

UNITED WAY OF PERTH - HURON

FINANCIAL STATEMENTS

MARCH 31, 2020

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AUDITORS' REPORT

To the Members of
United Way of Perth - Huron
Stratford, Ontario

Qualified Opinion

We have audited the financial statements of **United Way of Perth - Huron**, which comprise the balance sheet as at **March 31, 2020** and the statements of operations, fund balances and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of **United Way of Perth - Huron** as at **March 31, 2020** and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of **United Way of Perth - Huron** 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

In common with many not-for-profit organizations, the organization derives cash revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019 and fund balances as at March 31 for both the 2020 and 2019 year ends. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

INDEPENDENT AUDITORS' REPORT - continued

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

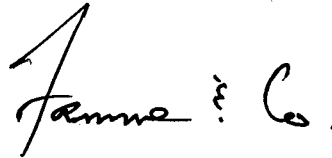
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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:

- (a) 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.
- (b) 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 entity's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of the entity'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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the entity to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT - continued

- (e) 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.



Professional Corporation
Chartered Professional Accountants
*Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario*

Stratford, Ontario
June 9, 2020

United Way of Perth - Huron

Balance Sheet

As at March 31, 2020

	ASSETS				
	General Fund	Capital Asset Fund	Endowment Fund	Total 2020	Total 2019
Current Assets					
Cash	\$ 550,384	\$ -	\$ -	\$ 550,384	\$ 459,150
Funds held in trust (Note 12)	2,696	-	-	2,696	1,017
Short-term investments and accrued interest (Note 4)	7,984	-	106,588	114,572	109,333
Pledges receivable (Note 5)	586,654	-	-	586,654	558,039
HST receivable	9,647	-	-	9,647	8,174
Prepaid expenses, accounts receivable and inventory	21,249	-	-	21,249	17,209
Interfund balances (Note 6)	<u>119,814</u>	<u>(355,372)</u>	<u>235,558</u>	<u>-</u>	<u>-</u>
	<u>1,298,428</u>	<u>(355,372)</u>	<u>342,146</u>	<u>1,285,202</u>	<u>1,152,922</u>
Property, Plant and Equipment - at cost					
Land	-	100,000	-	100,000	100,000
Building	-	574,601	-	574,601	574,601
Office equipment	-	52,766	-	52,766	49,358
Computer hardware	-	44,303	-	44,303	40,325
Computer software	<u>-</u>	<u>15,556</u>	<u>-</u>	<u>15,556</u>	<u>15,556</u>
	-	787,226	-	787,226	779,840
Less: Accumulated amortization	<u>-</u>	<u>379,661</u>	<u>-</u>	<u>379,661</u>	<u>360,334</u>
	<u>-</u>	<u>407,565</u>	<u>-</u>	<u>407,565</u>	<u>419,506</u>
	<u>\$ 1,298,428</u>	<u>\$ 52,193</u>	<u>\$ 342,146</u>	<u>\$ 1,692,767</u>	<u>\$ 1,572,428</u>

Approved on Behalf of the Board:

Director

Director

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron

Balance Sheet

As at March 31, 2020

LIABILITIES

	General Fund	Capital Asset Fund	Endowment Fund	Total 2020	Total 2019
Current Liabilities					
Allocations and grants payable (Note 10)	\$ 686,476	\$ -	\$ -	\$ 686,476	\$ 645,476
Liability for designated pledges	16,417	-	-	16,417	13,694
Accounts payable and accrued liabilities	94,793	-	-	94,793	87,497
Funds held in trust (Note 12)	2,696	-	-	2,696	1,017
Deferred grant revenue (Note 9)	<u>90,810</u>	<u>-</u>	<u>-</u>	<u>90,810</u>	<u>42,994</u>
	891,192	-	-	891,192	790,678
Current portion of long-term liabilities	<u>416</u>	<u>-</u>	<u>-</u>	<u>416</u>	<u>2,500</u>
	<u>891,608</u>	<u>-</u>	<u>-</u>	<u>891,608</u>	<u>793,178</u>
Long-Term Liabilities					
Heritage loan payable, non- interest bearing, due May 2020, payable \$ 208.33 monthly	416	-	-	416	2,916
Less: Current portion	<u>416</u>	<u>-</u>	<u>-</u>	<u>416</u>	<u>2,500</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>416</u>
	<u>891,608</u>	<u>-</u>	<u>-</u>	<u>891,608</u>	<u>793,594</u>
FUND BALANCES					
Unrestricted	362,714	52,193	-	414,907	436,934
Restricted (Notes 6 and 14)	<u>44,106</u>	<u>-</u>	<u>342,146</u>	<u>386,252</u>	<u>341,900</u>
	<u>406,820</u>	<u>52,193</u>	<u>342,146</u>	<u>801,159</u>	<u>778,834</u>
	<u>\$ 1,298,428</u>	<u>\$ 52,193</u>	<u>\$ 342,146</u>	<u>\$ 1,692,767</u>	<u>\$ 1,572,428</u>

