

Financial Statements of

**UNITED WAY OF  
CHATHAM-KENT**

Year ended December 31, 2016

# UNITED WAY OF CHATHAM-KENT

## Table of Contents

Year ended December 31, 2016

	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	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

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, 2016 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.

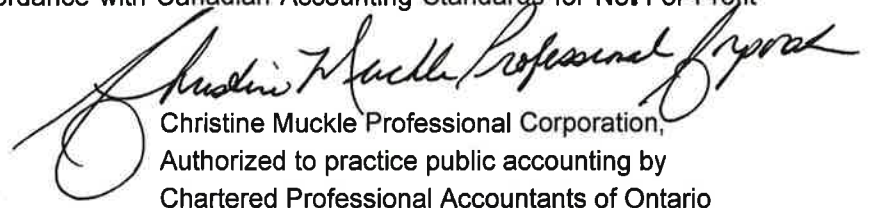
An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgment, including assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making 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, 2016, 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 22, 2017

  
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, 2016, with comparative figures for 2015

	2016	2015
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 733,825	\$ 865,907
Investments	337,278	429,263
Pledges receivable (less allowance of \$100,000; 2015 - \$100,000)	1,219,524	1,184,005
Other receivables	12,782	1,459
Government remittances receivable	19,085	18,874
Prepaid expenses	3,617	3,904
	<u>2,326,111</u>	<u>2,503,412</u>
Capital assets (note 2)	788,931	804,397
	<u>\$ 3,115,042</u>	<u>\$ 3,307,809</u>

## Liabilities, Deferred Contributions and Net Assets

Current liabilities		
Undistributed allocation to funded agencies	\$ 664,277	\$ 735,798
Accounts payable and accrued liabilities	61,489	53,346
Payable to other charities	132,555	136,819
Deferred contributions (note 3)	624,006	699,182
Current portion of mortgage payable	23,333	23,333
	<u>1,503,660</u>	<u>1,648,478</u>
Deferred capital contributions	130,133	132,995
Mortgage payable (note 4)	268,333	292,167
Net assets		
Restricted for endowment purposes (note 5)	248,000	232,007
Internally restricted (note 6)	556,184	556,184
Unrestricted	406,732	445,978
	<u>1,210,916</u>	<u>1,234,169</u>
Commitments (note 7)		
	<u>\$ 3,115,042</u>	<u>\$ 3,307,809</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, 2016, with comparative figures for 2015

	2016	2015
<b>Revenue</b>		
Gross campaign revenue		
Corporate gifts	\$ 577,249	\$ 705,578
Employee workplace gifts	770,261	775,570
Individual gifts	201,103	190,387
Special events	169,812	180,054
Other United Ways	620	1,110
Announced campaign revenue	1,719,045	1,852,699
Less:		
Designations to United Way programs	(129,277)	(142,131)
Plus:		
United Way programs	140,670	168,709
	1,730,438	1,879,277
Less:		
Allowance for uncollectible pledges	(100,000)	(100,000)
Recovery of prior year's pledges	66,587	42,594
	1,697,025	1,821,871
Interest revenue	24,170	5,774
Winter Warmth trustee fee	52,500	52,500
Rent	44,368	43,406
Youth Engagement	-	45,388
Prosperity Roundtable	70,990	72,527
ChangeTheWorld	28,539	28,384
Chatham-Kent Nonprofit Network	68,433	83,469
Fee for service and other income	19,303	26,337
Total revenue	2,005,328	2,179,656
<b>Expenses</b>		
Fundraising expenses	399,027	400,149
Net revenue available for programs	1,606,301	1,779,507
<b>Program expenses</b>		
Allocations and designations to recipient charities	828,554	884,015
United Way Community Impact Programs	808,150	853,776
	1,636,704	1,737,791
Excess of revenue over expenses (expenses over revenue)	\$ (30,403)	\$ 41,716

See accompanying notes to financial statements.

