

YWCA of Kitchener-Waterloo
Financial Statements
For the year ended December 31, 2017

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Balance Sheet	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 20
Schedule 1 - Schedule of Expenses	21
Unaudited Supplementary Financial Information	
Schedule 2 - Schedule of Operating Fund Balances	22



Tel: 519 576 5220
Fax: 519 576 5471
www.bdo.ca

BDO Canada LLP
The Bauer Buildings
150 Caroline St S Suite 201
Waterloo ON N2L 0A5 Canada

Independent Auditor's Report

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, 2017 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 audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of YWCA of Kitchener-Waterloo 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information provided in Schedule 2 to the financial statements is presented for purposes of additional information and is not a required part of the financial statements, as such it is unaudited.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
April 4, 2018

YWCA of Kitchener-Waterloo Balance Sheet

December 31

2017

2016

	Operating Fund	Externally Restricted Fund	Tangible Capital Asset Fund	Total	Total
Assets					
Current					
Short-term investments (Note 3)	\$ 368,221	\$ -	\$ -	\$ 368,221	\$ 354,058
Accounts receivable	256,653	-	-	256,653	429,191
Inventory	2,373	-	-	2,373	2,373
Prepaid expenses	20,001	-	-	20,001	22,079
	647,248	-	-	647,248	807,701
Long-term investments (Note 4)	234,503	645,423	-	879,926	924,229
Tangible capital assets (Note 5)	-	-	8,238,093	8,238,093	7,969,966
	\$ 881,751	\$ 645,423	\$ 8,238,093	\$ 9,765,267	\$ 9,701,896
Liabilities and Fund Balances					
Current					
Bank indebtedness (Note 2)	\$ 74,090	\$ -	\$ -	\$ 74,090	\$ 225,086
Accounts payable and accrued liabilities	675,408	-	-	675,408	616,276
Deferred revenue (Note 6)	214,129	-	-	214,129	155,523
Current portion of mortgages payable (Note 7)	-	-	1,240,866	1,240,866	221,378
Current portion of other long term debt (Note 8)	-	-	22,543	22,543	21,667
	963,627	-	1,263,409	2,227,036	1,239,930
Mortgages payable (Note 7)	-	-	588,630	588,630	1,829,129
Other long term debt (Note 8)	-	-	458,550	458,550	481,086
	963,627	-	2,310,589	3,274,216	3,550,145
Fund balances					
Externally restricted (Note 9)	-	645,423	-	645,423	573,142
Internally restricted	43,182	-	5,927,504	5,970,686	5,578,609
Unrestricted	(125,058)	-	-	(125,058)	-
	(81,876)	645,423	5,927,504	6,491,051	6,151,751
	\$ 881,751	\$ 645,423	\$ 8,238,093	\$ 9,765,267	\$ 9,701,896

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

2017

2016

	Operating Fund	Externally Restricted Fund	Tangible Capital Asset Fund	Total	Total
Fund balances, beginning of year	\$ 161,903	\$ 573,142	\$ 5,416,706	\$ 6,151,751	\$ 5,779,005
Excess (deficiency) of revenues over expenses for the year	511,197	315,809	(487,254)	339,752	373,166
Transfer to The Kitchener and Waterloo Community Foundation (Note 10)	-	(452)	-	(452)	(420)
Inter-fund transfers (Note 11)	(754,976)	(243,076)	998,052	-	-
Fund balances, end of year	\$ (81,876)	\$ 645,423	\$ 5,927,504	\$ 6,491,051	\$ 6,151,751

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

YWCA of Kitchener-Waterloo Statement of Operations

For the year ended December 31

				2017	2016
	Operating Fund	Externally Restricted Fund	Tangible Capital Asset Fund	Total	Total
Revenues					
Program (Note 17)	\$ 3,320,499	\$ -	\$ -	\$ 3,320,499	\$ 2,936,294
Grants (Notes 14 and 16)	3,273,032	208,844	-	3,481,876	3,415,273
United Way	220,825	-	-	220,825	244,053
Donations and special events	230,315	166,980	-	397,295	375,806
Interest	88,381	9,935	-	98,316	97,490
Memberships	150	-	-	150	180
Rent	-	45,056	-	45,056	40,404
Partnership contracts	359,162	-	-	359,162	226,890
	7,492,364	430,815	-	7,923,179	7,336,390
Expenses					
Salaries and benefits (Note 15) (Schedule)	5,524,356	-	-	5,524,356	5,076,126
Occupancy costs (Schedule)	785,460	88,830	-	874,290	877,487
Financial costs (Schedule)	11,858	-	-	11,858	11,227
Program costs (Schedule)	373,896	48,260	-	422,156	329,591
Office administration (Schedule)	233,892	7,354	-	241,246	169,950
Interest on long term debt (Schedule)	-	-	101,248	101,248	111,102
Other (Schedule)	65,168	-	-	65,168	63,473
	6,994,630	144,444	101,248	7,240,322	6,638,956
Excess (deficiency) of revenue over expenses before other items	497,734	286,371	(101,248)	682,857	697,434
Other items					
Amortization of tangible capital assets (Schedule)	-	-	(386,006)	(386,006)	(383,883)
Realized gain on disposal of long-term investments	34,544	4,914	-	39,458	11,927
Unrealized gain (loss) on change in fair market value of long-term investments	(21,081)	24,524	-	3,443	47,688
	13,463	29,438	(386,006)	(343,105)	(324,268)
Excess (deficiency) of revenues over expenses for the year	\$ 511,197	\$ 315,809	\$ (487,254)	\$ 339,752	\$ 373,166

