

Financial Statements of

**UNITED WAY CENTRAIDE  
SUDBURY AND/ET NIPISSING  
DISTRICTS**

Year ended December 31, 2016

# UNITED WAY CENTRAIDE SUDBURY AND/ET NIPISSING DISTRICTS

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## INDEPENDENT AUDITORS' REPORT

To the Members of United Way Centraide Sudbury and/et Nipissing Districts

We have audited the accompanying financial statements of United Way Centraide Sudbury and/et Nipissing Districts, which comprise the statement of financial position as at December 31, 2016, the statements of operations and changes in net assets 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.

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 charitable organizations, United Way Centraide Sudbury and/et Nipissing Districts derives most of its revenue from the general public in the form of donations, 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 United Way Centraide Sudbury and/et Nipissing Districts and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses and unrestricted net assets.

*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 Centraide Sudbury and/et Nipissing Districts as at December 31, 2016, 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

April 12, 2017

Sudbury, Canada

# UNITED WAY CENTRAIDE SUDBURY AND/ET NIPISSING DISTRICTS

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
<b>Assets</b>		
Current assets:		
Cash	\$ 232,296	\$ 301,951
Investments (note 2)	365,532	573,172
Pledges receivable - current year's campaign	1,367,868	1,518,326
Pledges receivable - prior year's campaign	61,464	27,543
Prepaid expenses	12,038	6,170
Other accounts receivable	43,718	63,918
	<u>2,082,916</u>	<u>2,491,080</u>
Funds on deposit (note 3)	24,811	24,811
Capital assets (note 4)	33,198	30,113
	<u>\$ 2,140,925</u>	<u>\$ 2,546,004</u>

## Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 118,097	\$ 77,691
Deferred revenue (note 5)	183,134	281,936
Current portion of long-term debt (note 6)	6,242	-
	<u>307,473</u>	<u>359,627</u>
Long-term debt (note 6)	4,374	-
Deferred capital contributions (note 7)	9,071	13,204
	<u>320,918</u>	<u>372,831</u>
Net assets:		
Unrestricted	1,820,007	2,173,173
Commitments (note 8)		
Subsequent event (note 10)		
	<u>\$ 2,140,925</u>	<u>\$ 2,546,004</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# UNITED WAY CENTRAIDE SUDBURY AND/ET NIPISSING DISTRICTS

Statement of Operations and Changes in Net Assets

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Pledges made and cash donations	\$ 1,908,944	\$ 2,160,756
Pledge recovery (loss) recovery	44,885	(199,099)
Campaign revenue for financial reporting purposes	1,953,829	1,961,657
Other revenue:		
Grants	65,679	36,435
Other programs	56,792	51,869
Other income	28,032	11,951
Interest income	8,670	8,870
Amortization of deferred capital contributions	4,133	2,699
	2,117,135	2,073,481
Expenses:		
Allocations and distribution of funds (Schedule)	1,407,423	1,535,530
Community investment (Schedule)	487,069	482,223
Fundraising (Schedule)	425,986	406,951
Other programs	118,657	91,389
United Way of Canada fees	21,573	17,953
Amortization of capital assets	9,593	9,593
	2,470,301	2,543,639
Deficiency of revenue over expenses	(353,166)	(470,158)
Unrestricted net assets, beginning of year	2,173,173	2,643,330
Unrestricted net assets, end of year	\$ 1,820,007	\$ 2,173,173

See accompanying notes to financial statements.

# UNITED WAY CENTRAIDE SUDBURY AND/ET NIPISSING DISTRICTS

## Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (353,166)	\$ (470,158)
Items not involving cash:		
Amortization of capital assets	9,593	9,593
Amortization of deferred capital contributions	(4,133)	(2,699)
	(347,706)	(463,264)
Change in non-cash working capital:		
Decrease in pledges receivable - current year's campaign	150,458	93,170
Increase in pledges receivable - prior year's campaign	(33,921)	(1,719)
Decrease (increase) in prepaid expenses	(5,868)	1,453
Decrease in other accounts receivable	20,200	3,592
Increase (decrease) in accounts payable and accrued liabilities	40,406	(89,057)
Increase (decrease) in deferred revenue	(98,802)	51,538
	(275,233)	(404,287)
Financing:		
Increase in long term debt	12,678	-
Increase in deferred capital contributions	-	13,742
Principal repayments on long-term debt	(2,062)	-
	10,616	13,742
Investing:		
Purchase of capital assets	(12,678)	(13,742)
Proceeds on sale of investments	570,866	264,305
Purchase of investments	(363,226)	(270,302)
	194,962	(19,739)
Net increase in cash and investments	(69,655)	(410,284)
Cash, beginning of year	301,951	712,235
Cash, end of year	\$ 232,296	\$ 301,951

See accompanying notes to financial statements.

