

**YWCA of Kitchener-Waterloo**  
**Financial Statements**  
For the year ended December 31, 2013

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## Independent Auditor's Report

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### To the Members of YWCA of Kitchener-Waterloo

We have audited the accompanying financial statements of YWCA of Kitchener-Waterloo, which comprise the balance sheet as at December 31, 2013 and the statements of operations, changes in fund balances 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.



### **Basis for Qualified Opinion**

In common with many charitable organizations, the entity derives revenue from donations and cash receipts 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. We were unable to determine whether any adjustments might be necessary to revenues other than grants, excess of revenue over expenses, assets and fund balances.

### **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 YWCA of Kitchener-Waterloo as at December 31, 2013 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.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Waterloo, Ontario  
April 2, 2014

# YWCA of Kitchener-Waterloo Balance Sheet

December 31

2013

2012

	Operating Fund	Externally Restricted Fund	Property, Plant and Equipment Fund	Total
<b>Assets</b>				<b>Total</b>
<b>Current</b>				
Cash (Note 2)	\$ 114,804	\$ -	\$ -	\$ 114,804
Short-term investments (Note 3)	363,735	-	-	363,735
Accounts receivable	82,194	-	-	82,194
Inventory	3,588	-	-	3,588
Prepaid expenses	17,619	-	-	17,619
	<b>581,940</b>	<b>-</b>	<b>-</b>	<b>581,940</b>
Long-term investments (Note 4)	216,423	772,554	-	988,977
Property, plant, and equipment (Note 5)	-	-	8,557,158	8,557,158
	<b>\$ 798,363</b>	<b>\$ 772,554</b>	<b>\$ 8,557,158</b>	<b>\$ 10,128,075</b>
<b>Liabilities and Fund Balances</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 500,986	\$ -	\$ -	\$ 500,986
Deferred revenue (Note 6)	204,400	-	-	204,400
Current portion of mortgages payable (Note 7)	-	-	187,832	187,832
Current portion of other long term debt (Note 8)	-	-	41,670	41,670
	<b>705,386</b>	<b>-</b>	<b>229,502</b>	<b>934,888</b>
Mortgages payable (Note 7)	-	-	2,469,335	2,469,335
Other long term debt (Note 8)	-	-	521,373	521,373
	<b>705,386</b>	<b>-</b>	<b>3,220,210</b>	<b>3,925,596</b>
<b>Fund balances</b>				
Externally restricted (Note 9)	-	772,554	-	772,554
Internally restricted	108,218	-	5,336,948	5,445,166
Unrestricted	(15,241)	-	-	(15,241)
	<b>92,977</b>	<b>772,554</b>	<b>5,336,948</b>	<b>6,202,479</b>
	<b>\$ 798,363</b>	<b>\$ 772,554</b>	<b>\$ 8,557,158</b>	<b>\$ 10,128,075</b>

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

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

**YWCA of Kitchener-Waterloo  
Statement of Changes in Fund Balances**

For the year ended December 31

	2013		2012	
	Operating Fund	Externally Restricted Fund	Property, Plant and Equipment Fund	Total
Fund balances, beginning of year	\$ 576,617	\$ 671,573	\$ 5,195,704	\$ 6,443,894
Excess (deficiency) of revenues over expenses for the year	208,611	56,030	(501,864)	(237,223)
Transfer to The Kitchener and Waterloo Community Foundation (Note 10)	-	(4,192)	-	(4,192)
Inter-fund transfers (Note 11)	(692,251)	49,143	643,108	-
<b>Fund balances, end of year</b>	<b>\$ 92,977</b>	<b>\$ 772,554</b>	<b>\$ 5,336,948</b>	<b>\$ 6,202,479</b>
				<b>\$ 6,443,894</b>

