

UNITED WAY OF OXFORD

**FINANCIAL STATEMENTS
(Audited)**

YEAR ENDED MARCH 31, 2017

**UNITED WAY OF OXFORD
INDEX TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017**

	Page
Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Operations-Fundraising Costs	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 11

INDEPENDENT AUDITORS' REPORT

To the Directors,
United Way of Oxford,

We have audited the accompanying financial statements of United Way of Oxford, which comprise the statements of financial position as at March 31, 2017, and the statements of operations, operations-fundraising costs, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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 non-profit organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and as such we were not able to determine whether any adjustments might be necessary to donations and special events, excess of revenues over expenditures, current assets and fund balances.

Qualified Opinion

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



MICACCHI WARNICK & COMPANY

Professional Corporation | Chartered Professional Accountants

Authorized to practise public accounting by the of Chartered Professional Accountants of Ontario

Woodstock, Ontario
May 24, 2017

UNITED WAY OF OXFORD
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017
(Audited)

	<u>2017</u>	<u>2016</u>
ASSETS		
Current		
Cash (note 4)	\$ 150,968	\$ 88,805
Investment cash (note 5)	300,326	202,593
Investments (note 5)	1,014,663	1,124,360
Pledges receivable (note 7)	492,429	511,456
Accounts receivable	15,327	16,925
Prepaid expenses	13,628	8,466
HST recoverable	<u>3,396</u>	<u>3,373</u>
	1,990,737	1,955,978
Long-term investments (note 6)	11,574	10,978
Capital assets (note 3)	<u>46,864</u>	<u>58,335</u>
	<u>\$ 2,049,175</u>	<u>\$ 2,025,291</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 11,330	\$ 9,683
Allocation payable to agencies	610,560	569,860
Allocation payable to non-agencies	53,044	47,144
Deferred revenue (note 8)	<u>13,190</u>	<u>16,935</u>
	<u>688,124</u>	<u>643,622</u>
NET ASSETS		
Internally restricted (page 6)	554,491	539,156
Endowment (page 6)	32,400	32,400
Unrestricted (page 6)	<u>774,160</u>	<u>810,113</u>
Total net assets	<u>1,361,051</u>	<u>1,381,669</u>
	<u>\$ 2,049,175</u>	<u>\$ 2,025,291</u>

Approved by the board:

Director: _____

Director: _____

UNITED WAY OF OXFORD
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2017
(Audited)

	<u>2017</u>	<u>2016</u>
Revenues		
Donations	\$ 1,173,718	\$ 1,153,629
Funds transferred from other United Way organizations	<u>50,125</u>	<u>51,336</u>
Gross campaign revenue	1,223,843	1,204,965
Uncollected pledges	<u>(45,000)</u>	<u>(33,146)</u>
Net campaign revenue	1,178,843	1,171,819
Interest	17,525	23,542
Other	79,775	90,595
Bequests	-	11,302
Unrealized gain(loss) of United Way of Ontario investment (note 6)	596	(1,067)
Unrealized gain(loss) on investments	<u>22,497</u>	<u>(14,010)</u>
	<u>1,299,236</u>	<u>1,282,181</u>
Fundraising Costs (page 5)	<u>128,570</u>	<u>198,766</u>
Management and Administrative Costs		
Allocated to fundraising costs (note 2)	(15,240)	(15,210)
Allocated to distributions and community programs and services costs (note 2)	(16,510)	(16,477)
Computers and equipment	1,274	1,087
Occupancy costs	2,840	3,191
Office administration	3,002	3,054
Salaries and benefits	24,205	23,609
Travel and training	<u>429</u>	<u>746</u>
	<u>-</u>	<u>-</u>
Funds Available for Distribution	<u>1,170,666</u>	<u>1,083,415</u>
Distributions and Community Programs and Services Expenses		
Allocation of management & administrative costs (note 2)	16,510	16,477
Allocation to agencies	610,560	569,860
Allocation to community initiative programming	-	32,763
Allocation to United Way of Canada (note 2)	17,313	12,374
Community services	52,596	61,370
211/Information Oxford	13,010	3,045
Direct program management and administration costs	360,311	275,242
Designated pledges	<u>120,984</u>	<u>106,863</u>
	<u>1,191,284</u>	<u>1,077,994</u>
Excess (Deficiency) of Revenues Over Expenses	<u>\$ (20,618)</u>	<u>\$ 5,421</u>

UNITED WAY OF OXFORD
STATEMENT OF OPERATIONS- FUNDRAISING COSTS
YEAR ENDED MARCH 31, 2017
(Audited)

