

# **UNITED WAY OF PRINCE EDWARD ISLAND**

**CHARLOTTETOWN, PRINCE EDWARD ISLAND**

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2020**



**UNITED WAY OF PRINCE EDWARD ISLAND**  
**YEAR ENDED MARCH 31, 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of United Way of Prince Edward Island,

### ***Qualified Opinion***

We have audited the financial statements of United Way of Prince Edward Island, which comprise of the statement of financial position as at March 31, 2020 and the statements of changes in net assets, operations and cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion section, the accompanying financial statements present fairly, in all material respects, the financial position of United Way of Prince Edward Island as at March 31, 2020, and the results of its operations, net assets, and cash flow for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

### ***Basis for Qualified Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibility 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.

As is common in many not-for-profit organizations, United Way of Prince Edward Island derives revenues from campaign or fundraising activities and events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verifications of these revenues was limited to the amounts recorded in the records of United Way of Prince Edward Island. Therefore we were not able to determine whether any adjustments might be necessary to campaign revenues, excess revenues over expenses and cash flow from operations for the year ended March 31, 2020 and March 31, 2019, current assets as at March 31, 2020 and net assets as at April 1, and March 31, for both the 2019 and 2020 years.

### ***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 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 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' Responsibility 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.

**JULY 30, 2020  
STRATFORD, PEI**

*Bradley Handrahan*

**CHARTERED PROFESSIONAL ACCOUNTANTS**



**UNITED WAY OF PRINCE EDWARD ISLAND**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2020**

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<b>CURRENT</b>		
Cash		
Unrestricted	\$ 535,100	\$ 431,543
Restricted (Note 3)	<u>6,885</u>	<u>2,301</u>
	<b>578,015</b>	<b>433,844</b>
Short term investments		
Unrestricted	117,854	292,632
Restricted (Note 3)	92,000	94,652
Receivables		
Pledges (Note 4)	305,320	293,902
Atlantic Compassion Fund	36,030	-
GCWCC (Schedule 5)	11,325	12,917
HST	3,537	3,861
Prepays	<u>16,784</u>	<u>7,874</u>
	<b>1,124,835</b>	<b>1,139,682</b>
<b>TANGIBLE CAPITAL ASSETS (Note 5)</b>	<u>3,894</u>	<u>8,989</u>
	<b>\$ 1,128,729</b>	<b>\$ 1,148,671</b>
<b><u>LIABILITIES</u></b>		
<b>CURRENT</b>		
Payables including government remittances payable of \$9,551 (2019 - \$6,537)	\$ 31,442	\$ 21,622
Deferred revenues	29,667	27,314
Current priority program	296,151	283,595
Current lease obligations (Note 6)	-	2,380
Current designations to other charities - prior year campaign	<u>98,234</u>	<u>96,499</u>
	<b>455,494</b>	<b>431,410</b>
Priority programs - long term committed amounts	-	75,000
Designations to other charities - current campaign	<u>156,422</u>	<u>160,120</u>
	<b>611,916</b>	<b>666,530</b>
<b><u>NET ASSETS</u></b>		
<b>UNRESTRICTED</b>	417,928	385,188
<b>INTERNALLY RESTRICTED (Note 3)</b>	<u>98,885</u>	<u>96,953</u>
	<b>516,813</b>	<b>482,141</b>
	<b>\$ 1,128,729</b>	<b>\$ 1,148,671</b>

