

UNITED WAY OF CHATHAM-KENT

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

MARCH 31, 2020

Baker Tilly CK, LLP
62 Keil Drive South
Chatham, ON
Canada N7M 3G8

T: 519.351.2024
F: 519.351.8831

chatham@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Directors of
United Way of Chatham-Kent

Opinion

We have audited the financial statements of United Way of Chatham-Kent, which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flows for the fifteen month period 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 organization as at March 31, 2020, and its results of its operations and its cash flows for the fifteen month period 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 organization 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.

INDEPENDENT AUDITOR'S REPORT

In preparing the financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 organization's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

- ◆ 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 organization'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 organization 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.

Baker Tilly CK LLP

Chatham, Ontario
June 23, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS



UNITED WAY OF CHATHAM-KENT

FINANCIAL STATEMENTS

MARCH 31, 2020

	Page
Statement of Operations	1
Statement of Changes in Net Assets	2
Statement of Financial Position	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 25
Schedule of Expenses	28



UNITED WAY OF CHATHAM-KENT

STATEMENT OF OPERATIONS

FIFTEEN MONTH PERIOD ENDED MARCH 31, 2020

	15 months March 31, 2020	12 months December 31, 2018 (note 2)
REVENUES		
Campaign revenue	\$ 1,998,319	\$ 1,556,626
Program and focus area revenues	186,999	256,593
Workshops and conferences	6,196	6,231
Rent	31,280	41,142
Interest and investment income (note 4)	4,323	5,532
Amortization of deferred capital contributions (note 12)	6,483	7,407
Fee for service and other income	1,127	58,547
COVID revenue	990	-
Grants	7,126	-
	<u>2,242,843</u>	<u>1,932,078</u>
EXPENDITURES (schedule 1)		
Fundraising expenses (note 18)	560,407	512,323
Program expenses		
Allocations and designations to recipient charities (note 18)	465,493	800,397
United Way community impact programs (note 18)	912,648	813,605
	<u>1,938,548</u>	<u>2,126,325</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 304,295</u>	<u>\$ (194,247)</u>



UNITED WAY OF CHATHAM-KENT

STATEMENT OF CHANGES IN NET ASSETS

FIFTEEN MONTH PERIOD ENDED MARCH 31, 2020

	<u>Restricted for endowment (note 13)</u>	<u>Internally restricted (note 14)</u>	<u>Unrestricted</u>	<u>Total 15 months March 31, 2020</u>	<u>Total 12 months December 31, 2018 (note 2)</u>
BALANCE, BEGINNING OF PERIOD					
As previously reported	\$ 272,633	\$ 574,710	\$ 51,766	\$ 899,109	\$ 1,191,644
Prior period adjustment (note 2)	-	-	(1,139,163)	(1,139,163)	(1,236,133)
As restated	<u>272,633</u>	<u>574,710</u>	<u>(1,087,397)</u>	<u>(240,054)</u>	<u>(44,489)</u>
Excess (deficiency) of revenues over expenditures (note 14)	-	-	304,295	304,295	(194,247)
Endowment contributions (note 13)	4,975	-	-	4,975	4,825
Endowment disbursements (note 13)	(200)	-	-	(200)	(1,200)
Net investment income on endowments (note 13)	<u>7,095</u>	<u>-</u>	<u>-</u>	<u>7,095</u>	<u>(4,943)</u>
BALANCE, END OF PERIOD	<u>\$ 284,503</u>	<u>\$ 574,710</u>	<u>\$ (783,102)</u>	<u>\$ 76,111</u>	<u>\$ (240,054)</u>

