

United Way of Stormont, Dundas & Glengarry
Financial Statements
March 31, 2020

United Way of Stormont, Dundas & Glengarry Contents

For the year ended March 31, 2020

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Independent Auditor's Report

To the Members of United Way of Stormont, Dundas & Glengarry:

Qualified Opinion

We have audited the financial statements of United Way of Stormont, Dundas & Glengarry (the "Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets, cash flows and the related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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

In common with many charitable organizations, the Charity derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Charity. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenue over expenses and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019 and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our opinion on the financial statements for the year ended March 31, 2019 was modified because of the possible effects of this limitation in scope.

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 qualified opinion.

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

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

In preparing the financial statements, management is responsible for assessing the 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.
- 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.

Cornwall, Ontario

June 5, 2020

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

United Way of Stormont, Dundas & Glengarry

Statement of Financial Position

As at March 31, 2020

	<i>2020</i>	<i>2019</i>
Assets		
Current		
Cash	451,846	316,008
Term deposits (Note 3)	54,632	106,407
Pledges receivable (Note 4)	59,202	144,007
Accounts receivable	6,075	5,615
Prepaid expenses	1,648	1,644
	573,403	573,681
Capital assets (Note 5)	809	1,114
	574,212	574,795
Liabilities		
Current		
Accounts payable and accruals (Note 6)	12,087	4,280
Deferred campaign revenue (Note 7)	400,792	432,914
Deferred contributions for programs and fundraising activities	13,246	13,878
	426,125	451,072
Net Assets		
Unrestricted net assets	147,278	122,609
Invested in capital assets	809	1,114
	148,087	123,723
	574,212	574,795

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

United Way of Stormont, Dundas & Glengarry
Statement of Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Campaign revenues	321,964	435,398
Funds transferred from other United Ways	110,950	68,632
Gross campaign revenues (Note 8)	432,914	504,030
Recovery (Uncollected) pledges, prior year campaigns	483	(12,921)
	433,397	491,109
Other revenue		
Bingo, net proceeds	24,798	16,239
Interest income	4,124	2,019
Fundraising events	175,523	132,692
Winter warmth	17,825	32,333
	222,270	183,283
Total revenue	655,667	674,392
Expenses		
Fundraising (Schedule 1)	165,633	154,370
Distributions to agencies (Schedule 2)	336,400	366,948
Distributions to programs (Schedule 2)	129,270	129,579
Total expenses	631,303	650,897
Excess of revenue over expenses	24,364	23,495

The accompanying notes are an integral part of these financial statements

United Way of Stormont, Dundas & Glengarry
Statement of Changes in Net Assets

For the year ended March 31, 2020

	<i>Unrestricted net assets</i>	<i>Invested in capital assets</i>	<i>2020</i>	<i>2019</i>
Net assets, beginning of year	122,609	1,114	123,723	100,228
Excess of revenue over expenses	24,669	(305)	24,364	23,495
Net assets, end of year	147,278	809	148,087	123,723

The accompanying notes are an integral part of these financial statements

United Way of Stormont, Dundas & Glengarry
Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
Cash provided by the following activities		
Operating		
Excess of revenue over expenses	24,364	23,495
Amortization	305	422
Non-cash increase in investments	(636)	(849)
	24,033	23,068
Changes in working capital accounts		
Pledges receivable	84,805	65,726
Accounts receivable	(460)	(1,146)
Prepaid expenses	(4)	(852)
Accounts payable and accruals	7,807	(724)
Deferred campaign revenue	(32,122)	(71,116)
Deferred contributions for programs and fundraising activities	(632)	(5,228)
	83,427	9,728
Investing		
Purchase of term deposits	(54,089)	-
Proceeds on disposal of term deposits	106,500	-
	52,411	-
Increase in cash resources	135,838	9,728
Cash resources, beginning of year	316,008	306,280
Cash resources, end of year	451,846	316,008

The accompanying notes are an integral part of these financial statements

United Way of Stormont, Dundas & Glengarry

Notes to the Financial Statements

For the year ended March 31, 2020

1. Incorporation and nature of the organization

United Way of Stormont, Dundas & Glengarry (the "Organization") is incorporated and is a registered charity and thus is exempt from income taxes under the Income Tax Act ("the Act").