**ON BEHALF OF THE BOARD OF DIRECTORS:**

\_\_\_\_\_ **DIRECTOR**

\_\_\_\_\_ **DIRECTOR**



**UNITED WAY OF PRINCE EDWARD ISLAND  
STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED MARCH 31, 2020**

	<b>Restricted for Community Contingency Fund (Note 3)</b>	<b>Restricted for Community or Operational Purposes (Note 3)</b>	<b>Unrestricted</b>	<b><u>2020</u> Total</b>	<b><u>2019</u> Total</b>
Balance, Beginning of year	\$ 1,718	\$ 95,235	\$ 385,188	\$ 482,141	\$ 485,896
Excess (deficiency) of revenues over expenses	-	-	34,672	34,672	(3,755)
Interest earned	<u>20</u>	<u>1,912</u>	<u>(1,932)</u>	<u>-</u>	<u>-</u>
<b>Balance, End of Year</b>	<b><u>\$ 1,738</u></b>	<b><u>\$ 97,147</u></b>	<b><u>\$ 417,928</u></b>	<b><u>\$ 516,813</u></b>	<b><u>\$ 482,141</u></b>



**UNITED WAY OF PRINCE EDWARD ISLAND**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2020**

	<b>2020</b>		<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>REVENUES</b>			
<b>CAMPAIGN</b>			
Gross campaign revenue (Note 9)	\$ 780,563	\$ 786,190	\$ 830,457
Provision for pledge losses	<u>(36,507)</u>	<u>(37,410)</u>	<u>(39,634)</u>
<b>NET CAMPAIGN REVENUES</b>	<b><u>744,056</u></b>	<b><u>748,780</u></b>	<b><u>790,823</u></b>
<b>OTHER REVENUES</b>			
211 implementation assistance	331,535	260,651	87,251
Compassion fund	-	36,030	-
Interest	8,500	10,726	7,865
Grant Revenue	-	9,099	-
Wage assistance	6,000	8,354	12,130
Other income	-	388	428
Prior year pledge unrecoverable amount	-	(3,256)	39,067
Loss on disposal of equipment	<u>-</u>	<u>(5,389)</u>	<u>-</u>
	<b><u>1,090,091</u></b>	<b><u>1,065,383</u></b>	<b><u>937,564</u></b>
<b>EXPENSES</b>			
Campaign (Schedule 2) - Page 17	214,913	209,793	264,756
Community development (Schedule 3) - Page 18	875,178	825,013	677,308
Uncollected (recovery) prior designations not disbursed	<u>-</u>	<u>(4,095)</u>	<u>(745)</u>
	<b><u>1,090,091</u></b>	<b><u>1,030,711</u></b>	<b><u>941,319</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b><u>\$ -</u></b>	<b><u>\$ 34,672</u></b>	<b><u>\$ (3,755)</u></b>



**UNITED WAY OF PRINCE EDWARD ISLAND**  
**STATEMENT OF CASH FLOW**  
**YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>CASH PROVIDED FROM (USED FOR)</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 34,672	\$ (3,755)
Items not requiring an outlay of cash		
Depreciation	2,611	8,510
Loss on disposal of tangible capital assets	<u>5,389</u>	<u>        </u>
	42,672	4,755
Changes in non-cash working capital items		
Receivables	(45,532)	(10,319)
Prepays	(8,910)	(946)
Payables	9,820	2,399
Priority programs and designations	(64,407)	(120,671)
Deferred revenues	<u>2,353</u>	<u>9,528</u>
	<u>(64,004)</u>	<u>(115,254)</u>
<b>CASH FLOWS FOR FINANCING ACTIVITY</b>		
Payment of lease obligation	<u>(2,380)</u>	<u>(2,360)</u>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(32,417)	-
Government assistance received in year	29,511	-
Purchase of investments	(191,238)	-
Redemption of investments	367,156	202,997
Growth in investments, net of purchases and redemptions	<u>1,513</u>	<u>(3,264)</u>
	<u>174,525</u>	<u>199,733</u>
<b>CHANGE IN CASH</b>	<b>108,141</b>	<b>82,119</b>
<b>CASH, BEGINNING OF YEAR</b>	<u>433,844</u>	<u>351,725</u>
<b>CASH, END OF YEAR</b>	<u>\$ 541,985</u>	<u>\$ 433,844</u>
<b>CASH CONSISTS OF:</b>		
<b>CASH, UNRESTRICTED</b>	\$ 535,100	\$ 431,543
<b>CASH, RESTRICTED</b>	<u>6,885</u>	<u>2,301</u>
	<u>\$ 541,985</u>	<u>\$ 433,844</u>



