

UNITED WAY OF OXFORD

FINANCIAL STATEMENTS
(Audited)

YEAR ENDED MARCH 31, 2016

**UNITED WAY OF OXFORD
INDEX TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016**

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

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, 2016, 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 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 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, 2016, 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 18, 2016

UNITED WAY OF OXFORD
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016
(Audited)

	<u>2016</u>	<u>2015</u>
ASSETS		
Current		
Cash (note 4)	\$ 88,805	\$ 134,002
Investments (note 5)	1,326,954	1,229,188
Pledges receivable (note 7)	511,456	502,024
Accounts receivable	16,925	12,111
Prepaid expenses	8,466	15,485
HST receivable	<u>3,373</u>	<u>9,776</u>
	1,955,979	1,902,586
Long-term investments (note 6)	10,978	12,045
Capital assets (note 3)	<u>58,336</u>	<u>51,742</u>
	<u>\$ 2,025,293</u>	<u>\$ 1,966,373</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 9,684	\$ 20,325
Allocation payable to agencies	569,860	504,566
Allocation payable to non-agencies	47,144	50,423
Deferred revenue (note 8)	<u>16,935</u>	<u>14,810</u>
	<u>643,623</u>	<u>590,124</u>
NET ASSETS		
Internally restricted (page 6)	539,157	564,754
Endowment (page 6)	32,400	32,400
Unrestricted (page 6)	<u>810,113</u>	<u>779,095</u>
Total net assets	<u>1,381,670</u>	<u>1,376,249</u>
	<u>\$ 2,025,293</u>	<u>\$ 1,966,373</u>

Approved by the board:

Director: _____

Director: _____

UNITED WAY OF OXFORD
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2016
(Audited)

	<u>2016</u>	<u>2015</u>
Revenues		
Donations	1,153,629	1,190,664
Funds transferred from other United Ways	<u>51,336</u>	<u>20,209</u>
Gross campaign revenue	1,204,965	1,210,873
Uncollected pledges	<u>(33,146)</u>	<u>(20,780)</u>
Net campaign revenue	1,171,819	1,190,093
Interest	23,542	14,325
Other	90,595	69,237
Action for community change	-	11,550
Bequests	11,302	12,000
Master aging plan New Horizons grant	-	12,537
Unrealized gain(loss) of United Way of Ontario investment (note 6)	(1,067)	1,126
Unrealized gain(loss) on investments	<u>(14,010)</u>	<u>10,394</u>
	<u>1,282,181</u>	<u>1,321,262</u>
Fundraising Costs (page 5)	<u>198,766</u>	<u>214,583</u>
Management and Administrative Costs		
Allocated to fundraising costs (note 2)	(15,210)	(33,227)
Allocated to program costs (note 2)	(16,477)	(35,996)
Computers and equipment	1,087	1,396
Occupancy costs	3,191	2,846
Office administration	3,054	13,286
Salaries and benefits	23,609	51,234
Travel and training	<u>746</u>	<u>461</u>
	<u>-</u>	<u>-</u>
Funds Available for Distribution	<u>1,083,415</u>	<u>1,106,679</u>
Program Costs		
Allocation of management & administrative costs (note 2)	16,477	35,996
Allocation to agencies	569,860	504,566
Recovery of prior year allocation (note 9)	-	(83,000)
Allocation to community initiative programming	32,763	25,000
Allocation to United Way of Canada (note 2)	12,374	11,048
Community services	61,370	67,417
211/Information Oxford	3,045	12,596
Direct program management and administration costs	275,242	177,736
Designated pledges	<u>106,863</u>	<u>123,542</u>
	<u>1,077,994</u>	<u>874,901</u>
Excess of Revenues Over Expenses	<u>\$ 5,421</u>	<u>\$ 231,778</u>

UNITED WAY OF OXFORD
STATEMENT OF OPERATIONS- FUNDRAISING COSTS
YEAR ENDED MARCH 31, 2016
(Audited)

Fundraising Costs

Allocation of management & administrative costs (note 2)	\$ 15,210	\$ 33,227
Campaign costs	34,370	29,258
Computers and equipment	5,124	6,581
Occupancy costs	15,044	13,659
Office administration	9,405	9,957
Salaries and benefits	111,299	116,853
Travel and training	8,314	5,048
	<u>\$ 198,766</u>	<u>\$ 214,583</u>

UNITED WAY OF OXFORD
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2016
(Audited)