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

# YWCA of Kitchener-Waterloo Statement of Operations

For the year ended December 31

2013                      2012

	Operating Fund	Externally Restricted Fund	Property, Plant and Equipment Fund	Total	Total
<b>Revenues</b>					
Program (Note 17)	\$ 1,970,887	\$ -	\$ -	\$ 1,970,887	\$ 3,640,991
Grants (Notes 14 and 16)	3,284,288	28,936	-	3,313,224	1,310,725
United Way	270,000	-	-	270,000	270,000
Donations and special events	269,711	4,192	3,846	277,749	234,608
Interest	70,986	9,526	-	80,512	85,468
Memberships	180	-	-	180	390
Rent	-	35,443	-	35,443	37,320
Partnership contracts	196,826	-	-	196,826	208,075
Other	10,543	5,353	-	15,896	19,942
	<b>6,073,421</b>	<b>83,450</b>	<b>3,846</b>	<b>6,160,717</b>	<b>5,807,519</b>
<b>Expenses</b>					
Salaries and benefits (Note 15)	4,350,518	-	-	4,350,518	4,067,720
Occupancy costs	758,193	55,623	16,205	830,021	613,568
Financial costs	6,445	-	-	6,445	5,649
Program costs	506,573	-	-	506,573	455,663
Office administration	214,718	-	1,559	216,277	204,748
Interest on long term debt	-	-	136,035	136,035	137,211
Other	59,280	-	-	59,280	53,186
	<b>5,895,727</b>	<b>55,623</b>	<b>153,799</b>	<b>6,105,149</b>	<b>5,537,745</b>
<b>Excess (deficiency) of revenue over expenses before other items</b>	<b>177,694</b>	<b>27,827</b>	<b>(149,953)</b>	<b>55,568</b>	<b>269,774</b>
<b>Other items</b>					
Amortization of property, plant and equipment	-	-	(351,911)	(351,911)	(338,352)
Unrealized gain on change in fair market value of long-term investments	30,917	28,203	-	59,120	22,938
	<b>30,917</b>	<b>28,203</b>	<b>(351,911)</b>	<b>(292,791)</b>	<b>(315,414)</b>
<b>Excess (deficiency) of revenues over expenses for the year</b>	<b>\$ 208,611</b>	<b>\$ 56,030</b>	<b>\$ (501,864)</b>	<b>\$ (237,223)</b>	<b>\$ (45,640)</b>

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

## YWCA of Kitchener-Waterloo Statement of Cash Flows

For the year ended December 31	2013	2012
<b>Cash flows from operating activities</b>		
Deficiency of revenues over expenses for the year	\$ (237,223)	\$ (45,640)
Items not involving cash		
Amortization of property, plant and equipment	351,911	338,352
Unrealized gain on change in fair market value of long-term investments	(59,120)	(22,938)
	<u>55,568</u>	<u>269,774</u>
Changes in non-cash working capital balances		
Accounts receivable	185,040	137,949
Inventory	(23)	(1,542)
Prepaid expenses	6,172	(1,230)
Accounts payable and accrued liabilities	(21,632)	(64,150)
Deferred revenue	53,771	124,615
	<u>278,896</u>	<u>465,416</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(873,904)	(37,631)
Purchase of long-term investments	(25,034)	(22,601)
Reinvested income on short-term investments	(12,388)	(12,003)
	<u>(911,326)</u>	<u>(72,235)</u>
<b>Cash flows from financing activities</b>		
Repayment of mortgages	(182,294)	(176,993)
Repayment of other long term debt	(9,897)	-
Proceeds from other long term debt	572,940	-
Transfer to the Kitchener-Waterloo Community Foundation	(4,192)	(5,683)
	<u>376,557</u>	<u>(182,676)</u>
<b>Increase (decrease) in cash during the year</b>	<b>(255,873)</b>	<b>210,505</b>
<b>Cash, beginning of year</b>	<b>370,677</b>	<b>160,172</b>
<b>Cash, end of year</b>	<b>\$ 114,804</b>	<b>\$ 370,677</b>

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# YWCA of Kitchener-Waterloo

## Notes to Financial Statements

December 31, 2013

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### 1. Summary of Significant Accounting Policies

<b>Nature of Operations</b>	The Young Women's Christian Association of Kitchener-Waterloo works to improve the lives of women and children at critical turning points, as part of a world-wide women's movement for social justice. The Association is incorporated under the Ontario Business Corporations Act as a not-for profit association and is a registered charity under the Income Tax Act and is therefore exempt from income taxes.
<b>Basis of Accounting</b>	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).
<b>Revenue Recognition</b>	Unrestricted contributions are recognized as revenue of the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the Externally Restricted Fund or the Property Plant and Equipment Fund in the year in which the contributions are received. Where there is no appropriate restricted fund, restricted contributions are recognized under the deferral method in the Operating Fund.
<b>Harmonized Sales Tax</b>	As a registered charity the organization receives the public service bodies' rebate of 50% of the federal portion of the HST paid and 82% of the provincial portion of HST paid in Ontario.
<b>Financial Instruments</b>	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable.