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	2017	2016
Cash flows from operating activities		
Excess of revenues over expenses for the year	\$ 339,752	\$ 373,166
Items not involving cash		
Amortization of tangible capital assets	386,006	383,883
Realized gain on disposal on long-term investments	(39,458)	(11,927)
Unrealized gain on change in fair market value of long-term investments	(3,443)	(47,688)
	682,857	697,434
Changes in non-cash working capital balances		
Accounts receivable	172,538	(309,856)
Prepaid expenses	2,078	20,312
Accounts payable and accrued liabilities	59,132	122,851
Deferred revenue	58,606	(46,614)
	975,211	484,127
Cash flows from investing activities		
Purchase of tangible capital assets	(654,133)	(400,871)
Purchase of long-term investments	(24,345)	(80,730)
Proceeds on disposal of long-term investments	111,549	67,484
Reinvested income on short-term investments	(14,163)	(13,616)
	(581,092)	(427,733)
Cash flows from financing activities		
Repayment of mortgages	(221,011)	(212,011)
Repayment of other long term debt	(21,660)	(20,807)
Transfer to the Kitchener-Waterloo Community Foundation	(452)	(420)
	(243,123)	(233,238)
Increase (decrease) in cash during the year	150,996	(176,844)
Bank indebtedness, beginning of year	(225,086)	(48,242)
Bank indebtedness, end of year	\$ (74,090)	\$ (225,086)

YWCA of Kitchener-Waterloo

Notes to Financial Statements

December 31, 2017

1. Summary of Significant Accounting Policies

Nature of Operations	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.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).
Revenue Recognition	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 Tangible Capital Asset 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.
Harmonized Sales Tax	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.
Financial Instruments	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.

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2017

1. Summary of Significant Accounting Policies (continued)

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.

Tangible Capital Asset Fund

The tangible capital asset fund reports the assets, liabilities, revenues and expenses related to the association's tangible capital assets.

Leases

Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as an acquisition of tangible capital assets 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 as incurred.

Inventory

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

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2017

1. Summary of Significant Accounting Policies (continued)

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets 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	-	10-20	years straight-line basis over the term of the lease

Construction in progress is not amortized until the tangible capital asset is substantially complete and ready for use.

When a tangible capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Contributed Services and Materials

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.

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2017

2. Bank Indebtedness

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 \$350,000. \$1,288 of this facility was utilized at year-end. The value as shown on the balance sheet includes outstanding cheques as of December 31, 2017. The facility bears interest at the Bank's prime rate plus 1.25%. The facility is due on demand and secured as described in Note 7.

3. Short-term Investments

	<u>2017</u>	<u>2016</u>
Accumulation Annuity Investment	<u>\$ 368,221</u>	<u>\$ 354,058</u>

The total annualized return on these investments during the year was 3.92%.

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2017

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. A breakdown of the organization's investments at year-end is as follows:

	2017	2016
<u>Phillips, Hagar & North Portfolio</u>		
Canadian Short Term Bond Fund	\$ 20,342	\$ 20,421
Canadian Bond Fund	187,825	184,680
Canadian Equity Fund	268,226	234,486
	476,393	439,587
<u>Rae & Lipskie Investment Counsel Portfolio</u>		
Canadian Equity Instruments	120,034	156,315
Foreign Equity Instruments	75,110	87,905
Fixed Income Securities	145,958	143,770
Cash	62,431	96,652
	403,533	484,642
	\$ 879,926	\$ 924,229

During the past 12 months, the Phillips, Hagar & North and Rae & Lipskie portfolio's earned returns of 2.85% and 5.28% respectively.

