

**United Way of Peterborough
and District
Financial Statements
For the year ended March 31, 2019**

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Independent Auditor's Report

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

Qualified Opinion

We have audited the accompanying financial statements of United Way of Peterborough and District (the "Organization"), which comprise the statement of financial position as at March 31, 2019, 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.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from campaign contributions and other donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore we were not able to determine whether any adjustments might be necessary to revenues other than grants, excess of revenue over expense, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

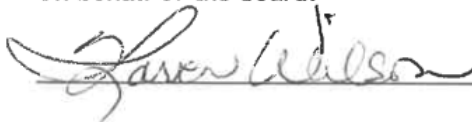
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants
Peterborough, Ontario
June 12, 2019

United Way of Peterborough and District Statement of Financial Position

	Operating Fund	Endowment Fund	March 31 2019	March 31 2018
Assets				
Current				
Cash and bank (Note 3)	\$ 965,228	\$ 29,820	\$ 995,048	\$ 579,542
Short term investments (Note 4)	-	152,762	152,762	570,070
Pledges receivable	22,882	-	22,882	25,721
Interest and other receivables	44,910	8,999	53,909	123,881
Prepaid expenses	31,128	-	31,128	34,183
Due from (to) other funds	34,870	(34,870)	-	-
	1,099,018	156,711	1,255,729	1,333,397
Investments (Note 4)	6,477	1,555,272	1,561,749	1,540,860
Capital assets (Note 5)	38,559	-	38,559	35,410
	\$ 1,144,054	\$ 1,711,983	\$ 2,856,037	\$ 2,909,667
Liabilities and Funds Balances				
Current Liabilities				
Accounts payable and accruals	\$ 130,669	\$ -	\$ 130,669	\$ 293,072
Deferred revenue	-	-	-	7,068
	130,669	-	130,669	300,140
Contributed equity in capital assets (Note 6)	25,000	-	25,000	25,000
	155,669	-	155,669	325,140
Fund Balances				
Unrestricted	150,139	-	150,139	-
Internally restricted (Note 7a)	680,054	119,220	799,274	847,131
Externally restricted (Note 7b)	158,192	1,592,763	1,750,955	1,737,396
	988,385	1,711,983	2,700,368	2,584,527
	\$ 1,144,054	\$ 1,711,983	\$ 2,856,037	\$ 2,909,667

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	2019	2018
Revenue				
Campaign contributions	\$1,474,914	\$ -	\$1,474,914	\$ 1,339,494
Funds received from other United Ways	197,513	-	197,513	324,266
Total campaign income	1,672,427	-	1,672,427	1,663,760
Investment income (Note 8)	9,362	123,457	132,819	45,761
Program income	3,165	-	3,165	18,458
Grants (Note 9)	211,621	-	211,621	221,548
Nevada income	22,316	-	22,316	26,949
Other donations	9,061	15,265	24,326	28,214
Other income	-	-	-	31,216
Total revenue	1,927,952	138,722	2,066,674	2,035,906
Expenditures				
Community & Program Funding				
Allocations/Designations to Member Agencies - Schedule A	842,658	-	842,658	851,310
Designations to other charities	68,404	-	68,404	18,939
Age friendly initiative	81,405	-	81,405	-
Innovation program funding	-	-	-	75,000
Neighbourhood funding initiative	20,000	-	20,000	25,000
Organizational & community development - Schedule B	300,547	-	300,547	290,227
Labour program - Schedule B	58,939	-	58,939	52,040
Homelessness project - Schedule B	208,261	-	208,261	218,921
United Way of Canada membership fees	17,902	-	17,902	18,097
Fundraising				
Investment management fees	-	13,337	13,337	10,082
Campaign expenses - Schedule B	339,380	-	339,380	355,534
Total expenditures	1,937,496	13,337	1,950,833	1,915,150
Excess of revenue over expenditures (expenditures over revenue)	(9,544)	125,385	115,841	120,756
Fund Balances, Beginning of Year	878,193	1,706,334	2,584,527	2,463,771
Interfund Transfers (Note 10)	119,736	(119,736)	-	-
Fund Balances, End of Year	\$ 988,385	\$1,711,983	\$2,700,368	\$ 2,584,527

United Way of Peterborough and District Statement of Cash Flows

For the year ended March 31	Operating Fund	Endowment Fund	2019	2018
Cash provided by (used in)				
Operating activities				
Excess of revenue over expenditures (expenditures over revenue)	\$ (9,544)	\$ 125,385	\$ 115,841	\$ 120,756
Items not involving cash				
Amortization	14,469	-	14,469	9,135
Change in unrealized (gains) losses on investments	(117)	73,777	73,660	7,029
	<u>4,808</u>	<u>199,162</u>	<u>203,970</u>	<u>136,920</u>
Changes in non-cash working capital items				
Pledges receivable	2,839	-	2,839	64,655
Interest and other receivables	69,146	826	69,972	(94,382)
Prepaid expenses	3,055	-	3,055	1,722
Accounts payable and accrued liabilities	(162,403)	-	(162,403)	149,758
Deferred campaign contributions	(7,068)	-	(7,068)	1,678
Due from (to) other funds	(1,034)	1,034	-	-
	<u>(90,657)</u>	<u>201,022</u>	<u>110,365</u>	<u>260,351</u>
Investing activities				
Purchase of capital assets	(17,618)	-	(17,618)	(10,100)
Net activity of short term and long term investments	398,233	(75,474)	322,759	(415,323)
	<u>380,615</u>	<u>(75,474)</u>	<u>305,141</u>	<u>(425,423)</u>
Financing activities				
Interfund transfers	119,736	(119,736)	-	-
Increase (decrease) in cash during the year	409,694	5,812	415,506	(165,072)
Cash and bank - beginning of year	555,534	24,008	579,542	744,614
Cash and bank - end of year	\$ 965,228	\$ 29,820	\$ 995,048	\$ 579,542

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2019

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, 2019

2. Summary of Significant Accounting Policies (continued)

(c) Revenue Recognition (continued)

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, 2019

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.

