

Financial Statements of
UNITED WAY OF WINNIPEG
March 31, 2020

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, 2020, 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, 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 ("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.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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
July 16, 2020

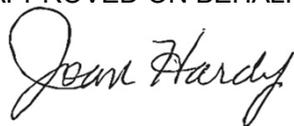
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UNITED WAY OF WINNIPEG
Statement of Financial Position
March 31, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
CASH AND INVESTMENTS (Note 4)	\$ 38,018,768	\$ 38,475,013
PLEDGES RECEIVABLE (Note 5)	12,096,749	12,047,743
CAPITAL ASSETS (Note 6)	7,875,134	8,228,600
	\$ 57,990,651	\$ 58,751,356
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (Note 7)	\$ 984,427	\$ 1,072,299
MORTGAGE PAYABLE (Note 8)	647,170	841,398
DEFERRED CONTRIBUTIONS (Note 9)	5,274,061	5,176,175
OTHER LIABILITIES (Note 10)	1,604,985	1,424,189
	8,510,643	8,514,061
FUND BALANCES (Note 3)		
COMMUNITY FUND	22,159,563	22,109,636
OPERATING FUND	-	-
CAPITAL ASSETS FUND	6,026,904	6,380,370
TOMORROW FUND	17,622,575	16,465,804
STABILIZATION FUND	3,356,296	5,017,295
BUILDING AND TECHNOLOGY FUND	314,670	264,190
	49,480,008	50,237,295
	\$ 57,990,651	\$ 58,751,356

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES



.....
 Joan Hardy, Chairperson



.....
 Heather Reichert, Treasurer

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

	2020						Total
	Community Fund	Operating Fund	Capital Assets Fund	Tomorrow Fund	Stabilization Fund	Building and Technology Fund	
REVENUE							
Net campaign contributions:							
Donations	\$ 20,274,726						\$ 20,274,726
For Every Family - Vision Philanthropy (Note 14)	2,848,263						2,848,263
Donor directed	1,070,691						1,070,691
Donor directed fees		20,462					20,462
Recoveries from the campaigns of prior years	220,108						220,108
Legacy giving				1,156,771			1,156,771
Government Grants (Note 15)	50,000	4,436,836					4,486,836
Sponsorships, grants and other income	471,161	358,774					829,935
Funding partners and special initiatives	500						500
The Winnipeg Boldness Project revenue (Note 13)	524,840						524,840
Investment income (Note 2b)	-	704,270		-	(1,297,934)		(593,664)
	25,460,289	5,520,342	-	1,156,771	(1,297,934)	-	30,839,468
COMMUNITY INVESTMENT							
Funding to agencies	17,619,919						17,619,919
For Every Family - Vision Philanthropy (Note 14)	2,848,263						2,848,263
Donor directed	1,070,691						1,070,691
Programs and activities	3,311,712						3,311,712
The Winnipeg Boldness Project expenses (Note 13)	524,840						524,840
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)	\$ (454,886)	\$ 1,156,771	\$ (1,297,934)	-	\$ (757,287)

UNITED WAY OF WINNIPEG
Statement of Community and Operating Activities
Year Ended March 31, 2019

	2019						Total
	Community Fund	Operating Fund	Capital Assets Fund	Tomorrow Fund	Stabilization Fund	Building and Technology Fund	
REVENUE							
Net campaign contributions:							
Donations	\$ 20,552,712						\$ 20,552,712
For Every Family - Vision Philanthropy (Note 14)	2,304,373						2,304,373
Donor directed	1,047,114						1,047,114
Donor directed fees		20,953					20,953
Recoveries (deficiency) from the campaigns of prior years	232,452						232,452
Legacy giving				1,556,927			1,556,927
Government Grants (Note 15)	50,000	4,436,836					4,486,836
Sponsorships, grants and other income	414,469	400,374					814,843
Funding partners and special initiatives	3,600						3,600
The Winnipeg Boldness Project revenue (Note 13)	556,399						556,399
Investment income (Note 2b)	309,833	609,573		362,977	169,865		1,452,248
	25,470,952	5,467,736	-	1,919,904	169,865	-	33,028,457
COMMUNITY INVESTMENT							
Funding to agencies	17,226,606						17,226,606
For Every Family - Vision Philanthropy (Note 14)	2,304,373						2,304,373
Donor directed	1,047,114						1,047,114
Programs and activities	3,116,270						3,116,270
The Winnipeg Boldness Project expenses (Note 13)	556,399						556,399
Management and administration		599,121					599,121
United Way of Canada		237,011					237,011
	24,250,762	836,132	-	-	-	-	25,086,894
OPERATIONS							
Resource development		4,812,415					4,812,415
Organizational development initiatives		42,911					42,911
Amortization of capital assets			444,710				444,710
	-	4,855,326	444,710	-	-	-	5,300,036
One-Time Special Initiatives	-	67,412	-	-	-	-	67,412
Total Expenditures	24,250,762	5,758,870	444,710	-	-	-	30,454,342
Excess (deficiency) of revenue over expenditures	\$ 1,220,190	\$ (291,134)	\$ (444,710)	\$ 1,919,904	\$ 169,865	-	\$ 2,574,115

