



Financial Statements

United Way Simcoe Muskoka

March 31, 2022

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Independent Auditor's Report

Grant Thornton LLP
Suite 400
85 Bayfield Street
Barrie, Ontario
L4M 3A7
T +1 705 728 3397
F +1 705 728 2728
www.GrantThornton.ca

To the Board of Directors of United Way Simcoe Muskoka

Qualified Opinion

We have audited the financial statements of United Way Simcoe Muskoka (“the Organization”), which comprise the statement of financial position as at March 31, 2022, 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* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of United Way Simcoe Muskoka as at March 31, 2022, 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 not-for-profit organizations, the Organization derives revenue from 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2022, current assets as at March 31, 2022, and net assets as at April 1, 2021 and March 31, 2022. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation of 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 these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Barrie, Canada
September 20, 2022

Chartered Professional Accountants
Licensed Public Accountants

United Way Simcoe Muskoka Statement of Financial Position

As at March 31

	2022	2021
	\$	\$
Assets		
Current		
Cash	4,333,504	2,110,678
Restricted cash [note 3]	3,213,933	2,314,741
Short term investments [note 4]	460,327	330,524
Pledges receivable [note 5]	489,996	275,322
Accounts and grants receivable [note 6]	46,376	64,870
Prepaid expenses	11,207	20,826
Total current assets	8,555,343	5,116,961
Capital assets [note 7]	53,141	69,317
Internally restricted investments [note 8]	471,075	455,631
Total assets	9,079,559	5,641,909
Liabilities and net assets		
Current		
Accounts payable and accrued charges	273,996	210,011
Accounts payable - donor's choice	170,358	198,043
Accounts payable – agency and deferred revenue	5,534,458	2,587,438
Allocations payable to member agencies [note 9]	544,075	712,680
Total current liabilities	6,522,887	3,708,172
CEBA loan payable [note 14]	40,000	30,000
Total liabilities	6,562,887	3,738,172
Net assets		
Unrestricted net assets	2,180,977	1,551,866
Net assets invested in capital assets	53,141	69,317
Net assets restricted for forever reserve fund	3,374	3,374
Net assets restricted for collaborative reserve fund	75,000	75,000
Net assets restricted for transformation reserve fund	100,000	100,000
Net assets restricted for strategic reserve fund	104,180	104,180
	2,516,672	1,903,737
	9,079,559	5,641,909

See accompanying notes to the financial statements.

On behalf of the Board:

Director

Director

United Way Simcoe Muskoka

Statement of Changes in Net Assets

Year ended March 31

							2022	2021
	Unrestricted net assets	Invested in capital assets	Forever Reserve Fund	Collaborative Reserve Fund	Transformation Reserve Fund	Strategic Reserve Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	1,551,866	69,317	3,374	75,000	100,000	104,180	1,903,737	666,829
Excess of revenues over expenditures for the year	612,934	-	-	-	-	-	612,934	1,236,908
Amortization	16,176	(16,176)	-	-	-	-	-	-
Balance, end of year	2,180,976	53,141	3,374	75,000	100,000	104,180	2,516,671	1,903,737

See accompanying notes to the financial statements.

United Way Simcoe Muskoka

Statement of Operations

Year ended March 31

	2022	2021
	\$	\$
Revenues		
Donations and special events revenue <i>[schedule 1]</i>	671,860	939,405
Funds transferred from other United Way Centraide's <i>[schedule 1]</i>	855,934	427,184
Campaign revenue	1,527,794	1,366,589
Less: Uncollectable pledges <i>[note 11]</i>	(50,000)	(65,844)
Net campaign revenue	1,477,794	1,300,745
Investment income	145,246	210,341
Administrative fees <i>[schedule 3]</i>	903,296	1,469,786
Government assistance <i>[note 14]</i>	271,047	472,112
	2,797,383	3,452,984
Direct Expenses <i>[schedule 2]</i>		
Resource development	507,993	604,505
Community impact	652,631	510,428
Social enterprise	341,279	361,857
	1,501,903	1,476,790
Net revenue available after community investment	1,295,480	1,976,194
Indirect expenses <i>[schedule 2]</i>		
Salaries and employee benefits	259,925	370,584
General and administrative	406,445	346,226
Amortization	16,176	22,476
	682,546	739,286
Excess of revenues over expenditures for the year	612,934	1,236,908

See accompanying notes to the financial statements.

