



Financial Statements

United Way of Thunder Bay

December 31, 2020

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Independent Auditor's Report

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, 2020, and the statements of changes in net assets, operations and cash flows 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 United Way of Thunder Bay as at December 31, 2020, 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, 2020 and December 31, 2019, current assets as at December 31, 2020 and December 31, 2019, and net assets as at January 1 and December 31, for both 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 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 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
June 29, 2021

Chartered Professional Accountants
Licensed Public Accountants

United Way of Thunder Bay

Statement of Financial Position

As at December 31

	2020	2019
	\$	\$ <i>[restated - note 2]</i>
ASSETS		
Current		
Cash and cash equivalents	882,105	513,460
Accounts receivable	15,868	8,105
Harmonized Sales Tax receivable	12,396	12,875
Investments <i>[note 3]</i>	388,550	315,212
Prepaid expenses	39,502	16,441
Total current assets	1,338,421	866,093
Capital assets, net <i>[note 4]</i>	8,072	20,665
	1,346,493	886,758
LIABILITIES AND NET ASSETS		
Current		
Allocations payable	17,421	16,994
Designations received, undistributed <i>[note 5]</i>	123,146	62,144
Accounts payable and accrued liabilities	4,614	7,581
Deferred grant and other revenue <i>[note 6]</i>	137,395	69,000
Obligation under capital lease due within one year <i>[note 8]</i>	1,136	1,082
Long-term debt <i>[note 9]</i>	40,000	-
Total current liabilities	323,712	156,801
Deferred capital contributions <i>[note 7]</i>	-	6,636
Obligation under capital lease <i>[note 8]</i>	3,811	4,898
Net assets		
Invested in capital assets <i>[note 10[a]]</i>	8,072	14,029
Restricted <i>[note 11]</i>		
Community Fund	211,455	(39,128)
Operational Reserve	443,804	442,765
The Tomorrow Fund	261,839	240,887
Unrestricted	93,800	59,870
Total net assets	1,018,970	718,423
	1,346,493	886,758

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	2020	2019
	\$	\$ [restated - note 2]
REVENUE		
Donations and fundraising	1,901,229	2,051,136
	1,901,229	2,051,136
Community Program Grants		
Emergency community support funding and other COVID-19 assistance	964,005	-
Northern Policy Institute	-	1,546
NOHFC	21,158	22,132
INSPIRIT Foundation	39,000	2,500
	1,024,163	26,178
Other		
Amortization of deferred capital contributions	6,636	7,219
Investment income	62,795	64,999
Other	20,000	-
Other government assistance	33,981	1,582
	123,412	73,800
Total revenue	3,048,804	2,151,114
EXPENSES		
Fundraising expenses [schedule 1]	469,375	482,841
Net revenue available for programs	2,579,429	1,668,273
Program expenses		
Community Fund allocations	843,468	85,979
Donor Designations	206,894	322,834
United Way community impact activities [schedule 1]	353,940	331,333
COVID-19 seniors response allocations	112,011	-
Emergency community support allocations	782,269	-
Total program expenses	2,298,582	740,146
Excess of revenue over expenses for year	280,847	928,127

See accompanying notes to the financial statements.

United Way of Thunder Bay

Statement of Cash Flows

Year ended December 31	2020	2019
	\$	\$ [restated - note 2]
OPERATING ACTIVITIES		
Excess of revenue over expenses for year	280,847	928,127
Add charges (deduct credits) to earnings not involving a current payment (receipt) of cash		
Amortization	12,593	13,161
Amortization of deferred capital contributions	(6,636)	(7,219)
	286,804	934,069
Net change in non-cash working capital balances related to operations [note 13]	96,512	(1,117,909)
Cash provided by (used in) operating activities	383,316	(183,840)
INVESTMENT ACTIVITIES		
Purchase of capital assets [note 4[b]]	-	(6,496)
Decrease (increase) in investments [note 3]	(73,338)	(51,031)
Cash used in investment activities	(73,338)	(57,527)
FINANCING ACTIVITIES		
Endowment contributions received [note 11]	19,700	5,000
Repayments of obligation under capital lease	(1,033)	(890)
Proceeds from obligations under capital lease	-	6,496
Proceeds from long-term debt	40,000	-
Cash provided by financing activities	58,667	10,606
Increase (decrease) in cash position during year	368,645	(230,761)
Cash position, beginning of year	513,460	744,221
Cash and cash equivalents, end of year	882,105	513,460

See accompanying notes to the financial statements.

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2020

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.

Campaign and donation revenue is recognized in the period received. Donor designations are recognized as revenue in the period the designated agency is funded.

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.

Government assistance is recognized as revenue in the statement of operations.

