

BRANT UNITED WAY
FINANCIAL STATEMENTS
For the year ended March 31, 2020

BRANT UNITED WAY

For the year ended March 31, 2020

INDEX

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Schedule of Management and Administration Expenses	6
Schedule of Fundraising Expenses	7
Schedule of Community Program Expenses	7
Schedule of Allocations to Agencies/Programs	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 13

INDEPENDENT AUDITORS' REPORT

To the Directors of
Brant United Way

Qualified Opinion

We have audited the financial statements of Brant United Way (the 'Organization'), which comprise the statement of financial position as at March 31, 2020, 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 the Organization as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our 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 *Auditors' Responsibilities for the Audit of 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 audit 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 relating 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.

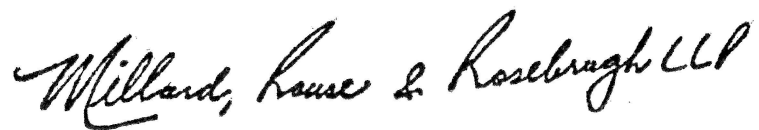
Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' 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 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 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.



September 29, 2020
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

BRANT UNITED WAY

STATEMENT OF FINANCIAL POSITION

As at March 31	2020	2019 <i>Restated - Note 7</i>
ASSETS		
Current Assets		
Cash and bank	212,913	247,355
GIC investment	351,890	391,977
Prepaid expenses	8,706	8,173
Recoverable HST	8,095	5,479
	581,604	652,984
Property, Plant and Equipment	-	978
Internally Restricted Reserve Investments (Note 5)		
Cash and bank	19,346	170,440
GIC investment	169,328	169,266
Marketable securities	18,040	23,232
Due from unrestricted fund	88,541	87,287
	295,255	450,225
Restricted Reserve Investments (Note 5)		
Due from unrestricted fund	8,162	-
	885,021	1,104,187
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	27,393	35,049
Payroll taxes payable	290	346
Due to internally restricted reserve	88,541	87,287
Due to externally restricted reserve	8,162	-
	124,386	122,682
Net Assets		
Net assets invested in property, plant and equipment	-	978
Net assets - internally restricted reserve (Note 5)	295,255	450,225
Net assets - externally restricted	8,162	-
Net assets - unrestricted	457,218	530,302
	760,635	981,505
	885,021	1,104,187

See accompanying notes

BRANT UNITED WAY

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31	Invested in Property Plant and Equipment	Internally Restricted	Restricted	Unrestricted	Total 2020	Total 2019
						<i>Restated - Note 7</i>
Balance - Beginning of Year	978	450,225	-	530,302	981,505	1,149,117
(Deficiency) of revenue over expense	-	-	-	(220,870)	(220,870)	(167,612)
Loss on disposal of property, plant and equipment	(978)	-	-	978	-	-
Investment income	-	5,222	-	(5,222)	-	-
Unrealized gain on investments	-	(5,192)	-	5,192	-	-
Donations - restricted	-	-	8,162	(8,162)	-	-
Transfer to unrestricted fund	-	(155,000)	-	155,000	-	-
Balance - End of Year	-	295,255	8,162	457,218	760,635	981,505

See accompanying notes

BRANT UNITED WAY

STATEMENT OF OPERATIONS

For the year ended March 31	2020	2019 <i>Restated - Note 7</i>
Revenue		
Donations - unrestricted (Note 2(b))	1,279,712	1,376,130
Donations - restricted (Note 2(b))	8,162	-
Funds transferred from other United Ways	73,161	32,361
<hr/>		
Gross campaign revenue	1,361,035	1,408,491
Wage recoveries	-	16,097
Investment income	3,390	6,740
Investment income - internally restricted reserve	5,222	5,052
Unrealized (loss) on investments - internally restricted reserve	(5,192)	(1,786)
(Loss) on disposal of property plant and equipment	(978)	-
<hr/>		
	1,363,477	1,434,594
Expenses		
Fundraising expenses (Page 7)	270,392	351,668
<hr/>		
Funds Available for Distribution	1,093,085	1,082,926
<hr/>		
Distributions and Community Programs and Services Expenses		
Community program expenses (Page 7)	269,580	244,337
Allocations to Agencies/Programs (Note 2(c)) (Page 8)	1,031,154	972,090
United Way Canada affiliation fees	13,221	16,584
Donor choice designations to other United Ways	-	17,527
<hr/>		
	1,313,955	1,250,538
<hr/>		
(Deficiency) of Revenue over Expenses	(220,870)	(167,612)

