

Community YWCA of Muskoka

Financial Statements

December 31, 2020

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Independent Auditor's Report

To the Directors of Community YWCA of Muskoka

Qualified Opinion

I have audited the accompanying financial statements of Community YWCA of Muskoka which comprise the statement of financial position as at December 31, 2020 and the statement of changes in net assets, statement of operations and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of Community YWCA of Muskoka as at December 31, 2020, 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.

Basis for Qualified Opinion

In common with many charitable organizations, Community YWCA of Muskoka derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, I was not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, cash flows from operations, assets and net assets.

My audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Community YWCA of Muskoka in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Community YWCA of Muskoka'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 Community YWCA of Muskoka or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Community YWCA of Muskoka's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Community YWCA of Muskoka'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 Community YWCA of Muskoka's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Community YWCA of Muskoka 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.

I 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 I identify during my audit.

Dave Stevenson

CPA, CA, Licensed Public Accountant

March 25, 2021

Bracebridge, Ontario

Community YWCA of Muskoka

Statement of Financial Position

December 31	2020	2019
Assets		
Current Assets		
Cash	\$ 299,163	\$ 168,946
Accounts receivable	118,163	28,304
Prepaid expenses	7,029	4,249
	<u>424,355</u>	<u>201,499</u>
Internally Restricted Assets (Note 7)		
Cash	30,092	30,217
Accounts receivable	4,875	4,750
	<u>34,967</u>	<u>34,967</u>
Capital assets (Note 3)		
	<u>17,333</u>	<u>8,224</u>
	<u>\$ 476,655</u>	<u>\$ 244,690</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 57,010	\$ 48,009
Government remittances payable	9,704	10,916
Deferred grants (Note 4)	259,655	166,431
	<u>326,369</u>	<u>225,356</u>
Canada Emergency Business Account (CEBA) loan (Note 5)		
	<u>40,000</u>	<u>-</u>
	<u>366,369</u>	<u>225,356</u>
Commitment (Note 6)		
Net Assets		
Internally restricted - Reserve Fund (Note 7)	34,967	34,967
Unrestricted net assets (liabilities)	75,319	(15,633)
	<u>110,286</u>	<u>19,334</u>
	<u>\$ 476,655</u>	<u>\$ 244,690</u>

Approved on behalf of the Board:

_____ Chair

_____ Treasurer

Community YWCA of Muskoka

Statement of Changes in Net Assets

For the year ended December 31	Reserve Fund	Unrestricted	Total 2020	Total 2019
Balance - beginning of year	\$ 34,967	\$ (15,633)	\$ 19,334	\$ 19,103
Excess of revenue over expenses for the year	-	90,952	90,952	231
Balance - end of year	\$ 34,967	\$ 75,319	\$ 110,286	\$ 19,334

Community YWCA of Muskoka

Statement of Operations

For the year ended December 31	2020	2019
Revenue		
Government grants	\$ 229,926	\$ 201,406
Canada Emergency Wage Subsidy (CEWS)	133,103	-
Program partners	269,878	391,785
Special events	16,729	48,182
Fund development	61,199	64,407
Program fees	1,286	25,193
Membership and other	19,300	3,863
	<hr/>	<hr/>
	731,421	734,836
Expenses		
Amortization	3,164	1,624
Board costs	649	1,127
Fund development costs	4,445	10,327
Operating	97,847	69,524
Program costs	100,313	94,060
Salaries, wages and benefits	434,051	545,211
Special events	-	12,732
	<hr/>	<hr/>
	640,469	734,605
Excess of revenue over expenses for the year	<hr/>	<hr/>
	\$ 90,952	\$ 231

Community YWCA of Muskoka

Statement of Cash Flows

For the year ended December 31	2020	2019
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 90,952	\$ 231
Adjustment for		
Amortization of capital assets	3,164	1,624
	<u>94,116</u>	<u>1,855</u>
Changes in non-cash working capital balances		
Accounts receivable	(89,985)	(23,401)
Prepaid expenses	(2,780)	2,945
Accounts payable and accrued liabilities	9,002	2,571
Government remittances payable	(1,212)	1,590
Deferred grants	93,224	14,483
	<u>102,365</u>	<u>43</u>
Investing activities		
Purchase of capital assets	(12,273)	(1,621)
Financing activities		
Canada Emergency Business Account (CEBA) loan received	40,000	-
Change in cash during the year	130,092	(1,578)
Cash - beginning of year	199,163	200,741
Cash - end of year	\$ 329,255	\$ 199,163
Represented by		
Cash	\$ 299,163	\$ 168,946
Internally restricted cash	30,092	30,217
	<u>\$ 329,255</u>	<u>\$ 199,163</u>

Community YWCA of Muskoka

Notes to the Financial Statements

December 31, 2020

1. Going Concern

Community YWCA of Muskoka is dependent on various funding sources for programs and operations. Currently the majority of the organization's revenue comes from one-time funding sources. To secure a more viable funding platform the organization continues to implement a fund development plan in order to strengthen relationships with corporate and individual partners.

2. Significant Accounting Policies

Nature of Operations

The organization was incorporated on October 6, 1997 without share capital by Letters Patent issued under the Corporations Act of Ontario. YWCA Muskoka champions positive change for women and girls through education, leadership and advocacy. The organization supports individuals at turning points in their lives through the establishment of community based social, recreational and training programs that promote equality and provide women and their families with opportunities for building confidence and personal life skills. The organization is exempt from income taxes in Canada as a registered charitable organization under the Income Tax Act.

