Young Women's Christian Association of Greater Toronto

Financial statements

December 31, 2021

Building a better working world

Independent auditor's report

To the Members of
Young Women's Christian Association of Greater Toronto

Opinion

We have audited the financial statements of **Young Women's Christian Association of Greater Toronto** [the "Association"], which comprise the statement of financial position as at December 31, 2021, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021, 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 opinion

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 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 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.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
April 19, 2022

Young Women's Christian Association of Greater Toronto

Statement of financial position

As at December 31

	2021	2020
	$	$
Assets		
Current		
Cash and cash equivalents	**735,929**	2,354,344
Accounts receivable *[notes 3 and 20]*	**1,799,185**	2,776,244
Prepaid expenses and other assets	**564,627**	477,313
Total current assets	**3,099,741**	5,607,901
Investments, at fair value *[note 4]*	**11,799,970**	10,431,378
Leased asset *[note 5]*	**34,300,000**	—
Capital assets, net *[notes 6, 8 and 10[d]]*	**64,869,094**	64,649,547
	114,068,805	80,688,826
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	**3,259,775**	3,149,009
Deferred contributions *[note 7]*	**3,283,741**	4,398,184
Current portion of long-term debt *[note 8]*	**2,606,759**	2,129,291
Total current liabilities	**9,150,275**	9,676,484
Deferred contributions *[note 7]*	**9,362,937**	—
Capital replacement reserves *[note 9]*	**3,309,798**	2,766,016
Deferred capital contributions *[note 10[a]]*	**24,295,709**	24,253,254
Long-term debt *[note 8]*	**61,018,448**	37,255,288
Total liabilities	**107,137,167**	73,951,042
Commitments and contingencies *[notes 16 and 18]*		
Net assets		
Unrestricted	**—**	—
Internally restricted *[note 11]*	**6,931,638**	6,737,784
Total net assets	**6,931,638**	6,737,784
	114,068,805	80,688,826

See accompanying notes

On behalf of the Board:

Director

Kelly Goldthorpe
President

Director

Silvia Jacinto
Treasurer

Young Women’s Christian Association of Greater Toronto

Statement of operations

Year ended December 31

	2021	2020
	$	$
Revenue		
Government *[notes 12 and 20]*	**29,130,237**	25,829,828
Fees and rent *[note 14]*	**4,332,127**	4,372,581
Fundraising *[note 13]*	**3,539,045**	3,378,653
United Way of Greater Toronto	**1,313,576**	1,425,437
Investment income	**928,450**	681,892
Miscellaneous	**403,996**	310,428
	39,647,431	35,998,819
Expenses		
Salaries and employee benefits	**21,884,988**	20,069,600
Building occupancy *[note 8[d]]*	**11,555,957**	9,150,915
Other program costs	**4,614,819**	4,510,767
General and administration	**1,381,931**	1,025,084
Allocation to YWCA Canada	**145,068**	139,050
	39,582,763	34,895,416
Excess of revenue over expenses for the year	**64,668**	1,103,403

See accompanying notes

Young Women's Christian Association of Greater Toronto

Statement of changes in net assets

Year ended December 31

	2021		
	Unrestricted	**Internally restricted**	**Total**
	$	$	$
Net assets, beginning of year	**—**	**6,737,784**	**6,737,784**
Excess of revenue over expenses for the year	**64,668**	**—**	**64,668**
Contributions related to land	**129,186**	**—**	**129,186**
Transfer to internally restricted net assets *[note 11]*	**(193,854)**	**193,854**	**—**
Net assets, end of year	**—**	**6,931,638**	**6,931,638**

	2020		
	Unrestricted	**Internally restricted**	**Total**
	$	$	$
Net assets, beginning of year	—	5,520,434	5,520,434
Excess of revenue over expenses for the year	1,103,403	—	1,103,403
Contributions related to land	113,947	—	113,947
Transfer to internally restricted net assets *[note 11]*	(1,217,350)	1,217,350	—
Net assets, end of year	—	6,737,784	6,737,784