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Fund Balances
For the year ended March 31, 2020

	General Fund	Capital Asset Fund	Endowment Fund	Total 2020	Total 2019
Balance - beginning of year	\$ 365,899	\$ 71,035	\$ 341,900	\$ 778,834	\$ 745,989
Interfund transfer (Note 6)	<u>-</u>	<u>302</u>	<u>(302)</u>	<u>-</u>	<u>-</u>
	365,899	71,337	341,598	778,834	745,989
Excess of revenue over expenditures (expenditures over revenue) for the year	<u>40,921</u>	<u>(19,144)</u>	<u>548</u>	<u>22,325</u>	<u>32,845</u>
Balance - end of year	<u>\$ 406,820</u>	<u>\$ 52,193</u>	<u>\$ 342,146</u>	<u>\$ 801,159</u>	<u>\$ 778,834</u>

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Operations
For the year ended March 31, 2020

	General Fund	Capital Asset Fund	Endowment Fund	Total 2020	Total 2019
Revenue					
Campaign	\$ 1,601,316	\$ -	\$ -	\$ 1,601,316	\$ 1,410,802
Designations in	33,792	-	-	33,792	35,136
Memorials and bequests	-	-	548	548	1,080
211 funding	32,166	-	-	32,166	32,027
Interest	6,131	-	-	6,131	1,714
Other income	26,923	-	-	26,923	14,033
Fundraising events	43,085	-	-	43,085	47,002
United Centre (Schedule 1)	37,465	183	-	37,648	48,542
Social Research and Planning					
Council (Schedule 2)	87,425	-	-	87,425	92,779
Practice Firm (Schedule 3)	26,126	-	-	26,126	34,644
Urgent Needs Fund					
(Schedule 4)	15,485	-	-	15,485	-
Capital Campaign Fund					
(Schedule 5)	37,362	-	-	37,362	-
	<u>1,947,276</u>	<u>183</u>	<u>548</u>	<u>1,948,007</u>	<u>1,717,759</u>
Less: Pledge loss	(118,996)	-	-	(118,996)	(49,806)
Designations to:					
Other United Ways	<u>(13,741)</u>	<u>-</u>	<u>-</u>	<u>(13,741)</u>	<u>(17,435)</u>
Net revenue before direct fundraising and program expenditures	<u>1,814,539</u>	<u>183</u>	<u>548</u>	<u>1,815,270</u>	<u>1,650,518</u>

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Operations
For the year ended March 31, 2020

	General Fund	Capital Asset Fund	Endowment Fund	Total 2020	Total 2019
Revenue					
Net revenue before direct fundraising and program expenditures (carried forward)	\$ <u>1,814,539</u>	\$ <u>183</u>	\$ <u>548</u>	\$ <u>1,815,270</u>	\$ <u>1,650,518</u>
Direct Fundraising Expenditures					
Advertising	9,106	-	-	9,106	15,203
Fundraising supplies	23,629	-	-	23,629	15,345
Meetings, mileage and conferences	7,168	-	-	7,168	3,721
Fundraising events	23,207	-	-	23,207	11,626
Other	<u>11,283</u>	<u>-</u>	<u>-</u>	<u>11,283</u>	<u>9,536</u>
	74,393	-	-	74,393	55,431
Allocation of administrative expenses including salaries and wages (Schedule 6)	<u>202,319</u>	<u>-</u>	<u>-</u>	<u>202,319</u>	<u>205,851</u>
	<u>276,712</u>	<u>-</u>	<u>-</u>	<u>276,712</u>	<u>261,282</u>
Direct Program Expenditures					
Allocations and grants (Note 10)	678,502	-	-	678,502	626,085
Programs, designations and youth grants (Note 11)	209,874	-	-	209,874	199,794
United Way of Canada dues	13,216	-	-	13,216	15,997
United Centre (Schedule 1)	59,456	19,327	-	78,783	73,764
Social Research and Planning Council (Schedule 2)	149,867	-	-	149,867	149,679
Practice Firm (Schedule 3)	74,151	-	-	74,151	94,870
Urgent Needs Fund (Schedule 4)	-	-	-	-	-
Capital Campaign Fund (Schedule 5)	8,741	-	-	8,741	-
Allocation of administrative expenses including salaries and wages (Schedule 6)	<u>303,099</u>	<u>-</u>	<u>-</u>	<u>303,099</u>	<u>196,202</u>
	<u>1,496,906</u>	<u>19,327</u>	<u>-</u>	<u>1,516,233</u>	<u>1,356,391</u>
Total direct expenditures	<u>1,773,618</u>	<u>19,327</u>	<u>-</u>	<u>1,792,945</u>	<u>1,617,673</u>
Net revenue over expenditures (expenditures over revenue) for the year	<u>\$ 40,921</u>	<u>\$ (19,144)</u>	<u>\$ 548</u>	<u>\$ 22,325</u>	<u>\$ 32,845</u>

