

UNITED WAY OF CHATHAM-KENT

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

MARCH 31, 2021

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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, 2021, and the statements of operations, changes in net assets and 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 organization as at March 31, 2021, and its 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 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, continued

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, continued

- ♦ 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
September 22, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

UNITED WAY OF CHATHAM-KENT

FINANCIAL STATEMENTS

MARCH 31, 2021



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UNITED WAY OF CHATHAM-KENT

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2021



	12 months March 31, 2021	15 months March 31, 2020
REVENUES		
Campaign revenue (note 15)	\$ 1,242,697	\$ 1,998,319
Program and focus area revenues	115,180	186,999
Workshops and conferences	-	6,196
Rent	35,053	31,280
Interest and investment income	604	4,323
Amortization of deferred capital contributions (note 12)	5,855	6,483
Fee for service and other income	40,764	1,127
Grants	8,717	7,126
	<u>1,448,870</u>	<u>2,241,853</u>
EXPENDITURES (schedule 1)		
Fundraising expenses (note 18)	333,960	560,050
Program expenses		
Allocations and designations to recipient charities (note 18)	259,787	465,493
United Way community impact programs (note 18)	659,908	912,015
	<u>1,253,655</u>	<u>1,937,558</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER INCOME (EXPENSE)	<u>195,215</u>	<u>304,295</u>
OTHER INCOME (EXPENSE)		
COVID-19 grants and donations	1,114,603	990
COVID-19 program expenses and allocations	(1,114,603)	(990)
COVID-19 temporary wage subsidy (note 21)	10,924	-
COVID-19 Canada Emergency Wage Subsidy (note 21)	162,926	-
	<u>173,850</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 369,065</u>	<u>\$ 304,295</u>

UNITED WAY OF CHATHAM-KENT

STATEMENT OF CHANGES IN NET ASSETS


YEAR ENDED MARCH 31, 2021



	Restricted for endowment (note 13)	Internally restricted (note 14)	Unrestricted	Total 2021	Total 2020
BALANCE, BEGINNING OF YEAR	\$ 284,503	\$ 574,710	\$ (783,102)	\$ 76,111	\$ (240,054)
Excess of revenues over expenditures	-	-	369,065	369,065	304,295
Endowment contributions (note 13)	2,673	-	-	2,673	4,975
Endowment disbursements (note 13)	-	-	-	-	(200)
Net investment income on endowments (note 13)	<u>20,463</u>	<u>-</u>	<u>-</u>	<u>20,463</u>	<u>7,095</u>
BALANCE, END OF YEAR	<u>\$ 307,639</u>	<u>\$ 574,710</u>	<u>\$ (414,037)</u>	<u>\$ 468,312</u>	<u>\$ 76,111</u>

UNITED WAY OF CHATHAM-KENT**STATEMENT OF FINANCIAL POSITION****MARCH 31, 2021**

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 923,771	\$ 103,861
Unrestricted short-term investments (note 3)	21,731	17
Accounts receivable (note 4)	65,788	23,768
Prepaid expenses (note 15)	<u>45,487</u>	<u>29,958</u>
	1,056,777	157,604
RESTRICTED SHORT-TERM INVESTMENTS (note 5)	263,059	215,998
TANGIBLE CAPITAL ASSETS (note 6)	<u>761,933</u>	<u>762,149</u>
	<u>\$ 2,081,769</u>	<u>\$ 1,135,751</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (notes 8 and 15)	\$ 116,237	\$ 78,514
Undistributed allocation to funded agencies	-	83,902
Undistributed allocation to other charities (note 15)	16,859	42,035
Canada Emergency Business Account loan payable (note 9)	40,000	-
Current portion of callable debt (note 10)	<u>21,616</u>	<u>21,346</u>
	194,712	225,797
Callable debt (note 10)	<u>179,838</u>	<u>189,138</u>
	374,550	414,935
DEFERRED CONTRIBUTIONS (note 11)	1,092,824	502,767
DEFERRED CAPITAL CONTRIBUTIONS (note 12)	<u>146,083</u>	<u>141,938</u>
	<u>1,613,457</u>	<u>1,059,640</u>
RESTRICTED FOR ENDOWMENT (note 13)	307,639	284,503
INTERNALLY RESTRICTED (note 14)	574,710	574,710
UNRESTRICTED	<u>(414,037)</u>	<u>(783,102)</u>
	468,312	76,111
	<u>\$ 2,081,769</u>	<u>\$ 1,135,751</u>