See accompanying notes

Young Women's Christian Association of Greater Toronto

Statement of cash flows

Year ended December 31

	2021	2020
	$	$
Operating activities		
Excess of revenue over expenses for the year	**64,668**	1,103,403
Add (deduct) items not involving cash		
Reinvestment of investment income	**(502,539)**	(333,478)
Unrealized gain	**(567,627)**	(414,871)
Amortization of leased asset	**700,000**	—
Amortization of capital assets	**2,318,768**	2,293,402
Amortization of deferred capital contributions	**(1,591,350)**	(1,600,292)
	421,920	1,048,164
Net change in non-cash working capital balances related to operations *[note 15]*	**165,510**	151,732
Cash provided by operating activities	**587,430**	1,199,896
Investing activities		
Leased asset	**(25,000,000)**	—
Purchase of capital assets	**(2,669,308)**	(589,320)
Investment purchases	**(298,426)**	(131,537)
Cash used in investing activities	**(27,967,734)**	(720,857)
Financing activities		
Increase (decrease) in long-term debt *[note 15[c]]*	**23,311,832**	(1,640,584)
Contributions restricted for purchase of capital assets *[note 15[c]]*	**1,777,089**	1,402,693
Contributions related to land	**129,186**	113,947
Net increase in capital replacement reserves	**543,782**	179,841
Cash provided by financing activities	**25,761,889**	55,897
Net increase (decrease) in cash during the year	**(1,618,415)**	534,936
Cash and cash equivalents, beginning of year	**2,354,344**	1,819,408
Cash and cash equivalents, end of year	**735,929**	2,354,344

See accompanying notes

Notes to financial statements

December 31, 2021

1. Organization

Young Women's Christian Association of Greater Toronto [the "Association"] is a voluntary association of women from all communities, working together to create better lives for women at home and abroad. This mission is achieved through services and programs in education, pre-employment counselling, recreation and well-being, affordable housing, crisis shelters and advocacy. Since its inception, the Association has emphasized voluntary action and social change.

The Association, which is incorporated under the laws of Ontario, is registered as a charitable organization under the *Income Tax Act* (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, "Accounting Standards for Not-for-Profit Organizations," which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies set out below.

Revenue recognition

The Association follows the deferral method of accounting for contributions, which include grants and donations. Grants and bequests are recorded in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recognized when received since pledges are not legally enforceable claims. Contributions restricted for the purchase of non-depreciable assets are credited directly to net assets. Unrestricted grants, bequests and other donations are recognized as revenue when initially recorded in the accounts. Externally restricted grants, bequests and other donations are initially deferred and recognized as revenue in the year in which the related expenses are incurred.

Fees, rent and other revenue from individuals are recognized when the services have been provided.

Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, is recorded as investment income in the statement of operations, except to the extent that it relates to the capital replacement reserve or unspent deferred capital contributions, in which case it is added to the appropriate balance in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a short term to maturity of approximately three months or less from the date of purchase unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

Financial instruments

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs for investments recorded at fair value are expensed as incurred.

Notes to financial statements

December 31, 2021

Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at fair value and are subsequently measured at cost, net of any provisions for impairment.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of the contribution. Amortization is provided on the straight-line basis over the estimated useful lives of the assets as follows:

Tangible	
Buildings	40 to 50 years
Building improvements	8 to 25 years
Furniture and equipment	3 to 10 years
Leasehold improvements	Over term of lease
Intangible	
Software	3 years

Interest is capitalized during the period in which capital assets are being constructed.

Amortization of capital assets begins when they are put into use.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the Association's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the statement of operations. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Long-term debt

Long-term debt is initially measured at fair value, net of transaction costs and financing fees, and is subsequently measured at amortized cost. Transaction costs and financing fees are amortized using the straight-line method.

Employee future benefits

The multi-employer pension plan is accounted for as a defined contribution plan, as there is not sufficient information to apply defined benefit plan accounting. Contributions to the plan are expensed on an accrual basis.

Contributed materials and services

Contributed materials and services are not recognized in the financial statements.

Notes to financial statements

December 31, 2021

Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at the historical rate. Exchange gains or losses are included in income.

3. Accounts receivable

Accounts receivable consist of the following:

	2021 $	2020 $
City of Toronto	**894,523**	504,337
Province of Ontario	**276,185**	94,962
Government of Canada *[note 20]*	**66,754**	1,533,956
Other	**561,723**	642,989
	1,799,185	2,776,244

4. Investments

Investments have an asset mix as follows:

	2021 $	2020 $
Cash and cash equivalents	**2,410,294**	1,953,646
Fixed income securities	**3,442,304**	3,143,798
Canadian equities	**2,992,772**	2,659,077
U.S. and other foreign equities	**2,954,600**	2,674,857
	11,799,970	10,431,378

Investments in pooled funds have been allocated to the appropriate asset classes.

