

Financial Statements of

**UNITED WAY OF
CHATHAM-KENT**

Year ended December 31, 2015

UNITED WAY OF CHATHAM-KENT

Table of Contents

Year ended December 31, 2015

	Page
Independent Auditor's Report	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	13
Schedule – Program Expenses	14



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

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, 2015 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, 2015, 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 23, 2016

A handwritten signature in black ink that reads "Christine Muckle Professional Corporation".

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

UNITED WAY OF CHATHAM-KENT

Statement of Financial Position

Year ended December 31, 2015, with comparative figures for 2014

	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 865,907	\$ 838,246
Investments	429,263	422,700
Pledges receivable (less allowance of \$100,000; 2014 - \$100,000)	1,184,005	1,174,495
Other receivables	1,459	69,126
Government remittances receivable	18,874	16,261
Prepaid expenses	3,904	3,892
	<u>2,503,412</u>	<u>2,524,720</u>
Capital assets (note 2)	804,397	819,752
	<u>\$ 3,307,809</u>	<u>\$ 3,344,472</u>

Liabilities, Deferred Contributions and Net Assets

Current liabilities		
Undistributed allocation to funded agencies	\$ 735,798	\$ 774,931
Accounts payable and accrued liabilities	77,466	69,193
Payable to other charities	136,819	122,774
Deferred contributions (note 3)	675,062	710,357
Current portion of mortgage payable	23,333	23,333
	<u>1,648,478</u>	<u>1,700,588</u>
Deferred capital contributions	132,995	135,931
Mortgage payable (note 4)	292,167	315,500
Net assets		
Restricted for endowment purposes (note 5)	232,007	233,207
Internally restricted (note 6)	556,184	546,184
Unrestricted	445,978	413,062
	<u>1,234,169</u>	<u>1,192,453</u>
Commitments (note 7)		
	<u>\$ 3,307,809</u>	<u>\$ 3,344,472</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, 2015, with comparative figures for 2014

	2015	2014
Revenue		
Gross campaign revenue		
Corporate gifts	\$ 705,578	\$ 668,676
Employee workplace gifts	775,570	799,563
Individual gifts	190,387	192,919
Special events	180,054	250,257
Other United Ways	1,110	2,760
Announced campaign revenue	1,852,699	1,914,175
Less:		
Designations to United Way programs	(142,131)	(176,236)
Plus:		
United Way programs	168,709	193,761
	1,879,277	1,931,700
Less:		
Allowance for uncollectible pledges	(100,000)	(100,000)
Recovery of prior year's pledges	42,594	66,228
	1,821,871	1,897,928
Interest revenue	5,774	22,325
Winter Warmth trustee fee	52,500	52,500
Rent	31,706	38,464
Ministry of Citizenship & Immigration	45,388	68,100
Ontario Trillium Foundation/Municipality – Prosperity Roundtable	72,527	48,141
Change the World	28,384	19,462
Ontario Trillium Foundation – Drug Awareness Council	-	28,426
Ontario Trillium Foundation – Chatham-Kent Non-Profit Network	83,469	23,795
Fee for service and other income	26,337	50,565
Total revenue	2,167,956	2,249,706
Expenses		
Fundraising expenses	396,689	379,868
Net revenue available for programs	1,771,267	1,869,838
Program expenses		
Allocations and designations to recipient charities	884,015	954,880
United Way Community Impact Programs	845,536	802,811
	1,729,551	1,757,691
Excess of revenue over expenses	\$ 41,716	\$ 112,147

See accompanying notes to financial statements.

UNITED WAY OF CHATHAM-KENT

Statement of Changes in Net Assets

Year ended December 31, 2015, with comparative figures for 2014

	Restricted for Endowment	Internally Restricted	Unrestricted	2015 Total	2014 Total
Balance, beginning of year	\$ 233,207	\$ 546,184	\$ 413,062	\$ 1,192,453	\$ 1,077,006
Excess of revenue over expenses (expenses over revenue)	(1,200)	-	42,916	41,716	112,147
Endowment contributions	-	-	-	-	3,300
Internally restricted (note 8)	-	10,000	(10,000)	-	-
	\$ 232,007	\$ 556,184	\$ 445,978	\$ 1,234,169	\$ 1,192,453