# UNITED WAY OF CHATHAM-KENT

## Statement of Changes in Net Assets

Year ended December 31, 2016, with comparative figures for 2015

	Restricted for Endowment	Internally Restricted	Unrestricted	2016 Total	2015 Total
Balance, beginning of year	\$ 232,007	\$ 556,184	\$ 445,978	\$ 1,234,169	\$ 1,192,453
Excess of revenue over expenses (expenses over revenue)	8,843	-	(39,246)	(30,403)	41,716
Endowment contributions	7,150	-	-	7,150	-
Internally restricted (note 8)	-	-	-	-	-
	\$ 248,000	\$ 556,184	\$ 406,732	\$ 1,210,916	\$ 1,234,169

# UNITED WAY OF CHATHAM-KENT

## Statement of Cash Flows

Year ended December 31, 2016, with comparative figures for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses (expenses over revenue)	\$ (30,403)	\$ 41,716
Increase (decrease) in:		
Endowment contributions	7,150	-
Deferred contributions	(75,176)	(35,295)
Items not involving cash:		
Amortization of capital assets	19,203	19,878
Amortization of deferred capital contributions	(2,862)	(2,936)
Change in non-cash operating working capital	(114,909)	38,717
	(196,997)	62,080
Investments:		
Purchase of capital assets	(3,737)	(4,523)
Sale (purchase) of investments	91,985	(6,563)
	88,248	(11,086)
Financing:		
Mortgage payments	(23,333)	(23,333)
Increase (decrease) in cash	(132,082)	27,661
Cash and cash equivalents, beginning of year	865,907	838,246
Cash and cash equivalents, end of year	\$ 733,825	\$ 865,907

See accompanying notes to financial statements.

# UNITED WAY OF CHATHAM-KENT

## Notes to Financial Statements

Year ended December 31, 2016

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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, 2016

## 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	2016 Net	2015 Net
Land	\$ 209,046	\$ -	\$ 209,046	\$ 209,046
Building	628,670	90,745	537,925	551,718
Equipment	236,748	213,288	23,460	25,133
United Way building at CSV	18,500	-	18,500	18,500
	\$ 1,092,964	\$ 304,033	\$ 788,931	\$ 804,397

Amortization expense of \$19,203 (2015 - \$19,878) 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.

	2016	2015
Balance beginning of year	\$ 699,182	\$ 710,357
Contributions during the year	321,607	424,220
Expenditures	(396,783)	(435,395)
	\$ 624,006	\$ 699,182

# UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 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 2016 was \$9,765 (2015- \$10,838).

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

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:

	2016	2015
<b>Donations</b>		
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
James Richardson fund	10,000	10,000
Greer McNeill fund	22,881	15,731
	196,609	189,459
<b>Investment income</b>		
Thomas W. Burke memorial fund	27,974	21,617
Cameron Carruthers memorial fund	1,897	1,647
Teri Craig memorial fund	1,518	1,395
Megan Bengé memorial fund	7,249	6,158
Laura Bradley memorial fund	494	454
Scott Owen memorial fund	1,154	2,438
Jason Young memorial fund	305	235
Kirkwood Family fund	2,226	3,382
Hetherington Family fund	2,797	2,161
Shirley Mellow fund	28	(52)
James Richardson fund	2,797	2,161
Greer McNeill fund	2,952	1,952
	51,391	43,548
	\$ 248,000	\$ 233,207

# UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 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 James 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 Greer 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, 2016

## 6. Net assets internally restricted

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

	2016	2015
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	39,434
	\$ 556,184	\$ 556,184

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 2017 to its member agencies for the first quarter of 2018 (approximately \$153,538). 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.

## 8. Investment income

	2016	2015
Income on unrestricted resources	\$ 12,127	\$ 5,774
Income on restricted resources held for endowment	12,043	-
Total investment income earned	\$ 24,170	\$ 5,774

## 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.

	2016	2015
To fundraising expenses	\$ 31,447	\$ 33,088
To program expenses	46,394	48,031
	\$ 77,841	\$ 81,119

# UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 10. Related party transactions

Throughout the year, the United Way distributes campaign revenue to other United Way organizations throughout Ontario. Total distributions in 2016 were \$24,429 (2015 - \$13,269).

The United Way is also charged an administration fee by United Way – Canada – Centraide Canada. Total fees charged in 2016 were \$18,264 (2015 - \$15,000).

## 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.

### Liquidity risk

Liquidity risk is the risk that the United Way will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The United Way manages its liquidity risk by monitoring its operating requirements. The United Way prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There is no change in risk from 2015.

### 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 2015.

### 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 2015.

## 12. Comparative figures

Certain 2015 comparative figures have been reclassified to conform with the financial presentation adopted for 2016. The changes do not affect prior year earnings.

