

UNITED WAY OF OXFORD

**FINANCIAL STATEMENTS
(Audited)**

YEAR ENDED MARCH 31, 2020

**UNITED WAY OF OXFORD
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YEAR ENDED MARCH 31, 2020**

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INDEPENDENT AUDITORS' REPORT

To the Directors,
United Way of Oxford

Qualified Opinion

We have audited the financial statements of United Way of Oxford ("the Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, operations-fundraising costs, 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, 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 the Organization as at March 31, 2020, and the results of its operations and its cash flows for the period then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Basis for Qualified Opinion

In common with many non-profit organizations, the Organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and as such we were not able to determine whether any adjustments might be necessary to donations and special events revenue, excess (deficiency) of revenues over expenditures, and fund balances for the years ended March 31, 2020 and March 31, 2019. 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.

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 ASNPO, 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 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:

- 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.



MICACCHI WARNICK & COMPANY
Professional Corporation | Chartered Professional Accountants

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

Woodstock, Ontario
June 17, 2020

UNITED WAY OF OXFORD
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020
(Audited)

	ASSETS	
	<u>2020</u>	<u>2019</u>
Current		
Cash (note 4)	\$ 230,003	\$ 212,230
Investments (note 5)	1,394,716	1,256,355
Pledges receivable (note 6)	437,964	504,316
Accounts receivable	2,649	2,769
Prepaid expenses	18,284	23,423
HST recoverable	<u>3,873</u>	<u>3,952</u>
	2,087,489	2,003,045
Capital assets (note 3)	<u>32,502</u>	<u>43,049</u>
	<u>\$ 2,119,991</u>	<u>\$ 2,046,094</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 11,605	\$ 14,953
Allocation payable to agencies	597,160	591,752
Allocation payable to non-agencies	60,552	28,083
Deferred revenue (note 7)	223,016	34,530
Deferred capital contributions (note 8)	<u>3,110</u>	<u>5,450</u>
	<u>895,443</u>	<u>674,768</u>
NET ASSETS		
Internally restricted (page 6)	538,510	535,640
Endowment (page 6)	32,400	32,400
Unrestricted (page 6)	<u>653,638</u>	<u>803,286</u>
Total net assets	<u>1,224,548</u>	<u>1,371,326</u>
	<u>\$ 2,119,991</u>	<u>\$ 2,046,094</u>

Approved by the board:

Director: _____

Director: _____

UNITED WAY OF OXFORD
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2020
(Audited)

	<u>2020</u>	<u>2019</u>
Revenues		
Donations	\$ 1,191,161	\$ 1,188,524
Funds transferred from other United Way organizations	<u>19,833</u>	<u>50,596</u>
Gross campaign revenue	1,210,994	1,239,120
Uncollected pledges	<u>(85,731)</u>	<u>(45,000)</u>
Net campaign revenue	1,125,263	1,194,120
Interest	30,011	21,118
Other	92,228	70,778
Funding for third party programs	21,508	-
Unrealized gain (loss) on investments	<u>(29,663)</u>	<u>1,323</u>
	<u>1,239,347</u>	<u>1,287,339</u>
Fundraising Costs (page 5)	<u>271,277</u>	<u>223,532</u>
Management and Administrative Costs		
Allocated to fundraising costs (note 2)	(55,475)	(55,319)
Allocated to distributions and community programs and services costs (note 2)	(60,097)	(59,929)
Computers and equipment	2,045	2,048
Occupancy costs	3,049	3,316
Office administration	2,668	2,952
Salaries and benefits	106,518	106,472
Travel and training	<u>1,292</u>	<u>460</u>
	<u>-</u>	<u>-</u>
Funds Available for Distribution	<u>968,070</u>	<u>1,063,807</u>
Distributions and Community Programs and Services Expenses		
Allocation of management & administrative costs (note 2)	60,097	59,929
Allocation to agencies	597,160	591,752
Allocation to community initiative programming	14,730	6,500
Allocation to United Way of Canada (note 2)	10,656	12,050
Community services	30,553	27,282
211/Information Oxford	10,000	10,936
Third party program costs	21,508	-
Direct program management and administration costs	301,268	278,797
Designated pledges	<u>68,876</u>	<u>67,315</u>
	<u>1,114,848</u>	<u>1,054,561</u>
Excess (Deficiency) of Revenues Over Expenses	<u>\$ (146,778)</u>	<u>\$ 9,246</u>

