

Financial Statements of

**UNITED WAY OF
CHATHAM-KENT**

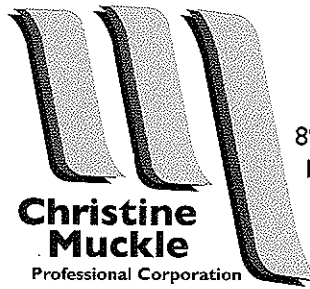
Year ended December 31, 2014

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, 2014 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.

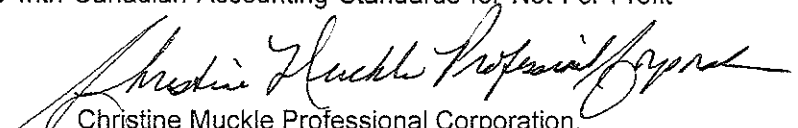
An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgment, including assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making 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, 2014, 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 25, 2015


 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, 2014, with comparative figures for 2013

	2014	2013
Assets		
Current assets		
Cash and cash equivalents	\$ 838,246	\$ 328,381
Investments	422,700	796,449
Pledges receivable (less allowance of \$100,000; 2013 - \$100,000)	1,174,495	1,184,743
Other receivables	85,387	98,456
Prepaid expenses	3,892	3,823
	<u>2,524,720</u>	<u>2,411,852</u>
Capital assets (note 2)	819,752	837,640
	<u>\$ 3,344,472</u>	<u>\$ 3,249,492</u>

Liabilities, Deferred Contributions and Net Assets

Current liabilities		
Undistributed allocation to funded agencies	\$ 774,931	\$ 772,708
Accounts payable and accrued liabilities	69,193	107,933
Payable to other charities	122,774	126,258
Deferred contributions (note 3)	710,357	601,645
Current portion of mortgage payable	23,333	425,000
	<u>1,700,588</u>	<u>2,033,544</u>
Deferred capital contributions	135,931	138,942
Mortgage payable (note 4)	315,500	-
Net assets		
Restricted for endowment purposes (note 5)	233,207	217,591
Internally restricted (note 6)	546,184	566,184
Unrestricted	413,062	293,231
	<u>1,192,453</u>	<u>1,077,006</u>
Commitments (note 7)		
	<u>\$ 3,344,472</u>	<u>\$ 3,249,492</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, 2014, with comparative figures for 2013

	2014	2013
Revenue		
Gross campaign revenue		
Corporate gifts	\$ 668,676	\$ 706,838
Employee workplace gifts	799,563	779,685
Individual gifts	192,919	176,867
Special events	250,257	184,317
Other United Ways	2,760	2,752
Announced campaign revenue	1,914,175	1,850,459
Less:		
Designations to United Way programs	(176,236)	(168,059)
Designations to non member charities	(98,625)	(86,297)
To other United Ways	(10,674)	(15,868)
Plus:		
United Way programs	196,712	152,421
Paid to non member charities	110,075	91,377
	1,935,427	1,824,033
Less:		
Allowance for uncollectible pledges	(100,000)	(100,000)
Recovery of prior year's pledges	66,228	34,348
	1,901,655	1,758,381
Interest revenue	22,325	20,808
Winter Warmth trustee fee	52,500	52,500
Rent	47,564	56,608
Ministry of Citizenship & Immigration	68,100	94,473
Ontario Trillium Foundation – Prosperity Roundtable	48,141	67,821
Ontario Trillium Foundation – Drug Awareness Council	28,426	70,411
Ontario Trillium Foundation – Chatham-Kent Non-Profit Network	23,795	-
Fee for service and other income	43,358	44,498
Total revenue	2,235,864	2,165,500
Expenses		
Fundraising expenses	379,868	412,115
Net revenue available for programs	1,855,996	1,753,385
Program expenses		
Allocations and designations to recipient charities	955,656	945,265
United Way Community Impact Programs	788,193	852,174
	1,743,849	1,797,439
Excess of revenue over expenses (expenses over revenue)	\$ 112,147	\$ (44,054)

See accompanying notes to financial statements.

