

Financial Statements of

**UNITED WAY CENTRAIDE
NORTH EAST ONTARIO /
NORD-EST DE L'ONTARIO**

And Independent Auditors' Report thereon

Year ended December 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Members of Unit Way Centraide North East Ontario / Nord-est de l'Ontario

Qualified Opinion

We have audited the financial statements of United Way Centraide North East Ontario / Nord-est de l'Ontario (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and the notes and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

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 Entity as at December 31, 2018, and its results of 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, United Way Centraide North East Ontario / Nord-est de l'Ontario derives most of its revenue from the general public in the form of donations, 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 United Way Centraide North East Ontario / Nord-est de l'Ontario and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses and unrestricted net assets.

Our opinion on the financial statements for the year ended December 31, 2019 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.



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We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

Responsibility 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 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 or to 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.

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 qualified 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 the 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 risk 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 qualified 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, internal omissions, misrepresentations, or the override of internal control.



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- 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 purposes of expressing a qualified opinion on the effectiveness of the Entity'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 the 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's 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
September 15, 2020

UNITED WAY CENTRAIDE NORTH EAST ONTARIO / NORD-EST DE L'ONTARIO

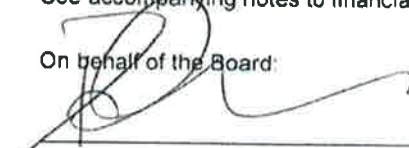
Statement of Financial Position


December 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash	\$ 239,003	\$ 357,270
Investments (note 2)	261,123	377,581
Pledges receivable:		
Current year's campaign	1,427,400	1,723,658
Prior year's campaign	87,362	24,460
Prepaid expenses	14,904	12,964
Other receivables	58,992	78,813
	2,088,784	2,574,746
Capital assets (note 3)	21,806	27,138
	\$ 2,110,590	\$ 2,601,884
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 114,832	\$ 503,796
Deferred revenue (note 4)	211,433	244,302
	326,265	748,098
Deferred capital contributions (note 5)	3,020	4,336
	329,285	752,434
Net assets:		
Unrestricted	1,668,961	1,778,380
Investment in capital assets (note 6)	18,786	22,802
Internally restricted	93,558	48,268
	1,781,305	1,849,450
Commitments (note 7)		
Subsequent event (note 10)		
	\$ 2,110,590	\$ 2,601,884

See accompanying notes to financial statements

On behalf of the Board:


 _____ Director


 _____ Director

UNITED WAY CENTRAIDE NORTH EAST ONTARIO / NORD-EST DE L'ONTARIO

Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Pledges made and cash donations	\$ 1,974,495	2,205,718
Pledge loss	(101,125)	(157,057)
Campaign revenue for financial reporting purposes	1,873,370	2,048,661
Other revenue:		
Wolves United	215,806	104,361
Other programs	127,071	78,154
Other income	80,240	74,289
Grants	13,397	16,127
Interest income	3,542	4,678
Amortization of deferred capital contributions	1,316	1,921
Stars & Thunder	-	132,361
	2,314,742	2,460,552
Expenses:		
Allocations and distribution of funds (Schedule)	1,183,867	1,257,060
Fundraising (Schedule)	541,881	620,679
Community investments (Schedule)	504,191	662,274
General (Schedule)	152,948	136,383
	2,382,887	2,676,396
Deficiency of revenue over expenses	\$ (68,145)	(215,844)

See accompanying notes to financial statements.

UNITED WAY CENTRAIDE NORTH EAST ONTARIO / NORD-EST DE L'ONTARIO

Statement of Changes in Net Assets

Year ended December 31, 2019, with comparative information for 2018

	Unrestricted	Investment in Capital Assets (note 6)	Internally Restricted	2019	2018
Net assets, beginning of year	\$ 1,778,380	22,802	48,268	1,849,450	2,065,294
Excess (deficiency) of revenue over expenses	(109,419)	(4,016)	45,290	(68,145)	(215,844)
Net assets, end of year	\$ 1,668,961	18,786	93,558	1,781,305	1,849,450

See accompanying notes to financial statements.