UNITED WAY OF OXFORD
STATEMENT OF OPERATIONS- FUNDRAISING COSTS
YEAR ENDED MARCH 31, 2020
(Audited)

Fundraising Costs

Allocation of management & administrative costs (note 2)	\$ 55,475	\$ 55,319
Campaign costs	66,163	38,573
Computers and equipment	4,674	4,682
Occupancy costs	6,970	7,579
Office administration	7,739	7,743
Salaries and benefits	127,550	108,776
Travel and training	2,706	860
	<u>\$ 271,277</u>	<u>\$ 223,532</u>

UNITED WAY OF OXFORD
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2020
(Audited)

	<u>2019</u>	Excess (deficiency) of revenues over expenses	Transfer to/(from)	<u>2020</u>
Operating fund	\$ 803,286	\$ (149,648)	\$ -	\$ 653,638
Endowment fund	<u>32,400</u>	<u>-</u>	<u>-</u>	<u>32,400</u>
Internally restricted				
Reserve	341,283	2,870	-	344,153
Community initiative fund	94,357	-	-	94,357
Community partnership fund	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
	<u>535,640</u>	<u>2,870</u>	<u>-</u>	<u>538,510</u>
	<u>\$ 1,371,326</u>	<u>\$ (146,778)</u>	<u>\$ -</u>	<u>\$ 1,224,548</u>

UNITED WAY OF OXFORD
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2020
(Audited)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Excess of revenues over expenses	\$ (146,778)	\$ 9,246
Non-cash items:		
Amortization	17,102	18,359
Unrealized (gain) loss on investments	29,663	(1,323)
Amortization of deferred contributions	<u>(2,340)</u>	<u>(2,340)</u>
	(102,353)	23,942
Changes in non-cash working capital		
Pledges receivable	66,352	13,925
Accounts receivable	120	(767)
HST recoverable	79	(605)
Prepaid expenses	5,139	(11,396)
Accounts payable and accrued liabilities	(3,347)	2,649
Allocation payable to agencies	5,408	69,052
Allocation payable to non-agencies	32,469	(11,241)
Deferred revenue	<u>188,486</u>	<u>32,225</u>
Cash flows from (provided to) operating activities	<u>192,353</u>	<u>117,784</u>
Cash flows from investing activities		
Purchase of capital assets	(6,556)	(25,739)
Net (increase) decrease in investments	<u>2,849</u>	<u>(91,691)</u>
Cash flows from (provided to) investing activities	<u>(3,707)</u>	<u>(117,430)</u>
Net increase in cash	188,646	354
Cash at beginning of year	<u>368,773</u>	<u>368,419</u>
Cash at end of year	<u>\$ 557,419</u>	<u>\$ 368,773</u>
Cash consists of:		
Cash	\$ 230,003	\$ 212,230
Investment cash	<u>327,416</u>	<u>156,543</u>
	<u>\$ 557,419</u>	<u>\$ 368,773</u>

UNITED WAY OF OXFORD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020
(Audited)

1. Purpose of organization

United Way of Oxford was incorporated on March 19, 1964 as a corporation without share capital. The mission of the organization is to build a stronger community and continue to improve the quality of life for everyone in Oxford County.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Capital assets

Capital assets are stated at cost. Amortization is recorded on the straight-line basis over the following number of years.

Computer software	4 and 8 years
Computer equipment	4 years
Leasehold improvements	7 years
Office equipment	5 years

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of estimates include the recognition and valuation of pledges receivable and accrued liabilities. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

Net assets

The operating fund net assets represents donations and expenditures related to program delivery and administrative operations of the organization.

The endowment fund net assets represents contributions subject to externally imposed stipulations specifying that the resources contributed must be held in perpetuity. Interest earned on the investment is recognized on the operating fund.

The reserve fund net assets represents internally restricted funds set aside for up to six months of operating costs of the agency, to be drawn upon to fund cash shortages in the operating fund as required.

The community initiative fund net assets represents board approved funds available for distribution to support funding applications received throughout the year from non-member agencies.

The community partnership fund net assets represents internally restricted funds received from a major donor, which will be used for impact investments as determined by the board.

UNITED WAY OF OXFORD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020
(Audited)

Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year.

Contributed services

Throughout the year many hours are contributed from community members to assist United Way of Oxford in carrying out the organization's activities. Due to the difficulty of determining fair value, contributed services are not recognized in the financial statements.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, other balances with banks, brokerage cash and high interest savings investment accounts.

Income taxes

No provision is made for income taxes as the company qualifies as a non-profit organization which is exempt from income tax under the *Income Tax Act*.

