

**Financial Statements** 

**December 31, 2016** 

# UNITED WAY OF BRUCE GREY

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#### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Way of Bruce Grey:

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **United Way of Bruce Grey**, which comprise the statement of financial position as at December 31, 2016 and the statement of operations and changes in fund balances and cash flow statement 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.

#### **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 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 Organization'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 Organization'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**

**United Way of Bruce Grey** derives revenue from charitable donations and fundraising activities, 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. Consequently, we were unable to determine whether any adjustments to revenues, excess of revenue over expenditures, assets, or fund balances were necessary.

### **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 **United Way of Bruce Grey** as at December 31, 2016 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.

COLLINS BARROW SGB LLP LICENSED PUBLIC ACCOUNTANTS

Collins Banow SGBUP

Owen Sound, Ontario February 28, 2017



# UNITED WAY OF BRUCE GREY STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	Operating Fund \$	Building Fund \$	Endowment Fund \$	SAFE Fund \$	<b>2016</b> \$	2015 \$
	ASSET	S				
CURRENT:						
Bank	136,471	12,476	-	63,091	212,038	371,442
Accounts Receivable	49,818	-	-	-	49,818	11,274
HST Receivable	4,906	-	-	-	4,906	12,187
Due From (To) Funds	2,510	-	-	(2,510)	-	-
Investments (Note 3)	10,499	-	10,060	-	20,559	20,342
Inventory	14,454	-	-	-	14,454	8,856
Prepaid Expenses	353	-	-	-	353	1,997
	219,011	12,476	10,060	60,581	302,128	426,098
LIAE	BILITIES AND FU	ND BALAN	CES			
CURRENT:						
Accounts Payable and Accrued Liabilities	24,072	_	_	_	24,072	15,980
Government Remittance Payable	4,683	_	_	_	4,683	5,583
Deferred Revenue (Note 4)	101,710	-	-	60,581	162,291	211,648
	130,465	-	-	60,581	191,046	233,211
FUND BALANCES	88,546	12,476	10,060	-	111,082	192,887
	219,011	12,476	10,060	60,581	302,128	426,098

### ON BEHALF OF THE BOARD

 Director
Director

# UNITED WAY OF BRUCE GREY STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31

	Operating Fund \$	Building Fund \$	Endowment Fund \$	Aug 10/15 Fire Fund \$	SAFE Fund \$	2016 \$	2015 \$
REVENUE:							
Campaign	207,388	-	-	-	-	207,388	230,726
Special Events	39,493	-	=	-	-	39,493	115,683
Funds Transferred From Other United Ways	97,149	-	=	-	-	97,149	107,576
Investment Income	822	-	743	26	12	1,603	1,112
Other Revenue (Schedule 2)	326,989	-	-	10,664	14,366	352,019	697,705
Rental Revenue		16,072	-	-	-	16,072	14,761
Total Revenue	671,841	16,072	743	10,690	14,378	713,724	1,167,563
Fundraising Expenditures (Schedule 3)	128,038	-	-	-	-	128,038	123,473
Net Revenue Available for Community Investment	543,803	16,072	743	10,690	14,378	585,686	1,044,090
COMMUNITY INVESTMENT EXPENDITURES:							
Community Allocations (Schedule 1)	100,000	-	-	-	-	100,000	90,000
Program Expenditures (Schedule 3)	518,562	-	-	10,690	14,378	543,630	833,796
Building Expenditures (Schedule 4)		23,861	-	_	_	23,861	24,943
	618,562	23,861		10,690	14,378	667,491	948,739
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	(74,759)	(7,789)	743	-	-	(81,805)	95,351
INTERFUND TRANSFERS (Note 5)	(4,194)	4,723	(529)	-	-	-	-
FUND BALANCES AT BEGINNING OF YEAR	167,499	15,542	9,846	-	-	192,887	97,536
FUND BALANCES AT END OF YEAR	88,546	12,476	10,060	-	<u>-</u>	111,082	192,887

# UNITED WAY OF BRUCE GREY STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31

CASH FROM OPERATING ACTIVITIES:  Excess of Revenue over Expenditures (Expenditures over Revenue)	2016 \$ (81,805)	<b>2015 \$</b> 95,351
Changes in Non-cash Working Capital Balances Accounts Receivable HST Receivable Inventory Prepaid Expenses Accounts Payable and Accrued Liabilities Government Remittance Payable Deferred Revenue	(38,544) 7,281 (5,599) 1,644 (77,310) (899) 36,044	1,671 1,194 (4,070) 19,899 74,370 237 9,826
Net Cash Generated Through Operating Activities  FINANCING AND INVESTING ACTIVITIES: Increase in Investments	(159,188)	198,478 (1,180)
INCREASE (DECREASE) IN CASH DURING YEAR CASH AT BEGINNING OF YEAR	(159,405) 371,442	197,298 174,144
CASH AT END OF YEAR	212,037	371,442

#### PURPOSE OF THE ORGANIZATION

The United Way of Bruce Grey is a non-profit, non-partisan, volunteer driven Organization that engages in an effort to mobilize resources to support a broad range of non-profit human care services. It exists to improve the quality of life of all people in the Counties of Bruce and Grey by raising and investing money in services and programs that help meet human needs in our communities.