The Organization's purpose is to improve lives and build our community.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada.

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Fundraising revenue

Pledges and donations that are undesignated or are directed to a focus area or priority goal by the donor are recognized as revenue in the year that they are received or pledged at the amount committed less a provision for uncollectible pledges. Funds raised, net of related fundraising expenses and provisions, are used to provide funds for operations in the current year and fund partner programs and services in the following fiscal year.

Funds received from other United Ways

National or regional workplace campaigns that are coordinated by one United Way on behalf of other United Ways are known as Centrally Coordinated Campaigns. The pledges and donations received by other United Ways on behalf of the Organization are reported separately and included in pledges receivable until the revenue is received.

Designated fundraising revenue

Pledges and donations that are designated by the donor to other Canadian registered charities and other United Ways are considered to be externally restricted, and are deferred and recognized as revenue in the year they are distributed to the designated charity.

Investment income

Unrestricted investment income is recognized when earned in the statement of operations.

Allocation of expenses

The Organization engages in fundraising and other programs. The costs of each program includes allocations to agencies and the cost of programs directly delivered by the Organization. The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs.

The Organization allocates the general support expenses to fundraising and other programs based on the time spent to deliver each program. This basis of allocation is applied consistently each year.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

United Way of Stormont, Dundas & Glengarry
Notes to the Financial Statements
For the year ended March 31, 2020

2. **Significant accounting policies** (Continued from previous page)

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	declining balance	30 %
Equipment	declining balance	20 %
Furniture and fixtures	declining balance	30 %

Contributed services

The Organization benefits from substantial services in the form of volunteer time. Since these invaluable donated services are not purchased by United Way, and their value is not readily determinable, they are not recorded in these financial statements.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures all financial assets and liabilities at amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

United Way of Stormont, Dundas & Glengarry

Notes to the Financial Statements

For the year ended March 31, 2020

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (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 that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Pledges receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful pledges is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the years in which they become known.

3. Term deposits

Term deposits consist of a Guaranteed Investment Certificate with an interest rate of 1.65%, maturing May 2020.

4. Pledges receivable

Pledges receivable consist of payroll and other monthly pre-authorized donations that have been pledged by donors. They also include corporate pledges that are unpaid at the end of the year. The provision for uncollectible pledges is based on a three-year average and is reported in the statement of operations. Pledges receivable are presented net of a provision for uncollectible pledges. The provision for uncollectible pledges is \$6,800 (2019 - \$15,000).

5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020 Net book value</i>	<i>2019 Net book value</i>
Computer equipment	3,315	3,042	273	390
Equipment	3,530	3,238	292	416
Furniture and fixtures	1,169	925	244	308
	8,014	7,205	809	1,114

6. Accounts payable and accruals

Included in accounts payable are government remittances of \$651 (2019 - \$1,392)

United Way of Stormont, Dundas & Glengarry

Notes to the Financial Statements

For the year ended March 31, 2020

7. Deferred campaign revenue

Deferred contributions consist of unspent contributions externally restricted for fundraising programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2020	2019
Balance, beginning of year	432,914	504,030
Add: Amount received related to the following year	341,590	288,907
Add: Pledges receivable related to the following year	59,202	144,007
Less: Amount recognized as revenue during the year	(432,914)	(504,030)
Balance, end of year	400,792	432,914

8. Campaign revenues

The revenue reported in the Statement of Financial Activities includes the deferred portion of the previous year's campaign. The following schedule provides a reconciliation between the 2019 campaign results and the gross campaign revenue reported as at March 31, 2020.

