

Financial Statements of

**UNITED WAY OF  
CHATHAM-KENT**

Year ended December 31, 2011

# UNITED WAY OF CHATHAM-KENT

## Table of Contents

Year ended December 31, 2011

Independent Auditor's Report	Page 1
Financial Statements	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Schedule – Operating Expenses	12
Schedule – Program Expenses	13



8975 Middle Line, R.R. #5  
Blenheim, ON N0P 1A0  
phone: 519-676-2855  
fax: 519-676-5387  
email: cmuckle@ciaccess.com

## INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of United Way of Chatham-Kent which comprise the statement of financial position at as December 31, 2011 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgment, including assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, I consider internal controls relevant to the entity's preparation and fair presentation 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Blenheim, Ontario  
March 28, 2012

  
Christine Muckle Professional Corporation,  
Authorized to practice public accounting by The  
Institute of Chartered Accountants of Ontario

# UNITED WAY OF CHATHAM-KENT

## Statement of Financial Position

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 343,476	\$ 271,883
Investments	643,005	638,769
Pledges receivable (less allowance of \$100,000; 2010 - \$100,000)	1,241,853	1,226,677
Accrued interest receivable	-	5,302
Other receivables	25,583	29,738
Prepaid expenses	3,015	2,846
	<u>2,256,932</u>	<u>2,175,215</u>
Capital assets (note 2)	844,921	760,020
	<u>\$ 3,101,853</u>	<u>\$ 2,935,235</u>

## Liabilities, Deferred Contributions and Net Assets

Current liabilities		
Undistributed allocation to funded agencies	\$ 786,589	\$ 833,098
Accounts payable and accrued liabilities	26,098	67,470
Payable to other charities	125,497	98,304
Deferred contributions (note 3)	541,268	450,639
Current portion of mortgage payable	50,000	50,000
	<u>1,529,452</u>	<u>1,499,511</u>
Deferred capital contributions	119,883	18,500
Mortgage payable (note 4)	475,000	525,000
Net assets		
Restricted for endowment purposes (note 5)	190,283	183,861
Internally restricted (note 6)	496,583	492,583
Unrestricted	290,652	215,780
	<u>977,518</u>	<u>892,224</u>
Commitments (note 7)		
	<u>\$ 3,101,853</u>	<u>\$ 2,935,235</u>

See accompanying notes to financial statements.

Approved by the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# UNITED WAY OF CHATHAM-KENT

## Statement of Operations

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
<b>Revenue</b>		
Gross campaign revenue		
Corporate gifts	\$ 654,058	\$ 655,018
Employee workplace gifts	834,775	841,096
Individual gifts	170,984	168,882
Special events	215,860	284,698
Other United Ways	1,397	1,925
Announced campaign revenue	1,877,074	1,951,619
Less:		
Designations to United Way programs	(174,056)	(151,469)
Designations to non member charities	(131,755)	(100,071)
To other United Ways	(5,560)	(3,900)
Plus:		
United Way programs	172,344	171,371
Paid to non member charities	91,881	200,143
	1,829,928	2,067,693
Less:		
Allowance for uncollectible pledges	(100,000)	(100,000)
Recovery of prior year's pledges	17,204	21,031
	1,747,132	1,988,724
Interest revenue	5,834	20,496
Winter Warmth trustee fee	52,500	52,500
Rent	80,678	68,856
Ministry of Citizenship & Immigration	6,430	81,243
Fee for service and other income	21,959	18,950
<b>Total revenue</b>	<b>1,914,533</b>	<b>2,230,769</b>
<b>Expenses</b>		
Fundraising expenses	306,525	372,307
<b>Net revenue available for programs</b>	<b>1,608,008</b>	<b>1,858,462</b>
<b>Program expenses</b>		
Allocations and designations to recipient charities	918,480	1,072,631
United Way Community Impact Programs	608,490	638,862
	1,526,970	1,711,493
<b>Excess of revenue over expenses</b>	<b>\$ 81,038</b>	<b>\$ 146,969</b>

See accompanying notes to financial statements.

# UNITED WAY OF CHATHAM-KENT

Statement of Changes in Net Assets

Year ended December 31, 2011, with comparative figures for 2010

	Restricted for Endowment	Internally Restricted	Unrestricted	2011 Total	2010 Total
Balance, beginning of year	\$ 183,861	\$ 492,583	\$ 215,780	\$ 892,224	\$ 735,444
Excess of revenue over expenses (expenses over revenue)	2,166	-	78,872	81,038	146,969
Endowment contributions	4,256	-	-	4,256	5,070
Unrealized gain on available for sale investments	-	-	-	-	4,741
Internally restricted (note 6)	-	4,000	(4,000)	-	-
	\$ 190,283	\$ 496,583	\$ 290,652	\$ 977,518	\$ 892,224

