

Financial Statements

United Way Simcoe Muskoka

March 31, 2018

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Independent Auditors' Report

Grant Thornton LLP
Suite 400
85 Bayfield Street
Barrie, ON
L4M 3A7
T +1 705 728 3397
F +1 705 728 2728
www.GrantThornton.ca

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, 2018 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, 2018 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.

Grant Thornton LLP

Barrie, Canada
June 25, 2018

Chartered Professional Accountants
Licensed Public Accountants

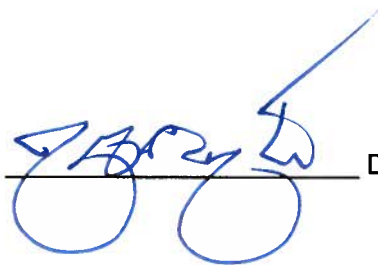
United Way Simcoe Muskoka Statement of Financial Position

As at March 31

	2018	2017
	\$	\$
Assets		
Current		
Cash	1,920,970	1,443,769
Short term investments [note 3]	126,963	110,158
Pledges receivable [note 4]	678,379	648,462
Accounts and grants receivable	49,921	294,348
Prepaid expenses	51,654	27,531
Total current assets	2,827,887	2,524,268
Capital assets [note 5]	142,556	146,631
Investments [note 6]	391,818	381,506
Total assets	3,362,261	3,052,405
Liabilities and net assets		
Current		
Accounts payable and accrued charges	385,260	387,387
Accounts payable - Donor's choice	218,892	178,965
Deferred grant and other revenue - short term	1,731,858	1,251,051
Allocations payable to member agencies [note 7]	565,251	704,516
Total current liabilities	2,901,261	2,521,919
Deferred grant and other revenue - long term	-	35,211
Total liabilities	2,901,261	2,557,130
Net assets		
Unrestricted net assets	(29,930)	270
Net assets invested in capital assets	142,556	146,631
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
	461,000	495,275
	3,362,261	3,052,405

See accompanying notes to the financial statements.

On behalf of the Board:



Director



Director

**United Way Simcoe Muskoka
Statement of Changes in Net Assets**

Year ended March 31

	2018					2017	
	Unrestricted net assets	Invested in capital assets	Forever Reserve Fund	Collaborative Reserve Fund	Transformation Reserve Fund	Strategic Reserve Fund	Total
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	270	146,631	3,374	75,000	100,000	170,000	254,306
(Deficiency) excess of revenues over expenditures for the year	(34,275)	-	-	-	-	-	(34,275)
Net investment in capital assets	(32,932)	32,932	-	-	-	-	-
Amortization	37,007	(37,007)	-	-	-	-	-
Interfund transfers	-	-	-	-	-	-	-
Balance, end of year	(29,930)	142,556	3,374	75,000	100,000	170,000	495,275
							495,275

See accompanying notes to the financial statements.

United Way Simcoe Muskoka

Statement of Operations

Year ended March 31

	2018	2017
	\$	\$
Revenues		
Donations and special events revenue <i>[schedule 1]</i>	1,067,482	1,093,784
Funds transferred from other United Way Centraide's <i>[schedule 1]</i>	452,047	493,857
Funds transferred to other United Way Centraide's <i>[schedule 1]</i>	-	(1,707)
Campaign revenue	1,519,529	1,585,934
Less: Uncollectable pledges <i>[note 9]</i>	(42,196)	(41,408)
Net campaign revenue	1,477,333	1,544,526
Investment income	16,939	46,886
Administrative fees <i>[schedule 3]</i>	1,299,947	1,380,389
Loss on disposal of capital assets	-	(28,594)
Other income	-	19,034
	2,794,219	2,962,241
Expenditures		
Fundraising expenses <i>[schedule 2]</i>	592,920	529,889
Net revenue available for programs	2,201,299	2,432,352
Program expenses		
Agency allotments <i>[schedule 2]</i>	716,848	677,752
Donor's Choice <i>[note 10]</i>	51,275	89,353
Admin fees charged by United Way Centraide Canada	10,862	10,227
Community development programs <i>[schedule 2]</i>	1,456,589	1,414,051
	2,235,574	2,191,383
(Deficiency) excess of revenues over expenditures for the year	(34,275)	240,969

See accompanying notes to the financial statements.