ON BEHALF OF THE BOARD

Director_____
Director

UNITED WAY OF CHATHAM-KENT



STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 369,065	\$ 304,295
Adjustments for		
Amortization	22,080	29,164
Amortization of deferred capital contributions (note 12)	(5,855)	(6,483)
Endowment contributions (note 13)	2,673	4,975
Loss (income) on investments	-	(4,290)
	<u>387,963</u>	<u>327,661</u>
Change in non-cash working capital items (note 19)	<u>461,153</u>	<u>(493,565)</u>
	<u>849,116</u>	<u>(165,904)</u>
INVESTING ACTIVITIES		
Acquisition of investments	(548,312)	(219,439)
Purchase of tangible capital assets	(21,864)	(4,908)
Proceeds on disposal of tangible capital assets	-	2,788
Endowment distributions	-	(200)
Withdrawal of investment funds	<u>500,000</u>	<u>290,559</u>
	<u>(70,176)</u>	<u>68,800</u>
FINANCING ACTIVITIES		
Proceeds on Canada Emergency Business Account loan	40,000	-
Repayment of callable debt	(9,030)	(14,516)
Proceeds of callable debt	-	225,000
Repayment of mortgage payable	-	(244,999)
Tangible capital assets funded by deferred capital contributions	<u>10,000</u>	<u>7,369</u>
	<u>40,970</u>	<u>(27,146)</u>
INCREASE (DECREASE) IN CASH	819,910	(124,250)
CASH, BEGINNING OF YEAR	<u>103,861</u>	<u>228,111</u>
CASH, END OF YEAR	<u>\$ 923,771</u>	<u>\$ 103,861</u>

1. NATURE OF OPERATIONS

United Way of Chatham-Kent was incorporated without share capital under the laws of Ontario on January 1, 1967. 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. SIGNIFICANT ACCOUNTING POLICIES

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

(a) CASH

Cash consists of the balances on account with financial institutions.

(b) INVESTMENTS

The organization has elected to classify all of its minority interest investments as portfolio investments, and accordingly they are recorded at fair value. Changes in fair values during the year are included in revenue or expenditures on the statement of operations for unrestricted investments and directly against the balance of net assets restricted for endowment in the case of restricted investments.

Quoted market prices were used to determine the fair value of the investments as at the year end date.

Restricted investments represent resources of the organization's endowment funds and are to be used for the purposes described in the endowment funds policy.

(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:

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

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(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 net assets restricted for endowment.

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions.

Externally restricted contributions other than endowment contributions, including restricted pledges, 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. Unrestricted pledges are recognized as income when they are received.

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

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 by the United Way of Chatham-Kent. Volunteers contribute a significant number of hours to assist the organization in its service to the community. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) FINANCIAL ASSETS AND LIABILITIES

The organization's financial assets consist of cash, unrestricted short-term investments, accounts receivable, and restricted short-term investments. The organization's financial liabilities consist of accounts payable and accrued liabilities, undistributed allocation to other charities, Canada Emergency Business Account loan payable, 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.

With the exception of restricted and unrestricted investments, these financial instruments 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.

Restricted and unrestricted investments are subsequently measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures for unrestricted investments and directly against net assets held for endowment in the case of restricted investments.

(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 and amortization of tangible capital assets, accrued liabilities and deferred revenues, 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.

3. UNRESTRICTED SHORT-TERM INVESTMENTS

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents (2021 book value - \$547; 2020 book value - \$17)	\$ 547	\$ 17
Equities and equity funds, minority interest (2021 book value - \$21,112; 2020 book value - nil)	<u>21,184</u>	<u>-</u>
	<u>\$ 21,731</u>	<u>\$ 17</u>

During the year, the organization earned \$602, (2020 - \$4,323) of unrestricted investment income. This income has been recognized as revenue in the statement of operations.

