Encasa Financial Inc. and Rae & Lipskie portfolios earned returns of 11.64% and 8.91% respectively.

The balance of fixed income securities includes a variety of government, bank, and corporate bonds with effective yields ranging from 1.939% to 3.450% and maturity dates ranging from March 2022 to June 2023.

YWCA of Kitchener-Waterloo
Notes to Financial Statements

December 31, 2021

6. Tangible Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 462,200	\$ -	\$ 462,200	\$ -
Buildings	11,383,760	6,153,370	11,383,760	5,872,454
Machinery and equipment	581,705	533,284	581,705	522,449
Automotive equipment	44,471	44,471	44,471	44,471
Leasehold improvements	1,271,745	739,261	1,271,745	672,144
Construction in progress	5,462,049	-	-	-
	\$19,205,930	\$ 7,470,386	\$ 13,743,881	\$ 7,111,518
Net book value		\$11,735,544		\$ 6,632,363

During the current year, the organization began the construction of a supportive housing project. The cost to date is \$5,462,049 but no amortization has been recorded since the building was not completed at year end. Included in the cost to date is an asset retirement obligation of \$95,190 (see Note 10).

7. Deferred Revenue

	2021	2020
Balance, beginning of year	\$ 722,781	\$ 410,558
Contributions received	523,745	722,781
Recognized into revenue during the year	(722,781)	(410,558)
Balance, end of year	\$ 523,745	\$ 722,781

YWCA of Kitchener-Waterloo
Notes to Financial Statements

December 31, 2021

8. Mortgages Payable

	<u>2021</u>	<u>2020</u>
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 \$885,976	\$ 495,971	\$ 671,949
Current portion	<u>(181,347)</u>	<u>(175,978)</u>
	<u>\$ 314,624</u>	<u>\$ 495,971</u>

Principal payments are repayable as follows:

2022	\$ 181,347
2023	<u>314,624</u>
	<u>\$ 495,971</u>

YWCA of Kitchener-Waterloo
Notes to Financial Statements

December 31, 2021

9. Other Long Term Debt

	2021	2020
Loan payable - 4.003%, due August 2033, monthly payments of \$3,547 principal and interest	\$ 393,411	\$ 418,822
Current portion	(27,189)	(26,126)
	\$ 366,222	\$ 392,696

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:

2022	\$ 27,189
2023	28,298
2024	29,452
2025	30,652
2026	31,902
Thereafter	245,918
	\$ 393,411

10. Asset Retirement Obligation

During the current year, the organization started the construction of supportive housing on land leased from the City of Kitchener (the "City"). The land is leased at a cost of \$1 each year and the term is for 50 years where the land must be returned to the City. At the end of the lease term, the City has the option to either take the land back along with the building or request the organization to dismantle all the structures and restore the land to its original condition. As at year-end, an obligation of \$95,190 has been accrued on the balance sheet based on management's based estimate of the cost of dismantle all the structures and restore the land to its original structure. No payment was made to settle the asset retirement obligation because it is expected to settle in 50 years at the end of the lease term at a fair value of \$250,000.

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2021

11. 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:

	2021	2020
Lincoln Road Reserve Fund	\$ 540,716	\$ 498,089
E. Dreger Memorial Fund	63,482	59,099
Women Municipal Campaign School	3,069	3,069
Club 84 Fund	556	-
Family Relocation Project	14,076	61,427
	<u>\$ 621,899</u>	<u>\$ 621,684</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.

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.

Club 84 Fund

The purpose of this fund is to provide financing to support the emergency shelter for women and families experiencing homelessness.

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.

12. 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 (2020 - \$536) was transferred to the Kitchener Waterloo Community Foundation by the Association.

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2021

13. Interfund Transfers

During the year, an interfund transfer of \$2,340 from the Externally Restricted fund to the Operating Fund to cover subsidies for children to attend Camp Clover and an interfund transfer of \$235,172 from the Operating Fund to the Tangible Capital Asset Fund to cover the long term debt payments and interest.

