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**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF ST. CATHARINES**
(operating as YWCA Niagara Region)

Financial Statements

August 31, 2019



**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF ST. CATHARINES**
(operating as YWCA Niagara Region)

Financial Statements

August 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Members of
The Young Women's Christian Association of St. Catharines

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Young Women's Christian Association of St. Catharines (operating as YWCA Niagara Region), which comprise the statement of financial position as at August 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of YWCA Niagara Region as at August 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 Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended August 31, 2019 and August 31, 2018, current assets as at August 31, 2019 and August 31, 2018, and net assets as at September 1 and August 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended August 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 qualified opinion.

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.

Auditors' 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 auditors' 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:

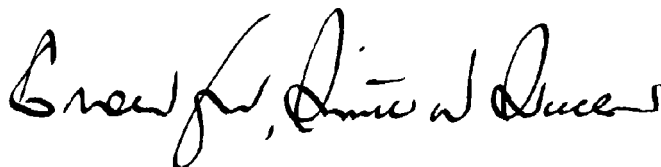
- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.
- b) 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 auditors' 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 auditors' report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- e) 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by section 96(2) of the Ontario Corporations act, we report that, in our opinion, the accounting principles have been applied on a basis consistent with that of the preceding year.



St. Catharines, Ontario
November 21, 2019

CRAWFORD SMITH & SWALLOW
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
LICENSED PUBLIC ACCOUNTANTS

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF ST. CATHARINES**

(operating as YWCA Niagara Region)

STATEMENT OF FINANCIAL POSITION

August 31, 2019

Assets - notes 3 and 6	2019	2018
	\$	\$
Current Assets		
Cash - capital campaign fund	31,688	99,913
Accounts receivable	102,025	113,697
Sales tax recoverable	33,461	24,539
Prepaid expenses	58,254	47,035
	225,428	285,184
Fixed Assets - notes 2, 3 and 6	2,493,690	2,282,605
	2,719,118	2,567,789
Liabilities and Net Assets		
Current Liabilities		
Bank indebtedness	23,122	
Bank loans - note 3	527,745	480,093
Accounts payable and accrued liabilities	100,722	89,940
Deferred contributions - note 4	167,769	162,846
Rent deposits	101,711	98,301
Current portion of long-term debt - note 6	3,195	23,607
	924,264	854,787
Deferred Capital Contributions - note 5	962,297	1,008,631
Long-Term Debt - note 6		3,020
	1,886,561	1,866,438
Net Assets		
General fund	766,542	510,251
Capital campaign fund	66,015	191,100
	832,557	701,351
	2,719,118	2,567,789

Signed on behalf of the board:

_____ Director

_____ Director

See accompanying notes

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF ST. CATHARINES**

(operating as YWCA Niagara Region)

STATEMENT OF CHANGES IN NET ASSETS

for the year ended August 31, 2019

	2019	2018
	\$	\$
General Fund		
Balance, beginning of year	510,251	520,968
Deficiency of revenue over expenses for the year	(25,746)	(30,203)
Transfer from capital campaign fund	282,037	19,486
Balance, End of Year	766,542	510,251
Capital Campaign Fund		
Balance, beginning of year	191,100	71,854
Excess of revenue over expenses for the year	156,952	138,732
Transfer to operating fund	(282,037)	(19,486)
Balance, End of Year	66,015	191,100
Total Net Assets	832,557	701,351

See accompanying notes

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF ST. CATHARINES**

(operating as YWCA Niagara Region)

STATEMENT OF OPERATIONS - GENERAL FUND

for the year ended August 31, 2019

	2019 \$	2018 \$
Revenue		
Donations and fundraising	355,430	303,655
Federal government	15,404	25,593
Municipal government	51,333	51,333
Provincial government	24,054	28,056
Regional government	1,830,066	1,680,034
Residence rental income	511,029	444,742
Short-term project funding	5,000	145,014
United Way	266,157	268,376
User fees and other program revenue	25,872	36,686
Amortization of deferred capital contributions	46,334	50,294
	3,130,679	3,033,783
Expenses		
Agency dues	24,202	23,533
Depreciation	75,828	77,442
Employee benefits	141,912	131,424
Mortgage interest	1,228	2,371
Program expenses	557,969	670,840
Residence and occupancy	868,325	728,616
Salaries	1,486,961	1,429,760
	3,156,425	3,063,986
Deficiency of Revenue over Expenses for the Year	(25,746)	(30,203)

