

UNITED WAY OF OXFORD

**FINANCIAL STATEMENTS
(Audited)**

YEAR ENDED MARCH 31, 2021

**UNITED WAY OF OXFORD
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YEAR ENDED MARCH 31, 2021**

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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, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, 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, 2021, 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, 2021 and March 31, 2020. Our audit opinion on the financial statements for the year ended March 31, 2020 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 16, 2021

UNITED WAY OF OXFORD
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021
(Audited)

	ASSETS	
	<u>2021</u>	<u>2020</u>
Current		
Cash (note 4)	\$ 310,810	\$ 230,003
Investments (note 6)	1,881,033	1,394,716
Pledges receivable (note 7)	342,290	437,964
Accounts receivable	1,672	2,649
Prepaid expenses	15,286	18,284
HST recoverable	<u>2,330</u>	<u>3,873</u>
	2,553,421	2,087,489
Capital assets (note 3)	<u>16,272</u>	<u>32,502</u>
	<u>\$ 2,569,693</u>	<u>\$ 2,119,991</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 23,682	\$ 11,605
Allocation payable to agencies	457,617	597,160
Allocation payable to non-agencies	64,191	60,552
Deferred revenue (note 8)	323,382	223,016
Deferred capital contributions (note 9)	<u>768</u>	<u>3,110</u>
	<u>869,640</u>	<u>895,443</u>
NET ASSETS		
Internally restricted (page 6)	835,133	538,510
Endowment (page 6)	32,400	32,400
Unrestricted (page 6)	<u>832,520</u>	<u>653,638</u>
Total net assets	<u>1,700,053</u>	<u>1,224,548</u>
	<u>\$ 2,569,693</u>	<u>\$ 2,119,991</u>

Approved by the board:

Director: _____

Director: _____

UNITED WAY OF OXFORD
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2021
(Audited)

	<u>2021</u>	<u>2020</u>
Revenues		
Donations	\$ 1,115,597	\$ 1,191,161
COVID-19 relief donations (note 5)	72,125	-
Funds transferred from other United Way organizations	<u>33,243</u>	<u>19,833</u>
Gross campaign revenue	1,220,965	1,210,994
Uncollected pledges	<u>(115,248)</u>	<u>(85,731)</u>
Net campaign revenue	1,105,717	1,125,263
Interest	25,203	30,011
Other	59,467	92,228
Funding for third party programs	60,763	21,508
COVID-19 ECSF grants (note 5)	450,098	-
COVID-19 New Horizons grant (note 5)	47,114	-
Government emergency payroll subsidies	141,200	-
Government emergency rent subsidies	1,537	-
Unrealized gain (loss) on investments	<u>50,157</u>	<u>(29,663)</u>
	<u>1,941,256</u>	<u>1,239,347</u>
Fundraising Costs (page 5)	<u>204,542</u>	<u>271,277</u>
Management and Administrative Costs		
Allocated to fundraising costs (note 2)	(37,457)	(55,475)
Allocated to distributions and community programs and services costs (note 2)	(56,185)	(60,097)
Computers and equipment	2,150	2,045
Occupancy costs	3,073	3,049
Office administration	2,369	2,668
Salaries and benefits	86,022	106,518
Travel and training	<u>28</u>	<u>1,292</u>
	<u>-</u>	<u>-</u>
Funds Available for Distribution	<u>1,736,714</u>	<u>968,070</u>
Distributions and Community Programs and Services Expenses (page 5)	<u>1,261,209</u>	<u>1,114,848</u>
Excess (Deficiency) of Revenues Over Expenses	<u>\$ 475,505</u>	<u>\$ (146,778)</u>

UNITED WAY OF OXFORD
STATEMENT OF OPERATIONS - SCHEDULES
YEAR ENDED MARCH 31, 2021
(Audited)

Schedule of Fundraising Costs

Allocation of management & administrative costs (note 2)	\$ 37,457	\$ 55,475
Campaign costs	24,277	66,163
Computers and equipment	9,842	4,674
Occupancy costs	13,509	6,970
Office administration	13,388	7,739
Salaries and benefits	105,786	127,550
Travel and training	283	2,706
	<u>\$ 204,542</u>	<u>\$ 271,277</u>

Schedule of Distributions and Community Programs and Services Expenses

Allocation of management & administrative costs (note 2)	\$ 56,185	\$ 60,097
Allocation to agencies	509,555	597,160
Recovery of prior year allocation (note 10)	(264,131)	-
Allocation to community initiative programming	9,769	14,730
Allocation of Federal COVID-19 ECSF (note 5)	417,285	-
Allocation of Federal COVID-19 New Horizons (note 5)	44,760	-
Allocation of COVID-19 relief donations (note 5)	40,041	-
Allocation to United Way of Canada (note 2)	10,740	10,656
Community services	32,110	30,553
211/Information Oxford	5,000	10,000
Third party program costs	60,743	21,508
Direct program management and administration costs	282,062	301,268
Designated pledges	57,090	68,876
	<u>\$ 1,261,209</u>	<u>\$ 1,114,848</u>

