

**UNITED WAY OF MILTON**  
**AUDITED FINANCIAL STATEMENTS**  
**MARCH 31, 2017**



MELISSA L.  
COULSON  
CPA, CA, LPA



# UNITED WAY OF MILTON

MARCH 31, 2017

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## Independent Auditor's Report

**To the Board of Directors of:  
United Way of Milton**

I have audited the accompanying financial statements of United Way of Milton, which comprise the statement of financial position as of March 31, 2017, and the statement of operations, statement of 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*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 judgement, 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



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***Basis for Qualified Opinion***

In common with many non-profit organizations, United Way of Milton derives revenues from events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenue was limited to the amounts recorded in the records of the Organization and I was not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and net fund balances.

***Qualified Opinion***

In my 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 Milton as of March 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



**Melissa L. Coulson, CPA, CA**  
A Professional Corporation  
Licensed Public Accountant

June 29, 2017  
Milton, Ontario



MELISSA L.  
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CPA, CA, LPA



United Way of Milton

STATEMENT OF FINANCIAL POSITION

As at March 31

	2017	2016
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	583,000	385,684
Short term investments (note 3)	195,162	543,842
Campaign pledges receivable	398,775	298,646
Other receivables	9,849	21,113
Prepaid expenses	9,744	7,925
<b>Total current assets</b>	<b>1,196,530</b>	<b>1,257,210</b>
Capital assets (note 4)	4,829	2,588
	<b>1,201,359</b>	<b>1,259,798</b>
<b>LIABILITIES &amp; FUND BALANCES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	16,274	46,176
Allocations and designations payable	637,663	510,317
Deferred revenue	30,000	71,000
<b>Total current liabilities</b>	<b>683,937</b>	<b>627,493</b>
<b>Fund balances</b>		
Invested in capital assets	3,087	4,361
Unrestricted	238,600	203,817
Internally restricted	275,735	424,127
<b>Total fund balances</b>	<b>517,422</b>	<b>632,305</b>
	<b>1,201,359</b>	<b>1,259,798</b>

Commitments (note 6)

Approved on Behalf of the Board

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\_\_\_\_\_

Director

Director

*The accompanying notes are an integral part of these financial statements*

United Way of Milton

STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCES

Year ended March 31

	Operating Fund	Capital Fund	Legacy Fund	Stabilization Fund	2017 Total	2016 Total
<b>REVENUE</b>						
Donations	616,428	-	-	-	616,428	591,354
Funds transferred from other United Ways	146,629	-	-	-	146,629	160,355
<b>Gross campaign revenue</b>	763,057	-	-	-	763,057	751,709
Less uncollectible pledges	(21,500)	-	-	-	(21,500)	(19,756)
<b>Net campaign revenue</b>	741,557	-	-	-	741,557	731,953
Special event revenue	329,115	-	-	-	329,115	309,032
Other contributions including grant income	15,321	-	-	-	15,321	26,998
Investment income	10,453	-	1,608	-	12,061	11,954
	1,096,446	-	1,608	-	1,098,054	1,079,937
<b>EXPENSES</b>						
Fundraising (schedule 3)	322,007	-	-	-	322,007	295,983
Amortization	-	1,274	-	-	1,274	1,056
	322,007	1,274	-	-	323,281	297,039
<b>Net revenue available for programs</b>	774,439	(1,274)	1,608	-	774,773	782,898
<b>PROGRAM EXPENSES</b>						
Allocations (schedule 1)	659,020	-	150,000	-	809,020	558,389
Designations (schedule 2)	8,000	-	-	-	8,000	5,863
Program Costs (schedule 3)	72,636	-	-	-	72,636	135,042
	739,656	-	150,000	-	889,656	699,294
<b>Excess (shortfall) of revenue over expenses</b>	34,783	(1,274)	(148,392)	-	(114,883)	83,604
Fund balance, beginning of year	203,817	4,361	84,283	339,844	632,305	548,701
Interfund transfers	-	-	178,276	(178,276)	-	-
<b>Fund balance, end of year</b>	238,600	3,087	114,167	161,568	517,422	632,305