UNITED WAY OF CHATHAM-KENT

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2020

	March 31, 2020	December 31, 2018 (note 2)
ASSETS		
CURRENT ASSETS		
Cash	\$ 103,861	\$ 228,111
Investments (note 4)	216,015	275,750
Accounts receivable (note 5)	23,768	35,252
Prepaid expenses	29,958	20,851
	<u>373,602</u>	<u>559,964</u>
TANGIBLE CAPITAL ASSETS (note 6)	<u>762,149</u>	<u>789,193</u>
	<u>\$ 1,135,751</u>	<u>\$ 1,349,157</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 8)	\$ 78,514	\$ 69,139
Undistributed allocation to funded agencies	83,902	540,357
Undistributed allocation to other charities	42,035	125,474
Current portion of callable debt	21,346	-
Current portion of mortgage payable (note 10)	-	244,999
	<u>225,797</u>	<u>979,969</u>
Callable debt (note 9)	<u>189,138</u>	<u>-</u>
	<u>414,935</u>	<u>979,969</u>
DEFERRED CONTRIBUTIONS (note 11)	502,767	468,190
DEFERRED CAPITAL CONTRIBUTIONS (note 12)	<u>141,938</u>	<u>141,052</u>
	<u>1,059,640</u>	<u>1,589,211</u>
RESTRICTED FOR ENDOWMENT (note 13)	284,503	272,633
INTERNALLY RESTRICTED (note 14)	574,710	574,710
UNRESTRICTED	<u>(783,102)</u>	<u>(1,087,397)</u>
	<u>76,111</u>	<u>(240,054)</u>
	<u>\$ 1,135,751</u>	<u>\$ 1,349,157</u>

SIGNIFICANT EVENT (note 21)

ON BEHALF OF THE BOARD



Director

Director



UNITED WAY OF CHATHAM-KENT

STATEMENT OF CASH FLOWS

FIFTEEN MONTH PERIOD ENDED MARCH 31, 2020

	15 months March 31, 2020	12 months December 31, 2018 (note 2)
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 304,295	\$ (194,247)
Adjustments for		
Amortization	29,164	23,117
Amortization of deferred capital contributions (note 12)	(6,483)	(7,407)
Net investment income (loss) on endowments (note 13)	7,095	(4,943)
Endowment contributions	4,975	4,825
Income (loss) on investments	<u>(11,385)</u>	<u>3,705</u>
	327,661	(174,950)
Change in non-cash working capital items (note 19)	<u>(493,565)</u>	<u>(157,653)</u>
	<u>(165,904)</u>	<u>(332,603)</u>
INVESTING ACTIVITIES		
Acquisition of investments	(219,439)	(20,810)
Purchase of tangible capital assets	(4,908)	(20,412)
Proceeds on disposal of tangible capital assets	2,788	-
Endowment distributions	(200)	(1,200)
Withdrawal of investment funds	<u>290,559</u>	<u>100,000</u>
	<u>68,800</u>	<u>57,578</u>
FINANCING ACTIVITIES		
Repayment of callable debt	(14,516)	-
Proceeds of callable debt	225,000	-
Repayment of mortgage payable	(244,999)	(23,334)
Deferred capital contributions	<u>7,369</u>	<u>-</u>
	<u>(27,146)</u>	<u>(23,334)</u>
INCREASE (DECREASE) IN CASH	(124,250)	(298,359)
CASH, BEGINNING OF PERIOD	<u>228,111</u>	<u>526,470</u>
CASH, END OF PERIOD	<u>\$ 103,861</u>	<u>\$ 228,111</u>

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

1. NATURE OF OPERATIONS

United Way of Chatham-Kent was incorporated without share capital under the laws of Ontario. The organization's principal purpose is to develop teamwork among the social, philanthropic and charitable agencies servicing the community and their constituencies in the interest of the financial support of such agencies, and the effective planning and execution of the social service programs of the community. The organization is a registered charity under the Income Tax Act and is exempt from income taxes provided that certain requirements of the Income Tax Act are met.

2. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2019, the organization changed its accounting policy for revenue recognition of campaign pledges to record pledges when received. In previous periods, pledged donations were recognized when received or receivable and a provision for uncollectable amounts was recorded to reduce pledges receivable and revenue. The new method of recognition presents information in a manner that is more easily understood by users of the financial statements and aligns with timing of receipt of information from third parties. The change in accounting policy has been applied retrospectively.

