

UNITED WAY OF PERTH - HURON

FINANCIAL STATEMENTS

MARCH 31, 2017

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AUDITORS' REPORT

To the Members of
United Way of Perth - Huron
Stratford, Ontario

We have audited the accompanying financial statements of **United Way of Perth - Huron**, which comprise the balance sheet as at **March 31, 2017** and the statements of operations, fund balances 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.


INDEPENDENT AUDITORS' REPORT - CONTINUED

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives cash revenue, 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 and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures and cash flows from operations for the years ended March 31, 2017 and 2016, current assets as at March 31, 2017 and 2016, and changes in net assets as at March 31 for both the 2017 and 2016 year ends. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

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 Perth - Huron** as at **March 31, 2017** 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.



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

Stratford, Ontario
May 29, 2017

United Way of Perth - Huron
Balance Sheet
As at March 31, 2017

ASSETS					
	General Fund	Capital Asset Fund	Endowment Fund	Total 2017	Total 2016
Current Assets					
Cash	\$ 496,959	\$ -	\$ -	\$ 496,959	\$ 545,465
Funds held in trust	1,755	-	-	1,755	2,106
Short-term investments and accrued interest (Note 4)	937	-	106,588	107,525	63,280
Pledges receivable (Note 5)	463,022	-	-	463,022	476,657
HST receivable	12,644	-	-	12,644	28,777
Prepaid expenses, accounts receivable and inventory	33,322	-	-	33,322	58,511
Interfund balances (Note 6)	<u>124,645</u>	<u>(347,783)</u>	<u>223,138</u>	<u>-</u>	<u>-</u>
	<u>1,133,284</u>	<u>(347,783)</u>	<u>329,726</u>	<u>1,115,227</u>	<u>1,174,796</u>
Property, Plant and Equipment - at cost					
Land	-	100,000	-	100,000	100,000
Building	-	574,601	-	574,601	574,601
Office equipment	-	39,955	-	39,955	39,955
Computer hardware	-	34,653	-	34,653	32,162
Computer software	<u>-</u>	<u>15,556</u>	<u>-</u>	<u>15,556</u>	<u>15,556</u>
	-	764,765	-	764,765	762,274
Less: Accumulated amortization	<u>-</u>	<u>320,516</u>	<u>-</u>	<u>320,516</u>	<u>300,100</u>
	<u>-</u>	<u>444,249</u>	<u>-</u>	<u>444,249</u>	<u>462,174</u>
	<u>\$ 1,133,284</u>	<u>\$ 96,466</u>	<u>\$ 329,726</u>	<u>\$ 1,559,476</u>	<u>\$ 1,636,970</u>

Approved on Behalf of the Board:

Director

Director

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron

Balance Sheet

As at March 31, 2017

LIABILITIES

	General Fund	Capital Asset Fund	Endowment Fund	Total 2017	Total 2016
Current Liabilities					
Allocations payable (Notes 10 and 11)	\$ 559,631	\$ -	\$ -	\$ 559,631	\$ 597,222
Liability for designated pledges	40,786	-	-	40,786	21,208
Accounts payable and accrued liabilities	127,243	-	-	127,243	105,994
Funds held in trust	1,755	-	-	1,755	2,106
Deferred grant revenue (Note 9)	<u>78,100</u>	<u>-</u>	<u>-</u>	<u>78,100</u>	<u>123,577</u>
	807,515	-	-	807,515	850,107
Current portion of long-term liabilities	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
	<u>810,015</u>	<u>-</u>	<u>-</u>	<u>810,015</u>	<u>852,607</u>
Long-Term Liabilities					
Heritage loan payable, non- interest bearing, due 2020, payable in monthly instalments of \$ 208.33	7,916	-	-	7,916	10,416
Less: Current portion	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
	<u>5,416</u>	<u>-</u>	<u>-</u>	<u>5,416</u>	<u>7,916</u>
	<u>815,431</u>	<u>-</u>	<u>-</u>	<u>815,431</u>	<u>860,523</u>

FUND BALANCES

Fund Balances	<u>317,853</u>	<u>96,466</u>	<u>329,726</u>	<u>744,045</u>	<u>776,447</u>
	<u>\$ 1,133,284</u>	<u>\$ 96,466</u>	<u>\$ 329,726</u>	<u>\$ 1,559,476</u>	<u>\$ 1,636,970</u>