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Operations - United Centre (Schedule 1)
For the year ended March 31, 2020

	General Fund	Capital Asset Fund	Endowment Fund	Total 2020	Total 2019
Revenue					
Rental income	\$ 25,750	\$ -	\$ -	\$ 25,750	\$ 37,500
Cost recoveries	11,595	-	-	11,595	10,525
Interest and other	<u>120</u>	<u>183</u>	<u>-</u>	<u>303</u>	<u>517</u>
	<u>37,465</u>	<u>183</u>	<u>-</u>	<u>37,648</u>	<u>48,542</u>
Expenditures					
Amortization of property, plant and equipment	-	19,327	-	19,327	19,607
Utilities	8,205	-	-	8,205	9,169
Repairs and maintenance	21,672	-	-	21,672	15,595
Insurance	3,495	-	-	3,495	3,263
Interest and bank charges (Note 6)	233	-	-	233	46
Property taxes	5,300	-	-	5,300	5,220
Salaries, wages, benefits and training	11,748	-	-	11,748	12,100
Recoverable office expenses and other	<u>8,803</u>	<u>-</u>	<u>-</u>	<u>8,803</u>	<u>8,764</u>
	<u>59,456</u>	<u>19,327</u>	<u>-</u>	<u>78,783</u>	<u>73,764</u>
Net revenue over expenditures (expenditures over revenue) for the year	<u>\$ (21,991)</u>	<u>\$ (19,144)</u>	<u>\$ -</u>	<u>\$ (41,135)</u>	<u>\$ (25,222)</u>

Purpose of the United Centre

Commencing in 2003, with the acquisition of real estate at 32 Erie Street, Stratford, Ontario, the United Centre provides subsidized rent and/or shared services to start-up and other not-for-profit organizations to assist them in their development. In addition, owning the United Centre reduces operating costs for the United Way of Perth - Huron.

During the year, \$ 7,386 (2019 - \$ 8,557) was spent on equipment purchases.

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Operations - Social Research and Planning Council (Schedule 2)
For the year ended March 31, 2020

	General Fund	Capital Asset Fund	Endowment Fund	Total 2020	Total 2019
Revenue					
Grants	\$ 87,025	\$ -	\$ -	\$ 87,025	\$ 92,506
Interest and other	<u>400</u>	<u>-</u>	<u>-</u>	<u>400</u>	<u>273</u>
	<u>87,425</u>	<u>-</u>	<u>-</u>	<u>87,425</u>	<u>92,779</u>
Expenditures					
Salaries and benefits	88,429	-	-	88,429	101,663
Report research	41,031	-	-	41,031	25,503
Report consolidation and printing	8,248	-	-	8,248	1,701
Data consortium	3,312	-	-	3,312	6,755
myPerthHuron (data platform)	421	-	-	421	8,052
Office	2,900	-	-	2,900	2,686
Miscellaneous	<u>5,526</u>	<u>-</u>	<u>-</u>	<u>5,526</u>	<u>3,319</u>
	<u>149,867</u>	<u>-</u>	<u>-</u>	<u>149,867</u>	<u>149,679</u>
Net revenue over expenditures					
(expenditures over revenue)					
for the year	<u>\$ (62,442)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (62,442)</u>	<u>\$ (56,900)</u>

Purpose of the Social Research and Planning Council

The Social Research and Planning Council (SRPC) identifies local issues and trends, prioritizes local research possibilities and collects, collates and disseminates relevant community reports. SRPC utilizes this community research and information to address community planning initiatives. This may include, but is not limited to, initiating, facilitating and participating in local planning initiatives as appropriate.

