

Financial Statements of
UNITED WAY OF WINNIPEG
March 31, 2021

Independent Auditor's Report

To the Members of
United Way of Winnipeg

Opinion

We have audited the financial statements of United Way of Winnipeg (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statement of community and operating activities, statement of changes in fund balances and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, 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 year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 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 GAAS 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 GAAS, 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.

Deloitte LLP

Chartered Professional Accountants

Winnipeg, Manitoba
May 31, 2021

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UNITED WAY OF WINNIPEG
Statement of Financial Position
March 31, 2021

	<u>2021</u>	<u>2020</u>
ASSETS		
CASH AND INVESTMENTS (Note 4)	\$ 48,557,289	\$ 38,018,768
PLEDGES RECEIVABLE (Note 5)	11,998,671	12,096,749
CAPITAL ASSETS (Note 6)	7,511,875	7,875,134
	\$ 68,067,835	\$ 57,990,651
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (Note 7)	\$ 1,657,147	\$ 984,427
MORTGAGE PAYABLE (Note 8)	445,750	647,170
DEFERRED CONTRIBUTIONS (Note 9)	5,486,691	5,274,061
OTHER LIABILITIES (Note 10)	2,424,109	1,604,985
RESTRICTED CONTRIBUTION – COVID-19 FEDERAL FUNDING (Note 15)	119,090	-
	10,132,787	8,510,643
FUND BALANCES (Note 3)		
COMMUNITY FUND	24,412,250	22,159,563
OPERATING FUND	-	-
TOMORROW FUND	18,834,468	17,622,575
STABILIZATION FUND	5,240,035	3,356,296
CAPITAL ASSETS FUND	7,066,125	6,026,904
BUILDING AND TECHNOLOGY FUND	2,382,170	314,670
	57,935,048	49,480,008
	\$ 68,067,835	\$ 57,990,651

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES



.....
Isha Khan, Chairperson



.....
Craig Sheldon, Treasurer

UNITED WAY OF WINNIPEG
Statement of Community and Operating Activities
Year Ended March 31, 2021

	2021						Total
	Community Fund	Operating Fund	Tomorrow Fund	Stabilization Fund	Capital Assets Fund	Building and Technology Fund	
Revenue							
DONATIONS							
United Way campaigns	\$ 22,416,167						\$ 22,416,167
Community programs (Note 13)	1,914,223						1,914,223
Donor directed to other charities	1,337,738						1,337,738
Legacy giving			1,153,547				1,153,547
	25,668,128	-	1,153,547	-	-	-	26,821,675
GOVERNMENT GRANTS (Note 14)							
Operating grant - Province of Manitoba		4,420,000					4,420,000
Government of Canada - COVID-19 (Note 15)	4,619,337	11,007					4,630,344
Community programs (Note 13)	2,942,142						2,942,142
Other	91,973	30,571					122,544
	7,653,452	4,461,578	-	-	-	-	12,115,030
Sponsorships, grants and other income	299,678	159,211					458,889
Investment Income (Note 2b)	-	272,132	58,346	5,642,354			5,972,832
Total Revenues	33,621,258	4,892,921	1,211,893	5,642,354	-	-	45,368,426
Expenditures							
COMMUNITY INVESTMENT							
Agency funding	17,902,381						17,902,381
United Way community services	2,622,592						2,622,592
Government of Canada - COVID-19 (Note 15)	4,619,337						4,619,337
Community programs (Note 13)	4,856,365						4,856,365
Donor directed to other charities	1,337,738						1,337,738
Management and administration		517,288					517,288
United Way of Canada		278,100					278,100
	31,338,413	795,388	-	-	-	-	32,133,801
OPERATIONS							
Resource development		4,335,784					4,335,784
Organizational development initiatives		11,389					11,389
Amortization of capital assets					426,882		426,882
	-	4,347,173	-	-	426,882	-	4,774,055
One-Time Special Initiatives	-	5,530	-	-	-	-	5,530
Total Expenditures	31,338,413	5,148,091	-	-	426,882	-	36,913,386
Excess (deficiency) of revenue over expenditures	\$ 2,282,845	\$ (255,170)	\$ 1,211,893	\$ 5,642,354	\$ (426,882)	-	\$ 8,455,040