Fundraising Costs

Allocation of management & administrative costs (note 2)	\$ 15,240	\$ 15,210
Campaign costs	41,099	34,370
Computers and equipment	2,911	5,124
Occupancy costs	6,492	15,044
Office administration	6,257	9,405
Salaries and benefits	55,327	111,299
Travel and training	1,244	8,314
	<u>\$ 128,570</u>	<u>\$ 198,766</u>

UNITED WAY OF OXFORD
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2017
(Audited)

	<u>2016</u>	Excess (deficit) of revenues over expenses	Transfer to/(from)	<u>2017</u>
Operating fund	\$ 810,113	\$ (35,953)	\$ -	\$ 774,160
Endowment fund	<u>32,400</u>	<u>-</u>	<u>-</u>	<u>32,400</u>
Internally restricted				
Reserve	304,799	15,335	-	320,134
Community initiative fund	134,357	-	-	134,357
Community partnership fund	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
	<u>539,156</u>	<u>15,335</u>	<u>-</u>	<u>554,491</u>
	<u>\$ 1,381,669</u>	<u>\$ (20,618)</u>	<u>\$ -</u>	<u>\$ 1,361,051</u>

UNITED WAY OF OXFORD
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2017
(Audited)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Excess of revenues over expenses	\$ (20,618)	\$ 5,421
Non-cash items:		
Amortization	14,527	10,928
Unrealized (gain) loss on United Way of Ontario investment	(596)	1,067
Unrealized (gain) loss on investments	(22,497)	14,010
(Gain) loss on disposal of capital assets	-	842
Amortization of deferred contributions	<u>(3,745)</u>	<u>2,125</u>
	(32,929)	34,393
Changes in non-cash working capital		
Pledges receivable	19,027	(9,432)
Accounts receivable	1,598	(4,814)
HST recoverable	(23)	6,403
Prepaid expenses	(5,162)	7,019
Accounts payable and accrued liabilities	1,645	(10,640)
Allocation payable to agencies	40,700	65,294
Allocation payable to non-agencies	<u>5,900</u>	<u>(3,279)</u>
Cash flows from (provided to) operating activities	<u>30,756</u>	<u>84,944</u>
Cash flows from investing activities		
Purchase of capital assets	(3,054)	(18,365)
Net (increase) decrease in investments	<u>132,194</u>	<u>(143,581)</u>
Cash flows from (provided to) investing activities	<u>129,140</u>	<u>(161,946)</u>
Net increase (decrease) in cash	159,896	(77,002)
Cash at beginning of year	<u>291,398</u>	<u>368,400</u>
Cash at end of year	<u>\$ 451,294</u>	<u>\$ 291,398</u>
Cash consists of:		
Cash	\$ 150,968	\$ 88,805
Investment cash	<u>300,326</u>	<u>202,593</u>
	<u>\$ 451,294</u>	<u>\$ 291,398</u>

UNITED WAY OF OXFORD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017
(Audited)

1. Purpose of organization

United Way of Oxford was incorporated on March 19, 1964 as a corporation without share capital. The mission of the organization is to build a stronger community and continue to improve the quality of life for everyone in Oxford County.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Capital assets

Capital assets are stated at cost. Amortization is recorded on the straight-line basis over the following number of years.

Computer software	8 years
Computer equipment	4 years
Leasehold Improvements	7 years
Office equipment	5 years

During the year the amortization period of Computer Software was reduced from 15 years to 8 years to better reflect the useful life of the software program.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of estimates include the recognition and valuation of pledges receivable and accrued liabilities. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

Fund accounting

The operating fund reports donations and expenditures related to program delivery and administrative operations of the organization.

The endowment fund reports contributions subject to externally imposed stipulations specifying that the resources contributed must be held in perpetuity. Interest earned on investment is recognized on the operating fund.

The reserve fund reports internally restricted funds set aside for up to six months of operating costs of the agency, to be drawn upon to fund cash shortages in the operating fund as required.

The community initiative fund reports board approved funds available for distribution to support funding applications received throughout the year from non-member agencies.

The community partnership fund reports internally restricted funds received from a major donor, which will be used for impact investments as determined by the board.

UNITED WAY OF OXFORD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017
(Audited)

Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets in the year.

Contributed services

Throughout the year many hours are contributed from community members to assist United Way of Oxford in carrying out the organizations activities. Due to the difficulty of determining fair value, contributed services are not recognized in the financial statements.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, other balances with banks, brokerage cash and high interest savings investment accounts.

Income taxes

No provision is made for income taxes as the company qualifies as a non-profit organization which is exempt from income tax under the *Income Tax Act*.

