



Financial Statements

United Way of Thunder Bay

December 31, 2019

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Independent Auditor's Report

Grant Thornton LLP

Suite 300
979 Alloy Drive
Thunder Bay, ON
P7B 5Z8

T +1 807 345 6571

F +1 807 345 0032

To the Directors of
United Way of Thunder Bay

Qualified opinion

We have audited the financial statements of United Way of Thunder Bay ("the Organization"), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, operations and cash flows for the year 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 United Way of Thunder Bay as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenues from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cashflows from operations for the years ended December 31, 2019 and December 31, 2018, current assets as at December 31, 2019 and December 31, 2018, and net assets as at January 1 and December 31, for both 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018 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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 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 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Thunder Bay, Canada
May 26, 2020

Chartered Professional Accountants
Licensed Public Accountants

United Way of Thunder Bay

Statement of Financial Position

As at December 31	2019	2018
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	500,233	744,221
Accounts receivable	8,105	7,720
Harmonized Sales Tax receivable	12,875	15,031
Pledges receivable <i>[note 2]</i>	909,226	1,090,392
Investments <i>[note 3]</i>	315,212	264,181
Prepaid expenses	16,441	21,673
Total current assets	1,762,092	2,143,218
Capital assets, net <i>[note 4]</i>	20,665	27,330
	1,782,757	2,170,548
LIABILITIES AND NET ASSETS		
Current		
Allocations payable	16,994	994,013
Designations received, undistributed <i>[note 5]</i>	62,144	185,292
Accounts payable and accrued liabilities	7,581	9,786
Deferred grant and other revenue <i>[note 6]</i>	69,000	63,046
Deferred designation revenue	165,123	200,639
Obligation under capital lease due within one year <i>[note 8]</i>	1,082	374
Total current liabilities	321,924	1,453,150
Deferred capital contributions <i>[note 7]</i>	6,636	13,855
Obligation under capital lease <i>[note 8]</i>	4,898	-
Net assets		
Invested in capital assets <i>[note 9[a]]</i>	14,029	13,475
Restricted <i>[note 10]</i>		
Community Fund	691,748	-
Operational Reserve	442,765	440,386
The Tomorrow Fund	240,887	231,891
Unrestricted	59,870	17,791
Total net assets	1,449,299	703,543
	1,782,757	2,170,548

See accompanying notes to the financial statements.

On behalf of the Board:

Director

Director

United Way of Thunder Bay

Statement of Operations

Year ended December 31	2019	2018
	\$	\$
REVENUE [note 12]		
Donations and fundraising	1,655,448	1,602,620
Funds transferred from other United Ways	260,407	287,401
	1,915,855	1,890,021
Less doubtful pledges	52,090	48,087
	1,863,765	1,841,934
Community Program Grants		
Northern Policy Institute	1,546	3,127
NOHFC	22,132	10,725
Phones for Families	-	5,000
INSPIRIT Foundation	2,500	8,500
	26,178	27,352
Other		
Amortization of deferred capital contributions	7,219	10,043
Investment income	64,999	6,053
Other grants	1,582	5,953
	73,800	22,049
Total revenue	1,963,743	1,891,335
EXPENSES		
Fundraising expenses [schedule 1]	482,841	633,936
Net revenue available for programs	1,480,902	1,257,399
Program expenses		
Community Fund Allocations	85,979	838,113
Donor Designations	322,834	163,392
United Way Community Impact Activities [schedule 1]	331,333	261,443
Phones for Families	-	5,000
Total program expenses	740,146	1,267,948
Excess (deficiency) of revenue over expenses for year	740,756	(10,549)

See accompanying notes to the financial statements.

United Way of Thunder Bay

Statement of Cash Flows

Year ended December 31	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for year	740,756	(10,549)
Add charges (deduct credits) to earnings not involving a current payment (receipt) of cash		
Amortization	13,161	21,118
Amortization of deferred capital contributions	(7,219)	(10,043)
	746,698	526
Net change in non-cash working capital balances related to operations <i>[note 13]</i>	(943,765)	329,748
Cash provided by (used in) operating activities	(197,067)	330,274
INVESTMENT ACTIVITIES		
Purchase of capital assets <i>[note 4[b]]</i>	(6,496)	(6,548)
Decrease (increase) in investments <i>[note 3]</i>	(51,031)	185,750
Cash provided by (used in) investment activities	(57,527)	179,202
FINANCING ACTIVITIES		
Endowment contributions received <i>[note 10]</i>	5,000	4,998
Repayments of obligation under capital lease	(890)	(1,379)
Proceeds on obligations under capital lease	6,496	-
Cash provided by financing activities	10,606	3,619
Increase (decrease) in cash position during year	(243,988)	513,095
Cash position, beginning of year	744,221	231,126
Cash and cash equivalents, end of year	500,233	744,221

See accompanying notes to the financial statements.

