Young Women's Christian Association of Greater Toronto

Financial statements

December 31, 2022

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, 2022, 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, 2022, 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
March 21, 2023

Young Women's Christian Association of Greater Toronto

Statement of financial position

As at December 31

	2022	2021
	$	$
Assets		
Current		
Cash and cash equivalents	**2,128,416**	735,929
Accounts receivable *[notes 3 and 19]*	**1,936,026**	1,799,185
Prepaid expenses and other assets	**232,079**	564,627
Total current assets	**4,296,521**	3,099,741
Investments, at fair value *[note 4]*	**11,156,976**	11,799,970
Leased asset *[note 5]*	**34,065,497**	34,300,000
Capital assets, net *[notes 6, 8 and 10[d]]*	**63,286,439**	64,869,094
	112,805,433	114,068,805
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	**4,323,587**	3,259,775
Deferred contributions *[note 7]*	**3,889,380**	3,283,741
Current portion of long-term debt *[note 8]*	**2,840,543**	2,606,759
Total current liabilities	**11,053,510**	9,150,275
Deferred contributions *[note 7]*	**8,262,268**	9,362,937
Capital replacement reserves *[note 9]*	**3,012,935**	3,309,798
Deferred capital contributions *[note 10[a]]*	**24,088,658**	24,295,709
Long-term debt *[note 8]*	**60,090,451**	61,018,448
Total liabilities	**106,507,822**	107,137,167
Commitments and contingencies *[notes 16 and 18]*		
Net assets		
Unrestricted	**—**	—
Internally restricted *[note 11]*	**6,297,611**	6,931,638
Total net assets	**6,297,611**	6,931,638
	112,805,433	114,068,805

See accompanying notes

On behalf of the Board:

Director

Kelly Goldthorpe
President

Director

Lee-Anne Kovacs
Treasurer

Young Women's Christian Association of Greater Toronto

Statement of operations

Year ended December 31

	2022	2021
	$	$
Revenue		
Government *[note 12]*	**30,302,771**	29,130,237
Fees and rent *[note 14]*	**6,358,448**	4,332,127
Fundraising *[note 13]*	**5,065,588**	3,539,045
United Way of Greater Toronto	**1,278,078**	1,313,576
Investment income (loss)	**(609,456)**	928,450
Miscellaneous	**852,380**	403,996
	43,247,809	39,647,431
Expenses		
Salaries and employee benefits	**22,772,719**	21,884,988
Building occupancy *[note 8[d]]*	**13,803,223**	11,555,957
Other program costs	**5,699,215**	4,614,819
General and administration	**1,603,387**	1,381,931
Allocation to YWCA Canada	**144,643**	145,068
	44,023,187	39,582,763
Excess (deficiency) of revenue over expenses for the year	**(775,378)**	64,668

See accompanying notes

Young Women’s Christian Association of Greater Toronto

Statement of changes in net assets

Year ended December 31

	2022		
	Unrestricted	Internally restricted	Total
	$	$	$
Net assets, beginning of year	**—**	**6,931,638**	**6,931,638**
Deficiency of revenue over expenses for the year	**(775,378)**	**—**	**(775,378)**
Contributions related to land	**141,351**	**—**	**141,351**
Transfer from internally restricted net assets *[note 11]*	**634,027**	**(634,027)**	**—**
Net assets, end of year	**—**	**6,297,611**	**6,297,611**

