

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Financial Statements

March 31, 2020

Independent Auditor's Report

To the Members of United Way of Central Alberta Society:

Qualified Opinion

We have audited the financial statements of United Way of Central Alberta Society (the "Society"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets, cash flows and the related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to campaign and fundraising revenue, deficiency of revenue over expenses, and cash flows from operations for the year ended March 31, 2020, current assets and net assets as at March 31, 2020. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The financial statements for the Society for the year ended March 31, 2019, prior to the adjustments for change in allocation of expenses (note 17), were audited by another public accounting firm who expressed a qualified opinion on those statements on June 13, 2019 for the reasons described in the Basis for Qualified Opinion paragraph.

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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society'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 Society'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 Society 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.

Red Deer, Alberta

June 18, 2020

MNP **LLP**

Chartered Professional Accountants

UNITED WAY OF CENTRAL ALBERTA SOCIETY

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UNITED WAY OF CENTRAL ALBERTA SOCIETY

Statement of Financial Position

As at March 31, 2020

	2020	2019
ASSETS		
Current assets		
Cash (note 3)	\$ 498,817	\$ 685,689
Accounts receivable	2,986	28,264
Pledges receivable (net of allowance) (note 4)	456,619	500,843
Prepaid expenses	54,612	71,787
	<u>\$ 1,013,034</u>	<u>\$ 1,286,583</u>
Investments (note 5)	1,074,621	1,110,308
Capital assets (note 6)	10,545	6,195
	<u>\$ 2,098,200</u>	<u>\$ 2,403,086</u>
LIABILITIES		
Current liabilities		
Accounts payable and accruals (note 7)	\$ 51,579	\$ 70,120
Deferred designation revenue	141,244	146,073
Deferred contributions (note 8)	58,307	35,868
Allocations payable (note 9)	1,077,350	1,100,000
	<u>\$ 1,328,480</u>	<u>\$ 1,352,061</u>
FUND BALANCES		
Restricted for endowment purposes (note 10)	\$ 14,980	\$ 14,980
Invested in capital assets	10,545	6,195
Internally restricted (note 11)	744,195	1,029,850
Unrestricted	-	-
	<u>\$ 769,720</u>	<u>\$ 1,051,025</u>
	<u>\$ 2,098,200</u>	<u>\$ 2,403,086</u>

Commitments (note 12)

Approved by the board:



 _____ **President**



 _____ **Treasurer**

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Statement of Changes in Net Assets

For the Year Ended March 31, 2020

	Restricted for Endowment Purposes	Invested in Capital Assets	Internally Restricted	Unrestricted	Total 2020	Total 2019
Balance, beginning of year	\$ 14,980	\$ 6,195	\$ 1,029,850	\$ -	\$ 1,051,025	\$ 1,132,356
Deficiency of revenues over program expenses	-	-	-	(281,305)	(281,305)	(81,331)
Capital additions	-	7,924	-	(7,924)	-	-
Amortization expense	-	(3,574)	-	3,574	-	-
Board approved transfers	-	-	(285,655)	285,655	-	-
Balance, end of year	\$ 14,980	\$ 10,545	\$ 744,195	\$ -	\$ 769,720	\$ 1,051,025

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Statement of Operations

For the Year Ended March 31, 2020

	2020	2019 (Restated - note 17)
Revenues		
Campaign revenue	\$ 1,643,889	\$ 1,737,337
Funds transferred from other United Ways	174,223	260,337
Grant income (note 13)	165,297	98,415
Other income (note 14)	42,722	64,815
Less: uncollectible pledges	<u>(33,182)</u>	<u>(9,476)</u>
	\$ 1,992,949	\$ 2,151,428
Direct expenses		
Fundraising (schedule 2)	<u>431,791</u>	<u>397,185</u>
Net revenue available for programs	<u>\$ 1,561,158</u>	<u>\$ 1,754,243</u>
Program expenses		
Allocations and grants (note 15)	1,118,693	1,114,532
Program expenses (schedule 3)	430,738	465,378
Designations	<u>245,672</u>	<u>246,207</u>
	\$ 1,795,103	\$ 1,826,117
Deficiency of revenues over expenses before the following:	\$ (233,945)	\$ (71,874)
Unrealized loss on investments	(49,109)	(7,589)
Realized gain/(loss) on sale of investments	<u>1,749</u>	<u>(1,868)</u>
Deficiency of revenues over expenses	<u>\$ (281,305)</u>	<u>\$ (81,331)</u>