The balance of fixed income securities includes a variety of government, bank, and corporate bonds with effective yields ranging from 1.968% to 2.84% and maturity dates ranging from March 2018 to March 2022.

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2017

5. Tangible Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 462,200	\$ -	\$ 462,200	\$ -
Buildings	12,128,790	5,265,931	11,488,193	4,992,120
Machinery and equipment	519,069	419,600	519,069	382,932
Automotive equipment	44,471	44,470	44,471	44,471
Leasehold improvements	1,255,252	441,688	1,241,716	366,160
	\$14,409,782	\$ 6,171,689	\$ 13,755,649	\$ 5,785,683
Net book value		\$ 8,238,093		\$ 7,969,966

Building costs of \$1,003,925 related to the Lincoln Fourplex were not amortized as the building is currently being renovated and not yet available for use. There are claims for construction liens on this property totaling \$94,000.

6. Deferred Revenue

	2017	2016
Balance, beginning of year	\$ 155,523	\$ 202,137
Contributions received	214,129	155,523
Recognized into revenue during the year	(155,523)	(202,137)
Balance, end of year	\$ 214,129	\$ 155,523

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2017

7. Mortgages Payable

	2017	2016
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	\$ 1,163,644	\$ 1,310,629
Mortgage payable - 3.77%, due July 2, 2020, monthly payments of \$8,399 principal and interest, see security below.	<u>665,852</u>	<u>739,878</u>
	1,829,496	2,050,507
Current portion	(1,240,866)	(221,378)
	\$ 588,630	\$ 1,829,129

The 3.77% mortgage payable has a general security agreement on all assets of the organization, an assignment of fire insurance for \$10,000,000, a collateral mortgage on 151/153 Frederick Street, a collateral mortgage on real property on 84 Frederick Street, business insurance for \$25,000,000 and a general assignment of rents representing a first charge on rents.

The agreement with respect to the 3.77% mortgage payable contains a covenant regarding a debt service coverage ratio pertaining to emergency shelter operations.

Assuming the mortgages are renewed with the same terms and conditions and are not terminated, principal repayments for the next five years and thereafter are as follows:

2018	\$ 230,812
2019	240,651
2020	676,169
2021	175,233
2022	183,105
Thereafter	323,526
	\$ 1,829,496

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

December 31, 2017

8. Other Long Term Debt

	2017	2016
Loan payable - 4.003%, due August 2033, monthly payments of \$3,449 principal and interest, secured by Jean Steckle Day Care facility	\$ 481,093	\$ 502,753
Current portion	(22,543)	(21,667)
	\$ 458,550	\$ 481,086

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:

2018	\$ 22,543
2019	23,454
2020	24,402
2021	25,389
2022	26,415
Thereafter	358,890
	\$ 481,093

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2017

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:

	2017	2016
Lincoln Road Reserve Fund	\$ 514,736	\$ 422,139
151 Frederick Street Capital Fund	3,239	41,442
E. Dreger Memorial Fund	52,529	49,962
Women Municipal Campaign School	3,112	2,613
Anti-Human Traffic Coalition - Zonta Club	2,701	2,701
Family Relocation Project	42,297	17,517
84 Frederick Street - Supportive Housing	26,809	36,768
	\$ 645,423	\$ 573,142

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.

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.

Women Municipal Campaign School

The purpose of this fund is to provide financing to support the plan and delivery of a two day workshop to support and encourage women to run for local office. The YWCA hosts the finances for the school.

Anti-Human Traffic Coalition - Zonta Club

The purpose of this fund is to serve victims of human trafficking. With funds received from the Zonta Club of Kitchener-Waterloo, the organization will cover travel and other supports to women who are victims of human trafficking and who wish to return to their home communities.

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2017

9. Externally Restricted Funds (continued)

Family Relocation Project

The purpose of this fund is to provide household furnishings to women and children who are victims of domestic violence and who are leaving area shelters. The project is delivered by a team of community volunteers.

84 Frederick Street - Supportive Housing

The purpose of this fund is for the renovations, furnishings and equipment to 84 Frederick Street necessary to create a nine-unit supportive housing wing.

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, \$452 (2016 - \$420) was transferred to the Kitchener Waterloo Community Foundation by the Association.

11. Interfund Transfers

During the year, the Board of Directors approved interfund transfers of \$754,976 from the Operating Fund and \$243,076 from the Externally Restricted fund to the Tangible Capital Asset Fund to cover the cost of debt servicing and capital additions.