Cash and cash equivalents included in investments represent funds being held for long-term purposes. The majority of these funds are invested in two high-interest savings accounts with interest rates of 0.25% for both accounts [2020 – 0.2% and 1.70%, respectively].

Investments include $3,309,798 [2020 – $2,766,016] restricted for the capital replacement reserves *[note 9]*.

5. Leased asset

On January 19, 2021, the Association finalized a property lease agreement with the City of Toronto [the “City”] and Toronto Community Housing Corporation [“TCHC”] to operate 120-units of affordable housing at 389 Church St. The key terms of the lease agreement, and other agreements entered into in conjunction with operating this program, are described below:

[a] The Association entered into a 50-year lease with TCHC and paid $25,000,000 up-front, representing basic rent over the lease term for the Church St. property. The Association recorded the lease as an operating lease as it determined the benefits and risks of ownership have not been substantially transferred. The up-front payment of rent is recorded as a long-term leased asset on the statement of financial position and is expensed on a straight-line basis over the term of the lease.

The Association receives rents from tenants, and rent supplement payments and supportive housing funding from the City *[notes 12 and 14]* in respect of the affordable housing program operating at the property.

The Association is responsible for all costs of operation, repair, maintenance and insurance on the Church St. property throughout the lease term. Further, the Association is required to establish a capital replacement reserve fund at an annual amount equal to 5% of the aggregate annual effective gross income earned on the affordable housing program, excluding funding received from the City or Province of Ontario, to fund capital repairs as required over the term of the lease *[note 9]*. Upon expiry of the lease, any unused amounts remaining in the capital reserve fund revert back to TCHC.

[b] In conjunction with the lease agreement, the Association entered into a non-revolving term loan, by way of a single advance, with VanCity Community Investment Bank [‘VanCity’] for $25,750,000. The proceeds were received by the Association on January 19, 2021, and the up-front basic rent of $25,000,000 was paid to TCHC in accordance with the lease agreement. The remaining proceeds of $750,000 received by the Association is being used for furnishing the property and other leasehold improvements. The non-revolving term loan has a term of 20 years and interest is payable at 4.75% per annum *[note 8[a]]*.

Under the terms of the loan agreement, the Association is required to maintain a debt service coverage ratio of a minimum of 1.00 times, to be tested annually. The Association is in compliance with this financial covenant as at December 31, 2021.

As security on this debt facility, the Association has assigned the rents of the property and entered into a general security agreement against all property related to 389 Church St. with VanCity.

[c] Through the Homes for Good program [“HFG”], the Province of Ontario has agreed to fund up to $17,850,000 of the principal portion, plus interest, of the non-revolving term loan with VanCity. The HFG funding is being advanced in monthly payments equal to the principal and interest payments required to service the non-revolving term loan. The portion of the subsidy to fund interest expense is recorded in government revenue as received on the statement of operations *[note 12]* and the portion of the subsidy received to fund the principal portion has been recorded in deferred contributions and will be recognized on a straight-line basis over the term of the lease agreement *[note 7]*.

[d] The Association, City and TCHC have entered into a separate agreement that requires the Association to make monthly payments of $27,778 to the City over years 21 to 50 of the lease term to repay the City’s $10,000,000 capital contribution to TCHC for the development of the property. The Association did not receive any cash proceeds related to this debt obligation. The debt obligation is non-interest bearing and has been recorded at its fair value of $749,892 as at January 19, 2021 *[notes 8[a] and 8[d]]*. The economic benefit of the interest-free component of the loan of $9,250,108 is recorded as a deferred contribution on that date and is recognized in revenue at an amount equal to the annual interest appreciation over the term of the debt obligation *[notes 7 and 12]*. The leased asset has been increased by a corresponding amount of $10,000,000 and is expensed on a straight-line basis over the term of the lease.

The debt obligation under this agreement is secured by a second leasehold mortgage in favour of the City on the Association’s leasehold interest in the Church St. property.