United Way Simcoe Muskoka

Statement of Cash Flows

Year ended March 31	2022	2021
	\$	\$
Operating activities		
Excess of revenues over expenditures	612,934	1,236,908
Amortization	16,176	22,476
Unrealized gain on marketable securities	(140,442)	(204,268)
Net change in non-cash working capital balances	2,638,154	1,831,267
Cash provided by operating activities	3,126,822	2,886,383
Investing activities		
Change in investments	(4,804)	11,015
Cash used in investing activities	(4,804)	11,015
Net increase in cash	3,122,018	2,897,398
Cash, beginning of year	4,425,419	1,528,021
Cash, end of year	7,547,437	4,425,419
Comprised of		
Cash	4,333,504	2,110,678
Restricted cash	3,213,933	2,314,741
	7,547,437	4,425,419

See accompanying notes to the financial statements.

United Way Simcoe Muskoka

Notes to the Financial Statements

March 31, 2022

1. OPERATIONS

United Way Simcoe Muskoka ("United Way") is a non-profit organization incorporated without share capital under the laws of Ontario. Its principal activities include the fund raising for and allocation to non-profit organizations.

United Way is a registered charitable foundation and as such, is exempt from income tax and may issue income tax receipts to donors.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of United Way have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following is a summary of the significant accounting policies:

Basis of accounting

United Way follows the accrual method of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Use of estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The areas most subject to management estimate are in developing the allowance for pledge defaults and the allocation of general and administrative expenditures.

Short term investments

Short term investments include equities, mutual funds and guaranteed investment certificates due within one year and are recorded at fair market value.

Internally restricted investments

Internally restricted investments consist of money market funds, corporate bonds, equities and mutual funds and are recorded at fair market value.

Fund accounting

The unrestricted net assets are available for general purposes and reflects the transactions associated with the operating activities of United Way.

United Way Simcoe Muskoka

Notes to the Financial Statements

March 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Forever Fund Reserve is an endowment fund set up to support community investments or specific operational requirements.

The Collaborative Fund Reserve is an internally restricted fund set up to support special initiative community impact partnerships or projects.

The Transformation Fund Reserve is an internally restricted fund, set up to support costs associated with realigning United Way operations, to meet strategic business activities.

The Strategic Fund Reserve is an internally restricted fund, set up to provide financial flexibility for the growth mandate, unplanned outcomes, capital expenditures or strategic opportunities that may emerge in the future.

Fund transfers

The Board approves fund transfers to the internally restricted reserve funds for the specific purposes as described above. The internally restricted reserve fund net assets are not available for other purposes without the approval of the Board.

Pension plan

United Way maintains a defined contribution plan available to some of its permanent full-time personnel. The expense for the plan is equal to United Way's required contribution for the year.

Capital assets

Capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair market value at the date of acquisition or at a nominal amount when the fair market value of contributed capital assets cannot be determined. Amortization based on the estimated useful life of the asset, with half year rates in the year of acquisition for all classes except leasehold improvements is calculated as follows:

Office equipment	20% diminishing balance basis
Computer equipment	30% diminishing balance basis
Computer software	20% diminishing balance basis
Leasehold improvements	5 year straight-line

Revenue recognition

United Way follows the deferral method of accounting for contributions, where pledges are recorded as receivables, and recognized as revenue, when signed pledge forms or other documents are received.

In subsequent periods, provisions are estimated and recorded, to account for known or unknown pledge losses on amounts which have previously been reported as revenue. Where amounts that have previously been included in the provision for pledge losses are subsequently collected, these amounts are recognized as revenue in the year collected.

United Way Simcoe Muskoka

Notes to the Financial Statements

March 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Administrative fees are charged to facilitate and administer certain grant programs, as appropriate. The nature and amount of these fees are outlined in the individual grant agreements, and the fees are recorded on a periodic basis, as they are earned.

Investment income includes interest, dividends, fund distributions, and both realized and unrealized gains and losses on the sale of investments. Investment income is recognized as revenue, as it is earned, which is primarily reflected in the fair market valuation of the investment holdings.

Non-cash donations

The work of United Way is dependent on the voluntary service of many members and volunteers. Since these services are not normally purchased by United Way and because of the difficulty of estimating their fair value, these services are not recognized in these financial statements. Certain donations of assets, or billable services, are recognized as donations-in-kind in these financial statements, however, these are recorded only in those cases where a true fair market value can be established based on proper documentary evidence.