4. ACCOUNTS RECEIVABLE

	<u>2021</u>	<u>2020</u>
Sales taxes receivable	\$ 47,903	\$ 23,312
Canada Emergency Wage Subsidy receivable (note 21)	17,853	-
Other receivables	<u>32</u>	<u>456</u>
	<u>\$ 65,788</u>	<u>\$ 23,768</u>

5. RESTRICTED SHORT-TERM INVESTMENTS

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents (2021 book value - \$11,361; 2020 book value - \$4,330)	\$ 11,365	\$ 4,330
Fixed income securities and fixed income funds, minority interest (2021 book value - \$186,290; 2020 book value - \$168,101)	182,093	163,319
Equities and equity funds, minority interest (2021 book value - \$66,902; 2020 book value - \$61,511)	<u>69,601</u>	<u>48,349</u>
	<u>\$ 263,059</u>	<u>\$ 215,998</u>

During the year, the organization earned \$20,463, (2020 - \$7,095) of restricted net investment income. This net investment income has been recognized as a direct increase in net assets in the year.

6. TANGIBLE CAPITAL ASSETS

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 209,046	\$ -	\$ 209,046	\$ 209,046
Buildings	653,184	146,647	506,537	507,103
United Way building at CSV	18,500	1,464	17,036	17,473
Computer equipment	13,484	8,938	4,546	4,356
Equipment	265,004	241,680	23,324	24,171
Signs	1,604	160	1,444	-
	<u>\$ 1,160,822</u>	<u>\$ 398,889</u>	<u>\$ 761,933</u>	<u>\$ 762,149</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, an assignment of insurance, and a first ranking collateral mortgage in the amount of \$400,000 over certain real property. At year end, \$nil, (2020 - \$nil) of this operating loan has been used.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2021</u>	<u>2020</u>
Trade accounts payable	\$ 43,106	\$ 30,027
Accrued liabilities	71,542	47,015
Government remittances payable	1,589	1,472
	<u>\$ 116,237</u>	<u>\$ 78,514</u>

9. CANADA EMERGENCY BUSINESS ACCOUNT LOAN PAYABLE

During the year, the organization acquired an unsecured, non-interest bearing loan of \$40,000 under a government loan program, the Canada Emergency Business Account, created in response to the COVID-19 pandemic. According to the eligibility criteria of this loan, the United Way of Chatham-Kent was ineligible to apply for this program given that the entity is a charitable organization that does not carry on active business in Canada that earns revenue from the regular supply of goods or services; revenues are instead generated from grants, donations and campaign revenues. The organization applied for this loan under the impression that they were eligible for the program. As the organization has been deemed to be ineligible, the balance of this loan has been recognized as a current liability in the accompanying financial statements.

10. CALLABLE DEBT

	<u>2021</u>	<u>2020</u>
Mortgage payable in monthly instalments of \$2,272, including interest at a rate of prime plus 0.50%, final payment due July 2029	\$ 201,454	\$ 210,484
Less current portion	<u>21,616</u>	<u>21,346</u>
Callable debt	<u>\$ 179,838</u>	<u>\$ 189,138</u>
Estimated principal repayments are as follows:		
2022	\$ 21,616	
2023	22,262	
2024	22,928	
2025	23,613	
2026	24,319	
Subsequent years	<u>86,716</u>	
	<u>\$ 201,454</u>	

The mortgage payable is secured by a general security agreement, an assignment of insurance, and a first ranking collateral mortgage in the amount of \$400,000 over certain real property with a net book value of \$715,583, (2020 - \$716,149).

During the year, the organization exercised a payment deferral option on this loan due to the COVID-19 pandemic. This resulted in 6 months of principal payments being deferred and the loan term being extended by 6 months to July 2029. Interest payments continued to be made during the deferral period. Principal payments on this mortgage recommenced in November 2020.

MARCH 31, 2021

11. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources received in excess of approved expenditures incurred in the year for the organization's program and focus areas, including programs established in relation to the COVID-19 pandemic. As the expenses related to these programs are incurred, the balance of the deferred contributions account will be reduced.

	<u>2021</u>	<u>2020</u>
Opening balance	\$ 502,767	\$ 468,190
Amount received during the year	1,819,840	222,566
Expenses in the year	<u>(1,229,783)</u>	<u>(187,989)</u>
Closing balance	<u>\$ 1,092,824</u>	<u>\$ 502,767</u>

As at year end, \$561,233, (2020 - \$483,392) of revenues were deferred in relation to the organization's program and focus areas, of which, \$186,609, (2020 - \$135,389) specifically related to the Women's Leadership Council. The remaining \$531,591, (2020 - \$19,375) of deferred contributions was deferred for programs established in relation to the COVID-19 pandemic.