United Way Simcoe Muskoka

Statement of Cash Flows

Year ended March 31

	2018	2017
	\$	\$
Operating activities		
(Deficiency) excess of revenues over expenditures	(34,275)	240,969
Amortization	37,007	56,883
Unrealized gain on marketable securities	(16,939)	(34,317)
Loss on disposal of capital assets	-	28,594
Net change in non-cash working capital balances	534,518	115,236
Cash provided by operating activities	520,311	407,365
Investing activities		
Contribution to investments	(10,178)	-
Purchase of capital assets	(32,932)	(90,474)
Cash used in investing activities	(43,110)	(90,474)
Financing activities		
Proceeds from investments	-	101,184
Cash provided by financing activity	-	101,184
Net increase in cash	477,201	418,075
Cash, beginning of year	1,443,769	1,025,694
Cash, end of year	1,920,970	1,443,769

See accompanying notes to the financial statements.

United Way Simcoe Muskoka

Notes to the Financial Statements

March 31, 2018

1. OPERATIONS

The United Way Simcoe Muskoka ("United Way") 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 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 United Way have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following is a summary of the significant accounting policies:

Basis of accounting

The United Way 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.

Short term investments

Short term investments include equities, mutual funds and guaranteed investment certificates due within one year and are recorded at fair market value.

Internally restricted investments

Internally restricted investments consist of money market funds, corporate bonds, equities and mutual funds and are recorded at fair market value.

United Way Simcoe Muskoka

Notes to the Financial Statements

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Internally restricted 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 United Way 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.

Fund transfers

The Board approves fund transfers to the internally restricted reserve funds for the specific purposes as described above. The internally restricted reserve fund net assets are not available for other purposes without the approval of the Board.

Pension plan

The United Way maintains a defined contribution plan available to some of its permanent full-time personnel. The expense for the plan is equal to the United Way'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, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue recognition

The United Way 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 applicable grant programs as appropriate. The fees are recorded as they are earned, which is outlined in the individual grant agreements.

Donated services

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

Campaign revenue

These financial statements reflect the results of the campaign that commenced in 2017 and include Campaign revenue and the related allocations, designations and operating expenditures applicable to that campaign. Comparative figures represent the Campaign that commenced in 2016.

Allocation of general and administrative expenditures

The United Way 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:

	2018	2017
To fundraising expenses	19%	19%
To community development programs	81%	81%

United Way Simcoe Muskoka

Notes to the Financial Statements

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Allocations to member and non-member agencies

The United Way 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 United Way considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The United Way 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 United Way becomes party to contractual provisions of the instrument.

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

The United Way 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, 2018

3. SHORT TERM INVESTMENTS

	2018	2017
	\$	\$
Royal Bank of Canada:		
Cash	8,130	6,756
Equities	66,651	60,034
Mutual funds	8,423	-
Guaranteed Investment Certificate - interest at 0.9%, maturing May 2017	-	43,368
Guaranteed Investment Certificate- interest at 0.9%, maturing May 2018	43,759	-
	126,963	110,158

The cost of the above marketable securities is \$59,521 (2017 - \$12,128).

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

4. PLEDGES RECEIVABLE

	2018	2017
	\$	\$
Prior years' campaigns - pledges receivable	94,229	39,600
Current year's campaign - pledges receivable	623,702	689,009
Current year's campaign - Donors Choice	54,677	-
Allowance for pledge defaults	(94,229)	(80,147)
	678,379	648,462

5. CAPITAL ASSETS

	2018		2017	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer hardware	175,500	117,085	58,415	76,663
Computer software	106,273	31,052	75,221	58,817
Office equipment	41,376	32,456	8,920	11,151
Leasehold improvements	79,191	79,191	-	-
	402,340	259,784	142,556	146,631

United Way Simcoe Muskoka

Notes to the Financial Statements

March 31, 2018

6. INVESTMENTS

	2018		2017	
	Cost	Market value	Cost	Market value
	\$	\$	\$	\$
Cash	3,343	3,343	1,599	1,599
Money market funds	23,508	23,508	-	-
Corporate bonds	99,248	105,028	116,838	127,993
Equities	8,534	28,363	8,534	27,614
Mutual funds	214,484	231,576	205,295	224,300
	349,117	391,818	332,266	381,506

7. COMMITMENTS

The United Way has approved funding to certain member agencies for the upcoming year totaling \$565,251 (2017 - \$704,516). These agency payments are to be funded by pledges made during the current year fundraising campaign.

