



Financial Statements

Halifax Young Women's Christian Association

December 31, 2017

Contents

	Page
Independent auditor's report	1
Statement of revenues and expenditures	2
Statement of net deficit	3
Statement of financial position	4
Statement of cash flows	5
Notes to the financial statements	6-13

Independent auditor's report

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To the officers and members of
Halifax Young Women's Christian Association

We have audited the accompanying financial statements of Halifax Young Women's Christian Association, which comprise the statement of financial position as at December 31, 2017, and the statement of revenues and expenditures, statement of net deficit 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 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.

Auditor's 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 auditor's 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 auditor considers 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

In common with many non-profit organizations, the Association derives revenue from donations and fundraising activities from the public, 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 Association and we were not able to determine whether any adjustments might be necessary to revenues, deficiency of revenue over expenses, and cash flows from operations for the years ended December 31, 2017 and 2016, assets as at December 31, 2017 and 2016 and net assets as at January 1, 2017 and 2016 and December 31, 2017 and 2016. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible 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 Halifax Young Women's Christian Association as at December 31, 2017, 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.



Halifax, Canada
June 8, 2018

Chartered Professional Accountants
Licensed Public Accountants

Halifax Young Women's Christian Association

Statement of revenues and expenditures

Year ended December 31

2017

2016

Revenues

Donations and bequests	\$ 27,999	\$ 26,503
Foundations and charities	459,303	520,280
Fundraising events	19,760	46,562
Government funding and grants	1,379,012	1,029,878
Miscellaneous	15,366	4,776
Program fees and earned revenue	<u>1,503,933</u>	<u>1,377,561</u>
	<u>3,405,373</u>	<u>3,005,560</u>

Expenditures

Advertising and promotion	14,070	10,118
Amortization of capital assets	173,732	175,262
Bad debt expense	3,804	6,457
Food	69,296	57,820
Fundraising	2,587	707
Insurance	31,339	30,544
Interest and bank charges	1,161	1,785
Interest on long-term debt	19,792	20,523
Membership fee to YWCA Canada	31,057	28,465
Office supplies and miscellaneous	50,756	46,167
Professional fees	81,438	48,515
Program expenses and supplies	258,907	264,366
Rent expense		
Administration	41,861	31,903
Programs	258,627	262,063
Repairs and maintenance	164,591	180,715
Salaries and employee benefits	2,079,024	1,790,076
Telephone	29,574	25,259
Training and development	20,922	20,167
Travel and vehicle	64,592	54,523
Utilities	91,045	89,342
	<u>3,488,175</u>	<u>3,144,777</u>

Deficiency of revenues over expenditures
before other items

(82,802) **(139,217)**

Other items

Dividend income	4,898	4,253
Loss on disposal of assets (Note 10)	(167,810)	-
Unrealized gain on investments (Note 2)	2,045	20,953
	<u>(160,867)</u>	<u>25,206</u>

Deficiency of revenues over expenditures

\$ (243,669) **\$ (114,011)**

Halifax Young Women's Christian Association

Statement of net deficit

Year ended December 31

	<u>Unrestricted Fund</u>	<u>Capital Reserve Fund</u>	<u>2017 Total</u>	<u>2016 Total</u>
Surplus, beginning of year	\$ 26,799	\$ 68,332	\$ 95,131	\$ 209,142
Deficiency of revenues over expenditures	(243,669)	-	(243,669)	(114,011)
Transfer to capital reserve fund (Note 3)	<u>(19,740)</u>	<u>19,740</u>	<u>-</u>	<u>-</u>
(Deficit) surplus, end of year	<u>\$ (236,610)</u>	<u>\$ 88,072</u>	<u>\$ (148,538)</u>	<u>\$ 95,131</u>

Halifax Young Women's Christian Association

Statement of financial position

December 31

2017

2016

Assets

Current

Cash and cash equivalents (Note 3)	\$	213,643	\$	449,336
Receivables (Note 4)		81,915		93,795
Prepaid expenses		<u>43,616</u>		<u>14,591</u>
		339,174		557,722

Long-term investments		131,075		129,545
Capital assets (Note 5)		<u>4,553,284</u>		<u>4,894,820</u>
	\$	<u>5,023,533</u>	\$	<u>5,582,087</u>

Liabilities

Current



Payables and accrued liabilities	\$	185,920	\$	191,210
Deposits		7,753		6,997
Deferred revenue		387,105		547,743
Current portion of long-term debt (Note 6)		34,108		37,612
Current portion of deferred capital funding (Note 8)		<u>122,528</u>		<u>122,528</u>
		737,414		906,090