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Operations - The Practice Firm (Schedule 3)
For the year ended March 31, 2020

	General Fund	Capital Asset Fund	Endowment Fund	Total 2020	Total 2019
Revenue					
Grants	\$ 4,800	\$ -	\$ -	\$ 4,800	\$ 8,000
Social enterprise	21,303	-	-	21,303	26,644
Interest	<u>23</u>	<u>-</u>	<u>-</u>	<u>23</u>	<u>-</u>
	<u>26,126</u>	<u>-</u>	<u>-</u>	<u>26,126</u>	<u>34,644</u>
Expenditures					
Salaries and benefits	58,706	-	-	58,706	87,274
Bank charges	153	-	-	153	139
Office	14,419	-	-	14,419	6,614
Insurance	<u>873</u>	<u>-</u>	<u>-</u>	<u>873</u>	<u>843</u>
	<u>74,151</u>	<u>-</u>	<u>-</u>	<u>74,151</u>	<u>94,870</u>
Net revenue over expenditures (expenditures over revenue) for the year	<u>\$ (48,025)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (48,025)</u>	<u>\$ (60,226)</u>

Purpose of the Practice Firm

The Practice Firm is an employment experience and retraining program. While learning, participants assist United Way with administrative functions, supporting several programs including: 211, Connect Youth, iVolunteer and the KEYs professional development series.

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Operations - Urgent Needs Fund (Schedule 4)
For the year ended March 31, 2020

	General Fund	Capital Asset Fund	Endowment Fund	Total 2020	Total 2019
Revenue					
Donations	\$ <u>15,485</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>15,485</u>	\$ <u>-</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net revenue over expenditures for the year	<u>\$ 15,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,485</u>	<u>\$ -</u>

Purpose of Urgent Needs Fund

Designed to meet emergent needs between allocation cycles, this fund is available by special application to organizations serving Perth-Huron when a need becomes significant.

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Operations - Capital Campaign Fund (Schedule 5)
For the year ended March 31, 2020

	General Fund	Capital Asset Fund	Endowment Fund	Total 2020	Total 2019
Revenue					
Donations	\$ <u>37,362</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>37,362</u>	\$ <u>-</u>
Expenditures					
General expenses	<u>8,741</u>	<u>-</u>	<u>-</u>	<u>8,741</u>	<u>-</u>
Net revenue over expenditures for the year	<u>\$ 28,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,621</u>	<u>\$ -</u>

Purpose of the Capital Campaign Fund

Launched in 2019 in response to the community need to improve service provision in rural regions, this fund is focused on opening community hubs (current projects are slated for Milverton and Listowel).

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Administrative Expenditures (Schedule 6)
For the year ended March 31, 2020

	General Fund	Capital Asset Fund	Endowment Fund	Total 2020	Total 2019
Expenditures					
Salaries, wages and benefits	\$ 457,633	\$ -	\$ -	\$ 457,633	\$ 352,049
Training	14,248	-	-	14,248	17,153
Office supplies and postage	2,782	-	-	2,782	1,639
Technology	12,710	-	-	12,710	10,729
Professional fees	8,315	-	-	8,315	8,055
Service charges, meetings, insurance and other	<u>9,730</u>	<u>-</u>	<u>-</u>	<u>9,730</u>	<u>12,428</u>
	505,418	-	-	505,418	402,053
Allocated to direct fundraising expenditures	(202,319)	-	-	(202,319)	(205,851)
Allocated to direct program expenditures	<u>(303,099)</u>	<u>-</u>	<u>-</u>	<u>(303,099)</u>	<u>(196,202)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Cash Flows
For the year ended March 31, 2020