See accompanying notes

BRANT UNITED WAY

SCHEDULE OF MANAGEMENT AND ADMINISTRATION EXPENSES

For the year ended March 31	2020	2019 <i>Restated - Note 7</i>
Salaries	116,489	46,268
CPP, EI, WSIB	8,378	3,428
Group insurance and pension	11,800	4,092
Memberships	1,059	238
Professional fees	13,304	26,734
Insurance	4,701	4,547
Office equipment lease and service	8,477	9,068
Office expense	15,224	19,184
Postage	3,935	4,111
Bank charges	8,338	8,174
Occupancy costs	38,259	37,742
Telephone	4,430	5,982
Travel allowance and conferences	4,988	7,469
Amortization	-	420
	239,382	177,457
Allocation to fundraising expenses (Note 2(d))	(165,198)	(122,463)
Allocation to community program expenses (Note 2(d))	(74,184)	(54,994)
	-	-

See accompanying notes

BRANT UNITED WAY

SCHEDULE OF FUNDRAISING EXPENSES

For the year ended March 31	2020	2019 <i>Restated - Note 7</i>
Conference and meetings	2,813	65
Printing, stationery and office supplies	17,997	13,406
Membership dues and subscriptions	99	2,539
Publicity, education and video	5,281	16,761
Salaries	44,804	142,110
CPP, EI, WSIB	3,222	10,528
Group insurance and pension	4,538	11,132
Travel	518	1,495
Special events	25,922	31,169
	105,194	229,205
Allocation from management and administration expenses (Page 6)	165,198	122,463
	270,392	351,668

SCHEDULE OF COMMUNITY PROGRAM EXPENSES

For the year ended March 31	2020	2019 <i>Restated - Note 7</i>
Salaries	137,398	142,110
CPP, EI, WSIB	9,882	10,528
Group insurance and pension	13,918	11,132
Ontario 211 program	16,281	16,281
Community program costs	17,917	9,292
	195,396	189,343
Allocation from management and administration expenses (Page 6)	74,184	54,994
	269,580	244,337

BRANT UNITED WAY

SCHEDULE OF ALLOCATIONS TO AGENCIES/PROGRAMS

For the year ended March 31	2020	2019 <i>Restated - Note 7</i>
Member Agencies:		
Adult Recreation Therapy Centre	66,402	66,402
Big Brothers Big Sisters Grand Erie	50,000	50,000
Boys & Girls Club of Brantford	40,000	40,000
Brant Food for Thought	26,000	26,000
Brant Skills Centre	23,562	23,562
Brantwood Community Services	74,820	74,820
Canadian Hearing Society	67,000	67,000
Canadian Red Cross Society	45,900	45,900
CNIB	47,940	47,940
Community Resource Service	55,177	55,177
Crossing all Bridges Learning Centre Inc.	35,000	35,000
Family Counselling Centre of Brant	167,900	147,900
Kids Can Fly	34,000	34,000
Navy League of Canada - Brantford Branch	23,500	23,500
Nova Vita Domestic Violence Prevention Services	90,564	90,564
Sexual Assault Centre of Brant	45,000	45,000
Victim Services of Brant	57,500	57,500
YMCA of Hamilton/Burlington/Brantford	77,302	77,952
	1,027,567	1,008,217
Donations designated to other Agencies	3,587	32,997
Change in estimate of prior years donations designated to other Agencies	-	(69,124)
	1,031,154	972,090

BRANT UNITED WAY

STATEMENT OF CASH FLOWS

For the year ended March 31	2020	2019 <i>Restated - Note 7</i>
Cash Flows From Operating Activities		
(Deficiency) of Revenue over Expenses	(220,870)	(167,612)
Charges (credits) to income not involving cash		
Amortization	-	420
Unrealized loss on investments	5,192	1,786
Change in estimate of prior years donations designated to other Agencies	-	(69,124)
Loss on property, plant and equipment disposal	978	-
	(214,700)	(234,530)
Net change in non-cash working capital balances related to operations	(10,861)	(117,849)
Net change in unrestricted balance	-	105,655
	(225,561)	(246,724)
Cash Flows From Investing Activities		
Cash - restricted reserve	151,094	(3,790)
GIC investment - restricted reserve	(62)	(78)
	151,032	(3,868)
Net Decrease in Cash and Cash Equivalents	(74,529)	(250,592)
Opening Cash and Cash Equivalents	639,332	889,924
Closing Cash and Cash Equivalents	564,803	639,332
Cash and Cash Equivalents Composed of:		
Cash on hand - unrestricted	212,913	247,355
GIC investments - unrestricted	351,890	391,977
	564,803	639,332

See accompanying notes

BRANT UNITED WAY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

1. PURPOSE

The Brant United Way is a registered charity under the Income Tax Act and was incorporated by Letters Patent on May 25, 1946. The Brant United Way exists to connect community resources with community needs for the purpose of enhancing community life and to build a stronger, healthier community. Brant United Way improves people's lives by mobilizing the caring power of the community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

(a) 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 financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(b) Revenue Recognition

The Brant United Way follows the deferral method of accounting for contributions.

Pledge revenue is recognized when it is received regardless of when it was pledged or is intended to be used.