Campaign revenue

These financial statements reflect the results of the campaign that commenced in 2021-2022 and include Campaign revenue and the related allocations, designations and operating expenditures applicable to that campaign. Comparative figures represent the Campaign that commenced in 2020-2021.

Allocation of general and administrative expenditures

United Way uses a number of methods to allocate its costs across the various functional areas, or departmental responsibility centres within the United Way.

Where possible and practical, certain expenses are allocated at the time of recording those expenses, using formulas that best reflect the most accurate allocation methodologies, based on the nature of the expense. These include allocations based on time, space, personnel, or job function, and are considered to be either direct costs attributable to each major departmental area including Corporate, Resource Development, Community Impact, Finance and the Call Centre. General and administrative costs not allocated using other means, are allocated to the functional areas based on management's estimates.

Allocations to agencies and organizations

United Way provides specific agencies and organizations with ongoing funding to implement approved projects specific to poverty reduction and social inclusion. Agency allocations are determined by the Board of Directors and are recognized as expenditures of the current campaign. Funds are distributed on an installment basis over the next fiscal year.

United Way Simcoe Muskoka

Notes to the Financial Statements

March 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments

United Way considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. United Way accounts for the following as financial instruments:

- Cash
- Investments
- Pledges, accounts and grants receivable
- Accounts payable, accrued charges and allocations payable to member agencies

A financial asset or liability is recognized when United Way becomes party to contractual provisions of the instrument.

United Way initially measures its financial assets and financial liabilities at fair value. United Way subsequently measures certain of its financial assets and financial liabilities at amortized cost and marketable securities and investments at fair market value.

United Way removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

3. EXTERNALLY RESTRICTED FUNDS

Certain cash balances are not available for general use, and are classified as restricted, as these funds are received from various Utilities, to be allocated as grants under the LEAP program. As at March 31, 2022, these restricted funds totaled \$3,213,933 (2021 - \$2,314,741)

United Way Simcoe Muskoka

Notes to the Financial Statements

March 31, 2022

4. INVESTMENTS AND BANK FACILITIES

	2022	2021
	\$	\$
Royal Bank of Canada:		
Cash	25,426	18,252
Equities	376,244	254,852
Mutual funds	13,237	12,000
Guaranteed investment certificate - interest at 1.25%, maturing May 2022	45,420	45,420
	460,327	330,524

The cost of the above marketable securities is \$196,599 (2021 - \$153,664).

The GIC's are pledged as security against a revolving demand facility line of credit with a limit of \$80,000 available to them. As at year-end, the line of credit balance was \$Nil (2021 - \$Nil).

The GIC was subsequently renewed June 1, 2022 with an interest rate of 1.25% maturing May 15, 2023.

5. PLEDGES RECEIVABLE

	2022	2021
	\$	\$
Prior years' campaigns - pledges receivable	188,282	144,753
Current year's campaign - pledges receivable	509,727	288,582
Allowance for pledge defaults	(208,013)	(158,013)
	489,996	275,322

6. ACCOUNTS AND GENERAL RECEIVABLES

	2022	2021
	\$	\$
General accounts receivable	1,382	1,382
HST/GST recoverable	44,994	63,488
	46,376	64,870

United Way Simcoe Muskoka

Notes to the Financial Statements

March 31, 2022

7. CAPITAL ASSETS

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer hardware	181,284	165,086	16,198	23,140
Computer software	106,273	75,461	30,812	38,514
Office equipment	45,676	39,545	6,131	7,663
Leasehold improvements	79,191	79,191	-	-
	412,424	359,283	53,141	69,317

8. INVESTMENTS

	2022		2021	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
Cash	26,496	26,496	20,634	20,634
Corporate bonds	99,248	100,283	99,248	106,502
Equities	8,534	39,227	8,534	33,023
Mutual funds	278,117	305,069	295,472	295,472
	412,395	471,075	423,888	455,631

9. COMMITMENTS

United Way has approved funding to specific agencies and organizations for the upcoming year totaling \$544,075 (2021 - \$712,680). These agency payments are to be funded by pledges made during the current year fundraising campaign.

In addition, United Way has a lease agreement for the rental of facilities in the Township of Springwater. The minimum annual payments under this lease are \$39,769, \$40,569 and \$41,392 annually until the expiration of the agreement on Feb 28, 2025.

10. EMPLOYEE FUTURE BENEFITS

During the year, United Way recorded contributions of \$7,051 (2021 - \$9,798) with respect to their defined contribution retirement plan.