	<u>2015</u>	<u>Excess (deficit) of revenues over expenses</u>	<u>Transfer to/(from)</u>	<u>2016</u>
Operational fund	\$ 779,095	\$ 31,018	\$ -	\$ 810,113
Endowment fund	32,400	-	-	32,400
Internally restricted				
Reserve	297,634	7,166	-	304,800
Community initiative fund	167,120	(32,763)	-	134,357
Community partnership fund	100,000	-	-	100,000
	<u>564,754</u>	<u>(25,597)</u>	-	<u>539,157</u>
	<u>\$ 1,376,249</u>	<u>\$ 5,421</u>	<u>\$ -</u>	<u>\$ 1,381,670</u>

**UNITED WAY OF OXFORD
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2016
(Audited)**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Excess of revenues over expenses	\$ 5,421	\$ 231,778
Non-cash items:		
Amortization	10,928	12,244
Unrealized (gain) loss on United Way of Canada investment	1,087	(1,126)
Unrealized (gain) loss on investments	14,010	(10,394)
Loss on disposal of capital assets	<u>842</u>	<u>-</u>
	32,268	232,502
Changes in non-cash working capital		
Pledge receivable	(9,432)	(13,344)
Accounts receivable	(4,814)	(11,873)
HST receivable	6,403	(5,422)
Prepaid expenses	7,019	(6,845)
Accounts payable and accrued liabilities	(10,640)	951
Allocation payable to agencies	65,294	(50,253)
Allocation payable to non-agencies	(3,279)	(4,599)
Deferred revenue	<u>2,125</u>	<u>1,773</u>
Cash flows from operating activities	<u>84,944</u>	<u>142,890</u>
Cash flows from investing activities		
Purchase of capital assets	(18,365)	(39,451)
Net increase in investments	<u>(111,776)</u>	<u>(80,249)</u>
Cash flows from (provided to) investing activities	<u>(130,141)</u>	<u>(119,700)</u>
Net increase (decrease) in cash	(45,197)	23,190
Cash at beginning of year	<u>134,002</u>	<u>110,812</u>
Cash at end of year	<u>\$ 88,805</u>	<u>\$ 134,002</u>

UNITED WAY OF OXFORD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016
(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	15 years
Computer equipment	4 years
Leasehold Improvements	7 years
Furniture & Fixtures	5 years

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 pledge receivable, accounts receivable, short-term investments, accounts payable 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, 2016
(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

The organizations policy is to disclose cash in banks as cash and cash equivalents.

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 program expenses based on the time incurred by each functional area. Following this method, general and administrative expenses are allocated as follows:

	<u>2016</u>	<u>2015</u>
Fundraising costs	48%	48%
Program costs	52%	52%

Allocation to United Way

Fees paid to United Way of Canada are based on 0.75% of the adjusted total revenues less than one million dollars and 1% of adjusted total revenues greater than one million dollars but less than twenty-five million dollars. Adjusted total revenues is 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, 2016
(Audited)

3. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2016</u>	<u>Net 2015</u>
Office equipment	\$ 6,587	\$ 2,635	\$ 3,952	\$ 5,270
Computer software	21,476	5,728	15,748	17,180
Computer equipment	18,365	3,203	15,162	1,123
Leasehold improvements	<u>32,864</u>	<u>9,390</u>	<u>23,474</u>	<u>28,169</u>
	<u>\$ 79,292</u>	<u>\$ 20,956</u>	<u>\$ 58,336</u>	<u>\$ 51,742</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

	2016		2015	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Brokerage cash	\$ 3,929	\$ 3,929	\$ 6,787	\$ 6,787
Guaranteed Investment Certificates	958,000	963,781	820,000	828,108
High Interest Savings Accounts	198,664	198,664	227,612	227,612
Mutual funds (CDN equities)	77,217	105,228	71,636	112,157
Common shares (CDN bank shares)	<u>47,234</u>	<u>55,352</u>	<u>22,036</u>	<u>54,524</u>
	<u>\$ 1,285,044</u>	<u>\$ 1,326,954</u>	<u>\$ 1,148,071</u>	<u>\$ 1,229,188</u>

The guaranteed investment certificates (GICs) consist of GICs yielding interest from 1.420% 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 \$42,500 (\$42,500 - 2015). 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, 2016
(Audited)

8. Deferred revenue

	<u>2016</u>	<u>2015</u>
Dodgeball event sponsorship	\$ 4,466	\$ -
Deferred capital contribution	<u>12,469</u>	<u>14,810</u>
	<u>\$ 16,935</u>	<u>\$ 14,810</u>

9. Recovery of prior year allocations

The recovery of allocations balance represents an amount that was earmarked for a member agency during the 2014-2015 allocations process, however due to unforeseen circumstances these funds were not claimed by that organization.

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

Liquidity 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.

