

**United Way of Peterborough
and District
Financial Statements
For the year ended March 31, 2018**

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Independent Auditor's Report

To the Board of Directors of United Way of Peterborough and District

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Peterborough and District, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and changes in fund balances, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, United Way of Peterborough and District derives revenue from campaign contributions and other donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and fund balances.



Qualified Opinion


In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the statement of financial position of United Way of Peterborough and District as at March 31, 2018 and the statements of operations and fund balances and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Chartered Professional Accountants, Licensed Public Accountants
Peterborough, Ontario
June 4, 2018

United Way of Peterborough and District Statement of Financial Position

	Operating Fund	Endowment Fund	March 31 2018	March 31 2017
Assets				
Current				
Cash and bank (Note 4)	\$ 555,534	\$ 24,008	\$ 579,542	\$ 744,614
Short term investments (Note 5)	400,000	170,070	570,070	101,803
Pledges receivable	25,721	-	25,721	90,376
Interest and other receivables	114,056	9,825	123,881	29,499
Prepaid expenses	34,183	-	34,183	35,905
Due from (to) other funds	<u>33,836</u>	<u>(33,836)</u>	<u>-</u>	<u>-</u>
	1,163,330	170,067	1,333,397	1,002,197
Investments (Note 5)	4,593	1,536,267	1,540,860	1,600,833
Capital assets (Note 6)	<u>35,410</u>	<u>-</u>	<u>35,410</u>	<u>34,445</u>
	<u>\$ 1,203,333</u>	<u>\$ 1,706,334</u>	<u>\$ 2,909,667</u>	<u>\$ 2,637,475</u>
Liabilities and Funds Balances				
Current Liabilities				
Accounts payable and accruals	\$ 293,072	\$ -	\$ 293,072	\$ 143,314
Deferred revenue (Note 7)	<u>7,068</u>	<u>-</u>	<u>7,068</u>	<u>5,390</u>
	300,140	-	300,140	148,704
Contributed equity in capital assets (Note 8)	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>
	<u>325,140</u>	<u>-</u>	<u>325,140</u>	<u>173,704</u>
Fund Balances				
Unrestricted	-	-	-	-
Internally restricted (Note 9a)	720,001	127,130	847,131	748,098
Externally restricted (Note 9b)	<u>158,192</u>	<u>1,579,204</u>	<u>1,737,396</u>	<u>1,715,673</u>
	<u>878,193</u>	<u>1,706,334</u>	<u>2,584,527</u>	<u>2,463,771</u>
	<u>\$ 1,203,333</u>	<u>\$ 1,706,334</u>	<u>\$ 2,909,667</u>	<u>\$ 2,637,475</u>

On behalf of the Board:

 Director

 Director

United Way of Peterborough and District Statement of Operations and Changes in Fund Balances

For the year ended March 31	Operating Fund	Endowment Fund	2018	2017 Restated (Note 3)
Revenue				
Campaign contributions	\$1,339,494	\$ -	\$1,339,494	\$ 1,440,574
Funds received from other United Ways	324,266	-	324,266	378,348
Total campaign income	1,663,760	-	1,663,760	1,818,922
Investment income (Note 10)	1,819	43,942	45,761	149,738
Program income	18,458	-	18,458	3,050
Grants (Note 11)	221,548	-	221,548	240,889
Nevada income	26,949	-	26,949	17,800
Other donations	13,250	14,964	28,214	40,389
Other income	31,216	-	31,216	-
Total revenue	1,977,000	58,906	2,035,906	2,270,788
Expenditures				
Community & Program Funding				
Allocations to Member Agencies - Schedule A	941,258	-	941,258	823,156
Designations to Member Agencies - Schedule A	10,667	-	10,667	18,463
Designations to other charities	18,324	-	18,324	22,084
Organizational & community development - Schedule B	290,227	-	290,227	300,008
Labour program - Schedule B	52,040	-	52,040	43,827
Homelessness project - Schedule B	218,921	-	218,921	212,386
United Way of Canada membership fees	18,097	-	18,097	25,386
Fundraising				
Investment management fees	-	10,082	10,082	12,768
Campaign expenses - Schedule B	355,534	-	355,534	285,605
Total expenditures	1,905,068	10,082	1,915,150	1,743,683
Excess of revenue over expenditure	71,932	48,824	120,756	527,105
Fund Balances, Beginning of Period	779,160	1,684,611	2,463,771	1,936,666
Interfund Transfers (Note 12)	27,101	(27,101)	-	-
Fund Balances, End of Period	\$ 878,193	\$1,706,334	\$2,584,527	\$ 2,463,771