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

December 31, 2020

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, 2020

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
- investments
- designations received, undistributed
- 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, allocations payable, designations received, undistributed 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, 2020

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:

Financial statement element

Management estimate

Capital assets

Asset useful lives

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2020

2. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2020, United Way of Thunder Bay changed its accounting policy for revenue recognition of campaign and donation revenue. In previous periods, campaign pledges and donations were recognized when pledged and a provision for uncollectible amounts was recorded to reduce pledges receivable and revenue. As of January 1, 2020, campaign and donation revenue is recognized when received. The United Way of Thunder Bay believes that the new method of recognition presents information in a manner that is more easily understood by users of the financial statements and aligns with timing of receipt of information from third parties. The change in accounting policy has been applied retrospectively.

	As previously presented	Restatement	As restated
	\$	\$	\$
Statement of financial position:			
Cash and cash equivalents	500,233	13,227	513,460
Pledges receivable	909,226	(909,226)	-
Total current assets	1,762,092	(895,999)	866,093
Total assets	1,782,757	(895,999)	886,758
Deferred designation revenue	165,123	(165,123)	-
Total current liabilities	321,924	(165,123)	156,801
Net assets - restricted assets - community fund	691,748	(730,876)	(39,128)
Total liabilities and assets	1,782,757	(895,999)	886,758

	As previously presented	Restatement	As restated
	\$	\$	\$
Statement of operations:			
Donations and fundraising	1,655,448	395,688	2,051,136
Funds transferred from other United Ways	260,407	(260,407)	-
Total donations and fundraising	1,915,855	135,281	2,051,136
Less doubtful pledges	(52,090)	52,090	-
Net donations and fundraising	1,863,765	187,371	2,051,136
Total revenue	1,963,743	187,371	2,151,114
Excess (deficiency) of revenue over expenses for year	740,756	187,371	928,127

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2020

	As previously presented \$	Restatement \$	As restated \$
Statement of changes in net assets:			
Net assets, beginning of year	703,543	(918,247)	(214,704)
Excess (deficiency) of revenue over expenses for year	740,756	187,371	928,127
Net assets, end of year	1,449,299	(730,876)	718,423

	As previously presented \$	Restatement \$	As restated \$
Statement of cash flows:			
Excess (deficiency) of revenue over expenses for year	740,756	187,371	928,127
Change in net change in non-cash working capital balances related to operations	(943,765)	(174,144)	(1,117,909)

3. INVESTMENTS

Investments consist of the following:

	2020 \$	2019 \$
Common shares	23,560	11,500
Mutual funds	364,990	303,712
Investments	388,550	315,212

The common shares represent a donation of 2,300,000 KWG Resources Inc. common shares dating back to 2011 (note 5) .

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.

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2020

4. CAPITAL ASSETS

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

	Cost \$	Accumulated amortization \$	2020 Net book value \$	2019 Net book value \$
Computer hardware	46,106	46,106	-	2,313
Computer software	58,189	54,916	3,273	11,818
Furniture and fixtures	24,139	24,064	75	629
Leasehold improvements	8,915	8,915	-	-
Telephone system	4,730	4,730	-	-
	142,079	138,731	3,348	14,760
Assets under capital lease				
Photocopier	6,496	1,772	4,724	5,905
	148,575	140,503	8,072	20,665

Amortization for the year is \$12,593 [2019 - \$13,161].

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

	2020 \$	2019 \$
Photocopier	-	6,496

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.

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2020

6. DEFERRED GRANT AND OTHER REVENUE

Deferred grant revenue is comprised of:

	2020	2019
	\$	\$
Emergency Community Support Funding	89,495	-
Musselwhite	10,000	-
Thunder Bay Community Foundation Initiative Project	14,400	-
Thunder Bay District Labour Council	3,500	-
J. Armand Bombardier Foundation	20,000	20,000
Tbaytel	-	10,000
Inspirit Foundation	-	39,000
	137,395	69,000

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:

	2020	2019
	\$	\$
Balance, beginning of year	6,636	13,855
Amount amortized to revenue in the year	(6,636)	(7,219)
Balance, end of year	-	6,636

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:

	\$
2021	1,342
2022	1,342
2023	1,342
2024	1,232
Total minimum lease payments	5,258
Less amounts representing interest	311
	4,947
Less current portion	1,136
	3,811

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2020

9. LONG-TERM DEBT

	2020 \$	2019 \$
Canada Emergency Business Account ("CEBA") loan payable, interest free with no scheduled payment required until December 31, 2022.	40,000	-

Principal repayments required over the next five years are as follows:

	\$
2022	40,000

In the current year, the Organization received the CEBA loan, which has a face value of \$60,000, of which \$20,000 is forgivable if \$40,000 is repaid by December 31, 2022. If the full amount has not been repaid by this date, the loan is converted to a 3-year term loan with interest at 5%. The Organization has recognized the \$20,000 forgivable portion as government assistance in the year.

10. INVESTED IN CAPITAL ASSETS

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

	2020 \$	2019 \$
Capital assets, net	8,072	20,665
Amounts financed by deferred capital contributions	-	(6,636)
Balance, end of year	8,072	14,029

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

	2020 \$	2019 \$
Amortization of deferred capital contributions	6,636	7,219
Amortization of capital assets funded by capital contributions	(6,636)	(7,219)
Amortization of other capital assets	(5,957)	(5,942)
	(5,957)	(5,942)
Purchase of capital assets	-	6,496
	(5,957)	554

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2020

11. 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 received in each campaign year will be earmarked to the Community Fund and allocated to organizations for vital community projects, services or initiatives that align with the United Way's community impact priorities.

