

# Financial Statements

United Way Simcoe Muskoka

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March 31, 2017

United Way of Greater Simcoe County

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# Independent Auditors' Report

To the Board of Directors of

United Way Simcoe Muskoka

We have audited the accompanying financial statements of United Way Simcoe Muskoka, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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 accounting standards for not-for-profit organizations. 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 qualified audit opinion.

**Basis for qualified opinion**

In common with many charitable organizations, the organization derives revenue from donations and fundraising, 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 donation and fundraising revenues, excess of revenue over expenses, assets and net assets.

**Opinion**

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Barrie, Canada  
June 28, 2017

Chartered Professional Accountants  
Licensed Public Accountants

# United Way Simcoe Muskoka Statement of Financial Position

As at March 31

2017

2016

\$

\$

## ASSETS

### Current

Cash	1,443,769	1,025,694
Short term investments [note 3]	110,158	181,310
Pledges receivable [note 4]	648,462	725,338
Accounts and grants receivable	294,348	40,237
Prepaid expenses	27,531	24,950
<b>Total current assets</b>	<b>2,524,268</b>	<b>1,997,529</b>
Capital assets [note 5]	146,631	141,633
Investments [note 6]	381,506	448,374
<b>Total assets</b>	<b>3,052,405</b>	<b>2,587,536</b>

## LIABILITIES AND NET ASSETS

### Current

Accounts payable and accrued charges	387,387	179,278
Accounts payable - Donor's choice	178,965	207,745
Deferred grant and other revenue - short term	1,251,051	1,106,290
Allocations payable to member agencies [note 7]	704,516	807,055
<b>Total current liabilities</b>	<b>2,521,919</b>	<b>2,300,368</b>
Deferred grant and other revenue - long term	35,211	32,862
<b>Total liabilities</b>	<b>2,557,130</b>	<b>2,333,230</b>

### Net assets

Unrestricted net assets	270	(235,701)
Net assets invested in capital assets	146,631	141,633
Net assets restricted for Collaborative Reserve Fund	75,000	75,000
Net assets restricted for Transformation Reserve Fund	100,000	100,000
Net assets restricted for Strategic Reserve Fund	170,000	170,000
Net assets restricted for Forever Reserve Fund	3,374	3,374
	<b>495,275</b>	<b>254,306</b>
	<b>3,052,405</b>	<b>2,587,536</b>

See accompanying notes to the financial statements.

On behalf of the Board:

  
Director

Director

  
Treasurer

# United Way Simcoe Muskoka Statement of Changes in Net Assets

Year ended March 31

	2017		2016	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Unrestricted net assets</b>				
Invested in capital assets	141,633	141,633	170,000	170,000
Forever Reserve Fund	3,374	3,374	75,000	75,000
Collaborative Reserve Fund	-	-	-	-
Transformation Reserve Fund	-	-	100,000	100,000
Strategic Reserve Fund	-	-	-	-
<b>Total</b>	<b>254,306</b>	<b>254,306</b>	<b>495,275</b>	<b>495,275</b>
<b>Opening balance</b>	<b>(235,701)</b>	<b>(235,701)</b>	<b>(169,905)</b>	<b>(169,905)</b>
Excess (shortfall) of revenues over expenditures for the year	240,969	240,969	-	-
Realized investment income (loss)	-	-	-	22,407
Unrealized investment income (loss)	-	-	-	(23,025)
Net investment in capital assets	(61,881)	(61,881)	-	-
Investment revenue	-	-	-	-
Interfund transfer	-	-	-	-
Interfund transfer	-	-	-	-
Amortization	56,883	(56,883)	-	-
<b>Balance, end of year</b>	<b>270</b>	<b>146,631</b>	<b>170,000</b>	<b>254,306</b>

See accompanying notes to the financial statements.