United Way of Peterborough and District Statement of Cash Flows

For the year ended March 31	Operating Fund	Endowment Fund	2018	2017
Cash provided by (used in)				
Operating activities				
Excess of revenue over expenses	\$ 71,932	\$ 48,824	\$ 120,756	\$ 527,105
Items not involving cash				
Amortization	9,135	-	9,135	12,380
Change in unrealized (gains) losses on investments	270	6,759	7,029	(121,003)
	<u>81,337</u>	<u>55,583</u>	<u>136,920</u>	<u>418,482</u>
Changes in non-cash working capital items				
Pledges receivable	64,655	-	64,655	9,290
Interest and other receivables	(94,039)	(343)	(94,382)	(1,705)
Prepaid expenses	1,722	-	1,722	(16,293)
Accounts payable and accrued liabilities	153,294	(3,536)	149,758	(41,693)
Deferred campaign contributions	1,678	-	1,678	(25,935)
Due from (to) other funds	6,923	(6,923)	-	-
	<u>215,570</u>	<u>44,781</u>	<u>260,351</u>	<u>342,146</u>
Investing activities				
Purchase of capital assets	(10,100)	-	(10,100)	-
Net purchase of short term and long term investments	(402,539)	(12,784)	(415,323)	(1,865)
	<u>(412,639)</u>	<u>(12,784)</u>	<u>(425,423)</u>	<u>(1,865)</u>
Financing activities				
Interfund transfers	27,101	(27,101)	-	-
Increase (decrease) in cash during the year	<u>(169,968)</u>	<u>4,896</u>	<u>(165,072)</u>	<u>340,281</u>
Cash - beginning of year	<u>725,502</u>	<u>19,112</u>	<u>744,614</u>	<u>404,333</u>
Cash - end of year	<u>\$ 555,534</u>	<u>\$ 24,008</u>	<u>\$ 579,542</u>	<u>\$ 744,614</u>

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2018

1. Nature of Operations

United Way of Peterborough and District ("the organization") is a provincially incorporated not-for-profit, charitable organization serving Peterborough City and County. The organization has adopted the mission "to improve lives and build communities by engaging individuals and mobilizing collective action".

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements have been prepared using Canadian Accounting Standards for Not-for-Profit Organizations.

(b) Fund Accounting

In order to ensure observance of limitation and restrictions placed on the use of the resources available to the organization, the accounts are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting purposes into funds that are in accordance with particular activities or objectives specified. These funds are classified as follows:

Operating fund - includes the results of day-to-day administrative and operating transactions.

Endowment fund - reflects both externally and internally restricted amounts. The externally restricted component consists of donations that were specifically designated by the donors to be held in perpetuity. The internally restricted component consists of unrestricted donations transferred to the fund, investment income not transferred to the operating fund, and unrealized gains. Donations that have been internally restricted may be disbursed by the organization as approved by the Board of Directors. Interest, dividends and realized gains earned may be disbursed by the organization.

(c) Revenue Recognition

The United Way of Peterborough and District uses the deferral method of accounting. Restricted contributions are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized when received or receivable. Restricted contributions to the Endowment Fund are recorded as revenue when received. Expenses are recorded as incurred.

Investment income is recognized as revenue when earned in the appropriate fund.

Pledges receivable include campaign pledges from other United Ways and corporate and not-for-profit organizations outstanding at the end of the year. Management reviews and adjusts the pledges to their estimated net realizable value.

