

Financial Statements of

**UNITED WAY OF
CHATHAM-KENT**

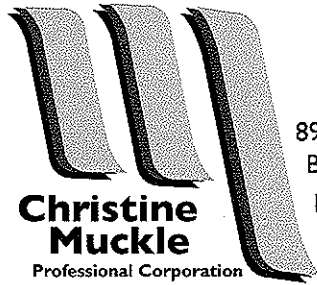
Year ended December 31, 2012

UNITED WAY OF CHATHAM-KENT

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
United Way of Chatham Kent

I have audited the accompanying financial statements of United Way of Chatham-Kent which comprise the statement of financial position at as December 31, 2012 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 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.

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.

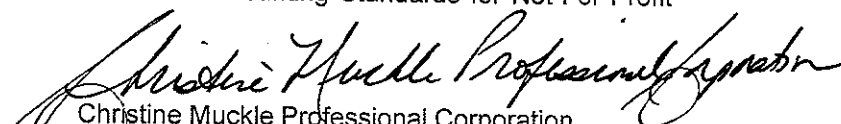
An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgment, including assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making 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 United Way of Chatham-Kent as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Blenheim, Ontario
March 27, 2013


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, 2012, with comparative figures for 2011

	2012	2011
Assets		
Current assets		
Cash and cash equivalents	\$ 675,260	\$ 343,476
Investments	647,776	643,005
Pledges receivable (less allowance of \$100,000; 2011 - \$100,000)	1,214,241	1,241,853
Other receivables	39,707	25,583
Prepaid expenses	3,823	3,015
	<u>2,580,807</u>	<u>2,256,932</u>
Capital assets (note 4)	856,148	844,921
	<u>\$ 3,436,955</u>	<u>\$ 3,101,853</u>

Liabilities, Deferred Contributions and Net Assets

Current liabilities		
Undistributed allocation to funded agencies	\$ 832,689	\$ 786,589
Accounts payable and accrued liabilities	101,764	26,098
Payable to other charities	122,044	125,497
Deferred contributions (note 5)	645,618	541,268
Current portion of mortgage payable	50,000	50,000
	<u>1,752,115</u>	<u>1,529,452</u>
Deferred capital contributions	142,030	119,883
Mortgage payable (note 6)	425,000	475,000
Net assets		
Restricted for endowment purposes (note 7)	205,554	190,283
Internally restricted (note 8)	486,750	496,583
Unrestricted	425,506	290,652
	<u>1,117,810</u>	<u>977,518</u>
Commitments (note 9)		
	<u>\$ 3,436,955</u>	<u>\$ 3,101,853</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, 2012, with comparative figures for 2011

	2012	2011
Revenue		
Gross campaign revenue		
Corporate gifts	\$ 788,267	\$ 654,058
Employee workplace gifts	824,991	834,775
Individual gifts	224,899	170,984
Special events	205,113	215,860
Other United Ways	2,573	1,397
Announced campaign revenue	2,045,843	1,877,074
Less:		
Designations to United Way programs	(182,719)	(174,056)
Designations to non member charities	(94,973)	(131,755)
To other United Ways	(9,715)	(5,560)
Plus:		
United Way programs	128,009	172,344
Paid to non member charities	179,574	91,881
	2,066,019	1,829,928
Less:		
Allowance for uncollectible pledges	(100,000)	(100,000)
Recovery of prior year's pledges	33,794	17,204
	1,999,813	1,747,132
Interest revenue	15,219	5,834
Winter Warmth trustee fee	52,500	52,500
Rent	61,950	80,678
Ministry of Citizenship & Immigration	97,396	6,430
Ontario Trillium Foundation – Prosperity Roundtable	38,159	-
Ontario Trillium Foundation – Drug Awareness Council	38,452	-
Fee for service and other income	16,116	21,959
Total revenue	2,319,605	1,914,533
Expenses		
Fundraising expenses	357,974	306,525
Net revenue available for programs	1,961,631	1,608,008
Program expenses		
Allocations and designations to recipient charities	1,039,679	918,480
United Way Community Impact Programs	786,683	608,490
	1,826,362	1,526,970
Excess of revenue over expenses	\$ 135,269	\$ 81,038

See accompanying notes to financial statements.

UNITED WAY OF CHATHAM-KENT

Statement of Changes in Net Assets

Year ended December 31, 2012, with comparative figures for 2011

	Restricted for Endowment	Internally Restricted	Unrestricted	2012 Total	2011 Total
Balance, beginning of year	\$ 190,283	\$ 496,583	\$ 290,652	\$ 977,518	\$ 892,224
Excess of revenue over expenses	10,248	-	125,021	135,269	81,038
Endowment contributions	5,023	-	-	5,023	4,256
Internally restricted (note 8)	-	(9,833)	9,833	-	-
	\$ 205,554	\$ 486,750	\$ 425,506	\$ 1,117,810	\$ 977,518