UNITED WAY OF WINNIPEG
Statement of Community and Operating Activities
Year Ended March 31, 2020

	2020						Total
	Community Fund	Operating Fund	Tomorrow Fund	Stabilization Fund	Capital Assets Fund	Building and Technology Fund	
Revenue							
DONATIONS							
United Way campaigns	\$ 20,495,334						\$ 20,495,334
Community programs (Note 13)	1,698,971						1,698,971
Donor directed to other charities	1,070,691						1,070,691
Legacy giving			1,156,771				1,156,771
	23,264,996	-	1,156,771	-	-	-	24,421,767
GOVERNMENT GRANTS (Note 14)							
Operating grant - Province of Manitoba		4,420,000					4,420,000
Community programs (Note 13)	1,674,132						1,674,132
Other	50,000	16,836					66,836
	1,724,132	4,436,836	-	-	-	-	6,160,968
Sponsorships, grants and other income	471,161	379,236					850,397
Investment income (Note 2b)	-	704,270	-	(1,297,934)			(593,664)
Total Revenues	25,460,289	5,520,342	1,156,771	(1,297,934)	-	-	30,839,468
Expenditures							
COMMUNITY INVESTMENT							
Agency funding	17,619,919						17,619,919
United Way community services	3,311,712						3,311,712
Community programs (Note 13)	3,373,103						3,373,103
Donor directed to other charities	1,070,691						1,070,691
Management and administration		587,050					587,050
United Way of Canada		237,318					237,318
	25,375,425	824,368	-	-	-	-	26,199,793
OPERATIONS							
Resource development		4,884,335					4,884,335
Organizational development initiatives		57,741					57,741
Amortization of capital assets					454,886		454,886
	-	4,942,076	-	-	454,886	-	5,396,962
Total Expenditures	25,375,425	5,766,444	-	-	454,886	-	31,596,755
Excess (deficiency) of revenue over expenditures	\$ 84,864	\$ (246,102)	\$ 1,156,771	\$ (1,297,934)	\$ (454,886)	-	\$ (757,287)

UNITED WAY OF WINNIPEG
Statement of Changes in Fund Balances
Year Ended March 31, 2021

	2021						
	Community Fund	Operating Fund	Tomorrow Fund	Stabilization Fund	Capital Assets Fund	Building and Technology Fund	Total
Fund balance, beginning of year	\$ 22,159,563	\$ -	\$ 17,622,575	\$ 3,356,296	\$ 6,026,904	\$ 314,670	\$ 49,480,008
Excess (deficiency) of revenue over expenditures	2,282,845	(255,170)	1,211,893	5,642,354	(426,882)	-	8,455,040
Fund transfers:							
Purchase of capital assets	(14,633)	(48,989)	-	-	63,622	-	-
Building and Technology Fund	(15,525)	(51,975)	-	(2,000,000)	-	2,067,500	-
Leadership Development	-	5,530	-	(5,530)	-	-	-
Mortgage transfer	-	-	-	(1,402,481)	1,402,481	-	-
Operating Fund	-	350,604	-	(350,604)	-	-	-
	(30,158)	255,170	-	(3,758,615)	1,466,103	2,067,500	-
Increase (decrease) in fund balance for the year	2,252,687	-	1,211,893	1,883,739	1,039,221	2,067,500	8,455,040
Fund balance, end of year	\$ 24,412,250	\$ -	\$ 18,834,468	\$ 5,240,035	\$ 7,066,125	\$ 2,382,170	\$ 57,935,048

