Grant Thornton

Financial Statements

Halifax Young Women's Christian Association

December 31, 2019

Contents

Independent auditor’s report

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

Qualified Opinion

We have audited the financial statements of Halifax Young Women’s Christian Association (the “Association”), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, changes in net deficit 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* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Halifax Young Women’s Christian Association as at December 31, 2019, and its results of 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 Association derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, deficiency of revenues over expenses, and cash flows from operations for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1, 2019 and 2018 and December 31, 2019 and 2018. Our audit opinion on the financial statements for the year ended December 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association 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 Statement

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 Association’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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

Grant Thornton LLP

Halifax, Canada
June 17, 2020

Chartered Professional Accountants

Halifax Young Women's Christian Association
Statement of revenues and expenditures

Year ended December 31	2019	2018
Revenues		
Donations and bequests	$ **30,682**	$ 52,083
Foundations and charities	**440,378**	376,320
Fundraising events	**53,814**	21,907
Government funding and grants	**2,286,807**	1,528,270
Miscellaneous	**24,582**	89,003
Program fees and earned revenue	**859,664**	1,024,658
	3,695,927	3,092,241
Expenditures		
Advertising and promotion	**2,573**	9,789
Amortization of capital assets	**147,188**	146,240
Bad debt expense	**17,321**	10,622
Food	**46,841**	64,370
Fundraising	**18,316**	11,627
Insurance	**32,376**	28,672
Interest and bank charges	**8,912**	1,725
Interest on long term debt	**15,984**	16,602
Membership fee to YWCA Canada	**34,804**	32,880
Office supplies and miscellaneous	**85,037**	61,691
Professional fees	**90,393**	88,493
Program expenses and supplies	**347,832**	305,226
Rent expense		
Administration	**3,139**	17,444
Programs	**234,345**	220,250
Repairs and maintenance	**200,894**	117,443
Salaries and employee benefits	**2,111,818**	1,794,022
Telephone	**43,517**	27,270
Training and development	**30,601**	32,999
Travel and vehicle	**66,457**	46,059
Utilities	**93,928**	88,943
	3,632,276	3,122,367
Excess (deficiency) of revenues over expenditures before other items	**63,651**	(30,126)
Other items		
Reinvested dividends and interest	**19,547**	5,221
Donation of shares	**6,039**	34,197
Forgiveness of debt (Note 5)	**25,647**	-
Unrealized gain (loss) on investments	**8,739**	(17,017)
	59,972	22,401
Excess (deficiency) of revenues over expenditures	$ **123,623**	$ (7,725)

See accompanying notes to the financial statements.

Halifax Young Women's Christian Association
Statement of net deficit
Year ended December 31

	Unrestricted Fund	Capital Reserve Fund	**2019 Total**	2018 Total
(Deficit) surplus, beginning of year	$ (264,075)	$ 107,812	**$ (156,263)**	$ (148,538)
Excess (deficiency) of revenues over expenditures	123,623	-	**123,623**	(7,725)
Transfer to capital reserve fund	(20,365)	20,365	**-**	-
(Deficit) surplus, end of year	$ (160,817)	$ 128,177	**$ (32,640)**	$ (156,263)

See accompanying notes to the financial statements.

Halifax Young Women's Christian Association
Statement of financial position

December 31		2019		2018
Assets				
Current				
Cash and cash equivalents	**$**	**751,315**	$	396,813
Funds held in trust (Note 2)		**17,474**		16,269
Receivables (Note 3)		**57,311**		126,742
Prepaid expenses		**13,982**		19,369
		840,082		559,193
Long term investments		**194,875**		148,255
Capital assets (Note 4)		**4,299,630**		4,407,044
	$	**5,334,587**	$	5,114,492
Liabilities				
Current				
Payables and accrued liabilities	**$**	**205,998**	$	175,062
Deposits		**12,000**		9,228
Trust liabilities (Note 2)		**17,474**		16,269
Deferred revenue		**823,857**		624,570
Current portion of long term debt (Note 5)		**41,019**		33,972
Current portion of deferred capital funding (Note 6)		**127,595**		120,000
		1,227,943		979,101
Long term debt (Note 5)		**933,450**		994,381
Deferred capital funding (Note 6)		**3,205,834**		3,297,273
		5,367,227		5,270,755
Net deficit (Page 4)		**(32,640)**		(156,263)
	$	**5,334,587**	$	5,114,492