The United Way operates according to the highest standards of conduct consistent with its commitment to volunteerism, integrity, accountability, accessibility, being apolitical and having respect for donors, service providers, and the users of services.

The United Way is a charitable Organization registered under the Income Tax Act of Canada and, as such, is exempt from income taxes.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies applied in accordance with these standards are as follows:

### (A) Fund Accounting

United Way of Bruce Grey follows the deferral method of accounting for contributions.

The purpose of the Operating Fund is to conduct annual fundraising campaigns to raise funds for distribution to other charitable organizations and the community and to cover fundraising and program expenditures.

The purpose of the Building Fund is to conduct the normal day to day operations of the United Way Centre. The rental revenue from the Centre and the corresponding expenses are recorded in the Building Fund.

The purpose of the Endowment Fund, established in 2007 through an investment with the Community Foundation of Grey Bruce, is to provide funding for future initiatives. These may include, but are not limited to, the following purposes; bequest/endowment funds, United Way Capital fund, new initiatives, grants, agencies' capital campaigns, and guaranteed sustaining allocations when the annual campaign is lower than previous performances. Should the United Way cease to exist, the income from the Endowment Fund would be disbursed by the Foundation's Board of Directors to charities in the community working for the betterment of the communities in a manner consistent with the historic role of the United Way.

The purpose of the August 10 Fire Fund was to provide relief to residents of Owen Sound who were victims of multiple fires on August 10, 2015. The funds were used for insurance deductibles, to replace household items, for temporary and eventually permanent housing as well as other needs of the victims. The Office of the Public Guardian and Trustee approved on November 21, 2016 that the surplus in this fund be transferred to a new Fund, Disaster Relief Fund. The Aug 10/15 Fire Fund was \$74,899 on November 21, 2016 when it was transferred to the new Fund.

The purpose of the SAFE (Supportive Assistance for Emergencies) Fund is to support and maintain persons displaced or left homeless in Bruce and Grey counties as a result of a natural or man-made disaster where the losses of such persons are not wholly or partially covered by insurance. United Way of Bruce Grey uses the fund name "SAFE" in reference to the Court Order named fund Disaster Relief Fund.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (B) 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 amount 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.

### (C) Revenue Recognition

The Organization holds several fundraising campaigns annually, including a fall workplace campaign and various special events. Campaign revenue, proceeds from special events and one-time donations generated during any one year are recognized as revenue when received. Fundraising and program expenditures are expensed as incurred.

All campaign revenue, proceeds from special events and one-time donations are considered available for unrestricted use with the exception of donor designations.

Donor designations represent donations made by individuals and corporations which are designed to be distributed to other United Ways, Member Agencies of the United Way and/or other charitable organizations. Donor designations are paid to the designated agencies annually. Donor designated donations which have been collected in the current year but have not yet been paid to designated agencies are reported as accrued donor designations.

Donations and grants restricted for a specific purpose by the contributor are reported as deferred revenue and are recognized as income in the same period that the eligible expenditure is incurred.

Investment income, rental income, endowment fund income, and other income is recognized on the accrual basis as it is earned. Investment income earned is retained in the fund to which the investments are held.

### (D) Property and Equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair market value at the date of the contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives. All equipment has been fully amortized.

#### (E) Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value and subsequently measures all its financial assets and liabilities at amortized cost, except for investments.

Financial assets measured at amortized cost include bank and accounts receivable.

Financial instruments reported at fair market value include short term fixed income bonds and investment with the Community Foundation Grey Bruce. Fair value for these investments is readily available. Changes in fair value are recognized in net income.

Financial liabilities measured at amortized cost include accounts payable.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (F) Gifts in Kind

The Organization receives a limited amount of in-kind donations, that include consumables for special events and equipment for donation to the community at large. These financial statements do not reflect any revenue or expenditures related to gifts in kind.

#### (G) Contributed Services

Volunteers contribute many hours per year to assist the Organization in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements

### (H) Allocation of Expenditures

Expenditures incurred by the Organization are classified as fundraising, program, or administrative expenditures. Administrative expenditures are allocated 37% to fundraising and 63% to program expenditures.

#### 2. UNITED WAY CENTRE

In 2006 the County of Grey transferred title of the building where the United Way Centre now resides for the nominal consideration of \$1.

#### 3. INVESTMENTS

	2016	2015
	\$	\$
Operating Fund:		
Investor's Group Financial Services Inc - Short Term Fixed		
Income Bonds (Cost - \$10,386)	10,499	10,496
Endowment Fund:		
Community Foundation Grey Bruce (Cost - \$7,800)	10,060	9,846
=	20,559	20,342

The Endowment Investment is intended to provide a source of funding for the balance in the Endowment Fund.

#### 4. DEFERRED REVENUE

Deferred revenue represents donations and grants restricted by the contributor for a specific purpose that were not spent at year end.

#### 5. INTERFUND TRANSFERS

During the year, \$4,723 was transferred to the Building Fund from the Operating Fund for cash outlays for building expenses.