	2020						
	Community Fund	Operating Fund	Tomorrow Fund	Stabilization Fund	Capital Assets Fund	Building and Technology Fund	Total
Fund balance, beginning of year	\$ 22,109,636	\$ -	\$ 16,465,804	\$ 5,017,295	\$ 6,380,370	\$ 264,190	\$ 50,237,295
Excess (deficiency) of revenue over expenditures	84,864	(246,102)	1,156,771	(1,297,934)	(454,886)	-	(757,287)
Fund transfers:							
Purchase of capital assets	(19,412)	(64,988)	-	-	101,420	(17,020)	-
Building and Technology Fund	(15,525)	(51,975)	-	-	-	67,500	-
Operating Fund	-	363,065	-	(363,065)	-	-	-
	(34,937)	246,102	-	(363,065)	101,420	50,480	-
Increase (decrease) in fund balance for the year	49,927	-	1,156,771	(1,660,999)	(353,466)	50,480	(757,287)
Fund balance, end of year	\$ 22,159,563	\$ -	\$ 17,622,575	\$ 3,356,296	\$ 6,026,904	\$ 314,670	\$ 49,480,008

UNITED WAY OF WINNIPEG

Statement of Cash Flows

Year ended March 31, 2021

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures	\$ 8,455,040	\$ (757,287)
Items not involving cash		
Amortization	426,882	454,886
Unrealized (gain)/loss on investments	(5,980,670)	640,549
Non-operating Tomorrow Fund contributions	(1,153,547)	(1,156,771)
Change in deferred contributions	212,630	97,886
Changes in non-cash working capital	1,706,028	51,093
	<u>3,666,363</u>	<u>(669,644)</u>
Cash flows from financing activities		
Tomorrow Fund contributions received	1,156,530	1,149,596
Repayment of mortgage payable	(201,420)	(194,228)
	<u>955,110</u>	<u>955,368</u>
Cash flows from investing activities		
Capital expenditures, net	(63,622)	(101,420)
Purchase of investments	-	(1,500,000)
	<u>(63,622)</u>	<u>(1,601,420)</u>
Change in cash and cash equivalents	4,557,851	(1,315,696)
Cash and cash equivalents, beginning of year	4,799,068	6,114,764
Cash and cash equivalents, end of year	<u>\$ 9,356,919</u>	<u>\$ 4,799,068</u>
Represented by:		
Cash	\$ 8,886,031	\$ 4,329,128
Short-term investments	470,888	469,940
	<u>\$ 9,356,919</u>	<u>\$ 4,799,068</u>

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2021

1. PURPOSE OF THE ORGANIZATION

United Way of Winnipeg (the “Organization”) was incorporated in 1965 in response to the joint efforts of its founders, the Winnipeg Labour Council and the Winnipeg Chamber of Commerce.

United Way of Winnipeg is a non-profit, non-partisan, volunteer driven organization that engages and unites Winnipeggers in a shared effort to improve the quality of life and build a stronger, safer, more caring community for the benefit of everyone living in Winnipeg.

United Way of Winnipeg operates according to the highest standards of conduct consistent with its commitment to voluntarism, integrity, accountability, accessibility, being apolitical and having respect for donors, service providers and the users of service.

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Contributed services

A large number of people have volunteered significant amounts of their time to United Way of Winnipeg and its agencies. No objective basis is available to measure the value of this significant contribution and no amount has been reflected in these financial statements for these services.

b) Revenue recognition

The Organization follows the restricted fund method in which externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Other restricted contributions received for funds not presented separately are deferred and recognized as revenue in the Community Fund in the year in which the related restriction is met.

Unrestricted campaign contributions, net of an allowance for uncollectible pledges, are recognized as revenue in the period in which the campaign is held.

Investment income comprises interest from cash, interest from short-term investments, interest from pooled investment funds, realized gains and losses on the sale of investments and unrealized gains and losses in the fair value of pooled investment funds.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Revenue recognition (continued)

A portion of the annual investment income equal to the Consumer Price Index (CPI) is capitalized to the Tomorrow Fund on an annual basis – see Tomorrow Fund (Note 3). On an annual basis, in conjunction with its annual budgeting process, the Board of Trustees approves an allocation of the remaining non-capitalized investment income to the Community Fund and Operating Fund. Typically, the allocation is based on a percentage return that could be expected over the long term for United Way's type of investment portfolio. In this way, the Board of Trustees approves the use of investment returns to provide a stable flow of resources for community investment and operations. Accordingly, changes in the market value of investment funds are reflected as income or loss from investments in the Stabilization Fund. In any year where returns on investments are higher than the Board of Trustees approved allocation, the excess will serve as an additional increase to the Stabilization Fund. In a year where returns are lower, the budgeted allocations to Community Fund and Operating Fund are made using the previous excess investment returns in the Stabilization Fund. The Board could also choose to continue to capitalize income to the Tomorrow Fund when investment returns are lower than CPI. The financial statements reflect the 2020/21 budget which had no investment income allocated to the Community Fund since investment returns were anticipated to be unpredictable due to COVID-19.