**UNITED WAY OF PRINCE EDWARD ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2020**

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**1. NATURE OF OPERATIONS**

The United Way of Prince Edward Island (United Way) is a federally registered foundation that provides leadership and uses volunteers to raise and distribute money for programs and services to help meet the humanitarian needs of communities on Prince Edward Island. The Organization is registered as a registered charitable foundation with Canada Revenue Agency under the Income Tax Act and as such, is exempt from income taxes.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies.

**REVENUES**

The United Way of Prince Edward Island follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expense occurs or the restrictions are met. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Campaign pledges and donations that are undesignated or are directed to a focus area or priority goal by the donor are recognized as revenue in the year that they are received or pledged at the amount committed less a provision for uncollectable pledges. Funds raised during a campaign, net of related campaign expenses and provisions are used to provide funds for operations in the current year and fund partner programs and services in the following fiscal year.

Campaign pledges and donations that are designated by the donor to other Canadian registered charities and other United Ways are considered to be restricted by purpose and are recognized as revenue in the year they are pledged.

National or regional workplace campaigns that are coordinated by one United Way on behalf of other United Ways are known as Centrally Coordinated Campaigns. The pledges and donations received by other United Ways on behalf of the Organization are reported separately and included in pledges receivable until the revenue is received.

Restricted investment income and unrealized gains and losses are recognized as revenue when the related expense is incurred. Restricted endowment investment income is recorded in the statement of changes in net assets when earned. Unrestricted investment income is recognized when earned in the statement of operations.



**UNITED WAY OF PRINCE EDWARD ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2020**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CONTRIBUTED SERVICES AND MATERIALS**

Volunteers contribute a considerable amount of time each year to run the annual campaign and to assist the organization in carrying out its programs and services. Because of the difficulty in determining the fair value of these services, contributed services are not recognized on these financial statements.

Contributions of assets, supplies and services that would otherwise have been purchased are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined.

**GOVERNMENT ASSISTANCE**

The organization has recognized financial assistance under government incentive programs. Government assistance, including investment tax credits, relating to capital expenditures is reflected as a reduction of the cost of the related asset. Government assistance relating to the reimbursement of expenses is recorded as revenue in the period the expenditure was incurred.

**EXPENSE RECOGNITION**

The organization recognizes expenses in the year they are incurred and donor-directed designations when they are distributed. Expenses are reported within the following two categories:

The cost of fundraising is recognized in the year it is incurred, and includes an allocation of the associated general administrative costs. A designation fee is charged to designated charities to recover the cost of fundraising and processing. The fee is reported as revenue and is recognized when the related designation is recognized as revenues. The Organization also incurs Government of Canada Workplace Charitable Campaign (GCWCC) Fundraising costs on behalf of participants of the GCWCC campaign (i.e. Healthpartners) and recovers their portion of the costs based on a pro-rata share of the revenue. GCWCC recoveries are reported as a reduction of the fundraising costs and recognized when deducted or received from recipients.

Community development priority program expenses are investments made to agencies and community Organizations through a call for proposal process, to deliver front-line programs and services that align to priority goals. These expenses are recognized in the year the annual program funding is approved by the Board and the recipient agencies are notified and accept the funding agreement.

**DONOR DIRECTED DESIGNATIONS**

The organization's policy is to use the Dollars on Top methodology in funded agency allocations, that is, designated dollars are in addition to the funding for partner programs and services.

**CASH**

Cash consists of cash on hand and balances held at financial institutions with a maturity less than one year.