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2018

2. Summary of Significant Accounting Policies (continued)

(c) Revenue Recognition (continued)

Donors are given the opportunity of directing their donations to any registered Canadian charity. These donations are directed to specified agencies independent of allocations determined by the Board of Directors. Designated donations that have not been disbursed at year end are recorded as deferred campaign contributions on the statement of financial position.

Grant revenue represents funds received from federal, provincial and municipal governments for programs administered by the organization. The related program expenses and grant disbursements are included in the community and program funding section of the statement of operations. Grants are recognized as revenue in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(d) Contributed Services

Donated materials and services are not recorded because the fair market value is not readily determinable.

(e) Expense Allocations

The organization allocates general management and administrative costs in accordance with the Transparency, Accountability and Financial Reporting Policies for United Way Centraides in Canada. General management and administrative costs are first allocated to the Homelessness Project in accordance with its funding agreement and then allocated to campaign, organizational & community development and the labour program as follows:

	General Management and Administrative Costs (Payroll)	General Management and Administrative Costs (Other)
Campaign	44.0%	45.0%
Organizational & Community Development	50.0%	50.0%
Labour program	6.0%	5.0%

(f) Capital Assets

Capital assets are recorded at cost. The organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	25 years
Building equipment	8 years
Office equipment	3 to 8 years

Contributed equity in capital assets represents conditional contributions received by the organization specifically for the purpose of acquiring assets and are not deducted from the cost of the assets.

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2018

2. Summary of Significant Accounting Policies (continued)

(g) Management Estimates

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, pledges receivable, accounts payable and accrued liabilities, deferred revenue, useful lives of capital assets and amortization. Actual results could differ from these and other estimates, the impact of which would be recorded prospectively.

(h) Income Taxes

The United Way of Peterborough and District is registered as a charitable organization under the Income Tax Act (the "Act") and, as such, is exempt from income taxes. In order to maintain its status as a registered charity under the Act, United Way must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

(i) Financial Instruments

All financial instruments are initially recorded at fair value when acquired or issued.

Investments quoted in an active market are subsequently measured at fair value with changes in fair value being recognized on the Statement of Operations in investment income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable.

Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2018

3. Change in Accounting Policy

Effective the beginning of the current year, the organization changed its accounting policy for the allocation of general management and administration expenses so it is in compliance with the Transparency, Accountability and Financial Reporting Policies for United Way Centraides in Canada. This change in accounting policy has been accounted for retrospectively and the comparative statements for the prior year have been restated. This change in accounting policy had the following effect on the comparative financial statements:

	2017
Decrease in general management and administration expenses	\$ (131,999)
Increase in organizational and community development expenses	64,480
Increase in labour program expenses	7,508
Increase in campaign expenses	41,874
Increase in homelessness project expenses	18,137
	\$ -

4. Cash and Bank

The bank accounts are held at a Canadian chartered bank and earn nominal rates of interest.

5. Investments

	Operating Fund	Endowment Fund	2018	2017
Fixed income	\$ 400,000	\$ 606,060	\$ 1,006,060	\$ 820,778
Mutual funds	4,593	210,942	215,535	203,981
Canadian equities	-	452,170	452,170	370,042
Foreign equities	-	437,165	437,165	307,835
	404,593	1,706,337	2,110,930	1,702,636
Less short term	400,000	170,070	570,070	101,803
Long term	\$ 4,593	\$ 1,536,267	\$ 1,540,860	\$ 1,600,833

Fixed income investments consist of interest-bearing notes earning interest in the range of 0.550% to 4.859% with maturity dates ranging between May 2018 and March 2031.

Fixed income investments maturing in the next year are classified as short-term while mutual funds, equities and fixed income investments with later maturity dates are classified as long-term.

