

Financial Statements of

**UNITED WAY OF
CHATHAM-KENT**

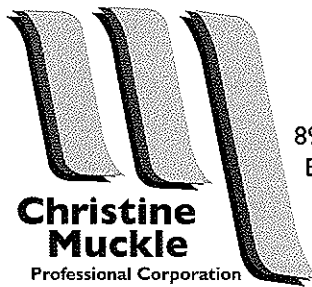
Year ended December 31, 2013

UNITED WAY OF CHATHAM-KENT

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Year ended December 31, 2013

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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, 2013 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.

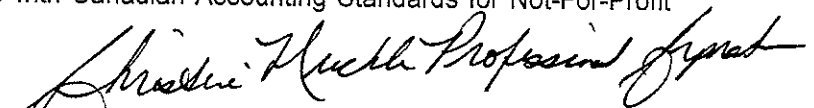
An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgment, including assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making 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, 2013, 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 26, 2014


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, 2013, with comparative figures for 2012

	2013	2012
Assets		
Current assets		
Cash and cash equivalents	\$ 328,381	\$ 675,260
Investments	796,449	647,776
Pledges receivable (less allowance of \$100,000; 2012 - \$100,000)	1,184,743	1,214,241
Other receivables	98,456	39,707
Prepaid expenses	3,823	3,823
	<u>2,411,852</u>	<u>2,580,807</u>
Capital assets (note 2)	837,640	856,148
	<u>\$ 3,249,492</u>	<u>\$ 3,436,955</u>

Liabilities, Deferred Contributions and Net Assets

Current liabilities		
Undistributed allocation to funded agencies	\$ 772,708	\$ 832,689
Accounts payable and accrued liabilities	107,933	101,764
Payable to other charities	126,258	122,044
Deferred contributions (note 3)	601,645	645,618
Current portion of mortgage payable	425,000	50,000
	<u>2,033,544</u>	<u>1,752,115</u>
Deferred capital contributions	138,942	142,030
Mortgage payable (note 4)	-	425,000
Net assets		
Restricted for endowment purposes (note 5)	217,591	205,554
Internally restricted (note 6)	566,184	486,750
Unrestricted	293,231	425,506
	<u>1,077,006</u>	<u>1,117,810</u>
Commitments (note 7)		
	<u>\$ 3,249,492</u>	<u>\$ 3,436,955</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, 2013, with comparative figures for 2012

	2013	2012
Revenue		
Gross campaign revenue		
Corporate gifts	\$ 689,261	\$ 788,267
Employee workplace gifts	782,237	824,991
Individual gifts	176,867	224,899
Special events	184,417	205,113
Other United Ways	17,677	2,573
Announced campaign revenue	1,850,459	2,045,843
Less:		
Designations to United Way programs	(168,059)	(182,719)
Designations to non member charities	(86,297)	(94,973)
To other United Ways	(15,868)	(9,715)
Plus:		
United Way programs	152,421	179,574
Paid to non member charities	91,377	128,009
	1,824,033	2,066,019
Less:		
Allowance for uncollectible pledges	(100,000)	(100,000)
Recovery of prior year's pledges	34,348	33,794
	1,758,381	1,999,813
Interest revenue	20,808	15,219
Winter Warmth trustee fee	52,500	52,500
Rent	56,608	61,950
Ministry of Citizenship & Immigration	94,473	97,396
Ontario Trillium Foundation – Prosperity Roundtable	67,821	38,159
Ontario Trillium Foundation – Drug Awareness Council	70,411	38,452
Fee for service and other income	44,498	16,116
Total revenue	2,165,500	2,319,605
Expenses		
Fundraising expenses	412,115	357,974
Net revenue available for programs	1,753,385	1,961,631
Program expenses		
Allocations and designations to recipient charities	945,265	1,039,679
United Way Community Impact Programs	852,174	786,683
	1,797,439	1,826,362
Excess of revenue over expenses (expenses over revenue)	\$ (44,054)	\$ 135,269

See accompanying notes to financial statements.