Statement of Operations:

	As previously presented	Restatement	Total
Campaign revenue	\$ 1,572,674	\$ (16,048)	\$ 1,556,626
Recovery (loss) of pledges	(113,018)	113,018	-
Excess (deficiency) of revenues over expenditures	(291,217)	96,970	(194,247)

Statement of Changes in Net Assets:

	As previously presented	Restatement	Total
Balance, beginning of year	\$ 1,191,644	\$(1,236,133)	\$ (44,489)
Excess (deficiency) of revenues over expenditures	(291,217)	96,970	(194,247)
Balance, end of year	899,109	(1,139,163)	(240,054)

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

2. CHANGE IN ACCOUNTING POLICY, continued

Statement of Financial Position:

	As previously presented	Restatement	Total
Pledges receivable	\$ 1,289,163	\$(1,289,163)	\$ -
Allowance for doubtful pledges	(150,000)	150,000	-
Unrestricted net assets	<u>51,766</u>	<u>(1,139,163)</u>	<u>(1,087,397)</u>
	<u>\$ 1,190,929</u>	<u>\$(2,278,326)</u>	<u>\$(1,087,397)</u>

3. SIGNIFICANT ACCOUNTING POLICIES

The organization applies Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) **CASH**

Cash may consist of the balances on account with financial institutions and any investments with a term of less than three months.

(b) **INVESTMENTS**

Investments are recorded at fair value. Unrealized gains and losses as a result of fair value adjustments at year end are included in investment income for the year.

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost. The organization provides for amortization using the declining balance method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	2.5%
United Way building at CSV	2.5%
Computer equipment	55%
Equipment	20%

(d) ENDOWMENTS

Endowments represent restricted contributions subject to externally imposed conditions requiring the resources that have been contributed to be maintained permanently by the United Way of Chatham-Kent, though the constituent assets may change from time to time.

Endowment contributions are recognized as direct increases in endowment net assets.

Externally restricted net investment income earned on endowments is added to the principal amount of resources held for endowment as either a direct increase or decrease in net assets.

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) INTERNALLY RESTRICTED NET ASSETS

Internally restricted funds are established as required at the discretion of the board of directors. Increases or decreases in these funds are made by appropriations to or from operations and, where appropriate, upon approval of the board of directors. The internally restricted funds are not available for purposes other than those described below without the approval of the board of directors.

The operating fund is used to hold funding to pay operational costs in the event of the organization being unable to run an annual campaign.

The funded agency reserve fund is used to hold funding for the organization's funded agencies to ensure funding is available to these agencies should the annual campaign fall short of its goal.

The capital fund is used to hold funding for the purchase of tangible capital assets.

The community impact grant fund is used to hold funding for the provision of grants to fund special projects in the community.

The building fund is used to hold funding to fund capital and maintenance projects on the organization's tangible capital assets.

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions.

Externally restricted contributions other than endowment contributions are recognized as revenues in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Pledges are accounted for when received. Refer to note 2 for details of change in accounting in policy for pledged contributions.

Endowment contributions are recognized as direct increases in endowment net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned. Externally restricted investment income earned on endowments is recognized as a direct increase or decrease in net assets.

Grant income is recognized as revenue as the service or program to which the grant is related is provided.

Contributions relating to tangible capital assets are credited to deferred capital contributions and are recognized as revenue on the same basis as amortization on the related asset is charged against operations.

(g) SEGMENTATION OF EXPENSES

The organization's expenses are segregated into several key program areas in the statement of operations and supporting schedules. These segments are identified and segregated on the basis of the programs operated by the United Way of Chatham-Kent and expenses are allocated to these segments according to the program to which they relate.

(h) CONTRIBUTED MATERIALS AND SERVICES

Contributions of materials are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated, when the materials are used in the normal course of operations, and when the materials would otherwise have been purchased. Volunteers contributed a significant number of hours to assist the organization in its service to the community. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) FINANCIAL ASSETS AND LIABILITIES

The organization's financial assets consist of cash, investments, and accounts receivable. The organization's financial liabilities consist of accounts payable and accrued liabilities, undistributed allocation to funded agencies, undistributed allocation to other charities and callable debt. The organization initially measures these financial instruments at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

These financial instruments, with the exception of investments, are subsequently measured at amortized cost and are evaluated for impairment at each statement of financial position date, with the write down recorded in excess (deficiency) of revenues over expenditures. Impairment reversals may occur and the asset can be written up to its original cost. Investments are subsequently measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenues over expenditures.