UNITED WAY OF CHATHAM-KENT

Statement of Cash Flows

Year ended December 31, 2015, with comparative figures for 2014

	2015	2014
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 41,716	\$ 112,147
Increase (decrease) in:		
Endowment contributions	-	3,300
Deferred contributions	(35,295)	108,712
Items not involving cash:		
Amortization of capital assets	19,878	20,749
Amortization of deferred capital contributions	(2,936)	(3,011)
Change in non-cash operating working capital	38,717	(16,753)
	<u>62,080</u>	<u>225,144</u>
Investments:		
Purchase of capital assets	(4,523)	(2,861)
Sale (purchase) of investments	(6,563)	373,749
	<u>(11,086)</u>	<u>370,888</u>
Financing:		
Mortgage payments	(23,333)	(86,167)
	<u>27,661</u>	<u>509,865</u>
Increase in cash	27,661	509,865
Cash and cash equivalents, beginning of year	838,246	328,381
Cash and cash equivalents, end of year	<u>\$ 865,907</u>	<u>\$ 838,246</u>

See accompanying notes to financial statements.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements

Year ended December 31, 2015

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, 2015

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	2015 Net	2014 Net
Land	\$ 209,046	\$ -	\$ 209,046	\$ 209,046
Building	628,670	76,952	551,718	565,865
Equipment	233,011	207,878	25,133	26,341
United Way building at CSV	18,500	-	18,500	18,500
	\$ 1,089,227	\$ 284,830	\$ 804,397	\$ 819,752

Amortization expense of \$19,878 (2014 - \$20,749) is included in fundraising and United Way community impact programs expenses.

3. Deferred contributions

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

	2015	2014
Balance beginning of year	\$ 710,357	\$ 601,643
Contributions during the year	400,100	365,693
Expenditures	(435,395)	(256,979)
	\$ 675,062	\$ 710,357

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2015

4. Mortgage payable

The mortgage payable is Prime plus .5%, repayable \$1,944 monthly plus interest, due June 28, 2019. Interest paid on the mortgage in 2015 was \$10,838 (2014- \$5,919).

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

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:

	2015	2014
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 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	4,397
Richardson fund	10,000	10,000
McNeill fund	15,731	15,731
	189,459	189,459
Investment income		
Thomas W. Burke memorial fund	21,617	21,617
Cameron Carruthers memorial fund	1,647	1,647
Teri Craig memorial fund	1,395	1,395
Megan Benge memorial fund	6,158	6,158
Laura Bradley memorial fund	454	454
Scott Owen memorial fund	2,438	2,438
Jason Young memorial fund	235	235
Kirkwood Family fund	2,382	3,382
Hetherington Family fund	2,161	2,161
Shirley Mellow fund	(52)	148
Richardson fund	2,161	2,161
McNeill fund	1,952	1,952
	42,548	43,748
	\$ 232,007	\$ 233,207

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2015

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 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 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, 2015

6. Net assets internally restricted

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

	2015	2014
Operating	\$ 105,000	\$ 105,000
Funded agency reserve	234,500	234,500
Capital	75,000	75,000
Community Impact Grants	102,250	102,250
Building fund	39,434	29,434
	\$ 556,184	\$ 546,184

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 2016 to its member agencies for the first quarter of 2017 (approximately \$173,737). In 2015 the United Way has committed to some of its member agencies a minimum amount of funding for three years. The annual amount of this committed funding is \$399,124.

Lease commitments:

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

2016	\$ 9,873
2017	1,005
2018	1,005
	\$ 11,883

8. Investment income

	2015	2014
Income on unrestricted resources	\$ 5,774	\$ 7,809
Income on restricted resources held for endowment	-	14,516
Total investment income earned	\$ 5,774	\$ 22,325

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2015

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.

	2015	2014
To fundraising expenses	\$ 32,436	\$ 31,297
To program expenses	46,810	49,836
	\$ 79,246	\$ 81,133

10. Related party transactions

Throughout the year, the United Way distributes campaign revenue to other United Way organizations throughout Ontario. Total distributions in 2015 were \$13,269 (2014 - \$10,674).

The United Way is also charged an administration fee by United Way – Canada – Centraide Canada. Total fees charged in 2015 were \$15,000 (2014 - \$18,000).

11. 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.

12. 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. There is no change in risk from 2014.