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2019

GENERAL

United Way of Thunder Bay is a community impact organization that invests its resources in short and long-term solutions that address poverty, help children to be all that they can be, and support a healthy community. By funding community programs and services, and by actively participating in community collaborations, community facilitation and project management, United Way of Thunder Bay is able to leverage the opportunities and assets necessary to create lasting social change.

The United Way of Thunder Bay is incorporated under the laws of Ontario, is a local not-for-profit organization and is a public foundation under the Income Tax Act (Canada).

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and are within the framework of the significant accounting policies summarized below.

Revenue recognition

The Organization follows the deferral method of accounting for contributions, which includes campaign revenue. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donor designations which have externally imposed restrictions are initially deferred, and subsequently recognized as revenue in the period the designated agency is funded.

Campaign revenue is comprised of unrestricted contributions from the current period campaign achievement and designated contributions recognized in the period. An allowance for pledge loss is provided annually based on historical percentages for pledge collections and on actual collection experience.

Revenue from fundraising activities is recognized as revenue when the event has taken place, amounts can be estimated and collectability is reasonably assured.

Grant revenues are recognized as revenue when the related program expense is incurred.

Certain United Ways are requested to act on behalf of employers and employee groups as the coordinator of their national campaigns and to receive and disburse funds on behalf of other United Ways within local communities. These campaigns are known as Centrally Coordinated Campaigns ("CCC"). These funds are reported separately in revenue when received or receivable.

Endowment contributions are recognized as increases in net assets in the year in which they are received.

United Way of Thunder Bay

Notes to the Financial Statements

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When required by external restrictions, restricted investment income is accumulated with deferred contributions and recognized as revenue in the period in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Capital contributions

Capital contributions received for the purpose of acquiring capital assets are deferred and amortized on the same basis, and over the same periods, as the related capital asset.

Donations-in-kind

Materials and services

Donations of materials and services are not recorded unless the following two conditions are met: the fair market value of the donated goods and services can be reasonably estimated and the Organization would normally purchase the goods and services if not donated.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and other institutions with maturities of three months or less.

Investments

Investments are recorded at fair value.

Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value as at the date of contribution. Normal maintenance and repair items are expensed in the year incurred.

Amortization is provided on the straight-line basis at the rates set out below. It is expected that these procedures will charge operations with the cost of the capital assets over their estimated useful lives. Gain or loss on the disposal of individual assets is recognized in the statement of operations in the year of disposal.

Computer hardware	20%
Computer software	14% - 20%
Furniture and fixtures	20%
Leasehold improvements	20%
Photocopier	20%
Telephone system	20%

As required, these assets are tested for impairment.

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2019

Assets under capital lease

Assets under capital lease are accounted for at cost. The cost corresponds to the present value of the minimum lease payments. Amortization of assets under capital lease is calculated by the same method and rates as set out above.

Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Organization accounts for the following as financial instruments:

- cash and cash equivalents
- accounts receivable
- pledges receivable
- investments
- allocations payable
- accounts payable and accrued liabilities

A financial asset or liability is recognized when the Organization becomes party to contractual provisions of the instrument.

Measurement

Financial assets or liabilities obtained in arm's-length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Derecognition

The Organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Subsequent measurement

At each reporting date, the United Way measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash and cash equivalents, investments (GIC's), accounts receivable, pledges receivable, allocations payable, and accounts payable and accrued liabilities. Common shares and mutual funds traded in a public market are subsequently measured at fair value with changes in fair value charged to the statement of operations.

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2019

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the statement of operations.