3. Cash and Bank

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

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2019

4. Investments

	Operating Fund	Endowment Fund	2019	2018
Fixed income	\$ -	\$ 503,715	\$ 503,715	\$ 1,006,060
Mutual funds	6,477	261,354	267,831	215,535
Canadian equities	-	491,774	491,774	452,170
Foreign equities	-	451,191	451,191	437,165
	6,477	1,708,034	1,714,511	2,110,930
Less short term	-	152,762	152,762	570,070
Long term	\$ 6,477	\$ 1,555,272	\$ 1,561,749	\$ 1,540,860

Fixed income investments consist of interest-bearing notes earning interest in the range of 2.000% to 4.540% with maturity dates ranging between June 2019 and March 2027.

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

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 21,000	\$ -	\$ 21,000	\$ -
Building	74,099	74,099	74,099	74,099
Building equipment	6,314	5,872	6,314	5,518
Office equipment	129,335	112,218	111,717	98,103
	\$ 230,748	\$ 192,189	\$ 213,130	\$ 177,720
Net book value		\$ 38,559		\$ 35,410

6. 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, 2019

7. 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	2019	2018
Beginning balance	\$ 711,501	\$ 8,500	\$ 720,001	\$ 620,968
Transfers from/(to) unrestricted	(39,947)	-	(39,947)	99,033
Ending balance	\$ 671,554	\$ 8,500	\$ 680,054	\$ 720,001

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.

8. Investment Income

	2019	2018
Dividends, interest and other	\$ 57,099	\$ 44,028
Realized losses on disposal of investments	2,060	(5,296)
Change in unrealized gains	73,660	7,029
	\$ 132,819	\$ 45,761

9. Grants

	2019	2018
Government of Canada - Homelessness	\$ 208,261	\$ 218,921
Other	3,360	2,627
	\$ 211,621	\$ 221,548

10. 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 \$38,331 (2018 - \$27,101).

The Board also approved during the year an additional transfer of \$81,405 from the Endowment Fund to the Operating Fund to fund an Age Friendly program.

United Way of Peterborough and District Notes to the Financial Statements

March 31, 2019

11. 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 \$67,792 (2018 - \$139,777). 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 currency denominated cash, fixed income investments and equity securities quoted in an active market of \$471,230 (2018 - \$424,034). 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 \$130,669 (2018 - \$293,072). 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.

12. 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

For the year ended March 31	2019	2018
211 Ontario	\$ 5,000	\$ 5,000
Big Brothers and Big Sisters Association	76,309	76,461
Canadian Mental Health Association	38,154	38,282
Community Care Peterborough	55,112	57,432
Community Counselling and Resource Centre	76,309	77,764
Community Living Trent Highlands	40,698	40,953
Elizabeth Fry Society of Peterborough	50,873	50,973
John Howard Society of Peterborough	50,873	50,973
Kawartha Sexual Assault Centre	36,459	38,059
New Canadians Centre - Peterborough	55,112	55,972
PARN	33,067	33,219
PPH - Food for Kids	12,000	12,100
Peterborough Child & Family Centres	50,873	50,923
Peterborough Reintegration Services	46,633	46,633
Peterborough Youth Services	44,090	44,140
Tracks Youth Program	10,000	8,600
Trent Valley Literacy Association	25,436	25,536
YES Shelter for Youth & Families	59,351	59,801
Y.W.C.A. of Peterborough, Victoria and Haliburton	76,309	78,489
	\$ 842,658	\$ 851,310

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

	General Management and Administration	Campaign	Organizational and Community Development	Labour Program	Homelessness Project	2019 Total	2018 Total
Salaries and employee benefits	\$ 219,027	\$ 122,228	\$ 107,967	\$ 33,452	\$ -	\$ 482,674	\$ 473,808
Office expenses	56,569	2,415	1,416	5,170	-	65,570	74,408
Building occupancy	28,599	-	-	-	-	28,599	27,833
Conferences, training and recognition	15,719	19,715	-	1,097	-	36,531	21,063
Printing and public relations	50	5,076	-	-	-	5,126	5,226
Transportation	1,148	-	300	-	-	1,448	255
Nevada	-	8,219	-	-	-	8,219	8,788
Workshop	-	-	727	-	-	727	4,629
Professional fees	10,654	-	-	-	-	10,654	10,000
Amortization	14,469	-	-	-	-	14,469	9,135
Marketing and miscellaneous	12,392	-	-	-	-	12,392	42,944
Special projects	-	-	19,843	-	-	19,843	17,418
Special events	-	30,653	-	-	-	30,653	22,225
Homelessness project expenses	-	-	-	-	190,222	190,222	198,990
	358,627	188,306	130,253	39,719	190,222	907,127	916,722
Administration costs distributed to campaign/programs	(358,627)	151,074	170,294	19,220	18,039	-	-
Total 2019	\$ -	\$ 339,380	\$ 300,547	\$ 58,939	\$ 208,261	\$ 907,127	\$ -
Total 2018	\$ -	\$ 355,534	\$ 290,227	\$ 52,040	\$ 218,921	\$ -	\$ 916,722