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Statement of Cash Flows

For the Year Ended March 31, 2020

	2020	2019
CASH PROVIDED BY (USED FOR)		
Operating activities		
Cash received from contributions and other sources	\$ 2,052,410	\$ 2,073,024
Cash paid to suppliers and employees	(859,941)	(817,235)
Interest received	25,771	48,793
Cash paid for allocations and designations	(1,385,515)	(1,473,767)
	<u>\$ (167,275)</u>	<u>\$ (169,185)</u>
Investing activities		
Purchase of capital assets	\$ (7,924)	\$ (1,340)
Purchase of investments	(655,144)	(1,083,493)
Proceeds on redemption of investments	643,471	1,816,943
	<u>\$ (19,597)</u>	<u>\$ 732,110</u>
Increase (decrease) in cash	\$ (186,872)	\$ 562,925
Cash, beginning of year	<u>685,689</u>	<u>122,764</u>
Cash, end of year	<u><u>\$ 498,817</u></u>	<u><u>\$ 685,689</u></u>

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Notes to the Financial Statements

March 31, 2020

1. Nature of Operations

United Way of Central Alberta Society ("the Society") is a not-for-profit organization aimed at enabling community-minded citizens and organizations to join together and collectively fund health and social services. The Society is incorporated under the Societies Act of Alberta and is a registered charity under the Income Tax Act. Therefore, the Society is exempt from income tax in accordance with Section 149 of the Income Tax Act.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: allowance for uncollectible pledges receivable, the useful life of capital assets, and the allocation of fundraising and program expenses. Actual results may differ from management's best estimates as additional information becomes available in the future.

Cash and cash equivalents

Cash and cash equivalents include cash and high interest investment savings accounts.

Pledges receivable

Pledges receivable include contributions that have been pledged to the Society, net of an allowance for uncollectible amounts.

Investments

Investments are recorded at fair value. Unrealized gains and losses as a result of fair value adjustments at year end are included in the statement of operations.

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Notes to the Financial Statements

March 31, 2020

2. Significant Accounting Policies, continued

Capital assets

Amortization of property, plant and equipment is calculated using the following rates and methods:

Furniture and equipment	20% Declining balance
Server equipment	30% Declining balance
Computer equipment	45% Declining balance
Computer software	5 years Straight-line

One-half of amortization is calculated in the year of acquisition. No amortization is calculated in the year of disposition.

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Society writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Society's ability to provide goods and services. The assets are also written down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Society determines that a long-lived asset is impaired, its carrying value is written down to the asset's fair value.

Financial instruments

The Society measures its investments at fair value.

The Society measures all other financial instruments at fair value initially, and subsequently measures them at amortized cost.

Financial assets measured at cost or amortized cost are tested for impairment at year-end, and the amount of the write-down, if applicable, is recognized in net income. Any previously recognized impairment loss may be reversed to the extent of the improvement. The amount of the reversal is recognized in net income, provided it is no greater than the amount that had been previously reported as a reduction and does not exceed original cost.

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Notes to the Financial Statements

March 31, 2020

2. Significant Accounting Policies, continued

Revenue recognition

The Society follows the deferral method of accounting for contributions. Contributions from the annual campaign donations are recognized in the year in which they are received or receivable if the amount can be reasonably measured and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Externally restricted endowment contributions are recognized as direct increases in net assets.