# UNITED WAY OF CHATHAM-KENT

## Schedule – Operating Expenses

Year ended December 31, 2016, with comparative figures for 2015

	2016	2015
Salaries	\$ 569,187	\$ 582,851
Benefits	122,824	126,759
Parking and mileage	9,114	9,844
Equipment leases	9,837	10,421
Telephone	12,617	12,111
Advertising	24,843	14,935
Office and computer	17,660	15,800
Campaign supplies	15,796	14,391
Postage	3,834	2,973
Occupancy costs	67,997	71,174
Insurance	12,818	12,829
Printing and photocopying	5,252	6,894
Program purchases	381	2
Volunteer training and recognition	2,236	4,741
Staff training	8,560	13,104
Meeting expenses	6,864	2,158
Professional fees	13,810	9,562
Bank charges	7,401	8,339
Resource material/membership	2,112	2,769
Amortization	19,203	19,878
	<hr/>	<hr/>
	\$ 932,346	\$ 941,535
Allocated as follows:		
General management and administration	\$ 77,841	\$ 81,119
Fundraising	345,211	350,960
Community Impact Programs		
Community investment and agency relations	182,428	189,886
Volunteer & Information Chatham-Kent	48,699	45,803
Tilbury Information and Help Centre	99,926	90,471
Wallaceburg Information and Help Centre	66,762	60,952
The "425" Centre for Community Innovation	111,479	122,344
	<hr/>	<hr/>
	\$ 932,346	\$ 941,535
Fundraising expenses		
Share of operating expenses	\$ 345,211	\$ 350,960
Direct fundraising expenses	22,369	16,101
Allocation of general management and administration expenses	31,447	33,088
	<hr/>	<hr/>
	\$ 399,027	\$ 400,149

# UNITED WAY OF CHATHAM-KENT

## Schedule – Program Expenses

Year ended December 31, 2016, with comparative figures for 2015

	2016	2015
<b>Allocations and designations to member agencies</b>		
Aids Support Kent	\$ 32,089	\$ 32,850
Big Brothers Big Sisters of Chatham-Kent	81,900	78,625
Brain Injury Association of Chatham-Kent	14,325	18,625
Canadian Hearing Society	16,250	21,088
Canadian Mental Health Association-Kent	22,749	26,087
Canadian National Institute for the Blind	28,750	40,600
Chatham Block Parent Program	30,099	29,972
Chatham-Kent Family Y.M.C.A.	14,999	15,087
Chatham-Kent Women's Centre	23,500	34,413
Chatham-Kent Student Breakfast Program	24,750	27,750
Chatham-Kent Integrated Children's Services	32,313	36,250
Epilepsy Support Centre	18,000	18,150
Family Service Kent	111,000	120,588
Learning Disabilities Association of Chatham-Kent	77,350	86,750
Restorative Justice	27,300	22,500
Sidestreets Youth Drop-In Centre	17,500	25,656
The Solid Rock Café Youth Centre	34,625	38,400
Victorian Order of Nurses	59,150	66,250
	666,649	739,641
Adjustment of prior year's allocation to member agencies	15,000	1,075
Donor designations for sponsorships	10,000	14,400
Allocations and designations to non-member charities	126,555	127,699
Allocation to endowment fund	7,150	-
Grants from endowment fund	3,200	1,200
	\$ 828,554	\$ 884,015
<b>United Way Community Impact Programs</b>		
Community investments and agency relations	\$ 182,428	\$ 189,886
Volunteer & Information Chatham-Kent	48,699	45,803
Tilbury Information and Help Centre	99,926	90,471
Wallaceburg Information and Help Centre	66,762	60,952
The "425" Centre for Community Innovation	111,479	122,344
Youth Engagement Project	7,898	31,888
ChangeTheWorld	28,539	28,305
Prosperity Roundtable	63,540	61,894
Chatham-Kent Nonprofit Network	55,933	70,469
Women's Leadership Council	60,592	74,536
Operation BackPacks	17,502	14,197
United Way of Canada – Centraide Canada dues	18,264	15,000
Other grants	194	-
Total direct program expenses	761,758	805,745
Allocation of general management and administrative expenses	46,394	48,031
	\$ 808,150	\$ 853,776