**UNITED WAY OF PRINCE EDWARD ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**PLEDGES RECEIVABLE**

Pledges are recorded as revenue and receivable when signed pledge documents are received or other documents are available to provide reasonable evidence of a valid pledge. The provision for pledge losses is estimated as a percentage of the campaign revenue by management based on a five-year average. During the current year management used a factor of 4.8% (2019 - 4.8%) of total campaign revenues to determine this provision. Uncollectable pledge receivables are written off in full after two years on the statement of operations.

**TANGIBLE CAPITAL ASSETS**

Tangible capital assets are stated at cost. Depreciation of tangible capital assets is provided for using the declining balance and straight line methods at the rates shown in Note 5. Depreciation of additions is calculated at one-half the stated rate. No depreciation is recorded in the year of disposal. Tangible capital assets should be tested for impairment.

**LEASES**

Leases are classified as either capital or operating leases. A lease that transfers substantially all the benefits and risks incidental to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are amortized on a straight-line basis over the term of the lease to net income. At the inception of the capital lease, an asset and an obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payment and the property's fair value at the beginning of the lease.

**USE OF ESTIMATES**

The preparation of these financial statements in conformity with Canadian Accounting Standards for Not-For-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

The use of estimates are used in the determination of depreciation, which requires an estimate by management in regards to the estimated useful life of the tangible capital assets allowance for doubtful accounts, which requires an estimate in regards of the collectability of receivables and, as such, bad debt expense is based on these estimates.



UNITED WAY OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**FINANCIAL INSTRUMENTS**

The organization initially records a financial instrument at its fair value except for a related party transaction which is recorded at the carrying or exchange amount depending on the circumstances.

The organization's financial instruments subsequently measured at amortized cost include cash, short term investments, receivables, payables and accruals, current priority programs and current designations to other charities.

**BUDGET**

The budget figures have not been audited and have been included on the financial statements for comparative purposes only.

**ALLOCATION OF EXPENSES**

Management has adopted the policy to allocate expenses in three areas, Administration, Campaign and Community Development. Unless an expenditure can be identified as relating to a specific area, management allocates the expenditure as follows:

	<u>2020</u>	<u>2019</u>
Administrative	25%	25%
Campaign	56%	56%
Community Development	19%	19%

General management and administration expenses are incurred to support functional areas and are allocated to campaign and community development expenses based on the time spent method. Following this method, general management and administrative expenses per Schedule 1 are allocated on the following basis:

	<u>2020</u>	<u>2019</u>
Campaign	36%	53%
Community Development	64%	47%

**NET ASSETS INTERNALLY RESTRICTED**

Net assets which are internally restricted are stated at the original cost of the investment, and is increased each year by interest income earned in the year, net of any withdrawals which have been approved by the board of directors.



**UNITED WAY OF PRINCE EDWARD ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**3. INTERNALLY RESTRICTED ASSETS**

	<u>2020</u>	<u>2019</u>
Internally restricted assets for community program purposes include:		
Community Contingency Fund	\$ 1,738	\$ 1,718
Community or Operational Purposes	<u>97,147</u>	<u>95,235</u>
	<u>\$ 98,885</u>	<u>\$ 96,953</u>

The Community Contingency Fund was set up by the board of directors to meet the emergency needs of Agencies.

The Community or Operational Purposes Fund was set up by the board of directors to provide funding for new creative programming as identified in the community, or for operational purposes. The United Way may set aside up to 1% of annual campaign results towards the fund. The United Way board has the discretion to allocate 100% of the fund as a disbursement in any given year.

The Board authorized disbursements totaling \$NIL (2019 - \$NIL) of the fund during the current year.

Interest earned on the restricted investments in the year was \$1,932 (2019 - \$2,989).