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 two years, are as follows:

2018	\$	32,338
2019		2,064
		<hr/>
	\$	34,402

13. Departmental Statement of Revenues and Expenses

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

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2017

14. Grant Revenue

During the year, the YWCA of Kitchener-Waterloo received the following funding:

	2017	2016
Federal funding	\$ 7,121	\$ 6,102
Provincial funding	40,069	51,514
Regional funding	3,311,066	3,230,537
Corporations and foundations	123,620	127,120
	\$ 3,481,876	\$ 3,415,273

The organization expects to receive additional regional funding of \$146,250 related to the Lincoln Fourplex within the next 12 months once the grant requirements are completed.

15. Pension Plan

The YWCA of Kitchener-Waterloo makes contributions to an employee defined contribution plan on behalf of some of its employees under a matching plan. Employer contributions during the year were \$159,409 (2016 - \$163,141) for current service and are included as an expense in the Statement of Operations.

16. Special Purpose Disclosure - Wage Subsidy

	2017	2016
Total amount of funding received for wage subsidy, wage enhancement, and pay equity	\$ 677,368	\$ 664,154

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.

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2017

17. Occupancy/Rental Charges

	<u>2017</u>	<u>2016</u>
Gross rental charges	\$ 512,184	\$ 512,184
RGI subsidy	(421,383)	(427,060)
Net rental charges	<u>\$ 90,801</u>	<u>\$ 85,124</u>

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

YWCA of Kitchener-Waterloo Notes to Financial Statements

December 31, 2017

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 bank indebtedness, accounts payable and accrued liabilities, mortgages payable, other long-term debt and commitments.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk and other price 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 fixed rate long-term debt.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to this risk through its equity holdings within its investment portfolio.

The organization's exposure to the above risks are unchanged from the prior year.

YWCA of Kitchener-Waterloo Schedule 1 - Schedule of Expenses

For the year ended December 31	2017	2016
Salaries and Benefits		
Salaries	\$ 4,823,478	\$ 4,409,760
Benefits	700,878	666,366
	<u>\$ 5,524,356</u>	<u>\$ 5,076,126</u>
Occupancy Costs		
Property taxes	\$ 102,004	\$ 93,509
Light, heat and power	219,738	207,135
Repairs and maintenance	334,040	364,269
Rent	169,911	157,947
Insurance	48,597	54,627
	<u>\$ 874,290</u>	<u>\$ 877,487</u>
Financial Costs		
Bank charges and interest	\$ 11,858	\$ 11,227
Program Costs		
Food	193,622	193,672
Program supplies and equipment	168,081	89,602
Special assistance	30,795	25,244
Miscellaneous	11,765	13,997
Advertising	12,346	3,196
Laundry	2,696	2,823
Fundraising event	2,851	1,057
	<u>\$ 422,156</u>	<u>\$ 329,591</u>
Office Administration		
Office supplies and replacements	\$ 48,331	\$ 26,116
Telephone and postage	44,249	35,748
Professional fees	102,834	79,875
Conferences and meetings	10,788	8,903
Travel	35,044	19,308
	<u>\$ 241,246</u>	<u>\$ 169,950</u>
Amortization of tangible capital assets	<u>\$ 386,006</u>	<u>\$ 383,883</u>
Interest on long term debt	<u>\$ 101,248</u>	<u>\$ 111,102</u>
Other		
National YWCA support	\$ 65,168	\$ 63,473

YWCA of Kitchener-Waterloo
Schedule 2 - Schedule of Operating Fund Balances
(Unaudited)

For the year ended December 31, 2017	Operating	Internally Restricted	Total
Revenues			
Programs	\$ 3,320,499	\$ -	\$ 3,320,499
Grants	3,273,032	-	3,273,032
United Way	220,825	-	220,825
Donations and special events	230,315	-	230,315
Interest	71,300	17,081	88,381
Memberships	150	-	150
Partnership contracts	359,162	-	359,162
	<u>7,475,283</u>	<u>17,081</u>	<u>7,492,364</u>
Expenses			
Salaries and benefits	5,524,356	-	5,524,356
Occupancy costs	785,460	-	785,460
Financial costs	11,858	-	11,858
Program costs	373,896	-	373,896
Office administration	233,892	-	233,892
Other	65,168	-	65,168
	<u>6,994,630</u>	<u>-</u>	<u>6,994,630</u>
Excess of revenues over expenses before other items	480,653	17,081	497,734
Other items			
Realized gain on disposal of long-term investments	-	34,544	34,544
Unrealized loss on change in fair market value of long-term investments	-	(21,081)	(21,081)
Excess of revenues over expenses for the year	480,653	30,544	511,197
Interfund transfer	(605,711)	(149,265)	(754,976)
Fund balances, beginning of the year	-	161,903	161,903
Fund balances, end of the year	\$ (125,058)	\$ 43,182	\$ (81,876)