

**UNITED WAY FOR THE
CITY OF KAWARTHA
LAKES**

**Index to the Financial Statements
Year Ended March 31, 2016**

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Independent Auditors' Report

To the Board of Directors of United Way for the City of Kawartha Lakes:

Report on the Financial Statements

We have audited the accompanying financial statements of the United Way for the City of Kawartha Lakes which comprise the statement of financial position as at March 31, 2016 and the statements of operations, changes in net assets, and cash flow for the year then ended, and a summary of significant accounting principles 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of 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 auditors' 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 the basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

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, 2016 and its financial performance and its cash flows for the year then ended March 31, 2016 in accordance with Canadian generally accepted accounting principles.

Hutton Angeb LLP

Lindsay, Ontario
June 6, 2016

Chartered Professional Accountants
Licensed Public Accountants

UNITED WAY FOR THE CITY OF KAWARTHA

LAKES

Statement of Financial Position
as at March 31, 2016

	2016	2015
ASSETS		
Current		
Cash and cash equivalents (Note 4)	\$ 81,177	\$ 53,342
HST rebate receivable	2,783	5,959
Uncollected Pledges (Note 5)	150,782	168,708
Other current assets (Note 6)	6,479	3,505
	241,221	231,514
	\$ 241,221	\$ 231,514
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 124,965	\$ 98,673
Unearned rent	650	-
Deferred grant revenue (Note 7)	25,344	30,588
	150,959	129,261
Net Assets		
Distribution Reserve	90,262	102,253
Campaign stabilization reserve	-	-
	90,262	102,253
	\$ 241,221	\$ 231,514

Approved by:

Director: _____

Director: _____

UNITED WAY FOR THE CITY OF KAWARTHA LAKES
Statement of Changes in Net Assets
for the year ended March 31, 2016

2016

	Total	Bequest Reserve Fund	Distribution Reserve	Working capital reserve	Campaign Stabilization Reserve	Unrestricted
Balance- beginning of year	\$ 102,253	\$ -	\$ 102,253	\$ -	\$ -	\$ -
Excess of Revenues over Expenses for the year	(11,991)	-	(11,991)	-	-	-
Internally imposed Restrictions	-	-	-	-	-	-
Balance- end of year	\$ 90,262	\$ -	\$ 90,262	\$ -	\$ -	\$ -

2015

	Total	Bequest Reserve Fund	Distribution Reserve	Working capital reserve	Campaign Stabilization Reserve	Unrestricted.
Balance- beginning of year	\$ 171,305	\$ -	\$ 171,305	\$ -	\$ -	\$ -
Excess of Revenues over Expenses for the year	(69,052)	-	(69,052)	-	-	-
Internally imposed Restrictions	-	-	-	-	-	-
Balance- end of year	\$ 102,253	\$ -	\$ 102,253	\$ -	\$ -	\$ -

UNITED WAY FOR THE CITY OF KAWARTHA LAKES

Statement of Operations
for the year March 31, 2016

	2016	2015
Campaign Revenue		
Campaign donations	\$ 340,022	\$ 336,711
Uncollectible pledges	2,269	(2,149)
	342,291	334,562
Other Revenues		
Bequests	34,909	2,000
Community program grants and fees (Note 8)	11,159	58,573
Fundraising events and activities	42,529	51,506
Rental income	8,575	9,775
Investment income	455	-
	97,627	121,854
Total Revenue	439,918	456,416
Distributions and community programs:		
Additions to capital assets	2,900	11,736
Affiliation fee	3,003	2,492
Bursary payments	3,000	5,875
Community Matters	732	785
Conventions, seminars and training	-	1,451
Distributions to member agencies and others (Note 9)	239,246	256,132
Professional services	4,522	3,979
Publicity and promotion	3,160	6,539
Rent	27,196	27,687
Telephone, insurance, office and miscellaneous	20,936	40,739
Wages and benefits	104,282	73,314
Total distributions and community program expenses	408,977	430,729
Operating expenses:		
Additions to capital assets	512	1,826
Advertising and promotion	558	4,863
Affiliation fee	530	388
Conventions, seminars and training	-	226
Fundraising events and activities	16,223	18,282
Professional Services	798	619
Rent	4,799	4,309
Telephone, office and miscellaneous	1,497	10,428
Wages and benefits	18,015	53,798
Total operating expenses	42,932	94,739
Total distributions and operating expenses	451,909	525,468
Deficiency of Revenue over Expenses	\$ (11,991)	\$ (69,052)