# United Way Simcoe Muskoka Statement of Operations

Year ended March 31	2017	2016
	\$	\$
<b>REVENUES</b>		
Donations and special events revenue <i>[schedule 1]</i>	1,093,784	1,178,471
Funds transferred from other UWs-C <i>[schedule 1]</i>	493,857	520,176
Funds transferred to other UWs-C <i>[schedule 1]</i>	(1,707)	(4,853)
Campaign revenue	1,585,934	1,693,794
Less: Admin fees charged by UWs-C	(10,227)	(14,237)
Less: Uncollectable pledges <i>[note 9]</i>	(41,408)	(162,995)
Net campaign revenue	1,534,299	1,516,562
Investment income	46,886	28
Administrative fees <i>[schedule 3]</i>	1,380,389	1,009,764
Loss on disposal of capital assets	(28,594)	-
Other income	19,034	4,100
	<b>2,952,014</b>	<b>2,530,454</b>
<b>Expenditures</b>		
Fundraising expenses <i>[schedule 2]</i>	529,889	488,087
<b>Net revenue available for programs</b>	<b>2,422,125</b>	<b>2,042,367</b>
<b>Program expenses</b>		
Agency allotments <i>[schedule 2]</i>	677,752	807,055
Donor's Choice <i>[note 10]</i>	89,353	116,380
Community development programs <i>[schedule 2]</i>	1,414,051	1,288,837
	<b>2,181,156</b>	<b>2,212,272</b>
	-	-
<b>Excess (shortfall) of revenues over expenditures for the year</b>	<b>240,969</b>	<b>(169,905)</b>

See accompanying notes to the financial statements.

## United Way Simcoe Muskoka Statement of Cash Flows

Year ended March 31	2017	2016
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenues over expenditures	240,969	(169,905)
Amortization	56,883	42,970
Unrealized (gain) loss on marketable securities	(34,317)	4,734
Loss on disposal of capital assets	28,594	-
Net change in non-cash working capital balances	115,236	218,624
<b>Cash provided by operating activities</b>	<b>407,365</b>	<b>96,423</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(90,474)	(69,010)
<b>Cash used in investing activities</b>	<b>(90,474)</b>	<b>(69,010)</b>
<b>FINANCING ACTIVITY</b>		
Proceeds from investments	101,184	-
<b>Cash used in financing activity</b>	<b>101,184</b>	<b>-</b>
<b>Net increase in cash</b>	<b>418,075</b>	<b>27,413</b>
Cash, beginning of year	1,025,694	998,281
<b>Cash, end of year</b>	<b>1,443,769</b>	<b>1,025,694</b>

See accompanying notes to the financial statements.



# **United Way Simcoe Muskoka**

## **Notes to the Financial Statements**

March 31, 2017

### **1. OPERATIONS**

The United Way of Greater Simcoe County is a non-profit organization incorporated without share capital under the laws of Ontario. Its principal activities include the fund raising for and allocation to non-profit organizations.

The United Way of Greater Simcoe County is a registered public foundation and as such, is exempt from income tax and may issue income tax receipts to donors.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Organization have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following is a summary of the more significant accounting policies:

#### **Basis of accounting**

United Way of Greater Simcoe County follows the accrual method of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### **Use of 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The areas most subject to management estimate are in developing the allowance for pledge defaults and the allocation of general and administrative expenditures.

#### **Investments**

Investments consist of marketable securities and guaranteed investment certificates and are recorded at fair market value.

# United Way Simcoe Muskoka

## Notes to the Financial Statements

March 31, 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Reserve funds

The Forever Fund Reserve is an endowment fund set up to support community investments or specific operational requirements.

The Transformation Fund Reserve is an internally restricted fund set up to support costs associated with realigning the organization to meet strategic business activities.

The Strategic Fund Reserve is an internally restricted fund set up to provide financial flexibility for the growth mandate, unplanned outcomes, capital expenditures or strategic opportunities that may emerge in the future.

The Collaborative Fund Reserve is an internally restricted fund set up to support special initiative community impact partnerships or projects.

#### Pension plan

The organization maintains a defined contribution plan available to some of its permanent full-time personnel. The expense for the plan is equal to the organization's required contribution for the year.

#### Capital assets

Capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair market value at the date of acquisition or at a nominal amount when the fair market value of contributed capital assets cannot be determined. Amortization based on the estimated useful life of the asset, with half year rates in the year of acquisition for all classes except leasehold improvements is calculated as follows:

Office equipment	20% diminishing balance basis
Computer equipment	30% diminishing balance basis
Computer software	20% diminishing balance basis
Leasehold improvements	5 year straight-line

# United Way Simcoe Muskoka Notes to the Financial Statements

March 31, 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Revenue recognition

The United Way of Greater Simcoe County follows the deferral method of accounting for contributions.

Contributions are recognized as revenue in the appropriate fund. Investment income earned by the fund is recognized as revenue as it is earned.

Pledges are recorded as receivable and recognized as revenue when signed pledge or other documents are received by the United Way. Provision is made for possible cancellation of pledges taken into revenue.

Administrative fees are charged to facilitate and administer funding from grant programs. The fees are recorded as they are earned, which is outlined in the individual grant agreements.