Other revenues are recognized in the fund corresponding to the purpose for which they were contributed when persuasive evidence of an arrangement exists, the amount is fixed or determinable, and collection is reasonably assured. Where these amounts relate to pledges, the amount recorded is net of an allowance for uncollectible pledges.

United Way of Winnipeg is requested by certain employers and employee groups to act on behalf of their provincial and national campaigns by receiving funds and disbursing them on their behalf to other United Ways. Funds received and disbursed under these centrally coordinated campaigns are not included in the statement of community and operating activities and changes in fund balances. Total funds received and processed on behalf of other United Ways were \$2,360,004 (2020 - \$1,710,935).

Funds received by United Way of Winnipeg for campaigns centrally coordinated by other United Ways are included in the campaign revenue amount on the statement of community and operating activities and changes in fund balances.

c) Fundraising Costs

Fundraising costs are recognized as an expense in the period in which they are incurred.

Payments to agencies are recognized as expenses following both program and financial approval by the Board of Trustees.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Pledges receivable

Contributions pledged, net of an allowance for uncollectible pledges, are recorded as receivables.

e) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis using the following rates:

Furniture and fixtures	10 years
Equipment	5 years
Computer equipment	4 to 5 years
Computer software	3 to 4 years
Donation software	10 years
Telecommunications	10 years

Costs reflected under the Building category are amortized based on the following components and rates on a straight-line basis:

Building	50 years
Roof	25 years
HVAC System	15 years

f) Use of estimates

The preparation of financial statements in conformity 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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The significant estimates include the allowance for uncollectible pledges and the useful life of capital assets. Actual results could differ from these estimates.

g) 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 marketable securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of community and operating activities and changes in fund balances.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, mortgage payable and other liabilities.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial instruments (continued)

The Organization's financial assets measured at fair value include investments and pooled investment funds. The fair values of these investments are determined by reference to the latest closing market value of each respective fund.

Financial assets are tested for impairment at the end of the reporting period if there are indications that the assets may be impaired.

h) Allocation of expenses

General management and operations expenses, along with general marketing and communication expenses, are allocated between Resource Development expenses and Community Investment management and administration expenses based on an analysis of time and effort to support these specific areas of the Organization.

3. NATURE OF FUND BALANCES

Community Fund

The source of the Community Fund is all resources dedicated or directed to supporting investments in the community including: donations to the annual campaign; program sponsorships; government and non-government grants; gifts-in-kind; and investment income allocated through the annual budgeting process. These resources may contain restrictions imposed by the donor or provider (i.e. allocation to a particular agency or investment in a particular program, initiative or area of service) or they may be unrestricted.

The purpose of the Community Fund is the investment of unrestricted resources in the community through funding in accordance with partnership agreements and expenditures for community services, programs and/or initiatives which support sustainable community solutions to pressing social issues. Restricted resources are allocated or expended in accordance with the directions of the donor.

The revenues presented in the 2021 Statement of Community and Operating Activities include the proceeds of the 2020 Annual Campaign. In April of each year, the Organization's Board of Trustees approves the expenditure of these proceeds to support vital community services in Winnipeg. As a result, the associated community investment expense will be recorded in the year that will end on March 31, 2022.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2021

3. NATURE OF FUND BALANCES (continued)

Operating Fund

The source of the Operating Fund is the accumulation of resources dedicated or directed to cover the operating and development costs of United Way of Winnipeg including: Provincial funding; sponsorships; other government and non-government grants; special events; gifts-in-kind; and investment income allocated through the annual budgeting process.