Long-term debt (Note 6)		540,272		566,840
Mortgage payable (Note 7)		480,000		480,000
Deferred capital funding (Note 8)		<u>3,414,385</u>		<u>3,534,026</u>
		5,172,071		5,486,956

Net (deficit) surplus (Page 4)		<u>(148,538)</u>		<u>95,131</u>
	\$	<u>5,023,533</u>	\$	<u>5,582,087</u>

Subsequent events (Note 12)

On behalf of the Board


President

Treasurer

Halifax Young Women's Christian Association

Statement of cash flows

Year ended December 31

2017

2016

Increase (decrease) in cash and cash equivalents

Cash flows from operating activities

Deficiency of revenues over expenditures	\$ (243,669)	\$ (114,011)
Unrealized gain on investments	(2,045)	(20,953)
Loss on disposal of assets (Note 10)	167,810	-
Amortization of deferred capital funding	(119,641)	(120,058)
Amortization of capital assets	<u>173,732</u>	<u>175,262</u>
	(23,813)	(79,760)

Change in non-cash operating working capital (Note 9)	<u>(182,317)</u>	<u>297,997</u>
	<u>(206,130)</u>	<u>218,237</u>

Cash flows from investing activities

Capital asset purchases	<u>-</u>	<u>(4,340)</u>
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Cash flows from financing activities

Proceeds from the issuance of long-term debt	-	11,500
Repayment of long-term debt	(29,563)	(30,855)
Increase in deferred capital funding	<u>-</u>	<u>4,340</u>
	<u>(29,563)</u>	<u>(15,015)</u>

Net (decrease) increase in cash and cash equivalents (235,693) 198,882

Cash and cash equivalents (Note 3)

Beginning of year	<u>449,336</u>	<u>250,454</u>
End of year	<u>\$ 213,643</u>	<u>\$ 449,336</u>

Halifax Young Women's Christian Association

Notes to the financial statements

December 31, 2017

1. Nature and continuance of operations

Halifax Young Women's Christian Association (the "Association") is a charitable, voluntary organization that provides support to build economic security, promote wellness and create opportunities for women, girls and their families by providing a strong voice and integrated services.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Association will continue to operate in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

2. Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Handbook.

Capital assets

Capital assets are initially recorded at cost and subsequently at cost less accumulated amortization. Capital asset purchases are capitalized in the year of acquisition, and amortization expense is recorded using the straight-line method of amortization for each asset category over their estimated useful lives at the following rates:

Buildings	40 years
Building improvements	15 years
Appliances	8 years
Furniture and equipment	5 years
Computer equipment	3 years
Leaseholds	over the term of the lease

Use of estimates

The preparation of the financial statements in conformity with ASNPO requires that management make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the year. Certain of these estimates require subjective judgments by management that may be uncertain. These estimates are reviewed periodically and adjustments are made to earnings as appropriate in the year they become known. These items include allowance for doubtful accounts related to receivables and useful lives of capital assets. Actual results could differ from those reported.

Halifax Young Women's Christian Association

Notes to the financial statements

December 31, 2017

2. Summary of significant accounting policies (continued)

Revenue recognition

The Association follows the deferral method of accounting for contributions. Deferred revenue represents amounts received for the purposes of expenditures not yet incurred. These revenues will be recognized as income when the amounts are expended.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues from program fees are recognized as the program services are provided and collection is reasonably assured.

Amounts collected on behalf of a third party are recognized on a net basis. During the year, the Association recorded gross revenue of \$264,507 (2016 - \$207,406) which is netted against related expenses of \$264,507 (2016 - \$207,406).

Pledges for donations are not recorded in the financial statements.

Dividend revenue is recognized when the right to receive a dividend has been established.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, restricted cash in trust and bank indebtedness.

Long-term investments

Long-term investments consist of marketable securities. The investments are stated at fair value. The unrealized gain or loss on investments, being the difference between cost and fair value, is included in the statement of revenues and expenditures. Fair values of equities are established by year end quoted market prices. During the year, the Association recorded an unrealized gain of \$2,045 (2016 - \$20,953).

Donated services

Donated services are recognized in the period the services are performed, provided fair value can be determined; otherwise such amounts are not recognized.

Deferred capital funding

Deferred capital funding, including government capital funding, is required to be deferred and amortized into revenue on the same basis that the related capital asset is amortized.

Financial instruments

Initial measurement

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Halifax Young Women's Christian Association

Notes to the financial statements

December 31, 2017

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

At each reporting date, the Association measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for investments, which must be measured at fair value. The Association uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of revenues and expenditures. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and accrued liabilities, long-term debt and mortgage payable.