Capital contributions are amortized into income on the same basis as the asset is amortized over its useful life. Other income is recognized as revenue when earned.

Allocations and designations

Donations designated to agencies are recorded using the dollars on top method. Under this method, designated amounts to agencies do not reduce the amount to be allocated by the Community Impact Committee.

Contributed goods and services

The Society benefits from contributed goods and services in the form of volunteer time for various committees. Due to the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

In-kind gifts that are capital in nature are only recorded when they are for the use of the Society's operations. Operating in-kind gifts are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Society's operations and would otherwise have been purchased.

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Notes to the Financial Statements

March 31, 2020

3. Cash

	<u>2020</u>	<u>2019</u>
Operating bank	\$ 195,876	\$ 94,052
Investment cash	17,272	10,538
High interest investment accounts	<u>285,669</u>	<u>581,099</u>
	<u>\$ 498,817</u>	<u>\$ 685,689</u>

Included in cash is \$57,307 (2019 - \$35,868) of funds that are restricted by funders to be used for specific purposes as disclosed in note 8, and \$34,325 (2019 - \$29,083) of designated funds that are restricted by donors for specific agencies.

The Society has available a credit card with a maximum limit of \$5,000, and an outstanding balance of \$495 (2019 - \$1,343) at year end.

4. Pledges Receivable

Included in pledges receivable is an allowance for uncollectible pledges receivable of \$104,647 (2019 - \$100,098).

The allowance is based on management's best estimate of the expected pledge losses based on historical losses and future expectations.

5. Investments

Investments consist of stocks, mutual funds, and bonds that are invested in accordance with the Society's Finance Policy.

Included in investments are an externally restricted amount of \$14,980 (2019 - \$14,980), which is restricted for the purpose disclosed in note 10.

Included in investments are internally restricted amounts of \$744,195 (2019 - \$1,029,849), which are restricted for the purposes disclosed in note 11.

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Notes to the Financial Statements

March 31, 2020

6. Capital Assets

	Cost	Accumulated Amortization	2020 Net	2019 Net
Furniture and equipment	\$ 3,773	\$ 2,382	\$ 1,391	\$ 2,230
Server equipment	3,486	3,092	394	637
Computer equipment	5,530	1,816	3,714	437
Computer software	37,697	32,651	5,046	2,891
	<u>\$ 50,486</u>	<u>\$ 39,941</u>	<u>\$ 10,545</u>	<u>\$ 6,195</u>

7. Accounts Payable

Included in accounts payable is \$11,750 (2019 - \$0) of government remittances payable relating to March payroll. This is net of the federal 10% wage subsidy amount of \$1,880.

8. Deferred Contributions

Deferred contributions consists of unexpended funds which are restricted by the funder to be used for specific purposes.

	Opening balance	Contributions received	Contributions recognized	Ending Balance
Enmax Lights On Fund	\$ 30,000	\$ 30,000	\$ (30,000)	\$ 30,000
COVID-19 Community Response Fund				
contributions	-	26,450	-	26,450
Unearned rent	-	2,000	(1,000)	1,000
MEGlobal loaned representative sponsorship	5,868	12,000	(17,011)	857
Operating grant	-	100,000	(100,000)	-
City of Red Deer 211 grant	-	24,902	(24,902)	-
Government of Alberta				
Jobs Training grant	-	4,400	(4,400)	-
Canada Summer Jobs grant	-	3,984	(3,984)	-
	<u>\$ 35,868</u>	<u>\$ 203,736</u>	<u>\$ (181,297)</u>	<u>\$ 58,307</u>

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Notes to the Financial Statements

March 31, 2020

9. Allocations Payable

The Society provides funding to member agencies for programs that meet the criteria of one of three priority areas: education, income, and wellness. Funding is for a three-year term, dependant on adherence to grant agreement obligations and outcomes of future fundraising campaigns. This year the Society decided not to open the Income priority area to new funding applications, instead choosing to review the current agencies and continue funding based on the above-mentioned dependancies.