UNITED WAY OF CHATHAM-KENT

Statement of Changes in Net Assets

Year ended December 31, 2014, with comparative figures for 2013

	Restricted for Endowment	Internally Restricted	Unrestricted	2014 Total	2013 Total
Balance, beginning of year	\$ 217,591	\$ 566,184	\$ 293,231	\$ 1,077,006	\$ 1,117,810
Excess of revenue over expenses	12,316	-	99,831	112,147	(44,054)
Endowment contributions	3,300	-	-	3,300	3,250
Internally restricted (note 8)	-	(20,000)	20,000	-	-
	\$ 233,207	\$ 546,184	\$ 413,062	\$ 1,192,453	\$ 1,077,006

UNITED WAY OF CHATHAM-KENT

Statement of Cash Flows

Year ended December 31, 2014, with comparative figures for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses (expenses over revenue)	\$ 112,147	\$ (44,054)
Increase in:		
Endowment contributions	3,300	3,250
Deferred contributions	108,712	(43,973)
Items not involving cash:		
Amortization of capital assets	20,749	21,888
Amortization of deferred capital contributions	(3,011)	(3,088)
Change in non-cash operating working capital	(16,753)	(227,522)
	225,144	293,499
Investments:		
Purchase of capital assets	(2,861)	(3,380)
Sale of investments	373,749	-
	370,888	(3,380)
Financing:		
Mortgage payments	(86,167)	(50,000)
Increase (decrease) in cash	509,865	(346,879)
Cash and cash equivalents, beginning of year	328,381	675,260
Cash and cash equivalents, end of year	\$ 838,246	\$ 328,381

See accompanying notes to financial statements.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements

Year ended December 31, 2014

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. 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.

(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.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2014

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.

(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.

2. Capital assets

	Cost	Accumulated Amortization	2014 Net	2013 Net
Land	\$ 209,046	\$ -	\$ 209,046	\$ 209,046
Building	628,670	62,805	565,865	580,374
Equipment	228,487	202,146	26,341	29,720
United Way building at CSV	18,500	-	18,500	18,500
	\$ 1,084,703	\$ 264,951	\$ 819,752	\$ 837,640

3. Deferred contributions

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

	2014	2013
Balance beginning of year	\$ 601,643	\$ 645,618
Contributions during the year	365,693	277,174
Expenditures	(250,949)	(321,147)
	\$ 716,387	\$ 601,645

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2014

4. Mortgage payable

The mortgage payable without interest was replaced with a Prime plus .5% mortgage, repayable \$1,944 monthly plus interest, due June 28, 2019. Interest paid on the mortgage in 2014 was \$5,919 (2013- \$nil).

Principal due on mortgage payable over the next five years is as follows:

2015	\$ 23,333
2016	23,333
2017	23,333
2018	23,333
2019	245,001

5. Net assets held for endowment purposes

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

	2014	2013
Donations		
Thomas W. Burke memorial fund	\$ 100,000	\$ 100,000
Cameron Carruthers memorial fund	3,948	3,948
Teri Craig memorial fund	1,942	1,942
Megan Bengé 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	4,397
Richardson fund	10,000	10,000
McNeill fund	15,731	12,431
	189,459	186,159
Investment income		
Thomas W. Burke memorial fund	21,617	13,819
Cameron Carruthers memorial fund	1,647	1,339
Teri Craig memorial fund	1,395	1,244
Megan Bengé memorial fund	6,158	4,820
Laura Bradley memorial fund	454	405
Scott Owen memorial fund	2,438	1,558
Jason Young memorial fund	235	150
Kirkwood Family fund	3,382	3,346
Hetherington Family fund	2,161	2,382
Shirley Mellow fund	148	5
Richardson fund	2,161	1,382
McNeill fund	1,952	982
	43,748	31,432
	\$ 233,207	\$ 217,591

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2014

5. Net assets held for endowment purposes (continued)

- (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.
- (d) The Megan Bengé 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 CEO'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, 2014

6. Net assets internally restricted

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

	2014	2013
Operating	\$ 105,000	\$ 105,000
Funded agency reserve	234,500	204,500
Capital	75,000	75,000
Community Impact Grants	102,250	102,250
Building fund	29,434	79,434
	\$ 546,184	\$ 566,184

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

7. Commitments

The United Way of Chatham-Kent has committed to allocating one-quarter of the total funding approved for 2015 to its member agencies for the first quarter of 2016 (approximately \$195,932).

Lease commitments:

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

2015	\$12,873
2016	9,873
2017	1,005
2018	1,005
	\$ 24,756

8. Investment income

	2014	2013
Income on unrestricted resources	\$ 7,809	\$ 9,821
Income on restricted resources held for endowment	14,516	10,987
Total investment income earned	\$ 22,325	\$ 20,808

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2014

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.