Measurement estimates

Management reviews the carrying amount of items in the financial statements at each statement of financial position date to assess the need for revisions. Many items in the preparation of these financial statements require management's best estimate based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

Significant items subject to management estimates include:

<u>Financial statement element</u>	<u>Management estimate</u>
Pledges receivable	Allowance for doubtful pledges
Capital assets	Asset useful lives

2. PLEDGES RECEIVABLE

Details of year-end balances are as follows:

	2019	2018
	\$	\$
Pledges receivable		
Current year	853,514	1,024,634
Previous years	120,392	145,996
	973,906	1,170,630
Less allowance for doubtful pledges	64,680	80,238
	909,226	1,090,392

Pledges receivable, a substantial percentage of which are collectible from various employee groups, are recorded at the amounts pledged by the donors, less management's best estimate of amounts not collectible based on their past experience with similar pledges. The actual amounts collected may differ from the amounts recorded.

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2019

3. INVESTMENTS

Investments consist of the following:

	2019 \$	2018 \$
Common shares	11,500	20,844
Mutual funds	303,712	243,337
Investments	315,212	264,181

The common shares represent a donation of 2,300,000 KWG Resources Inc. common shares dating back to 2011 (note 5). Also included in 2018 are 100 shares of Royal Bank of Canada, which were donated in 2018.

The mutual funds are comprised of BMO Monthly High Income Fund II Class, BMO US Equity Class, Dynamic Power American Growth Fund, Fidelity CDN Disciplined Equity Class and Franklin Bissett CDN Equity Fund.

4. CAPITAL ASSETS

[a] Details of year-end capital asset balances are as follows:

	Cost \$	Accumulated amortization \$	2019 Net book value \$	2018 Net book value \$
Computer hardware	46,106	43,793	2,313	5,601
Computer software	58,189	46,371	11,818	20,364
Furniture and fixtures	24,139	23,510	629	1,365
Leasehold improvements	8,915	8,915	-	-
Telephone system	4,730	4,730	-	-
	142,079	127,319	14,760	27,330
Assets under capital lease				
Photocopier	6,496	591	5,905	-
	148,575	127,910	20,665	27,330

Amortization for the year is \$13,161 [2018 - \$21,118].

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2019

[b] Capital asset additions during the year were as follows:

	2019	2018
	\$	\$
Computer software	-	6,548
Photocopier	6,496	-
Total additions	6,496	6,548

5. DESIGNATIONS RECEIVED, UNDISTRIBUTED

Included in designations received, undistributed are 2,300,000 common shares of KWG Resources Inc., which were donated to United Way of Thunder Bay in 2011, subject to a written memorandum of understanding with KWG Resources Inc.

The memorandum of understanding requires United Way of Thunder Bay to sell the shares and remit the net proceeds, after an administrative fee, from the sale of the shares to be used for the acquisition, furnishing, and maintenance of residences for students attending the Dennis Franklin Cromarty High School. KWG Resources Inc. retains the right to determine the timing of the share sale and payment. See note 3.

6. DEFERRED GRANT AND OTHER REVENUE

Deferred grant revenue is comprised of:

	2019	2018
	\$	\$
J. Armand Bombardier Foundation	20,000	20,000
Tbaytel	10,000	-
Northern Policy Institute	-	1,546
Inspirit Foundation	39,000	41,500
	69,000	63,046

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions related to capital assets represent restricted contributions which were used to finance capital asset purchases and expenditures. The changes in the deferred capital contributions balance for the year are as follows:

	2019	2018
	\$	\$
Balance, beginning of year	13,855	23,898
Amount amortized to revenue in the year	(7,219)	(10,043)
Balance, end of year	6,636	13,855

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2019

8. OBLIGATION UNDER CAPITAL LEASE

The Organization has entered into a lease agreement for a photocopier. The interest rate implicit in the lease is 4.485% and expires in April, 2024. The future minimum annual lease payments, together with the balance of the obligation, are as follows:

	\$
2020	1,342
2021	1,342
2022	1,342
2023	1,342
2024	1,232
Total minimum lease payments	6,600
Less amounts representing interest	620
	5,980
Less current portion	1,082
	4,898

9. INVESTED IN CAPITAL ASSETS

[a] The net assets invested in capital assets consists of the following:

	2019 \$	2018 \$
Capital assets, net	20,665	27,330
Amounts financed by deferred capital contributions	(6,636)	(13,855)
Balance, end of year	14,029	13,475

[b] Change in net assets invested in capital assets is calculated as follows:

	2019 \$	2018 \$
Amortization of deferred capital contributions	7,219	10,043
Amortization of capital assets funded by capital contributions	(7,219)	(10,043)
Amortization of other capital assets	(5,942)	(11,075)
	(5,942)	(11,075)
Purchase of capital assets	6,496	6,548
	554	(4,527)

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2019

10. RESTRICTIONS ON NET ASSETS

The Board of Directors has placed several internal restrictions on the net assets of the Organization, as follows:

Community Fund

In keeping with the United Way of Thunder Bay's Community Impact Plan, the Board approved a new allocations process in 2019, designed to advance the United Way Focus area of a community free from poverty. In lieu of annual grants to funded agencies, investments will be made in community programs that support solutions related to the alleviation of poverty. Unrestricted funds generated from the 2019 campaign will be earmarked to the Community Fund and allocated to organizations in the 2020 fiscal year for vital community projects, services or initiatives that align with the United Way's community impact priorities.

The revenues presented in the 2019 Statement of Operations include the revenues generated by the 2019 annual campaign. The associated community investment expense will be recorded in the 2020 fiscal year, when the decisions regarding the allocations are made and distributed.

Operational Reserve

The Operational Reserve is to be used to finance general operating costs between campaigns and to cover one-time expenditures as approved by the Board of Directors.

While the Organization functions on a not-for-profit basis, it is deemed prudent to retain an accumulated reserve to provide for the contingencies noted above. The cap for this reserve has been established at 20% of the previous year's actual campaign achievement. An amount equivalent up to 1% of the prior year's net campaign revenue can be allocated to this reserve annually at the discretion of the Board. In 2019, the Board approved a transfer of \$nil from the reserve fund [2018 - \$nil]. Interest earned on the operational reserve investments is also allocated to the operational reserve and amounted to \$2,379 for 2019 [2018 - \$2,083].

The Tomorrow Fund

The Tomorrow Fund was established in 2009 as a permanent endowment fund to ensure that the Organization's tradition of caring continues into the future.

The Tomorrow Fund represents internally and externally designated amounts. Externally designated amounts refer to those gifts which have been specifically directed to The Tomorrow Fund by the donor. Internally designated amounts are bequests, memorial donations and other planned gifts that were donated to the Organization and have been transferred to The Tomorrow Fund by the Board. The Board of Directors may make the internally designated portion of The Tomorrow Fund available, should the circumstance warrant.

United Way of Thunder Bay

Notes to the Financial Statements

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Bequests, endowments, memorial donations and other planned gifts are encouraged, and will be directed to The Tomorrow Fund, unless the donor has indicated otherwise.

Any investment income earned on the funds endowed are allocated to the operations of the Organization for the Community Fund.

The Tomorrow Fund consists of the following designations:

	2019	2018
	\$	\$
Externally restricted	125,040	120,040
Internally restricted	115,847	111,851
	240,887	231,891

Endowment contributions of \$5,000 [2018 - \$4,998] have been added to The Tomorrow Fund on the statement of changes in net assets as described in note 1. These amounts are not included in revenue on the statement of operations.

11. COMMITMENTS

The Organization leases an office space under an operating lease which expires July 31, 2023. In addition to basic rent, the lease requires the Organization to pay for common costs to the premises.

The minimum rental payments before harmonized sales tax required under the terms of the lease for the next four years are as follows:

	\$
2020	114,219
2021	114,219
2022	114,219
2023	66,628
	409,285

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2019

12. DONATIONS AND FUNDRAISING

Donations and fundraising revenue reported on the statement of operations have been reported, net of fundraising costs, as follows:

	2019	2018
	\$	\$
Campaign donations and fundraising revenue	1,794,298	2,041,393
Donor designations related to current campaign	(201,277)	(314,764)
Donor designations paid during the year	322,834	163,392
Donations and fundraising revenue	1,915,855	1,890,021

13. STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2019	2018
	\$	\$
Decrease (increase) in current assets		
Accounts receivable	(385)	55,633
Harmonized Sales Tax receivable	2,156	(3,198)
Pledges receivable	181,166	189,877
Prepaid expenses	5,232	(20)
	188,169	242,292
Increase (decrease) in current liabilities		
Allocations payable	(977,019)	24,883
Designations received, undistributed	(123,148)	89,302
Accounts payable and accrued liabilities	(2,205)	(4,824)
Government remittances payable	-	(1,928)
Deferred grant and other revenue	5,954	8,374
Deferred designation revenue	(35,516)	(28,351)
	(1,131,934)	87,456
	(943,765)	329,748

14. DONATIONS-IN-KIND

[a] Sponsored employee representatives

During the year, the Organization received the benefit of services of "sponsored employee representatives" to assist with the 2019 campaign. A representative was provided by City of Thunder Bay. As the services of this individual would not otherwise have been purchased, the contribution is not reflected in these financial statements.