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## YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2013

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### **Fund Accounting**

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

#### Operating Fund

The operating fund accounts for administrative and operational costs and is financed by fees, donations, grants and other miscellaneous income. It also records the current assets, liabilities and surplus relating to ongoing programs and administrative operations.

Internally restricted fund and projects are determined by the Board. Annual operating surpluses are set aside by the Board into these funds. Interest on these funds accumulates to the funds unless directed otherwise by the Board.

#### Externally Restricted

The externally restricted fund reports donations, grants and rent received for restricted purposes. Net assets held in the externally restricted fund are invested in a variety of investment vehicles. Investment income earned on these funds is reported as revenue in the fund.

#### Property, Plant and Equipment Fund

The property plant and equipment fund reports the assets, liabilities, revenues and expenses related to the association's property, plant & equipment.

### **Leases**

Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as an acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the organization, and the obligation, including interest thereon, is amortized over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed on incurred.

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## YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2013

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### Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated amortization. Contributed property plant and equipment are recorded at fair value, when fair value can be reasonably estimated, at the date of contribution. Amortization based on the estimated useful life of the asset is calculated as follows:

Buildings	-	40 years straight-line basis
Machinery and equipment	-	10 years straight-line basis
Automotive equipment	-	5 years straight-line basis
Leasehold improvements	-	10 years straight-line basis

### Impairment of Long-Lived Assets

In the event that facts and circumstances indicate that the organization's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The organization considers that no circumstances exist that would require such an evaluation.

### Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is generally determined on the first-in, first-out basis.

### Contributed Services

Volunteers contribute many hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are not recognized in the financial statements unless they would normally be purchased by the organization and their fair market value can be ascertained.

### Use of Estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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## YWCA of Kitchener-Waterloo Notes to Financial Statements

**December 31, 2013**

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### 2. Cash

The organization's bank accounts are held at one chartered bank. The bank accounts earn nominal interest.

The organization has an operating facility available to a maximum of \$300,000 bearing interest at the Bank's prime rate plus 1.5%. The facility is due on demand and secured as described in Note 7. At December 31, 2013, the organization's unused credit facility is \$300,000.

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### 3. Short-term Investments

	<u>2013</u>	<u>2012</u>
Accumulation Annuity Investment	\$ 314,757	\$ 302,650
Canadian Money Market Fund	<u>48,978</u>	<u>48,697</u>
	<u>\$ 363,735</u>	<u>\$ 351,347</u>

The total annualized return on these investments during the year was 3.45%.

## YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2013

#### 4. Long-term Investments

In accordance with the Ministry of Municipal Affairs and Housing, the organization has Social Housing Investments with Phillips, Hagar & North. These investments are held in an account separate from operations and intended to be used as a source of funding for future capital projects related to the property at Lincoln Road. The balance of the organization's investments are managed by Rae & Lipskie Investment Counsel. The carrying value of all investments are equal to the market values as determined by reference to the published values as at the year-end. A breakdown of the organization's investments at year-end is as follows:

	2013	2012
<u>Phillips, Hagar &amp; North Portfolio</u>		
Canadian Short Term Bond Fund	\$ 19,420	\$ 11,203
Canadian Bond Fund	199,035	202,422
Canadian Equity Fund	235,703	197,433
	454,158	411,058
<u>Rae &amp; Lipskie Investment Counsel Portfolio</u>		
Canadian Equity Instruments	178,715	161,765
Foreign Equity Instruments	96,262	69,316
Fixed Income Securities	210,414	213,674
Cash	49,428	49,010
	534,819	493,765
	\$ 988,977	\$ 904,823

During the past 12 months, the Phillips, Hagar & North and Rae & Lipskie portfolio's earned returns of 2.11% and 4.83% respectively.