### Contributed service

The work of United Way of Greater Simcoe County is dependent on the voluntary service of many members and others. Since these services are not normally purchased by the United Way of Greater Simcoe County and because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

### Campaign revenue

These financial statements reflect the results of the campaign that commenced in 2016 and include Campaign revenue and the related allocations, designations and operating expenditures applicable to that campaign. Comparative figures represent the Campaign that commenced in 2015.

### Allocation of general and administrative expenditures

The United Way of Greater Simcoe County allocates its costs to two functional areas : Fundraising and Community Development Programs. General costs which do not pertain specifically to either function are considered administrative and are allocated to the functional areas based on management's estimates. These administrative costs are included in schedule 2 of these financial statements and have been allocated as follows:

	2017	2016
To fundraising expenses	19%	19%
To community development programs	81%	81%

# **United Way Simcoe Muskoka Notes to the Financial Statements**

March 31, 2017

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **Allocations to member and non-member agencies**

United Way of Greater Simcoe County provides member agencies with ongoing funding to assist agencies with their service delivery. Agency allocations are determined by the Board of Directors, and are recognized as expenditures of the current campaign. Funds are distributed on an installment basis over the next fiscal year.

### **Financial instruments**

The organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The organization accounts for the following as financial instruments:

- Cash
- Investments
- Pledges, accounts and grants receivable
- Accounts payable, accrued charges and allocations payable to member agencies

A financial asset or liability is recognized when the organization becomes party to contractual provisions of the instrument.

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures certain of its financial assets and financial liabilities at amortized cost and marketable securities and investments at fair market value.

The organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

# United Way Simcoe Muskoka Notes to the Financial Statements

March 31, 2017

## 3. SHORT TERM INVESTMENTS

	2017	2016
	\$	\$
<b>Royal Bank of Canada:</b>		
Marketable securities	66,790	54,907
Guaranteed Investment Certificate - interest at 0.50%, maturing November 2016	-	83,400
Guaranteed Investment Certificate - interest at 0.9%, maturing May 2017	43,368	-
Guaranteed Investment Certificate- interest at 0.85%, maturing May 2016	-	43,003
	<b>110,158</b>	<b>181,310</b>

The cost of the above marketable securities is \$12,128 (2016 - \$12,128).

The GICs are pledged as security against a line of credit. As at the year-end, the line of credit balance was \$Nil.

## 4. PLEDGES RECEIVABLE

	2017	2016
	\$	\$
Prior years' campaigns - pledges receivable	39,600	67,765
Current year's campaign - pledges receivable	689,009	747,222
Allowance for pledge defaults on current year's campaign	(80,147)	(89,649)
	<b>648,462</b>	<b>725,338</b>

## 5. CAPITAL ASSETS

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer hardware	170,734	94,071	76,663	32,265
Computer software	78,105	19,288	58,817	79,298
Office equipment	41,376	30,225	11,151	13,938
Leasehold improvements	79,191	79,191	-	16,132
	<b>369,406</b>	<b>222,775</b>	<b>146,631</b>	<b>141,633</b>

# United Way Simcoe Muskoka

## Notes to the Financial Statements

March 31, 2017

### 6. INVESTMENTS

	2017		2016	
	Cost	Market value	Cost	Market value
	\$	\$	\$	\$
Cash	1,599	1,599	1,476	1,476
Municipal bonds	-	-	68,292	88,211
Corporate bonds	116,838	127,993	139,838	149,644
Equities	8,534	27,614	8,534	21,326
Mutual funds	205,295	224,300	169,997	187,717
	<b>332,266</b>	<b>381,506</b>	<b>388,137</b>	<b>448,374</b>

### 7. COMMITMENTS

The organization has approved funding to certain member agencies for the upcoming year totaling \$677,752 (2016 - \$807,055). These agency payments are to be funded by pledges made during the current year fundraising campaign.

In addition, the organization has a lease agreement for the rental of facilities in the Township of Springwater. The minimum annual payments under this lease are \$72,099 a year until the expiration of the agreement in February 2022.

### 8. EMPLOYEE FUTURE BENEFITS

During the year, the organization recorded contributions of \$24,171 (2016 - \$23,053) with respect to their defined contribution retirement plan.

### 9. UNCOLLECTABLE PLEDGES

	2017	2016
	\$	\$
Provision for current campaign	80,147	89,649
Realized pledge loss over (under) amount previously provided	(38,739)	73,346
	<b>41,408</b>	<b>162,995</b>

# **United Way Simcoe Muskoka**

## **Notes to the Financial Statements**

March 31, 2017

### **10. DONOR'S CHOICE**

The organization collects donations on behalf of registered charities at the specific request of the donor. The organization is entitled in certain cases to an administration fee in respect of collecting and disbursing the funds. The donations received (net of the fee) are included in campaign revenue reported on schedule 1.