UNITED WAY OF CHATHAM-KENT

Statement of Changes in Net Assets

Year ended December 31, 2013, with comparative figures for 2012

	Restricted for Endowment	Internally Restricted	Unrestricted	2013 Total	2012 Total
Balance, beginning of year	\$ 205,554	\$ 486,750	\$ 425,506	\$ 1,117,810	\$ 977,518
Excess of revenue over expenses	8,787	-	(52,841)	(44,054)	135,269
Endowment contributions	3,250	-	-	3,250	5,023
Internally restricted (note 8)	-	79,434	(79,434)	-	-
	\$ 217,591	\$ 566,184	\$ 293,231	\$ 1,077,006	\$ 1,117,810

UNITED WAY OF CHATHAM-KENT

Statement of Cash Flows

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses (expenses over revenue)	\$ (44,054)	\$ 135,269
Increase in:		
Endowment contributions	3,250	5,023
Deferred contributions	(43,973)	22,147
Items not involving cash:		
Amortization of capital assets	21,888	21,561
Amortization of deferred capital contributions	(3,088)	-
Change in non-cash operating working capital	(227,522)	230,572
	(293,499)	414,572
Investments:		
Purchase of capital assets	(3,380)	(32,788)
Financing:		
Mortgage payments	(50,000)	(50,000)
Increase (decrease) in cash	(346,879)	331,784
Cash and cash equivalents, beginning of year	675,260	343,476
Cash and cash equivalents, end of year	\$ 328,381	\$ 675,260

See accompanying notes to financial statements.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements

Year ended December 31, 2013

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.

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2013

1. 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.

2. Capital assets

	Cost	Accumulated Amortization	2013 Net	2012 Net
Land	\$ 209,046	\$ -	\$ 209,046	\$ 209,046
Building	628,670	48,296	580,374	595,255
Equipment	225,626	195,906	29,720	33,347
United Way building at CSV	18,500	-	18,500	18,500
	\$ 1,081,842	\$ 244,202	\$ 837,640	\$ 856,148

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2013

3. Deferred contributions

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

	2013	2012
Balance beginning of year	\$ 645,618	\$ 541,268
Contributions during the year	277,174	390,073
Expenditures	(321,147)	(285,723)
	\$ 601,643	\$ 645,618

4. Mortgage payable

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

5. Net assets held for endowment purposes

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

	2013	2012
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	12,431	9,181
	186,159	182,909
Investment income		
Thomas W. Burke memorial fund	13,819	7,812
Cameron Carruthers memorial fund	1,339	1,102
Teri Craig memorial fund	1,244	1,127
Megan Bengé memorial fund	4,820	3,789
Laura Bradley memorial fund	405	367
Scott Owen memorial fund	1,558	881
Jason Young memorial fund	150	85
Kirkwood Family fund	3,346	4,548
Hetherington Family fund	2,382	1,781
Shirley Mellow fund	5	(59)
Richardson fund	1,382	781
McNeill fund	982	431
	31,432	22,645
	\$ 217,591	\$ 205,554

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2013

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 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, 2013

6. Net assets internally restricted

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

	2013	2012
Operating	\$ 105,000	\$ 105,000
Funded agency reserve	204,500	204,500
Capital	75,000	25,000
Community Impact Grants	102,250	102,250
Building fund	79,434	50,000
	\$ 566,184	\$ 486,750

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 2014 to its member agencies for the first quarter of 2015 (approximately \$188,300).

Lease commitments:

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

2014	\$ 15,873
2015	12,873
2016	9,873
2017	1,005
2018	1,005
	\$ 40,629

8. Investment income

	2013	2012
Income on unrestricted resources	\$ 9,821	\$ 4,711
Income on restricted resources held for endowment	10,987	10,448
Total investment income earned	\$ 20,808	\$ 15,219

UNITED WAY OF CHATHAM-KENT

Notes to Financial Statements (continued)

Year ended December 31, 2013

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.