Allocation of general management and administration

General management and administration expenses are incurred to support functional areas and are allocated to fundraising and distributions and community programs and services expenses based on the time spent method. Following this method, general management and administrative expenses are allocated as follows:

	<u>2020</u>	<u>2019</u>
To fundraising costs	48%	48%
To distributions and community programs and services costs	52%	52%

Allocation to United Way

Fees paid to United Way of Canada are based on 0.78% of total revenues. There is also a supplementary fee paid to United Way Worldwide based on 0.062% of total revenues. Total revenues are based on the previous year's audited financial statements.

Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

The equity instruments measured at fair value include GIC's, mutual funds, common shares, and foreign securities.

Financial assets measured at amortized cost include cash, pledges receivable and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and allocations payable to agencies and non-agencies.

UNITED WAY OF OXFORD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020
(Audited)

3. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2020</u>	<u>Net 2019</u>
Office equipment	\$ 7,477	\$ 6,943	\$ 534	\$ 712
Computer software	32,745	20,719	12,026	16,504
Computer equipment	22,897	9,882	13,015	13,687
Leasehold improvements	<u>36,527</u>	<u>29,600</u>	<u>6,927</u>	<u>12,146</u>
	<u>\$ 99,646</u>	<u>\$ 67,144</u>	<u>\$ 32,502</u>	<u>\$ 43,049</u>

4. Cash

Cash consists of an operating account held at the Royal Bank of Canada that yields no interest and two operating accounts at First Ontario Credit Union that yield nominal rates of interest.

5. Investments

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Brokerage cash	\$ 830	\$ 830	\$ 14,839	\$ 14,839
High Interest Savings Accounts	<u>326,586</u>	<u>326,586</u>	<u>141,704</u>	<u>141,704</u>
	<u>327,416</u>	<u>327,416</u>	<u>156,543</u>	<u>156,543</u>
Guaranteed Investment Certificates	898,000	904,049	904,500	911,101
Mutual funds (CDN equities)	72,710	94,742	69,068	105,610
Common shares (CDN bank shares)	47,234	55,457	47,234	69,533
Foreign securities	<u>13,163</u>	<u>13,052</u>	<u>13,163</u>	<u>13,568</u>
	<u>1,031,107</u>	<u>1,067,300</u>	<u>1,033,965</u>	<u>1,099,812</u>
	<u>\$ 1,358,523</u>	<u>\$ 1,394,716</u>	<u>\$ 1,190,508</u>	<u>\$ 1,256,355</u>

The guaranteed investment certificates (GICs) consist of GICs yielding interest from 1.65% to 2.43% and maturing within one year.

6. Pledge receivable

The pledge receivable balance includes an allowance for uncollected pledges of \$95,901 (\$45,000 - 2019). The organization determines the allowance for pledge loss based on three main factors: the history of pledge loss, the current state of the economy and the anticipated campaign goal.

UNITED WAY OF OXFORD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020
(Audited)

7. Deferred revenue

	<u>2020</u>	<u>2019</u>
COVID-19 fund	\$ 3,600	\$ -
Oxford County Circles program funding	104,830	-
Toys For Big Boys event sponsorship	11,550	10,000
Getting Ahead program funding	93,211	20,000
Individual sponsorships	-	50
Dodgeball event sponsorship	<u>9,825</u>	<u>4,480</u>
	<u>\$ 223,016</u>	<u>\$ 34,530</u>

8. Deferred capital contributions

Deferred capital contributions represents unspent funding and donations which will be used to offset the cost of improving the accessibility of the office. These contributions are recognized into revenue proportionate to the amortization of the related capital assets.

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 5,450	\$ 7,790
Less: amortization of deferred capital contributions	<u>2,340</u>	<u>2,340</u>
Balance, end of year	<u>\$ 3,110</u>	<u>\$ 5,450</u>

UNITED WAY OF OXFORD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020
(Audited)

9. Financial instruments

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the organization's risk exposure.

i) Credit risk exposure

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 the obligation. The organization's main credit risks relate to its pledges receivable and accounts receivable. The United Way of Oxford maintains an allowance for potential pledge losses, and any losses to date have been within management's expectations.

ii) Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect to its accounts payable and accrued liabilities, and allocations payable to agencies and non-agencies.

iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk and other price risk.

iv) Interest rate risk

Interest rate risk reflects the sensitivity of the organization's financial condition to movements in interest rates. The interest rate exposure of the United Way of Oxford arises from its interest bearing assets.