### **11. FINANCIAL INSTRUMENTS**

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposures and concentrations at March 31, 2017.

#### **(a) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its pledges, accounts and grants receivable.

#### **(b) Liquidity risk**

Liquidity risk is the risk that the organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The organization is exposed to this risk mainly in respect of its allocations payable to member agencies, accounts payable - Donor's choice and accounts payable and accrued liabilities.

#### **(c) Market risk**

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to other price risk on the market prices of the investments in marketable securities and fund investments.

### **12. COMPARATIVE FIGURES**

Certain of the figures presented in the prior year have been reclassified to conform with current year presentation standards.

**United Way Simcoe Muskoka**  
**Schedule of Gross Campaign Achievement**

**Schedule 1**

Year ended March 31	2017	2016
	\$	\$
<b>Revenue</b>		
Campaign gifts	641,298	663,227
Campaign pledges	378,568	441,568
Legacy- bequest	2,287	-
100 K for United Way	-	33,110
Warden's Gala Dinner	69,631	32,776
Celebration and spirit awards	-	1,830
Major gifts and partnerships for special events	2,000	5,000
Third party special events	-	960
<b>Donations and fundraising</b>	<b>1,093,784</b>	<b>1,178,471</b>
<b>Other</b>		
Funds transferred to other UWs-C	(1,707)	(4,853)
Funds transferred from other UWs-C	493,857	520,176
<b>Gross campaign achievement</b>	<b>1,585,934</b>	<b>1,693,794</b>



**United Way Simcoe Muskoka  
Schedule of Expenditures**

**Schedule 2**

Year ended March 31

**2017**

**2016**

\$

\$

**Agency allotments**

Big Brothers Big Sisters Barrie	<b>184,936</b>	161,393
Borden Family Resource Centre	<b>33,881</b>	29,894
The Boys & Girls Club of North Simcoe	-	38,025
Canadian Hearing Society	<b>27,000</b>	23,400
Canadian Mental Health	-	29,988
Canadian Mental Health, York Region	<b>60,000</b>	54,000
Canadian National Institute for the Blind	<b>32,000</b>	27,900
Catholic Family Services of Simcoe County	-	82,800
Community Reach	<b>17,935</b>	95,055
Deaf Access Simcoe	<b>56,000</b>	48,600
Georgian Triangle Residential	<b>26,000</b>	39,600
Gateway Centre for Learning	<b>27,000</b>	23,400
John Howard Society of Simcoe County	<b>56,000</b>	48,600
Season Centre for Grieving Children	<b>25,000</b>	22,500
Simcoe Community Services	<b>72,000</b>	63,900
Youth Haven Barrie	<b>22,000</b>	18,000
<b>Total allotment payable</b>	<b>639,752</b>	807,055
<b>Collaborative initiatives</b>	<b>38,000</b>	-
<b>Total allotment expenditure</b>	<b>677,752</b>	807,055

**United Way Simcoe Muskoka**  
**Schedule of Expenditures (Continued)**

**Schedule 2**  
**Page 2**

Year ended March 31

2017

2016

\$

\$

**Community development**

Amortization	46,075	34,806
General and office	429,261	347,524
Salaries and employee benefits	885,785	858,329
United Way of Canada - membership fees	21,610	15,678
Telephone - 211 Expenses	31,320	32,500
	<b>1,414,051</b>	<b>1,288,837</b>

**Fundraising**

Amortization	10,808	8,163
General and office	112,904	96,530
Direct campaign costs	2,057	6,616
Special event related costs	2,351	26,461
Salaries and employee benefits	401,769	350,317
	<b>529,889</b>	<b>488,087</b>

**United Way Simcoe Muskoka****Schedule 3****Schedule of Administrative Fees on Grants Administered**

Year ended March 31

	2017		2016	
	Grant Administered	Admin fee	Grant Administered	Admin fee
	\$	\$	\$	\$
Eat Well to Excel	14,189	-	26,855	-
Homelessness Partnership Strategy	1,415,860	308,115	923,818	159,144
LEAP Emergency Financial Assistance	5,371,399	949,009	4,624,547	815,550
OESP Administrative fee	-	91,910	-	35,070
Miscellaneous Administrative Fees	-	31,355	-	-
	<b>6,801,448</b>	<b>1,380,389</b>	<b>5,575,220</b>	<b>1,009,764</b>

The organization administers certain grant funding on behalf of grantors to support the programs detailed above. In its capacity as agent in administering these grants, the organization receives an administrative fee. The grants received and disbursed are reported on a net basis in the statement of operations.

