

**United Way of Peterborough
and District
Financial Statements**
For the period ended March 31, 2017

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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, 2017, 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, 2017 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Peterborough, Ontario
August 9, 2017

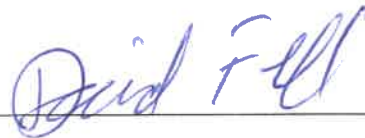
**United Way of Peterborough and District
Statement of Financial Position**

	Operating Fund	Endowment Fund	March 31 2017	March 31 2016
Assets				
Current				
Cash and bank (Note 3)	\$ 725,502	\$ 19,112	\$ 744,614	\$ 404,333
Short term investments (Note 4)	-	101,803	101,803	101,424
Pledges receivable	90,376	-	90,376	99,666
Interest and other receivables	20,017	9,482	29,499	27,794
Prepaid expenses	35,905	-	35,905	19,612
Due from (to) other funds	40,759	(40,759)	-	-
	<u>912,559</u>	<u>89,638</u>	<u>1,002,197</u>	<u>652,829</u>
Investments (Note 4)	2,324	1,598,509	1,600,833	1,478,344
Capital assets (Note 5)	34,445	-	34,445	46,825
	<u>\$ 949,328</u>	<u>\$ 1,688,147</u>	<u>\$ 2,637,475</u>	<u>\$ 2,177,998</u>
Liabilities and Funds Balances				
Current Liabilities				
Accounts payable and accruals	\$ 139,778	\$ 3,536	\$ 143,314	\$ 185,007
Deferred revenue (Note 6)	5,390	-	5,390	31,325
	<u>145,168</u>	<u>3,536</u>	<u>148,704</u>	<u>216,332</u>
Contributed equity in capital assets (Note 7)	25,000	-	25,000	25,000
	<u>170,168</u>	<u>3,536</u>	<u>173,704</u>	<u>241,332</u>
Fund Balances				
Unrestricted	-	-	-	-
Internally restricted (Note 8a)	620,968	127,130	748,098	251,061
Externally restricted (Note 8b)	158,192	1,557,481	1,715,673	1,685,605
	<u>779,160</u>	<u>1,684,611</u>	<u>2,463,771</u>	<u>1,936,666</u>
	<u>\$ 949,328</u>	<u>\$ 1,688,147</u>	<u>\$ 2,637,475</u>	<u>\$ 2,177,998</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	2017	2016
Revenue				
Campaign contributions	\$1,440,574	\$ -	\$1,440,574	\$ 1,462,128
Funds received from other United Ways	378,348	-	378,348	444,621
Total campaign income	1,818,922	-	1,818,922	1,906,749
Investment income (Note 9)	1,914	147,824	149,738	6,889
Program income	3,050	-	3,050	14,008
Grants (Note 10)	240,889	-	240,889	183,093
Nevada income	17,800	-	17,800	15,076
Other donations	10,320	30,068	40,388	21,299
Total revenue	2,092,895	177,892	2,270,787	2,147,114
Expenditures				
Community & Program Funding				
Allocations to Member Agencies				
- Schedule A	823,156	-	823,156	1,256,800
Designations to Member Agencies				
- Schedule A	18,463	-	18,463	50,507
Designations to other charities	22,084	-	22,084	20,297
General management and administration- Schedule B	131,999	-	131,999	170,048
Organizational & community development - Schedule B	235,528	-	235,528	308,606
Labour program - Schedule B	36,319	-	36,319	56,792
Homelessness project	194,248	-	194,248	125,616
United Way of Canada membership fees	25,386	-	25,386	23,293
Fundraising				
Investment management fees	-	12,768	12,768	13,010
Campaign expenses - Schedule B	243,731	-	243,731	276,043
Total expenditures	1,730,914	12,768	1,743,682	2,301,012
Excess (deficiency) of revenue over expenditure	361,981	165,124	527,105	(153,898)
Fund Balances, Beginning of Period	402,934	1,533,732	1,936,666	2,090,564
Interfund Transfers (Note 11)	14,245	(14,245)	-	-
Fund Balances, End of Period	\$ 779,160	\$1,684,611	\$2,463,771	\$ 1,936,666

