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

**Financial Statements**

**August 31, 2018**



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

**Financial Statements**

**August 31, 2018**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on Financial Statements**

We have audited the 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, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

*Basis for Qualified Opinion*

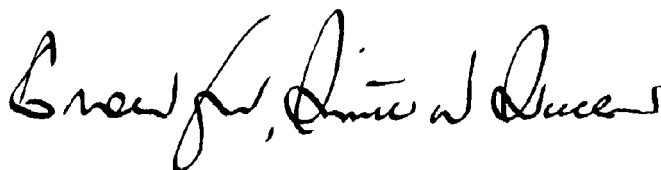
In common with many charitable organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation revenue, fundraising revenue, excess of revenue over expenses and cash flows from operations for the year ended August 31, 2018, and assets and net assets as at August 31, 2018. Our audit opinion on the financial statements for the year ended August 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

*Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Young Women's Christian Association of St. Catharines (operating as YWCA Niagara Region) as at August 31, 2018 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**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, 2018

CRAWFORD, SMITH AND SWALLOW  
CHARTERED 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, 2018

<b>Assets - notes 4 and 7</b>	2018	2017
	\$	\$
<b>Current Assets</b>		
Cash	99,913	45,436
Accounts receivable	113,697	47,578
Sales tax recoverable	24,539	36,785
Prepaid expenses - note 2	15,134	13,600
	253,283	143,399
<b>Fixed Assets - notes 3, 4 and 7</b>	2,282,605	2,321,447
	<b>2,535,888</b>	<b>2,464,846</b>
<hr/>		
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Bank loans - note 4	480,093	492,790
Accounts payable and accrued liabilities	89,939	72,549
Deferred contributions - note 5	162,846	143,768
Rent deposits	66,401	54,464
Current portion of long-term debt - note 7	23,607	24,855
	822,886	788,426
<b>Deferred Capital Contributions - note 6</b>	1,008,631	1,058,925
<b>Long-Term Debt - note 7</b>	3,020	24,673
	1,834,537	1,872,024
<b>Net Assets</b>		
General fund	510,251	520,968
Capital campaign fund	191,100	71,854
	701,351	592,822
	<b>2,535,888</b>	<b>2,464,846</b>

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, 2018

	2018 \$	2017 \$
<b>General Fund</b>		
Balance, beginning of year	520,968	650,708
Deficiency of revenue over expenses for the year	(30,203)	(129,740)
Transfer from capital campaign fund	19,486	
<b>Balance, End of Year</b>	<b>510,251</b>	<b>520,968</b>
<b>Capital Campaign Fund</b>		
Balance, beginning of year	71,854	(25,171)
Excess of revenue over expenses for the year	138,732	97,025
Transfer to operating fund	(19,486)	
<b>Balance, End of Year</b>	<b>191,100</b>	<b>71,854</b>
<b>Total Net Assets</b>	<b>701,351</b>	<b>592,822</b>

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, 2018

	2018 \$	2017 \$
<b>Revenue</b>		
Donations and fundraising	298,855	365,458
Federal government	25,594	9,460
Municipal government	51,333	51,333
Provincial government	28,056	20,052
Regional government	1,490,193	1,435,587
Residence rental income	114,258	124,990
Short term project funding	145,014	43,903
United Way	268,376	274,666
User fees and other program revenue	36,686	7,990
Amortization of deferred capital contributions	50,294	55,208
	<b>2,508,659</b>	<b>2,388,647</b>
<b>Expenses</b>		
Agency dues	23,533	20,839
Depreciation	77,442	85,672
Employee benefits	131,424	144,097
Mortgage interest	2,371	3,483
Program expenses	671,762	535,480
Residence and occupancy	202,570	238,120
Salaries	1,429,760	1,490,696
	<b>2,538,862</b>	<b>2,518,387</b>
<b>Deficiency of Revenue over Expenses for the Year</b>	<b>(30,203)</b>	<b>(129,740)</b>

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, 2018

	2018	2017
	\$	\$
<b>Revenue</b>		
Donations and fundraising	143,226	104,677
Interest	238	185
	143,464	104,862
<b>Expenses</b>		
Capital campaign	4,732	7,837
<b>Excess of Revenue over Expenses for the Year</b>	<b>138,732</b>	<b>97,025</b>

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, 2018

	2018 \$	2017 \$
<b>Operating Activities</b>		
Deficiency of revenue over expenses for the year - General fund	(30,203)	(129,740)
Excess of revenue over expenses for the year - Capital campaign fund	138,732	97,025
Depreciation	77,442	85,672
Amortization of deferred capital contributions	(50,294)	(55,208)
Working capital provided (used) by operations	135,677	(2,251)
Changes in working capital components		
Accounts receivable	(66,119)	(26,627)
Sales tax recoverable	12,246	22,763
Prepaid expenses	(1,534)	(1,968)
Accounts payable and accrued liabilities	17,390	(17,119)
Deferred contributions	19,078	(89,709)
Rent deposits	11,937	(99)
	(7,002)	(112,759)
Funds provided (used) by operating activities	128,675	(115,010)
<b>Investing Activities</b>		
Capital expenditures	(38,600)	(11,208)
<b>Financing Activities</b>		
Bank loan	(12,697)	162,737
Long-term debt	(22,901)	(23,474)
Funds provided (used) by financing activities	(35,598)	139,263
<b>Increase in Cash Position</b>	54,477	13,045
<b>Cash Position, Beginning of Year</b>	45,436	32,391
<b>Cash Position, End of Year</b>	<b>99,913</b>	<b>45,436</b>

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, 2018

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### 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, 2018

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**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 loan 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, 2018

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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. Prepaid Transitional Housing**

The organization has an agreement with Niagara Regional Housing to provide supported off-site transitional housing to women who are experiencing homelessness or are at risk of becoming homeless. Rental losses are included in program expense on the statement of operations. The prepaid portion of this program, if any, is included in prepaid expense.