The purpose of the Operating Fund is to record expenditures on: resource development; management and administration; marketing and communication; administration of community investments; research and development and purchase of capital assets for operating purposes.

Tomorrow Fund

The source of the Tomorrow Fund is permanent capital gifts made by donors to provide ongoing benefit to the community and a portion of the investment income earned on the fund. These gifts may contain restrictions imposed by the donor (i.e. governing the use of investment income) or they may be unrestricted. Separate capital records are maintained for each capital gift to ensure that the directions of the donor are implemented accurately.

In order to preserve the purchasing power of the Tomorrow Fund, the portion of the annual investment income equal to the Consumer Price Index is capitalized to the Fund on an annual basis as described in Note 2b.

Stabilization Fund

The purpose of the Stabilization Fund is to support community service levels and United Way operations in special circumstances and to manage the use of investment income in order to provide a stable flow of resources for community investment and operations. Accordingly, changes in the market value of investment funds are reflected as income or loss from investments in the Stabilization Fund. On an annual basis, in conjunction with its annual budgeting process, the Board of Trustees approves an allocation of investment income from the Stabilization Fund to the Community and Operating Funds. In addition, in accordance with policy, in any year where returns on investments are higher (lower) than the Board of Trustees approved allocation, the excess (shortfall) will serve as an additional increase (decrease) to the Stabilization Fund.

Capital Assets Fund

The Capital Assets Fund was established to record the investment in capital assets, net of the mortgage liability. The purchase price of operating capital assets is funded through transfers from the Operating Fund, Community Fund and Building and Technology Fund. The purchase price of United Way's building was funded by the Federal and Provincial Government, private capital contributions with the balance being mortgage financed. On an annual basis, amortization expense is charged to the Capital Assets Fund.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2021

3. NATURE OF FUND BALANCES (continued)

Building and Technology Fund

The Building Fund was established to allow for funds to be set aside for future significant repairs, maintenance and replacement costs related to United Way of Winnipeg's building at 580 Main Street. In 2018, it was expanded to become a Building and Technology Fund in order to similarly set aside funds for large technology infrastructure purchases in future years.

The source of the Building and Technology Fund is annual transfers from the Operating and Community Funds allocated through the annual budgeting process to cover costs including, but not limited to, roof repairs/replacement, window replacement, HVAC systems, server replacements, network replacements, etc.

As at March 31, 2021, United Way's Board approved a one-time transfer of \$2,000,000 from the Stabilization Fund to the Building & Technology Fund. This transfer was made to enable United Way's planned digital transformation over the next 3-4 years.

4. CASH AND INVESTMENTS

	<u>2021</u>	<u>2020</u>
Cash	\$ 8,886,031	\$ 4,329,128
Short-term investments	470,888	469,940
Pooled investment funds	39,200,370	33,219,700
	\$ 48,557,289	\$ 38,018,768

5. PLEDGES RECEIVABLE

	<u>2021</u>	<u>2020</u>
Current campaign pledges	\$ 9,381,277	\$ 9,868,002
Prior campaign pledges	799,144	875,611
Other pledges	131,349	134,252
Province of Manitoba grants	1,399,044	1,500,000
Other miscellaneous receivables	1,800,931	1,837,832
	13,511,745	14,215,697
Less allowance for uncollectible pledges	(1,513,074)	(2,118,948)
	\$ 11,998,671	\$ 12,096,749

The gross allowance for uncollectible pledges of \$1,550,000 (2020 - \$2,200,000) is net of write-offs recorded of \$36,926 (2020 - \$81,052).

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2021

6. CAPITAL ASSETS

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 754,954	\$ 699,778	\$ 754,954	\$ 663,419
Equipment	15,297	15,297	15,297	15,297
Computer equipment	1,367,950	1,191,916	1,304,327	1,088,809
Computer software	1,296,426	1,295,550	1,296,426	1,293,299
Donation software	883,231	557,574	883,231	469,196
Telecommunications	94,856	94,856	94,856	90,113
Land	523,283	-	523,283	-
Building	8,446,960	2,016,111	8,446,960	1,824,067
	13,382,957	5,871,082	13,319,334	5,444,200
Cost less accumulated amortization	\$ 7,511,875		\$ 7,875,134	

7. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable and accrued liabilities at March 31, 2021 is \$27,660 of property taxes owing (2020 - \$27,154).