The balance of fixed income securities includes a variety of government, bank, and corporate bonds with effective yields ranging from 1.90% to 4.90% and maturity dates ranging from June 2014 to March 2018.

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**YWCA of Kitchener-Waterloo  
Notes to Financial Statements**

**December 31, 2013**

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**5. Property, Plant and Equipment**

	2013		2012	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 462,200	\$ -	\$ 462,200	\$ -
Buildings	11,054,883	4,185,325	11,054,883	3,914,300
Machinery and equipment	519,069	262,167	519,068	222,144
Automotive equipment	44,471	31,980	44,471	27,753
Leasehold improvements	1,101,132	145,125	227,228	108,488
	<b>\$ 13,181,755</b>	<b>\$ 4,624,597</b>	<b>\$ 12,307,850</b>	<b>\$ 4,272,685</b>
Net book value		<b>\$ 8,557,158</b>		<b>\$ 8,035,165</b>

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**6. Deferred Revenue**

	2013		2012	
Balance, beginning of year	\$ 150,629		\$ 26,014	
Contributions received	204,400		150,629	
Recognized into revenue during the year	(150,629)		(26,014)	
Balance, end of year	<b>\$ 204,400</b>		<b>\$ 150,629</b>	

**YWCA of Kitchener-Waterloo  
Notes to Financial Statements**

**December 31, 2013**

**7. Mortgages Payable**

	2013	2012
Mortgage payable - 4.443%, due September 1, 2018, monthly payments of \$16,812 principal and interest, secured by land and a building on Lincoln Road	\$ 1,714,750	\$ 1,838,044
Mortgage payable - 5.2%, due July 1, 2015, monthly payments of \$4,917 principal plus interest, see security below.	942,417	1,001,417
	2,657,167	2,839,461
Current portion	(187,832)	(182,294)
	\$ 2,469,335	\$ 2,657,167

The 5.2% mortgage payable is secured by the land and building, an assignment of fire and boiler insurance and rent from 84 Frederick Street for \$2,325,000, a collateral mortgage on 151/153 Frederick Street for \$700,000, a collateral mortgage on real property on 84 Frederick Street for \$2,325,000, building coverage insurance for \$7,700,300, comprehensive general liability insurance for \$8,000,000, and a general security agreement.

The agreement with respect to the 5.2% mortgage payable contains a covenant regarding a debt service coverage ratio pertaining to Mary's Place operations.

Principal repayments for the next five years and thereafter are as follows:

2014	\$	187,832
2015		1,018,036
2016		140,668
2017		146,987
2018		153,590
Thereafter		1,010,054
	\$	2,657,167

**YWCA of Kitchener-Waterloo  
Notes to Financial Statements**

**December 31, 2013**

**8. Other Long Term Debt**

	2013	2012
Loan payable - 4.003%, due August, 2033, monthly payments of \$3,449 principal and interest, secured by Jean Steckle Day Care facility	\$ 563,043	\$ -
Current portion	(41,670)	-
	\$ 521,373	\$ -

The loan is payable to the Waterloo Region District School Board for reimbursement of capital costs associated with the construction of the Jean Steckle day care facility. The loan is secured by the cost of the day care and an assignment of comprehensive general liability insurance for \$2,000,000.

Principal repayments for the next five years and thereafter are as follows:

2014	\$	41,670
2015		41,388
2016		41,388
2017		41,388
2018		41,388
Thereafter		355,821
	\$	563,043

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## YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2013

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### 9. Externally Restricted Funds

Externally restricted funds represent amounts received from contributors which are designated for specific purposes. The fund balances at year-end are as follows:

	<u>2013</u>	<u>2012</u>
Lincoln Road Reserve Fund	\$ 576,923	\$ 493,178
151 Frederick Street Capital Fund	142,386	127,850
E. Dreger Memorial Fund	<u>53,245</u>	<u>50,545</u>
	<u>\$ 772,554</u>	<u>\$ 671,573</u>

#### Lincoln Road Reserve Fund

The purpose of this fund is to purchase repairs, renovations, and improvements to the physical building at 155 Lincoln Road and to purchase and repair the major equipment located therein. This fund is also used to cover annual Lincoln Road Apartments operating deficits.