UNITED WAY OF CHATHAM-KENT

Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 135,269	\$ 81,038
Increase in:		
Endowment contributions	5,023	4,256
Deferred contributions	22,147	101,383
Amortization of capital assets which does not involve cash	21,561	19,503
Change in non-cash operating working capital	230,572	19,817
	414,572	225,997
Investments:		
Purchase of capital assets	(32,788)	(104,404)
Financing:		
Mortgage payments	(50,000)	(50,000)
Increase in cash	331,784	71,593
Cash and cash equivalents, beginning of year	343,476	271,883
Cash and cash equivalents, end of year	\$ 675,260	\$ 343,476

See accompanying notes to financial statements.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements

Year ended December 31, 2012

United Way of Chatham-Kent ("United Way") 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. Change in basis of accounting

These are the United Way's first financial statements prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO). In prior years, the United Way prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The impacts of this change are disclosed in note 3 of these financial statements.

2. Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO) accounting principles. The significant accounting policies are as follows:

(a) Revenue recognition

The United Way follows the deferral method of accounting for contributions. 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.

Grants are recognized as revenue as the service or program is provided.

(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.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2012

2. Significant accounting policies (continued)

(d) Financial instruments classification

Cash is classified as held for trading. Investments are classified as held-to-maturity and are recorded at amortized cost. 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.

(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.

(g) Use of estimates

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations requires United Way's management to make estimates and assumptions such as the useful life, amortization of assets and the allowance for doubtful pledges, that effect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from the United Way's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

3. Impact of the change in the basis of accounting

(a) Changes as a result of adoption of ASNPO

There were no restatements required as a result of applying the significant accounting policies as described in note 2.

(b) Elective exemptions used in the transition to ASNPO

There are no restatements required as a result of applying the elective exemptions.

(c) Adjustments to net assets at January 1, 2011

There are no adjustments to net assets as previously reported at January 1, 2011.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2012

3. Impact of the change in the basis of accounting (continued)

(d) Adjustments to statement of financial position as at January 1, 2011 and December 31, 2011

There are no adjustments to net assets as previously reported at January 1, 2011 as previously reported as at January 1, 2011 or December 31, 2011.

(e) Adjustments to statement of operations and changes in net assets for the year ended December 31, 2011

There were no restatements to the statement of operations or changes in net assets as previously reported for the year ending December 31, 2011.

(f) Adjustments to statement of cash flows for the year ended December 31, 2011

There were no adjustments required to presentation in the statement of cash flows presented at December 31, 2011.

4. Capital assets

	Cost	Accumulated Amortization	2012 Net	2011 Net
Land	\$ 209,046	\$ -	\$ 209,046	\$ 209,046
Building	628,670	33,415	595,255	587,738
Equipment	222,247	188,900	33,347	29,637
United Way building at CSV	18,500	-	18,500	18,500
	\$ 1,078,463	\$ 222,315	\$ 856,148	\$ 844,921

5. Deferred contributions

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

	2012	2011
Balance beginning of year	\$ 541,268	\$ 450,639
Contributions during the year	390,073	310,259
Expenditures	(285,723)	(219,630)
	\$ 645,618	\$ 541,268

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2012

6. Mortgage payable

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

7. Net assets held for endowment purposes

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

	2012	2011
Donations		
Thomas W. Burke memorial fund	\$ 100,000	\$ 100,000
Cameron Carruthers memorial fund	3,948	3,923
Teri Craig memorial fund	1,942	1,942
Megan Benge memorial fund	17,160	17,160
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	4,397	2,393
Richardson Fund	10,000	10,000
McNeill Fund	9,181	6,186
	182,909	177,885
Investment income		
Thomas W. Burke memorial fund	7,812	1,939
Cameron Carruthers memorial fund	1,102	871
Teri Craig memorial fund	1,127	1,013
Megan Benge memorial fund	3,789	2,781
Laura Bradley memorial fund	367	330
Scott Owen memorial fund	881	219
Jason Young memorial fund	85	21
Kirkwood Family Fund	4,548	3,768
Hetherington Family Fund	1,781	1,194
Shirley Mellow Fund	(59)	-
Richardson Fund	781	194
McNeill Fund	431	68
	22,645	12,398
	\$ 205,554	\$ 190,283

- (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.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2012

7. Net assets held for endowment purposes (continued)

- (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.
- (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.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2012

8. Net assets internally restricted

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

	2012	2011
Operating	\$ 105,000	\$ 347,000
Funded agency reserve	204,500	113,000
Capital	25,000	12,583
Community Impact Grants	102,250	-
Building fund	50,000	-
Discretionary purposes	-	24,000
	\$ 486,750	\$ 496,583

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

9. Commitments

The United Way of Chatham-Kent has committed to allocating one-quarter of the total funding approved for 2012 to its member agencies for the first quarter of 2013 (approximately \$212,500).

