



UNITED WAY OF CHATHAM-KENT

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

MARCH 31, 2022

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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, 2022, 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, 2022, 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.

Chatham, Ontario
October 18, 2022

Baker Tilly CK LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

UNITED WAY OF CHATHAM-KENT

FINANCIAL STATEMENTS

MARCH 31, 2022



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UNITED WAY OF CHATHAM-KENT



STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2022

	2022	2021
REVENUES		
Campaign revenue	\$ 871,882	\$ 191,987
Campaign revenue processed by other United Ways (note 14)	<u>382,509</u>	<u>990,179</u>
	1,254,391	1,182,166
Events	14,149	-
Rent	37,088	35,053
Interest and investment income	-	604
Fee for service and other income	612	40,764
Amortization of deferred capital contributions (note 11)	7,628	5,855
Grants	<u>-</u>	<u>8,717</u>
	<u>1,313,868</u>	<u>1,273,159</u>
EXPENDITURES (schedule 1)		
Fundraising expenses (note 17)	300,655	333,960
Program expenses		
Allocations and designations to recipient charities (note 17)	234,952	84,076
United Way community impact programs (note 17)	<u>875,298</u>	<u>659,907</u>
	<u>1,410,905</u>	<u>1,077,943</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER INCOME (EXPENSE)	<u>(97,037)</u>	<u>195,216</u>
OTHER INCOME (EXPENSE)		
COVID-19 grants and donations	141,075	1,114,603
COVID-19 program expenses and allocations	(141,075)	(1,114,603)
COVID-19 temporary wage subsidy (note 20)	-	10,924
COVID-19 Canada Emergency Wage Subsidy (note 20)	<u>133,124</u>	<u>162,926</u>
	<u>133,124</u>	<u>173,850</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 36,087</u>	<u>\$ 369,066</u>

UNITED WAY OF CHATHAM-KENT



STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2022

	<u>Restricted for endowment (note 12)</u>	<u>Internally restricted (note 13)</u>	<u>Unrestricted</u>	<u>Total 2022</u>	<u>Total 2021</u>
BALANCE, BEGINNING OF YEAR	\$ 371,112	\$ 574,710	\$ (414,036)	\$ 531,786	\$ 76,111
Excess of revenues over expenditures	-	-	36,087	36,087	369,066
Endowment contributions (note 12)	34,783	-	-	34,783	66,146
Net investment income earned on endowments (note 12)	1,496	-	-	1,496	20,463
Transfer from internally restricted fund (note 13)	-	(55,000)	55,000	-	-
BALANCE, END OF YEAR	<u>\$ 407,391</u>	<u>\$ 519,710</u>	<u>\$ (322,949)</u>	<u>\$ 604,152</u>	<u>\$ 531,786</u>

UNITED WAY OF CHATHAM-KENT
 STATEMENT OF FINANCIAL POSITION
 MARCH 31, 2022

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 863,655	\$ 923,771
Accounts receivable (note 3)	41,349	65,788
Prepaid expenses (note 14)	25,237	45,487
	<u>930,241</u>	<u>1,035,046</u>
RESTRICTED SHORT-TERM INVESTMENTS (note 4)	462,428	284,790
TANGIBLE CAPITAL ASSETS (note 5)	<u>762,691</u>	<u>761,933</u>
	<u>\$ 2,155,360</u>	<u>\$ 2,081,769</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (notes 7 and 14)	\$ 91,290	\$ 116,237
Undistributed allocation to other charities (note 14)	41,034	16,859
Canada Emergency Business Account loan payable (note 8)	40,000	40,000
Current portion of callable debt (note 9)	18,188	21,616
	<u>190,512</u>	<u>194,712</u>
Callable debt (note 9)	<u>163,976</u>	<u>179,838</u>
	354,488	374,550
DEFERRED CONTRIBUTIONS (note 10)	1,043,147	1,029,350
DEFERRED CAPITAL CONTRIBUTIONS (note 11)	153,573	146,083
	<u>1,551,208</u>	<u>1,549,983</u>
RESTRICTED FOR ENDOWMENT (note 12)	407,391	371,112
INTERNALLY RESTRICTED (note 13)	519,710	574,710
UNRESTRICTED	<u>(322,949)</u>	<u>(414,036)</u>
	604,152	531,786
	<u>\$ 2,155,360</u>	<u>\$ 2,081,769</u>

CONTINGENT LIABILITIES (note 19)