The accompanying notes are an integral part of these financial statements

United Way of Milton

STATEMENT OF CASH FLOWS

Year ended March 31

	2017	2016
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenue over expenses	(114,883)	83,604
<b>Non-cash items:</b>		
Amortization	1,274	1,056
<b>Change in non-cash working capital items:</b>		
Accounts receivable	(88,865)	(42,230)
Prepaid expenses	(1,819)	171
Accounts payable and accrued liabilities	(29,902)	34,476
Allocations and designations payable	127,346	10,491
Deferred revenue	(41,000)	11,000
<b>Cash provided by (used in) operating activities</b>	<b>(147,849)</b>	<b>98,568</b>
<b>INVESTING ACTIVITIES</b>		
Redemption of short term investments	348,679	24,441
Capital asset additions	(3,514)	-
<b>Cash provided by investing activities</b>	<b>345,165</b>	<b>24,441</b>
<b>Net change in cash</b>	<b>197,316</b>	<b>123,009</b>
Cash, beginning of year	385,684	262,675
<b>Cash, end of year</b>	<b>583,000</b>	<b>385,684</b>

*The accompanying notes are an integral part of these financial statements*

**United Way of Milton**

**SCHEDULE 1 - ALLOCATIONS TO  
COMMUNITY PROGRAMS**

Year ended March 31

	2017 \$	2016 \$
<b>Allocations from Operating Fund</b>		
Access Counselling & Family Services		-
Acclaim Halton (formerly Victorian Order of Nurses)	36,890	16,630
ADAPT	18,000	18,000
Bereaved Families of Ontario (Halton/Peel)	11,500	4,500
Big Brothers Big Sisters of Halton	40,000	40,000
Canadian Mental Health Association	21,252	5,500
Community Foundation of North Halton	34,504	-
Community Living North Halton	26,170	25,800
Distress Centre - North Halton	5,500	5,000
Distress Centre - Oakville	5,500	4,700
Elizabeth Fry Society Peel - Halton	34,610	16,200
Food4Kids Hamilton Halton Niagara	-	1,000
Food for Life	8,000	7,500
Girls Incorporated of Halton	35,700	25,700
Halton Family Services	65,500	65,400
Halton Food for Thought	15,000	15,000
Halton Recovery - Hope Place Centers	10,000	10,000
John Howard Society	25,000	17,000
Lighthouse Program for Grieving Children	7,500	7,500
Literacy North Halton	16,000	15,000
Milton Community Resource Centre	27,700	27,700
Nelson Youth Centre	43,000	42,500
POSSE	18,374	16,624
Radius Child and Youth Services (Halton Trauma)	39,700	39,700
Reach Out Centre for Kids (ROCK)	46,220	40,600
Sexual Assault & Violence Intervention Services of Halton (SAVIS)	8,000	8,000
St. John Ambulance - Halton Hills Branch	13,500	8,500
STRIDE	8,000	7,500
Support and Housing - Halton (TEACH)	37,900	12,900
	<b>659,020</b>	<b>504,454</b>
<b>Allocations from Legacy Fund</b>		
Community Foundation of North Halton	150,000	53,935
<b>Total Allocations to Community Programs</b>	<b>809,020</b>	<b>558,389</b>



**United Way of Milton**

**SCHEDULE 2 - DESIGNATIONS**

Year ended March 31

	2017	2016
	\$	\$
<b>Donor designations</b>	<b>8,000</b>	<b>5,863</b>
	<b>8,000</b>	<b>5,863</b>

United Way of Milton

**SCHEDULE 3 - OPERATING FUND PROGRAM COSTS**

Year ended March 31

	2017	2016
	\$	\$
<b>GENERAL MANAGEMENT AND ADMINISTRATION EXPENSES</b>		
Salaries and benefits	70,016	71,460
Meetings and sundry	15,757	12,647
Audit	5,197	5,197
Telephone	6,149	5,037
Office expenses	3,778	4,872
Computer software and support	3,981	4,780
Rent	5,479	4,011
Training	2,909	1,649
Insurance	1,484	1,280
Postage	307	61
	<u>115,057</u>	<u>110,994</u>
Allocation to fundraising expenses	(69,034)	(66,596)
Allocation to program costs	(46,023)	(44,398)
	-	-
<b>FUNDRAISING EXPENSES</b>		
Salaries and benefits	102,630	95,787
Special events expenses	89,261	83,838
Campaign materials and services	61,082	49,762
	<u>252,973</u>	<u>229,387</u>
Allocation of general management and administration expenses	69,034	66,596
	<u>322,007</u>	<u>295,983</u>
<b>PROGRAM COSTS</b>		
Community investment process	17,846	82,510
United Way of Canada fees	8,767	8,134
	<u>26,613</u>	<u>90,644</u>
Allocation of general management and administration expenses	46,023	44,398
	<u>72,636</u>	<u>135,042</u>

## **United Way of Milton**

### **NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2017

#### **1. NATURE OF OPERATIONS**

The mission of the United Way of Milton (the “United Way” or “the Organization”) is to act as a voluntary fundraising organization to serve the people of the Milton area, reaching out for and with the recognized member charitable agencies to ensure human services that enhance the quality of life in the Milton community.