**4. RECEIVABLES - PLEDGES**

	<u>2020</u>	<u>2019</u>
2019 Campaign	\$ 342,730	\$ -
2018 Campaign	49,188	333,536
2017 Campaign	<u>-</u>	<u>27,481</u>
	391,918	361,017
Less: provision for pledge losses		
2019 Campaign	37,410	-
2018 Campaign	49,188	39,634
2017 Campaign	<u>-</u>	<u>27,481</u>
	<u>\$ 305,320</u>	<u>\$ 293,902</u>



**UNITED WAY OF PRINCE EDWARD ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**5. TANGIBLE CAPITAL ASSETS**

		<u>2020</u>			<u>2019</u>
	<u>Rate</u>	<u>Cost</u>	<u>Government Assistance</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
System software	10 yr S/L	\$ 13,875	\$ -	\$ 13,875	\$ -
Network server	5 yr S/L	8,366	-	7,529	837
Equipment	20%	6,895	1,356	4,803	736
Computers	33%	9,997	2,248	6,554	1,195
Website	55%	31,065	29,512	427	1,126
		<u>\$ 70,198</u>	<u>\$ 33,116</u>	<u>\$ 33,188</u>	<u>\$ 3,894</u>
					<u>\$ 8,989</u>

**6. LEASE OBLIGATION**

	<u>2020</u>	<u>2019</u>
Konica Minolta .88% obligation under capital lease, repaid during the year.	\$ -	\$ 2,380
Less: Current portion of lease obligation	<u>-</u>	<u>2,380</u>
	<u>\$ -</u>	<u>\$ -</u>

**7. GOVERNMENT OF CANADA WORKPLACE CHARITABLE CAMPAIGN (GCWCC)**

The Treasury Board of the Federal Government of Canada has appointed the United Way of Canada as the Official Campaign Manager for the internal Federal Public Service campaign to be conducted annually within the Federal Government of Canada. The United Way of Canada and Healthpartners were given equal access to donors. The United Way has adopted the accounting policy of recognizing total revenues from the campaign and showing the payments to Healthpartners for their portion as designated donations. During the year, \$66,576 (2019 - \$63,473) was pledged by Federal Public Service and will be remitted directly to Healthpartners. As well as incurring local campaign expenditures, the United Way is charged a percentage of the total National Campaign Management budget, proportionate to the GCWCC revenue on PEI.



**UNITED WAY OF PRINCE EDWARD ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2020**

**8. DEFERRED REVENUES**

Deferred contributions related to future year campaigns reflect the pledged and received amounts of donations accepted by the United Way that are restricted by the donor for the 2020 fundraising campaign.

During the year the organization received \$313,020 (2019 - \$86,772) in grants for the implementation of the 211 telephone service. During the year \$290,162 (2019 - \$70,271) of these funds were used on expenses and capital purchases. The remainder of the grant has been deferred to be used in future years.

**9. REVENUES**

	<u>2020</u>		<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Government division	\$ 438,132	\$ 455,799	\$ 438,132
Business and industry division	162,338	136,415	208,488
Funds transferred from other United Ways	69,446	81,673	73,945
In house accounts	75,186	76,409	75,186
Special events	20,000	16,049	5,856
Community support division	15,461	13,040	20,278
Gifts in kind	-	6,805	8,572
	<u>\$ 780,563</u>	<u>\$ 786,190</u>	<u>\$ 830,457</u>

**10. MANAGEMENT OF CAPITAL**

The organization's objective when managing capital is to safeguard its ability to sustain itself as a going concern so that it can continue to provide the appropriate level of benefits and services to its beneficiaries and stakeholders.

Management and the Board of Directors carefully consider fundraising campaigns, grants, sponsorships and investment income to ensure that sufficient funds will be available to meet the organization's short and long term objectives.

The organization monitors its financial performance against an annual budget that is approved by the Board. Surpluses from unspent operational activities are accumulated under the general fund and are available for general use. In the event that revenues decline, the organization will budget for reduced distributions and reduced operational expenditures.



UNITED WAY OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

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**11. FINANCIAL RISKS**

The organization is exposed to various financial risks through transactions in financial instruments. The following provides information in assessing the extent of the organization's exposure to these risks.