Based on the annual review process, the following allocations will be made in the coming year:

	<u>2020</u>	<u>2019</u>
Education - Year 2		
Bashaw & District Support Services Association	\$ 12,350	\$ 12,350
Big Brothers & Sisters - Lacombe & District	22,000	22,000
Big Brothers & Sisters - Ponoka & District	25,000	25,000
Big Brothers & Sisters - Red Deer	58,000	58,000
Boys & Girls Club of Red Deer	39,261	39,261
Family Services of Central Alberta	-	22,650
Heartland Youth Centre	15,250	15,250
kcs Association for Early Learning Special Needs & Family	25,000	25,000
Ponoka Youth Centre	30,000	30,000
Rocky Youth Development Society	40,000	40,000
Sundre & District Nutrition for Learning Society	22,250	22,250
	<u>\$ 289,111</u>	<u>\$ 311,761</u>
Income - Year 1		
Canadian Mental Health Association	\$ 58,859	\$ 58,859
Central Alberta Refugee Effort	55,749	55,749
Central Alberta Women's Outreach Society	58,739	58,739
Cosmos Community Support Services	57,760	57,760
Family Services of Central Alberta	22,000	22,000
John Howard Society of Red Deer	59,620	59,620
Junior Achivement of Southern Alberta	4,000	4,000
	<u>\$ 316,727</u>	<u>\$ 316,727</u>
Wellness - Year 3		
Association of Communities Against Abuse	\$ 15,500	\$ 15,500
Bashaw & District Support Services Association	7,725	7,725
Canadian Mental Health Association	28,000	28,000
Catholic Social Services	58,000	58,000
Central Alberta Pregnancy Care Centre Society	26,000	26,000
Central Alberta Safe Harbour Society	73,616	73,616
Domestic Relationship Violence Initiative Committee	28,000	28,000
Family Services of Central Alberta	29,522	29,522

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Notes to the Financial Statements

March 31, 2020

9. Allocations Payable, continued

Golden Circle Senior Resource Centre	31,510	31,510
Red Deer Meals on Wheels	20,000	20,000
Schizophrenia Society of Alberta	35,835	35,835
Shalom Counselling	25,000	25,000
Spinal Cord Injury Association	31,804	31,804
Turning Point Society of Central Alberta	61,000	61,000
	<u>\$ 471,512</u>	<u>\$ 471,512</u>
	<u>\$ 1,077,350</u>	<u>\$ 1,100,000</u>

10. Net Assets Restricted for Endowment Purposes

The general endowment, which is included in investments, arose as a result of a gift received in 1975. The terms of the gift prevents its use for operations, except upon liquidation of the Society. Income earned by the gift is not externally restricted. The Society's policy is to allocate the income back to the endowment fund, at the discretion of the Board.

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Notes to the Financial Statements

March 31, 2020

11. Net Assets Internally Restricted

	Balance, Beginning of Year	Board transfers: Investment Income	Reallocation of Funds	Balance, End of Year
2020				
Delta Rempel Community Impact Reserve	\$ -	\$ -	\$ 197,273	\$ 197,273
Allocations Reserve	-	-	243,750	243,750
Operating Reserve	-	-	270,856	270,856
Technology Reserve	31,906	-	410	32,316
Community Reserve	331,322	-	(331,322)	-
Community Impact Legacy Reserve	475,974	-	(475,974)	-
Delta Rempel Capital Reserve	190,648	-	(190,648)	-
	<u>\$ 1,029,850</u>	<u>\$ -</u>	<u>\$ (285,655)</u>	<u>\$ 744,195</u>
	Balance, Beginning of Year	Board transfers: Investment Income	Reallocation of Funds	Balance, End of Year
2019				
Technology Reserve	\$ 38,020	\$ 1,649	\$ (7,763)	\$ 31,906
Community Reserve	424,298	18,400	(111,376)	331,322
Community Impact Legacy Reserve	465,776	20,198	(10,000)	475,974
Delta Rempel Capital Reserve	182,724	7,924	-	190,648
	<u>\$ 1,110,818</u>	<u>\$ 48,171</u>	<u>\$ (129,139)</u>	<u>\$ 1,029,850</u>

The Delta Rempel Community Impact Reserve is used to fund additional community impact ventures to grow the Society's reach to all edges of the Central Alberta community it serves, as well as to be used as a rainy day fund for external agencies when the loss of programs would result in poor outcomes for the community.