Commitments (Note 8)
Subsequent events (Note 9)

On behalf of the Board

_____ _____ President Nikki Giorgetti Gillis, CPA Treasurer

Halifax Young Women's Christian Association
Statement of cash flows

Year ended December 31	2019	2018
Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities		
Excess (deficiency) of revenues over expenditures	**$ 123,623**	$ (7,725)
Unrealized (gain) loss on investments	**(8,739)**	17,017
Forgiveness of debt (Note 5)	**(25,647)**	-
Donation of shares	**(6,039)**	(34,197)
Amortization of deferred capital funding	**(123,619)**	(119,640)
Amortization of capital assets	**147,188**	146,240
Reinvested dividends and interest	**(19,547)**	-
	87,220	1,695
Change in non-cash operating working capital (Note 7)	**309,018**	223,771
	396,238	225,466
Cash flows from investing activities		
Proceeds from the sale of investments	**112,322**	-
Purchase of capital assets	**(39,775)**	-
Purchase of investments	**(124,616)**	-
	(52,069)	-
Cash flows from financing activities		
Proceeds from the issuance of long term debt	**226,043**	-
Repayment of long term debt	**(254,280)**	(26,027)
Increase in deferred capital funding	**39,775**	-
Decrease in funds held in trust	**(1,205)**	(1,823)
	10,333	(27,850)
Net increase in cash and cash equivalents	**354,502**	197,616
Cash and cash equivalents		
Beginning of year	**396,813**	199,197
End of year	**$ 751,315**	$ 396,813

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. The Association is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

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.

Fund accounting
The Association uses fund accounting and accordingly, resources are classified for accounting purposes into funds based on specific activities or objectives. The following funds are being used:

Capital reserve fund
The Board has an internally restricted capital reserve fund which is used for the purposes of repairs and maintenance on existing buildings.

Unrestricted fund
The unrestricted fund accounts for the Association's excess of revenue and expenses from program delivery, development and Association services.

Funds held in trust
Based on the funding agreement between the Association and the Woman's Community Space, funds are considered to be restricted and are to be held and administrated by the Association.

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
Computer equipment	3 years
Furniture and equipment	5 years
Leaseholds	over the term of the lease

2. Summary of significant accounting policies (continued)

Capital assets (continued)
When capital assets no longer have any long term service potential to the Association, the excess of its net carrying amount over any residual value is recognized as an expense in the statements of operations. Any write downs recognized are not reversed.

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.

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.

Interest and dividend revenue are recorded on an accrual basis.

Realized gains or loss on the sale of investments are the difference between the proceeds received and the cost of investments sold.

Unrealized gains or losses on investments represents the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

Miscellaneous revenues are recognized as revenue when the funds are received or receivable, and collation is reasonably assured.

Pledges for donations are not recorded in the financial statements.

Cash and cash equivalents
Cash and cash equivalents include cash on hand and balances with banks and bank indebtedness.

2. Summary of significant accounting policies (continued)

Long term investments
Long term investments consist of high interest savings account, guaranteed investment certificates and equities. 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.

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.

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, and long term debt.

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, and long term debt. 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. Receivables

	2019	2018
Child care	$ **1,349**	$ -
Commodity taxes	**9,892**	9,529
Government funding	**43,644**	107,470
Housing	**1,684**	2,157
Other	**2,397**	9,241
	58,966	128,397
Allowance for doubtful accounts	**(1,655)**	(1,655)
	$ **57,311**	$ 126,742

4. Capital assets

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book value
Land	$ 225,000	$ -	$ **225,000**	$ 225,000
Appliances	20,455	19,378	**1,077**	2,164
Computer equipment	30,699	28,729	**1,970**	3,950
Furniture and equipment	120,513	76,044	**44,469**	11,828
SHYM I building (Note 6)	1,093,174	223,608	**869,566**	902,693
SHYM II building (Note 6)	511,720	189,917	**321,803**	339,510
Spryfield early learning facility (Note 6)	1,917,642	333,622	**1,584,020**	1,627,978
WISH II condominiums (Note 6)	1,527,533	275,808	**1,251,725**	1,293,921
	$ 5,446,736	$ 1,147,106	$ **4,299,630**	$ 4,407,044