See accompanying notes

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF ST. CATHARINES**

(operating as YWCA Niagara Region)

STATEMENT OF OPERATIONS - CAPITAL CAMPAIGN FUND

for the year ended August 31, 2019

	2019	2018
	\$	\$
Revenue		
Donations and fundraising	159,012	143,226
Interest		238
	159,012	143,464
Expenses		
Capital campaign	2,060	4,732
Excess of Revenue over Expenses for the Year	156,952	138,732

See accompanying notes

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF ST. CATHARINES**

(operating as YWCA Niagara Region)

STATEMENT OF CASH FLOWS

for the year ended August 31, 2019

	2019 \$	2018 \$
Operating Activities		
Deficiency of revenue over expenses for the year -		
General fund	(25,746)	(30,203)
Excess of revenue over expenses for the year -		
Capital campaign fund	156,952	138,732
Depreciation	75,828	77,442
Amortization of deferred capital contributions	(46,334)	(50,294)
Working capital provided by operations	160,700	135,677
Changes in working capital components		
Accounts receivable	11,672	(66,119)
Sales tax recoverable	(8,922)	12,246
Prepaid expenses	(11,219)	(33,435)
Accounts payable and accrued liabilities	10,782	17,390
Deferred contributions	4,923	19,079
Rent deposits	3,410	43,837
	10,646	(7,002)
Funds provided by operating activities	171,346	128,675
Investing Activities		
Capital expenditures	(286,913)	(38,600)
Financing Activities		
Bank loan	47,652	(12,697)
Long-term debt	(23,432)	(22,901)
Funds provided (used) by financing activities	24,220	(35,598)
Increase (Decrease) in Cash Position	(91,347)	54,477
Cash Position, Beginning of Year	99,913	45,436
Cash Position, End of Year	8,566	99,913
Cash Position		
Cash - capital campaign fund	31,688	99,913
Bank indebtedness	(23,122)	
	8,566	99,913

See accompanying notes

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF ST. CATHARINES

(operating as YWCA Niagara Region)

NOTES TO FINANCIAL STATEMENTS

for the year ended August 31, 2019

Organization

The Young Women's Christian Association of St. Catharines (operating as YWCA Niagara Region) was incorporated in 1928 under the laws of the Province of Ontario. The YWCA Niagara Region is a women's voluntary membership organization which is part of a National and Worldwide movement. Its programs and services are directed to the development of women of all ages and their families, to improve their quality of life in the context in which they live. The corporation is registered as a charitable organization and is exempt from income tax under section 149(1)(f) of the Income Tax Act.

1. Significant Accounting Policies

The financial statements of the organization are the representations of management prepared in accordance with Canadian accounting standards for not-for-profit organizations, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Financial reporting framework

The organization, being a not-for-profit organization, has chosen to establish their financial statements in accordance with Canadian accounting standards for not-for-profit organizations, issued by the Chartered Professional Accountants of Canada (CPA Canada).

Fund accounting

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

The General Fund is used to account for the organization's program related revenues and expenses.

The Capital Campaign Fund is used to account for donations and fundraising activities specifically designated for the 5 year capital campaign. Funds will be transferred to the general fund as capital assets are acquired and loan payments are made.

Revenue recognition

Revenue from rent and other operating activities is recognized as income in the period it is earned.

Unrestricted contributions are recognized as revenue in the general fund in the year received.

Restricted contributions related to program delivery are recognized as revenue in the general fund in the year the contribution is used.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF ST. CATHARINES**

(operating as YWCA Niagara Region)

NOTES TO FINANCIAL STATEMENTS

for the year ended August 31, 2019

1. Significant Accounting Policies - continued

Revenue recognition - continued

Restricted contributions for the capital campaign are recognized in the capital campaign fund in the year received.