	2013	2012
To fundraising expenses	\$ 31,971	\$ 28,940
To program expenses	49,385	51,656
	\$ 81,356	\$ 80,596

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 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 \$416,988 compared to a carrying value of \$425,000. 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, 2013

11. 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.

UNITED WAY OF CHATHAM-KENT

Schedule – Operating Expenses

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Salaries	\$ 568,386	\$ 522,039
Benefits	116,720	121,051
Parking and mileage	8,223	10,406
Equipment leases	10,840	9,514
Telephone	10,230	10,437
Office and computer	13,888	19,777
Campaign supplies	9,832	11,564
Postage	7,356	8,652
Occupancy costs	55,083	53,678
Insurance	10,075	11,764
Printing and photocopying	8,296	7,279
Program purchases	10,678	3,538
Volunteer training and recognition	2,045	4,166
Donor recognition	90	-
Staff training	15,182	5,771
Meeting expenses	2,688	1,577
Professional fees	7,832	7,068
Bank charges	8,171	10,240
Resource material/membership	6,219	2,573
Amortization	21,888	21,561
	\$ 893,721	\$ 842,665
Allocated as follows:		
General management and administration	\$ 81,356	\$ 80,596
Fundraising	319,234	273,643
Community Impact Programs		
Community investment and agency relations	160,479	160,720
Volunteer & Information Chatham-Kent	45,380	47,294
Tilbury Information and Help Centre	101,411	98,705
Wallaceburg Information and Help Centre	68,390	64,691
The "425" Centre for Community Innovation	117,472	117,006
	\$ 893,722	\$ 842,655
Fundraising expenses		
Share of operating expenses	\$ 319,234	\$ 273,643
Direct fundraising expenses	60,910	55,391
Allocation of general management and administration expenses	31,971	28,940
	\$ 412,115	\$ 357,974

UNITED WAY OF CHATHAM-KENT

Schedule – Program Expenses

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Allocations and designations to member agencies		
Aids Support Kent	\$ 35,763	\$ 39,087
Big Brothers Big Sisters of Chatham-Kent	95,950	104,304
Brain Injury Association of Chatham-Kent	32,588	34,102
Canadian Hearing Society	26,013	30,863
Canadian Mental Health Association-Kent	31,763	39,000
Canadian National Institute for the Blind	41,375	44,931
Canadian Red Cross Society	-	3,917
Chatham Block Parent Program	30,313	32,203
Chatham-Kent Family Y.M.C.A.	20,513	23,403
Chatham-Kent Student Breakfast Program	29,363	27,903
Chatham-Kent Integrated Children's Services	37,762	36,863
Epilepsy Support Centre	16,000	15,930
Family Service Kent	128,137	140,875
Learning Disabilities Association of Chatham-Kent	91,762	97,581
Restorative Justice	26,494	25,694
Sidestreeets Youth Drop-In Centre	28,218	29,868
The Solid Rock Café Youth Centre	40,200	41,815
Victorian Order of Nurses	65,224	66,111
	777,438	834,450
Donor designations for sponsorships	12,000	14,000
Allocations and designations to non-member charities	91,377	128,009
Allocation to endowment fund	3,250	3,020
Grants from endowment fund	1,200	200
Community impact grants	60,000	60,000
	\$ 945,265	\$ 1,036,679
United Way Community Impact Programs		
Community investments and agency relations	\$ 160,479	\$ 160,720
Volunteer & Information Chatham-Kent	45,380	47,294
Tilbury Information and Help Centre	101,411	98,705
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The "425" Centre for Community Innovation	117,472	117,006
MCI Youth Engagement Project	84,873	88,572
Prosperity Roundtable	62,821	32,667
Drug Awareness Council	66,211	33,727
Women's Leadership Council	54,652	59,738
Backpacks for Kids program	16,645	13,823
United Way of Canada – Centraide Canada dues	16,534	18,000
Other	7,921	84
Total direct program expenses	802,789	735,027
Allocation of general management and administrative expenses	49,385	51,656
	\$ 852,174	\$ 786,683

UNITED WAY OF CHATHAM-KENT

Schedule – Program Expenses

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