Young Women's Christian Association of Greater Toronto

Financial statements

December 31, 2018

EY

Building a better working world

Independent auditor's report

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

Report on the financial statements

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, 2018 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, 2018 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 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 generally accepted 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.

Report on other legal and regulatory requirements

As required by the *Corporations Act* (Ontario), we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 19, 2019

Young Women's Christian Association of Greater Toronto

Statement of financial position

As at December 31

	2018	2017
	$	$
Assets		
Current		
Cash and cash equivalents	**291,425**	993,643
Accounts receivable *[note 3]*	**1,835,063**	1,224,415
Prepaid expenses and other assets	**370,755**	466,326
Total current assets	**2,497,243**	2,684,384
Investments, fair value *[note 4]*	**9,033,453**	5,980,353
Capital assets, net *[notes 5[a], 7 and 9[d]]*	**68,540,130**	69,991,558
Assets held for sale *[note 5[b]]*	**—**	3,449,791
	80,070,826	82,106,086
Liabilities and net assets		
Current		
Bank indebtedness *[note 16]*	**568,029**	—
Accounts payable and accrued liabilities	**2,436,085**	2,465,325
Deferred contributions *[note 6]*	**2,503,339**	3,003,920
Current portion of long-term debt *[note 7]*	**1,577,857**	1,507,817
Total current liabilities	**7,085,310**	6,977,062
Long-term debt *[note 7]*	**40,741,182**	42,178,339
Capital replacement reserves *[note 8]*	**2,295,576**	2,285,173
Deferred capital contributions *[note 9[a]]*	**25,497,329**	26,214,615
Total liabilities	**75,619,397**	77,655,189
Commitments *[note 15]*		
Net assets		
Unrestricted	**—**	—
Internally restricted *[note 10]*	**4,451,429**	4,450,897
Total net assets	**4,451,429**	4,450,897
	80,070,826	82,106,086

See accompanying notes

On behalf of the Board:

B. Triantafyllou — Director

Director

Young Women’s Christian Association of Greater Toronto

Statement of operations

Year ended December 31

	2018	2017
	$	$
Revenue		
Government *[note 11]*	**21,563,933**	20,139,399
Fees and rent *[note 13]*	**5,516,197**	5,339,501
Fundraising *[note 12]*	**3,166,775**	2,818,767
United Way of Greater Toronto	**1,446,800**	1,456,608
Investment income (loss)	**(112,766)**	409,971
Miscellaneous	**379,676**	383,552
	31,960,615	30,547,798
Expenses		
Salaries and employee benefits	**16,712,751**	16,007,643
Building occupancy *[note 7[d]]*	**9,298,772**	8,686,088
Other program costs	**4,904,604**	4,498,610
General and administration	**1,213,928**	1,194,645
Allocation to YWCA Canada	**125,098**	135,713
	32,255,153	30,522,699
Excess (deficiency) of revenue over expenses for the year before before the following	**(294,538)**	25,099
Gain on sale of capital asset *[note 5[a]]*	**214,670**	—
Excess (deficiency) of revenue over expenses for the year	**(79,868)**	25,099

See accompanying notes

Young Women's Christian Association of Greater Toronto

Statement of changes in net assets

Year ended December 31

	Unrestricted	Internally restricted	Total
	$	$	$
2018			
Net assets, beginning of year	**—**	**4,450,897**	**4,450,897**
Deficiency of revenue over expenses for the year	**(79,868)**	**—**	**(79,868)**
Contributions related to land	**80,400**	**—**	**80,400**
Transfer to internally restricted net assets *[note 10]*	**(532)**	**532**	**—**
Net assets, end of year	**—**	**4,451,429**	**4,451,429**
2017			
Net assets, beginning of year	—	4,334,115	4,334,115
Excess of revenue over expenses for the year	25,099	—	25,099
Contributions related to land	91,683	—	91,683
Transfer to internally restricted net assets *[note 10]*	(116,782)	116,782	—
Net assets, end of year	—	4,450,897	4,450,897