ON BEHALF OF THE BOARD

Wes Thompson

Director

Darryl Pidduck

Director

UNITED WAY OF CHATHAM-KENT



STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 36,087	\$ 369,066
Adjustments for		
Amortization	26,017	22,080
Amortization of deferred capital contributions (note 11)	(7,628)	(5,855)
Endowment contributions (note 12)	34,783	66,146
	<u>89,259</u>	<u>451,437</u>
Change in non-cash working capital items (note 18)	57,713	397,679
	<u>146,972</u>	<u>849,116</u>
INVESTING ACTIVITIES		
Acquisition of investments	(176,141)	(548,312)
Purchase of tangible capital assets	(26,775)	(21,864)
Withdrawal of investment funds	-	500,000
	<u>(202,916)</u>	<u>(70,176)</u>
FINANCING ACTIVITIES		
Proceeds on Canada Emergency Business Account loan	-	40,000
Repayment of callable debt	(19,290)	(9,030)
Tangible capital assets funded by deferred capital contributions	15,118	10,000
	<u>(4,172)</u>	<u>40,970</u>
INCREASE (DECREASE) IN CASH	(60,116)	819,910
CASH, BEGINNING OF YEAR	<u>923,771</u>	<u>103,861</u>
CASH, END OF YEAR	<u>\$ 863,655</u>	<u>\$ 923,771</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 works to maximize volunteer, financial, program and agency resources to respond to the increasingly complex issues and needs that exist and are emerging in Chatham-Kent. 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 interest and investment income 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.



2. 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%
Signs	20%
Motor vehicle	30%

Tangible capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

(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.

2. 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 or to cover operational losses.

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.

The program reserve fund is used to hold funding to support 3 months of operating costs at the Wheatley Resource Centre and Food Bank.

(f) REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions.

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.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) REVENUE RECOGNITION, continued

Rental income and event income is recognized as it is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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 when earned.

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.

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

Other income is recognized as it is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(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.

MARCH 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) FINANCIAL ASSETS AND LIABILITIES

The organization's financial assets consist of cash, 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 short-term 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.

Short-term 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. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Sales taxes receivable	\$ 41,224	\$ 47,903
Canada Emergency Wage Subsidy receivable (note 20)	-	17,853
Other receivables	<u>125</u>	<u>32</u>
	<u>\$ 41,349</u>	<u>\$ 65,788</u>

UNITED WAY OF CHATHAM-KENT
 NOTES TO THE FINANCIAL STATEMENTS



MARCH 31, 2022

4. RESTRICTED SHORT-TERM INVESTMENTS

	<u>Book Value 2022</u>	<u>Market Value 2022</u>	<u>Book Value 2021</u>	<u>Market Value 2021</u>
Cash and cash equivalents	\$ 114,209	\$ 114,209	\$ 11,908	\$ 11,912
Fixed income securities and fixed income funds, minority interest	224,297	205,807	186,290	182,093
Equities and equity funds, minority interest	<u>129,911</u>	<u>142,412</u>	<u>88,014</u>	<u>90,785</u>
	<u>\$ 468,417</u>	<u>\$ 462,428</u>	<u>\$ 286,212</u>	<u>\$ 284,790</u>

During the year, the organization earned \$1,496, (2021 - \$20,463) of restricted net investment income. This net investment income has been recognized as a direct increase in net assets in the year.

5. TANGIBLE CAPITAL ASSETS

	<u>2022</u>			<u>2021</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 209,046	\$ -	\$ 209,046	\$ 209,046
Buildings	653,184	159,311	493,873	506,537
United Way building at CSV	18,500	1,890	16,610	17,036
Computer equipment	25,141	14,644	10,497	4,546
Equipment	265,004	246,344	18,660	23,324
Signs	1,604	449	1,155	1,444
Motor vehicle	<u>15,118</u>	<u>2,268</u>	<u>12,850</u>	<u>-</u>
	<u>\$ 1,187,597</u>	<u>\$ 424,906</u>	<u>\$ 762,691</u>	<u>\$ 761,933</u>

6. BANK INDEBTEDNESS

The organization has available an operating demand 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, (2021 - \$nil) of this operating loan has been used.

MARCH 31, 2022

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trade accounts payable	\$ 45,392	\$ 43,106
Accrued liabilities	43,819	71,542
Government remittances payable	<u>2,079</u>	<u>1,589</u>
	<u>\$ 91,290</u>	<u>\$ 116,237</u>

8. CANADA EMERGENCY BUSINESS ACCOUNT LOAN PAYABLE

During the prior 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 full balance of the loan is repayable and has been recognized as a current liability in the accompanying financial statements.