Capital contributions are recognized as revenue in the general fund on the same basis as the depreciation expense related to the acquired capital asset.

Pledges are recognized when the amount is determinable and collection is reasonably assured. Unrestricted pledges are recognized as revenue in the general fund. Pledges for the capital campaign are recognized in the capital campaign fund.

Donations of materials are recognized as revenue in the period received at an amount equal to the fair value of the donated item, if determinable.

Financial instruments

The organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, bank loans and long-term debt. Financial instruments are initially measured at fair value on acquisition and are subsequently measured at amortized cost. Transaction costs and financial fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized, and amortized over the life of the financial instrument.

Fixed assets and depreciation

Fixed assets are recorded at cost. Expenditures for maintenance and repairs are charged to residence and occupancy expense.

Depreciation is calculated using the declining balance method at rates designed to amortize the cost of fixed assets over their estimated useful lives as follows:

Buildings	-	4 %
Computer hardware	-	30 %
Computer software	-	100 %
Furniture and equipment	-	20 %

Additions during the year are depreciated from the month of acquisition. Disposals are depreciated until the month of disposition. Gains or losses on assets sold or otherwise disposed of are included in the statement of operations.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF ST. CATHARINES**

(operating as YWCA Niagara Region)

NOTES TO FINANCIAL STATEMENTS

for the year ended August 31, 2019

1. Significant Accounting Policies - continued

Impairment of long-lived assets

The carrying value of long-lived assets including property, plant and equipment and certain other long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the long-lived asset no longer has any long-term service potential to the organization, it is considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its residual value.

2. Fixed Assets

	Cost \$	Accumulated Depreciation \$	2019 \$	2018 \$
Land - Court Street	56,000		56,000	56,000
Land - Culp Street	94,273		94,273	94,273
Land - King Street	55,000		55,000	55,000
Land - Oakdale Avenue	573,932		573,932	467,681
Building - Court Street	798,000	405,642	392,358	410,257
Building - Culp Street	867,299	327,808	539,491	561,969
Building - King Street	1,063,258	512,934	550,324	573,254
Construction in progress	180,676		180,676	4,890
Computer hardware	127,473	113,527	13,946	12,169
Computer software	2,014	2,014		
Furniture and equipment	214,530	176,840	37,690	47,112
	4,032,455	1,538,765	2,493,690	2,282,605

During the year, costs capitalized on the purchase of the Oakdale Avenue property consisted of interest costs of \$16,219 (2018 - \$14,595).

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF ST. CATHARINES**

(operating as YWCA Niagara Region)

NOTES TO FINANCIAL STATEMENTS

for the year ended August 31, 2019

3. Credit Facilities

The organization's available credit facilities consist of an operating line of credit, two demand loans, and a conventional mortgage.

The line of credit in place at Meridian Credit Union has an available credit limit of \$150,000 (2018 - \$150,000). The line of credit requires interest only monthly payments, bearing interest at prime plus 1.50%. As of August 31, 2019, \$127,745 (2018 - \$80,093) has been drawn on the account.

The first demand loan of \$300,000 (2018 - \$300,000), requires interest only payments July 31, 2019, bearing interest at prime plus 1.50%.

The second demand loan is authorized to a maximum of \$567,747, requiring interest only payments July 31, 2019, bearing interest at prime plus 1.50%. As of August 31, 2019, \$100,000 (2018 - \$100,000) has been drawn on the account.

As of August 31, 2019 the organization is in the process of renegotiating the financing of the construction project.

All bank debt, including the mortgage as described in note 6, is secured by a general security agreement, a conventional first mortgage secured by the Court Street property, a collateral second mortgage secured by the Court Street property (carrying value - \$448,358), a collateral mortgage secured by the Oakdale Avenue property (carrying value - \$573,932), an assignment of rents and leases, and an assignment of fire and liability insurance.

4. Deferred Contributions

From time to time, the organization receives funds designated for a specific program or event. These funds are recorded as revenue in the year that costs related to the specific program or event have been incurred.