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2019

[b] Volunteers

Volunteers contribute their time to assist the United Way of Thunder Bay in carrying out its fundraising activities. Because of the difficulty of determining their fair value, these contributed services are not recognized in the financial statements.

15. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Organization assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments.

[a] Credit risk

Credit risk arises from cash and cash equivalents and credit exposures on outstanding pledges receivable. Cash and cash equivalents are held at major financial institutions minimizing any potential exposure to credit risk. Management annually assesses the balances in pledges receivables, and has provided an allowance for pledge loss based on historical percentages for pledge collections and on actual collection experience.

[b] Market risk

The Organization is subject to market risk on the investments carried at fair value. These investments are subject to market risk such that the fair value of these investments may change as a result of factors specific to a particular investment or as a result of factors affecting all instruments trading in the market. The Organization manages this risk by using an experienced portfolio manager.

[c] Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities. Liquidity risk is not considered to be significant.

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2019

16. TRANSPARENCY, ACCOUNTABILITY AND FINANCIAL REPORTING

The United Way of Thunder Bay follows the reporting guidelines as outlined in its membership agreement with United Way-Centraide Canada.

[a] General management and administrative expenditures are incurred to support functional areas and are allocated to fundraising and community impact activities expenses based on the estimated time spent in each area.

	2019 %	2018 %
To fundraising expenses	59.6	73.3
To community impact activities expenses	40.4	26.7

[b] Fundraising cost ratio

	2019 \$	2018 \$
Total revenue	1,963,743	1,891,335
Add: doubtful pledges	52,090	48,087
Total revenue for fundraising	2,015,833	1,939,422
Direct fundraising expenses <i>[schedule 1]</i>	285,447	393,265
Allocation of general management and administration <i>[schedule 1]</i>	197,394	240,671
Total fundraising expenses	482,841	633,936
	24.0%	32.7%

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2019

17. SUBSEQUENT EVENT

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Organization anticipates that 2020 revenue from fundraising events and donations will decline from 2019 levels due to the social distancing and other COVID-19 measures currently in place. The Organization anticipates that collectibility of pledges receivable may be negatively impacted. The Organization also has seen a decline in the fair market value of the mutual funds since year end.

The Organization has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods.

United Way of Thunder Bay Expenses

Schedule 1

Year ended December 31	2019	2018
	\$	\$
GENERAL MANAGEMENT AND ADMINISTRATIVE		
Amortization	13,161	21,118
Computers and equipment maintenance	29,516	20,956
Employee benefits	20,169	23,409
Mileage and parking	1,967	1,711
Occupancy	84,422	78,715
Office	38,698	39,280
Property taxes	16,717	16,851
Salaries	108,527	109,440
Telephone and communications	9,548	11,287
Utilities	9,055	9,069
	331,780	331,836
Allocation to Thunder Bay Counts	(733)	(3,500)
	331,047	328,336
Allocation to fundraising expenses <i>[note 16]</i>	(197,394)	(240,671)
Allocation to community impact activities <i>[note 16]</i>	(133,653)	(87,665)
	-	-
FUNDRAISING		
Advertising and public relations	31,041	27,029
Campaign supplies and contracted labour	31,899	44,109
Employee benefits	33,993	57,003
Salaries	181,587	263,580
Travel and training	6,927	1,544
	285,447	393,265
Allocation of general management and administrative expenditures to functional areas <i>[note 16]</i>	197,394	240,671
	482,841	633,936
UNITED WAY COMMUNITY IMPACT ACTIVITIES		
Community impact initiatives	145,966	116,777
Day of Caring	2,063	5,623
United Way of Canada membership	19,800	22,489
Diversity Counts	29,851	28,669
Thunder Bay Counts	-	220
	197,680	173,778
Allocation of general management and administrative expenditures to functional areas <i>[note 16]</i>	133,653	87,665
	331,333	261,443