(j) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions, such as the allowance for doubtful accounts, useful life of tangible capital assets and amortization, that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenues and expenditures during the year. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

4. INVESTMENTS

	March 31, 2020	December 31, 2018 (note 2)
	<u> </u>	<u> </u>
Mutual funds	\$ 216,015	\$ 105,176
Managed endowment funds	<u> -</u>	<u>170,574</u>
	<u>\$ 216,015</u>	<u>\$ 275,750</u>

During the period, the organization earned \$4,323, (2018 - \$5,532) of unrestricted investment income. This income has been recognized as revenue in the statement of operations.

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

5. ACCOUNTS RECEIVABLE

	March 31, 2020	December 31, 2018 (note 2)
Government remittances receivable	\$ 23,312	\$ 27,579
Other receivables	456	7,673
	<u>\$ 23,768</u>	<u>\$ 35,252</u>

6. TANGIBLE CAPITAL ASSETS

	March 31, 2020		December 31, 2018 (note 2)	
	Cost	Accumulated amortization	Net	Net
Land	\$ 209,046	\$ -	\$ 209,046	\$ 209,046
Buildings	640,919	134,843	506,076	523,461
United Way building at CSV	18,500	-	18,500	18,037
Computer equipment	9,919	5,563	4,356	3,634
Equipment	260,574	236,403	24,171	32,227
Leasehold improvements	-	-	-	2,788
	<u>\$ 1,138,958</u>	<u>\$ 376,809</u>	<u>\$ 762,149</u>	<u>\$ 789,193</u>

7. BANK INDEBTEDNESS

The organization has available an operating loan in the amount of \$150,000. This credit facility bears interest at the rate of prime and is secured by a general security agreement. At period end, \$nil, (2018 - \$nil) of this operating loan has been used.

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2020	December 31, 2018 (note 2)
Trade accounts payable	\$ 22,638	\$ 17,729
Accrued liabilities	55,876	51,095
Government remittances payable	-	315
	<u>\$ 78,514</u>	<u>\$ 69,139</u>

9. CALLABLE DEBT

	March 31, 2020	December 31, 2018 (note 2)
Mortgage payable in monthly instalments of \$2,272 including interest at a rate of prime plus 0.5%, secured by a general security agreement, a general assignment of rents, and a collateral mortgage of \$400,000 over certain real property with a carrying value of \$715,122, final payment due May 2029	\$ 210,484	\$ -
Less current portion	<u>21,346</u>	<u>-</u>
Callable debt	<u>\$ 189,138</u>	<u>\$ -</u>
Estimated principal repayments are as follows:		
2021	\$ 21,346	
2022	21,984	
2023	22,641	
2024	23,318	
2025	24,015	
Subsequent years	<u>97,180</u>	
	<u>\$ 210,484</u>	

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

10. MORTGAGE PAYABLE

	<u>March 31, 2020</u>	<u>December 31, 2018 (note 2)</u>
Mortgage paid	\$ -	\$ 244,999
Less current portion	<u>-</u>	<u>244,999</u>
Due beyond one year	<u>\$ -</u>	<u>\$ -</u>

11. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources that are related to expenditures for subsequent periods. The deferred contribution balance relates to funds received by the organization for the organization's program and focus areas. As the expenses related to these programs are incurred, the balance of the deferred contributions account will be reduced.

	<u>March 31, 2020</u>	<u>December 31, 2018 (note 2)</u>
Opening balance	\$ 468,190	\$ 504,884
Amount received during the period	222,566	219,899
Expenses in the year	<u>(187,989)</u>	<u>(256,593)</u>
Closing balance	<u>\$ 502,767</u>	<u>\$ 468,190</u>

Included within the total are a number of programs and focus areas, one of the largest being the Women's Leadership Council. Deferred contributions for this program total \$135,389, (2018 - \$86,765).

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

12. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions related to tangible capital assets represent the unamortized amount of funds received for the purchase of tangible capital assets. The amortization of capital contributions is recorded in the statement of operations and is recognized into income on the same basis as the amortization of the associated tangible capital assets.