# UNITED WAY CENTRAIDE SUDBURY AND/ET NIPISSING DISTRICTS

Notes to Financial Statements

Year ended December 31, 2016

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## **Nature of operations:**

United Way Centraide Sudbury and/et Nipissing Districts (the "Organization") is incorporated without share capital under the laws of Ontario and its principal activities include the continued financial support to member charitable organizations in the Sudbury and Nipissing districts through public contributions from annual fundraising campaigns. It is a registered charity and is therefore exempt from income tax under Section 149 of the Federal Income Tax Act.

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

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Organization's significant accounting policies are as follows:

### **(a) Revenue recognition:**

- i) The Organization follows the deferral method for accounting for contributions.
- ii) Non-designated campaign pledges and contributions are recognized on an accrual basis, provided the amounts can be reasonably estimated and collection is reasonably assured.
- iii) Campaign contributions designated by donors are reported as deferred revenue on the statement of financial position until the amounts are paid to the designated organizations, at which time the amount of the campaign contribution is recorded as campaign revenue.
- iv) Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

### **(b) Temporary investments:**

Temporary investments are comprised of fixed income investments and mutual funds, which are highly liquid and are carried at fair value.



# UNITED WAY CENTRAIDE SUDBURY AND/ET NIPISSING DISTRICTS

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 1. Significant accounting policies (continued):

### (c) Capital assets:

Capital assets are recorded at cost. Amortization is provided on the declining-balance basis using the following annual rates:

Asset	Basis	Rate
Leasehold improvements	Declining-balance	10%
Furniture and fixtures	Declining-balance	20%
Computer hardware	Declining-balance	20%
Computer software	Declining-balance	33%

### (d) 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 contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Items subject to such estimates and assumptions include the carrying value of capital assets and valuation allowances for pledges and accounts receivable. Actual results could differ from those estimates. These estimates, are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. 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 elected to carry temporary investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

## 2. Investments:

The Organization investments consist of fixed income and mutual fund investments with interest rates ranging from 1.41% to 1.78% and maturity dates ranging from March 4, 2017 to December 5, 2017. The cost of the investments are \$361,963 (2015 - \$572,320).

# UNITED WAY CENTRAIDE SUDBURY AND/ET NIPISSING DISTRICTS

Notes to Financial Statements (continued)

Year ended December 31, 2016

### 3. Funds on deposit:

	2016	2015
Funds held by the Sudbury Community Foundation:		
Tomorrow Fund	\$ 24,811	\$ 24,811

On May 1, 1997, the Organization invested funds into the Tomorrow Fund with the Sudbury Community Foundation. The principal amount invested was \$24,811 and all interest earned has been accrued in accounts receivable each year. The Organization has the ability to demand repayment of the principal amount invested, as well as the interest earned to date at any point in time.

### 4. Capital assets:

	2016		
	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 25,417	\$ 24,287	\$ 1,130
Computer equipment and software	160,909	140,885	20,024
Leasehold improvements	12,678	634	12,044
	\$ 199,004	\$ 165,806	\$ 33,198
	2015		
	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 25,417	\$ 24,004	\$ 1,413
Computer equipment and software	160,909	132,209	28,700
	\$ 186,326	\$ 156,213	\$ 30,113

# UNITED WAY CENTRAIDE SUDBURY AND/ET NIPISSING DISTRICTS

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 5. Deferred revenue:

Deferred revenue consists of the following amounts:

- (a) Campaign pledges from donors that are designated to non-member agencies. The pledges are deferred until such time as the funds are received from the donor and paid to the non-member agencies.
- (b) Unexpended government funding that is available to fund future expenses.

The balance of deferred revenue is as follows:

	2016	2015
Designated campaign pledges	\$ 169,380	\$ 231,936
Other deferred revenue	13,754	-
Deferred government funding	-	50,000
	<b>\$ 183,134</b>	<b>\$ 281,936</b>

## 6. Long-term debt:

	2016	2015
Long-term debt owing to landlord	\$ 10,616	\$ -
Less current portion of long-term debt	6,242	-
	<b>\$ 4,374</b>	<b>\$ -</b>

The long-term debt relates to a construction loan and requires payments over a two year period, maturing on August 1, 2018 is unsecured, bears an interest rate of 6% and is repayable in monthly installments of \$559.