See accompanying notes

Young Women's Christian Association of Greater Toronto

Statement of cash flows

Year ended December 31

	2018	2017
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**(79,868)**	25,099
Add (deduct) items not involving cash		
Amortization of capital assets	**2,458,836**	2,399,533
Amortization of deferred capital contributions	**(1,868,443)**	(1,738,329)
Gain on sale of capital assets	**(214,670)**	—
	295,855	686,303
Net change in non-cash working capital balances related to operations *[note 14]*	**(1,036,677)**	1,225,906
Cash provided by (used in) operating activities	**(740,822)**	1,912,209
Investing activities		
Purchase of capital assets	**(1,015,629)**	(1,167,888)
Proceeds on sale of capital assets	**3,664,461**	—
Net decrease (increase) in long-term investments	**(3,053,100)**	388,248
Cash used in investing activities	**(404,268)**	(779,640)
Financing activities		
Net increase (decrease) in bank indebtedness	**568,029**	(587,667)
Repayment of long-term debt *[note 14[c]]*	**(1,507,820)**	(1,444,486)
Contributions restricted for purchase of capital assets *[note 14[c]]*	**1,291,860**	1,382,783
Contributions related to land	**80,400**	91,683
Net increase in capital replacement reserves	**10,403**	331,647
Cash provided by (used in) financing activities	**442,872**	(226,040)
Net (decrease) increase in cash and cash equivalents during the year	**(702,218)**	906,529
Cash and cash equivalents, beginning of year	**993,643**	87,114
Cash and cash equivalents, end of year	**291,425**	993,643

See accompanying notes

Notes to financial statements

December 31, 2018

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 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.

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

Notes to financial statements

December 31, 2018

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.

Assets held for sale

Long-lived assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. A long-lived asset is classified as held for sale at the point in time when it is available for immediate sale, management has committed to a plan to sell and is actively locating a purchaser at a sales price that is reasonable in relation to its current estimated fair value, and the sale is expected to be completed within a one-year period. Long-lived assets held for sale are carried at the lower of their carrying amounts and estimated fair value less costs to sell. Assets classified as held for sale are not amortized.

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.

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 historic rate. Exchange gains or losses are included in income.

Notes to financial statements

December 31, 2018

3. Accounts receivable

Accounts receivable consist of the following:

	2018 $	2017 $
City of Toronto	**447,389**	94,314
Province of Ontario	**242,136**	200,438
Government of Canada	**300,564**	441,722
Other	**844,974**	487,941
	1,835,063	1,224,415

4. Investments

Investments have an asset mix as follows:

	2018 $	2017 $
Cash and cash equivalents	**1,605,561**	1,273,423
Fixed income securities	**2,860,569**	1,811,256
Canadian equities	**2,276,867**	1,462,813
U.S. and other foreign equities	**2,290,456**	1,432,861
	9,033,453	5,980,353

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 1.35% and 1.60% [2017 – 0.69% and 1.0%].

Investments include $2,295,576 [2017 – $2,285,173] restricted for the capital replacement reserves *[note 8]*.

Notes to financial statements

December 31, 2018

5. Capital assets

[a] Capital assets

	2018		
	Cost	**Accumulated amortization**	**Net book value**
	$	$	$
Tangible			
Land	**962,750**	**—**	**962,750**
Buildings funded by the City of Toronto	**7,095,803**	**5,403,204**	**1,692,599**
Other buildings	**72,104,610**	**11,112,953**	**60,991,657**
Building improvements	**5,966,570**	**1,950,302**	**4,016,268**
Furniture and equipment	**2,718,992**	**1,999,199**	**719,793**
Leasehold improvements	**196,297**	**74,651**	**121,646**
Intangible			
Software	**64,139**	**28,722**	**35,417**
	89,109,161	**20,569,031**	**68,540,130**

	2017		
	Cost	**Accumulated amortization**	**Net book value**
	$	$	$
Tangible			
Land	962,750	—	962,750
Buildings funded by the City of Toronto	7,095,803	5,097,644	1,998,159
Other buildings	72,104,610	9,670,172	62,434,438
Building improvements	5,126,991	1,698,342	3,428,649
Furniture and equipment	2,672,936	1,709,390	963,546
Leasehold improvements	196,297	37,360	158,937
Intangible			
Software	54,095	9,016	45,079
	88,213,482	18,221,924	69,991,558

In December 2015, the Association purchased Jonesville Crescent for future development. On September 19, 2017, the Board of Directors decided to sell the Jonesville Crescent property. As a result, the related net book value of the land and other buildings totalling $3,449,791 were reclassified as held for sale at that date *[note 5[b]]*. No amortization was recorded on these assets in 2018 or 2017. On September 18, 2018, the property was sold for $3,900,000, resulting in a gain of $214,670.