#### 151 Frederick Street Capital Fund

The purpose of this fund is to purchase repairs, renovations, and improvements to the physical building at 151-153 Frederick Street, and to purchase and repair the major equipment located therein. This fund is also used for extraordinary Community Resource Centre (CRC) purchases, and to cover annual CRC deficits.

#### E. Dreger Memorial Fund

The purpose of this fund is to provide subsidies for children attending Camp Clover.

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### 10. YWCA Endowment Fund

On December 14, 1995, the organization entered into an agreement with The Kitchener and Waterloo Community Foundation (Community Foundation) to establish a permanent endowment fund within the Community Foundation to be known as YWCA Endowment Fund. The endowment fund includes two funds: YWCA General Fund and YWCA Mary's Place Fund. As required by the agreement, the organization transferred to the Endowment Fund the endowed portion of the Club 84 donations. During the year, \$4,192 (2012 - \$5,683) was transferred to the Kitchener Waterloo Community Foundation by the Association.

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### 11. Interfund Transfers

During the year, the Board of Directors approved interfund transfers from the Operating Fund to the Property, Plant and Equipment fund and the Externally Restricted fund to cover the cost of capital acquisitions and debt servicing.



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## YWCA of Kitchener-Waterloo Notes to Financial Statements

**December 31, 2013**

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### 12. Commitments

Under the terms of lease agreements, the organization's total obligations for occupied premises, exclusive of realty taxes and other occupancy charges and equipment for the next five years, are as follows:

2014	\$	61,180
2015		52,611
2016		54,029
2017		55,508
2018		28,216
		<hr/>
	\$	<u>251,544</u>

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### 13. Departmental Statement of Revenues and Expenses

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

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### 14. Grant Revenue

During the year, the YWCA of Kitchener-Waterloo received federal funding totaling \$11,979 (2012 - \$20,087), provincial funding totaling \$84,176 (2012 - \$89,732) and regional funding totaling \$2,751,149 (2012 - \$1,113,545).

Prior to 2013, the Regional funding received by Mary's Place was in the form of per diem payments, in which a daily program fee was paid by the Region on behalf of eligible shelter residents. Effective 2013, the per diem funding model ended, and was replaced by an annual Regional grant.

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### 15. Pension Plan

The YWCA of Kitchener-Waterloo makes contributions to a Registered Retirement Savings Plan on behalf of some of its employees under a matching plan. Employer contributions during the period were \$138,144 (2012 - \$132,125) for current service and are included as an expense in the Statement of Operations.

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**YWCA of Kitchener-Waterloo  
Notes to Financial Statements**

**December 31, 2013**

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**16. Special Purpose Disclosure - Wage Subsidy**

	<u>2013</u>	<u>2012</u>
Total amount of funding received for wage subsidy, wage improvement, and pay equity	<u>\$ 371,319</u>	<u>\$ 379,608</u>

In accordance with the Service agreement and Provincial Guidelines, the total amount of wage subsidy funding received from the Region of Waterloo has been applied to supplemental staff salaries and benefits as required.

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**17. Occupancy/Rental Charges**

	<u>2013</u>	<u>2012</u>
Gross rental charges	\$ 442,764	\$ 442,764
RGI subsidy	(345,592)	(346,898)
Vacancy loss	(4,038)	(5,132)
Net rental charges	<u>\$ 93,134</u>	<u>\$ 90,734</u>

The net rental charges are included in program revenue on the Statement of Operations.

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## YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2013

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### 18. Financial Instrument Risks

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially subject the organization to concentrations of credit risk consist of cash, accounts receivable and short and long term investments. The short and long term investments are described in Notes 3 and 4 respectively. The organization has deposited the cash and investments with a reputable financial institution, from which management believes the risk of loss to be remote. The credit risk on accounts receivable arises from related day care facilities and grantors.

#### Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, mortgages payable and other long-term debt.

#### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include two types of risk: interest rate risk and equity risk.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments and the value of its long-term debt.