	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

See accompanying notes

Young Women's Christian Association of Greater Toronto

Statement of cash flows

Year ended December 31

	2022	2021
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**(775,378)**	64,668
Add (deduct) items not involving cash		
Reinvestment of investment income	**(252,241)**	(502,539)
Unrealized loss (gain) on investments	**1,016,764**	(567,627)
Amortization of leased asset	**707,273**	700,000
Amortization of capital assets	**2,462,751**	2,318,768
Amortization of long-term deferred lease	**(1,100,669)**	—
Amortization of deferred capital contributions	**(1,718,059)**	(1,591,350)
	340,441	421,920
Net change in non-cash working capital balances related to operations *[note 15[a]]*	**2,746,603**	165,510
Cash provided by operating activities	**3,087,044**	587,430
Investing activities		
Leased asset	**(472,770)**	(25,000,000)
Purchase of capital assets	**(1,687,632)**	(2,669,308)
Investment purchases	**(121,529)**	(298,426)
Cash used in investing activities	**(2,281,931)**	(27,967,734)
Financing activities		
Increase (decrease) in long-term debt *[note 15[c]]*	**(912,270)**	23,311,832
Contributions restricted for purchase of capital assets *[note 15[c]]*	**1,655,156**	1,777,089
Contributions related to land	**141,351**	129,186
Net increase (decrease) in capital replacement reserves	**(296,863)**	543,782
Cash provided by financing activities	**587,374**	25,761,889
Net increase (decrease) in cash during the year	**1,392,487**	(1,618,415)
Cash and cash equivalents, beginning of year	**735,929**	2,354,344
Cash and cash equivalents, end of year	**2,128,416**	735,929

See accompanying notes

Notes to financial statements

December 31, 2022

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 reserves 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 hand 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 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, 2022

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:

	2022	**2021**
	$	$
City of Toronto	**1,162,470**	894,523
Province of Ontario	**154,789**	276,185
Government of Canada	**52,218**	66,754
Other	**566,549**	561,723
	1,936,026	1,799,185

4. Investments

Investments have an asset mix as follows:

	2022	**2021**
	$	$
Cash and cash equivalents	**2,345,642**	2,410,294
Fixed income securities	**3,368,609**	3,442,304
Canadian equities	**2,645,452**	2,992,772
U.S. and other foreign equities	**2,797,273**	2,954,600
	11,156,976	11,799,970

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 between 0.25% and 3.65% [2021 – 0.25% for both accounts].

Investments include $3,012,935 [2021 – $3,309,798] restricted for the capital replacement reserves *[note 9]*.

Notes to financial statements

December 31, 2022

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 had an original term of 20 years and interest is payable at 4.75% per annum. In March 2022, the term loan rate was reduced to 3.5% 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, 2022.

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 leased asset was increased by a corresponding amount of $10,000,000 and is being expensed on a straight-line basis over the term of the lease.

The debt obligation is non-interest bearing and was recorded at its fair value of $749,892 as at January 19, 2021 *[note 8[a]]*. The economic benefit of the interest-free component of the loan of $9,250,108 was recorded as a deferred contribution on that date and was recognized in revenue at an amount equal to the annual interest appreciation over the term of the debt obligation *[notes 7 and 12]*. As a result of the reduction in the interest rate on the term loan to 3.5% *[note 5[b]]*, the fair value of the debt obligation was revalued, and increased to $2,167,262 as at December 31, 2022 *[note 8[a]]*, with a corresponding decrease to the interest-free component recorded in deferred contributions *[note 7]*.

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:

	2022		
	Cost	**Accumulated amortization**	**Net book value**
	$	$	$
Tangible			
Land			
Buildings funded by the City of Toronto	**962,750**	—	**962,750**
Other buildings	**7,095,803**	**6,625,444**	**470,359**
Building improvements	**72,104,612**	**16,884,079**	**55,220,533**
Furniture and equipment	**8,499,779**	**2,570,616**	**5,929,163**
Leasehold improvements	**1,227,571**	**543,200**	**684,371**
Intangible			
Software	**157,430**	**138,167**	**19,263**
	90,047,945	**26,761,506**	**63,286,439**

	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

In 2022, fully amortized assets of $351,831 [2021 – $2,513,307] were written off and deducted from cost and accumulated amortization.

