

**United Way of Peterborough
and District
Financial Statements**
For the period ended March 31, 2015

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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, 2015, and the statements of operations and changes in fund balances, and cash flows for the period 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, 2015 and the statements of operations and fund balances and cash flows for the period then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Peterborough, Ontario
August 25, 2015

United Way of Peterborough and District

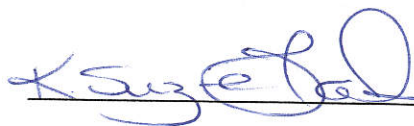
Statement of Financial Position

	Operating Fund	Endowment Fund	March 31 2015	December 31 2014
Assets				
Current				
Cash and bank (Note 3)	\$ 262,105	\$ 7,936	\$ 270,041	\$ 356,336
Short term investments (Note 4)	-	51,898	51,898	330,212
Pledges receivable	92,881	-	92,881	181,431
Interest and other receivables	24,523	3,812	28,335	44,745
Prepaid expenses	35,430	-	35,430	14,310
Due from (to) other funds	263,866	(263,866)	-	-
	678,805	(200,220)	478,585	927,034
Investments (Note 4)	2,235	1,760,067	1,762,302	1,466,598
Capital assets (Note 5)	59,453	-	59,453	62,464
	\$ 740,493	\$ 1,559,847	\$ 2,300,340	\$ 2,456,096
Liabilities and Funds Balances				
Current Liabilities				
Accounts payable and accruals	\$ 139,327	\$ -	\$ 139,327	\$ 132,231
Deferred revenue (Note 6)	45,449	-	45,449	5,496
	184,776	-	184,776	137,727
Contributed equity in capital assets (Note 7)	25,000	-	25,000	25,000
	209,776	-	209,776	162,727
Fund Balances				
Unrestricted	(323,710)	-	(323,710)	(354,016)
Internally restricted (Note 8a)	696,235	44,984	741,219	974,330
Externally restricted (Note 8b)	158,192	1,514,863	1,673,055	1,673,055
	530,717	1,559,847	2,090,564	2,293,369
	\$ 740,493	\$ 1,559,847	\$ 2,300,340	\$ 2,456,096

On behalf of the Board:



Director



Director

United Way of Peterborough and District

Statement of Operations and Changes in Fund Balances

For the 3 month period ended March 31	Operating Fund	Endowment Fund	2015	Year ended December 31 2014
Revenue				
Campaign contributions	\$ 233,536	\$ -	\$ 233,536	\$ 1,907,619
Funds received from other United Ways	82,213	-	82,213	330,509
Total campaign income	315,749	-	315,749	2,238,128
Pledge loss	-	-	-	(176,604)
Net campaign revenue	315,749	-	315,749	2,061,524
Investment income (Note 9)	227	28,518	28,745	149,379
Program income	1,200	-	1,200	13,112
Grants (Note 10)	37,874	-	37,874	169,404
Nevada income	5,470	-	5,470	19,574
Other donations	3,029	-	3,029	23,132
Total revenue	363,549	28,518	392,067	2,436,125
Expenditures				
Community & Program Funding				
Allocations to Member Agencies				
- Schedule A	377,649	-	377,649	1,857,323
Designations to Member Agencies				
- Schedule A	-	-	-	71,626
Designations to other United Ways	-	-	-	5,741
Designations to other charities	-	-	-	21,541
Community investment - Schedule B	37,664	-	37,664	172,379
Organizational & community				
development - Schedule B	62,971	-	62,971	317,986
Labour program - Schedule B	16,140	-	16,140	69,834
Homelessness project	29,636	-	29,636	118,544
United Way of Canada membership fees	5,148	-	5,148	21,875
Fundraising				
Investment management fees	-	3,495	3,495	15,162
Campaign expenses - Schedule B	62,169	-	62,169	333,420
Total expenditures	591,377	3,495	594,872	3,005,431
Excess (deficiency) of revenue over expenditure	(227,828)	25,023	(202,805)	(569,306)
Fund Balances, Beginning of Period	525,392	1,767,977	2,293,369	2,862,675
Interfund Transfers (Note 11)	233,153	(233,153)	-	-
Fund Balances, End of Period	\$ 530,717	\$1,559,847	\$2,090,564	\$ 2,293,369