Included in building improvements is an amount of $1,053,669 [2017 – $905,458] related to other capital assets not being amortized as they are not currently in use.

In 2018, fully amortized assets of $111,729 [2017 – $2,295,350] were written off and deducted from cost and accumulated amortization.

Other buildings include the Elm Centre and Bergamot Avenue Apartments, which are built on properties leased from the City of Toronto 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 of Toronto at the end of the lease terms.

[b] Assets held for sale

On September 19, 2017, the Board of Directors made the decision to sell Jonesville Crescent. Consequently, land and other buildings related to Jonesville Crescent were classified as assets held for sale at that date. These assets were subsequently sold on September 18, 2018 *[note 5[a]].*

Assets held for sale consist of the following:

	2018 $	**2017** $
Land	—	3,065,633
Other buildings	—	384,158
	—	3,449,791

6. Deferred contributions

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

	2018 $	**2017** $
Balance, beginning of year	**3,003,920**	2,442,521
Amounts received during the year	**887,627**	1,420,874
Amounts recognized as revenue during the year	**(1,388,208)**	(859,475)
Balance, end of year	**2,503,339**	3,003,920

Notes to financial statements

December 31, 2018

7. Long-term debt

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

	2018 $	2017 $
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 $2,037,491	**1,703,566**	2,008,598
Royal Bank of Canada, 4.088%, due March 1, 2021, repayable at $9,212 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 $551,857	**686,544**	767,472
	2,390,110	2,776,070
Less current portion	**407,550**	385,960
	1,982,560	2,390,110

Notes to financial statements

December 31, 2018

	2018 $	2017 $
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 $8,675,212	**4,030,556**	4,111,563
City of Toronto, related to Bergamot Avenue Apartments project, principal of $1,250,000, non-interest bearing, repayable at $35,714 per year, due December 31, 2042 *[note 7[c]]*	**480,504**	490,096
Infrastructure Ontario debentures, with a first charge on the Elm Centre project, which has a net book value of $52,250,781, 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 Province of Ontario Ministry of Municipal Affairs and Housing through the Affordable Housing Program *[note 11[a]]*	**9,446,177**	9,962,240
- 4.96% issued on December 1, 2011 and due December 1,2051, repayable at $47,955 per month principal and interest	**9,336,621**	9,446,024
- 4.96% issued on December 1, 2011 and due December 1,2051, repayable at $47,955 per month principal and interest	**9,336,621**	9,446,024
- 4.00% issued on March 3, 2014 and due March 3, 2034, repayable at $31,875 per month principal and interest	**4,361,367**	4,564,968
City of Toronto, related to Elm Centre project, loan totalling $5,500,000 with principal outstanding of $5,500,000 [2017 – $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 7[c]]*	**1,851,947**	1,784,054
City of Toronto, related to Elm Centre project, with principal outstanding of $2,000,000 [2017 – $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 7[c]]*	**673,435**	648,747
City of Toronto, related to Elm Centre project, non-interest bearing, principal of $500,000 [2017 – $566,667], repayable at $66,667 per year starting July 1, 2011, due April 1, 2026 *[note 7[c]]*	**411,701**	456,370
	39,928,929	40,910,086
Less current portion	**1,170,307**	1,121,857
	38,758,622	39,788,229
	40,741,182	42,178,339

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

	$
2019	1,577,858
2020	1,640,581
2021	1,706,140
2022	1,774,594
2023	1,846,096
Thereafter	39,216,300
	47,761,569

[c] Debt was recorded at fair market value at the date on which the funds were advanced or 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.

The City of Toronto loans for $5,500,000 and $2,000,000 related to the Elm Centre project were initially issued as interest free for five years after completion of the building, to be converted to 25-year term loans on January 1, 2017. On January 31, 2018, the Association received notice that Toronto City Council approved the deferral of these two loans to June 1, 2034, at which time both loans will be converted to a 25-year term loan at an interest rate not to exceed 3.25%. This created a change in future interest expense that was recorded in 2017 as a reduction in long-term debt and an increase in deferred capital contributions of $3,288,246 *[note 9[a]]*.