Included in building improvements is $124,266 [2021 – $2,716,696] 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:

	2022	2021
	$	$
Balance, beginning of year	**9,362,937**	4,398,184
Amounts received during the year	**5,476,249**	1,354,330
Fair value impact of City of Toronto loan terms *[notes 8[d] and 12]*	**(1,307,840)**	9,250,108
Imputed interest expense on below-market loans *[notes 8[d] and 12]*	**(73,908)**	(35,620)
Amounts recognized as revenue during the year	**(1,305,790)**	(2,320,324)
	12,151,648	12,646,678
Less current portion	**3,889,380**	3,283,741
Balance, end of year	**8,262,268**	9,362,937

8. Long-term debt

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

	2022 $	2021 $
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 $1,119,499	**358,596**	708,030
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 $247,609	**322,797**	420,274
	681,393	1,128,304
Less current portion	**458,180**	446,912
	223,213	681,392
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 $7,778,408	**3,660,348**	3,760,325
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]]*	**436,743**	448,549
Infrastructure Ontario debentures, with a first charge on the Elm Centre project, which has a net book value of $47,390,243, 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's Ministry of Municipal Affairs and Housing through the Affordable Housing Program *[note 12]*	**7,123,077**	7,745,154
– 4.96% issued on December 1, 2011 and due December 1, 2051, repayable at $47,955 per month principal and interest	**8,840,607**	8,973,964
– 4.96% issued on December 1, 2011 and due December 1, 2051, repayable at $47,955 per month principal and interest	**8,840,607**	8,973,964
– 4.00% issued on March 3, 2014 and due March 3, 2034, repayable at $31,875 per month principal and interest	**3,460,563**	3,699,428

	2022 $	2021 $
City of Toronto, related to Elm Centre project, loan totalling $5,500,000 with principal outstanding of $5,500,000 [2021 – $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]]*	**2,150,357**	2,071,524
City of Toronto, related to Elm Centre project, with principal outstanding of $2,000,000 [2021 – $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]]*	**781,948**	753,282
City of Toronto, related to Elm Centre project, non-interest bearing, principal of $233,333 [2021 – $299,999], repayable at $66,667 per year starting July 1, 2011, due June 30, 2026 *[note 8[c]]*	**210,426**	264,351
VanCity Community Investment Bank, 3.5% [2021 – 4.75%], due January 19, 2041, repayable at $152,687 per month principal and interest *[note 5[b]]*	**24,577,663**	25,020,850
City of Toronto, related to Church St. building, non-interest bearing with principal outstanding of $10,000,000 [2021 – $10,000,000] until January 19, 2041, when monthly payments of $27,778 commence until January 19, 2070 *[notes 5[d] and 8[c]]*	**2,167,262**	785,512
	62,249,601	62,496,903
Less current portion	**2,382,363**	2,159,847
	59,867,238	60,337,056
	60,090,451	61,018,448

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

	$
2023	2,840,543
2024	2,580,269
2025	2,683,151
2026	2,668,176
2027	2,726,683
Thereafter	62,133,056
	75,631,876

[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 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 $2,612,611 [2021 – $2,932,099]. Imputed interest expense on below-market loans of $218,057 [2021 – $178,904] was also included in building occupancy expense and an amount of $73,908 [2021 – $35,620] from deferred contributions *[note 7]* and $144,148 [2021 – $143,284] from deferred capital contributions *[note 10[a]]* was recorded as other government grants *[note 12]*.

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:

	2022	2021
	$	$
For housing funded under Section 78, City of Toronto		
Balance, beginning of year	**1,243,393**	1,068,479
Annual funding *[note 12]*	**65,824**	63,469
Investment income	**(155,689)**	143,424
Amount transferred to deferred capital contributions *[note 10]*	**(233,634)**	(31,979)
Amount used to fund unit repairs *[note 12]*	**(92,848)**	—
Balance, end of year	**827,046**	1,243,393
For Bergamot Avenue Apartments		
Balance, beginning of year	**481,447**	452,358
Required increase to reserve	**43,949**	47,963
Interest income	**740**	657
Amount transferred to deferred capital contributions *[note 10]*	**(37,702)**	(19,531)
Amount used to fund unit repairs *[note 12]*	**(78,637)**	—
Balance, end of year	**409,797**	481,447
For Elm Street Apartments		
Balance, beginning of year	**1,442,796**	1,245,179
Required increase to reserve	**193,652**	193,979
Interest income	**23,199**	3,638
Amount transferred to deferred capital contributions *[note 10]*	**(14,670)**	—
Amount used to fund unit repairs *[note 12]*	**(159,183)**	—
Balance, end of year	**1,485,794**	1,442,796
For Church Street Apartments		
Balance, beginning of year	**142,162**	—
Required increase to reserve	**184,395**	142,048
Interest income	**3,351**	114
Amount transferred to deferred capital contributions *[note 10]*	**(7,968)**	—
Amount used to fund unit repairs *[note 12]*	**(31,642)**	—
Balance, end of year	**290,298**	142,162
	3,012,935	3,309,798