For financial assets measured at cost or amortized cost, the Association regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Association determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of revenues and expenditures. Any reversals of previously recognized impairment losses are recognized in the statement of revenues and expenditures in the year the reversal occurs.

The Association's financial instruments consist of cash and cash equivalents, receivables, long-term investments, payables and accrued liabilities, long-term debt and mortgage payable. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

3. Cash and cash equivalents	<u>2017</u>	<u>2016</u>
Cash and cash equivalents consist of:		
Unrestricted		
Cash on hand and balances with banks	\$ 67,880	\$ 338,921
Internally restricted		
Capital reserve fund	88,072	68,332
Investment fund held in trust	8,408	2,995
Externally restricted		
Women's Community Space fund	14,446	16,659
December 6 th loans fund	<u>34,837</u>	<u>22,429</u>
	<u>\$ 213,643</u>	<u>\$ 449,336</u>

The restricted capital reserve fund is used for the purposes of repairs and maintenance on existing buildings.

Halifax Young Women's Christian Association

Notes to the financial statements

December 31, 2017

4. Receivables	<u>2017</u>	<u>2016</u>
Child care	\$ 725	\$ 2,967
Commodity taxes	13,765	9,419
Government funding	63,551	78,787
Housing	4,566	2,672
Other	<u>963</u>	<u>1,450</u>
	83,570	95,295
Allowance for doubtful accounts	<u>(1,655)</u>	<u>(1,500)</u>
	\$ 81,915	\$ 93,795

5. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2017 Net Book Value</u>	<u>2016 Net Book value</u>
Land	\$ 225,000	\$ -	\$ 225,000	\$ 225,000
SHYM I building (Note 8)	1,093,174	157,355	935,819	968,946
SHYM II building (Note 8)	511,720	154,504	357,216	374,922
Spryfield early learning facility (Note 8)	1,917,642	244,550	1,673,092	1,719,397
WISH II condominiums (Note 8)	1,527,533	191,423	1,336,110	1,378,307
Appliances	20,455	17,214	3,241	4,328
Computer equipment	80,770	63,884	16,886	30,769
Furniture and equipment	30,700	24,780	5,920	8,193
Leaseholds	<u>16,934</u>	<u>16,934</u>	<u>-</u>	<u>184,958</u>
	\$ 5,423,928	\$ 870,644	\$ 4,553,284	\$ 4,894,820

Halifax Young Women's Christian Association

Notes to the financial statements

December 31, 2017

6. Long-term debt	<u>2017</u>	<u>2016</u>
Non-interest bearing loan from YWCA Canada, repayable in monthly principal payments of \$639, beginning January 2018 maturing June 2019.	\$ 11,500	\$ 11,500
Expansion cost loan from Nova Scotia Housing Development Corporation ("NSHDC"), repayable in monthly blended payments of \$1,312 bearing interest at 1%, maturing December 2037.	285,308	298,265
Canadian Alternative Investments Cooperative ("CAIC") loan, repayable in monthly blended payments of \$2,843 bearing interest at 6%, maturing February 2028.	<u>277,572</u>	<u>294,687</u>
	574,380	604,452
Less: amounts repayable in one year	<u>34,108</u>	<u>37,612</u>
	<u>\$ 540,272</u>	<u>\$ 566,840</u>

Security on the NSHDC loan and CAIC loan is as disclosed in Note 8.

Principal amounts repayable on the long-term debt within each of the next five years are as follows:

2018	\$	34,108
2019		30,137
2020		27,106
2021		27,942
2022		28,814

7. Mortgage payable

In March 2012 the Association was granted an interest free mortgage of \$480,000 from St. Paul's Home related to the construction of the Spryfield Early Learning Facility. The loan is repayable on the earlier of 20 years from the date of its advance, the sale of the property or the default of the Association's secured loans on the Spryfield early learning facility. Security is provided by a first charge on the property located at 4 Skeena Street in Halifax, Nova Scotia.

Halifax Young Women's Christian Association

Notes to the financial statements

December 31, 2017

8. Deferred capital funding	<u>2017</u>	<u>2016</u>
Government capital funding		
SHYM II building, net of accumulated earnings of \$144,921 (2016 - \$130,643)	\$ 332,144	\$ 346,422
Spryfield early learning facility, net of accumulated earnings of \$132,663 (2016 - \$106,538)	912,345	938,470
WISH II condominiums, net of accumulated earnings of \$190,581 (2016 - \$146,647)	1,343,548	1,387,482
Spryfield playground, net of accumulated earnings of \$4,354 (2016 - \$2,177)	13,062	15,240
Other capital funding		
SHYM I building, net of accumulated earnings of \$157,360 (2016 - \$124,233)	<u>935,814</u>	<u>968,940</u>
	3,536,913	3,656,554
Less current portion	<u>122,528</u>	<u>122,528</u>
	<u>\$ 3,414,385</u>	<u>\$ 3,534,026</u>

SHYM II building

Between 2007 and 2010 the Association received total government funding of \$477,065 which was used to purchase an apartment building at 4 Skeena Street in Halifax, Nova Scotia, as well as to complete various upgrades and renovations to the building. The building is used for the purposes of the Supportive Housing for Young Mothers program. Included in government funding and grants revenue is \$14,278 (2016 - \$14,278) of revenue recognized from this contribution.