UNITED WAY OF WINNIPEG
Statement of Changes in Fund Balances
Year Ended March 31, 2020

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

	2019						
	Community Fund	Operating Fund	Capital Assets Fund	Tomorrow Fund	Stabilization Fund	Building and Technology Fund	Total
Fund balance, beginning of year	\$ 20,919,620	\$ 355,023	\$ 6,662,314	\$ 14,545,900	\$ 4,982,718	\$ 197,605	\$ 47,663,180
Excess (deficiency) of revenue over expenditures	1,220,190	(291,134)	(444,710)	1,919,904	169,865	-	(2,574,115)
Fund transfers:							
Purchase of capital assets	(14,649)	(47,202)	162,766	-	-	(100,915)	-
Building and Technology Fund	(15,525)	(151,975)	-	-	-	167,500	-
National Advertising Program	-	67,876	-	-	(67,876)	-	-
Family Resource Centres	-	64,493	-	-	(64,493)	-	-
Leadership Development	-	2,919	-	-	(2,919)	-	-
	(30,174)	(63,889)	162,766	-	(135,288)	66,585	-
Increase (decrease) in fund balance for the year	1,190,016	(355,023)	(281,944)	1,919,904	34,577	66,585	(2,574,115)
Fund balance, end of year	\$ 22,109,636	\$ -	\$ 6,380,370	\$ 16,465,804	\$ 5,017,295	\$ 264,190	\$ 50,237,295

UNITED WAY OF WINNIPEG
Statement of Cash Flows
Year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
(Deficiency) excess of revenue over expenditures	\$ (757,287)	\$ 2,574,115
Items not involving cash		
Amortization	454,886	444,710
Unrealized loss/(gain) on investments	640,549	(1,430,302)
Non-operating Tomorrow Fund contributions	(1,156,771)	(1,556,927)
Change in deferred contributions	97,886	500,975
Changes in non-cash working capital	51,093	(1,536,698)
	<u>(669,644)</u>	<u>(1,004,127)</u>
Cash flows from financing activities		
Tomorrow Fund contributions received	1,149,596	1,550,725
Repayment of mortgage payable	(194,228)	(187,182)
	<u>955,368</u>	<u>1,363,543</u>
Cash flows from investing activities		
Capital expenditures, net	(101,420)	(162,766)
Purchase of investments	(1,500,000)	(2,000,000)
	<u>(1,601,420)</u>	<u>(2,162,766)</u>
Change in cash and cash equivalents	(1,315,696)	(1,803,350)
Cash and cash equivalents, beginning of year	6,114,764	7,918,114
Cash and cash equivalents, end of year	<u>\$ 4,799,068</u>	<u>\$ 6,114,764</u>
Represented by:		
Cash	\$ 4,329,128	\$ 5,651,593
Short-term investments	469,940	463,171
	<u>\$ 4,799,068</u>	<u>\$ 6,114,764</u>

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2020

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 appreciation and depreciation in the fair value of pooled investment funds.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2020

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. However, as a result of the investment losses and other financial impacts associated with COVID-19, for the 19/20 fiscal year the Board approved allocating previous excess investment returns in the Stabilization Fund to the Operating Fund only, so that the balance of the Stabilization Fund could be maximized to offset possible future economic risks.

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 \$1,710,935 (2019 - \$1,160,827).

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, 2020

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, 2020

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 2020 Statement of Community and Operating Activities include the proceeds of the 2019 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, 2021.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2020

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.

Capital Assets Fund

The Capital Assets Fund was established to record the investment in capital assets. 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.

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.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2020

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.

4. CASH AND INVESTMENTS

	<u>2020</u>	<u>2019</u>
Cash	\$ 4,329,128	\$ 5,651,593
Short-term investments	469,940	463,171
Pooled investment funds	33,219,700	32,360,249
	\$ 38,018,768	\$ 38,475,013

5. PLEDGES RECEIVABLE

	<u>2020</u>	<u>2019</u>
Current campaign pledges	\$ 9,868,002	\$ 9,322,086
Prior campaign pledges	875,611	843,763
Other pledges	134,252	139,421
Province of Manitoba grants	1,500,000	1,500,000
Other miscellaneous receivables	1,837,832	1,639,475
	14,215,697	13,444,745
Less allowance for uncollectible pledges	(2,118,948)	(1,397,002)
	\$ 12,096,749	\$ 12,047,743

The gross allowance for uncollectible pledges of \$2,200,000 (2019 - \$1,480,000) is net of write-offs recorded of \$81,052 (2019 - \$82,998).