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. There is no change in risk from 2014.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2015

13. Comparative figures

Certain 2014 comparative figures have been reclassified to conform with the financial presentation adopted for 2015. The changes do not affect prior year earnings.

UNITED WAY OF CHATHAM-KENT

Schedule – Operating Expenses

Year ended December 31, 2015, with comparative figures for 2014

	2015	2014
Salaries	\$ 582,851	\$ 546,835
Benefits	126,759	120,284
Parking and mileage	9,844	8,796
Equipment leases	10,421	9,279
Telephone	12,111	11,496
Advertising	14,935	12,806
Office and computer	15,800	15,737
Campaign supplies	14,391	8,248
Postage	2,973	7,342
Occupancy costs	59,474	57,030
Insurance	12,829	10,231
Printing and photocopying	6,894	7,260
Program purchases	2	6,883
Volunteer training and recognition	4,741	2,982
Staff training	13,104	6,760
Meeting expenses	2,158	1,796
Professional fees	9,562	11,658
Bank charges	8,339	7,981
Resource material/membership	2,769	2,410
Amortization	19,878	20,749
	\$ 929,835	\$ 876,563
Allocated as follows:		
General management and administration	\$ 79,246	\$ 81,133
Fundraising	348,152	306,834
Community Impact Programs		
Community investment and agency relations	186,610	173,344
Volunteer & Information Chatham-Kent	44,399	45,244
Tilbury Information and Help Centre	90,471	88,649
Wallaceburg Information and Help Centre	60,952	65,328
The "425" Centre for Community Innovation	120,005	116,031
	\$ 929,835	\$ 876,563
Fundraising expenses		
Share of operating expenses	\$ 348,152	\$ 306,834
Direct fundraising expenses	16,101	41,737
Allocation of general management and administration expenses	32,436	31,297
	\$ 396,689	\$ 379,868

UNITED WAY OF CHATHAM-KENT

Schedule – Program Expenses

Year ended December 31, 2015, with comparative figures for 2014

	2015	2014
Allocations and designations to member agencies		
Aids Support Kent	\$ 32,850	\$ 34,350
Big Brothers Big Sisters of Chatham-Kent	78,625	111,525
Brain Injury Association of Chatham-Kent	18,625	29,963
Canadian Hearing Society	21,088	24,350
Canadian Mental Health Association-Kent	26,087	29,350
Canadian National Institute for the Blind	40,600	41,800
Chatham Block Parent Program	29,972	29,600
Chatham-Kent Family Y.M.C.A.	15,087	16,350
Chatham-Kent Women's Centre	34,413	26,738
Chatham-Kent Student Breakfast Program	27,750	29,788
Chatham-Kent Integrated Children's Services	36,250	38,212
Epilepsy Support Centre	18,150	17,950
Family Service Kent	120,588	122,350
Learning Disabilities Association of Chatham-Kent	86,750	91,338
Restorative Justice	22,500	8,405
Sidestreets Youth Drop-In Centre	25,656	27,624
The Solid Rock Café Youth Centre	38,400	39,600
Victorian Order of Nurses	66,250	68,588
	739,641	787,881
Adjustment of prior year's allocation to member agencies	1,075	-
Donor designations for sponsorships	14,400	12,200
Allocations and designations to non-member charities	127,699	109,299
Allocation to endowment fund	-	3,300
Grants from endowment fund	1,200	2,200
Community impact grants	-	40,000
	\$ 884,015	\$ 954,880
United Way Community Impact Programs		
Community investments and agency relations	\$ 186,610	\$ 173,344
Volunteer & Information Chatham-Kent	44,399	45,244
Tilbury Information and Help Centre	90,471	88,649
Wallaceburg Information and Help Centre	60,952	65,328
The "425" Centre for Community Innovation	120,005	116,031
MCI Youth Engagement Project	31,888	42,002
ChangeTheWorld	28,305	19,524
Prosperity Roundtable	61,894	45,450
Drug Awareness Council	-	26,548
Chatham-Kent Non-Profit Network	70,469	19,295
Women's Leadership Council	74,536	63,530
Backpacks for Kids program	14,197	14,647
United Way of Canada – Centraide Canada dues	15,000	18,000
Other grants	-	15,383
Total direct program expenses	798,726	752,975
Allocation of general management and administrative expenses	46,810	49,836
	\$ 845,536	\$ 802,811