UNITED WAY OF OXFORD
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2021
(Audited)

	<u>2020</u>	Excess (deficiency) of revenues over expenses	Transfer to/(from)	<u>2021</u>
Operating fund	\$ 653,638	\$ 443,013	\$ (264,131)	\$ 832,520
Endowment fund	<u>32,400</u>	<u>-</u>	<u>-</u>	<u>32,400</u>
Internally restricted				
Reserve	344,153	32,492	-	376,645
Community initiative fund	94,357	-	-	94,357
Community partnership fund	100,000	-	-	100,000
Community stabilization fund	<u>-</u>	<u>-</u>	<u>264,131</u>	<u>264,131</u>
	<u>538,510</u>	<u>32,492</u>	<u>264,131</u>	<u>835,133</u>
	<u>\$ 1,224,548</u>	<u>\$ 475,505</u>	<u>\$ -</u>	<u>\$ 1,700,053</u>

UNITED WAY OF OXFORD
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2021
(Audited)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Excess of revenues over expenses	\$ 475,505	\$ (146,778)
Non-cash items:		
Amortization	19,795	17,102
Unrealized (gain) loss on investments	(50,157)	29,663
Amortization of deferred contributions	<u>(2,342)</u>	<u>(2,340)</u>
	442,801	(102,353)
Changes in non-cash working capital		
Pledges receivable	95,674	66,352
Accounts receivable	977	120
HST recoverable	1,543	79
Prepaid expenses	2,998	5,139
Accounts payable and accrued liabilities	12,077	(3,347)
Allocation payable to agencies	(139,543)	5,408
Allocation payable to non-agencies	3,639	32,469
Deferred revenue	<u>100,366</u>	<u>188,486</u>
Cash flows from (provided to) operating activities	<u>520,532</u>	<u>192,353</u>
Cash flows from investing activities		
Purchase of capital assets	(3,565)	(6,556)
Net (increase) decrease in investments	<u>(108,700)</u>	<u>2,849</u>
Cash flows from (provided to) investing activities	<u>(112,265)</u>	<u>(3,707)</u>
Net increase in cash	408,267	188,646
Cash at beginning of year	<u>557,419</u>	<u>368,773</u>
Cash at end of year	<u>\$ 965,686</u>	<u>\$ 557,419</u>
Cash consists of:		
Cash	\$ 310,810	\$ 230,003
Investment cash	<u>654,876</u>	<u>327,416</u>
	<u>\$ 965,686</u>	<u>\$ 557,419</u>

UNITED WAY OF OXFORD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021
(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 internally restricted 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.

The community stabilization fund net assets represents board approved funds that have been internally restricted, which are available for distribution to support the community through the COVID-19 pandemic.

UNITED WAY OF OXFORD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021
(Audited)

2. Significant accounting policies (continued)

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>2021</u>	<u>2020</u>
To fundraising costs	40%	48%
To distributions and community programs and services costs	60%	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, 2021
(Audited)

3. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2021</u>	<u>Net 2020</u>
Office equipment	\$ 7,477	\$ 7,121	\$ 356	\$ 534
Computer software	32,745	28,519	4,226	12,026
Computer equipment	24,758	14,169	10,589	13,015
Leasehold improvements	<u>36,527</u>	<u>35,426</u>	<u>1,101</u>	<u>6,927</u>
	<u>\$ 101,507</u>	<u>\$ 85,235</u>	<u>\$ 16,272</u>	<u>\$ 32,502</u>

4. Cash

Cash consists of an operating account held at the Royal Bank of Canada that yields no interest and an operating account at Libro Credit Union that yields no interest.

5. COVID Related Funding

Government of Canada New Horizon Seniors Program

In March 2020, the Government of Canada initiated a project called “Supporting Canadian Seniors during COVID-19 pandemic” under the New Horizons Seniors Program. United Way Centraide Canada entered into a funding agreement with the Government of Canada for the period March 20, 2020 to March 31, 2021. Under this agreement United Way Oxford received \$47,114 for the specified use of supporting Seniors in their local region who have been impacted by the COVID-19 crisis. At March 31, 2021, all distributions have been completed and no amounts deferred. The United Way of Oxford was allowed to use up to 8% of the amount received to be used for administrative costs. The total expenses incurred for administering the project as at year-end were \$3,769.