5. Long term debt		**2019**		2018
Non-interest bearing loan from YWCA Canada, repayable in monthly principal payments of $639, beginning January 2019 maturing June 2020.	**$**	**9,036**	$	11,500
Non-interest bearing loan from St. Paul's home, repayable on the earlier of 20 years from March 2012, the date of its advance, the sale of the property, or the default of the Association's secured loan on the Spryfield early learning facilities.		**480,000**		480,000
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.		**259,390**		272,349
TD Mortgage Payable, repayable in monthly blended payments $2,288 bearing interest at 4%, maturing December 2029.		**226,043**		-
Canadian Alternative Investment Foundation ("CAIF") loan, repayable in monthly blended payments of $2,167 bearing interest at 5%, maturing February 2028.		**-**		264,504
		974,469		1,028,353
Less: amounts repayable in one year		**41,019**		33,972
	$	**933,450**	$	994,381

Security on the NSHDC loan and TD Mortgage loan is as disclosed in Note 6.

During the year, the Association refinanced the Canadian Alternative Investment Foundation ("CAIF") loan with a TD Mortgage. As part of this process, CAIF forgave 10% of the outstanding principal balance at the date of refinancing, $25,647. This forgiveness was not included in the original terms of the long term debt and as such is recognized as other income on statement of revenue and expenses.

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

2020	$	41,019
2021		32,880
2022		33,809
2023		34,772
2024		35,771

6. **Deferred capital funding**		**2019**		2018
Government capital funding				
SHYM II building, net of accumulated earnings of $173,478 (2018 - $159,200)	**$**	**303,587**	$	317,865
Spryfield early learning facility, net of accumulated earnings of $184,913 (2018 - $158,788)		**860,094**		886,220
WISH II condominiums, net of accumulated earnings of $278,449 (2018 - $234,515)		**1,255,680**		1,299,614
Spryfield playground, net of accumulated earnings of $8,708 (2018 - $6,531)		**8,709**		10,886
Spryfield Equipment, net of accumulated Earnings of $3,978 (2018 - $Nil)		**35,798**		-
Other capital funding				
SHYM I building, net of accumulated earnings of $223,613 (2018 - $190,486)		**869,561**		902,688
		3,333,429		3,417,273
Less: current portion		**127,595**		120,000
	$	**3,205,834**	$	3,297,273

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 (2018 - $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 $26,125 (2018 - $26,125) of revenue recognized from this contribution.

6. 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 ("CAIF") 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. During the year, the CAIF loan was refinanced with TD Mortgage in the amount of $226,043, repayable in monthly blended payments $2,288 bearing interest at 4%, maturing December 2029. Security is provided by a second mortgage on the child care facility held by the Association.

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 (2018 - $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 (2018 - $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 (2018 - $2,177) of revenue recognized from this contribution.

Spryfield Equipment
The Association received funding during 2019 to purchase and install heating and cooling equipment for the Spryfield Childcare Centre. The equipment was recognized at its carrying value of $39,776 with a corresponding amount recognized as a deferred capital funding. Included in government funding and grants revenue is $3,978 (2018 - $Nil).

7. Supplemental cash flow information

	2019	2018
Change in non-cash operating working capital:		
Receivables	**$ 69,431**	$ (44,827)
Prepaid expenses	**5,387**	24,247
Payables and accrued liabilities	**30,936**	(10,858)
Deposits	**2,772**	1,475
Trust liabilities	**1,205**	1,823
Deferred revenue	**199,287**	251,911
	$ 309,018	$ 223,771

8. Commitments

The Association has entered into lease commitments for two locations. Lease commitments for the next four years are as follows:

2020	$	51,732
2021		51,732
2022		41,732
2023		3,622

9. Subsequent events

In March 2020, the 2019 coronavirus disease outbreak ("COVID-19") was recognized as a pandemic by the World Health Organization ("WHO"). COVID-19 has continued to spread globally, including in the communities in which the Association operates, and is having a significant impact on general economic conditions. In response to the WHO declaration and continuing spread of COVID-19, several measures have been taken by the Association and local governments. The Association continues to run modified versions of its programs with the exception of the licensed child care programs, which were mandated to close by the Nova Scotia Government. The Association has been successful in ensuring licensed child care programs continue to receive financial support throughout this time and in obtaining additional financial support for the Association to assist with costs related to COVID-19.

The Association has determined that these are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and operations of the Association in future periods.