	<u>March 31, 2020</u>	<u>December 31, 2018 (note 2)</u>
Opening balance	\$ 141,052	\$ 148,459
Amount received during the period	7,369	-
Amount recognized as revenue in the period	<u>(6,483)</u>	<u>(7,407)</u>
Closing balance	<u>\$ 141,938</u>	<u>\$ 141,052</u>

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

13. NET ASSETS HELD FOR ENDOWMENT PURPOSES

At year end, the organization has fourteen endowment funds. The assets held in these funds are as follows:

Donations:

	March 31, 2020	Dec. 31, 2018 (note 2)
Thomas W. Burke memorial fund	\$ 105,000	\$ 105,000
Richardson fund	10,000	10,000
Cameron Carruthers memorial fund	3,948	3,948
Teri Craig memorial fund	1,942	1,942
Megan Bengé memorial fund	17,160	17,160
Laura Bradley memorial fund	632	632
Scott Owen memorial fund	11,277	11,277
Jason Young memorial fund	1,090	1,090
Kirkwood Family fund	13,282	13,282
Hetherington Family fund	10,000	10,000
Shirley Mellow fund	4,397	4,397
McNeill memorial fund	34,031	30,556
Steve and Lorie Baker Family fund	7,500	7,500
Pratt Family fund	4,155	2,655
	<u>\$ 224,414</u>	<u>\$ 219,439</u>

During the period, endowment contributions of \$4,975, (2018 - \$4,825) were made to the organization's endowment funds.

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

13. NET ASSETS HELD FOR ENDOWMENT PURPOSES, continued

Net investment income (loss):	March 31, 2020	Dec. 31, 2018 (note 2)
Thomas W. Burke memorial fund	\$ 33,092	\$ 29,697
Richardson fund	3,305	2,981
Cameron Carruthers memorial fund	2,098	1,970
Teri Craig memorial fund	1,617	1,554
Megan Benge memorial fund	8,119	7,565
Laura Bradley memorial fund	526	506
Scott Owen memorial fund	1,727	1,362
Jason Young memorial fund	360	325
Kirkwood Family fund	2,900	2,471
Hetherington Family fund	3,305	2,981
Shirley Mellow fund	(349)	(292)
McNeill memorial fund	3,260	2,273
Steve and Lorie Baker Family fund	70	(173)
Pratt Family fund	59	(26)
	\$ 60,089	\$ 53,194

During the period, the organization earned \$7,095, (2018 - \$nil) of net investment income on externally restricted endowments. This net investment income has been recognized as a direct increase in net assets in the period. During the period, disbursements of \$200, (2018 - \$1,200) were made from the organization's endowment funds.

During the period, the organization incurred a net investment loss of \$nil, (2018 - \$4,943) on externally restricted endowments. This net investment loss has been recognized as a direct decrease in net assets in the period.

No income earned on externally restricted endowments has been recognized in the statement of operations in the current or prior period and no amounts have been deferred in either period.

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

13. NET ASSETS HELD FOR ENDOWMENT PURPOSES, continued

Total endowment value:

	March 31, 2020	Dec. 31, 2018 (note 2)
	<u> </u>	<u> </u>
Donations	\$ 224,414	\$ 219,439
Net investment income	<u>60,089</u>	<u>53,194</u>
	<u>\$ 284,503</u>	<u>\$ 272,633</u>

The Thomas W. Burke memorial fund is comprised of funds received from Mr. Burke's estate in 1981, in-memoriam donations, and accumulated net investment income. Investment income earned is to be used for community impact grants.

The Richardson fund was established with a gift from the James F. Richardson Foundation. Investment income earned is to be used for youth programs.

The Cameron Carruthers memorial fund is comprised of in-memoriam donations. Investment income earned is to be used for youth education and counselling on substance abuse.

The Teri Craig memorial fund is comprised of in-memoriam donations and other fundraising revenue. Investment income earned is to be allocated to local charitable organizations in consultation with family members.

The Megan Benge memorial fund is comprised of in-memoriam donations. Investment income earned is to be allocated in consultation with family members.