**Interest risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed and floating short term and long term investments

**Credit risk**

Credit risk is the risk that a customer will cause a financial loss to the organization by failing to discharge an obligation. The organization's main credit risks are related to its pledges receivable.

**12. MULTI-YEAR FUNDING AGREEMENTS**

The Call for Proposals process has committed Priority Program Funding for a period up to two years with PEI Registered Charities. The funding levels in subsequent years may be subject to adjustments depending on campaign results and available funding.

Funding commitments for the next two years are as follows:

2022	\$	255,000
2023		<u>180,000</u>
	\$	<u><b>435,000</b></u>

**13. LEASE COMMITMENTS**

The organization is committed to minimum annual lease payments for various operating leases for Konica photocopier as follows:

2021	\$	1,852
2022		1,852
2023		1,852
2024		1,852
2025		1,852



**UNITED WAY OF PRINCE EDWARD ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2020**

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**14. COVID-19**

The World Health Organization declared a Pandemic due to COVID-19 on March 11, 2020, and the Chief Public Health Officer of the province of Prince Edward Island advised non-essential businesses to close on March 18, 2020. Numerous organizations including for profit, not-for-profit entities and various levels of governments have made significant changes and concessions.

The collectability of pledges receivable may be significantly impacted by the pandemic due to the closure of many businesses and governments. As at the date of these financial statements the actual impact on the financial situation of the organization is unknown.



**UNITED WAY OF PRINCE EDWARD ISLAND**  
**SCHEDULE OF ADMINISTRATIVE EXPENSES**  
**YEAR ENDED MARCH 31, 2020**

	<u>2020</u>		<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Audit and legal	\$ 5,109	\$ 4,412	\$ 6,128
Bank charges	1,965	1,753	1,917
Conferences and meetings	-	309	830
Contract labour	3,000	-	20,562
Depreciation	3,537	1,892	7,697
Dues and fees	12,231	9,864	9,122
Insurance	1,415	2,950	1,136
Interest on lease obligation	-	3	9
Miscellaneous	363	778	1,010
Office equipment maintenance	-	4,522	3,489
Office supplies	9,094	6,361	3,448
Postage	88	209	-
Rent	35,371	38,369	37,811
Recruitment and staff training	1,250	19	155
Salaries and wages	52,130	52,452	48,559
Telephone	7,279	6,274	4,264
Travel	<u>1,725</u>	<u>1,510</u>	<u>4,165</u>
	<b>134,557</b>	<b>131,677</b>	<b>150,302</b>
Allocation to Campaign Expenses (Schedule 2)	<b>(48,441)</b>	<b>(47,104)</b>	<b>(79,660)</b>
Allocation to Community Development Expenses (Schedule 3)	<b><u>(86,116)</u></b>	<b><u>(84,573)</u></b>	<b><u>(70,642)</u></b>
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**UNITED WAY OF PRINCE EDWARD ISLAND**  
**SCHEDULE OF CAMPAIGN EXPENSES**  
**YEAR ENDED MARCH 31, 2020**

	<u>2020</u>		<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Bank charges	\$ -	\$ -	\$ 14
Conferences and meetings	785	-	1,747
Contract labour	-	-	2,547
Dues and fees	7,786	12,268	6,969
Interest on lease obligation	-	7	19
Marketing	1,718	613	3,594
Miscellaneous	502	-	365
Office equipment maintenance	-	161	607
Office supplies	119	205	89
Postage	69	1,212	3,075
Promotion and publicity			
Awards	-	94	239
Brochures	-	1,232	1,977
Media	15,288	204	6,322
Miscellaneous	-	-	524
Special events	-	9,511	15,912
Salaries and wages	73,862	91,224	84,005
Staff training	1,730	1,604	3,889
Telephone	-	164	144
Travel	2,388	494	2,144
Workshops	-	587	-
	<u>104,247</u>	<u>119,580</u>	<u>134,182</u>
Allocation of Administrative Expenses (Schedule 1)	48,441	47,104	79,660
GCWCC Fundraising Expenses (Schedule 4)	72,225	54,607	61,949
Recovery of fundraising costs on designations	<u>(10,000)</u>	<u>(11,498)</u>	<u>(11,035)</u>
	<u>\$ 214,913</u>	<u>\$ 209,793</u>	<u>\$ 264,756</u>