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2018

6. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 21,000	\$ -	\$ 21,000	\$ -
Building	74,099	74,099	74,099	74,099
Building equipment	6,314	5,518	6,314	5,164
Office equipment	111,717	98,103	101,617	89,322
	\$ 213,130	\$ 177,720	\$ 203,030	\$ 168,585
Net book value		\$ 35,410		\$ 34,445

7. Deferred Revenue

Deferred revenue is comprised of the following:

	2018	2017
Designated contributions	\$ 7,068	\$ 5,390

8. Contributed Equity in Capital Assets

Contributed equity in capital assets represents conditional contributions received by the organization specifically for the purpose of acquiring such assets. Contributions totaling \$25,000 were received to fund the purchase of the Stewart Street property. The terms on which the contribution was made state that in the event of a wind up of the United Way of Peterborough and District the amount of \$25,000 will be repayable.

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2018

9. Restricted Operating Funds

(a) Internally restricted funds have been restricted by the Board of Directors of the United Way of Peterborough and District and consist of:

	Reserve Fund	Member Agency Hardship Fund	2018	2017
Beginning balance	\$ 612,468	\$ 8,500	\$ 620,968	\$ 244,742
Transfers from/(to) unrestricted	99,033	-	99,033	376,226
Ending balance	\$ 711,501	\$ 8,500	\$ 720,001	\$ 620,968

In accordance with Board policy, the Reserve Fund was created to maintain a maximum of three months of allocation funding to Member Agencies and three months of funding for the organization's operating expenses plus the largest budgeted deficiency of revenues over expenses during the year.

The Member Agency Hardship Fund is for Member Agencies to access in the case of an emergency.

(b) Externally restricted funds have been restricted for specific purposes by the donor. The balance consists entirely of the Emergency Disaster Fund which was created as a result of the 2004 Peterborough flood. The purpose of this fund is to assist voluntary sector organizations at a time when a natural disaster impacts the City or County of Peterborough and affects their ability to operate as intended.

10. Investment Income

	2018	2017
Dividends, interest and other	\$ 44,028	\$ 45,709
Realized losses on disposal of investments	(5,296)	(16,974)
Change in unrealized gains	7,029	121,003
	\$ 45,761	\$ 149,738

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2018

11. Grants

	<u>2018</u>	<u>2017</u>
Government of Canada - Homelessness	\$ 218,921	\$ 212,386
City of Peterborough Information Centre	-	25,360
Other	<u>2,627</u>	<u>3,143</u>
	<u>\$ 221,548</u>	<u>\$ 240,889</u>

12. Interfund Transfers

The interest, dividends and realized gains, net of fees, earned in the Endowment Fund are transferred to the Operating Fund on an annual basis, and total \$27,101 (2017 - \$14,245).

13. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise. The value of equity securities changes with stock market conditions, which are affected by market conditions and a general economic outlook. The equity securities are also affected by the future outlook of the company and changes in interest rates (if applicable). The organization is also subject to gains/losses on fluctuations in securities denominated in other than Canadian dollars. These risks are generally outside the control of the organization but are mitigated by the organization's investment policies, which prescribe the asset mix of investments including the amount of foreign content and credit ratings of bond issuers.

(b) Credit risk

The organization has credit risk related to pledges receivable from prior year's campaign and other receivables, which amount to \$139,777 (2017 - \$110,393). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The organization monitors and assesses the collectability of pledges receivable based on past experience to derive a net realizable value. In the opinion of management the credit risk exposure to the organization is low.

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2018

13. Financial Instruments (continued)

(c) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The organization has foreign currency denominated cash, fixed income investments and equity securities quoted in an active market of \$424,034 (2017 - \$271,644). The organization's investment policies limit the amount of foreign investment content, which mitigates their exposure of losses related to currency fluctuations in these securities. In the opinion of management the currency risk exposure to the organization is low.

(d) Liquidity risk

The organization has liquidity risk related to accounts payable and accrued liabilities of \$293,072 (2017 - \$143,314). Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains an adequate amount of cash to cover operating expenses. In the opinion of management the liquidity risk exposure to the organization is low and is not material.