8. MORTGAGE PAYABLE

United Way of Winnipeg has a commercial mortgage loan with Cambrian Credit Union for a 60 month term (maturing June 30, 2021) and an 87 month amortization. The loan bears interest at a fixed rate of 3.70% (2020 – fixed rate of 3.70%).

Amounts outstanding under the loan are repayable on demand. However, unless and otherwise demanded, blended monthly principal and interest payments of \$18,765 are required on the 1st of every month. No donor dollars from the annual campaign are used towards the financing costs of the mortgage.

The loan is secured by a first fixed charge over the commercial property located at 580 Main Street and a general security agreement providing a first floating charge over United Way of Winnipeg's assets related specifically to this project.

The construction of the commercial property located at 580 Main Street was financed by way of:

- A commercial loan, which as at March 31, 2021 is \$445,750;
- Government contributions of \$5,389,958 from Canada Manitoba Infrastructure; and
- \$1,810,000 of capital campaign donation pledges.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2021

9. DEFERRED CONTRIBUTIONS

Deferred contributions reflect externally restricted contributions that include donor directed donations to specific registered charities, grants for specific purposes from private donors, and unspent funding received for Community Programs (Note 13). Deferred contributions for these programs includes:

	<u>2021</u>	<u>2020</u>
For Every Family (FEF) Initiative	\$ 3,449,164	\$ 4,245,251
Winnipeg Boldness Project	967,305	378,264
Manitoba Youth Hubs	460,000	-
Deferred donor directed donations	600,222	640,546
Other	10,000	10,000
	<u>\$ 5,486,691</u>	<u>\$ 5,274,061</u>

10. OTHER LIABILITIES

Other liabilities include funds payable to other United Ways of \$1,196,635 (2020 - \$1,151,469).

11. FINANCIAL INSTRUMENTS

United Way of Winnipeg actively manages the risks that arise from its use of financial instruments by adhering to its Board approved Asset Investment, Management and Governance Policy. This policy outlines the objectives, parameters and constraints of United Way's investing activities and prescribes limits around the quality and concentration of investments held by United Way. United Way's investment manager is responsible for recommending a proposed asset mix within the targets set for each asset class in the Investment Policy.

a) *Credit risk*

Credit risk exists where a significant portion of the portfolio is invested in securities which have similar characteristics or which are expected to follow similar variations relating to economic or political conditions. The risk of excess concentration is mitigated by an investment policy established by the Board of Trustees, which sets out various investment thresholds. The portfolio, which is managed by an external investment manager, includes the following concentrations:

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11. FINANCIAL INSTRUMENTS (continued)

a) Credit risk (continued)

Pooled Investment Funds

Corporate/Government Bond Funds	14.5%	\$ 5,670,915
Canadian Equity Funds	26.0%	10,195,885
Canadian Real Estate Funds	14.3%	5,610,714
Mortgage Funds	19.9%	7,810,724
U.S. Equity Funds	7.3%	2,881,735
U.S. Dividends Funds	5.1%	1,998,860
International Equity Funds	10.4%	4,070,139
Emerging Markets Fund	2.5%	961,398
	<u>100.0%</u>	<u>\$ 39,200,370</u>

b) Market risk

Market risk is the potential for financial loss to United Way from changes in the values of its financial instruments due to changes in interest rates, currency exchange rates or equity prices. United Way's investments are subject to normal market fluctuations and to the risk inherent in investment in capital markets.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in interest rates. United Way is exposed to this risk through its investments and long-term liabilities (mortgage). United Way manages this risk by holding a diversified investment portfolio and using a professional investment advisor, as well as regular monitoring of its mortgage and interest rates. This resulted in United Way locking its mortgage in for a 5-year fixed term during 2016-2017.