6. Capital assets

Capital assets consist of the following:

	2021		
	Cost	**Accumulated amortization**	**Net book value**
	$	$	$
Tangible			
Land	**962,750**	**—**	**962,750**
Buildings funded by the City of Toronto	**7,095,803**	**6,319,884**	**775,919**
Other buildings	**72,104,612**	**15,441,298**	**56,663,314**
Building improvements	**8,132,124**	**2,277,817**	**5,854,307**
Furniture and equipment	**1,066,961**	**498,741**	**568,220**
Leasehold improvements	**157,430**	**112,846**	**44,584**
	89,519,680	**24,650,586**	**64,869,094**

Notes to financial statements

December 31, 2021

	2020		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	962,750	—	962,750
Buildings funded by the City of Toronto	7,095,803	6,014,324	1,081,479
Other buildings	72,104,610	13,998,516	58,106,094
Building improvements	6,467,551	2,597,508	3,870,043
Furniture and equipment	2,577,108	2,024,288	552,820
Leasehold improvements	222,711	148,026	74,685
Intangible			
Software	64,139	62,463	1,676
	89,494,672	24,845,125	64,649,547

In 2021, fully amortized assets of $2,513,307 [2020 – $457,628] were written off and deducted from cost and accumulated amortization.

Included in building improvements is $2,716,696 [2020 – $397,265 and $148,850 in building improvements and furniture and equipment, respectively] related to capital assets not being amortized as they are not currently in use.

Other buildings include the Elm Centre and Bergamot Avenue Apartments, which are built on properties leased from the City for a period of 50 years until 2057 and 2056, respectively. The Association has agreed to surrender title to the buildings and all capital improvements on land leased from the City at the end of the lease terms.

7. Deferred contributions

Deferred contributions represent unspent resources externally restricted for program expenses in future years. Changes in the deferred contributions balance are as follows:

	2021 $	2020 $
Balance, beginning of year	**4,398,184**	3,655,684
Amounts received during the year	**1,354,330**	2,829,617
Fair value impact of City of Toronto loan terms *[notes 8[d] and 12]*	**9,250,108**	—
Imputed interest expense on below-market loans *[notes 8[d] and 12]*	**(35,620)**	—
Amounts recognized as revenue during the year	**(2,320,324)**	(2,087,117)
	12,646,678	4,398,184
Less current portion	**3,283,741**	4,398,184
	9,362,937	—

8. Long-term debt

[a] Long-term debt consists of the following:

	2021 $	2020 $
Mortgages funded under Section 78, City of Toronto		
Canada Mortgage and Housing Corporation, 2.61%, due December 1, 2023, repayable at $30,306 per month principal and interest, with a first charge on land and building at Pape Avenue, which have a net book value of $1,348,997	**708,030**	1,048,526
Peoples Trust Company, 2.15%, due February 1, 2026, repayable at $8,793 per month principal and interest, with a first charge on land and building at the Women's Shelter, which have a net book value of $323,671	**420,274**	514,526
	1,128,304	1,563,052
Less current portion	**446,912**	855,021
	681,392	708,031

Notes to financial statements

December 31, 2021

	2021 $	2020 $
Other		
First National Corporation, 5.33%, due January 1, 2028, repayable at $24,652 per month principal and interest, with a first charge on the Bergamot Avenue building, which has a net book value of $8,002,609	**3,760,325**	3,855,181
City of Toronto, related to Bergamot Avenue building project, principal of $1,250,000, non-interest bearing, repayable at $35,714 per year, due December 31, 2042 *[note 8[c]]*	**448,549**	459,758
Infrastructure Ontario debentures, with a first charge on the Elm Centre project, which has a net book value of $48,605,377, together with future rent payments		
– 4.68% issued on December 1, 2011 and due December 1, 2031, repayable at $80,943 per month principal and interest, monthly payments for principal and interest provided by the Province of Ontario Ministry of Municipal Affairs and Housing through the Affordable Housing Program *[note 12]*	**7,745,154**	8,338,843
– 4.96% issued on December 1, 2011 and due December 1, 2051, repayable at $47,955 per month principal and interest	**8,973,964**	9,100,880
– 4.96% issued on December 1, 2011 and due December 1, 2051, repayable at $47,955 per month principal and interest	**8,973,964**	9,100,880
– 4.00% issued on March 3, 2014 and due March 3, 2034, repayable at $31,875 per month principal and interest	**3,699,428**	3,928,941
City of Toronto, related to Elm Centre project, loan totalling $5,500,000 with principal outstanding of $5,500,000 [2020 – $5,500,000]; interest free until it is converted to a 25-year term loan on June 1, 2034 at an interest rate of 3.25% *[note 8[c]]*	**2,071,524**	1,995,582
City of Toronto, related to Elm Centre project, with principal outstanding of $2,000,000 [2020 – $2,000,000]; interest free until it is converted to a 25-year term loan on June 1, 2034 at an interest rate not to exceed 3.25% *[note 8[c]]*	**753,282**	725,666
City of Toronto, related to Elm Centre project, non-interest bearing, principal of $299,999 [2020 – $366,666], repayable at $66,667 per year starting July 1, 2011, due June 30, 2026 *[note 8[c]]*	**264,351**	315,796
VanCity Community Investment Bank, 4.75%, due January 19, 2041, repayable at $165,752 per month principal and interest *[note 5]*	**25,020,850**	—
City of Toronto, related to Church St. building, non-interest bearing with principal outstanding of $10,000,000 [2020 – nil] until January 19, 2041, when monthly payments of $27,778 commence until January 19, 2070 *[notes 5 and 8[c]]*	**785,512**	—
	62,496,903	37,821,527
Less current portion	**2,159,847**	1,274,270
	60,337,056	36,547,257
	61,018,448	37,255,288