	2019	2018
	\$	\$
Deferred contributions, beginning of year	162,846	143,768
Restricted contributions received during the year	1,537,249	1,564,339
Restricted contributions used during the year	(1,532,326)	(1,545,261)
Deferred Contributions, End of Year	167,769	162,846

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF ST. CATHARINES**

(operating as YWCA Niagara Region)

NOTES TO FINANCIAL STATEMENTS

for the year ended August 31, 2019

5. Deferred Capital Contributions

	2019 \$	2018 \$
Deferred capital contributions, beginning of year	1,008,631	1,058,925
Amortization of deferred capital contributions	(46,334)	(50,294)
Deferred Capital Contributions, End of Year	962,297	1,008,631

Deferred capital contributions include a CMHC forgivable mortgage and other funding designated for the acquisition of fixed assets.

The CMHC forgivable mortgage is non-interest bearing, commenced in 2006, maturing September 1, 2020 and secured by the King Street property with a carrying value of \$605,324. The mortgage is forgiven at the rate of one-fifteenth of the original principal amount for each year the borrower continues to own and use the property in accordance with the terms of the mortgage. As at August 31, 2019, the remaining balance of the mortgage left to be forgiven is \$19,139 (2018 - \$36,807).

6. Long-Term Debt

	2019 \$	2018 \$
Meridian Credit Union, mortgage payable, bearing interest at a variable rate of prime + 1.25% per annum, repayable in blended monthly payments of \$2,055, maturing September 8, 2019, secured as described in note 3.	3,195	26,627
Portion due within one year	3,195	23,607
		3,020

7. Interfund Transactions

At August 31, 2019, there was \$34,668 (2018 - \$139,753) owing from the general fund to the capital fund with no fixed terms of repayment.

During the year, funds were transferred from the capital campaign fund to the general fund to account for the interest capitalized to the Oakdale Avenue land and the additions to the construction in progress.

8. Lease Obligation

The organization has a 2 year lease commitment at 181 King Street, St. Catharines. Monthly payments of \$4,000 under the lease, which expires May 31, 2021, amount to \$84,000.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF ST. CATHARINES**

(operating as YWCA Niagara Region)

NOTES TO FINANCIAL STATEMENTS

for the year ended August 31, 2019

9. Financial Risks

Transactions in financial instruments expose the organization to certain financial risk and uncertainties. These risks include:

Credit risk

Credit risk is the risk that a counterparty will be unable to fulfil its obligations on a timely basis or at reasonable cost. The company has accounts receivable which are exposed to credit risk. The company monitors, on an ongoing basis, the credit risk to which the company is exposed and takes measures to mitigate any risk of loss. Provisions against losses from bad debts are recorded according to credit risk, historical trends, general economic situations and other information. Accounts receivable are net of an allowance for doubtful accounts of nil.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity risk is to ensure that it always has sufficient cash and credit facilities available to meet its obligations when due.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The company has bank loans that bear interest at variable rates. Accordingly, the corporation is exposed to the effects of fluctuations in market interest rates fluctuate.

The extent of the organizations exposure to the above noted risks did not change during the year.

10. Commitment

Subsequent to year end, the organization signed a contract to construct a building in the amount of \$5,599,374 plus HST.

11. Comparative Amounts

The comparative amounts have been restated to conform with the current year's financial statement presentation.

12. Economic Dependence

During the year, funding from the Regional Municipality of Niagara amounted to 58% of total revenues (2018 - 59%). As a result, the organization is economically dependent upon the Region.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF ST. CATHARINES**
(operating as YWCA Niagara Region)

Schedule 1

**SCHEDULE OF STATEMENT OF RECEIPTS, DISBURSEMENTS AND
SURPLUS - FORT ERIE BINGO**
for the year ended August 31, 2019

	2019	2018
	\$	\$
Receipts		
Bingo revenue	30,977	43,114
Disbursements		
Salaries for W.A.R.M. program	30,977	43,114
Excess of Receipts over Disbursements for the Year		
Surplus, Beginning of Year		
Surplus, End of Year		

See accompanying notes