The Allocations Reserve is used as a rainy day fund specifically relating to member allocations expenditures.

The Operating Reserve is used as a rainy day fund specifically relating to our operating expenditures, not including member allocations expenditures.

The Technology Reserve is used to ensure the Society has the technology to operate effectively on an ongoing basis.

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Notes to the Financial Statements

March 31, 2020

12. Commitments

The Society has a premises lease which will expire March 31, 2021. The lease requires the following payments:

2021	\$	41,125
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The Society has entered into an agreement for IT Managed Services at a cost of \$1,685 per month for 36 months, ending February 28, 2021.

13. Grant Income

	<u>2020</u>	<u>2019</u>
Operating grants	\$ 115,000	\$ -
211 Community Phone Support	24,902	91,252
MEGlobal loaned representative sponsorship	17,011	7,163
Other	4,400	
Canada Summer Jobs grant	3,984	-
	<u>\$ 165,297</u>	<u>\$ 98,415</u>

14. Other Income

	<u>2020</u>	<u>2019</u>
Interest	\$ 25,771	\$ 48,793
Rental	15,071	15,276
Other	1,880	746
	<u>\$ 42,722</u>	<u>\$ 64,815</u>

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Notes to the Financial Statements

March 31, 2020

15. Allocations and Grants

	<u>2020</u>	<u>2019</u>
Allocations	\$ 1,077,350	\$ 1,090,659
Enmax Lights On Fund	30,000	-
Small grants	11,343	13,873
Legacy grants	-	10,000
	<u>\$ 1,118,693</u>	<u>\$ 1,114,532</u>

16. Cost Ratios

In its public communication, the Society provides stakeholders with information related to certain cost ratios. The calculation of these ratios is as follows:

	<u>2020</u>	<u>2019</u>
Fundraising Expenditures		
Direct costs	14%	12%
Associated general management and administration costs	8%	6%
	<u>22%</u>	<u>18%</u>
Program, Designation, and Allocations and Grants Expenditures		
Direct costs	83%	78%
Associated general management and administration costs	8%	7%
	<u>91%</u>	<u>85%</u>

These ratios were calculated on the total revenue (including unrealized and realized gains and losses), before deducting the pledge loss.

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Notes to the Financial Statements

March 31, 2020

17. Cost Allocation

The Society allocates its general management and administration expenses to fundraising and programs. General costs which do not pertain specifically to either function are considered administrative and are allocated to these functional areas.

During the year, management changed its policy for allocating these expenses. These allocations are now established based on management's estimates of the time spent in each functional area using the proportionate share of personnel expenses in each functional area. Management is confident this change will create more relevant and reliable information as the basis of calculation is more reliable.

The presentation of certain accounts in the previous year has been changed to conform to this policy change:

	2019 Previously Reported	Adjustment	2019 Restated
Fundraising expenses	\$ 383,151	\$ 14,034	\$ 397,185
Program expenses	\$ 479,412	\$ (14,034)	\$ 465,378

The above changes have caused no adjustments to Fund Balances.