[d] Interest on long-term debt charged to building occupancy expense during the year amounted to $2,012,973 [2017 – $1,934,397]. Imputed interest expense on below market loans of $140,703 [2017 – $139,692] was also included in building occupancy expense and an equal amount of deferred capital contributions *[note 9[a]]* was recorded as other government grants *[note 11]*.

Notes to financial statements

December 31, 2018

8. 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:

	2018 $	2017 $
For housing funded under Section 78, City of Toronto		
Balance, beginning of year	**1,170,360**	1,066,659
Annual funding *[note 11]*	**60,885**	60,056
City Reconciliation from 2017 Annual Income Report	**(1,773)**	—
Investment income (loss)	**(44,598)**	93,612
Amount transferred to deferred capital contributions used to fund capital improvements *[note 9]*	**(131,554)**	—
Amount used to fund unit repairs *[note 11]*	**(74,632)**	(49,967)
Balance, end of year	**978,688**	1,170,360
For Bergamot Avenue Apartments		
Balance, beginning of year	**351,058**	300,389
Required increase to reserve	**51,838**	50,669
Amount transferred to deferred capital contributions *[note 9]*	**(13,165)**	—
Balance, end of year	**389,731**	351,058
For Elm Street Apartments		
Balance, beginning of year	**763,755**	586,478
Required increase to reserve	**185,904**	185,904
Investment income	**11,965**	6,530
Amount transferred to deferred capital contributions *[note 9]*	**(34,467)**	—
Amount used to fund unit repairs *[note 13]*	**—**	(15,157)
Balance, end of year	**927,157**	763,755
	2,295,576	2,285,173

9. 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 11]*, fundraising revenue *[note 12]* and fees and rent revenue *[note 13]* in the statement of operations.

	2018 $	2017 $
Balance, beginning of year	**26,214,615**	23,421,607
Contributions restricted for purchase of capital assets *[notes 8 and 12]*	**1,291,860**	1,382,783
Increase as a result of change in City of Toronto loan terms *[note 7[c]]*	**—**	3,288,246
Imputed interest expense on below market loans *[notes 7[d] and 11]*	**(140,703)**	(139,692)
Amortization related to capital assets purchased with deferred capital contributions *[notes 11, 12 and 13]*	**(1,868,443)**	(1,738,329)
Balance, end of year	**25,497,329**	26,214,615

[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, 2018, the Association has recorded grants of $2,388,084 from the City of Toronto 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, have been pledged as collateral in connection with the forgivable loan *[note 9[b]]* and the repayable grants *[note 9[c]]* for the Bergamot Avenue Apartments.

[e] As at December 31, 2018, 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.

10. 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.

11. Government revenue

Government revenue includes amounts from the following sources:

	2018	2017
	$	$
Ministry of Community and Social Services, TPAR		
Annual Subsidy, January 1-March 31	**803,771**	770,846
Annual Subsidy, April 1-December 31	**2,408,936**	2,244,797
Other, January 1-March 31	**1,212**	—
	3,213,919	3,015,643
Ministry of Advanced Education and Skills Development	**4,488,949**	4,137,888
City of Toronto		
Social Housing Unit, Section 78	**1,262,492**	1,321,603
Social Housing Unit, Rent Supplement – Woodlawn	**261,330**	216,735
Social Housing Unit, Rent Supplement – Bergamot	**707,806**	728,595
Social Housing Unit, Rent Supplement – Elm	**538,062**	527,695
Social Housing Unit, Capital Replacement Reserve transfer *[note 8]*	**(60,885)**	(60,056)
Unit repairs funded by the capital replacement reserves [note 8]	**74,632**	49,967
Hostel Services	**1,486,211**	1,234,277
Children's Services	**1,108,509**	1,026,942
Children's Service one-time stability grant	**16,120**	—
Children's Services general operating grant	**275,329**	114,653
Other	**890,715**	950,896
	6,560,321	6,111,307
Ministry of Health and Long-Term Care		
CMHA, January 1-March 31	**264,584**	240,864
CMHA, April 1-December 31	**802,879**	789,544
Rent Supplement, January 1-March 31	**287,707**	271,374
Rent Supplement, April 1-December 31	**825,377**	809,404
	2,180,547	2,111,186
Ministry of Municipal Affairs and Housing *[note 7[a]]*	**453,244**	476,889
Other government grants	**3,520,187**	3,269,269
Amortization of deferred capital contributions *[note 9[a]]*	**1,006,063**	877,525
Imputed interest income on below market loans *[notes 7[d] and 9[a]]*	**140,703**	139,692
	21,563,933	20,139,399