11. UNCOLLECTABLE PLEDGES

	2022	2021
	\$	\$
Provision for current campaign	208,013	158,013
Realized pledge loss over (under) amount previously provided	(158,013)	(92,169)
	50,000	65,844

United Way Simcoe Muskoka

Notes to the Financial Statements

March 31, 2022

12. DONOR'S CHOICE

United Way collects donations on behalf of registered charities at the specific request of the donor, and in certain cases, and upon payment of the designated amounts, United Way is entitled to an administration fee in respect of collecting and disbursing of the designated funds. The donations received (net of the fee) are included in campaign revenue reported on Schedule 1, and the amounts due to the recipient agencies are segregated for future payment.

13. FINANCIAL INSTRUMENTS

United Way is exposed to various risks through its financial instruments. The following analysis provides a measure of United Way's risk exposures and concentrations at March 31, 2022.

(a) 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. United Way's main credit risks relate to its pledges, accounts and grants receivable.

(b) Liquidity risk

Liquidity risk is the risk that United Way will encounter difficulty in meeting the obligations associated with its financial liabilities. United Way is exposed to this risk mainly in respect of its allocations payable to member agencies, accounts payable - Donor's choice and accounts payable and accrued liabilities.

(c) Market risk

Market risk is the risk that the fair value or expected 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. United Way is mainly exposed to other price risk on the market prices of the investments in marketable securities and fund investments.

14. COVID-19 PANDEMIC & GOVERNMENT ASSISTANCE

In April 2020, United Way confirmed its eligibility to receive funding from the government under the Canada Emergency Wage Subsidy (CEWS) program. Under the CEWS program, United way is entitled to receive a subsidy equal to 75% of an employee's wages – up to a set amount per week. As of March 31, 2022, United way has received \$261,047 (2021 - \$462,112).

United Way also received cash flow assistance as it was eligible to apply for and received a Canada Emergency Business Account (CEBA) loan for \$60,000 (2021 - \$40,000). \$40,000 (2021 - \$30,000) has been recorded as a CEBA loan payable on the Statement of Financial Position. The \$10,000 (2021 - \$10,000) forgivable portion has been recorded as revenue as Government assistance on the Statement of Operations.

United Way Simcoe Muskoka
Schedule of Gross Campaign Achievement

Schedule 1

Year ended March 31	2022	2021
	\$	\$
Revenue		
Campaign gifts	475,866	686,688
Campaign pledges	195,994	252,717
Donations and fundraising	671,860	939,405
Other		
Funds transferred from other United Way Centraide's	855,934	427,184
Gross campaign achievement	1,527,794	1,366,589

United Way Simcoe Muskoka
Schedule of Expenditures

Schedule 2

Year ended March 31

Expense Allocations

Direct Expenses	Resource Development	Community Impact	Social Enterprise	2022 Total
	\$	\$	\$	\$
Salaries and benefits	372,221	239,829	293,051	905,101
Program delivery	135,772	412,802	48,228	596,802
	507,993	652,631	341,279	1,501,903

	Resource Development	Community Impact	Social Enterprise	2021 Total
	\$	\$	\$	\$
Salaries and benefits	373,172	154,670	285,354	813,196
Program delivery	231,333	355,758	76,503	663,594
	604,505	510,428	361,857	1,476,790

Indirect Expenses

(Corporate, Administrative, Finance, IT, Human Resources, and allocations for certain non-direct expenses of Resource Development, Community Impact, and Social Enterprise)

Year ended March 31	2022	2021
	\$	\$
Salaries and employee benefits	259,925	370,584
General and administrative	406,445	346,226
Amortization	16,176	22,476
	682,546	739,286

United Way Simcoe Muskoka **Schedule 3**
Schedule of Administrative Fees on Grants Administered

Year ended March 31

	2022		2021	
	Grant Administered	Admin fee	Grant Administered	Admin fee
	\$	\$	\$	\$
Administrative Fees	2,944,136	459,446	1,611,528	249,176
Administrative Fees – COVID-19	-	-	6,749,251	865,883
LEAP Emergency Financial Assistance	2,959,001	443,850	2,364,847	354,727
	5,903,137	903,296	10,725,626	1,469,786

United Way administers certain grant funding on behalf of grantors to support the programs detailed above. In its capacity as agent in administering these grants, United Way receives an administrative fee. The grants received and disbursed are reported on a net basis in the statement of operations.