See accompanying notes to the financial statements

UNITED WAY FOR THE CITY OF KAWARTHA LAKES

Statement of Cash Flow
for the year March 31, 2016

	2016	2015
Cash flow from operating activities		
Excess of Revenue over Expenses	\$ (11,991)	(69,052)
Changes in non-cash working capital:		
HST rebate receivable	3,173	(381)
Uncollected Pledges	17,926	(7,961)
Other current assets	(2,974)	1,494
Accounts payable and accrued liabilities	26,294	82,219
Government remittances	-	(2,812)
Unearned rent	650	-
Deferred grant revenue	(5,244)	(16,102)
Increase (decrease) in cash and cash equivalents	27,835	(12,595)
Cash and cash equivalents at the beginning of the year	53,342	65,936
Cash and cash equivalents at the end of the year	\$ 81,177	\$ 53,342
 Cash and cash equivalents consists of:		
Cash	\$ 81,177	\$ 53,342

UNITED WAY FOR THE CITY OF KAWARTHA LAKES

Notes to the Financial Statements

for the year March 31, 2016

1. DESCRIPTION OF THE ORGANIZATION

United Way for the City of Kawartha Lakes is a not-for-profit registered charity incorporated without share capital under the laws of Ontario. It is not subject to income taxes.

The purpose of the United Way for the City of Kawartha Lakes is to identify and evaluate the current and future social needs of the community and provide leadership for their resolution through guidance, reducing overlap and fundraising for its member agencies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

Revenue Recognition

The United Way for the City of Kawartha Lakes follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue in the year in which the revenue is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted investment income is recognized in the year in which the related expenses are incurred. Unrestricted investment income is recognized as income in the year it is earned rather than received. Legacies are recorded when the funds are received.

(i) Campaign revenue

Campaign revenue represents pledges received from various donors. The revenue is recognized at the time pledges are received.

(ii) Community program grants and fees

Community program grants and fees represents restricted funding to be spent on specific programs. Revenue is recognized on an accrual basis.

Any unused funding at the end of the fiscal year is either deferred to the next fiscal period or repaid to the funder depending upon the funder requirements.

(iii) Fundraising events

Fundraising events revenue represents monies raised from fundraiser events. Revenue is recognized when monies are received.

(iv) Rental income

Rental income represents the sublet rental income earned from tenant sharing the facilities with United Way for the City of Kawartha Lakes. This income is recognized on an accrual basis.

(v) Investment income

In fiscal 2016, United Way for the City of Kawartha Lakes received a bequest in the form of shares. The investment income represents the dividends, interest and gains/losses on those shares. Investment income is recognized when it is earned.

UNITED WAY FOR THE CITY OF KAWARTHA LAKES

Notes to the Financial Statements

for the year March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Uncertainty

The preparation of financial statements in conformity to Canadian generally accepted accounting principles 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 reported amount of revenues and expenses during the period.

Key areas where management has made judgments include, among others, the collectability of pledges receivable. Actual results could differ from this and other estimates, the impact of which would be recorded in future periods.

Capital Assets

The organization's average annual revenue for the current and prior two years is less than \$500,000 and as a result, the organization is not required to record capital assets as an asset on the statement of financial position and amortize that asset over its expected useful life. Capital assets are recorded as an expense in the statement of operations in the year in which the capital asset is acquired. The capital assets of the organization are office furniture, computers and equipment.

Financial Instruments

United Way for the City of Kawartha Lakes is exposed to various risks through its financial instruments. Analysis of the Organization's risk exposure and concentrations indicates that there is the credit risk pertaining to uncollected pledges. Further analysis indicates that there are no major exposures to liquidity risk, market risk, currency risk, interest rate risk nor other price risk as at March 31, 2016.

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arms length transactions. The Organization subsequently measures all of its financial assets and financial liabilities at amortized costs, 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 that are measured at amortized cost include the cash, accounts receivable, and investments.

Financial liabilities measured at amortized cost include accounts payable.

UNITED WAY FOR THE CITY OF KAWARTHA LAKES

Notes to the Financial Statements
for the year March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Contributed Services

Volunteers contributed a significant number of hours per year to assist the United Way for the City of Kawartha Lakes in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Distributions to member agencies

Donors are provided the opportunity to direct their donations to any registered Canadian charity. These donations are directed to specified agencies independent of any allocations determined by the organization.

Expense allocations

In accordance with the United Way of Canada- Centraide Canada's Transparency Accountability and Financial Reporting Policies for United Ways, the United Way for the City of Kawartha Lakes allocates costs which do not pertain specifically to campaign and community programs based on management's estimates of time and dollars spent as follows:

In 2015, the indirect costs were allocated to the distribution and community programs expenses using 87% allocation to distributions and community programs and 13% to operating expenses.

In 2016, the indirect costs were allocated to the distribution and community programs expenses using 85% allocation to distributions and community programs and 15% to operating expenses.