Foreign currency risk

Foreign currency exposure arises from the Organization's holdings of foreign securities. The amount of foreign securities held at March 31, 2021 is set out in Note 11 (a). The objective of United Way's investment policy is to manage currency risk by maintaining a diversified portfolio. The Organization does not engage in hedging transactions to reduce its exposure to foreign currency fluctuations.

Equity price risk

Equity price risk is the risk that the value of United Way's financial instruments will fluctuate due to changes in market prices. United Way is exposed to equity price risk because of its investment in index pooled funds. The objective of the Organization's investment policy is to manage equity price risk through its asset mix parameters and maintaining a diversified portfolio. The performance of United Way's investments is monitored by measuring against a benchmark consisting of relative weightings of TSX and S&P.

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12. PENSION PLAN

The employees of United Way of Winnipeg are members of the Community Agencies Retirement Plan, a multi-employer, defined benefit pension plan, covering eligible members of participating community agencies in Manitoba.

The Plan is registered under the Pension Benefits Act of Manitoba and is funded by employee and agency matching contributions. The contributions are based on each employee's salary. An actuarial valuation is performed every year to determine if the contributions are adequate to finance the benefits accruing under the Plan and finance the amortization of any unfunded liabilities. Should contributions on a matching basis prove to be inadequate, then special payments are required to be made by the agencies.

An actuarial valuation prepared as at December 31, 2019 estimated that, on the basis of the data, assumptions and methods employed in the valuation, the current contribution rates are adequate, on an ongoing concern basis, to finance all membership service benefits accrued to that date.

In November 2015 the Province allowed the Plan to be exempt from the solvency funding requirements of the Pension Act. This exemption will reduce the risk to members' benefits and the future of the Plan that can be caused by the volatility of the markets and historically low interest rates.

While the Community Agencies Retirement Plan is a defined benefit pension plan, it is accounted for as a defined contribution plan – given that it is a multi-employer plan which makes it difficult to differentiate United Way of Winnipeg's portion. United Way of Winnipeg's pension contribution and expense for the year was \$331,379 (2020 - \$350,988).

13. COMMUNITY PROGRAMS

United Way administers several collaborative Community Programs. One was newly added and two were expanded this last fiscal year. For presentation purposes this year, they have been rolled up into the category of Community Programs on the Statement of Community & Operating Activities instead of being shown as individual programs. Contributions to all Community Programs are recorded into deferred contributions and recognized as revenue in the period in which the related expenses are incurred (Note 9). The programs are:

- 211 Manitoba is a free, confidential, 24/7 service that connects individuals to government, health, and social services available across the province. During the year ended March 31, 2021, \$191,298 was received from the Government of Canada as part of COVID-19 Funding to expand service from online only to include phone and chat support. The Province of Manitoba is providing \$510,000 to continue full service 211 for 2021/22 fiscal year, alongside a continued annual contribution from United Way donors of \$240,000. United Way is the lead agency.

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13. COMMUNITY PROGRAMS (continued)

- Manitoba Youth Hubs is a new transformation initiative in collaboration with the Government of Manitoba, Shared Health Manitoba, and a group of philanthropic partners. Youth Hubs will provide a one-stop shop for youth, offering mental health, addictions, primary care, employment, cultural supports and more under one roof. Five Hub sites were selected in the province during the year and will be operational in the 2021/22 fiscal year. The Province has committed \$1,980,000 and philanthropy is contributing \$3,400,000 through to March 2023. United Way is the lead agency.
- The For Every Family Initiative supports 24 Family Resource Centres located across Winnipeg. The initiative supports the Centres to work as a network, stay open longer hours and provide enhanced programming. \$7,500,000 has been raised for the 6-year initiative with all funds matched by the Province. The Initiative is entering its final year and discussions with the Province are underway. United Way is the lead agency.
- The Winnipeg Boldness Project is an Indigenous-led program focused on improving child and family outcomes in the Point Douglas neighbourhood. For 7 years, the Project has used social innovation tools to research, develop, test and scale effective practices and drive systems change consistent with the wisdom and approaches of Indigenous peoples. The project has operated for 7 years. The two primary funders recently committed new funding for the project with \$500,000 from the Province of Manitoba and \$750,000 over 3 years from the McConnell Foundation.