14. Comparative Figures

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

**United Way of Peterborough and District
Schedule A - Funds Distributed to Member Agencies**

	Allocations Designations		2018		2017	
211 Ontario	5,000	-	5,000	-		
Big Brothers and Big Sisters Association	\$ 76,309	\$ 152	\$ 76,461	\$ 73,625		
Canadian Mental Health Association	38,154	128	38,282	37,398		
Canadian Red Cross, Peterborough Haliburton and District	-	-	-	250		
Community Opportunity & Innovation Network	-	-	-	36,338		
Community Care Peterborough	55,112	2,320	57,432	54,160		
Community Counselling and Resource Centre	76,309	1,455	77,764	72,935		
Community Living Peterborough	40,698	255	40,953	40,430		
Elizabeth Fry Society of Peterborough	50,873	100	50,973	48,450		
Fourcast	-	-	-	500		
Indigenous Program Funding	8,600	-	8,600	-		
Innovation Program Funding	75,000	-	75,000	-		
John Howard Society of Peterborough	50,873	100	50,973	49,544		
Kawartha Food Share	-	-	-	566		
Kawartha Sexual Assault Centre	36,459	1,600	38,059	35,127		
Kinark Child & Family Services	-	540	540	1,430		
Neighbourhood "Voice" Funding	25,000	-	25,000	-		
New Canadians Centre - Peterborough	55,112	860	55,972	55,355		
PCCHU (Food for Kids)	12,000	100	12,100	10,000		
PARN	33,067	152	33,219	31,593		
Peterborough Community Chaplaincy	46,633	-	46,633	44,673		
Peterborough Family Resource Centre	50,873	50	50,923	48,710		
Peterborough Social Planning Council	-	-	-	130		
Peterborough Youth Services	44,090	50	44,140	42,720		
Schizophrenia Society of Ontario, Trent Valley Literacy Association	25,436	100	25,536	24,433		
Victorian Order of Nurses, Peterborough, Victoria and Haliburton	-	-	-	100		
Youth Emergency Shelter of Peterborough Inc.	59,351	450	59,801	57,475		
YMCA of Central East Ontario	-	75	75	100		
Y.W.C.A. of Peterborough, Victoria and Haliburton	76,309	2,180	78,489	75,577		
	\$ 941,258	\$ 10,667	\$ 951,925	\$ 841,619		

**United Way of Peterborough and District
Schedule B - Schedule of expenses**

	General Management and Administration	Campaign	Organizational and Community Development	Labour Program	Homelessnes s Project	2018 Total	2017 Total
Salaries and employee benefits	\$ 207,980	\$ 126,452	\$ 108,241	\$ 31,135	\$ -	\$ 473,808	\$ 436,559
Office expenses	49,128	25,005	275	-	-	74,408	61,462
Building occupancy	27,833	-	-	-	-	27,833	25,970
Conferences, training and recognition	15,888	1,858	290	3,027	-	21,063	10,628
Printing and public relations	174	5,052	-	-	-	5,226	6,017
Transportation	125	68	62	-	-	255	1,546
Nevada	-	8,788	-	-	-	8,788	5,614
Workshop	-	-	4,629	-	-	4,629	621
Professional fees	10,000	-	-	-	-	10,000	10,134
Amortization	9,135	-	-	-	-	9,135	12,380
Marketing and miscellaneous	18,292	24,652	-	-	-	42,944	34,661
Special projects	-	-	17,418	-	-	17,418	16,221
Special events	-	22,225	-	-	-	22,225	25,764
Homelessness project expenses	-	-	-	-	198,990	198,990	194,249
	338,555	214,100	130,915	34,162	198,990	916,722	841,826
Administration costs distributed to campaign/programs	(338,555)	141,434	159,312	17,878	19,931	-	-
Total 2018	\$ -	\$ 355,534	\$ 290,227	\$ 52,040	\$ 218,921	\$ 916,722	\$ -
Total 2017 (Restated - Note 3)	\$ -	\$ 285,605	\$ 300,008	\$ 43,827	\$ 212,386	\$ -	\$ 841,826