Principal repayments are due as follows:

2017	\$ 6,242
2018	4,374
	<b>\$ 10,616</b>

# UNITED WAY CENTRAIDE SUDBURY AND/ET NISSING DISTRICTS

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 7. Deferred capital contributions:

Deferred capital contributions related to capital assets represent the unamortized balance of grants received for capital assets acquisitions. Details of the continuity of this balance are as follows:

	2016	2015
Balance, beginning of year	\$ 13,204	\$ 2,161
Contributions received	-	13,742
Less amounts amortized to revenue	(4,133)	(2,699)
Balance, end of year	\$ 9,071	\$ 13,204

## 8. Commitments:

The Organization is committed to payments under an operating lease for the Sudbury premises through December 31, 2016 as follows:

2017	\$ 42,795
2018	46,361
2019	47,550
2020	52,305
2021	53,890
Thereafter	175,142

# UNITED WAY CENTRAIDE SUDBURY AND/ET NIPISSING DISTRICTS

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## **9. Financial risks and concentration of credit risk:**

### (a) Credit risk:

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

### (b) 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. There has been no change to the risk exposures from 2015.

## **10. Subsequent event:**

Subsequent to the year end, the Organization signed a memorandum of understanding with the United Way Cochrane Temiskaming district to assume responsibility for United Way activities within the Cochrane Temiskaming district effective April 1, 2017.

# UNITED WAY CENTRAIDE SUDBURY AND/ET NIPISSING DISTRICTS

Schedule of Allocations and Distribution of Funds

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Member Agency Programs:		
Sudbury Family YMCA	\$ 120,401	\$ 96,910
Sudbury Action Centre for Youth	115,560	116,648
Canadian Red Cross Society of Sudbury	115,425	96,846
John Howard Society of Sudbury	89,398	75,386
Better Beginnings Better Futures	79,658	96,635
Elizabeth Fry Society, Sudbury Branch	70,446	80,006
Manitoulin Family Resources Inc.	70,000	70,000
Learning Disabilities	64,778	69,953
Big Brothers Big Sisters Association of Greater Sudbury	54,782	68,555
Canadian National Institute for the Blind (CNIB)	51,127	48,567
Centre De Santé Communautaire	46,058	47,823
Voices for Women - Health Sciences North	45,000	24,400
L'Association des jeunes de la rue-Foyer Notre Dame	40,614	41,230
Maison Vale Inco Hospice	38,175	65,373
St. John Ambulance	36,250	38,181
Canadian Hearing Society	34,200	30,766
Le Carrefour Francophone de Sudbury	30,097	30,000
March of Dimes	30,000	30,350
Meals on Wheels	25,000	14,492
Sudbury Multicultural Folk Arts Association	14,500	13,500
Sudbury District Restorative Justice	14,452	14,450
Low Income People Involvement of Nipissing	13,000	13,065
Nipissing Association for Disabled Youth	10,500	11,000
Inner City Home	10,110	7,546
Aids Committee of North Bay	5,250	9,750
Jubilee Heritage Family Resource	2,000	2,000
Sudbury YWCA Genevra House	-	29,075
Health Science North	-	24,400
Brain Injury Association Sudbury and District	-	10,875
Social Planning Council	-	10,000
Canadian Blood Services	-	8,550
Canadian Mental Health Association	-	1,853
Alzheimer Society North Bay & District	-	1,386
The Human League Association	-	762
Sudbury Community Foundation	-	688
Autism Ontario North Bay and Area	-	618
Art Gallery of Sudbury	-	473
Monarch Recovery	-	332
Rockhaven	-	246
Family Enrichment Centre	-	193
Iris Addiction Recovery for Women	-	172
North Shore Search and Rescue	-	19
	1,226,781	1,303,074
Other:		
Designations to non-member agencies	177,734	188,770
Community Grants	1,000	43,000
Other	1,908	686
	180,642	232,456
	\$ 1,407,423	\$ 1,535,530

# UNITED WAY CENTRAIDE SUDBURY AND/ET NIPISSING DISTRICTS

## Schedule of Expenses

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Community Investment:		
Salaries and employee benefits	\$ 332,076	\$ 397,714
Office supplies and general	65,429	33,100
Rent	53,830	20,997
Conference and travel	5,683	15,883
Professional fees	10,868	6,879
Computer services	11,393	-
Equipment rental	5,189	3,743
Insurance	1,577	2,782
Postage and shipping	1,024	1,125
	<b>\$ 487,069</b>	<b>\$ 482,223</b>

### Fundraising:

Salaries and employee benefits	\$ 325,353	\$ 281,824
Campaign promotion and supplies	20,483	66,318
Office supplies and general	15,471	22,905
Rent	29,219	12,685
Conference and travel	18,055	8,155
Professional fees	10,868	7,414
Equipment rental	3,936	3,743
Insurance	1,577	2,782
Postage and shipping	1,024	1,125
	<b>\$ 425,986</b>	<b>\$ 406,951</b>