[b] The principal portion of debt due in each of the next five years and thereafter is as follows:

	$
2022	2,606,758
2023	2,716,326
2024	2,462,709
2025	2,573,149
2026	2,566,452
Thereafter	64,926,594
	77,851,988

[c] Debt was recorded at fair market value at the date on which the funds were advanced or when there was a substantive change in the terms. The difference between the principal and the fair value, if any, is created because the loans bear interest at rates that are below market.

[d] Interest on long-term debt charged to building occupancy expense during the year amounted to $2,932,099 [2020 – $1,873,618]. Imputed interest expense on below-market loans of $178,904 [2020 – $142,421] was also included in building occupancy expense and an amount of $35,620 [2020 – nil] from deferred contributions *[note 7]* and $143,284 [2020 – $142,421] from deferred capital contributions *[note 10[a]]* was recorded as other government grants *[note 12]*.

Notes to financial statements

December 31, 2021

9. Capital replacement reserves

Capital replacement reserves consist of amounts for the repair and replacement of certain capital assets. The continuity of the reserves is as follows:

	2021	**2020**
	$	$
For housing funded under Section 78, City of Toronto		
Balance, beginning of year	**1,068,479**	1,059,678
Annual funding *[note 12]*	**63,469**	63,743
Investment income	**143,424**	75,430
Amount transferred to deferred capital contributions *[note 10]*	**(31,979)**	—
Amount used to fund unit repairs *[note 12]*	**—**	(130,372)
Balance, end of year	**1,243,393**	1,068,479
For Bergamot Avenue Apartments		
Balance, beginning of year	**452,358**	430,387
Required increase to reserve	**47,963**	50,830
Interest income	**657**	728
Amount transferred to deferred capital contributions *[note 10]*	**(19,531)**	(6,622)
Amount used to fund unit repairs *[note 14]*	**—**	(22,965)
Balance, end of year	**481,447**	452,358
For Elm Street Apartments		
Balance, beginning of year	**1,245,179**	1,096,110
Required increase to reserve	**193,979**	186,516
Interest income	**3,638**	8,614
Amount transferred to deferred capital contributions *[note 10]*	**—**	(46,061)
Balance, end of year	**1,442,796**	1,245,179
For Church Street Apartments		
Balance, beginning of year	**—**	—
Required increase to reserve	**142,048**	—
Interest income	**114**	—
Amount transferred to deferred capital contributions *[note 10]*	**—**	—
Balance, end of year	**142,162**	—
	3,309,798	2,766,016

10. Deferred capital contributions

[a] Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. The amortization of deferred capital contributions is included in government revenue *[note 12]*, fundraising revenue *[note 13]* and fees and rent revenue *[note 14]* in the statement of operations.