	2020	2019
Annual campaign achievement	617,836	599,688
Less:		
Special gifts restricted to specific programs	(4,578)	(19,086)
Provision for uncollectible pledges	(6,800)	(15,000)
Special events contributions	(192,418)	(132,689)
Current year's deferred designated campaign revenue	(414,039)	(432,914)
Add:		
Prior year's deferred campaign revenue	432,914	504,030
Uncollected pledges	482	(12,920)
Campaign revenues recognized in fiscal year	433,397	491,109

9. General administration expenditures

The United Way allocates its administrative costs to two functional areas, fundraising and programs. General costs which do not pertain specifically to either function are considered administrative and are allocated as follows:

	2020	2019
	%	%
Fundraising	42	42
Programs	58	58
	100	100

10. Agency allocations

For the next fiscal year, the United Way is planning to distribute \$337,786 from the annual campaign achievement to its member agencies, subject to the collection of outstanding pledges.

11. Related party transactions

The United Way of Stormont, Dundas & Glengarry submits annual membership dues to the United Way of Canada/Centraide Canada. Total dues paid were \$5,815 (2019 - \$5,928).

United Way of Stormont, Dundas & Glengarry

Notes to the Financial Statements

For the year ended March 31, 2020

12. Operating lease

The Organization has entered into an operating lease agreement which expires April 30, 2023 with estimated minimum annual payments as follows:

2021	18,600
2022	18,600
2023	18,600
2024	1,550
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	57,350

13. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization's interest-bearing assets include term deposits.

The Organization has fixed interest rates on its term deposits. Consequently, the exposure to fluctuations in future cash flows, with respect to these instruments, as a result of changes in market interest rates, is limited.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its pledges receivable. Pledges receivable arise from pledges made by the public during the annual campaign. The maximum exposure to credit risk is the carrying value of pledges receivable on the statement of financial position.

14. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may impact the organization's ability to host fundraising activities and may impact the level of donations received which may negatively impact the Organization's business and financial condition.

15. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

United Way of Stormont, Dundas & Glengarry
Schedule 1 - Schedule of Fundraising Expenditures

For the year ended March 31, 2020

	2020	2019
Advertising	7,287	6,437
Event costs	70,873	71,396
Printing material	2,068	1,935
Professional development and training	975	524
General administration expenditures <i>(Schedule 3)</i>	84,430	74,078
	165,633	154,370

United Way of Stormont, Dundas & Glengarry Schedule 2 - Distributions to Agencies and Programs

For the year ended March 31, 2020

	2020	2019
Distributions to agencies		
Counselling and Family Services	42,600	47,381
Boys and Girls Club of Cornwall and District	36,500	40,612
Glengarry Inter Agency Group Inc. (Alexandria Youth Centre)	36,400	45,600
Canadian Mental Health Association	32,400	36,100
Cornwall Meals on Wheels	32,400	36,100
Big Brothers and Big Sisters of Cornwall and District	30,400	33,843
Tri-County Literacy Council	23,500	26,125
Sexual Assault & Support Services	20,900	23,275
The Hub for Beyond 21 Foundation	19,100	22,562
S. D. & G. Developmental Services Centre	17,100	19,000
Equipe Psycho-Sociale	13,000	14,500
Canadian Hearing Society	11,100	12,350
Ontario March of Dimes	8,500	9,500
Upper Canada Leger	7,500	-
Anglican Diocese of Ottawa	5,000	-
	336,400	366,948
Distributions to programs		
General administration expenditures <i>(Schedule 3)</i>	116,594	102,297
Winter Warmth	6,650	19,636
United Way of Canada	5,815	5,928
Other programs	211	1,718
	129,270	129,579

United Way of Stormont, Dundas & Glengarry
Schedule 3 - Schedule of Administrative Expenses

For the year ended March 31, 2020

	2020	2019
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Administration		
Conference, training and sundry	453	198
Insurance	4,190	3,044
Office	21,042	10,912
Professional fees	15,274	16,854
Salaries and benefits	137,471	113,798
Telephone and communications	1,964	3,891
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	180,394	148,697
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Building		
Amortization	303	422
Rent	19,333	26,183
Repairs and maintenance	994	1,073
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	20,630	27,678
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Total general administration expenditures	201,024	176,375
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Allocation to fundraising expenditures	(84,430)	(74,078)
Allocation to distributions to programs	(116,594)	(102,297)
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	-	-
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