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Fund Balances
For the year ended March 31, 2017

	General Fund	Capital Asset Fund	Endowment Fund	Total 2017	Total 2016
Balance - beginning of year	\$ 333,434	\$ 116,882	\$ 326,131	\$ 776,447	\$ 723,270
Excess of revenue over expenditures (expenditures over revenue) for the year	<u>(15,581)</u>	<u>(20,416)</u>	<u>3,595</u>	<u>(32,402)</u>	<u>53,177</u>
Balance - end of year	<u>\$ 317,853</u>	<u>\$ 96,466</u>	<u>\$ 329,726</u>	<u>\$ 744,045</u>	<u>\$ 776,447</u>

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Operations
For the year ended March 31, 2017

	General Fund	Capital Asset Fund	Endowment Fund	Total 2017	Total 2016
Revenue					
Campaign	\$ 1,196,681	\$ -	\$ -	\$ 1,196,681	\$ 1,207,946
Designations in	42,512	-	-	42,512	23,534
Memorials and bequests	-	-	3,595	3,595	54,372
Grants and payroll recoveries	31,621	-	-	31,621	48,447
Investment and other income	43,428	-	-	43,428	30,365
Fundraising events	21,388	-	-	21,388	20,768
United Centre (Schedule 1)	44,110	-	-	44,110	43,345
Social Research and Planning Council (Schedule 2)	39,065	-	-	39,065	45,561
Local Community Food Centre (Schedule 3)	607,577	-	-	607,577	633,213
Practice Firm (Schedule 4)	36,584	-	-	36,584	40,412
Multicultural Association of Perth Huron (Schedule 5)	-	-	-	-	54,742
	<u>2,062,966</u>	<u>-</u>	<u>3,595</u>	<u>2,066,561</u>	<u>2,202,705</u>
Less: Pledge loss	(32,117)	-	-	(32,117)	(44,570)
Designations to:					
Other United Ways	(15,959)	-	-	(15,959)	(16,836)
Other Charitable Organizations	<u>(50,514)</u>	<u>-</u>	<u>-</u>	<u>(50,514)</u>	<u>(27,002)</u>
Net revenue before direct fundraising and program expenditures	<u>1,964,376</u>	<u>-</u>	<u>3,595</u>	<u>1,967,971</u>	<u>2,114,297</u>

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Operations
For the year ended March 31, 2017

	General Fund	Capital Asset Fund	Endowment Fund	Total 2017	Total 2016
Revenue					
Net revenue before direct fundraising and program expenditures (carried forward)	\$ <u>1,964,376</u>	\$ <u>-</u>	\$ <u>3,595</u>	\$ <u>1,967,971</u>	\$ <u>2,114,297</u>
Direct Fundraising Expenditures					
Advertising	14,363	-	-	14,363	7,693
Supplies	7,524	-	-	7,524	6,579
Meetings, mileage and conferences	2,357	-	-	2,357	3,096
Fundraising events	1,571	-	-	1,571	12,927
Other	<u>6,837</u>	<u>-</u>	<u>-</u>	<u>6,837</u>	<u>17,556</u>
	<u>32,652</u>	<u>-</u>	<u>-</u>	<u>32,652</u>	<u>47,851</u>
Allocation of administrative expenses including salaries and wages (Schedule 6)	<u>159,615</u>	<u>-</u>	<u>-</u>	<u>159,615</u>	<u>176,773</u>
	<u>192,267</u>	<u>-</u>	<u>-</u>	<u>192,267</u>	<u>224,624</u>
Direct Program Expenditures					
Allocations (Note 10 and 11)	561,431	-	-	561,431	597,538
Programs and grants	70,263	-	-	70,263	76,421
211	17,915	-	-	17,915	13,748
United Way of Canada and other dues	13,182	-	-	13,182	13,306
United Centre (Schedule 1)	52,875	20,416	-	73,291	69,004
Social Research and Planning Council (Schedule 2)	108,765	-	-	108,765	80,033
Local Community Food Centre (Schedule 3)	607,577	-	-	607,577	633,213
Practice Firm (Schedule 4)	87,375	-	-	87,375	73,115
Multicultural Association of Perth Huron (Schedule 5)	-	-	-	-	48,827
Allocation of administrative including salaries and wages (Schedule 6)	<u>268,307</u>	<u>-</u>	<u>-</u>	<u>268,307</u>	<u>231,291</u>
	<u>1,787,690</u>	<u>20,416</u>	<u>-</u>	<u>1,808,106</u>	<u>1,836,496</u>
Total direct expenditures	<u>1,979,957</u>	<u>20,416</u>	<u>-</u>	<u>2,000,373</u>	<u>2,061,120</u>
Net revenue over expenditures (expenditures over revenue) for the year	<u>\$ (15,581)</u>	<u>\$ (20,416)</u>	<u>\$ 3,595</u>	<u>\$ (32,402)</u>	<u>\$ 53,177</u>