	2021 $	2020 $
Balance, beginning of year	**24,253,254**	24,593,274
Contributions restricted for purchase of capital assets *[notes 9, 12 and 13]*	**1,777,089**	1,402,693
Imputed interest expense on below-market loans *[notes 8[d] and 12]*	**(143,284)**	(142,421)
Amortization related to capital assets purchased with deferred capital contributions *[notes 12, 13 and 14]*	**(1,591,350)**	(1,600,292)
Balance, end of year	**24,295,709**	24,253,254

[b] The Association received funding from the Government of Ontario to assist with the funding of the Bergamot Avenue Apartments. This funding was provided in the form of a loan with a 25-year term that began once the last advance was made. Principal and interest payments are forgivable provided the Association complies with the terms of the agreement, which include its ongoing operation in accordance with the program requirements. The total amount received of $1,972,000 has been recorded as deferred capital contributions. It has not been recorded as a loan since the Association intends to meet these terms and, therefore, does not expect to have to repay these amounts.

[c] As at December 31, 2021, the Association had received cumulative grants of $2,388,084 from the City to fund the Bergamot Avenue Apartments. These contributions have been recorded as deferred capital contributions. All or a portion of the grants are potentially repayable if certain conditions are not met related to the operation of the program. Since the Association believes it will meet all conditions related to the operation of the program, no amount has been recorded as repayable grants.

[d] Substantially all of the assets of the Association, excluding real estate and the leased asset, have been pledged as collateral in connection with the forgivable loan *[note 10[b]]* and the repayable grants *[note 10[c]]* for the Bergamot Avenue Apartments.

[e] As at December 31, 2021, the Association had received cumulative grants of $3,054,116 to fund the Elm Centre project. All or a portion of the grants are potentially repayable if certain conditions are not met related to the operation of the program. Since the Association believes it will meet all conditions related to the operation of the program, no amount has been recorded as repayable grants.

11. Internally restricted net assets

Internally restricted net assets include amounts set aside for various purposes. Annually, the Board of Directors determines the amount, if any, to be transferred between unrestricted and internally restricted net assets.

Notes to financial statements

December 31, 2021

12. Government revenue

Government revenue includes amounts from the following sources:

	2021	2020
	$	$
Ministry of Community and Social Services, TPAR		
Annual subsidy, January 1–March 31	**940,094**	850,114
Annual subsidy, April 1–December 31	**2,301,225**	2,215,801
Other, January 1–March 31	**74,626**	47,513
Other, April 1–December 31	**62,289**	154,652
	3,378,234	3,268,080
Ministry of Community and Social Services, OWI		
MOTS-Moving On To Success January 1–March 31	**160,776**	129,074
MOTS-Moving On To Success April 1–December 31	**220,867**	205,522
	381,643	334,596
IT-Mobile App Development January 1–March 31	**105,101**	55,333
IT-Mobile App Development April 1–December 31	**175,589**	183,972
	280,690	239,305
Ministry of Advanced Education and Skills Development	**3,993,220**	3,541,278
City of Toronto		
Social Housing Unit, Section 78	**1,306,787**	1,270,952
Social Housing Unit, Rent Supplement – Woodlawn	**341,113**	258,838
Social Housing Unit, Rent Supplement – Bergamot	**714,307**	688,397
Social Housing Unit, Rent Supplement – Elm	**579,936**	570,724
Social Housing Unit, Rent Supplement – Church St.	**1,252,753**	—
Social Housing Unit, capital replacement reserves transfer *[note 9]*	**(63,469)**	(63,743)
Housing Access and Support Services – Church St.	**1,063,657**	24,009
Housing Help	**223,491**	216,055
Supports to Daily Living	**576,737**	428,509
Unit repairs funded by the capital replacement reserves *[note 9]*	**—**	130,372
Hostel Services	**4,415,016**	4,111,693
Ontario Priorities Housing Initiative [OPH]	**175,010**	—
Children's Services Fee Subsidy	**553,761**	476,955
Children's Service one-time stability grant	**48,546**	48,360
Children's Services general operating funding	**275,329**	275,329
Children's Services safe restart funding	**307,651**	90,740
Children's Services COVID-19 funding	**—**	184,738
Other	**34,658**	143,188
	11,805,283	8,855,116
	19,839,070	16,238,375