United Way of Peterborough and District Statement of Cash Flows

For the year ended March 31	Operating Fund	Endowment Fund	2017	2016
Cash provided by (used in)				
Operating activities				
Excess (deficiency) of revenue over expenses	\$ 361,981	\$ 165,124	\$ 527,105	\$ (153,898)
Items not involving cash				
Amortization	12,380	-	12,380	12,628
Change in unrealized (gains) losses on investments	-	(121,003)	(121,003)	38,179
	<u>374,361</u>	<u>44,121</u>	<u>418,482</u>	<u>(103,091)</u>
Changes in non-cash working capital items				
Pledges receivable	9,290	-	9,290	(6,785)
Interest and other receivables	(2,566)	861	(1,705)	541
Prepaid expenses	(16,293)	-	(16,293)	15,818
Accounts payable and accrued liabilities	(41,924)	231	(41,693)	45,680
Deferred campaign contributions	(25,935)	-	(25,935)	(14,124)
Due from (to) other funds	22,695	(22,695)	-	-
	<u>319,628</u>	<u>22,518</u>	<u>342,146</u>	<u>(61,961)</u>
Investing activities				
Net sale (purchase) of investments	1,716	(3,581)	(1,865)	196,253
Financing activities				
Interfund transfers	14,245	(14,245)	-	-
Increase (decrease) in cash during the year	335,589	4,692	340,281	134,292
Cash - beginning of year	389,913	14,420	404,333	270,041
Cash - end of year	\$ 725,502	\$ 19,112	\$ 744,614	\$ 404,333

United Way of Peterborough and District

Notes to the Financial Statements

March 31, 2017

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, 2017

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%
General management and administration	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	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, 2017

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, 2017

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	2017	2016
Fixed income	\$ 98	\$ 863,343	\$ 863,441	\$ 917,563
Mutual funds	-	41,738	41,738	4,961
Canadian equities	2,226	523,587	525,813	422,225
Foreign equities	-	271,644	271,644	235,019
	2,324	1,700,312	1,702,636	1,579,768
Less short term	-	101,803	101,803	101,424
Long term	<u>\$ 2,324</u>	<u>\$ 1,598,509</u>	<u>\$ 1,600,833</u>	<u>\$ 1,478,344</u>

Fixed income investments consist of interest-bearing notes earning interest in the range of 1.50% to 5.19% with maturity dates ranging between May 2017 and March 2031.

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

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 21,000	\$ -	\$ 21,000	\$ -
Building	74,099	74,099	74,099	74,099
Building equipment	6,314	5,164	6,314	4,810
Office equipment	101,617	89,322	101,617	77,296
	<u>\$ 203,030</u>	<u>\$ 168,585</u>	<u>\$ 203,030</u>	<u>\$ 156,205</u>
Net book value		<u>\$ 34,445</u>		<u>\$ 46,825</u>

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2017

6. Deferred Revenue

Deferred revenue is comprised of the following:

	2017		2016
Designated contributions	\$ 5,390	\$	5,965
Grants	-		25,360
	\$ 5,390	\$	31,325

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.

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	Member Agency Hardship Fund	2017	2016
Beginning balance	\$ 236,242	\$ 8,500	\$ 244,742	\$ 696,235
Transfers from/(to) unrestricted	376,226	-	376,226	(451,493)
Ending balance	\$ 612,468	\$ 8,500	\$ 620,968	\$ 244,742

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.

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2017

9. Investment Income

	<u>2017</u>	<u>2016</u>
Dividends, interest and other	\$ 45,709	\$ 37,114
Realized gains (losses) on disposal of investments	(16,974)	7,954
Change in unrealized gains (losses)	<u>121,003</u>	<u>(38,179)</u>
	<u>\$ 149,738</u>	<u>\$ 6,889</u>

10. Grants

	<u>2017</u>	<u>2016</u>
Government of Canada - Homelessness	\$ 212,386	\$ 146,927
City of Peterborough Information Centre	25,360	33,316
Other	3,143	2,850
	<u>\$ 240,889</u>	<u>\$ 183,093</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 \$14,245 (2016 - \$32,057).

