

Financial Statements of

**UNITED WAY OF CAMBRIDGE  
AND NORTH DUMFRIES**

Year ended March 31, 2017



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## INDEPENDENT AUDITORS' REPORT

To the Members/Trustees

We have audited the accompanying financial statements of United Way of Cambridge and North Dumfries which comprise the statement of financial position as at March 31, 2017, the statements of operations and fund balances 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.

### *Auditors' 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 our 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, we consider 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.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Way of Cambridge and North Dumfries as at March 31, 2017 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

June 21, 2017  
Waterloo, Canada

# UNITED WAY OF CAMBRIDGE AND NORTH DUMFRIES

## Statement of Financial Position

March 31, 2017, with comparative information for 2016

	Operating Fund	Funds held for Special Purposes	Tomorrow Fund	2017	2016
<b>Assets</b>					
Cash	\$ 184,722	\$ -	\$ -	\$ 184,722	\$ 261,572
Marketable securities (note 2)	-	563,630	881,309	1,424,939	1,334,705
Pledges receivable (note 3)	919,413	-	-	919,413	1,202,679
Accounts receivable	8,466	-	-	8,466	28,575
Interfund receivable (payable)	42,254	122,363	(164,617)	-	-
Prepaid expenses	11,185	-	-	11,185	9,682
	1,166,040	685,993	696,692	2,548,725	2,837,213
Capital assets (note 4)	78,172	-	-	78,172	125,832
	\$ 1,244,212	\$ 685,993	\$ 696,692	\$ 2,626,897	\$ 2,963,045

## Liabilities and Fund Balances

Appropriations payable (note 5)	\$ 1,218,115	\$ -	\$ -	\$ 1,218,115	\$ 1,405,796
Accounts payable and accrued liabilities (note 6)	20,426	-	-	20,426	15,545
Deferred revenue	57,442	-	-	57,442	58,632
	1,295,983	-	-	1,295,983	1,479,973
Deferred capital contributions (note 7)	95,871	-	-	95,871	136,789

## Fund Balances

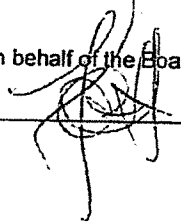
Operating fund:					
Unrestricted (deficit)	(147,642)	-	-	(147,642)	46,932
Special purpose funds: (note 8)					
Internally restricted	-	685,993	-	685,993	516,136
Externally restricted	-	-	696,692	696,692	783,215
	(147,642)	685,993	696,692	1,235,043	1,346,283

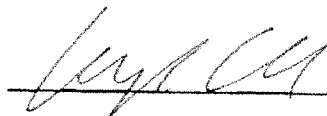
Lease obligation (note 9)

	\$ 1,244,212	\$ 685,993	\$ 696,692	\$ 2,626,897	\$ 2,963,045
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See accompanying notes to financial statements.

On behalf of the Board:

  
Director

  
Director

# UNITED WAY OF CAMBRIDGE AND NORTH DUMFRIES

## Statement of Operations and Fund Balances

Year ended March 31, 2017, with comparative information for 2016

	Operating Fund	Funds held for Special Purposes	Tomorrow Fund	2017	2016
Revenue:					
Contributions	\$ 1,869,537	\$ -	\$ -	\$ 1,869,537	\$ 2,144,800
Sponsorships	28,500	-	-	28,500	35,850
Gifts in kind	15,000	-	-	15,000	15,000
Gross campaign revenue	1,913,037	-	-	1,913,037	2,195,650
Unfulfilled pledges, net of prior year recoveries	(14,684)	-	-	(14,684)	(32,271)
Net campaign revenue	1,898,353	-	-	1,898,353	2,163,379
Designations from other UW's	80,340	-	-	80,340	75,322
Grants	150,215	-	-	150,215	226,430
Other revenue	89,053	-	-	89,053	80,659
Investment income (note 10)	-	5,240	84,713	89,953	7,461
	2,217,961	5,240	84,713	2,307,914	2,553,251
Expenses:					
Community investment and designations:					
Community fund	1,032,104	-	-	1,032,104	1,145,435
Program expenses (Schedule)	513,388	-	-	513,388	569,307
Outward designations	161,679	-	-	161,679	155,234
Memberships	35,823	-	-	35,823	30,198
	1,742,994	-	-	1,742,994	1,900,714
Fundraising expenses (Schedule)	472,007	-	-	472,007	410,843
Special purpose fund expenses:					
Tomorrow fund	-	-	6,619	6,619	6,373
Administration: expenses (Schedule)	197,534	-	-	197,534	161,231
	2,412,535	-	6,619	2,419,154	2,478,621
Excess (deficiency) of revenue over expenses	(194,574)	5,240	78,094	(111,240)	74,630
Fund balances, beginning of year	46,932	516,136	783,215	1,346,283	1,271,653
Interfund transfer (note 11)	-	164,617	(164,617)	-	-
Fund balances, end of year	(147,642)	685,993	696,692	1,235,043	\$ 1,346,283

See accompanying notes to financial statements.