UNITED WAY CENTRAIDE NORTH EAST ONTARIO / NORD-EST DE L'ONTARIO

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (68,145)	\$ (215,844)
Items not involving cash:		
Amortization of capital assets	5,332	7,071
Amortization of deferred capital contributions	(1,316)	(1,921)
	<u>(64,129)</u>	<u>(210,694)</u>
Changes in non-cash operating working capital:		
Decrease (increase) in pledges receivable:		
Current year's campaign	296,258	(109,090)
Prior year's campaign	(62,902)	73,005
Decrease (increase) in prepaid expenses	(1,940)	1,112
Decrease (increase) in other accounts receivable	19,821	(21,202)
Increase (decrease) in accounts payable and accrued liabilities	(388,964)	337,077
Increase (decrease) in deferred revenue	(32,869)	77,553
	<u>(234,725)</u>	<u>147,761</u>
Financing:		
Principal repayments on long-term debt	-	(4,374)
	<u>-</u>	<u>(4,374)</u>
Investing:		
Proceeds on sale of investments	120,000	24,811
Purchase of investments	(3,542)	(4,669)
	<u>116,458</u>	<u>20,142</u>
Net increase (decrease) in cash and investments	(118,267)	163,529
Cash, beginning of year	357,270	193,741
Cash, end of year	<u>\$ 239,003</u>	<u>\$ 357,270</u>

See accompanying notes to financial statements.

UNITED WAY CENTRAIDE NORTH EAST ONTARIO / NORD-EST DE L'ONTARIO

Notes to Financial Statements

Year ended December 31, 2019

Nature of operations:

United Way Centraide North East Ontario / Nord-est de l'Ontario (the "Organization") is incorporated without share capital under the laws of Ontario and its principal activities include the continued financial support to member charitable organizations in the Sudbury and Nipissing districts through public contributions from annual fundraising campaigns. It is a registered charity and is therefore exempt from income tax under Section 149 of the Federal Income Tax Act.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Organization's significant accounting policies are as follows:

(a) Revenue recognition:

- i) The Organization follows the deferral method for accounting and contributions.
- ii) Non-designated campaign pledges and contributions are recognized on an accrual basis, provided the amounts can be reasonably estimated and collection is reasonably assured.
- iii) Campaign contributions designated by donors are reported as deferred revenue on the statement of financial position until the amounts are paid to the designated organizations, at which time the amount of the campaign contribution is recorded as campaign revenue.
- iv) Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.
- v) Fundraising, donations and contributions restricted for certain programs are recognized on an accrual basis and are recorded as revenue in the period the related expenses are incurred.

(b) Investments:

Temporary investments are comprised of mutual funds which are carried at fair value.

UNITED WAY CENTRAIDE NORTH EAST ONTARIO / NORD-EST DE L'ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost when a capital asset no longer contributes to United Way's ability to provide services its carrying amount is written down to its residual value. Amortization is provided on the following basis and annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining-balance	20%
Computer equipment and software	Declining-balance	20% - 33%
Leasehold improvements	Declining-balance	10%

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to carry temporary investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, United Way determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount United Way expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the reporting periods. Items subject to such estimates and assumptions include the carrying value of capital assets and valuation allowances for pledges and accounts receivable. Actual results could differ from those estimates. These estimates, are reviewed periodically and, as adjustments become necessary, they are reported in the surplus or deficit in the year in which they become known.

UNITED WAY CENTRAIDE NORTH EAST ONTARIO / NORD-EST DE L'ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(f) Contributed materials and services:

A substantial number of volunteers contributed a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements. In addition, the value of contributed materials is not recognized in the financial statements. Since these contributed materials and services are not purchased nor charged by United Way, they are not recognized in these financial statements.