	2021	**2020**
	$	$
Ministry of Health and Long-Term Care		
CMHA, January 1–March 31	**322,690**	267,612
CMHA, April 1–December 31	**760,770**	809,173
Rent Supplement, January 1–March 31	**275,856**	275,857
Rent Supplement, April 1–December 31	**885,639**	827,589
	2,244,955	2,180,231
Federal Government Canada Emergency Wage Subsidy *[note 20]*	**1,272,200**	3,098,213
Federal Government Temporary Wage Subsidy	**—**	25,000
Temporary Pandemic Pay of Ontario, MCSS funded programs	**—**	48,852
Temporary Pandemic Pay of Ontario, MOH funded programs	**—**	18,630
Temporary Pandemic Pay of Ontario, City of Toronto funded programs	**6,420**	186,923
Ministry of Municipal Affairs and Housing, Elm Centre *[note 8[a]]*	**375,315**	402,514
Ministry of Municipal Affairs and Housing, Homes For Good, Church St. *[notes 5[c] and 8[a]]*	**1,115,451**	—
Other government grants	**3,151,100**	2,555,790
Amortization of deferred capital contributions *[note 10[a]]*	**946,822**	932,879
Imputed interest income on below-market loans *[notes 7, 8[d] and 10[a]]*	**178,904**	142,421
	7,046,212	7,411,222
	29,130,237	25,829,828

Notes to financial statements

December 31, 2021

13. Fundraising revenue

Fundraising revenue consists of the following:

	2021	2020
	$	$
Amounts received during the year		
Contributions restricted for December 6 Fund	**148,082**	145,760
Other contributions	**2,525,747**	2,976,822
Women of Distinction	**519,602**	288,720
	3,193,431	3,411,302
Net amount transferred to deferred contributions related to December 6 Fund *[note 7]*	**(104,671)**	(113,948)
Net transfer from deferred contributions related to other contributions *[note 7]*	**282,456**	70,392
Amount received restricted for the purchase of capital assets transferred to deferred capital contributions *[note 10[a]]*	**(448,915)**	(633,557)
Amortization of deferred capital contributions *[note 10[a]]*	**616,744**	644,464
	3,539,045	3,378,653

In addition to contributions received for the December 6 Fund in 2021, the Association transferred $44,250 [2020 – $44,250] to the December 6 Fund. Other contributions include membership fees, general donations and capital campaign contributions. The Women of Distinction event was held virtually in 2021.

Notes to financial statements

December 31, 2021

14. Fees and rent revenue

Fees and rent revenue comprise amounts from the following sources:

	2021 $	2020 $
Individual tenant rent		
Ministry of Health and Long-Term Care		
Rent Supplement – Elm Supportive	**500,302**	530,239
City of Toronto		
Rent Supplement – Bergamot	**351,189**	375,761
Rent Supplement – Elm	**154,764**	168,480
Rent Supplement – Woodlawn	**93,187**	102,362
Rent – Elm Affordable	**2,129,826**	2,238,485
Rent – Woodlawn [non-supplement]	**189,494**	218,014
Rent – Pape	**340,612**	371,444
Rent – Church St.	**198,479**	—
Total individual tenant rent	**3,957,853**	4,004,785
Camp fees	**32,414**	14,620
Commercial rent	**197,978**	196,957
Employment training program fees	**18,523**	41,270
Daycare parent fees	**47,780**	20,938
Sale of products	**42,276**	45,832
Other institutions	**7,519**	2,265
Amortization of deferred capital contributions related to capital assets funded by the capital replacement reserves *[note 10[a]]*	**27,784**	22,949
Unit repairs funded by the capital replacement reserves *[note 9]*	**—**	22,965
Total fees and revenue	**4,332,127**	4,372,581

Notes to financial statements

December 31, 2021

15. Statement of cash flows

[a] The net change in non-cash working capital balances related to operations consists of the following:

	2021	**2020**
	$	$
Decrease (increase) in accounts receivable	**977,059**	(1,184,334)
Increase in prepaid expenses and other assets	**(87,314)**	(58,325)
Increase in accounts payable and accrued liabilities	**241,759**	651,891
Increase (decrease) in deferred contributions	**(965,994)**	742,500
	165,510	151,732

[b] Included in accounts payable and accrued liabilities is an amount of $130,993 for the purchase of capital assets. In 2020, $13,948 was in accounts receivable related to contributions received for the purchase of capital assets.

[c] Repayment of long-term debt, deferred contributions and contributions restricted for purchase of capital assets do not include transactions related to imputed interest on long-term debt of $178,904 [2020 – $142,421].