Allocation of general management and administration

General management and administration expenses are incurred to support functional areas and are allocated to fundraising and fundraising and distributions and community programs and services expenses based on the time spent method. Following this method, general management and administrative expenses are allocated as follows:

	<u>2017</u>	<u>2016</u>
To fundraising costs	48%	48%
To distributions and community programs and services costs	52%	52%

Allocation to United Way

Fees paid to United Way of Canada are based on 0.78% of total revenues. There is also a supplementary fee paid to United Way Worldwide based on 0.062% of total revenues. Total revenues are based on the previous years audited financial statements.

Financial instruments

The organization measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, pledges receivable and accounts receivable.

Financial liabilities measured at amortized cost include the accounts payables and allocations payable to agencies and non-agencies.

UNITED WAY OF OXFORD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017
(Audited)

3. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2017</u>	<u>Net 2016</u>
Office equipment	\$ 6,587	\$ 3,952	\$ 2,635	\$ 3,952
Computer software	21,476	9,665	11,811	15,748
Computer equipment	19,361	7,741	11,620	15,161
Leasehold improvements	<u>34,922</u>	<u>14,124</u>	<u>20,798</u>	<u>23,474</u>
	<u>\$ 82,346</u>	<u>\$ 35,482</u>	<u>\$ 46,864</u>	<u>\$ 58,335</u>

4. Cash

Cash consists of an operating account held at the Royal Bank of Canada that yields no interest and two operating accounts at First Ontario Credit Union that yield nominal rates of interest.

5. Investments

	2017		2016	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Brokerage cash	\$ 134,381	\$ 134,381	\$ 3,929	\$ 3,929
High Interest Savings Accounts	<u>165,945</u>	<u>165,945</u>	<u>198,664</u>	<u>198,664</u>
	<u>300,326</u>	<u>300,326</u>	<u>202,593</u>	<u>202,593</u>
Guaranteed Investment Certificates	825,000	829,439	958,000	963,780
Mutual funds (CDN equities)	79,223	116,562	77,217	105,228
Common shares (CDN bank shares)	<u>47,234</u>	<u>68,662</u>	<u>47,234</u>	<u>55,352</u>
	<u>951,457</u>	<u>1,014,663</u>	<u>1,082,451</u>	<u>1,124,360</u>
	<u>\$ 1,251,783</u>	<u>\$ 1,314,989</u>	<u>\$ 1,285,044</u>	<u>\$ 1,326,953</u>

The guaranteed investment certificates (GICs) consist of GICs yielding interest from 0.750% to 2.170% and maturing within one year.

6. Long-term investments

Long-term investments represent funds held by United Way of Ontario. The interest earned from this investment is used to fund the United Way's of Ontario operational fund. Annually, United Way of Oxford is provided with a statement indicating their portion of the total operating fund. Gains or losses on the organizations original investment are recognized in the United Way of Oxford's statement of operations.

7. Pledge receivable

The pledge receivable balance includes an allowance for uncollected pledges of \$45,000 (\$42,500 - 2016). The organization determines the allowance for pledge loss based on three main factors: the history of pledge loss, the current state of the economy and the anticipated campaign goal.

UNITED WAY OF OXFORD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017
(Audited)

8. Deferred revenue

	<u>2017</u>	<u>2016</u>
Dodgeball event sponsorship	\$ <u>3,061</u>	\$ <u>4,466</u>

9. Deferred capital contributions

Deferred capital contributions represents unspent funding and donations which will be used to offset the cost of improving the accessibility of the office. These contributions are recognized into revenue proportionate to the amortization of the related capital assets.

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 12,470	\$ 14,810
Less: amortization of deferred capital contributions	<u>2,340</u>	<u>2,340</u>
Balance, end of year	<u>\$ 10,130</u>	<u>\$ 12,470</u>

10. Financial Instruments

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the organization's risk exposure as at the year then ended.

i) Credit risk exposure

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 the obligation. The organization's main credit risks relate to its pledge receivables and accounts receivables. The United Way of Oxford maintains an allowance for potential pledge losses, and any losses to date have been within management's expectations.

ii) Liquidity risk

Liquidly risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect to its accounts payable and accrued liabilities, and allocations to agencies and non-agencies.

iii) Market risk

Market risk is the risk that the fair value or 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 interest rate risk and other price risk.

iv) Interest rate risk

Interest rate risk reflects the sensitivity of the organization's financial condition to movements in interest rates. The interest rate exposure of the United Way of Oxford arises from its interest bearing assets.