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Operations - United Centre (Schedule 1)
For the year ended March 31, 2017

	General Fund	Capital Asset Fund	Endowment Fund	Total 2017	Total 2016
Revenue					
Rental income	\$ 35,775	\$ -	\$ -	\$ 35,775	\$ 36,481
Cost recoveries	<u>8,335</u>	<u>-</u>	<u>-</u>	<u>8,335</u>	<u>6,864</u>
	<u>44,110</u>	<u>-</u>	<u>-</u>	<u>44,110</u>	<u>43,345</u>
Expenditures					
Amortization of property, plant and equipment	-	20,416	-	20,416	21,359
Utilities	9,466	-	-	9,466	8,690
Repairs and maintenance	12,798	-	-	12,798	15,449
Insurance	2,511	-	-	2,511	2,621
Interest and bank charges (Note 6)	43	-	-	43	44
Property taxes	5,161	-	-	5,161	5,141
Salaries, wages, benefits and training	15,788	-	-	15,788	10,000
Recoverable office expenses and other	<u>7,108</u>	<u>-</u>	<u>-</u>	<u>7,108</u>	<u>5,700</u>
	<u>52,875</u>	<u>20,416</u>	<u>-</u>	<u>73,291</u>	<u>69,004</u>
Net revenue over expenditures (expenditures over revenue) for the year	<u>\$ (8,765)</u>	<u>\$ (20,416)</u>	<u>\$ -</u>	<u>\$ (29,181)</u>	<u>\$ (25,659)</u>

Purpose of the United Centre

Commencing in 2003 with the acquisition of real estate at 32 Erie Street, Stratford, Ontario, the United Centre provides subsidized rent and/or shared services to start-up and other not-for-profit organizations to assist them in their development. In addition, owning the United Centre reduces operating costs for the United Way of Perth - Huron.

During the year, \$ 2,491 (2016 - \$ nil) was spent on equipment purchases.

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Operations - Social Research and Planning Council (Schedule 2)
For the year ended March 31, 2017

	General Fund	Capital Asset Fund	Endowment Fund	Total 2017	Total 2016
Revenue					
Grants	\$ 39,065	\$ -	\$ -	\$ 39,065	\$ 45,561
Expenditures					
Salaries and benefits	66,042	-	-	66,042	58,623
Report research	18,855	-	-	18,855	5,959
Report consolidation and printing	2,543	-	-	2,543	8,795
Data consortium	7,924	-	-	7,924	-
Volunteer working group	8,311	-	-	8,311	-
Website	39	-	-	39	515
Office	2,329	-	-	2,329	4,027
Miscellaneous	2,722	-	-	2,722	2,114
	<u>108,765</u>	<u>-</u>	<u>-</u>	<u>108,765</u>	<u>80,033</u>
Net revenue over expenditures (expenditures over revenue) for the year	<u>\$ (69,700)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (69,700)</u>	<u>\$ (34,472)</u>

Purpose of the Social Research and Planning Council

In 2006, The Social Research and Planning Council was developed to produce research reports containing recommendations to keep the United Way and other community decision makers informed of the ever changing needs and concerns of our community while promoting changes to service provisions and otherwise.