9. CALLABLE DEBT

	<u>2022</u>	<u>2021</u>
Mortgage payable in monthly instalments of \$2,272, including interest at a rate of prime plus 0.50%, final payment due July 2029	\$ 182,164	\$ 201,454
Less current portion	<u>18,188</u>	<u>21,616</u>
Callable debt	<u>\$ 163,976</u>	<u>\$ 179,838</u>
Estimated principal repayments are as follows:		
2023	\$ 18,188	
2024	19,157	
2025	20,177	
2026	21,251	
2027	22,383	
Subsequent years	<u>81,008</u>	
	<u>\$ 182,164</u>	

UNITED WAY OF CHATHAM-KENT
 NOTES TO THE FINANCIAL STATEMENTS



MARCH 31, 2022

9. CALLABLE DEBT, continued

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 \$702,919, (2021 - \$715,583).

10. 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. As the expenses related to these programs are incurred, the balance of the deferred contributions account will be reduced.

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,029,350	\$ 502,767
Amount received during the year	385,881	1,756,366
Amount recognized in current year operations	<u>(372,084)</u>	<u>(1,229,783)</u>
Balance, end of year	<u>\$ 1,043,147</u>	<u>\$ 1,029,350</u>

As at year end, the deferred contributions balance outstanding for each of the organization's program and focus areas are as follows:

	<u>2022</u>	<u>2021</u>
Addressing fundamental social issues	\$ 561,612	\$ 587,967
Building strong communities	317,662	286,333
Inclusion and representation	-	-
Affecting system or cultural change	-	-
Reconciliation lens and learning	-	-
Women United	137,436	128,136
Donor advised funds	<u>26,437</u>	<u>26,914</u>
Closing balance	<u>\$ 1,043,147</u>	<u>\$ 1,029,350</u>



MARCH 31, 2022

11. 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>2022</u>	<u>2021</u>
Opening balance	\$ 146,083	\$ 141,938
Amount received during the year	15,118	10,000
Amount recognized as revenue in the year	<u>(7,628)</u>	<u>(5,855)</u>
Closing balance	<u>\$ 153,573</u>	<u>\$ 146,083</u>

12. NET ASSETS HELD FOR ENDOWMENT PURPOSES

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

Donations:

	<u>2022</u>	<u>2021</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 Benge 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	37,314	36,185
Steve and Lorie Baker Family fund	7,500	7,500
Pratt Family fund	4,674	4,674
Women United Five for Five fund	<u>97,127</u>	<u>63,473</u>
	<u>\$ 325,343</u>	<u>\$ 290,560</u>

During the year, endowment contributions of \$34,783, (2021 - \$66,146) were made to the organization's endowment funds.

MARCH 31, 2022

12. NET ASSETS HELD FOR ENDOWMENT PURPOSES, continued

Net investment income:	<u>2022</u>	<u>2021</u>
Thomas W. Burke memorial fund	\$ 43,207	\$ 42,666
Richardson fund	4,268	4,216
Cameron Carruthers memorial fund	2,478	2,458
Teri Craig memorial fund	1,804	1,794
Megan Bengé memorial fund	9,773	9,684
Laura Bradley memorial fund	587	584
Scott Owen memorial fund	2,813	2,755
Jason Young memorial fund	465	460
Kirkwood Family fund	4,180	4,111
Hetherington Family fund	4,268	4,217
Shirley Mellow fund	74	51
McNeill memorial fund	6,550	6,364
Steve and Lorie Baker Family fund	792	754
Pratt Family fund	462	438
Women United Five for Five fund	327	-
	<u>\$ 82,048</u>	<u>\$ 80,552</u>

During the year, the organization earned \$1,496, (2021 - \$20,463) 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 year and no amounts have been deferred in either year.

During the year, disbursements of \$nil, (2021 - \$nil) were made from the organization's endowment funds.

Total endowment value:

	<u>2022</u>	<u>2021</u>
Donations	\$ 325,343	\$ 290,560
Net investment income	<u>82,048</u>	<u>80,552</u>
	<u>\$ 407,391</u>	<u>\$ 371,112</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.

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12. 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.



12. NET ASSETS HELD FOR ENDOWMENT PURPOSES, continued

The Women United Five for Five fund has been established with donations from the members of the Women United group. Investment income earned is to be used for Women United programming and is to be allocated in consultation with the Women United group.