2. Investments:

The Organization investments consist of mutual funds. The cost of the investments are \$261,123 (2018 - \$373,581), with their respective market values being \$261,123 (2018 - \$377,581).

3. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 25,417	(24,839)	578	723
Computer equipment and software	170,261	(157,813)	12,448	16,659
Leasehold improvements	12,678	(3,898)	8,780	9,756
	\$ 208,356	(186,550)	21,806	27,138

4. Deferred revenue:

Deferred revenue consists of the following amounts:

- (a) Campaign pledges from donors that are designated to non-member agencies. The pledges are deferred until such time as the funds are received from the donor and paid to the non-member agencies.
- (b) Unexpended government funding that is available to fund future expenses.

The balance of deferred revenue is as follows:

		2019	2018
Designated campaign pledges	\$	161,333	187,421
Other deferred revenue		50,100	56,881
	\$	211,433	244,302

UNITED WAY CENTRAIDE NORTH EAST ONTARIO / NORD-EST DE L'ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2019

5. Deferred capital contributions:

Deferred capital contributions related to capital assets represent the unamortized balance of grants received for capital assets acquisitions. Details of the continuity of this balance are as follows:

	2019	2018
Balance, beginning of year	\$ 4,336	6,257
Less: amounts amortized to revenue	(1,316)	(1,921)
Balance, end of year	\$ 3,020	4,336

6. Invested in capital assets:

(a) Investment in capital assets is calculated as follows:

	2019	2018
Capital assets	\$ 21,806	27,138
Amounts financed by:		
Deferred contributions	(3,020)	(4,336)
	\$ 18,786	22,802

(b) Change in net assets invested in capital assets is calculated as follows:

	2019	2018
Excess of revenue over expenses:		
Amortization of deferred contributions related to capital assets	\$ 1,316	1,921
Amortization of capital assets	(5,332)	(7,071)
	\$ (4,016)	(5,150)

Net change in investment in capital assets:

Repayment of long-term debt	\$ -	4,374
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UNITED WAY CENTRAIDE NORTH EAST ONTARIO / NORD-EST DE L'ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2019

7. Commitments:

The Organization is committed to payments under an operating lease for the Sudbury and North Bay premises through March 31, 2026. Excluded from this is a reconciliation payment for common area maintenance expenses charged annually to the Sudbury premise. Payments are as follows:

2020	\$ 118,823
2021	129,046
2022	126,215
2023	117,480
2024	117,480
Thereafter	146,850

8. Financial risks and concentration of risk:

(a) Credit risk:

Credit risk refers to the risk that a counterpart may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for pledge losses.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2018.

9. Comparative information:

Certain 2018 comparative information has been reclassified to ensure consistency with the presentation adopted in the current year.

UNITED WAY CENTRAIDE NORTH EAST ONTARIO / NORD-EST DE L'ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2019

10. Subsequent event:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At the time of approval of these financial statements, the Organization has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Mandatory working from home requirements for those able to do so, and put in place measures to limit and control access to the premises by staff.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provides additional evidence relating to conditions that existed as at year end. There are no adjustments to note as of the audit report date.