# UNITED WAY OF CAMBRIDGE AND NORTH DUMFRIES

## Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (111,240)	\$ 74,630
Change in market value of marketable securities	(86,634)	(1,088)
Amortization of capital assets	47,660	47,237
Amortization of deferred capital contributions	(40,918)	(35,459)
Change in non-cash working capital:		
Pledges receivable	283,266	25,261
Accounts receivable	20,109	52,708
Prepaid expenses	(1,503)	(3,736)
Appropriations payable	(187,681)	(84,410)
Accounts payable and accrued liabilities	4,881	2,753
Grants payable	-	(27,500)
Deferred revenue	(1,190)	2,616
	(73,250)	53,012
Investing activities:		
Net purchase of marketable securities	(3,600)	-
Purchase of capital assets	-	(6,496)
	(3,600)	(6,496)
Increase (decrease) in cash	(76,850)	46,516
Cash, beginning of year	261,572	215,056
Cash, end of year	\$ 184,722	\$ 261,572

See accompanying notes to financial statements.

# UNITED WAY OF CAMBRIDGE AND NORTH DUMFRIES

Notes to Financial Statements

Year ended March 31, 2017

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## **Incorporation and operations:**

The United Way of Cambridge and North Dumfries (the "United Way" or "Organization") was incorporated as a not-for-profit organization without share capital under the Corporations Act of Ontario by letters patent dated January 28, 1983 and, as such, is not taxable for income tax purposes.

Through leadership, the United Way operates to improve lives and build our community by engaging individuals and mobilizing collective action.

On April 1, 2017, United Way Cambridge and North Dumfries and United Way of Kitchener-Waterloo and Area will amalgamate to form United Way Waterloo Region Communities.

## **1. Significant accounting policies:**

The financial statements have been prepared by management in accordance with Chartered Professional Accountants of Canada Handbook Part III - Canadian accounting standards for not-for-profit organizations.

Financial statements are also to be prepared in accordance with the Transparency, Accountability and Financial Reporting Policies for United Ways ("TAFR") set forth by the United Way of Canada Centraide. TAFR reporting is consistent with presentation under Canadian generally accepted accounting principles. These policies provide for consistent reporting and presentation of revenues and expenditures amongst all United Way organizations in Canada and provide a framework for the allocation of expenditures between program, fundraising and administrative activities. Expenditures are allocated to the program, fundraising and administrative categories based on the nature of the expenditures and the actual activities performed during the year and as such, these allocations will vary over time. The Organization is fully compliant with TAFR reporting requirements in fiscal 2017.

### **(a) Fund accounting:**

To ensure observation of restrictions placed on the use of resources available to the United Way, the accounts are maintained in accordance with the principles of restricted fund accounting. The resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. The assets, liabilities and fund balances of the Organization are reported in three self-balancing funds as follows:

- (i) The **Operating Fund** balance are used to fund anticipated future operating expenditures.

# UNITED WAY OF CAMBRIDGE AND NORTH DUMFRIES

Notes to Financial Statements

Year ended March 31, 2017

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## 1. Significant accounting policies (continued):

### (a) Fund accounting (continued):

- (ii) The **Funds Held For Specific Purposes** represents resources internally restricted by the Organization for use to meet specifically stated purposes. This fund includes the accounts of the following funds:

#### a. Stabilization/Emergency Fund:

The Stabilization/Emergency Fund provides a means to offset possible deficiencies in campaign results or collection experience, to meet unexpected organizational needs, to stabilize the level of allocations or increased allocations to partner agencies or to provide additional funds to agencies or non-partner agencies experiencing unforeseen financial emergencies.

#### b. Information Technology Fund:

The Organization has set aside funds to ensure dollars are available to upgrade computer hardware and software when required.

#### c. New Initiatives Fund:

The Organization has set aside funds from appropriations, the purpose of which is to provide:

- special grants to organizations who are not member agencies of the United Way
- operating grants to organizations that are not member agencies but who may reasonably be expected to apply to become member agencies in the future
- grants to member agencies where such grants are separate and distinct from the recurring annual grant received by the member agency.