Notes to financial statements

December 31, 2018

12. Fundraising revenue

Fundraising revenue consists of the following:

	2018	**2017**
	$	$
Amounts received during the year		
Contributions restricted for December 6 Fund	**180,376**	212,364
Other contributions	**1,779,854**	1,233,481
Women of Distinction	**704,353**	670,626
	2,664,583	2,116,471
Net amount transferred to deferred contributions related to December 6 Fund *[note 6]*	**(137,690)**	(133,711)
Net transfer from deferred contributions related to other contributions *[note 6]*	**183,053**	49,734
Amount received restricted for the purchase of capital assets transferred to deferred capital contributions *[note 9[a]]*	**(382,951)**	(53,081)
Amortization of deferred capital contributions *[note 9[a]]*	**839,780**	839,354
	3,166,775	2,818,767

In addition to contributions received for the December 6 Fund in 2018, the Association transferred $44,250 [2017 – $44,250] to the Fund. Other contributions include membership fees, general donations and capital campaign contributions. Women of Distinction revenue includes ticket sales, sponsorships and donations in connection with the annual dinner and awards presentation.

13. Fees and rent revenue

Fees and rent revenue comprises amounts from the following sources:

	2018 $	2017 $
Individual tenant rent		
Ministry of Health and Long–Term Care		
Rent Supplement – Elm Supportive	**490,273**	470,127
City of Toronto		
Rent Supplement – Bergamot	**311,047**	278,241
Rent Supplement – Elm	**173,883**	153,506
Rent Supplement – Woodlawn	**85,590**	99,389
Rent – Elm Affordable	**2,192,012**	2,161,904
Rent – Woodlawn [non-supplement]	**207,739**	202,656
Rent – Pape	**357,266**	307,751
Total individual tenant rent	**3,817,810**	3,673,574
Camp fees	**702,131**	708,475
Commercial rent	**501,237**	455,597
Employment training program fees	**295,400**	285,162
Daycare parent fees	**103,423**	113,034
Sale of products	**55,811**	55,697
Other institutions	**4,620**	11,355
Amortization of deferred capital contributions related to capital assets funded by the capital replacement reserves *[note 9[a]]*	**22,600**	21,450
Unit repairs funded by the capital replacement reserves *[note 8]*	**13,165**	15,157
Total fees and rent	**5,516,197**	5,339,501

Notes to financial statements

December 31, 2018

14. Statement of cash flows

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

	2018	2017
	$	$
Decrease (increase) in accounts receivable	**(610,648)**	491,573
Decrease (increase) in prepaid expenses and other assets	**95,571**	(31,440)
Increase (decrease) in accounts payable and accrued liabilities	**(21,019)**	204,374
Increase (decrease) in deferred contributions	**(500,581)**	561,399
	(1,036,677)	1,225,906

[b] The change in accounts payable and accrued liabilities includes an amount of $29,612 [2017 – $37,833] related to the purchase of capital assets.

[c] Repayment of long-term debt and contributions restricted for purchase of capital assets do not include transactions related to imputed interest on long-term debt of $140,703 [2017 – $3,148,554].

15. Commitments

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

	$
2019	578,268
2020	171,466
2021	34,916
	784,650

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

16. Credit facilities

As at December 31, 2018, 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 5.20% [2017 – 1.25% or 4.45%], 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 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, 2018, $568,029 [2017 – nil] has been drawn on the line of credit.

17. Financial instruments

The Association is exposed to various financial risks through transactions in financial instruments.

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.

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.

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.

Liquidity risk

The Association is exposed to the risk that it will encounter difficulty in meeting obligations in connection with its financial liabilities.

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.

18. Comparative financial statements

Comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2018 financial statements.