UNITED WAY CENTRAIDE NORTH EAST ONTARIO / NORD-EST DE L'ONTARIO

Schedule of Allocations and Distribution of Funds

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Member Agency Programs:		
John Howard Society of Sudbury	\$ 68,112	\$ 88,750
Better Beginnings Better Futures	65,895	59,349
March of Dimes	60,350	43,099
Elizabeth Fry Society, Sudbury Branch	60,000	59,000
Centre de Santé Communautaire	60,000	73,760
Sudbury Family YMCA	58,000	50,772
The Learning Disabilities Association of Sudbury	55,000	-
Big Brothers Big Sisters Association of Greater Sudbury	50,000	38,178
Health Sciences North	41,000	-
YWCA Sudbury	40,000	35,675
Anti Hunger Coalition	38,700	20,160
Maison McCulloch Hospice	30,000	29,750
St. John Ambulance	30,000	30,000
L 'Association des jeunes de la rue-Foyer Notre Dame	25,500	25,665
Le Carrefour Francophone de Sudbury	25,500	19,137
Sudbury Action Centre for Youth	25,500	24,335
Meals on Wheels	25,000	21,250
Timmins Learning Center	17,890	5,000
South Porcupine Food Bank	14,000	-
Community Living Timmins	11,000	5,000
Inner City Home	10,000	8,500
PADDLE	9,900	-
The Gathering Place	9,900	11,300
Frontier College	7,700	-
Children's Aid Society - Nipissing/Parry Sound	7,452	-
Alzheimer Society Timmins	7,000	-
St. James Centennial United Church	6,400	-
District of Parry Sound Employment Services	6,000	9,000
NEO Kids Foundation	5,900	-
Access Better Living Inc	5,000	4,200
Packsack Smiles Organization	4,500	-
St. Peters On-The-Rock	4,000	4,000
Chapleau General Hospital Foundation	3,500	3,500
Harvest Share Community Food Programs	3,100	2,128
Sudbury Food Bank	2,100	-
Iroquois Falls Access Transit Committee	2,000	2,000
Partners for Employment Centre	1,500	500
Amalguin Adult Learning Centre	-	6,700
Canadian Red Cross North Bay	-	1,500
Hospice West Parry Sound	-	9,700
Iroquois Falls Public Library Board	-	1,000
James Bay Association for Community Living	-	4,320
Jubilee Heritage Family Resource	-	1,275
Learning Disabilities Association	-	44,184
Literacy Council of South Temiskaming	-	1,000
Nipissing Association for Disabled Youth	-	7,400
North Eastern Ontario Children's Foundation	-	15,980
Powassan and District Public Library	-	2,679
Seizure and Brain Injury Centre	-	3,000
Voices for Women - Health Sciences North	-	2,353
	897,399	775,099
Other:		
Designations to non-member agencies	168,839	252,651
Wolves United Grants	117,629	96,949
Stars & Thunder Grants	-	132,361
	286,468	481,961
	\$ 1,183,867	\$ 1,257,060

UNITED WAY CENTRAIDE NORTH EAST ONTARIO / NORD-EST DE L'ONTARIO

Schedule of Expenses

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
General:		
Salaries and employee benefits	\$ 152,948	\$ 136,383
	\$ 152,948	\$ 136,383
Community Investments:		
Salaries and employee benefits	\$ 239,553	\$ 421,595
Rent:		
Sudbury	59,781	63,919
North Bay	7,311	8,478
Timmins	2,450	3,900
Other programs	69,540	52,085
Professional fees	39,040	9,884
Office supplies and general	25,698	34,994
Computer services	19,798	10,413
Aboriginal project	11,926	13,091
United Way of Canada fees	10,407	10,357
Conference and travel	6,733	10,942
Postage and shipping	5,122	2,175
Insurance	4,166	3,746
Amortization of capital assets	2,666	3,536
Leadership development programs	-	8,318
Equipment rental	-	4,841
	\$ 504,191	\$ 662,274
Fundraising:		
Salaries and employee benefits	\$ 298,822	\$ 361,090
Rent:		
Sudbury	59,781	63,919
North Bay	7,311	8,478
Timmins	2,450	3,900
50/50 expenses	52,887	71,121
Office supplies and general	42,271	40,947
Professional fees	36,213	9,884
Conference and travel	12,652	10,946
United Way of Canada fees	10,407	10,357
Campaign promotion and supplies	6,222	25,739
Equipment rental	5,605	4,841
Insurance	4,166	3,746
Amortization of capital assets	2,666	3,536
Postage and shipping	428	2,175
	\$ 541,881	\$ 620,679