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Operations - Local Community Food Centre (Schedule 3)
For the year ended March 31, 2017

	General Fund	Capital Asset Fund	Endowment Fund	Total 2017	Total 2016
Revenue					
Grants and donations	\$ 606,656	\$ -	\$ -	\$ 606,656	\$ 633,213
Interest and other	<u>921</u>	<u>-</u>	<u>-</u>	<u>921</u>	<u>-</u>
	<u>607,577</u>	<u>-</u>	<u>-</u>	<u>607,577</u>	<u>633,213</u>
Expenditures					
Salaries and benefits	308,332	-	-	308,332	331,248
Office	28,140	-	-	28,140	13,294
Bank charges	1,065	-	-	1,065	985
Advertising, marketing and recruiting	15,948	-	-	15,948	19,188
Repairs and maintenance	22,828	-	-	22,828	27,505
Travel	-	-	-	-	113
Property taxes and utilities	39,997	-	-	39,997	34,394
Food distribution centre	36,417	-	-	36,417	38,819
Food skills programs	10,548	-	-	10,548	12,970
Advocacy and activism	6,698	-	-	6,698	7,691
Community kitchen	33,638	-	-	33,638	34,204
Lease	37,917	-	-	37,917	37,917
Insurance	2,584	-	-	2,584	1,691
Small tools and supplies	-	-	-	-	2,664
Food fit	18,624	-	-	18,624	23,820
Good food market	23,214	-	-	23,214	46,710
Other programs	<u>21,627</u>	<u>-</u>	<u>-</u>	<u>21,627</u>	<u>-</u>
	<u>607,577</u>	<u>-</u>	<u>-</u>	<u>607,577</u>	<u>633,213</u>
Net revenue over expenditures for the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Purpose of the Local Community Food Centre

Launched in 2011, the Local Community Food Centre was established to house a food distribution centre which will provide nutritious food for many programs in the region, as well as provide a community kitchen and garden to assist the community in sharing skills around food.

During the year, \$ nil (2016 - \$ 18,732) was spent on leasehold improvements and \$ nil (2016 - \$ 23,339) on equipment purchases. All leasehold improvements and equipment purchases were funded by grant monies.

After 6 years of incubation, the Local Community Food Centre has reached a point of sustainability, and has been awarded Charitable status. Therefore, as planned on April 1st, 2017, the Local Community Food Centre became independent of the United Way of Perth-Huron. United Way of Perth-Huron will continue to fund the organization.

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Operations - The Practice Firm (Schedule 4)
For the year ended March 31, 2017

	General Fund	Capital Asset Fund	Endowment Fund	Total 2017	Total 2016
Revenue					
Grants	\$ 3,497	\$ -	\$ -	\$ 3,497	\$ 7,783
Social enterprise	<u>33,087</u>	<u>-</u>	<u>-</u>	<u>33,087</u>	<u>32,629</u>
	<u>36,584</u>	<u>-</u>	<u>-</u>	<u>36,584</u>	<u>40,412</u>
Expenditures					
Contract labour	78,040	-	-	78,040	67,007
Bank charges	128	-	-	128	99
Office	8,533	-	-	8,533	5,361
Insurance	<u>674</u>	<u>-</u>	<u>-</u>	<u>674</u>	<u>648</u>
	<u>87,375</u>	<u>-</u>	<u>-</u>	<u>87,375</u>	<u>73,115</u>
Net revenue over expenditures (expenditures over revenue) for the year	\$ <u>(50,791)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(50,791)</u>	\$ <u>(32,703)</u>

Purpose of the Practice Firm

In 2011, the Practice Firm was created and is a realistic simulation of a business with all its functions. It is designed to assist young adults in Perth and Huron counties to seize both employment and entrepreneurial opportunities. A social enterprise, Training for Success, has been subsequently developed to sustain this project long-term. Should this project prove sustainable and effective, it may become the program of another charitable organization.

During the year, \$ nil (2016 - \$ 2,311) was spent on equipment purchases. Prior year equipment purchases were all funded by grant monies.

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Operations - Multicultural Association of Perth Huron (Schedule 5)
For the year ended March 31, 2017

	General Fund	Capital Asset Fund	Endowment Fund	Total 2017	Total 2016
Revenue					
Grants and donations	\$ -	\$ -	\$ -	\$ -	\$ 54,742
Expenditures					
Contract labour	-	-	-	-	43,728
Meeting expenses	-	-	-	-	2,241
Bank charges	-	-	-	-	99
Office	-	-	-	-	961
Fundraising	-	-	-	-	1,523
Other	-	-	-	-	275
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,827</u>
Net revenue over expenditures for the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,915</u>

Purpose of the Multicultural Association of Perth Huron

Launched in October 2013, the Multicultural Association of Perth Huron offers referral services to help newcomers navigate the many services that are available in both Perth and Huron communities. The Multicultural Association of Perth Huron ceased operations in the previous year.