Government of Canada Emergency Community Support Fund (“ECSF”)

In March 2020, the Government of Canada initiated Canada’s COVID-19 Economic Response Plan to provide targeted support to vulnerable populations. United Way Centraide Canada entered into a funding agreement with the Government of Canada for the period May 8, 2020 to March 31, 2021. Under this agreement, United Way Oxford received \$450,098 for the specified use of supporting children and families as well as other vulnerable populations affected by the COVID-19 pandemic and for Community and Social Services Helpline 211 enhancements. Under the terms of the agreement, United Way Oxford would provide the framework and requirements for distributing the federal funding to qualified agencies within their local region providing direct support to children and families as well as other vulnerable persons affected by the 2020 COVID-19 crisis. As at March 31, 2021, a total amount of \$417,285 was distributed by The United Way of Oxford. The United Way of Oxford was allowed to use up to 8% of the amount received to be used for administrative costs. Total expenses incurred for administering the project as at March 31, 2021 were \$35,465.

UNITED WAY OF OXFORD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021
(Audited)

5. COVID Related Funding (continued)

COVID-19 Relief Donations

The COVID-19 Relief Donations are comprised of corporate contributions and personal gifts received through various channels that are restricted for COVID-19 relief. As at March 31, 2021, United Way Oxford received \$72,125 in COVID-19 relief contributions and donations, of which \$40,186 has been distributed. At December 31, 2020, the undistributed portion of the COVID-19 relief contributions and donations in the amount of \$9,704 have been applied against the administrative costs of the New Horizons and ECSF programs.

	<u>New Horizons</u>	<u>ECSF</u>	<u>COVID-19 Relief</u> <u>Donations</u>	<u>Total</u>
Funds Received	\$ 47,114	\$ 450,098	\$ 72,125	\$ 569,337
Funds Dispersed	44,760	417,285	40,186	502,231
UW Programming	6,400	-	18,025	24,425
Administrative Costs	<u>3,769</u>	<u>35,465</u>	<u>4,210</u>	<u>43,444</u>
Balance	<u>\$ (7,815)</u>	<u>\$ (2,652)</u>	<u>\$ 9,704</u>	<u>\$ (763)</u>

6. Investments

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Brokerage cash	\$ 271,542	\$ 271,542	\$ 830	\$ 830
High Interest Savings Accounts	<u>383,334</u>	<u>383,334</u>	<u>326,586</u>	<u>326,586</u>
	<u>654,876</u>	<u>654,876</u>	<u>327,416</u>	<u>327,416</u>
Guaranteed Investment Certificates	1,000,000	1,004,385	898,000	904,049
Mutual funds (CDN equities)	88,551	125,528	72,710	94,742
Common shares (CDN bank shares)	47,234	78,319	47,234	55,457
Foreign securities	<u>13,163</u>	<u>17,925</u>	<u>13,163</u>	<u>13,052</u>
	<u>1,148,948</u>	<u>1,226,157</u>	<u>1,031,107</u>	<u>1,067,300</u>
	<u>\$ 1,803,824</u>	<u>\$ 1,881,033</u>	<u>\$ 1,358,523</u>	<u>\$ 1,394,716</u>

The guaranteed investment certificates (GICs) consist of GICs yielding interest from 0.61% to 1.75% and maturing within one year.

7. Pledges receivable

The pledges receivable balance includes an allowance for uncollected pledges of \$120,000 (\$95,901 - 2020). 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, 2021
(Audited)

8. Deferred revenue

	<u>2021</u>	<u>2020</u>
COVID-19 fund	\$ -	\$ 3,600
Bridges out of poverty	350	-
Oxford County Circles program funding	147,227	104,830
Toys For Big Boys event sponsorship	-	11,550
Getting Ahead program funding	109,637	93,211
Supplies for students	47,002	-
Ontario Trillium Grant - Homelessness	19,166	-
Dodgeball event sponsorship	-	9,825
	<u>\$ 323,382</u>	<u>\$ 223,016</u>

9. 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>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 3,110	\$ 5,450
Less: amortization of deferred capital contributions	<u>2,342</u>	<u>2,340</u>
Balance, end of year	<u>\$ 768</u>	<u>\$ 3,110</u>

10. Recovery of prior year allocations

In the year, United Way Oxford was unable to disburse approved funding totalling \$264,131 to some funded partner agencies as they were either closed or unable to deliver specific programs due to the COVID-19 pandemic. A transfer of these monies from the operating fund to the newly created community stabilization fund was approved by the Board to ensure that the monies will be used as intended by investing in community programs and services that will support the Oxford community throughout the pandemic and into the recovery phase.

UNITED WAY OF OXFORD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021
(Audited)

11. 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.

There have been no significant changes in these risks from the prior period.