14. 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:

2022	\$	145,349
2023		112,476
2024		82,035
2025		<u>19,952</u>
	\$	<u>359,812</u>

15. Departmental Statement of Revenues and Expenses

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

16. Grant Revenue

	2021	2020
Federal funding - operating	\$ 823,519	\$ 611,253
Federal funding - Canada emergency wage subsidy	904,051	1,443,577
Provincial funding	40,069	40,069
Regional funding	8,201,120	4,037,396
Corporations and foundations	<u>110,545</u>	<u>77,096</u>
	<u>\$10,079,304</u>	<u>\$ 6,209,391</u>

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2021

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 \$193,779 (2020 - \$175,826) for current service and are included as an expense in the Statement of Operations.

18. Special Purpose Disclosure - Wage Subsidy

	<u>2021</u>	<u>2020</u>
Total amount of funding received for wage subsidy, wage enhancement, pay equity and fee stabilization wage grant	\$ 705,579	\$ 733,604

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.

19. Occupancy/Rental Charges

	<u>2021</u>	<u>2020</u>
Gross rental charges	\$ 380,905	\$ 512,184
RGI subsidy	(292,181)	(427,027)
Net rental charges	<u>\$ 88,724</u>	<u>\$ 85,157</u>

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

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2021

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.

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.

YWCA of Kitchener-Waterloo Notes to Financial Statements

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20. Financial Instrument Risks (continued)

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	2021	2020
Salaries and Benefits		
Salaries	\$ 6,071,186	\$ 5,500,778
Benefits	811,647	710,656
	<u>\$ 6,882,833</u>	<u>\$ 6,211,434</u>
Occupancy Costs		
Property taxes	\$ 322	\$ 507
Light, heat and power	159,991	204,268
Repairs and maintenance	399,750	287,665
Rent	274,828	179,878
Insurance	85,606	87,002
	<u>\$ 920,497</u>	<u>\$ 759,320</u>
Financial Costs		
Bank charges and interest	\$ 10,105	\$ 9,590
Program Costs		
Food	\$ 202,413	\$ 184,950
Program supplies and equipment	177,557	108,061
Special assistance	1,942	35,065
Miscellaneous	30,078	1,332
Advertising	12,375	4,369
Laundry	31,760	46,759
Fundraising event	4,111	14,638
Honoraria	2,940	5,724
Community inclusion	9,312	16,841
	<u>\$ 472,488</u>	<u>\$ 417,739</u>
Office Administration		
Office supplies and replacements	\$ 61,352	\$ 116,838
Telephone and postage	46,849	43,601
Professional fees	166,022	74,891
Conferences and meetings	74,704	98,231
Travel	23,474	15,749
	<u>\$ 372,401</u>	<u>\$ 349,310</u>
Amortization of tangible capital assets	\$ 358,868	\$ 346,492
Interest on long term debt	\$ 33,783	\$ 45,313
Other		
National YWCA support	\$ 84,591	\$ 71,247
COVID-19 disbursements	26,991	71,199
	<u>\$ 111,582</u>	<u>\$ 142,446</u>

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

For the year ended December 31, 2021	Operating	Internally Restricted	Total
Revenues			
Programs	\$ 2,257,646	\$ -	\$ 2,257,646
Grants	6,331,505	-	6,331,505
United Way	156,667	-	156,667
Donations and special events	256,878	100,000	356,878
Interest	79,700	17,987	97,687
Memberships	110	-	110
Partnership contracts	256,094	-	256,094
	<u>9,338,600</u>	<u>117,987</u>	<u>9,456,587</u>
Expenses			
Salaries and benefits	6,882,833	-	6,882,833
Occupancy costs	817,062	-	817,062
Financial costs	10,105	-	10,105
Program costs	416,494	-	416,494
Office administration	372,401	-	372,401
Other	111,582	-	111,582
	<u>8,610,477</u>	<u>-</u>	<u>8,610,477</u>
Excess of revenues over expenses before other items	728,123	117,987	846,110
Other items			
Realized loss on disposal of long-term investments	-	1,922	1,922
Unrealized loss on change in fair market value of long-term investments	-	57,408	57,408
	<u>-</u>	<u>59,330</u>	<u>59,330</u>
Excess of revenues over expenses for the year	728,123	177,317	905,440
Interfund transfer	(803,341)	570,509	(232,832)
Fund balances, beginning of the year	421,586	941,986	1,363,572
Fund balances, end of the year	<u>\$ 346,368</u>	<u>\$ 1,689,812</u>	<u>\$ 2,036,180</u>

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