	General Fund	Capital Asset Fund	Endowment Fund	Total 2020	Total 2019
Cash Provided By (Used In):					
Operating Activities					
Excess of revenue over expenditures (expenditures over revenue) for the year	\$ 40,921	\$ (19,144)	\$ 548	\$ 22,325	\$ 32,845
Items not requiring cash					
Amortization	-	19,327	-	19,327	19,607
Net changes in non-cash current operating accounts					
Decrease (increase) in pledges receivable	(28,615)	-	-	(28,615)	(69,000)
Decrease (increase) in prepaid expenses and accounts and HST receivable	(5,513)	-	-	(5,513)	6,145
Change in interfund balances	(6,655)	7,203	(548)	-	-
Increase (decrease) in allocations payable and designated pledges	43,723	-	-	43,723	14,482
Increase (decrease) in accounts payable and accrued liabilities	7,296	-	-	7,296	4,291
Increase (decrease) in deferred revenue	<u>47,816</u>	<u>-</u>	<u>-</u>	<u>47,816</u>	<u>(17,604)</u>
	<u>98,973</u>	<u>7,386</u>	<u>-</u>	<u>106,359</u>	<u>(9,234)</u>
Financing Activities					
Payments on loans	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>(2,500)</u>	<u>(2,500)</u>
Investing Activities					
Purchases of property, plant and equipment	<u>-</u>	<u>(7,386)</u>	<u>-</u>	<u>(7,386)</u>	<u>(8,557)</u>
Increase (decrease) in cash and cash equivalents	96,473	-	-	96,473	(20,291)
Cash and cash equivalents - beginning of year	<u>461,895</u>	<u>-</u>	<u>106,588</u>	<u>568,483</u>	<u>588,774</u>
Cash and cash equivalents - end of year	<u>\$ 558,368</u>	<u>\$ -</u>	<u>\$ 106,588</u>	<u>\$ 664,956</u>	<u>\$ 568,483</u>

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Cash Flows
For the year ended March 31, 2020

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents comprise the following balance sheet amounts:

	General Fund	Capital Asset Fund	Endowment Fund	Total 2020	Total 2019
Cash	\$ 550,384	\$ -	\$ -	\$ 550,384	\$ 459,150
Short-term investments	<u>7,984</u>	<u>-</u>	<u>106,588</u>	<u>114,572</u>	<u>109,333</u>
	<u>\$ 558,368</u>	<u>\$ -</u>	<u>\$ 106,588</u>	<u>\$ 664,956</u>	<u>\$ 568,483</u>

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Notes to the Financial Statements
For the year ended March 31, 2020

1. Purpose of the Organization

The United Way of Perth - Huron is a not-for-profit organization and a registered charity under the Income Tax Act. Its purpose is to raise funds for other local not-for-profit organizations and to invest in community improvement programs. The organization is a registered charity under the Income Tax Act and, as such, is not subject to income tax and may issue income tax receipts to donors.

2. Fund Accounting

The organization uses fund accounting. The purpose of each fund is as follows:

- (a) **General Fund - Operating**
To administer program delivery and administrative activities. This fund reports unrestricted resources.
- (b) **Capital Asset Fund**
To report the assets, liabilities, revenues and expenditures related to the organization's property, plant and equipment.
- (c) **Endowment Fund**
To report resources contributed under endowment restriction.

3. Summary of Significant Accounting Policies

These financial statements have been prepared from information available within the guidelines of Canadian accounting standards for not-for-profit organizations summarized below:

- (a) **Revenue Recognition**
Pledges made by donors are included in income in the year in which the pledge is made. An allowance is made against prior year pledges based on estimated collectibility. After two years, uncollected pledges receivable are written off.
- (b) **Use of Estimates**
Preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires the Board to make estimates and assumptions that could affect amounts reported as assets, liabilities, revenues and expenses. Due to measurement uncertainty, results could differ from those estimates.
- (c) **Financial Instruments**
Financial instruments are items which are cash, rights to receive cash or obligations to pay cash at a future date. Unless otherwise noted, it is the Board's opinion that the organization is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair value of these instruments approximate their carrying value.
- (d) **Amortization**
Amortization of property, plant and equipment is calculated using the declining-balance method at the rates reflected in the accompanying schedule of property, plant and equipment and amortization.

United Way of Perth - Huron
Notes to the Financial Statements
For the year ended March 31, 2020

3. Summary of Significant Accounting Policies (continued)

(e) Contributed Services

Volunteers contribute significant hours to the organization annually. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(f) Investments

Investments in GIC's are reported at cost plus accrued interest which is representative of fair market value.