16. Commitments

The Association is committed to the following future minimum annual lease payments:

	$
2022	1,451,528
2023	1,489,618
2024	390,757
2025	21,296
2026	3,849
	3,357,048

In addition to minimum rental payments, leases for offices generally require the payment of various operating costs.

17. Credit facilities

As at December 31, 2021, the Association had an available line of credit of $2,500,000 bearing interest at the bank's prime rate prime plus 1.25%, or 3.70% [2020 – 1.25%, or 3.70%], letters of credit/guarantee to a maximum of $240,000 for performance guarantees and a credit card facility of $100,000 for the purchase and payment of goods and services. These on demand credit facilities are secured by a general security agreement covering all assets, other than real property, of the Association and a negative pledge not to encumber its Woodlawn Avenue property. As at December 31, 2021 and 2020, no amounts have been drawn on the line of credit.

18. Contingencies

In the normal course of operations, the Association is subject to claims or potential claims. Management records its best estimate of the potential liability related to these claims where potential liability is likely and able to be estimated. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims would be recorded in the year during which the amount of the liability is able to be estimated or adjustments to the amounts recorded are determined to be required.

19. Financial instruments and risk management

The Association is exposed to various financial risks through transactions in financial instruments. Most of these risks are related to investments. To manage the risks related to investments, the Association has determined an investment strategy and asset mix that reflects a total investment return consistent with risk tolerance and liquidity needs of the Association. An investment policy was established to monitor and limit risks across asset classes, as well as the total portfolio. Risk is mitigated through proper portfolio structure and systematic portfolio review. If the measured risk of the portfolio exceeds the limits set by the policy, actions will be taken to reduce the portfolio's risk.

Foreign currency risk

The Association is exposed to foreign currency risk with respect to its investments denominated in foreign currencies, including the underlying investments of its pooled funds denominated in foreign currencies, because of fluctuations in the relative value of foreign currencies against the Canadian dollar. The Association mitigates its foreign currency risk exposure by limiting the extent of foreign currency exposure for global equities. On a quarterly basis, the risk of the portfolio is reviewed. The Association may hedge for foreign exchange exposure.

Credit risk

The Association is exposed to credit risk in connection with its accounts receivable and its fixed income investments because of the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation. To manage this credit risk exposure, the Association only invests in high quality securities. Fixed limits are established for individual counterparties and these are monitored regularly. A diversified portfolio of quality exchange-traded securities including common stocks, bonds and, as required, other income-generating securities such as preferred shares, with no single issuer [other than government securities or Pooled Funds] formed more than 10% of the combined assets of the portfolio.

Interest rate risk

The Association is exposed to interest rate risk with respect to its fixed rate debt and its investments in fixed income securities and a pooled fund that holds fixed income securities, the fair value of which will fluctuate due to changes in market interest rates. In addition, the Association is exposed to interest rate risk with respect to its line of credit because cash flows will fluctuate as the interest rate is linked to the bank's prime rate, which changes from time to time. The Association's portfolio managers limit the duration of the fixed income holdings in their portfolios in order to accommodate possible changes in interest rates.

Notes to financial statements

December 31, 2021

Liquidity risk

The Association is exposed to the risk that it will encounter difficulty in meeting obligations in connection with its financial liabilities. The Association’s investments are traded in active markets that can be readily liquidated and therefore, the Association’s liquidity risk is considered minimal. In addition, the Association aims to retain a sufficient cash position to manage requirements.

Other price risk

The Association is exposed to other price risk through changes in market prices [other than changes arising from interest rate or currency risks] in connection with its investments in equity securities and pooled funds. The Association manages this risk by monitoring against its benchmark asset mix, which reflects the Association’s risk appetite.

20. COVID-19

In March 2020, the outbreak of the novel coronavirus [“COVID-19”] was declared a pandemic by the World Health Organization and resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures caused material disruption to business globally, resulting in an economic slowdown. Global equity markets experienced significant volatility and weakness and governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The effects of these measures on the Association’s business and financial and operational performance continued in 2021.

The Association continued to receive assistance from the Government of Canada through the Canada Emergency Wage Subsidy [“CEWS”] program, which provides a subsidy for a portion of employee wages. For the year ended December 31, 2021, the Association recorded $1,272,200 [2020 – $3,098,213] in government revenue related to this subsidy, of which $23,438 [2020 – $1,478,830] is included in accounts receivable.