In addition, the United Way 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 United Way recorded contributions of \$23,642 (2017 - \$24,171) with respect to their defined contribution retirement plan.

9. UNCOLLECTABLE PLEDGES

	2018	2017
	\$	\$
Provision for current campaign	94,229	80,147
Realized pledge loss over (under) amount previously provided	(52,033)	(38,739)
	42,196	41,408

United Way Simcoe Muskoka

Notes to the Financial Statements

March 31, 2018

10. DONOR'S CHOICE

The United Way collects donations on behalf of registered charities at the specific request of the donor. The United Way 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 United Way is exposed to various risks through its financial instruments. The following analysis provides a measure of the United Way's risk exposures and concentrations at March 31, 2018.

(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 United Way's main credit risks relate to its pledges, accounts and grants receivable.

(b) Liquidity risk

Liquidity risk is the risk that the United Way will encounter difficulty in meeting the obligations associated with its financial liabilities. The United Way 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 United Way is mainly exposed to other price risk on the market prices of the investments in marketable securities and fund investments.

United Way Simcoe Muskoka
Schedule of Gross Campaign Achievement

Schedule 1

Year ended March 31

	2018	2017
	\$	\$
Revenue		
Campaign gifts	655,519	641,298
Campaign pledges	351,397	378,568
Legacy- bequest	-	2,287
Warden's Gala Dinner	53,966	69,631
Celebration and spirit awards	300	-
Major gifts and partnerships for special events	6,300	2,000
Donations and fundraising	1,067,482	1,093,784
Other		
Funds transferred to other United Way Centraide's	-	(1,707)
Funds transferred from other United Way Centraide's	452,047	493,857
Gross campaign achievement	1,519,529	1,585,934

**United Way Simcoe Muskoka
Schedule of Expenditures**

Schedule 2

Year ended March 31

	2018	2017
	\$	\$
Agency allotments		
Big Brothers Big Sisters Barrie	150,000	184,936
Borden Family Resource Centre	-	33,881
Canadian Hearing Society	-	27,000
Canadian Mental Health, York Region	42,594	60,000
Canadian National Institute for the Blind	-	32,000
Catholic Family Services of Simcoe County	33,000	-
Clearview Youth Services Centre	27,000	-
Community Reach	42,516	17,935
Community YWCA of Muskoka	58,162	-
Deaf Access Simcoe	-	56,000
Elizabeth Fry Society	61,586	-
Gateway Centre for Learning	30,000	27,000
Georgian Triangle Residential	(6,500)	26,000
Gilbert Centre for Social and Support Services	53,775	-
Home Horizon Georgian Triangle Residential Services	15,000	-
Hospice Muskoka	32,000	-
John Howard Society of Simcoe County	35,000	56,000
Muskoka Family Focus and Children's Place	48,231	-
Season Centre for Grieving Children	-	25,000
Simcoe Community Services	10,984	72,000
The Boys & Girls Club of North Simcoe	30,000	-
Youth Haven Barrie	-	22,000
Total allotment payable	663,348	639,752
Collaborative initiatives	53,500	38,000
Total allotment expenditure	716,848	677,752
Community development		
Amortization	29,976	46,075
General and office	450,733	429,261
Salaries and employee benefits	927,235	885,785
United Way of Canada - membership fees	13,437	21,610
Telephone - 211 Expenses	35,208	31,320
	1,456,589	1,414,051
Fundraising		
Amortization	7,031	10,808
General and office	130,304	112,904
Direct campaign costs	1,146	2,057
Special event related costs	5,096	2,351
Salaries and employee benefits	449,343	401,769
	592,920	529,889

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

Year ended March 31

	2018		2017	
	Grant Administered	Admin fee	Grant Administered	Admin fee
	\$	\$	\$	\$
Eat Well to Excel	21,998	-	14,189	-
Homelessness Partnership Strategy	2,136,790	308,120	1,415,860	308,115
LEAP Emergency Financial Assistance	4,633,190	848,098	5,371,399	949,009
OESP Administrative fee	-	109,100	-	91,910
Miscellaneous Administrative Fees	-	34,629	-	31,355
	6,791,978	1,299,947	6,801,448	1,380,389

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