4. Short-Term Investments and Accrued Interest

The organization invests endowment contributions in guaranteed investment certificates. Interest on the investments is receivable at maturity. The interest earned on the investments is receivable by the general fund and when received is used in operations. These investment holdings at year end are as follows:

	Total 2020	Total 2019
Short-Term Investments		
Guaranteed Investment Certificates at Market Value	<u>\$ 114,572</u>	<u>\$ 109,333</u>

5. Pledges Receivable

Pledges receivable are comprised of the following:

	Current Year Campaign	Prior Year Campaign	Total 2020	Total 2019
Pledges outstanding	\$ 726,255	\$ 45,899	\$ 772,154	\$ 664,876
Allowance for collection losses (Note 3(a))	<u>139,601</u>	<u>45,899</u>	<u>185,500</u>	<u>106,837</u>
	<u>\$ 586,654</u>	<u>\$ -</u>	<u>\$ 586,654</u>	<u>\$ 558,039</u>

In light of the COVID-19 pandemic (Note 13), the allowance for collection losses was increased over prior years. The allowance was determined by assessing the estimated collectibility of the specific pledges outstanding at year end.

United Way of Perth - Huron
Notes to the Financial Statements
For the year ended March 31, 2020

6. Interfund Balances and Restricted Fund Balance - Endowment Fund

In fiscal year 2003, the Endowment Fund advanced funds to the Capital Fund to facilitate the purchase of "The United Centre" at 32-36 Erie Street, Stratford, Ontario. The repayable portion is \$ 209,507 (2019 - \$ 209,507) and has no specific repayment terms. During the year, interest of \$ 7,500 (2019 - \$ 7,500) was paid to the endowment fund, however, this was eliminated in the preparation of these financial statements. During the year, the Endowment Fund received donations of \$ 548 (2019 - \$ 1,080). The total amount of donations payable to the Endowment Fund as at March 31, 2020 is \$ 547 (2019 - \$ 1,080). The capital portion of the Endowment Fund is restricted and, as at March 31, 2020, was \$ 342,146 (2019 - \$ 341,900). Income generated on the capital may be used towards operating or capital expenditures at the discretion of the board of directors and, therefore, is shown as income in the General Fund. During the previous year, the organization adopted a policy to redirect 25% of monies received in the Endowment Fund to the capital asset fund. The balance of \$ 302 (2019 - \$ 14,027) is shown as a part of the interfund balance on the balance sheet and also a part of the interfund transfer on the Statement of Fund Balances.

7. Line of Credit

The organization has a Scotiabank Visa line of credit facility with a limit of \$ 150,000, which is secured by a real property first mortgage on the land and building at 32 Erie Street, Stratford Ontario. The line of credit bears interest at 1% above the Scotiabank prime interest rate. As at March 31, 2020, the balance of this facility was \$ nil (2019 - \$ nil).

8. Long-Term Liabilities

Principal repayments on the heritage loan for the next five years are as follows:

2021 \$ 416

9. Deferred Grant Revenue

The deferred grant revenue represents funding received for specific expenses that have not yet been incurred. Deferred revenue as at March 31, 2020 consists of the following:

	2020	2019
The Practice Firm	\$ 1,213	\$ 2,962
General Fund	41,597	10,132
Social Research and Planning Council	<u>48,000</u>	<u>29,900</u>
Total	<u>\$ 90,810</u>	<u>\$ 42,994</u>

United Way of Perth - Huron
Notes to the Financial Statements
For the year ended March 31, 2020

10. Allocations

As part of its mandate, the organization will disburse funds to Supported Partners as follows:

Supported Partners

	Allocation approved by CIAC	Reduction due to Covid-19 (Note 13)	2020 Revised allocation	2019
Big Brothers and Sisters Association (Listowel)	\$ 20,000	\$ 800	\$ 19,200	\$ 18,000
Big Brothers and Sisters Association (North Huron)	19,000	4,750	14,250	18,000
Big Brothers and Sisters Association (South Huron)	10,200	408	9,792	10,000
Community Living North Perth	-	-	-	10,000
Community Outreach Services (Knollcrest)	21,957	2,956	19,001	21,360
Emily Murphy Centre	32,000	5,333	26,667	31,000
Family Services Perth-Huron	99,750	3,990	95,760	99,150
Huron County Housing	50,000	2,000	48,000	-
Huron County Food Bank Distribution Centre	35,000	1,400	33,600	30,000
Huron Perth Public Health	70,400	11,733	58,667	69,200
Huron Safe Homes for Youth	49,250	1,970	47,280	48,500
Huron Turning Point	51,760	2,070	49,690	-
Huron Women's Shelter	26,500	1,060	25,440	26,000
John Howard Society of London & District	33,820	1,353	32,467	30,925
Local Community Food Centre	66,000	8,916	57,084	65,000
One Care Home & Community Support Services	33,200	5,533	27,667	33,200
Ontario Living Wage Network	5,000	833	4,167	-
Practice Firm	44,916	1,797	43,119	56,793
Shelterlink	56,244	2,250	53,994	55,141
Social Research and Planning Council	68,900	2,756	66,144	66,300
St. Marys Youth Centre	16,500	2,750	13,750	15,000
Stratford-Perth Family Y.M.C.A.	45,000	7,500	37,500	40,000
Urgent Need Fund (Stratford)	10,000	-	10,000	-
YMCA of Southwestern Ontario (Goderich)	15,000	2,500	12,500	15,000
Total Supported Partners Allocations	<u>880,397</u>	<u>74,658</u>	<u>805,739</u>	<u>758,569</u>
Total Special Grants	-	-	-	10,000
Total Allocations and Grants to Supported Partners	<u>\$ 880,397</u>	<u>\$ 74,658</u>	<u>\$ 805,739</u>	<u>\$ 768,569</u>

The above amount will be paid out in the next fiscal year. Of the amount above, \$ 678,502 (2019 - \$ 626,085) has been expensed as Allocations in the Statement of Operations. During the year, \$ 12,974 (2019 - \$ 19,391) was returned to the organization as the supported partner did not require all of the funds to complete the project and of that amount \$ 5,000 (2019 - \$ nil) was paid to a different supported partner.

United Way of Perth - Huron
Notes to the Financial Statements
For the year ended March 31, 2020

11. Programs, Designations and Youth Grants

Programs, designations and youth grants is comprised of the following:

	2020	2019
Community Outreach	\$ 101,077	\$ 75,483
211	-	1,252
United Centre reception	33,370	32,054
Designations out	39,439	48,000
Youth grants	8,262	13,021
Other	<u>27,726</u>	<u>29,984</u>
Total	<u>\$ 209,874</u>	<u>\$ 199,794</u>

12. Funds Held in Trust

Funds held in trust were comprised of the following:

	2020	2019
One Step	\$ 858	\$ -
Homes for Everyone	1,000	-
Volunteers in Perth	<u>838</u>	<u>1,017</u>
	<u>\$ 2,696</u>	<u>\$ 1,017</u>

13. Subsequent Events

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. As a result, some government services were temporarily suspended, international travel was limited and health authorities advised individuals to practice "social distancing". Furthermore, the Provincial government ordered that non-essential businesses and services must close effective March 25, 2020.

It is uncertain how long these conditions may continue and an estimate of any future financial impact on the organization cannot be made.

14. Restricted Fund Balance

During the year, the organization founded the Urgent Needs Fund and the Capital Campaign Fund. The surpluses generated by the Urgent Needs Fund and the Capital Campaign Fund must be used for specific purposes and hence their use is restricted. As at March 31, 2020, the general restricted fund balance consisted of the following:

	2020	2019
Urgent Needs Fund	\$ 15,485	\$ -
Capital Campaign Fund	<u>28,621</u>	<u>-</u>
	<u>\$ 44,106</u>	<u>\$ -</u>

United Way of Perth - Huron
Notes to the Financial Statements
For the year ended March 31, 2020

15. Comparative Figures

Certain of the figures on the 2019 balance sheet and statement of operations have been reclassified to conform to the 2020 financial statement presentation.

United Way of Perth - Huron
Schedule of Property, Plant and Equipment and Amortization
For the year ended March 31, 2020

	<u>As at March 31, 2019</u>			Add.	Grants Received	Unamort. Bal.	Rate %	Prov.	<u>As at March 31, 2020</u>		
	Cost	Accum. Amort.	Unamort. Bal.						Cost	Accum. Amort.	Unamort. Bal.
Land	100,000		100,000			100,000			100,000		100,000
Building	574,601	281,427	293,174			293,174	5	14,659	574,601	296,086	278,515
Office equipment	49,358	31,974	17,384	3,408		20,792	10	2,079	52,766	34,053	18,713
Computer hardware	40,325	31,421	8,904	3,978		12,882	20	2,576	44,303	33,997	10,306
Computer software	15,556	15,512	44			44	30	13	15,556	15,525	31
	779,840	360,334	419,506	7,386		426,892		19,327	787,226	379,661	407,565