Notes to financial statements

December 31, 2022

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.

	2022 $	2021 $
Balance, beginning of year	**24,295,709**	24,253,254
Contributions restricted for purchase of capital assets *[notes 9, 12 and 13]*	**1,655,156**	1,777,089
Imputed interest expense on below-market loans *[notes 8[d] and 12]*	**(144,148)**	(143,284)
Amortization related to capital assets purchased with deferred capital contributions *[notes 12, 13 and 14]*	**(1,718,059)**	(1,591,350)
Balance, end of year	**24,088,658**	24,295,709

[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, 2022, 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, 2022, 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, 2022

12. Government revenue

Government revenue includes amounts from the following sources:

	2022	2021
	$	$
Ministry of Community and Social Services, TPAR		
Annual subsidy, January 1–March 31	**926,820**	940,094
Annual subsidy, April 1–December 31	**2,336,682**	2,301,225
Other, January 1–March 31	**28,471**	74,626
Other, April 1–December 31	**6,903**	62,289
	3,298,876	3,378,234
Ministry of Community and Social Services, OWI		
MOTS-Moving On To Success January 1–March 31	**145,431**	160,776
MOTS-Moving On To Success April 1–December 31	**191,835**	220,867
	337,266	381,643
IT-Mobile App Development January 1–March 31	**124,252**	105,101
IT-Mobile App Development April 1–December 31	**187,757**	175,589
	312,009	280,690
Ministry of Advanced Education and Skills Development	**3,879,492**	3,993,220
City of Toronto		
Social Housing Unit, Section 78	**1,349,979**	1,306,787
Social Housing Unit, Section 78 AIR adjustment 2021	**(30,600)**	—
Social Housing Unit, Rent Supplement – Woodlawn	**414,088**	341,113
Social Housing Unit, Rent Supplement – Bergamot	**678,145**	714,307
Social Housing Unit, Rent Supplement – Elm	**553,877**	579,936
Social Housing Unit, Rent Supplement – Church St.	**1,416,807**	1,252,753
Social Housing Unit, Rent Supplement – Parkdale	**863,453**	—
Social Housing Unit, capital replacement reserves transfer *[note 9]*	**(65,824)**	(63,469)
Housing Access and Support Services – Church St.	**1,314,010**	1,063,657
Housing Help	**220,925**	223,491
Supports to Daily Living	**519,321**	576,737
Hostel Services	**5,078,719**	4,415,016
Ontario Priorities Housing Initiative [OPHI]	**410,370**	175,010
Children's Services	**1,161,461**	1,185,287
Other	**30,897**	34,658
	13,915,628	11,805,283
	21,743,271	19,839,070

Notes to financial statements

December 31, 2022

	2022	2021
	$	$
Ministry of Health and Long-Term Care		
CMHA, January 1–March 31	**325,193**	322,690
CMHA, April 1–December 31	**770,020**	760,770
Rent Supplement, January 1–March 31	**333,906**	275,856
Rent Supplement, April 1–December 31	**914,652**	885,639
	2,343,771	2,244,955
Federal Government Canada Emergency Wage Subsidy	**—**	1,272,200
Temporary Pandemic Pay of Ontario, City of Toronto funded programs	**54,052**	6,420
Ministry of Municipal Affairs and Housing, Elm Centre *[note 8[a]]*	**346,816**	375,315
Ministry of Municipal Affairs and Housing, Homes For Good, Church St. *[notes 5[c] and 8[a]]*	**1,016,479**	1,115,451
Other government grants	**3,578,801**	3,151,100
Amortization of deferred capital contributions *[note 10[a]]*	**1,001,523**	946,822
Imputed interest income on below-market loans *[notes 7, 8[d] and 10[a]]*	**218,057**	178,904
	6,215,728	7,046,212
	30,302,771	29,130,237