	2018	2017
	\$	\$
Prepaid transitional housing, beginning of year		
Rent from tenants	(364,755)	(396,085)
Niagara Regional Housing rent supplement	(191,198)	(198,608)
Deferred revenue recognized	(4,800)	(3,480)
Rental expense	561,675	600,468
Rental loss	(922)	(2,295)
<b>Prepaid Transitional Housing, End of Year</b>		

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

(operating as YWCA Niagara Region)

**NOTES TO FINANCIAL STATEMENTS**

for the year ended August 31, 2018

**3. Fixed Assets**

	Cost \$	Accumulated Depreciation \$	2018 \$	2017 \$
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	467,681		467,681	453,086
Building - Court Street	799,488	389,231	410,257	420,739
Building - Culp Street	867,299	305,330	561,969	581,215
Building - King Street	1,063,258	490,004	573,254	594,963
Construction in progress	4,890		4,890	
Computer hardware	121,109	108,940	12,169	10,393
Computer software	2,014	2,014		
Furniture and equipment	214,530	167,418	47,112	55,778
	<b>3,745,542</b>	<b>1,462,937</b>	<b>2,282,605</b>	<b>2,321,447</b>

During the year, costs capitalized on the purchase of the Oakdale Avenue property consisted of interest costs of \$14,595 (2017 - \$12,688).

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

(operating as YWCA Niagara Region)

**NOTES TO FINANCIAL STATEMENTS**

for the year ended August 31, 2018

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**4. 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 (2017 - \$100,000). The line of credit requires interest only monthly payments, bearing interest at prime plus 1.50%. As of August 31, 2018, \$80,093 (2017 - \$92,790) has been drawn on the account.

The first demand loan of \$300,000 (2017 - \$300,000), requires interest only payments until completion of construction in 2019, bearing interest at prime plus 1.50%. If construction financing is not in place by the end of the interest only period, the loan will be put on a repayment schedule not to exceed amortization of 10 years.

The second demand loan is authorized to a maximum of \$567,747, requiring interest only payments until completion of construction in 2019, bearing interest at prime plus 1.50%. After the interest only period, blended payments to be calculated, not exceeding amortization period of 25 years, will be required. As of August 31, 2018, \$100,000 (2017 - \$100,000) has been drawn on the account.

All bank debt, including the mortgage as described in note 7, 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 - \$100,000), a collateral mortgage secured by the Oakdale Avenue property (carrying value - \$467,681), an assignment of rents and leases, and an assignment of fire and liability insurance.

**5. 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.

	2018	2017
	\$	\$
Deferred contributions, beginning of year	143,768	233,477
Restricted contributions received during the year	1,564,339	1,367,509
Restricted contributions used during the year	(1,545,261)	(1,457,218)
<b>Deferred Contributions, End of Year</b>	<b>162,846</b>	<b>143,768</b>

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

(operating as YWCA Niagara Region)

**NOTES TO FINANCIAL STATEMENTS**

for the year ended August 31, 2018

**6. Deferred Capital Contributions**

	2018 \$	2017 \$
Deferred capital contributions, beginning of year	1,058,925	1,114,133
Amortization of deferred capital contributions	(50,294)	(55,208)
<b>Deferred Capital Contributions, End of Year</b>	<b>1,008,631</b>	<b>1,058,925</b>

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

The first CMHC forgivable mortgage is non-interest bearing, commenced in 2004, maturing November 1, 2018 and secured by the King Street property with a carrying value of \$628,254. 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, 2018, the remaining balance of the mortgage left to be forgiven is \$10,125 (2017 - \$50,625).

The second 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 \$656,242. 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, 2018, the remaining balance of the mortgage left to be forgiven is \$36,807 (2017 - \$54,472).

**7. Long-Term Debt**

	2018 \$	2017 \$
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 4.	26,627	49,528
Portion due within one year	23,607	24,855
	<b>3,020</b>	<b>24,673</b>

The principal payments of long-term debt are due as follows:

	\$
2019	23,607
2020	3,020

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

(operating as YWCA Niagara Region)

**NOTES TO FINANCIAL STATEMENTS**

for the year ended August 31, 2018

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**8. Interfund Transactions**

At August 31, 2018, there was \$139,753 (2017 - \$48,551) 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.

**9. Financial Risks**

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

The organization is exposed to the following risks:

**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. Economic Dependence**

During the year, funding from the Regional Municipality of Niagara amounted to 59% of total revenues (2017 - 60%). As a result, the organization is economically dependent upon the Region.