# UNITED WAY OF CAMBRIDGE AND NORTH DUMFRIES

Notes to Financial Statements

Year ended March 31, 2017

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## 1. Significant accounting policies (continued):

### (a) Fund accounting (continued):

- (iii) The **Tomorrow Fund** has been established in order to provide for emerging and long-term community needs and special projects and programs. Funds received under donated insurance policies and estate bequests are reflected as fund revenue in the year of the receipt of proceeds.

### (b) Recognition of income:

The Organization follows the deferral method of accounting for contributions which include contributions and grants.

The Organization conducts a public campaign for funds during the last quarter of each calendar year which is recorded as income in the current year, net of an allowance for uncollectible amounts. Since these funds are to be distributed to the member agencies and utilized for other approved purposes in the following year, the undistributed approved allocations are reflected in the statement of financial position as "appropriations payable" and presented in the statement of operations as "community investments".

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as direct increases in endowment net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from fees, contracts and sales of publications is recognized when the services are provided or the goods are sold.

Bequests and other endowments received are treated as income in the year of receipt and, accordingly, unless otherwise restricted for specific use, are reflected as part of the Operating Fund.

# UNITED WAY OF CAMBRIDGE AND NORTH DUMFRIES

Notes to Financial Statements

Year ended March 31, 2017

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## 1. Significant accounting policies (continued):

### (b) Recognition of income (continued):

Donation of materials that would otherwise have been purchased are recorded at fair market value.

Donated services are not reflected in these financial statements because of the impracticality of the record keeping and valuation of them. As an example, a large number of volunteers donated significant amounts of their time in the Organization's activities and its fundraising campaigns. No amount has been reflected in the statements for donated services since no objective basis is available to measure the value of such services.

### (c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Assets	Basis	Rate
Computer software	Straight-line	5 years
Computer hardware	Straight-line	5 years
Leasehold improvements	Straight-line	Over the term of the lease

### (d) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

### (e) Allocation of expenses:

General management and administrative expenses are incurred to support functional areas and are allocated to fundraising and program expenses based on the time study method.

# UNITED WAY OF CAMBRIDGE AND NORTH DUMFRIES

Notes to Financial Statements

Year ended March 31, 2017

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## 1. Significant accounting policies (continued):

### (f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of pledges receivable and appropriations payable at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

### (g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

## 2. Marketable securities:

	2017	2016
Cash	\$ 362,790	\$ 358,199
Fixed income securities and funds	200,840	200,191
Managed funds held with The Cambridge & North Dumfries Community Foundation	861,309	776,315
	<u>\$ 1,424,939</u>	<u>\$ 1,334,705</u>

# UNITED WAY OF CAMBRIDGE AND NORTH DUMFRIES

Notes to Financial Statements

Year ended March 31, 2017

## 2. Marketable securities (continued):

The fixed income securities and funds have an interest rate of 1.4% to 1.9% (2016 - 1.6% - 4.8%) and mature in December 5, 2017, January 2, 2018, December 17, 2018 and January 3, 2019.

## 3. Pledges receivable:

The pledges receivable in the statement of financial position consists of the following:

	2017	2016
Total pledges receivable:		
Current year campaign	\$ 938,300	\$ 1,248,383
Prior year campaign	100,716	106,761
	1,039,016	1,355,144
Less allowance for doubtful accounts	(119,603)	(152,465)
	\$ 919,413	\$ 1,202,679

As part of its annual fundraising campaign, the Organization obtained \$938,300 in pledges for the year (2016 - \$1,248,383). In accordance with the Organization's policy, the full amount was reported as revenue and an allowance for unfulfilled pledges has been accrued. In recent years, the Organization collected an average of 93% (2016 - 92%) of the amounts pledged. These amounts are substantially collected within one year from the date of the financial statements and the remaining amounts are collected within two years.

## 4. Capital assets:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Computer software	\$ 54,952	\$ 46,488	\$ 8,464	\$ 19,382
Computer hardware	27,164	17,309	9,855	16,645
Leasehold improvements	149,674	89,821	59,853	89,805
	\$ 231,790	\$ 153,618	\$ 78,172	\$ 125,832

# UNITED WAY OF CAMBRIDGE AND NORTH DUMFRIES

Notes to Financial Statements

Year ended March 31, 2017

## 5. Appropriations payable:

	2017	2016
Partner agencies, current year	\$ 765,588	\$ 839,859
Outward designations, current year	285,754	396,138
Outward designations, prior year	166,773	196,325
United Way of Canada	-	10,346
Allowance for unfulfilled outward designations	-	(36,872)
	<u>\$ 1,218,115</u>	<u>\$ 1,405,796</u>

## 6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2016 - \$nil), which includes payroll related taxes.

## 7. Deferred capital contributions:

Deferred capital contributions represent the unamortized contributions used to purchase capital assets and unspent contributions received to purchase capital assets. The amortization of deferred capital contributions is recorded as other revenue in the statement of operations.