The Laura Bradley memorial fund is comprised of in-memoriam donations. Investment income earned is to be allocated in consultation with family members.

The Scott Owen memorial fund is comprised of in-memoriam donations and other fundraising revenue. Investment income earned is to be used for programs for suicide prevention.

The Jason Young memorial fund is comprised of in-memoriam donations. Investment income earned is to be allocated in consultation with family members.

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

13. NET ASSETS HELD FOR ENDOWMENT PURPOSES, continued

The Kirkwood Family fund has been established with donations from the members of the Kirkwood family. All investment income earned is to be used to offset the cost of maintenance on the miniature United Way building constructed in the Chatham-Kent Children's Safety Village.

The Hetherington Family fund has been established with a gift from Michelle Hetherington received from her employer in recognition of her commitment to the community as United Way campaign co-chair in 2003. Investment income earned is to be allocated in consultation with family members.

The Shirley Mellow fund has been established in memory of the first Executive Director of the Tilbury Information and Help Centre. Investment income earned is to be allocated for youth bursaries in Tilbury.

The McNeill memorial fund is comprised of in-memoriam donations and other fundraising revenue. Investment income earned is to be allocated in consultation with family members.

The Steve and Lorie Baker Family fund has been established with a gift from Steve and Lorie Baker. Investment income earned is to be allocated to the annual United Way campaign.

The Pratt Family fund has been established with in-memoriam donations and other gifts. Investment income earned is to be allocated to the annual United Way campaign.

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

14. INTERNALLY RESTRICTED NET ASSETS

The board of directors have restricted funds internally to be used as follows:

	March 31, 2020	December 31, 2018 (note 2)
Operating fund	\$ 105,000	\$ 105,000
Funded agency reserve fund	234,500	234,500
Capital fund	75,000	75,000
Community impact grants fund	90,655	90,655
Building fund	69,555	69,555
	<u>\$ 574,710</u>	<u>\$ 574,710</u>

During the period, community impact grants of \$nil, (2018 - \$11,595) were distributed from the community impact grants fund at the direction of the board of directors.

15. RELATED PARTY TRANSACTIONS

The United Way of Chatham-Kent is related to other United Way chapters in Canada.

During the period, the organization collected campaign revenue of \$9,268, (2018 - \$13,718) to be distributed to other United Way organizations throughout Ontario. Some of these balances have not yet been paid as of the year end. Accordingly, included in undistributed allocations to other charities is \$650, (2018 - \$13,718) payable to related parties.

In the period, the organization earned \$610,153, (2018 - \$133,123) of revenue from campaigns that were centrally coordinated by other United Way organizations.

During the period, the organization paid administrative dues and fees of \$19,903, (2018 - \$nil) to United Way Canada - Centraide Canada.

Management is of the opinion that related party transactions are performed under the same terms and conditions as unrelated parties. Consequently, all related party transactions are measured at the exchange amount.

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

16. ALLOCATION OF TOTAL EXPENDITURES

	<u>March 31, 2020</u>	<u>December 31, 2018 (note 2)</u>
General management and administration expenses (note 17)	\$ 244,214	\$ 209,336
Fundraising share of operating expenses (note 18)	426,656	401,393
Direct fundraising expenses (note 18)	45,685	33,360
United Way community impact programs (note 18)	756,500	681,839
Allocations and designations to recipient charities (note 18)	<u>465,493</u>	<u>800,397</u>
	<u>\$ 1,938,548</u>	<u>\$ 2,126,325</u>

17. ALLOCATION OF GENERAL MANAGEMENT AND ADMINISTRATION EXPENSES

General management and administration expenses are incurred to support functional areas and are allocated to fundraising and program expenses based on the wage cost on a person by person basis, occupancy costs on a square footage basis and other costs on a per employee basis.

	<u>March 31, 2020</u>	<u>December 31, 2018 (note 2)</u>
Allocation to fundraising expenses (note 18)	\$ 88,066	\$ 77,570
Allocation to program expenses (note 18)	<u>156,148</u>	<u>131,766</u>
	<u>\$ 244,214</u>	<u>\$ 209,336</u>

The fundraising ratio is calculated as the percentage of fundraising costs in campaign revenue.