13. INTERNALLY RESTRICTED NET ASSETS

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

	<u>2022</u>	<u>2021</u>
Operating fund	\$ -	\$ 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
Program reserve fund	<u>50,000</u>	<u>-</u>
	<u>\$ 519,710</u>	<u>\$ 574,710</u>

During the year, \$50,000, (2021 - \$nil) of additional funds were internally restricted by the board of directors to the program reserve fund to support 3 months of operating costs at the Wheatley Resource Centre and Food Bank.

During the year, the board of directors approved a transfer of \$105,000, (2021 - \$nil) of funds from the internally restricted operating fund to unrestricted net assets to offset a portion of the deficit noted in the unrestricted net asset balance.

14. 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 \$13,172, (2021 - \$11,642) of prepaid membership fees paid to related parties.

Included in accounts payable at year end is \$18,123, (2021 - \$10,345) due to related parties.

Included in undistributed allocations to other charities is \$2,900, (2021 - \$853) payable to related parties.

During the year, the organization collected campaign revenues of \$2,650, (2021 - \$8,337) to be distributed to other United Way organizations throughout Ontario.

MARCH 31, 2022

14. RELATED PARTY TRANSACTIONS, continued

In the year, the organization earned \$382,509, (2021 - \$990,179) of campaign revenues from other United Way organizations, of which, \$381,343, (2021 - \$990,179) was generated from centrally coordinated campaigns.

During the year, the organization paid administrative dues and fees of \$15,953, (2021 - \$15,452) to United Way Canada - Centraide Canada.

During the year, the organization paid \$1,040, (2021 - \$6,912) of centrally coordinated donation processing fees to related parties.

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.

15. ALLOCATION OF TOTAL EXPENDITURES

	<u>2022</u>	<u>2021</u>
General management and administration expenses (note 16)	\$ 261,089	\$ 190,853
Fundraising share of operating expenses (note 17)	233,879	269,737
Direct fundraising expenses (note 17)	28	106
United Way community impact programs (note 17)	680,957	533,171
Allocations and designations to recipient charities (note 17)	<u>234,952</u>	<u>84,076</u>
	<u>\$ 1,410,905</u>	<u>\$ 1,077,943</u>

16. 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>2022</u>	<u>2021</u>
Allocation to fundraising expenses (note 17)	\$ 66,748	\$ 64,117
Allocation to program expenses (note 17)	<u>194,341</u>	<u>126,736</u>
	<u>\$ 261,089</u>	<u>\$ 190,853</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, 2022



17. ALLOCATION AND DESIGNATION OF EXPENSES

Allocations and designations to member agencies:

	<u>2022</u>	<u>2021</u>
Chatham-Kent Student Breakfast Program	\$ -	\$ 3,584

Allocations and designations to recipient charities:

	<u>2022</u>	<u>2021</u>
Allocation and designation to member agencies	\$ -	\$ 3,584
Allocation and designation to non-member charities	<u>234,952</u>	<u>80,492</u>
	<u>\$ 234,952</u>	<u>\$ 84,076</u>

Allocations to United Way community impact programs:

	<u>2022</u>	<u>2021</u>
Youth United	\$ 1,793	\$ 3,809
Chatham-Kent Non-Profit Network	6,635	14,546
Women United	20,790	8,146
United Way dues and fees	15,953	15,452
Tilbury Information and Help Centre	46,168	41,836
Operation Backpacks	22,035	67,331
Information and referral services	47,104	28,061
Labour United	2,330	8,321
Chatham-Kent Non-Profit Centre	137,111	112,893
Community investment and partnership development	353,170	200,608
Volunteer Chatham-Kent	<u>27,868</u>	<u>32,168</u>
	680,957	533,171
Allocation of management and administration expenses (note 16)	<u>194,341</u>	<u>126,736</u>
	<u>\$ 875,298</u>	<u>\$ 659,907</u>

MARCH 31, 2022

17. ALLOCATION AND DESIGNATION OF EXPENSES, continued

Allocations to fundraising:

	<u>2022</u>	<u>2021</u>
Direct fundraising expenses	\$ 28	\$ 106
Fundraising share of operating expenses	233,879	269,737
Allocations of management and administration expenses (note 16)	<u>66,748</u>	<u>64,117</u>
	<u>\$ 300,655</u>	<u>\$ 333,960</u>

18. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 24,439	\$ (42,020)
Prepaid expenses	20,250	(15,529)
Accounts payable and accrued liabilities	(24,948)	37,723
Undistributed allocation to funded agencies	-	(83,902)
Undistributed allocation to other charities	24,175	(25,176)
Deferred contributions	<u>13,797</u>	<u>526,583</u>
	<u>\$ 57,713</u>	<u>\$ 397,679</u>

19. CONTINGENT LIABILITIES

Human resources

Subsequent to year end, the organization received a letter from a former employee's legal counsel related to a potential human resource litigation claim. The letter did not specify a monetary amount of damages claimed. At the date of the audit report, it is unknown whether any formal legal action will commence and the amount of damages that may or may not be payable cannot be reasonably estimated and thus have not been accrued in the financial statements. Any obligations that result from this matter will be recorded in the year incurred.

Event cancellation

During the year, the organization cancelled a fundraising event to which it had previously committed. Discussions are currently underway between legal counsel for 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. No statement of claim or litigation has been filed as of the date of the audit report. As it is unknown whether the United Way of Chatham-Kent will be required to make any payment in respect of this situation and the amount that may be payable cannot be reasonably estimated, no amounts have been accrued in the financial statements. Any obligations that result from this action will be recorded in the year incurred.

MARCH 31, 2022

20. 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 2022 fiscal year, the United Way of Chatham-Kent applied for and received a subsidy of \$nil, (2021 - \$10,924) 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 2022 fiscal year, the United Way of Chatham-Kent applied for \$133,124, (2021 - \$162,926) of subsidy funding, of which, \$nil, (2021 - \$17,853) is outstanding as receivable at year end. These funds have been recognized as other income in the statement of operations.

21. COMMITMENTS

As at March 31, 2022, the organization has outstanding commitments of approximately \$104,046 with respect to operating leases for equipment and the Tilbury office location. These commitments expire between 2024 and 2028. Minimum future lease payments required over the next five years are as follows:

2023	\$ 29,161
2024	23,435
2025	13,720
2026	13,720
2027	13,720
Subsequent years	<u>10,290</u>
	<u>\$ 104,046</u>

22. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. This reclassification included a movement of \$58,473 of previously reported deferred contributions to net assets restricted for endowment. This had the effect of reducing total liabilities by \$63,473 and increasing net assets restricted for endowment by \$63,473. The changes do not affect prior year earnings.

23. 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.

(b) 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.

(c) 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, 2022, approximately 99.70%, (2021 - 99.95%) 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.

(d) CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization is exposed to currency risk on its United States dollar short-term investments. The organization reduces its exposure to currency risk by carefully monitoring exchange rates and by diversifying its investment portfolio between Canadian dollar and United States dollar investments. The organization does not use any financial instruments such as derivative contracts to manage its currency risk. In the opinion of management, the currency risk exposure to the organization is low and is not material.

23. FINANCIAL INSTRUMENTS, continued

(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 short-term 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.

(f) 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 monitors the organization's operating requirements, and prepares 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.

UNITED WAY OF CHATHAM-KENT

SCHEDULE TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022



SCHEDULE OF EXPENSES

Schedule 1

	<u>2022</u>	<u>2021</u>
Advertising and promotion	\$ 46,550	\$ 44,321
Amortization	26,017	22,080
Bad debts	-	50
Bank charges and interest	11,019	6,779
Centrally coordinated donation processing fees (note 14)	1,040	6,912
Consulting fees	148,548	3,465
Direct fundraising expenses (note 17)	28	106
Dues and fees (note 14)	15,953	15,452
Equipment lease	15,396	18,003
Insurance	12,709	11,289
Interest on long-term debt	7,978	8,509
Meeting expenses	3,116	5,271
Occupancy costs	62,736	55,828
Office and computer supplies	44,997	44,927
Other expenses	10,880	11,673
Postage	10,717	4,558
Professional fees	29,029	12,919
Program and event expenses	63,759	67,509
Repairs and maintenance	4,403	12,609
Resource materials and memberships	3,929	651
Staff and donor recognition	284	236
Staff training	716	6,110
Technology, websites and social media	25,764	8,596
Telephone	3,687	5,354
Travel, accommodation and mileage	7,153	5,096
Vehicle fuel and maintenance	3,569	-
Volunteer recognition and training	452	1,265
Wages and benefits	615,524	614,299
Allocation and designation to member agencies (note 17)	-	3,584
Allocation and designation to non-member charities (note 17)	234,952	80,492
	<u>\$ 1,410,905</u>	<u>\$ 1,077,943</u>