# UNITED WAY OF CHATHAM-KENT

## Statement of Cash Flows

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Cash provide by (used in):		
Operations:		
Excess of revenue over expenses	\$ 77,672	\$ 146,969
Increase in:		
Endowment contributions	4,256	5,070
Deferred contributions	192,012	76,066
Amortization of capital assets which does not involve cash	19,503	13,039
Change in non-cash operating working capital	(67,446)	(55,294)
	<u>225,997</u>	<u>185,850</u>
Investments:		
Purchase of capital assets	(104,404)	(727,768)
Financing:		
Proceeds from mortgage payable	-	600,000
Mortgage payments	(50,000)	(25,000)
	<u>(50,000)</u>	<u>575,000</u>
Increase in cash	71,593	33,082
Cash and cash equivalents, beginning of year	271,883	238,801
Cash and cash equivalents, end of year	<u>\$ 343,476</u>	<u>\$ 271,883</u>

See accompanying notes to financial statements.

# UNITED WAY OF CHATHAM-KENT

## Notes to Financial Statements

Year ended December 31, 2011

---

United Way of Chatham-Kent is incorporated without share capital under the laws of Ontario. The Corporation's principal purpose is to develop teamwork among the social, philanthropic and charitable agencies servicing the community and their constituencies in the interest of the financial support of such agencies, and the effective planning and execution of the social service programs of this community. United Way's Mission Statement is "to improve lives and build community in Chatham-Kent". The Organization is a registered charity under The Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of The Income Tax Act are met.

### 1. Significant accounting policies

#### (a) Revenue recognition

The Organization follows the deferral method of accounting for contributions, which include donations and government grants.

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.

Externally restricted fund contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized.

Endowment contributions are recognized as direct increases in endowment net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

#### (b) Capital assets

Capital assets are stated at cost. Amortization is provided in the declining balance method at the following annual rates:

Building	2.5%
Equipment	20%

#### (c) Pledges receivable and allocations to participating agencies

Pledges receivable are recorded as an asset in the accounts, net of an allowance for uncollectible amounts. Since the funds to be distributed to the participating agencies in the following year are based on the expected realization of the current year's campaign pledges, the undistributed approved allocation to participating agencies is reflected in the balance sheet as a liability.

#### (d) Financial instruments classification

Cash is classified as held for trading. Term deposits are classified as held-to-maturity and are recorded at amortized cost. Equity investments are classified as available for sale and are reported at fair value at each balance sheet date, and any change in fair value is recognized in fund balances in the year in which the change takes place. Pledges receivable, accrued interest receivable and other receivables have been classified as loans and receivables and are reported at amortized cost using effective interest method. Undistributed allocation to funded agencies, accounts payable and accrued liabilities, payable to other charities and mortgage payable have been classified as other and are reported at amortized cost using effective interest method.



# UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2011

## 1. Significant accounting policies (continued)

### (e) Cash and cash equivalents

The United Way considers deposits in banks, and short-term investments with original maturities of three months or less as cash and cash equivalents.

### (f) Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

## 2. Capital assets

	Cost	Accumulated Amortization	2011 Net	2010 Net
Land	\$ 209,046	\$ -	\$ 209,046	\$ 209,046
Building	606,523	18,785	587,738	498,826
Equipment	211,606	181,969	29,637	33,648
United Way building at CSV	18,500	-	18,500	18,500
	\$ 1,045,675	\$ 200,754	\$ 844,921	\$ 760,020

## 3. Deferred contributions

Deferred contributions related to expenses of future periods represent unspent funds externally restricted grants and donations.

	2011	2010
Balance beginning of year	\$ 450,639	\$ 374,573
Contributions during the year	310,259	275,378
Expenditures	(219,630)	(199,312)
	\$ 541,268	\$ 450,639

## 4. Mortgage payable

The mortgage payable is without interest, repayable \$4,167 monthly, due June 28, 2014.

# UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2011

## 5. Net assets held for endowment purposes

The assets held in the eleven endowment funds are as follows:

	2011	2010
Donations		
Thomas W. Burke memorial fund	\$ 100,000	\$ 100,000
Cameron Carruthers memorial fund	3,923	3,873
Teri Craig memorial fund	1,942	1,942
Megan Benge memorial fund	17,160	15,640
Laura Bradley memorial fund	632	632
Scott Owen memorial fund	11,277	11,277
Jason Young memorial fund	1,090	1,090
Kirkwood Family Fund	13,282	13,282
Hetherington Family Fund	10,000	10,000
Shirley Mellow Fund	2,393	2,393
Richardson Fund	10,000	10,000
McNeill Fund	6,186	3,500
	177,885	173,629
Investment income		
Thomas W. Burke memorial fund	1,939	-
Cameron Carruthers memorial fund	871	796
Teri Craig memorial fund	1,013	975
Megan Benge memorial fund	2,781	2,478
Laura Bradley memorial fund	330	318
Scott Owen memorial fund	219	-
Jason Young memorial fund	21	-
Kirkwood Family Fund	3,768	4,511
Hetherington Family Fund	1,194	1,000
Shirley Mellow Fund	-	154
Richardson Fund	194	-
McNeill Fund	68	-
	12,398	10,232
	\$ 190,283	\$ 183,861