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 deferred capital contributions is recorded in the statement of operations and is recognized into income on the same basis as amortization is charged against the associated tangible capital assets.

	<u>2021</u>	<u>2020</u>
Opening balance	\$ 141,938	\$ 141,052
Amount received during the year	10,000	7,369
Amount recognized as revenue in the year	<u>(5,855)</u>	<u>(6,483)</u>
Closing balance	<u>\$ 146,083</u>	<u>\$ 141,938</u>

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:

	<u>2021</u>	<u>2020</u>
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 Bengel 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	36,185	34,031
Steve and Lorie Baker Family fund	7,500	7,500
Pratt Family fund	<u>4,674</u>	<u>4,155</u>
	<u>\$ 227,087</u>	<u>\$ 224,414</u>

During the year, endowment contributions of \$2,673, (2020 - \$4,975) were made to the organization's endowment funds.

13. NET ASSETS HELD FOR ENDOWMENT PURPOSES, continued

Net investment income (loss):	2021	2020
Thomas W. Burke memorial fund	\$ 42,666	\$ 33,092
Richardson fund	4,216	3,305
Cameron Carruthers memorial fund	2,458	2,098
Teri Craig memorial fund	1,794	1,617
Megan Bengel memorial fund	9,684	8,119
Laura Bradley memorial fund	584	526
Scott Owen memorial fund	2,755	1,727
Jason Young memorial fund	460	360
Kirkwood Family fund	4,111	2,900
Hetherington Family fund	4,217	3,305
Shirley Mellow fund	51	(349)
McNeill memorial fund	6,364	3,260
Steve and Lorie Baker Family fund	754	70
Pratt Family fund	438	59
	<u>\$ 80,552</u>	<u>\$ 60,089</u>

During the year, the organization earned \$20,463, (2020 - \$7,095) of net investment income on externally restricted endowments. This net investment income has been recognized as a direct increase in net assets in the year.

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

During the year, disbursements of \$nil, (2020 - \$200) were made from the organization's endowment funds.

Total endowment value:

	2021	2020
Donations	\$ 227,087	\$ 224,414
Net investment income	<u>80,552</u>	<u>60,089</u>
	<u>\$ 307,639</u>	<u>\$ 284,503</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.

13. NET ASSETS HELD FOR ENDOWMENT PURPOSES, continued

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.

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.

14. INTERNALLY RESTRICTED NET ASSETS

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

	<u>2021</u>	<u>2020</u>
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	<u>69,555</u>	<u>69,555</u>
	<u>\$ 574,710</u>	<u>\$ 574,710</u>

During the year, \$nil, (2020 - \$nil) of additional funds were internally restricted by the board of directors and \$nil, (2020 - \$nil) funds were disbursed from internally restricted net assets.

15. RELATED PARTY TRANSACTIONS

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

Included in prepaid expenses at year end is \$11,642, (2020 - \$11,642) of prepaid membership fees paid to related parties.

Included in accounts payable at year end is \$10,345, (2020 - \$10,310) due to related parties.

During the year, the organization collected campaign revenue of \$8,337, (2020 - \$9,268) 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 \$853, (2020 - \$650) payable to related parties.

In the year, the organization earned \$990,179, (2020 - \$610,153) of revenue from campaigns that were centrally coordinated by other United Way organizations.

During the year, the organization paid administrative dues and fees of \$15,452, (2020 - \$19,903) 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.