Spryfield early learning facility

In November of 2008, the Association was granted a loan from NSHDC in the amount of \$1,393,343 for the purpose of assisting with the construction of a new child care facility located at 358 Herring Cove Road. \$1,045,008 of the loan is forgivable if average enrolment of the maximum licensed capacity of 70 new child care spaces is maintained at or above 75%, or 52 spaces. Forgiveness will occur monthly at an amount of \$3,483. The remaining amount of \$348,336 is repayable over a term of 25 years in monthly payments of \$1,312 at an interest rate of 1% per annum. Security for the loan will be provided through a general security agreement and a first charge on the related property. Included in government funding and grants revenue is \$26,126 (2016 - \$25,126) of revenue recognized from this contribution.

Halifax Young Women's Christian Association

Notes to the financial statements

December 31, 2017

8. Deferred capital funding (continued)

Spryfield early learning facility (continued)

In 2013, a second mortgage on the property was provided by the Canadian Alternative Investment Cooperative in the amount of \$271,300 repayable over 15 years at a fixed interest rate of 6% per annum. In 2015, the Association received an additional \$78,470 which increased payments to \$2,843. Security is provided by a second mortgage on the new child care facility and the long-term investments held by the Association. See Note 6 for further details.

WISH II condominiums

The Association secured \$1,231,180 from the Homelessness Partnership Strategy in fiscal 2012. In 2014, the Association secured an additional amount of \$311,427 which was used to purchase two condominiums to be used for the purposes of the WISH Second Stage program. Included in government funding and grants revenue is \$43,933 (2016 - \$43,933) of revenue recognized from this contribution.

SHYM I building

In April 2013, the Association acquired the building located at 4 Mount Hope Avenue in Dartmouth, Nova Scotia, during the dissolution of the Society of Supportive Housing for Young Mothers. The building and related office equipment were recognized at their carrying values of \$1,093,174 and \$6,338, respectively, with a corresponding amount recognized as deferred capital funding. Included in government funding and grants revenue is \$33,126 (2016 - \$33,126) of revenue recognized from this contribution.

Spryfield playground

The Association received funding during 2016 to construct a playground for the Spryfield Childcare Centre. The playground was recognized at its carrying value of \$17,417 with a corresponding amount recognized as deferred capital funding. Included in government funding and grants revenue is \$2,177 (2016 - \$2,177) of revenue recognized from this contribution.

9. Supplemental cash flow information

	<u>2017</u>	<u>2016</u>
Change in non-cash operating working capital:		
Receivables	\$ 11,880	\$ (10,927)
Prepaid expenses	(29,025)	5,075
Payables and accrued liabilities	(5,290)	90,773
Deposits	756	(6,619)
Deferred revenue	<u>(160,638)</u>	<u>219,695</u>
	<u>\$ (182,317)</u>	<u>\$ 297,997</u>

Halifax Young Women's Christian Association

Notes to the financial statements

December 31, 2017

10. Loss on disposal of assets

During the year, the Association entered into a purchase and sales agreement for the Barrington Childcare Centre due to ongoing losses at the centre. Under the terms of the agreement, the Association sold all of the assets related to the operations of the Barrington Childcare Centre for a purchase price of one dollar \$1 plus the assumption of all liabilities (including staffing commitments and ongoing leases). The difference between the net proceeds on disposal and the net carrying amount is recognized in the statement of revenues and expenditures. As a result, the Association incurred a loss on disposal of assets of (\$167,810), primarily due to the assumption of centres lease.

11. Comparative figures

Certain comparative figures have been adjusted from those previously presented to conform to the presentation of the 2017 financial statements.

12. Subsequent events

- (a) Subsequent to year end, the Association refinanced a portion of its debt. The loan was refinanced beginning February 1, 2018 for \$275,000. It is repayable in blended monthly instalments of \$2,167 bearing interest at 5% and maturing January 31, 2023.
- (b) Subsequent to year end, the Association entered into an agreement to lease office space. The monthly lease payments are \$1,811 for a term of 5 years with option to renew.