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2020

6. CAPITAL ASSETS

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 754,954	\$ 663,419	\$ 741,195	\$ 600,962
Equipment	15,297	15,297	15,297	15,297
Computer equipment	1,304,327	1,088,809	1,216,667	990,575
Computer software	1,296,426	1,293,299	1,296,426	1,289,011
Donation software	883,231	469,196	883,231	380,819
Telecommunications	94,856	90,113	94,856	80,628
Land	523,283	-	523,283	-
Building	8,446,960	1,824,067	8,446,960	1,632,023
	13,319,334	5,444,200	13,217,915	4,989,315
Cost less accumulated amortization	\$ 7,875,134		\$ 8,228,600	

7. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable and accrued liabilities at March 31, 2020 is \$27,154 of property taxes owing (2019 - \$45,114 of property taxes owing and payroll remittances).

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% (2019 – 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, 2020 is \$647,170;
- Government contributions of \$5,389,958 from Canada Manitoba Infrastructure; and
- \$1,810,000 of capital campaign donation pledges.

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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 the Winnipeg Boldness Project of \$378,264 (2019 - \$189,575) (see Note 13). Deferred contributions also includes deferred revenue related to the For Every Family (FEF) Initiative of \$4,245,251 (2019 - \$4,206,743) (see Note 14).

10. OTHER LIABILITIES

Other liabilities include funds payable to other United Ways of \$1,151,469 (2019 - \$1,091,811).

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:

Pooled Investment Funds

Corporate/Government Bond Funds	16.1%	\$ 5,337,858
Canadian Equity Funds	23%	7,625,222
Canadian Real Estate Funds	16.5%	5,480,321
Mortgage Funds	22.3%	7,407,683
U.S. Equity Funds	6.4%	2,142,332
U.S. Dividends Funds	4.6%	1,526,813
International Equity Funds	9.3%	3,085,625
Emerging Markets Fund	1.8%	613,846
	<u>100.0%</u>	<u>\$ 33,219,700</u>

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11. FINANCIAL INSTRUMENTS (continued)

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, 2020 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.

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.

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12. PENSION PLAN (continued)

An actuarial valuation prepared as at December 31, 2018 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 \$350,988 (2019 - \$345,518).

13. THE WINNIPEG BOLDNESS PROJECT

The Winnipeg Boldness Project was established to support innovations in the design and delivery of breakthrough approaches to early childhood development in the Point Douglas Community area. A Stewardship Group was put into place to act as a guiding body for the project, which provides direction and accountability while encouraging collaboration and knowledge sharing from some of Winnipeg's most experienced members of the non-profit and business community.

The Winnipeg Boldness Project falls under the umbrella of United Way of Winnipeg, which provides administrative, fundraising and financial organizational support for the project. Contributions received for The Winnipeg Boldness Project are deferred and recognized in revenue of the Community Fund in the period in which the related expenses are incurred.

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14. FOR EVERY FAMILY INITIATIVE

For Every Family (FEF) is a United Way Vision Philanthropy Initiative with the aim of strengthening families by enhancing the preventative family-centred approaches offered through 24 United Way funded Family Resource Centres (FRCs) located in neighbourhoods throughout Winnipeg. Three primary objectives were identified. Firstly, to have doors open longer by enhancing the hours of operation of FRCs so that families could have greater access to the supports provided; secondly, the opportunity to augment proven programs and services within FRCs and thirdly, the establishment of a formalized network among FRCs themselves in order to facilitate the sharing of effective practices, leverage resources, and develop shared services where possible. United Way's FEF Vision Philanthropy Committee has set a fundraising goal of \$7,500,000 over six years and includes partners such as The Winnipeg Foundation, Canada Life and other corporate and private donors. As well, the Province of Manitoba has committed to match the funds raised up to \$7,500,000 to flow over the six year period, for a total potential investment of \$15,000,000 towards the FEF Initiative. The development of a robust evaluation framework is underway in order to examine the collective value FRCs provide in their preventative work in supporting families and to support a case for longer term sustainability.

During the fiscal year, total revenues of \$3,151,772 (2019 - \$3,038,316) were raised for the FEF Initiative; consisting of \$1,651,772 (2019 - \$ 1,538,316) in donations and a \$1,500,000 (2019 - \$1,500,000) match from the Province of Manitoba. As at March 31, 2020, \$4,245,251 (2019 - \$4,206,743) is deferred, as revenue is only recognized equal to the current year expenses for FEF.

15. GOVERNMENT GRANTS

The following government grants were received during the year:

	<u>2020</u>	<u>2019</u>
Province of Manitoba – Operating	\$ 4,420,000	\$ 4,420,000
Province of Manitoba – Winnipeg Poverty Reduction Council	50,000	50,000
Province of Manitoba – Pension	16,836	16,836
	<u>\$ 4,486,836</u>	<u>\$ 4,486,836</u>
Province of Manitoba – FEF Initiative (see Notes 9 & 14)	\$ 1,500,000	\$ 1,500,000

16. RECENT DEVELOPMENTS

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, and any related adverse public health developments, have adversely affected workforces, economies and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many organizations including that of the United Way of Winnipeg. At this time it is not possible for the Organization to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Organization's business.