16. ALLOCATION OF TOTAL EXPENDITURES

	<u>2021</u>	<u>2020</u>
General management and administration expenses (note 17)	\$ 190,854	\$ 243,224
Fundraising share of operating expenses (note 18)	269,737	426,656
Direct fundraising expenses (note 18)	106	45,685
United Way community impact programs (note 18)	533,171	756,500
Allocations and designations to recipient charities (note 18)	<u>259,787</u>	<u>465,493</u>
	<u>\$ 1,253,655</u>	<u>\$ 1,937,558</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>2021</u>	<u>2020</u>
Allocation to fundraising expenses (note 18)	\$ 64,117	\$ 87,709
Allocation to program expenses (note 18)	<u>126,737</u>	<u>155,515</u>
	<u>\$ 190,854</u>	<u>\$ 243,224</u>

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

18. ALLOCATION AND DESIGNATION OF EXPENSES**Allocations and designations to member agencies:**

	<u>2021</u>	<u>2020</u>
Big Brothers Big Sisters of Chatham-Kent	\$ -	\$ 35,983
Brain Injury Association of Chatham-Kent	-	3,462
Canadian Mental Health Association - Kent	-	2,351
Canadian National Institute for the Blind	-	3,880
Changing Ways	-	2,375
Chatham-Kent Children's Services	-	15,612
Chatham-Kent Student Breakfast Program	3,584	3,152
Chatham-Kent Women's Centre	-	3,571
Epilepsy Southwestern Ontario	-	4,210
Family Service Kent	-	35,002
Learning Disabilities Association of Chatham-Kent	-	31,648
Restorative Justice Chatham-Kent	-	13,025
Sidestreets Youth Drop-In Centre	-	7,142
The Solid Rock Cafe Youth Centre	-	15,750
Victorian Order of Nurses	-	32,322
	<u>\$ 3,584</u>	<u>\$ 209,485</u>

Allocations and designations to recipient charities:

	<u>2021</u>	<u>2020</u>
Allocation and designation to member agencies	\$ 3,584	\$ 209,485
Designations to United Way focus areas	173,038	156,606
Allocation and designation to non-member charities	80,492	94,427
Allocation to endowment fund (note 13)	<u>2,673</u>	<u>4,975</u>
	<u>\$ 259,787</u>	<u>\$ 465,493</u>

18. ALLOCATION AND DESIGNATION OF EXPENSES, continued

Allocations to United Way community impact programs:

	2021	2020
Youth engagement program	\$ 3,809	\$ 7,893
Chatham-Kent Non-Profit Network	14,546	93,483
Women's Leadership Council	8,146	35,546
United Way dues	15,452	19,903
Tilbury outreach office foodbank	41,836	51,574
Operation Backpacks	67,331	35,487
Information and referral services	28,061	90,003
Labour programs and services	8,321	30,345
The '425' Centre for Community Innovation	112,893	133,345
Community investment and partnership development	200,608	192,183
Volunteer Chatham-Kent	32,168	66,738
	<u>533,171</u>	<u>756,500</u>
Allocation of management and administration expenses (note 17)	<u>126,737</u>	<u>155,515</u>
	<u>\$ 659,908</u>	<u>\$ 912,015</u>

Allocations to fundraising:

	2021	2020
Direct fundraising expenses	\$ 106	\$ 45,685
Fundraising share of operating expenses	269,737	426,656
Allocations of management and administration expenses (note 17)	<u>64,117</u>	<u>87,709</u>
	<u>\$ 333,960</u>	<u>\$ 560,050</u>

19. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2021	2020
Accounts receivable	\$ (42,020)	\$ 11,484
Prepaid expenses	(15,529)	(9,107)
Accounts payable and accrued liabilities	37,723	9,375
Undistributed allocation to funded agencies	(83,902)	(456,455)
Undistributed allocation to other charities	(25,176)	(83,439)
Deferred contributions	<u>590,057</u>	<u>34,577</u>
	<u>\$ 461,153</u>	<u>\$ (493,565)</u>

20. COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic resulting in governments worldwide enacting emergency measures to combat the spread of the virus. The pandemic was ongoing as at the date of the audit report. The potential economic effects within the organization's environment, 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, introduction of social distancing and quarantine protocols, and the closure of services deemed non-essential, may have a material impact on the organization's operations in a future period.

As of the date of the financial statements, management is aware of changes in the organization's activities as a result of the COVID-19 crisis, such as having administrative employees work from home and administering various COVID-19 related grant funds and donations to local organizations to assist with pandemic-related expenses and recovery efforts.

The extent of the impact of this outbreak and related containment measures on the organization's operations cannot be reliably estimated at this time given the ongoing nature of the pandemic. The organization is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available and will continue to respond accordingly.