3. CREDIT FACILITY

The organization has a line of credit facility of \$50,000 limit at prime plus 3.35% per annum interest, with TD Bank. The balance of the facility utilized at March 31st was nil.

UNITED WAY FOR THE CITY OF KAWARTHA LAKES

Notes to the Financial Statements

for the year March 31, 2016

4. CASH AND CASH EQUIVALENTS

	2016	2015
Petty Cash	\$ 150	\$ 150
TD Canada Trust	49,966	14,160
TD Trust Account	3,750	34,578
TD Grant Funding Account	27,311	4,454
	<u>\$ 81,177</u>	<u>\$ 53,342</u>

The Agency uses the TD Grant Funding Account to segregate funds held for specific externally funded programs.

The TD Trust Account is used for lotteries and other fundraising.

5. UNCOLLECTED PLEDGES

	2016	2015
Pledges receivable	\$ 167,535	\$ 187,731
Allowance for uncollectible pledges	(16,754)	(19,023)
	<u>\$ 150,782</u>	<u>\$ 168,708</u>

6. OTHER CURRENT ASSETS

Other current assets represents prepaid expenses:

	2016	2015
United Way prepaid dues	\$ 2,005	\$ -
Sage software - prepaid software fees	852	-
Prepaid insurance	956	838
Prepaid rent	2,666	2,666
	<u>\$ 6,479</u>	<u>\$ 3,504</u>

UNITED WAY FOR THE CITY OF KAWARTHA LAKES

Notes to the Financial Statements
for the year March 31, 2016

7. DEFERRED CONTRIBUTIONS

Deferred contributions represents unspent resources externally restricted for funding of specific programs received in the current period that is related to the subsequent period. Changes in the deferred contributions balance is as follows:

	2016		2015
Balance - beginning of year	\$ 30,588	\$	46,690
Amount recognized as revenue in the year	(5,244)		(46,102)
Amount related to the following year	-		30,000
Balance - end of year	\$ 25,344	\$	30,588

Allocation of deferred contributions operating funding are as follows:

	2016		2015
Lindsay Legacy CHEST Fund	\$ 344	\$	344
New Horizons - I V League	-		244
Telecare Mona Hall Legacy	25,000		30,000
	\$ 25,344	\$	30,588

8. COMMUNITY PROGRAMS

The Organization receives various grants and specific bequests to conduct various community building programs. The operating cost for these programs is not funded from campaign revenue.

UNITED WAY FOR THE CITY OF KAWARTHA LAKES

Notes to the Financial Statements

for the year March 31, 2016

9. DISTRIBUTIONS TO MEMBER AGENCIES AND OTHER

The distributions to member agencies and others, including allocations and directed donations are as follows:

	2016	2015
A Place Called Home	\$ 16,000	\$ 22,699
Big Brothers & Big Sisters of KL	35,700	40,000
Boys & Girls Clubs of Kawartha Lake	35,700	38,000
Canadian Mental Health Association	10,000	15,000
C N I B	8,500	10,000
Canadian Red Cross	-	11,100
Community Care City Kawartha Lakes	17,000	20,000
Community Living Kawartha Lakes	16,000	20,000
John Howard Society of Kaw. Lakes	12,750	15,000
Learning Disabilities Assoc. - CKL	15,725	16,500
Ontario Early Years	17,000	20,000
St John Ambulance	4,250	5,000
Victoria County Career Services	14,000	16,465
Other- one time allocations and designations	36,621	6,367
	\$ 239,246	\$ 256,131

10. RESTRICTIONS OF NET ASSETS

The Board of Directors has internally restricted \$90,262 of unrestricted net assets to be used as follows:

Bequest Reserve Fund	To be maintained permanently with the investment income to be used for one-time allocations
Leadership Development Services Reserve	To be used to fund future cost of the Leadership Development Services in excess of grant revenue received.
Distribution Reserve	To be used for distributions to member agencies during the year ended March 31, 2016.
Working capital Reserve	To be used for fundraising and administration expenses in the following year.
Campaign Stabilization Reserve	To be used to offset possible declines in future campaign contributions to maintain a consistent distribution of funds to member agencies.

These internally restricted amounts are not available for other purposes without the approval of the Board of Directors.

UNITED WAY FOR THE CITY OF KAWARTHA LAKES

Notes to the Financial Statements
for the year March 31, 2016

11. FUTURE PROJECTS

The Agency signed a new grant agreement with New Horizons from Service Canada on March 14, 2016.

The grant amount of \$14,720, was not received until April and no expenses incurred as of March 31st, 2016.

The Cultivators grant is to fund a one-year project to develop an inter-generational community building garden program to address food insecurity in the community.