	2017	2016
Balance, beginning of year	\$ 136,789	\$ 172,248
Amortization of deferred capital contributions	(40,918)	(35,459)
Balance, end of year	<u>\$ 95,871</u>	<u>\$ 136,789</u>

# UNITED WAY OF CAMBRIDGE AND NORTH DUMFRIES

Notes to Financial Statements

Year ended March 31, 2017

## 8. Special purpose funds:

The funds listed below represent resources which are either internally restricted by the Board of Directors or externally restricted relative to instructions concerning the investment of capital and/or use of investment income as detailed in relevant documents.

	2017	2016
Funds held for specific purposes:		
Internally restricted:		
Stabilization/Emergency fund	\$ 670,993	\$ 501,136
Information Technology fund	15,000	15,000
	<b>\$ 685,993</b>	<b>\$ 516,136</b>
The Tomorrow Fund:		
Externally restricted	\$ 696,692	\$ 783,215

## 9. Lease obligation:

The lease obligation for office premises is for a five-year term ending on July 1, 2019 at an annual cost of approximately \$33,295 including rent, taxes, heat, hydro, maintenance and common charges.

## 10. Investment income:

Investment income recorded in the statement of operations, is comprised of the following:

	2017	2016
Income earned on funds held for special purposes	\$ 5,240	\$ 5,065
Income earned on managed resources	84,713	2,396
<b>Total investment income recognized as revenue</b>	<b>\$ 89,953</b>	<b>\$ 7,461</b>

# UNITED WAY OF CAMBRIDGE AND NORTH DUMFRIES

Notes to Financial Statements

Year ended March 31, 2017

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## 11. Interfund transfer:

According to a Board of Directors policy the Stabilization/Emergency Fund balance at year end shall be no less than 25% of the annual campaign revenues less designations (outward designations) and pledges written-off during the year.

During the year, the Board of Directors approved a transfer of \$164,617 from the Tomorrow Fund to the Funds held for Special Purposes.

## 12. Nevada ticket sales:

The Organization generated income in the amount of \$45,200 (2016 - \$45,200) by way of Nevada ticket sales. These tickets were sold for the Organization at the Buck Variety in Cambridge. The income was allocated to the Partner Agencies of the Organization through the usual monthly allocation process.

## 13. Financial risks:

### (a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable and pledges receivable. The Organization assesses, on a continuous basis, accounts receivable and pledges receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

### (c) Interest rate risk:

The Organization is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments are included in note 2.

## 14. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

# UNITED WAY OF CAMBRIDGE AND NORTH DUMFRIES

## Schedule of Expenses

Year ended March 31, 2017, with comparative information for 2016

	Administration	Fundraising	Program expenses	2017	2016
Salaries	\$ 86,294	\$ 282,873	\$ 249,919	\$ 619,086	\$ 572,142
Employee benefits	63,008	31,973	28,727	123,708	105,274
Office and meeting supplies	1,402	2,726	3,661	7,789	7,798
Postage and shipping	597	1,160	1,558	3,315	5,904
Photocopying and supplies	2,272	4,418	5,933	12,623	8,361
Telephone	1,959	3,810	5,116	10,885	5,972
Equipment purchase and maintenance	6,985	13,581	18,238	38,804	26,495
Building, rent, utilities and maintenance	8,441	16,412	22,039	46,892	40,639
Training and travel	9,713	20,532	23,176	53,421	25,718
Insurance	517	1,006	1,351	2,874	2,703
VSR program expenses	-	-	13,323	13,323	15,268
Bank service charges	945	1,837	2,467	5,249	4,867
Professional fees	5,693	11,069	14,865	31,627	37,487
Community investment project costs	-	-	36,020	36,020	115,020
Promotional materials	1,129	40,345	9,072	50,546	49,576
Winter warmth program	-	-	30,523	30,523	26,670
Nevada tickets	-	23,584	25,000	48,584	44,250
Amortization of capital assets	8,579	16,681	22,400	47,660	47,237
	\$ 197,534	\$ 472,007	\$ 513,388	\$ 1,182,929	\$ 1,141,381