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

18. ALLOCATION AND DESIGNATION OF EXPENSES

Allocations and designations to member agencies:

	March 31, 2020	December 31, 2018 (note 2)
Aids Support Kent	\$ -	\$ 2,000
Big Brothers Big Sisters of Chatham-Kent	35,983	78,817
Brain Injury Association of Chatham-Kent	3,462	14,100
Canadian Hearing Society	-	3,750
Canadian Mental Health Association - Kent	2,351	13,670
Canadian National Institute for the Blind	3,880	17,890
Changing Ways	2,375	3,562
Chatham Block Parent Program	-	7,525
Chatham-Kent Children's Services	15,612	31,250
Chatham-Kent Family Y.M.C.A.	-	3,750
Chatham-Kent Student Breakfast Program	3,152	13,185
Chatham-Kent Women's Centre	3,571	18,167
Community Living Chatham-Kent	-	1,578
Epilepsy Southwestern Ontario	4,210	17,498
Family Service Kent	35,002	97,170
Learning Disabilities Association of Chatham-Kent	31,648	74,410
Restorative Justice Chatham-Kent	13,025	26,217
Sidestreets Youth Drop-In Centre	7,142	14,805
The Solid Rock Cafe Youth Centre	15,750	33,500
Victorian Order of Nurses	32,322	67,513
	<u>\$ 209,485</u>	<u>\$ 540,357</u>

Allocations and designations to recipient charities:

	March 31, 2020	December 31, 2018 (note 2)
Allocation and designation to member agencies	\$ 209,485	\$ 540,357
Designations to United Way focus areas	156,606	121,746
Allocation and designation to non-member charities	94,427	121,874
Allocation to endowment fund (note 13)	4,975	4,825
Community impact grants distributed (note 14)	-	11,595
	<u>\$ 465,493</u>	<u>\$ 800,397</u>

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

18. ALLOCATION AND DESIGNATION OF EXPENSES, continued

Allocations to United Way community impact programs:

	March 31, 2020	December 31, 2018 (note 2)
Youth engagement program	\$ 7,893	\$ 29,797
Prosperity Roundtable	-	10
Chatham-Kent Non-Profit Network	93,483	45,689
Women's Leadership Council	35,546	57,162
United Way dues	19,903	-
Tilbury outreach office foodbank	51,574	62,641
Operation Backpacks	35,487	37,237
Information and referral services	90,003	99,879
Labour programs and services	30,345	44,928
The '425' Centre for Community Innovation	133,345	112,426
Community investment and partnership development	192,183	162,375
Volunteer Chatham-Kent	66,738	29,695
	<u>756,500</u>	<u>681,839</u>
Allocation of management and administration expenses (note 17)	<u>156,148</u>	<u>131,766</u>
	<u>\$ 912,648</u>	<u>\$ 813,605</u>

Allocations to fundraising:

	March 31, 2020	December 31, 2018 (note 2)
Direct fundraising expenses	\$ 45,685	\$ 33,360
Fundraising share of operating expenses	426,656	401,393
Allocations of management and administration expenses (note 17)	<u>88,066</u>	<u>77,570</u>
	<u>\$ 560,407</u>	<u>\$ 512,323</u>

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

19. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	15 months March 31, 2020	12 months December 31, 2018 (note 2)
Accounts receivable	\$ 11,484	\$ (152)
Prepaid expenses	(9,107)	(17,155)
Accounts payable and accrued liabilities	9,375	(16,598)
Undistributed allocation to funded agencies	(456,455)	(73,092)
Undistributed allocation to other charities	(83,439)	(13,962)
Deferred contributions	34,577	(36,694)
	<u>\$ (493,565)</u>	<u>\$ (157,653)</u>

20. COMMITMENTS

As at March 31, 2020, the organization has outstanding commitments of approximately \$63,194 with respect to operating leases for equipment and computer subscriptions. These commitments expire between 2021 and 2024. Minimum future lease payments required over the next five years are as follows:

2021	\$ 22,597
2022	15,441
2023	15,441
2024	9,715
	<u>\$ 63,194</u>

During the period, the organization signed an agreement to receive a \$10,000 grant from the Government of Canada. The grant was received subsequent the period end and is to be used to complete a project to install automated keyless doors and sound barriers.