A summary of the revenues and expenditures related to community programs are as follows:

	<u>2021</u>	<u>2020</u>
Revenue		
DONATIONS		
For Every Family	\$ 1,654,419	\$ 1,424,131
The Winnipeg Boldness Project	259,804	274,840
	\$ 1,914,223	\$ 1,698,971
GOVERNMENT GRANTS		
For Every Family	\$ 1,654,419	\$ 1,424,132
The Winnipeg Boldness Project	250,000	250,000
Manitoba Youth Hubs	877,000	-
211 Manitoba	160,723	-
	\$ 2,942,142	\$ 1,674,132
Expenditures		
For Every Family	\$ 3,308,838	\$ 2,848,263
The Winnipeg Boldness Project	509,804	524,840
Manitoba Youth Hubs	877,000	-
211 Manitoba	160,723	-
	\$ 4,856,365	\$ 3,373,103

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14. GOVERNMENT GRANTS

The following grants were received during the year:

	<u>2021</u>	<u>2020</u>
Province of Manitoba:		
Operating Grant (covers fundraising & administrative costs) \$	4,420,000	\$ 4,420,000
Winnipeg Poverty Reduction Council	50,000	50,000
Pension	-	16,836
Back to Work Program	42,544	-
FEF Initiative (see Note 9 & 13)	1,500,000	1,500,000
Manitoba Youth Hubs (see Note 13)	877,000	-
Boldness Project (see Note 9 & 13)	250,000	250,000
Safe at Home Manitoba	30,000	-
Government of Canada:		
COVID-19 Community Investments (see Note 13 & 15) \$	4,899,150	\$ -
COVID-19 Temporary Wage Subsidy	11,007	13,993

15. COVID-19 FEDERAL FUNDING

Starting April 2020, United Way Winnipeg has been engaged in Canada's COVID-19 relief efforts through the receipt and distribution of relief funding, provided by the Government of Canada via United Way Centraide Canada, to communities across Manitoba.

Descriptions of these efforts are as follows:

In March 2020, the Government of Canada initiated a project called "Supporting Canadian Seniors during COVID-19 pandemic" as well as an Emergency Community Support Fund (ECSF - Canada's COVID-19 Economic Response Plan) to provide targeted support to vulnerable populations. United Way Winnipeg entered into a funding agreement with United Way Centraide Canada for the period March 20, 2020 to March 31, 2021 for \$4,899,150. Total funding received is specified for supporting seniors, 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 Winnipeg entered into agreements to distribute funds to organizations and agencies that provide direct support to seniors, children and families as well as other vulnerable persons affected by the COVID-19 crisis around Manitoba. Additional agreements were entered into with third-party vendors for helpline 211 enhancements across Manitoba. As at March 31, 2021, a total amount of \$4,561,428 was distributed by the United Way Winnipeg. Total expenses incurred for administering the project as at March 31, 2021 were \$218,632. As at March 31, 2021, the remaining amount under the agreement of \$119,090 (ECSF - \$88,515; 211 - \$30,575) is classified as a restricted contribution on the Statement of Financial Position.

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16. IMPACT OF COVID-19

In March 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put into place.

During the year, the United Way of Winnipeg enacted temporary measures to deal with the uncertainties created by the pandemic. This included reducing salaries through a combination of layoffs, vacancy management and salary reductions for management. At March 31, 2020, due to the uncertainties in place the allowance for uncollectible pledges for the 2019 Campaign was increased to \$1,500,000. As a result of strong collections during the year on the 2019 Campaign, at March 31, 2021 this allowance was reduced down by \$750,000 to a gross provision for the Campaign of \$750,000. Lastly, due to the high degree of uncertainty on investment returns in the year no investment allocation was budgeted for the Community Fund (see Note 2b).

The duration and impacts of COVID-19 continue to be unknown and it is not possible to reliably estimate the impact that these developments will have on the financial results of the Organization in future periods.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year presentation standards.