- (a) The Thomas W. Burke memorial fund is comprised of funds received from Mr. Burke's estate in 1981 and in-memoriam donations plus accumulated investment income. Investment income earned is to be used for Community Impact Grants.
- (b) Cameron Carruthers memorial fund is comprised of in-memoriam donations. Investment income earned is to be used for programs for youth education and counseling on substance abuse.
- (c) The Teri Craig memorial fund is comprised of in-memoriam donations and other fundraising revenue. Investment income earned is to be allocated to local charitable organizations in consultation with family members.

# UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2011

---

## 5. Net assets held for endowment purposes (continued)

- (d) The Megan Benge memorial fund is comprised of in-memoriam donations. Investment income earned is to be allocated in consultation with family members.
- (e) The Laura Bradley memorial fund is comprised of in-memoriam donations. Investment income earned is to be allocated in consultation with family members.
- (f) The Scott Owen memorial fund is comprised of in-memoriam donations and other fundraising revenue. Investment income earned is to be used for programs for suicide prevention.
- (g) The Jason Young memorial fund is comprised of in-memoriam donations. Investment income earned is to be allocated in consultation with family members.
- (h) The Kirkwood Family fund has been established with donations from the members of the Kirkwood Family, (the Executive Director's parents). All investment income is to be used to offset the cost of maintenance on the miniature United Way building constructed in the Chatham-Kent Children's Safety Village.
- (i) The Hetherington Family fund has been established with a gift from Michelle Hetherington received from her employer in recognition of her commitment to her community as campaign co-chair in 2003. Investment income earned is to be allocated in consultation with family members.
- (j) The Shirley Mellow fund has been established in memory of the first Executive Director of the Tilbury Information and Help Centre. Investment income earned is to be allocated for youth bursaries in Tilbury.
- (k) The Richardson fund was established with a gift from the James F. Richardson Foundation. Investment income earned is to be used for youth programs.
- (l) The McNeill memorial fund is comprised of in-memoriam donations and other fundraising revenue. Investment income earned is to be allocated in consultation with family members.

## 6. Net assets internally restricted

The Board of Directors have internally restricted funds to be used as follows:

	2011	2010
Operating	\$ 347,000	\$ 331,000
Funded agency reserve	113,000	121,000
Capital	12,583	12,583
Discretionary purposes	24,000	28,000
	<hr/>	<hr/>
	\$ 496,583	\$ 492,583

These internally restricted amounts are not available for other purposes without the approval of the Board of Directors.

# UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2011

---

## 7. Commitments

The United Way of Chatham-Kent has committed to allocating one-quarter of the total funding approved for 2011 to its member agencies for the first quarter of 2013 (approximately \$194,751).

Lease commitments:

The future minimum annual lease payments under operating leases for premises and equipment are as follows:

---

2012	\$	7,831
2013		7,831
2014		6,000
2015		3,000
	\$	24,662

---

## 8. Investment income

---

	2011	2010
Income on unrestricted resources	\$ 2,468	\$ 9,859
Income on restricted resources held for endowment	3,366	10,637
Total investment income earned	\$ 5,834	\$ 20,496

---

## 9. Allocation of general management and administration to fundraising and program expenses

General management and administration expenses are incurred to support functional areas and are allocated to fundraising and program expenses based on the wage cost on a person by person basis, occupancy costs on a square footage basis and other costs on a per employee basis.

---

	2011	2010
To fundraising expenses	\$ 27,763	\$ 50,495
To program expenses	49,716	69,332
	\$ 77,479	\$ 119,827

---

# UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2011

---

## 10. Winter Warmth

During 2009, United Way entered into a Trust Agreement to manage a legal settlement related to a class action against a utility. The United Way was charged with investing the settlement and administering the funds to be used to assist specific utility customers who qualify under the Winter Warmth Fund program. The Winter Warmth Fund provides assistance with utility bills to qualifying low-income individuals and families.

## 11. Fair value of financial assets and liabilities

### Fair value

The fair value of cash, pledges receivable, accrued interest receivable, other receivables, undistributed allocation to funded agencies, accounts payable and accrued liabilities, payable to other charities and deferred contributions approximate their carrying value due to the immediate or short-term maturity of these financial instruments. Investments are carried at fair value and are based on quoted market prices.

The fair value of the mortgage payable was approximately \$481,387 compared to a carrying value of \$525,000. Fair value has been calculated using the future cash flows (principal plus interest) of the outstanding mortgage payable discounted at current market rates of 3.95% available to the Corporation for the same or similar instruments.