Notes to financial statements

December 31, 2022

13. Fundraising revenue

Fundraising revenue consists of the following:

	2022 $	2021 $
Amounts received during the year		
Contributions restricted for December 6 Fund	**204,606**	148,082
Other contributions	**3,250,158**	2,525,747
Women of Distinction	**653,426**	519,602
	4,108,190	3,193,431
Net amount transferred to deferred contributions related to December 6 Fund *[note 7]*	**(117,291)**	(104,671)
Net transfer from deferred contributions related to other contributions *[note 7]*	**385,468**	282,456
Amount received restricted for the purchase of capital assets transferred to deferred capital contributions *[note 10[a]]*	**(27,318)**	(448,915)
Amortization of deferred capital contributions *[note 10[a]]*	**716,539**	616,744
	5,065,588	3,539,045

In addition to contributions received for the December 6 Fund in 2022, the Association transferred $44,250 [2021 – $44,250] to the December 6 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.

14. Fees and rent revenue

Fees and rent revenue comprise amounts from the following sources:

	2022 $	2021 $
Individual tenant rent		
Ministry of Health and Long-Term Care		
Rent Supplement – Elm Supportive	**472,851**	500,302
City of Toronto		
Rent Supplement – Bergamot	**374,822**	351,189
Rent Supplement – Elm	**183,613**	154,764
Rent Supplement – Woodlawn	**107,912**	93,187
Rent Supplement – Parkdale	**210,360**	—
Rent – Elm Affordable	**2,270,208**	2,129,826
Rent – Woodlawn [non-supplement]	**176,695**	189,494
Rent – Pape	**346,338**	340,612
Rent – Church St.	**247,184**	198,479
Rent – Parkdale	**978,832**	—
Total individual tenant rent	**5,368,815**	3,957,853
Camp fees	**509,082**	32,414
Commercial rent	**185,381**	197,978
Employment training program fees	**97,918**	18,523
Daycare parent fees	**89,869**	47,780
Sale of products	**87,000**	42,276
Inspiration studio	**15,996**	—
Other institutions	**4,387**	7,519
Amortization of deferred capital contributions related to capital assets funded by the capital replacement reserves *[note 10[a]]*	**—**	27,784
Total fees and revenue	**6,358,448**	4,332,127

Notes to financial statements

December 31, 2022

15. Statement of cash flows

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

	2022	2021
	$	$
Decrease (increase) in accounts receivable	**(228,231)**	977,059
Decrease (increase) in prepaid expenses and other assets	**332,548**	(87,314)
Increase in accounts payable and accrued liabilities	**2,027,647**	241,759
Increase (decrease) in deferred contributions	**614,639**	(965,994)
	2,746,603	165,510

[b] Included in accounts payable and accrued liabilities is an amount of $963,835, in accounts receivable an amount of $91,390 and in deferred contributions an amount of $9,000 all related to 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 which totalled $218,057 [2021 – $178,904].

16. Commitments

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

	$
2023	623,502
2024	281,181
2025	169,495
2026	41,214
	1,115,392

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

17. Credit facilities

As at December 31, 2022, the Association had an available line of credit of $500,000 bearing interest at the bank's prime rate prime plus 1.25%, or 7.7% [2021 – 1.25%, or 3.70%], letters of credit/guarantee to a maximum of $240,000 for performance guarantees and a credit card facility of $200,000 for the purchase and payment of goods and services. These on-demand credit facilities are secured by a general security agreement covering all assets of the Association and a negative pledge not to encumber its Woodlawn Avenue property. As at December 31, 2022 and 2021, no amounts have been drawn on the line of credit.

Notes to financial statements

December 31, 2022

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] comprised 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.

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December 31, 2022

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 its liquidity 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.