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2017

12. 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 \$110,393 (2016 - \$117,118). 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 \$271,644 (2016 - \$235,019). 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 \$143,314 (2016 - \$185,007). 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	2017	2016
Big Brothers and Big Sisters Association	\$ 72,675	\$ 950	\$ 73,625	\$ 91,685
Canadian Mental Health Association	36,338	1,060	37,398	45,654
Canadian Red Cross, Peterborough Haliburton and District	-	250	250	-
Community Opportunity & Innovation Network	36,338	-	36,338	64,888
Community Care Peterborough	52,488	1,672	54,160	65,704
Community Counselling and Resource Centre	72,675	260	72,935	90,542
Community Living Peterborough	38,760	1,670	40,430	48,588
Elizabeth Fry Society of Peterborough	48,450	-	48,450	60,000
Fourcast	-	500	500	45,996
John Howard Society of Peterborough	48,450	1,094	49,544	60,294
Kawartha Food Share	-	566	566	327
Kawartha Sexual Assault Centre	34,723	404	35,127	43,224
Kinark Child & Family Services	-	1,430	1,430	77,940
Learning Disabilities Association of Peterborough	-	-	-	69,118
Multiple Sclerosis Society	-	-	-	88
New Canadians Centre - Peterborough	52,488	2,867	55,355	65,992
PCCHU (Food for Kids)	10,000	-	10,000	10,000
PARN	31,493	100	31,593	39,000
Peterborough Community Chaplaincy	44,413	260	44,673	54,996
Peterborough Family Resource Centre	48,450	260	48,710	60,000
Peterborough Social Planning Council	-	130	130	1,462
Peterborough Youth Services	41,990	730	42,720	53,353
Schizophrenia Society of Ontario, Peterborough Chapter	-	-	-	248
TRACKS	-	-	-	47,004
Trent Child Care Inc.	-	-	-	126
Trent Valley Literacy Association	24,225	208	24,433	30,988
Victorian Order of Nurses, Peterborough, Victoria and Haliburton	-	100	100	-
Youth Emergency Shelter of Peterborough Inc.	56,525	950	57,475	86,942
YMCA of Central East Ontario	-	100	100	-
Y.W.C.A. of Peterborough, Victoria and Haliburton	72,675	2,902	75,577	93,148
	\$ 823,156	\$ 18,463	\$ 841,619	\$ 1,307,307

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

	General Management and Administration	Campaign	Organizational and Community Development	Labour Program	2017 Total	2016 Total
Salaries and employee benefits	\$ 196,869	\$ 88,771	\$ 124,857	\$ 26,062	\$ 436,559	\$ 563,942
Office expenses	48,648	12,414	400	-	61,462	37,739
Building occupancy	25,970	-	-	-	25,970	57,818
Conferences, training and recognition	6,310	3,428	609	281	10,628	14,313
Printing and public relations	700	4,317	1,000	-	6,017	11,927
Transportation	849	697	-	-	1,546	2,432
Nevada	-	5,614	-	-	5,614	5,940
Workshop	-	-	621	-	621	2,010
Professional fees	10,134	-	-	-	10,134	10,290
Amortization	12,380	-	-	-	12,380	12,628
Marketing and miscellaneous	28,739	5,853	69	-	34,661	71,377
Special projects	-	-	16,221	-	16,221	18,181
Special events	-	25,764	-	-	25,764	2,892
Administration costs distributed to campaign/programs	330,599	146,858	143,777	26,343	647,577	811,489
	(198,600)	96,873	91,751	9,976	-	-
Total 2017	\$ 131,999	\$ 243,731	\$ 235,528	\$ 36,319	\$ 647,577	\$ -
Total 2016	\$ 170,048	\$ 276,043	\$ 308,606	\$ 56,792	\$ -	\$ 811,489