**UNITED WAY OF PRINCE EDWARD ISLAND**  
**SCHEDULE OF COMMUNITY DEVELOPMENT EXPENSES**  
**YEAR ENDED MARCH 31, 2020**

	<u>2020</u>		<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Priority programs (Note 12)	\$ 185,000	\$ 180,000	\$ 225,000
Designations to Canadian registered charities	<u>227,000</u>	<u>228,306</u>	<u>228,570</u>
	<b><u>412,000</u></b>	<b><u>408,306</u></b>	<b><u>453,570</u></b>
Advertising	-	9	30
Compassion fund	-	36,030	-
Conference and meetings	-	91	497
Interest on lease obligation	-	2	6
Marketing	-	-	5,491
Miscellaneous	276	-	4
Office equipment maintenance	-	58	300
Office supplies	66	189	70
Recruitment and staff training	950	14	27
Salaries and wages	71,894	64,020	88,290
Travel	1,311	523	904
Workshops and seminars	9,000	16,930	696
211 system implementation	<u>293,565</u>	<u>214,268</u>	<u>56,781</u>
	<b>377,062</b>	<b>332,134</b>	<b>153,096</b>
Allocation of Administrative Expenses (Schedule 1)	<u>86,116</u>	<u>84,573</u>	<u>70,642</u>
	<b><u>\$ 875,178</u></b>	<b><u>\$ 825,013</u></b>	<b><u>\$ 677,308</u></b>



**UNITED WAY OF PRINCE EDWARD ISLAND**  
**SCHEDULE OF GCWCC FUNDRAISING EXPENSES**  
**YEAR ENDED MARCH 31, 2020**

	<u>2020</u>		<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Bank and credit card charges	\$ 535	\$ 566	\$ 27
Communication and marketing	7,518	4,417	10,704
Direct mail	43	750	1,623
Depreciation	963	719	813
Dues	4,814	7,196	3,660
Meetings and travel	1,691	305	632
Occupancy	9,629	6,539	6,443
Office expense	2,452	220	408
Other direct fundraising costs	695	171	348
Printing materials		102	139
Professional development and training	1,070	991	1,623
Professional fees	1,391	1,201	1,033
Salaries and benefits	50,303	39,416	42,505
Special events		1,631	3,885
Telecommunications and IT support	<u>1,121</u>	<u>1,708</u>	<u>1,023</u>
Total GCWCC Fundraising Expenses	<b>82,225</b>	<b>65,932</b>	<b>74,866</b>
Recoverable from Healthpartners (Schedule 5)	<u>(10,000)</u>	<u>(11,325)</u>	<u>(12,917)</u>
	<b><u>\$ 72,225</u></b>	<b><u>\$ 54,607</u></b>	<b><u>\$ 61,949</u></b>



**UNITED WAY OF PRINCE EDWARD ISLAND**  
**SCHEDULE OF HEALTHPARTNERS PORTION OF GCWCC FUNDRAISING EXPENSES**  
**YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
Bank and credit card charges	\$ 28	\$ 4
Communication and marketing	1,751	3,063
Direct mail	117	247
Dues	1,180	556
Meetings and travel	48	96
Occupancy	1,017	773
Office expense	34	63
Other direct fundraising costs	139	177
Printing materials	16	21
Professional development and training	154	285
Professional fees	187	157
Salaries and benefits	6,134	6,461
Special events	254	859
Telecommunications and IT support	<u>266</u>	<u>155</u>
	<u>\$ 11,325</u>	<u>\$ 12,917</u>