Lease commitments:

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

2013	\$ 7,831
2014	6,000
2015	3,000
	\$ 16,831

10. Investment income

	2012	2011
Income on unrestricted resources	\$ 4,771	\$ 2,468
Income on restricted resources held for endowment	10,448	3,366
Total investment income earned	\$ 15,219	\$ 5,834

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2012

11. 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.

	2012	2011
To fundraising expenses	\$ 28,940	\$ 27,763
To program expenses	51,656	49,716
	\$ 80,596	\$ 77,479

12. 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.

13. Fair value of financial assets and liabilities

Fair value

The fair value of cash, pledges 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 \$449,976 compared to a carrying value of \$475,000. 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

The United Way collects pledges from donors in the normal course of its operations and maintains a provision for pledge losses. Due to the nature of pledges, the United Way is not able to reduce its credit risk.

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 fixed income securities will generally rise if interest rates fall and fall if interest rates rise.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2012

13. Fair value of financial assets and liabilities (continued)

Concentration of risk

In management's opinion the United Way is not exposed to any significant concentrations of risk.

Liquidity risk

In management's opinion the United Way is not exposed to any significant liquidity risk.

Foreign currency risk

In management's opinion the United Way is not exposed to any significant foreign currency risk.

14. 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, 2012, with comparative figures for 2011

	2012	2011
Salaries	\$ 522,039	\$ 508,574
Benefits	121,051	115,467
Parking and mileage	10,406	9,419
Equipment leases	9,514	15,508
Telephone	10,437	10,625
Office and computer	19,777	17,448
Campaign supplies	11,564	7,814
Postage	8,652	8,622
Occupancy costs	53,678	49,516
Insurance	11,764	9,746
Printing and photocopying	7,279	4,759
Program purchases	3,538	3,474
Volunteer training and recognition	4,166	3,441
Staff training	5,771	9,605
Meeting expenses	1,577	3,198
Professional fees	7,068	8,546
Bank charges	10,240	4,960
Resource material/membership	2,573	5,660
Amortization	21,561	19,503
	\$ 842,655	\$ 815,885
Allocated as follows:		
General management and administration	\$ 80,596	\$ 77,479
Fundraising	273,643	264,592
Community Impact Programs		
Community investment and agency relations	68,257	65,697
Volunteer & Information Chatham-Kent	47,294	45,334
Tilbury Information and Help Centre	98,705	98,236
Wallaceburg Information and Help Centre	64,691	62,893
Partnership development and community capacity building	92,463	89,007
The "425" Centre for Community Innovation	117,006	112,647
	\$ 842,655	\$ 815,885
Fundraising expenses		
Share of operating expenses	\$ 273,643	\$ 264,592
Direct fundraising expenses	55,391	14,170
Allocation of general management and administration expenses	28,940	27,763
	\$ 357,974	\$ 306,525

UNITED WAY OF CHATHAM-KENT

Schedule – Program Expenses

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Allocations and designations to member agencies		
Aids Support Kent	\$ 39,087	\$ 36,760
Big Brothers Big Sisters of Chatham-Kent	104,304	99,663
Brain Injury Association of Chatham-Kent	34,102	29,380
Canadian Hearing Society	30,863	31,090
Canadian Mental Health Association-Kent	39,000	41,250
Canadian National Institute for the Blind	44,931	43,792
Canadian Red Cross Society	3,917	7,157
Chatham Block Parent Program	32,203	32,465
Chatham-Kent Family Y.M.C.A.	23,403	22,209
Chatham-Kent Student Breakfast Program	27,903	21,959
Chatham-Kent Integrated Children's Services	36,863	30,590
Epilepsy Support Centre	15,930	15,789
Family Service Kent	140,875	129,138
Learning Disabilities Association of Chatham-Kent	97,581	93,742
Restorative Justice	25,694	23,932
Sidestreets Youth Drop-In Centre	29,868	29,853
The Solid Rock Café Youth Centre	41,815	41,694
Victorian Order of Nurses	66,111	62,430
	834,450	792,893
Donor designations for sponsorships	14,000	16,250
Allocations and designations to non-member charities	128,009	91,881
Allocation to endowment fund	3,020	4,256
Grants from endowment fund	200	1,200
Community impact grants	60,000	12,000
	\$ 1,039,679	\$ 918,480
United Way Community Impact Programs		
Community investments and agency relations	\$ 68,257	\$ 65,697
Volunteer & Information Chatham-Kent	47,294	45,334
Tilbury Information and Help Centre	98,705	98,236
Wallaceburg Information and Help Centre	64,691	62,893
Partnership development and community capacity building	92,463	89,007
The "425" Centre for Community Innovation	117,006	112,647
MCI Youth Engagement Project	88,572	6,430
Prosperity Roundtable	32,667	-
Drug Awareness Council	33,727	-
Women's Leadership Council	59,738	43,772
Backpacks for Kids program	13,823	16,925
United Way of Canada – Centraide Canada dues	18,000	15,308
Other	84	2,525
Total direct program expenses	735,027	558,774
Allocation of general management and administrative expenses	51,656	49,716
	\$ 786,683	\$ 608,490