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

21. SIGNIFICANT EVENT

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the organization's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the organization's operations.

The extent of the impact of this outbreak and related containment measures on the organization's operations cannot be reliably estimated at this time.

Subsequent to period end, the organization received COVID-19 Emergency Community Support funding of \$332,910 from United Way of Canada - Centraide Canada. The funding will support qualified donators and non-profit organizations serving vulnerable populations who have been affected by the COVID-19 pandemic.

Subsequent to period end, the organization received COVID-19 Seniors Response funding of \$49,808 from United Way of Canada - Centraide Canada. The funding will support vulnerable seniors impacted by the COVID-19 pandemic.

22. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an organization assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. In management's opinion, there have been no changes in the organization's risks during the year.

(a) MARKET RISK

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. These risks are generally outside of the control of the organization. In management's opinion, the organization is not exposed to significant market risk.

UNITED WAY OF CHATHAM-KENT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

22. FINANCIAL INSTRUMENTS, continued

(b) FAIR VALUE

The fair value of current financial assets, with the exception of investments, and current financial liabilities approximates their carrying value due to their short-term maturity dates. Investments are carried at fair value which is determined based on quoted market prices at year end. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the organization is a going concern and thus expects to fully repay the outstanding amounts.

(c) CREDIT RISK

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization is exposed to credit risk with respect to its accounts receivable. The organization assesses accounts receivable and provides for any amounts that are not collectible, when applicable, to assist in managing credit risk.

(d) LIQUIDITY RISK

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities as they become due. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, regularly monitoring the organization's operating requirements, and preparing budget and cash forecasts to ensure that sufficient funds are available to fulfill its obligations. In management's opinion, the organization is not exposed to significant liquidity risk.

(e) INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This exposure may have an effect on earnings in future periods. The organization is exposed to interest rate risk on its investments and mortgage payable. The organization reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates and diversifying its investment portfolio. The organization does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management, the interest rate risk exposure to the organization is low and is not material.

UNITED WAY OF CHATHAM-KENT

SCHEDULE TO THE FINANCIAL STATEMENTS

FIFTEEN MONTH PERIOD ENDED MARCH 31, 2020

SCHEDULE OF EXPENSES	Schedule 1	
	15 months March 31, 2020	12 months December 31, 2018 (note 2)
Advertising and promotion	\$ 49,494	\$ 29,219
Amortization	29,164	23,117
Bad debts	2,533	4,846
Bank charges and interest	10,942	5,055
Benefits	234,952	138,116
Campaign supplies	13,582	9,388
Direct fundraising expenses (note 18)	45,685	33,360
Dues and fees	19,903	-
Equipment lease	22,345	12,188
Insurance	13,994	5,674
Interest on long-term debt	13,069	10,529
Meeting expenses	6,362	11,178
Occupancy costs	67,083	83,699
Office and computer supplies	79,957	31,606
Other expenses	8,977	2,395
Postage	3,143	2,286
Printing and photocopying	7,456	5,952
Professional fees	15,188	17,738
Program expenses	63,554	88,332
Repairs and maintenance	18,624	19,389
Resource materials and memberships	8,523	1,195
Staff and donor recognition	466	5,801
Staff training	21,694	22,888
Technology, websites and social media	16,002	11,845
Telephone	12,296	15,125
Travel, accommodation and mileage	16,678	9,851
Volunteer recognition and training	2,648	6,521
Wages and salaries	668,741	718,635
Allocation and designation to member agencies (note 18)	209,485	540,357
Allocation and designation to non-member charities (note 18)	94,427	121,874
Allocation to endowment fund (notes 13 and 18)	4,975	4,825
Community impact grants distributed (notes 14 and 18)	-	11,595
Designations to United Way focus areas (note 18)	156,606	121,746
	<u>\$ 1,938,548</u>	<u>\$ 2,126,325</u>