United Way of Peterborough and District

Statement of Cash Flows

For the 3 month period ended March 31	Operating Fund	Endowment Fund	2015	Year ended December 31 2014
Cash provided by (used in)				
Operating activities				
Excess (deficiency) of revenue over expenses	\$ (227,828)	\$ 25,023	\$ (202,805)	\$ (569,306)
Items not involving cash				
Amortization	3,318	-	3,318	9,621
Change in unrealized gain on investments	-	208,130	208,130	(31,406)
	(224,510)	233,153	8,643	(591,091)
Changes in non-cash working capital items				
Pledges receivable	88,550	-	88,550	8,476
Interest and other receivables	14,414	1,996	16,410	36,966
Prepaid expenses	(21,120)	-	(21,120)	2,498
Accounts payable and accrued liabilities	7,096	-	7,096	(4,122)
Deferred campaign contributions	39,953	-	39,953	(49,019)
	(95,617)	235,149	139,532	(596,292)
Investing activities				
Purchase of capital assets	(306)	-	(306)	(27,812)
Net sale (purchase) of investments	(68)	(225,453)	(225,521)	705,098
	(374)	(225,453)	(225,827)	677,286
Financing activities				
Interfund transfers	8,302	(8,302)	-	-
Increase (decrease) in cash during the year	(87,689)	1,394	(86,295)	80,994
Cash - beginning of period	349,794	6,542	356,336	275,342
Cash - end of period	\$ 262,105	\$ 7,936	\$ 270,041	\$ 356,336

United Way of Peterborough and District

Notes to the Financial Statements

March 31, 2015

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, 2015

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 costs to campaign, community programs and general and administrative costs as follows:

	General Management and Administrative Costs (Payroll)	General Management and Administrative Costs (Other)
Campaign	28.0%	30.0%
Community investment	38.0%	45.0%
Organizational & Community Development	30.7%	22.5%
Labour program	3.3%	2.5%

(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	5 or 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, 2015

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 campaign contributions, 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, 2015

3. Cash and Bank

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

4. Investments

	Operating Fund	Endowment Fund	March 31 2015	December 31 2014
Fixed income	\$ 131	\$ 274,198	\$ 274,329	\$ 685,182
Mutual funds	-	728,253	728,253	255,935
Canadian equities	2,104	510,235	512,339	468,532
Foreign equities	-	299,279	299,279	387,161
	2,235	1,811,965	1,814,200	1,796,810
Less short term	-	51,898	51,898	330,212
Long term	\$ 2,235	\$ 1,760,067	\$ 1,762,302	\$ 1,466,598

Fixed income investments consist of interest-bearing notes earning interest in the range of 1.5% to 4.25% with maturity dates ranging between June 2015 and December 2022.

Cash balances and 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.

5. Capital Assets

	March 31, 2015		December 31, 2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 21,000	\$ -	\$ 21,000	\$ -
Building	74,099	74,099	74,099	74,099
Building equipment	6,314	4,456	6,314	4,368
Office equipment	101,617	65,022	101,311	61,793
	\$ 203,030	\$ 143,577	\$ 202,724	\$ 140,260
Net book value		\$ 59,453		\$ 62,464

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2015

6. Deferred Revenue

Deferred revenue is comprised of the following:

	March 31 2015	December 31 2014
Designated contributions	\$ 20,586	\$ 5,496
Grants	24,863	-
	<u>\$ 45,449</u>	<u>\$ 5,496</u>

7. 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, 2015

8. 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	Grants Fund	Member Agency Hardship Fund	March 31 2015	December 31 2014
Beginning balance	\$ 687,735	\$ 24,981	\$ 8,500	\$ 721,216	\$ 692,010
Transfers from/(to) unrestricted	-	(24,981)	-	(24,981)	29,206
Ending balance	\$ 687,735	\$ -	\$ 8,500	\$ 696,235	\$ 721,216

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.

The Board Grants Fund is intended to be accessed by the community for special projects in community problem solving and priority needs. This fund was closed in the period by board resolution with the balance transferred to the unrestricted operating fund.

The Partner Agency Hardship Fund is for Partner 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.

9. Investment Income

	Period ended March 31 2015	Year ended December 31 2014
Dividends, interest and other	\$ 14,435	\$ 70,005
Realized gains on disposal of investments	222,440	47,968
Change in unrealized gains	(208,130)	31,406
	<u>\$ 28,745</u>	<u>\$ 149,379</u>

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2015

10. Grants

	Period ended March 31 2015	Year ended December 31 2014
Government of Canada - Homelessness	\$ 29,587	\$ 134,051
City of Peterborough Information Centre	8,287	33,150
Other	-	2,203
	<u>\$ 37,874</u>	<u>\$ 169,404</u>

11. 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 \$233,153 (2014 - \$100,280).