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

The accrual basis of accounting is followed. The accrual basis of accounting recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

The significant estimates within these financial statements include the determination of the estimated lives of the capital assets and the amortization rates used to amortize such assets.

Community YWCA of Muskoka

Notes to the Financial Statements

December 31, 2020

2. Significant Accounting Policies (continued)

Capital Assets	<p>Capital assets are recorded at cost. Amortization based on the estimated useful life of the asset is as follows:</p> <table><tr><td>Computer equipment</td><td>- 30% diminishing balance</td></tr><tr><td>Other equipment</td><td>- 20% diminishing balance</td></tr></table> <p>Artwork is not amortized but is tested annually for impairment.</p>	Computer equipment	- 30% diminishing balance	Other equipment	- 20% diminishing balance
Computer equipment	- 30% diminishing balance				
Other equipment	- 20% diminishing balance				
Revenue Recognition	<p>The organization follows the deferred method of accounting for contributions. Restricted contributions received for specific purposes are deferred and recognized as revenue when the related expenditure is 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. Contributions consist of government grants, program partners funding and fund development revenues.</p> <p>Program fees are recognized as revenue when the services are performed and collection is reasonably assured.</p> <p>Fees and contributions for special events are recognized as revenue when the events are completed.</p> <p>Cash received in advance of meeting the revenue recognition criteria described above is recorded as deferred revenue.</p>				
Contributed Materials	<p>Contributed materials which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.</p>				
Contributed Services	<p>A number of volunteers contribute a significant amount of time each year to the organization. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.</p>				
Financial Instruments	<p>The organization's financial instruments consist of cash, accounts receivable, accounts payable and CEBA loan payable. Financial instruments are recorded at fair value on initial recognition. Accounts receivable, accounts payable and accrued liabilities are subsequently measured at amortized cost. Financial instruments measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write down or subsequent recovery is recognized in net revenue (expense).</p>				

Community YWCA of Muskoka

Notes to the Financial Statements

December 31, 2020

3. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Artwork	\$ 3,000	\$ -	\$ 3,000	\$ -
Computer equipment	22,932	11,499	12,549	8,824
Other equipment	4,271	1,371	2,381	882
	\$ 30,203	\$ 12,870	\$ 17,930	\$ 9,706
Net book value		\$ 17,333		\$ 8,224

4. Deferred Grants

Deferred grants represent operating funds received in the current year that are related to expenses to be incurred in a subsequent year. The balance is comprised of the following:

	2020	2019
Canadian Women's Foundation	\$ 20,619	\$ -
District of Muskoka	8,949	9,792
Government of Canada, New Horizons	6,370	2,638
Government of Canada, WAGE	30,568	39,410
Muskoka Community Foundation	4,883	-
Ontario Ministry of Community Services	38,649	18,285
Ontario Trillium Foundation	30,036	42,490
Strategic Program Investment Fund	34,450	37,038
United Way Simcoe Muskoka	11,615	-
YWCA Canada	12,941	4,232
YWCA Toronto	1,955	2,580
Anonymous donation - Circles	50,000	-
Other	8,620	9,966
Balance, end of year	\$ 259,655	\$ 166,431

Community YWCA of Muskoka

Notes to the Financial Statements

December 31, 2020

5. Canada Emergency Business Account (CEBA) Loan

The CEBA loan is an interest-free Government loan with no principal payments required until December 31, 2022. \$10,000 of the loan is forgivable provided that the remaining \$30,000 is repaid in full no later than December 31, 2022. If any part of the loan is not repaid by December 31, 2022 the remaining balance will be converted to a 3 year term loan, paid monthly and bearing interest at 5% per annum.

6. Commitment

The organization has leased its premises for a term of 5 years ending November 2025. The lease payments for the first and second years total \$22,440 plus HST per annum, paid monthly and for the last 3 years total \$23,936 plus HST per annum. The organization is also required to pay additional rent to cover property taxes, utilities and operating costs. The organization has the option to renew the lease for 3 additional 5 year periods on terms to be negotiated.

7. Internally Restricted Net Assets

Reserve Fund

The organization has received special one-time gifts from or in memory of significant YWCA supporters. The Board of Directors had internally restricted these donations to be used for expenses that fulfill the spirit for which the funds were intended.

8. COVID-19

On March 11, 2020 the World Health Organization declared a global pandemic as a result of the COVID-19 outbreak. The Covid pandemic has been very difficult for everyone. For the YWCA, all staff moved to work from home and some applied for CERB as all YWCA programs were postponed, cancelled or adapted to virtual formats where possible. In person fundraising events were cancelled and one was made virtual later in the year. YWCA Muskoka was able to navigate with the support of the CERB, CEBA and CEWS programs; a few specifically Covid-related grants from the United Way, Muskoka Community Foundation and the Canadian Women's Foundation; in-kind donations secured by YWCA Canada for member Associations; and donations from individuals, churches and small businesses in the community. The need for individual support for YWCA clients and particularly single parent households led by women, has increased significantly and is anticipated to continue in 2021.

The YWCA has not yet applied for the Canadian Emergency Rent Subsidy (CERS) but intends to apply for CERS and other economic recovery grants that may be available in 2021.

Community YWCA of Muskoka

Notes to the Financial Statements

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9. Financial Instrument Risk

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. The organization is exposed to credit risk arising from its cash. The organization reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. There has been no change in the risk from the prior year.

Liquidity Risk

Liquidity risk is the risk that the organization will encounter 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 or will be forced to sell financial assets at amounts less than their worth or may be unable to settle or recover a financial asset. The organization is exposed to liquidity risk arising from its accounts payable and CEBA loan payable. There has been no change in the risk from the prior year.