#### Equity Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The organization is exposed to this risk through its equity holdings within its investment portfolio.

The above risks are unchanged from the prior year.



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## Auditor's Comments on Supplementary Financial Information

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To the Members of  
YWCA of Kitchener-Waterloo

The audited financial statements of the organization, are comprised of the statement of financial position as at December 31, 2013 and the statements of operations, changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. We have issued our report thereon dated April 2, 2014 which contained a qualified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The Schedule of Expenses and Schedule of Operating Fund Balances is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Waterloo, Ontario  
April 2, 2014

**YWCA of Kitchener-Waterloo**  
**Schedule 1 - Schedule of Expenses**

For the year ended December 31	2013	2012
<b>Salaries and Benefits</b>		
Salaries	\$ 3,812,548	\$ 3,547,632
Benefits	537,970	520,088
	<u>\$ 4,350,518</u>	<u>\$ 4,067,720</u>
<b>Occupancy Costs</b>		
Property taxes	\$ 75,251	\$ 69,420
Light, heat and power	206,945	188,373
Repairs and maintenance	364,391	187,999
Rent	130,047	118,629
Insurance	53,387	49,147
	<u>\$ 830,021</u>	<u>\$ 613,568</u>
<b>Financial Costs</b>		
Bank charges and interest	\$ 6,445	\$ 5,649
<b>Program Costs</b>		
Extend-a-bed	\$ 91,519	\$ 92,170
Food	225,903	238,147
Program supplies and equipment	149,248	77,348
Special assistance	18,596	15,452
Miscellaneous	10,839	11,474
Advertising	7,979	13,964
Laundry	2,429	3,838
Fundraising event	60	3,270
	<u>\$ 506,573</u>	<u>\$ 455,663</u>
<b>Office Administration</b>		
Office supplies and replacements	\$ 62,849	\$ 44,053
Telephone and postage	49,850	44,529
Professional fees	78,557	76,817
Conferences and meetings	13,549	28,631
Travel	11,472	10,718
	<u>\$ 216,277</u>	<u>\$ 204,748</u>
<b>Amortization of Property, Plant and Equipment</b>	<u>\$ 351,911</u>	<u>\$ 338,352</u>
<b>Interest on long term debt</b>	<u>\$ 136,035</u>	<u>\$ 137,211</u>
<b>Other</b>		
National YWCA support	\$ 59,280	\$ 53,186

**YWCA of Kitchener-Waterloo**  
**Schedule 2 - Schedule of Operating Fund Balances**

For the year ended December 31, 2013	Operating	Internally Restricted	Total
<b>Revenues</b>			
Programs	\$ 1,970,887	\$ -	\$ 1,970,887
Grants	3,284,288	-	3,284,288
United Way	270,000	-	270,000
Donations and special events	269,711	-	269,711
Interest	51,100	19,886	70,986
Partnership contracts	196,826	-	196,826
Other	10,723	-	10,723
	<u>6,053,535</u>	<u>19,886</u>	<u>6,073,421</u>
<b>Expenses</b>			
Salaries and benefits	4,350,518	-	4,350,518
Occupancy costs	740,968	17,225	758,193
Financial costs	6,445	-	6,445
Program costs	438,177	68,396	506,573
Office administration	214,718	-	214,718
Other	59,280	-	59,280
	<u>5,810,106</u>	<u>85,621</u>	<u>5,895,727</u>
<b>Excess (deficiency) of revenues over expenses before other item</b>	<b>243,429</b>	<b>(65,735)</b>	<b>177,694</b>
<b>Other item</b>			
Unrealized gain on change in fair market value of long-term investments	-	30,917	30,917
<b>Excess (deficiency) of revenues over expenses for the year</b>	<b>243,429</b>	<b>(34,818)</b>	<b>208,611</b>
<b>Interfund transfers</b>	<b>(453,945)</b>	<b>(238,306)</b>	<b>(692,251)</b>
<b>Fund balances, beginning of the year</b>	<b>195,275</b>	<b>381,342</b>	<b>576,617</b>
<b>Fund balances, end of the year</b>	<b>\$ (15,241)</b>	<b>\$ 108,218</b>	<b>\$ 92,977</b>