### Credit risk

Pledges receivable are subject to credit risk. Cash and cash equivalents are held in credit worthy financial institutions.

### Market and interest rate risk

The risks associated with the investments are the risks associated with the securities in which the funds are invested. The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific companies or governments which issue the securities. The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equity securities.

## 12. Capital management

The United Way's objectives when managing capital are to develop and maintain a financial model and a capital expenditure process which supports the strategic directions of the United Way, and safeguards the United Way's ability to continue to provide benefits to the community.

The United Way monitors and assesses its financial performance to ensure its capital structure, consisting of net assets, is appropriately maintained. In order to maintain its capital structure, the United Way may engage in additional fundraising or adjust community investments.

The entity is not subject to any externally imposed capital requirements.

# UNITED WAY OF CHATHAM-KENT

## Schedule – Operating Expenses

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Salaries	\$ 508,574	\$ 488,562
Benefits	115,467	107,065
Parking and mileage	9,419	11,210
Equipment leases	15,508	11,693
Telephone	10,625	10,549
Office and computer	17,448	20,045
Campaign supplies	7,814	7,110
Postage	8,622	7,988
Occupancy costs	49,516	92,881
Insurance	9,746	10,558
Printing and photocopying	4,759	1,424
Program purchases	3,474	3,543
Volunteer training and recognition	3,441	1,252
Staff training	9,605	5,566
Meeting expenses	3,198	3,184
Professional fees	8,546	29,625
Bank charges	4,960	4,161
Resource material/membership	5,660	3,231
Amortization	19,503	13,039
	<b>\$ 815,885</b>	<b>\$ 832,686</b>
Allocated as follows:		
General management and administration	\$ 77,479	\$ 119,827
Fundraising	264,592	293,789
Community Impact Programs		
Community investment and agency relations	65,697	73,262
Volunteer & Information Chatham-Kent	45,334	58,893
Tilbury Information and Help Centre	98,236	86,874
Wallaceburg Information and Help Centre	62,893	59,555
Partnership development and community capacity building	89,007	124,804
The "425" Centre for Community Innovation	112,647	15,682
	<b>\$ 815,885</b>	<b>\$ 832,686</b>
Fundraising expenses		
Share of operating expenses	\$ 264,592	\$ 293,789
Direct fundraising expenses	14,170	28,023
Allocation of general management and administration expenses	27,763	50,495
	<b>\$ 306,525</b>	<b>\$ 372,307</b>

# UNITED WAY OF CHATHAM-KENT

## Schedule – Program Expenses

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
<b>Allocations and designations to member agencies</b>		
Aids Support Kent	\$ 36,760	\$ 38,500
Big Brothers Big Sisters of Chatham-Kent	99,663	99,250
Brain Injury Association of Chatham-Kent	29,380	36,250
Canadian Hearing Society	31,090	33,000
Canadian Mental Health Association-Kent	41,250	49,375
Canadian National Institute for the Blind	43,792	45,500
Canadian Red Cross Society	7,157	8,500
Chatham Block Parent Program	32,465	33,875
Chatham-Kent Family Y.M.C.A.	22,209	24,000
Chatham-Kent Student Breakfast Program	21,959	22,875
Chatham-Kent Integrated Children's Services	30,590	31,790
Epilepsy Support Centre	15,789	16,000
Family Service Kent	129,138	136,288
Learning Disabilities Association of Chatham-Kent	93,742	94,265
Restorative Justice	23,932	23,750
Sidestreets Youth Drop-In Centre	29,853	30,375
The Solid Rock Café Youth Centre	41,694	43,250
Victorian Order of Nurses	62,430	67,375
	792,893	834,218
Donor designations for sponsorships	16,250	12,000
Allocations and designations to non-member charities	91,881	200,143
Allocation to endowment fund	4,256	5,070
Grants from endowment fund	1,200	1,200
Community impact grants	12,000	20,000
	\$ 918,480	\$ 1,072,631
<b>United Way Community Impact Programs</b>		
Community investments and agency relations	\$ 65,697	\$ 73,262
Volunteer & Information Chatham-Kent	45,334	58,893
Tilbury Information and Help Centre	98,236	86,874
Wallaceburg Information and Help Centre	62,893	59,555
Partnership development and community capacity building	89,007	124,804
The "425" Centre for Community Innovation	112,647	15,682
MCI Youth Leadership Coordinator	6,430	-
Women's Leadership Council	43,772	49,266
Backpacks for Kids program	16,925	19,448
United Way of Canada – Centraide Canada dues	15,308	15,757
Other	2,525	65,989
Total direct program expenses	558,774	569,530
Allocation of general management and administrative expenses	49,716	69,332
	\$ 608,490	\$ 638,862