The net transfer of \$529 from the Endowment Fund to the Operating Fund is the annual Grant paid from the Community Foundation.

### 6. FINANCIAL INSTRUMENTS

The Organization's exposure to risks from financial instruments is described as follows:

**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 is exposed to credit risk in connection with the collection of its accounts receivable. The Organization mitigates this risk by maintaining payment policies and collection procedures and does not anticipate significant loss for non-collection.

**Liquidity Risk** is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization believes it has a strategy in place so that future cash flows will satisfy its obligations.

### 7. COMPARATIVE INFORMATION

Certain comparative figures have been reallocated to conform with the current year's presentation.

# UNITED WAY OF BRUCE GREY SCHEDULE OF COMMUNITY ALLOCATION EXPENDITURES FOR THE YEAR ENDED DECEMBER 31

		SCHEDULE 1
	2016 \$	2015 \$
Bruce Grey Child and Family Services	_	7,500
Canadian Mental Health Association of Grey Bruce	38,000	19,200
Durham and District Food Bank	7,000	7,000
Grey Bruce Eat & Learn	11,000	9,300
Keystone Child Youth and Family Services	11,250	10,000
Light and Life Chapel	· -	2,500
Men's Program Grey Bruce	_	12,500
Owen Sound & North Grey Union Public Library	1,500	1,500
Pegasus Riding Association	3,000	-
South Grey Bruce Youth Literacy Council	4,800	4,000
St. John Ambulance	2,500	2,500
Tobermory United Church: The Meeting Place	2,950	-
Victim Services Bruce Grey	3,000	-
Women's House Serving Bruce Grey	15,000	14,000
Funds Distributed to the Community	100,000	90,000

# UNITED WAY OF BRUCE GREY SCHEDULE OF OTHER REVENUE FOR THE YEAR ENDED DECEMBER 31

		SCHEDULE 2
	2016 \$	2015 \$
ATM Project	-	20,089
Backpack Program	36,978	39,320
First Nations Project	1,730	1,857
Community Response	_	48,107
Community Foundation Grey Bruce	14,644	195
FRO Project	40	2,445
Getting Ahead	9,976	10,726
Newcomer Fund	21,342	5,000
Poverty Task Force	53,686	36,198
Seniors Advocacy and Awareness Network	12,114	12,276
Trillium Grant	· -	33,489
Utility Assistance Program	176,479	222,303
	326,989	432,005

# UNITED WAY OF BRUCE GREY SCHEDULE OF EXPENDITURES FOR THE YEAR ENDED DECEMBER 31

### **SCHEDULE 3**

	<b>2016</b> \$	2015 \$
FUNDRAISING		
Advertising	6,533	7,246
Direct Campaign Costs	23,465	44,052
Wages and Employee Benefits	36,548	34,550
Total Direct Fundraising Expenditures	66,546	85,848
Allocation of Administrative Expenditures (Schedule 4)	61,492	37,625
	128,038	123,473
PROGRAM	0.250	
ASSET Project	8,358	20.179
ATM Project Back Pack Program	54,426	20,178 42,379
First Nations Project	1,730	1,857
Getting Ahead	9,976	10,727
FRO Project	40	2,445
Independent Project Expenditures	3,724	5,103
Community Response	- , -	48,107
Newcomer Expenditures	21,342	5,000
Other Programs	6,286	-
Poverty Task Force	53,686	36,198
Seniors Advocacy and Awareness Network	12,114	12,276
Society of Energy Professionals	-	195
Trillium Expenses	-	33,492
United Way of Canada Affiliation Fees	4,493	10,615
211 - Community Connection	45,000	45,000
Utility Assistance Program	176,479	222,464
Total Direct Program Expenditures	397,654	496,036
Allocation of Administrative Expenditures (Schedule 4)	120,908	72,062
	518,562	568,098

# UNITED WAY OF BRUCE GREY SCHEDULE OF ADMINISTRATIVE FOR THE YEAR ENDED DECEMBER 31

### **SCHEDULE 4**

	2016 \$	2015 \$
BUILDING		
Insurance	3,569	3,510
Repairs and Maintenance	11,328	12,189
Utilities	8,964	9,244
	23,861	24,943
ADMINISTRATIVE		
REVENUE:		
Utility Assistance Program	51,111	35,551
Administrative Cost Recovery	2,093	74,459
Miscellaneous Income	5,996	2,959
	59,200	112,969
<b>EXPENDITURES:</b>		
Bank Interest and Charges	3,796	5,581
Board Expenses	2,465	4,027
Bookkeeping	10,914	13,918
Insurance	892	878
Licenses and Fees	2,096	2,211
Office Supplies	18,281	15,186
Professional Fees	19,273	13,772
Telephone	3,911	3,480
Training	9,041	1,513
Travel and Accommodations	10,150	15,859
Wages and Employee Benefits	160,781	146,231
	241,600	222,656
Net Administrative Expenditures	(182,400)	(109,687)
Less: Allocation to Fundraising Expenditures (Schedule 3)	61,492	37,625
Less: Allocation to Program Expenditures (Schedule 3)	120,908	72,062
		<u>-</u>