12. Change of Reporting Period

The organization has received approval from Canada Revenue Agency to change their fiscal year end to March 31.

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2015

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 \$117,404 (2014 - \$220,367). 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.

(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 fixed income investments and equity securities quoted in an active market of \$299,279 (2014 - \$387,161). 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 \$139,327 (2014 - \$132,231). 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.

United Way of Peterborough and District

Schedule A - Funds Distributed to Member Agencies

	Allocations	Designations	Period ended	Year ended
			March 31 2015	December 31 2014
Big Brothers and Big Sisters Association	\$ 27,411	\$ -	\$ 27,411	\$ 111,138
Canadian Mental Health Association	20,001	-	20,001	83,423
Canadian Red Cross, Peterborough, Haliburton and District	-	-	-	53,104
Community Opportunity & Innovation Network	11,250	-	11,250	46,404
Community Care Peterborough	16,251	-	16,251	68,212
Community Counselling and Resource Centre	47,739	-	47,739	192,656
Community Living Peterborough	12,000	-	12,000	46,828
Down Syndrome Association of Peterborough	11,124	-	11,124	45,052
Elizabeth Fry Society of Peterborough	18,618	-	18,618	76,472
John Howard Society of Peterborough	22,086	-	22,086	90,896
Kairos Non-Profit Housing	-	-	-	14,000
Kawartha Child Care Services	-	-	-	42,035
Kawartha Food Share	-	-	-	62,900
Kawartha Sexual Assault Centre	10,749	-	10,749	45,720
Kinark Child & Family Services	-	-	-	45,662
Learning Disabilities Association of Peterborough	17,250	-	17,250	68,356
Multiple Sclerosis Society	8,499	-	8,499	36,782
New Canadians Centre - Peterborough	16,251	-	16,251	17,946
Nursery Two Inc.	-	-	-	62,552
PARN	9,750	-	9,750	20,588
Peterborough Community Chaplaincy	13,749	-	13,749	55,310
Peterborough Family Resource Centre	15,000	-	15,000	62,000
Peterborough Social Planning Council	18,174	-	18,174	74,386
Peterborough Youth Services	12,999	-	12,999	59,204
St. John Ambulance	-	-	-	100
Schizophrenia Society of Ontario, Peterborough Chapter	11,250	-	11,250	47,130
Trent Child Care Inc.	-	-	-	20,505
Trent Valley Literacy Association	7,500	-	7,500	31,040
Victorian Order of Nurses, Peterborough, Victoria and Haliburton	-	-	-	25,576
Youth Emergency Shelter of Peterborough Inc.	17,499	-	17,499	25,311
YMCA of Central East Ontario	-	-	-	80,054
Y.W.C.A. of Peterborough, Victoria and Haliburton	32,499	-	32,499	217,607
	<u>\$ 377,649</u>	<u>\$ -</u>	<u>\$ 377,649</u>	<u>\$ 1,928,949</u>

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

	General Management and Administration	Campaign	Community Investment	Organizational and Community Development	Labour Program	Period ended March 31 2015 Total	Year ended December 31 2014 Total
Salaries and employee benefits	\$ 65,332	\$ 28,923	\$ -	\$ 30,809	\$ 13,176	\$ 138,240	\$ 651,035
Office expenses	7,732	1,930	-	125	25	9,812	90,992
Building occupancy	11,652	-	-	-	-	11,652	26,235
Conferences, training and recognition	364	507	-	613	-	1,484	19,808
Printing and public relations	110	-	-	325	38	473	23,798
Transportation	30	-	-	-	-	30	4,298
Nevada	-	1,780	-	-	-	1,780	7,479
Workshop	-	-	-	-	-	-	-
Professional fees	5,197	-	-	529	-	5,726	14,454
Amortization	3,318	-	-	-	-	3,318	9,621
Marketing and miscellaneous	818	-	-	-	-	818	11,934
Special projects	-	-	-	3,789	-	3,789	25,960
Special events	-	1,800	-	22	-	1,822	6,286
Homelessness project office expenses	-	-	-	-	-	-	1,719
Administration costs distributed to campaign/programs	94,553	34,940	-	36,212	13,239	178,944	893,619
	(94,553)	27,229	37,664	26,759	2,901	-	-
Total 2015	\$ -	\$ 62,169	\$ 37,664	\$ 62,971	\$ 16,140	\$ 178,944	\$ -
Total 2014	\$ -	\$ 333,421	\$ 172,379	\$ 317,985	\$ 69,834	\$ -	\$ 893,619