Certain United Ways are requested to act on behalf of employers and employee groups as the coordinator of their national campaigns and to receive and disburse funds on behalf of other United Ways within local communities. The Brant United Way accounts for these funds as follows:

i) Funds received from other United Ways:

Funds from other United Ways are reported separately in revenue when received.

ii) Funds received for other United Ways:

Funds received for other United Ways are included in the campaign amount when received and reported as a reduction of total campaign revenue.

Grants and sponsorships are recorded in the year in which they are received. Grants received or relating to property, plant and equipment acquisitions are applied to the cost of the asset and amortized.

Refunds from member agencies and interest income are recognized as revenue as they are received.

Donated goods, materials and services, if significant, are recorded in the accounts when a fair value can reasonably be estimated.

Restricted donations are recognized as revenue in the period in which they are received.

Investment income includes dividends and interest.

(c) Member Agency Allocations

Allocations to agencies/programs reflected in the statement of operations are recognized during the period in which they are paid to fund community organizations. The allocation year is from April 1 to March 31.

BRANT UNITED WAY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(d) **Allocation of Costs**

The organization provides administrative support to campaign fundraising and community program services. Administration costs are allocated to these programs based on the service volume of each program.

(e) **Financial Instruments**

Brant United Way measures its financial assets and financial liabilities at fair value. It 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 the statement of operations.

The financial assets subsequently measured at amortized cost include cash and term deposits. The financial liabilities measured at amortized cost include the trade accounts payable, allocations payable and accrued liabilities. Marketable securities are measured at market value which approximates fair value. (2020 and 2019 cost - \$7,709). The annual change in fair value is reported in the statement of operations.

(f) **Cash and Cash Equivalents**

Cash and cash equivalents are composed of cash on hand, bank balances and GIC investments with a maturity period of six months or less from the date of acquisition.

3. FINANCIAL INSTRUMENTS

The significant risks to which the organization is exposed are market risk and credit risk.

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. The organization's investment in publicly traded securities exposes the organization to market risk as this investment is subject to price changes in the open market. The organization does not use derivative financial instruments to alter the effects of this risk. As a result of the organization's investment policies, the risk of significant market losses is considered remote.

4. COMMITMENTS

The Brant United Way is committed to the lease of its business premises and office equipment, expiring September 30, 2021 and July 11, 2020, respectively.

Future minimum lease payments are as follows:

2021 - 25,497 2022 - 11,900

The organization has also committed to the payment of allocations to member agencies and programs. These commitments are subject to the revenue and cash flow of the organization throughout the year.

BRANT UNITED WAY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

5. RESTRICTED FUNDS

Internally Restricted Fund

The board of directors of Brant United Way has implemented a policy to establish a restricted reserve fund to maintain operational and financial stability. The restricted reserve fund is available to cover an unexpected significant financial event, including but not limited to, the potential dissolution of Brant United Way, a major shortfall in an annual campaign or unexpected necessary expenditures, all of which would affect the ability of Brant United Way to financially support its member agencies. It is also available to cover the Community Impact Grants if the organization determines that there is a need that cannot be funded from current operations.

The use of this internally restricted fund is at the discretion of the board of directors.

Restricted Fund

The W. Ross McDonald Angel Fund is an externally restricted fund that was set up to assist community volunteers in their efforts to aid current and former students of the W. Ross McDonald School.

6. COVID 19

During and subsequent to year end, the outbreak of a novel strain of coronavirus has resulted in the global declaration of a pandemic. Measures in place to combat the health threat of the virus have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the outbreak is unknown at this time, as are the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of the measures nor their impact on the future financial results and condition of the Organization.

BRANT UNITED WAY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

7. CHANGE IN ACCOUNTING POLICY

Effective the beginning of the current year, the organization changed its accounting policy for revenue recognition. Previously, the organization followed the deferral method of accounting for contributions recognizing pledges received or receivable as revenue at the time the pledge is made. Now, the organization still follows the deferral method of accounting but recognizes pledges at the time the pledge is received.

Additionally, effective the beginning of the current year, the organization changed its accounting policy for expense recognition. Previously, the organization accrued the allocation to agencies/programs expense in the current year to be paid out the following year. Now, the organization recognizes the allocation to agencies/programs expense in the period in which they are paid.

Management believes that this policy provides more relevant information as it results in more transparent treatment of contributions received by the organization. This change in accounting policy has been accounted for retrospectively and the comparative statements for the prior year have been restated. This change in accounting policy had the following effect on the financial statements for 2019:

	As Previously Reported	Adjustment	2019 As Restated
Donations	1,534,036	(157,906)	1,376,130
Pledge Loss	(32,251)	32,251	-
Allocations to Agencies/Programs	(992,090)	20,000	(972,090)
Pledges Receivable	550,156	(550,156)	-
Allocations Payable	(1,079,153)	1,079,153	-
Net Assets - Unrestricted	1,718	528,584	530,302
(Deficiency) of Revenues over Expenses	(61,957)	(105,655)	(167,612)