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 2020, the Board approved a transfer of \$nil from the reserve fund [2019 - \$nil]. Interest earned on the operational reserve investments is also allocated to the operational reserve and amounted to \$1,039 for 2020 [2019 - \$2,379].

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

December 31, 2020

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:

	2020	2019
	\$	\$
Externally restricted	144,740	125,040
Internally restricted	117,099	115,847
	261,839	240,887

Endowment contributions of \$19,700 [2019 - \$5,000] 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.

12. 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 three years are as follows:

	\$
2021	114,219
2022	114,219
2023	66,628
	295,066

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2020

13. STATEMENT OF CASH FLOWS

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

	2020	2019
	\$	\$
		<i>[restated - note 2]</i>
Decrease (increase) in current assets		
Accounts receivable	(7,763)	(385)
Harmonized Sales Tax receivable	479	2,156
Prepaid expenses	(23,061)	5,232
	(30,345)	7,003
Increase (decrease) in current liabilities		
Allocations payable	427	(977,019)
Designations received, undistributed	61,002	(123,148)
Accounts payable and accrued liabilities	(2,967)	(2,205)
Deferred grant and other revenue	68,395	(22,540)
	126,857	(1,124,912)
	96,512	(1,117,909)

14. DONATIONS-IN-KIND

[a] Sponsored employee representatives

During the year, the Organization did not receive the benefit of services of "sponsored employee representatives" to assist with the 2020 campaign. In the past, as the services of this individual would not otherwise have been purchased, the contribution was not reflected in these financial statements.

[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.

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2020

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 accounts receivable, and has provided an allowance for potential uncollectible amounts.

[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, 2020

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.

	2020 %	2019 %
To fundraising expenses	57.3	59.6
To community impact activities expenses	42.7	40.4

[b] Fundraising cost ratio

	2020 \$	2019 \$
		<i>[restated - note 2]</i>
Total donations and fundraising	1,901,229	2,051,136
Total revenue for fundraising	1,901,229	2,051,136
Direct fundraising expenses <i>[schedule 1]</i>	281,214	285,447
Allocation of general management and administration <i>[schedule 1]</i>	188,161	197,394
Total fundraising expenses	469,375	482,841
	24.7%	23.5%

United Way of Thunder Bay

Notes to the Financial Statements

December 31, 2020

17. IMPACTS OF COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. In many countries, including Canada, businesses are being forced to cease or limit operations for long 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.

During the year, the United Way of Thunder Bay partnered with the Thunder Bay Community Foundation to assist in the local allocation of Emergency Community Support Funding (ECSF). The United Way of Thunder Bay received \$935,594 in funding to distribute to organizations serving persons less equipped to deal with the health, social and economic impacts of COVID-19. Also, the United Way of Thunder Bay received \$117,906 in funding from the United Way Centraide Canada from the COVID-19 Seniors Response reserve fund to distribute to organizations serving seniors to support the region and First Nations, remote communities. The Organization was able to access government assistance in the form of the Temporary Wage Subsidy, the Canada Emergency Wage Subsidy and the Canada Emergency Business Account to help offset salary costs and fund operating costs during the year.

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	2020	2019
	\$	\$
GENERAL MANAGEMENT AND ADMINISTRATIVE		
Amortization	12,593	13,161
Computers and equipment maintenance	28,001	29,516
Employee benefits	20,338	20,169
Mileage and parking	400	1,967
Occupancy	85,941	84,422
Office	35,336	38,698
Property taxes	16,751	16,717
Salaries	112,274	108,527
Telephone and communications	9,557	9,548
Utilities	7,341	9,055
	328,532	331,780
Allocation to Thunder Bay Counts	-	(733)
	328,532	331,047
Allocation to fundraising expenses <i>[note 16]</i>	(188,161)	(197,394)
Allocation to community impact activities <i>[note 16]</i>	(140,371)	(133,653)
	-	-
FUNDRAISING		
Advertising and public relations	44,970	31,041
Campaign supplies and contracted labour	32,400	31,899
Employee benefits	31,090	33,993
Salaries	171,932	181,587
Travel and training	822	6,927
	281,214	285,447
Allocation of general management and administrative expenditures to functional areas <i>[note 16]</i>	188,161	197,394
	469,375	482,841
UNITED WAY COMMUNITY IMPACT ACTIVITIES		
Community impact initiatives	151,457	145,966
Day of Caring	-	2,063
United Way of Canada membership	15,926	19,800
Diversity Counts	46,186	29,851
	213,569	197,680
Allocation of general management and administrative expenditures to functional areas <i>[note 16]</i>	140,371	133,653
	353,940	331,333