21. GOVERNMENT ASSISTANCE

In response to the COVID-19 pandemic, the federal government introduced the temporary wage subsidy program during the 2021 fiscal year. This program was a three month initiative that allowed eligible employers to reduce the amount of payroll deductions remitted to the Canada Revenue Agency. During the 2021 fiscal year, the United Way of Chatham-Kent received a subsidy of \$10,924, (2020 - \$nil) to reduce total source deductions remitted. This subsidy has been recognized as other income in the statement of operations.

In response to the COVID-19 pandemic, the Canadian government introduced the Canada Emergency Wage Subsidy program during the 2021 fiscal year. This program provides funds to Canadian employers who have experienced a decline in revenues due to the pandemic to enable them to re-hire workers and transition back into normal operations. During the 2021 fiscal year, the United Way of Chatham-Kent applied for \$162,926, (2020 - \$nil) of subsidy funding, of which, \$17,853, (2020 - \$nil) is outstanding as receivable at year end. These funds have been recognized as other income in the statement of operations.

MARCH 31, 2021

22. COMMITMENTS

As at March 31, 2021, the organization has outstanding commitments of approximately \$119,488 with respect to operating leases for equipment and the Tilbury office location. These commitments expire between 2024 and 2027. Minimum future lease payments required over the next five years are as follows:

2022	\$ 29,161
2023	29,161
2024	23,435
2025	13,720
2026	<u>13,720</u>
	<u>\$ 109,197</u>

23. SUBSEQUENT EVENTS

Subsequent to the year end, the organization cancelled a fundraising event to which it had previously committed. Discussions are currently underway between the United Way of Chatham-Kent and the other party to this cancelled event as to remediation costs that may be payable by the United Way of Chatham-Kent. As at the date of the audit report, the economic impact of this cancellation cannot be definitively determined, though the organization has provided a preliminary estimate of financial exposure of up to \$175,000 based on the facts known to date.

Subsequent to the year end, the organization's chief executive officer departed the organization. As at the date of the audit report, the economic impact of this event cannot be reasonably determined.

24. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

25. 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.

25. FINANCIAL INSTRUMENTS, continued**(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.

(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) CONCENTRATION RISK

Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the organization in the event of a default by one of these customers. The organization is exposed to credit risk on its accounts receivable. As at March 31, 2021, approximately 99.95%, (2020 - 98.08%) of accounts receivable are owed to the organization by the Government of Canada. The organization reduces its exposure to concentration risk by regularly assessing the credit risk associated with these accounts and closely monitoring any overdue balances. In the opinion of management, the concentration risk exposure to the organization is low and is not material.

(e) 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.

25. FINANCIAL INSTRUMENTS, continued

(f) 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 callable debt. 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

YEAR ENDED MARCH 31, 2021



SCHEDULE OF EXPENSES

Schedule 1

	12 months March 31, 2021	15 months March 31, 2020
Advertising and promotion	\$ 44,323	\$ 48,504
Amortization	22,080	29,164
Bad debts	50	2,533
Bank charges and interest	6,779	10,942
Benefits	175,667	234,952
Campaign supplies	9,407	13,582
Direct fundraising expenses (note 18)	106	45,685
Dues and fees (note 15)	15,452	19,903
Equipment lease	18,003	22,345
Insurance	11,289	13,994
Interest on long-term debt	8,509	13,069
Meeting expenses	5,271	6,362
Occupancy costs	55,828	67,083
Office and computer supplies	39,896	79,957
Other expenses	11,673	8,977
Postage	4,558	3,143
Printing and photocopying	5,081	7,456
Professional fees	16,383	15,188
Program expenses	58,102	63,554
Repairs and maintenance	12,609	18,624
Resource materials and memberships	7,563	8,523
Staff and donor recognition	236	466
Staff training	6,110	21,694
Technology, websites and social media	8,545	16,002
Telephone	5,354	12,296
Travel, accommodation and mileage	5,096	16,678
Volunteer recognition and training	1,265	2,648
Wages and salaries	438,633	668,741
Allocation and designation to member agencies (note 18)	3,584	209,485
Allocation and designation to non-member charities (note 18)	80,492	94,427
Allocation to endowment fund (notes 13 and 18)	2,673	4,975
Designations to United Way focus areas (note 18)	173,038	156,606
	<u>\$ 1,253,655</u>	<u>\$ 1,937,558</u>