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Administrative Expenditures (Schedule 6)
For the year ended March 31, 2017

	General Fund	Capital Asset Fund	Endowment Fund	Total 2017	Total 2016
Expenditures					
Salaries, wages, benefits and training	\$ 361,597	\$ -	\$ -	\$ 361,597	\$ 343,836
Office supplies and postage	2,304	-	-	2,304	1,962
Technology	10,672	-	-	10,672	11,283
Professional fees	9,666	-	-	9,666	10,004
Service charges, meetings, insurance and other	<u>43,683</u>	<u>-</u>	<u>-</u>	<u>43,683</u>	<u>40,979</u>
	427,922	-	-	427,922	408,064
Allocated to direct fundraising expenditures	(159,615)	-	-	(159,615)	(176,773)
Allocated to direct program expenditures	<u>(268,307)</u>	<u>-</u>	<u>-</u>	<u>(268,307)</u>	<u>(231,291)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Cash Flows
For the year ended March 31, 2017

	General Fund	Capital Asset Fund	Endowment Fund	Total 2017	Total 2016
Cash Provided By (Used In):					
Operating Activities					
Excess of revenue over expenditures (expenditures over revenue) for the year	\$ (15,581)	\$ (20,416)	\$ 3,595	\$ (32,402)	\$ 53,177
Items not requiring cash					
Amortization	-	20,416	-	20,416	21,359
Net changes in non-cash current operating accounts					
Decrease (increase) in pledges receivable	13,635	-	-	13,635	15,207
Decrease (increase) in prepaid expenses and accounts and HST receivable	41,322	-	-	41,322	(21,805)
Change in interfund balances	(43,141)	2,491	40,650	-	-
Increase (decrease) in allocations payable and designated pledges	(18,013)	-	-	(18,013)	526
Increase (decrease) in accounts payable and accrued liabilities	21,249	-	-	21,249	(1,720)
Increase (decrease) in deferred revenue	(45,477)	-	-	(45,477)	7,263
	<u>(46,006)</u>	<u>2,491</u>	<u>44,245</u>	<u>730</u>	<u>74,007</u>
Financing Activities					
Payments on loans	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>(2,500)</u>	<u>(3,959)</u>
Investing Activities					
Purchases of property, plant and equipment	-	(2,491)	-	(2,491)	(49,754)
Grant proceeds received for purchase of property, plant and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,382</u>
	<u>-</u>	<u>(2,491)</u>	<u>-</u>	<u>(2,491)</u>	<u>(5,372)</u>
Increase (decrease) in cash and cash equivalents	(48,506)	-	44,245	(4,261)	64,676
Cash and cash equivalents - beginning of year	<u>546,402</u>	<u>-</u>	<u>62,343</u>	<u>608,745</u>	<u>544,069</u>
Cash and cash equivalents - end of year	<u>\$ 497,896</u>	<u>\$ -</u>	<u>\$ 106,588</u>	<u>\$ 604,484</u>	<u>\$ 608,745</u>

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Statement of Cash Flows
For the year ended March 31, 2017

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents comprise the following balance sheet amounts:

	General Fund	Capital Asset Fund	Endowment Fund	Total 2017	Total 2016
Cash	\$ 496,959	\$ -	\$ -	\$ 496,959	\$ 545,465
Short-term investments	<u>937</u>	<u>-</u>	<u>106,588</u>	<u>107,525</u>	<u>63,280</u>
	<u>\$ 497,896</u>	<u>\$ -</u>	<u>\$ 106,588</u>	<u>\$ 604,484</u>	<u>\$ 608,745</u>

(See Accompanying Notes to the Financial Statements)

United Way of Perth - Huron
Notes to the Financial Statements
For the year ended March 31, 2017

1. Purpose of the Organization

The United Way of Perth - Huron is a not-for-profit organization and a registered charity under the Income Tax Act. Its purpose is to raise funds for other local not-for-profit organizations and to invest in community improvement programs. The organization is a registered charity under the Income Tax Act and, as such, is not subject to income tax and may issue income tax receipts to donors.