	2014	2013
To fundraising expenses	\$ 31,297	\$ 31,971
To program expenses	49,836	49,385
	\$ 81,133	\$ 81,356

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, other receivables, undistributed allocation to funded agencies, accounts payable and accrued liabilities, payable to other charities, deferred contributions and mortgage payable 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.

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.

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.

UNITED WAY OF CHATHAM-KENT

Schedule – Operating Expenses

Year ended December 31, 2014, with comparative figures for 2013

	2014	2013
Salaries	\$ 546,835	\$ 568,386
Benefits	120,284	116,720
Parking and mileage	8,796	8,223
Equipment leases	9,279	10,840
Telephone	11,496	10,230
Advertising	12,806	91
Office and computer	15,737	13,797
Campaign supplies	8,248	9,832
Postage	7,342	7,356
Occupancy costs	57,030	55,083
Insurance	10,231	10,075
Printing and photocopying	7,260	8,296
Program purchases	6,883	10,678
Volunteer training and recognition	2,982	2,045
Donor recognition	-	90
Staff training	6,760	15,182
Meeting expenses	1,796	2,688
Professional fees	11,658	7,832
Bank charges	7,981	8,171
Resource material/membership	2,410	6,219
Amortization	20,749	21,888
	\$ 876,563	\$ 893,722
Allocated as follows:		
General management and administration	\$ 81,133	\$ 81,356
Fundraising	306,834	319,234
Community Impact Programs		
Community investment and agency relations	173,344	160,479
Volunteer & Information Chatham-Kent	45,244	45,380
Tilbury Information and Help Centre	88,649	101,411
Wallaceburg Information and Help Centre	65,328	68,390
The "425" Centre for Community Innovation	116,031	117,472
	\$ 876,563	\$ 893,722
Fundraising expenses		
Share of operating expenses	\$ 306,834	\$ 319,234
Direct fundraising expenses	41,737	60,910
Allocation of general management and administration expenses	31,297	31,971
	\$ 379,868	\$ 412,115

UNITED WAY OF CHATHAM-KENT

Schedule – Program Expenses

Year ended December 31, 2014, with comparative figures for 2013

	2014	2013
Allocations and designations to member agencies		
Aids Support Kent	\$ 34,350	\$ 35,763
Big Brothers Big Sisters of Chatham-Kent	111,525	95,950
Brain Injury Association of Chatham-Kent	29,963	32,588
Canadian Hearing Society	24,350	26,013
Canadian Mental Health Association-Kent	29,350	31,763
Canadian National Institute for the Blind	41,800	41,375
Chatham Block Parent Program	29,600	30,313
Chatham-Kent Family Y.M.C.A.	16,350	20,513
Chatham-Kent Women's Centre	26,738	-
Chatham-Kent Student Breakfast Program	29,788	29,363
Chatham-Kent Integrated Children's Services	38,212	37,762
Epilepsy Support Centre	17,950	16,000
Family Service Kent	122,350	128,137
Learning Disabilities Association of Chatham-Kent	91,338	91,762
Restorative Justice	8,405	26,494
Sidestreets Youth Drop-In Centre	27,624	28,218
The Solid Rock Café Youth Centre	39,600	40,200
Victorian Order of Nurses	68,588	65,224
	787,881	777,438
Donor designations for sponsorships	12,200	12,000
Allocations and designations to non-member charities	110,075	91,377
Allocation to endowment fund	3,300	3,250
Grants from endowment fund	2,200	1,200
Community impact grants	40,000	60,000
	\$ 955,656	\$ 945,265
United Way Community Impact Programs		
Community investments and agency relations	\$ 173,344	\$ 160,479
Volunteer & Information Chatham-Kent	45,244	45,380
Tilbury Information and Help Centre	88,649	101,411
Wallaceburg Information and Help Centre	65,328	68,390
The "425" Centre for Community Innovation	116,031	117,472
MCI Youth Engagement Project	58,558	84,873
Prosperity Roundtable	44,808	62,821
Drug Awareness Council	26,548	66,211
Chatham-Kent Non-Profit Network	20,595	-
Women's Leadership Council	63,530	54,652
Backpacks for Kids program	14,647	16,645
United Way of Canada – Centraide Canada dues	18,000	16,534
Other grants	3,075	7,921
Total direct program expenses	738,357	802,789
Allocation of general management and administrative expenses	49,836	49,385
	\$ 788,193	\$ 852,174