Administrative costs are summarized on schedule 1, and have been allocated as follows:

	<u>2020</u>	<u>2019</u>
Fundraising expenses (schedule 2)	\$ 152,869	\$ 139,309
Program expenses (schedule 3)	<u>161,901</u>	<u>141,264</u>
	<u>\$ 314,770</u>	<u>\$ 280,573</u>

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Notes to the Financial Statements

March 31, 2020

18. Financial Instruments

The Society's financial instruments consist of cash, accounts receivable, pledges receivable, investments, accounts payable and accruals and allocations payable. It is management's opinion that the Society is not exposed to significant interest, currency, market, liquidity or credit risk arising from these financial instruments except as follows:

a) Emerging risk

The recent outbreak of the coronavirus (COVID-19) may affect the Society's operations. A novel strain of the coronavirus emerged in December 2019, and the virus has spread to Canada. The extent to which the coronavirus impacts the Society's operations will depend on future developments, which are highly uncertain and cannot be predicted at this time. In particular, the continued spread of the coronavirus could materially and adversely impact operations, including without limitation, employee health and productivity, ability to collect campaign revenue and ability to fundraise. Those factors may have a material and adverse effect on the Society, its financial condition and results of operations.

b) Credit risk

The Society is exposed to credit risk as it has received pledges for contributions. To mitigate this risk, the Society has recorded an allowance for uncollectible pledges based on historical losses and future expectations. Refer to note 18 a) describing the impact of the coronavirus on the Society.

c) Market risk

The Society is exposed to market price risk as certain investments include funds that are traded in the market. This risk is mitigated through an investment policy that sets a minimum percentage to be held in short-term investments and bonds and maximum percentages to be held in one specific corporate issue and in non-Canadian equities. Refer to note 18 a) describing the impact of the coronavirus on the Society.

d) Interest rate risk

The Society is exposed to interest rate price risk as certain cash and investments bear interest at fixed interest rates.

The Society is exposed to interest rate cash flow risk as certain investments bear interest at floating interest rates.

19. Comparative Amounts

The presentation of certain accounts in the previous year has been changed to conform to the presentation adopted in the current year.

UNITED WAY OF CENTRAL ALBERTA SOCIETY
Schedule 1: General Management and Administration Expenses
For the Year Ended March 31, 2020

	2020	2019 (restated - note 17)
Salaries and benefits	\$ 172,905	\$ 143,589
Rent and utilities	62,726	65,737
Information technology	23,726	24,656
Professional fees	18,958	18,668
Office administration	12,047	11,089
Repairs and maintenance	8,421	3,291
Meetings and conventions	5,240	4,887
Amortization	3,574	2,325
Insurance	3,212	3,334
Staff and volunteer support	2,579	11
Bank fees	865	1,411
Memberships	517	1,136
Office equipment	-	439
	<u>\$ 314,770</u>	<u>\$ 280,573</u>
Allocation to fundraising expenses (schedule 2)	(152,869)	(139,309)
Allocation to program expenses (schedule 3)	(161,901)	(141,264)
	<u>\$ -</u>	<u>\$ -</u>

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Schedule 2: Fundraising Expenses

For the Year Ended March 31, 2020

	2020	2019 (restated - note 17)
Salaries and benefits	\$ 200,963	\$ 193,148
Annual special events	41,286	35,762
Marketing	15,149	9,449
Donation processing fees	12,000	12,619
Information technology	8,074	6,236
Donor relationship management	819	662
Affinity groups	631	-
	<u>\$ 278,922</u>	<u>\$ 257,876</u>
Allocation of general management and administration expenses (schedule 1)	<u>152,869</u>	<u>139,309</u>
	<u><u>\$ 431,791</u></u>	<u><u>\$ 397,185</u></u>

UNITED WAY OF CENTRAL ALBERTA SOCIETY

Schedule 3: Program Expenses

For the Year Ended March 31, 2020

	2020	2019 (restated - note 17)
Salaries and benefits	\$ 213,955	\$ 195,859
211 Community Phone Support	25,004	102,880
United Way Centraide Canada	18,511	19,415
Community investment process	10,126	4,740
Information technology	1,241	1,220
	<u>\$ 268,837</u>	<u>\$ 324,114</u>
Allocation of general management and administration expenses (schedule 1)	161,901	141,264
	<u>\$ 430,738</u>	<u>\$ 465,378</u>