2. Fund Accounting

The organization uses fund accounting. The purpose of each fund is as follows:

- (a) General Fund - Operating
To administer program delivery and administrative activities. This fund reports unrestricted resources.
- (b) Capital Asset Fund
To report the assets, liabilities, revenues and expenditures related to the organization's property, plant and equipment.
- (c) Endowment Fund
To report resources contributed under endowment restriction.

3. Summary of Significant Accounting Policies

These financial statements have been prepared from information available within the guidelines of Canadian accounting standards for not-for-profit organizations summarized below:

- (a) Revenue Recognition
Pledges made by donors are included in income in the year in which the pledge is made. An allowance of 4% (2016 - 4%) of the campaign total is made against current campaign pledges outstanding. An allowance is made against prior year pledges based on estimated collectibility. After two years, uncollected pledges receivable are written off.
- (b) Use of Estimates
Preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires the Board to make estimates and assumptions that could affect amounts reported as assets, liabilities, revenues and expenses. Due to measurement uncertainty, results could differ from those estimates.
- (c) Financial Instruments
Financial instruments are items which are cash, rights to receive cash or obligations to pay cash at a future date. Unless otherwise noted, it is the Board's opinion that the organization is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair value of these instruments approximate their carrying value.
- (d) Amortization
Amortization of property, plant and equipment is calculated using the declining-balance method at the rates reflected in the accompanying schedule of property, plant and equipment and amortization.

United Way of Perth - Huron
Notes to the Financial Statements
For the year ended March 31, 2017

3. Summary of Significant Accounting Policies (continued)

(e) Contributed Services

Volunteers contribute significant hours to the organization annually. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(f) Investments

Investments in GIC are reported at cost plus accrued interest which is representative of fair market value.

4. Short-Term Investments and Accrued Interest

The organization invests endowment contributions in guaranteed investment certificates. Interest on the investments is receivable at maturity. The interest earned on the investments is receivable by the general fund and when received is used in operations. These investment holdings at year end are as follows:

	Total 2017	Total 2016
Short-Term Investments		
Guaranteed investment certificates at Market Value	\$ <u>107,525</u>	\$ <u>63,280</u>

5. Pledges Receivable

Pledges receivable is comprised of the following:

	Current Year Campaign	Prior Year Campaign	Total 2017	Total 2016
Pledges outstanding	\$ 510,842	\$ 33,430	\$ 544,272	\$ 571,444
Allowance for collection losses (Note 3(a))	<u>47,820</u>	<u>33,430</u>	<u>81,250</u>	<u>94,787</u>
	<u>\$ 463,022</u>	<u>\$ -</u>	<u>\$ 463,022</u>	<u>\$ 476,657</u>

United Way of Perth - Huron
Notes to the Financial Statements
For the year ended March 31, 2017

6. Interfund Balances

In fiscal year 2003, the Endowment Fund advanced funds to the Capital Fund to facilitate the purchase of "The United Centre" at 32-36 Erie Street, Stratford, Ontario. The repayable portion is \$ 209,507 (2016 - \$ 209,507) and has no specific repayment terms. During the year, interest of \$ 4,518 (2016 - \$ 4,518) was paid to the endowment fund, however, this was eliminated in the preparation of these financial statements. During the year, the Endowment Fund received donations of \$ 3,595 (2016 - \$ 54,372). The total amount of donations payable to the Endowment Fund as at March 31, 2017 is \$ 3,595 (2016 - \$ 55,967). The capital portion of the Endowment Fund, as at March 31, 2017, was \$ 329,726 (2016 - \$ 326,131). Income generated on the capital may be used towards operating or capital expenditures at the discretion of the board of directors and, therefore, is shown as income in the General Fund.

7. Line of Credit

The organization has a Scotiabank Visa line of credit facility with a limit of \$ 150,000 which is secured by a real property first mortgage on the land and building at 32 Erie Street, Stratford Ontario. The line of credit bears interest at 1% above Scotiabank prime interest rate. As at March 31, 2017, the balance of this facility was \$ nil (2016 - \$ nil).

8. Long-Term Liabilities

Principal repayments on the heritage loan for the next five years are as follows:

2018	\$ 2,500
2019	2,500
2020	2,500
2021	<u>416</u>
	<u>\$ 7,916</u>

9. Deferred Grant Revenue

The deferred grant revenue represents funding received for specific expenses that have not yet been incurred. Deferred revenue as at March 31, 2017 consists of the following:

	2017	2016
Local Community Food Centre	\$ 69,120	\$ 109,715
The Practice Firm	1,480	
General Fund	2,500	2,200
Social Research and Planning Council	<u>5,000</u>	<u>11,662</u>
Total	<u>\$ 78,100</u>	<u>\$ 123,577</u>

United Way of Perth - Huron
Notes to the Financial Statements
For the year ended March 31, 2017

10. Allocations

As part of its mandate, the organization disbursed funds to Supported Partners as follows:

Supported Partners

	2017	2016
The Canadian National Institute for the Blind	\$ 6,696	\$ 12,738
St. John Ambulance (Stratford)	-	1,250
St. John Ambulance (St. Marys)	-	1,500
St. Marys Youth Centre	10,000	16,000
The Stratford-Perth Family Y.M.C.A.	15,000	15,000
Local Community Food Centre	35,000	35,000
Family Services Perth-Huron	93,360	109,280
North Perth Community Committee	10,000	-
The Big Brothers and Sisters Association (Listowel)	10,000	10,000
Avon Co-operative Nursery School	-	250
Community Outreach Services (Milverton)	15,225	16,600
Emily Murphy Centre	29,000	29,000
One Care Home & Community Support Services	33,200	37,900
Social Research and Planning Council	61,500	61,500
Shelterlink	53,000	53,000
St. Johns Preschool	-	2,305
Choices for Change	66,500	60,000
YMCA of Southwestern Ontario (Goderich)	15,000	25,000
Huron County Health Unit	46,100	30,000
The Big Brothers and Sisters Association (North Huron)	15,000	15,000
The Practice Firm	15,000	23,000
Huron Hospice	-	5,000
Huron Safe Homes for Youth	40,000	40,000
Huron Women's Shelter	25,000	25,000
VON Canada	-	3,000
Huron County Food Bank Distribution Centre	25,000	25,000
John Howard Society of London & District	16,550	16,550
Total Supported Partners Allocations	636,131	668,873
Total Special Grants	17,194	20,248
Total Allocations and Grants to Supported Partners	653,325	689,121
Prior Year Allocations Recovered	-	7,083
Net Allocations and Grants to Supported Partners	<u>\$ 653,325</u>	<u>\$ 682,038</u>

The above amount will be paid out in the next fiscal year. Of the amount above, \$ 561,431 (2016 - \$ 597,538) has been expensed as Allocations in the Statement of Operations.

United Way of Perth - Huron
Notes to the Financial Statements
For the year ended March 31, 2017

11. Restatement of Comparative Figures

Effective April 1, 2017, the Local Community Food Centre became an organization separate from the United Way of Perth - Huron. As a result of this change, the allocations expense and allocations payable for the 2016 year have been increased by \$ 35,000 which represents the amount approved for allocation to that organization. Furthermore, an allocation of \$ 28,400 relating to the 2015 year allocations payables has been included as a reduction in the 2016 fund balance - beginning of year on the Statement of Fund Balances. Previously, the allocations expense and allocations payable did not reflect the allocations to the Local Community Food Centre as it was a project of the United Way of Perth-Huron.

United Way of Perth - Huron
Schedule of Property, Plant and Equipment and Amortization
For the year ended March 31, 2017

As at March 31, 2016

As at March 31, 2017

	<u>Cost</u>	<u>Accum. Amort.</u>	<u>Unamort. Bal.</u>	<u>Add.</u>	<u>Grants Received</u>	<u>Unamort. Bal.</u>	<u>Rate %</u>	<u>Prov.</u>	<u>Cost</u>	<u>Accum. Amort.</u>	<u>Unamort. Bal.</u>
Land	100,000		100,000			100,000			100,000		100,000
Building	574,601	232,658	341,943			341,943	5	17,097	574,601	249,755	324,846
Office equipment	39,955	27,581	12,374			12,374	10	1,237	39,955	28,818	11,137
Computer hardware	32,162	24,433	7,729	2,491		10,220	20	2,044	34,653	26,477	8,176
Computer software	15,556	15,428	128			128	30	38	15,556	15,466	90
	762,274	300,100	462,174	2,491		464,665		20,416	764,765	320,516	444,249