The United Way is incorporated under the laws of the Province of Ontario as a not-for-profit organization without share capital and is a registered charity under the Income Tax Act.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations. The significant policies are detailed as follows:

##### **Fund accounting**

The United Way follows the restricted method of accounting for contributions.

##### **(i) Operating Fund**

The Operating Fund accounts for the expenditures related to allocations and programs, campaign, administrative and other operations of the organization financed by campaign and general revenues. Surpluses may be used to fund special initiatives as approved by the Board of Directors.

##### **(ii) Capital Fund**

The Capital Fund reports revenue and expense related to the United Way’s capital assets. Allocation is made to the Capital Fund based on approval by the Board of Directors to fund capital expenditures.

##### **(iii) Legacy Fund**

The Legacy Fund is an endowment fund. Donations to the fund are held in perpetuity. The income from which will be used to fund prevention initiatives in the Milton community.

##### **(iv) Stabilization Fund**

The Stabilization Fund represents funds retained to provide stability for the United Way’s operations funding.

## United Way of Milton

### NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

#### Revenue recognition

The annual campaign is conducted to raise support for projects, services provided in the following year by funded agencies, organizations addressing new and emerging needs and other registered Canadian charities. Campaign revenue comprises unrestricted contributions received in cash or pledges receivable during the annual campaign. These are recognized as revenue in the period in which the campaign is held. Reductions in the carrying amount of pledge receivables are recognized as a reduction of campaign revenue.

Contributions of shares in publicly traded companies are recorded at the closing market price of the shares on the day they are effectively received by the Organization, or, in the case of thinly traded and other shares, whose liquidation is restricted in any form, at a value discounted from the closing price where this is considered appropriate. The resultant value of the shares is included in campaign revenue.

All contributions that are restricted by donors are initially deferred, then recognized as revenue of the Operating Fund in the year in which the related expenses are incurred.

#### Deferred revenue

Deferred revenue consists of unrestricted donations that are being recognized into income over time up to a maximum of 5 years as per the direction of the board of directors and with the approval of the donor.

#### Pledges receivable

Pledges are recorded as revenue and receivable when signed pledge documents are received or other documents are available to provide reasonable evidence of a valid pledge. Allowances are provided for based on historical percentages for pledge collections and on actual collection experience.

#### Capital assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized over their useful lives using the following rates per annum:

Computer equipment	30% declining balance
Furniture and fixtures	20% declining balance

## **United Way of Milton**

### **NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2017

#### **Use of estimates**

The preparation of financial statements in conformity with Canadian accounting principles for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts disclosed in the financial statements. Actual results could differ from those estimates. Specific items subject to estimation include amortization, the provision for uncollectible pledges, accrued liabilities and the allocation of administration costs.

#### **Volunteer services**

The United Way benefits from substantial services in the form of volunteer time. Since these invaluable services are not purchased by the United Way, they are not recorded in these financial statements.

#### **Financial instruments – recognition and measurement**

##### *Initial measurement*

United Way's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

##### *Subsequent measurement*

At each reporting date, United Way measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash, short term investments, campaign pledges and other receivables and accounts payable and accrued liabilities.

For financial assets measured at cost or amortized cost, United Way regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and United Way determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year of reversal.

**United Way of Milton**

**NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2017

**3. SHORT TERM INVESTMENTS**

Short-term investments consist primarily of Guaranteed Investment Certificates totaling \$195,162 (2016 – \$543,842) earning interest at rates ranging from 1.25% to 2.60%, and maturing from April 2017 to June 2018. The fair value of these instruments approximates their carrying value as of March 31, 2017.

**4. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Furniture and fixtures	3,290	3,050	240	300
Computer equipment	23,245	18,656	4,589	2,288
	<b>26,535</b>	<b>21,706</b>	<b>4,829</b>	<b>2,588</b>

**5. ALLOCATION OF ADMINISTRATIVE EXPENSES AND  
INVESTMENT INCOME**

General management and administrative expenses are incurred to support functional areas and are allocated to fundraising and program expenses based on management's estimates as follows:

	<b>2017</b>	<b>2016</b>
To Fundraising	60%	60%
To Program Costs	40%	40%

Investment income earned on the Legacy Fund is allocated to that Fund. All other investment income is allocated as per the direction of the board of directors.

**United Way of Milton**

**NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2017

**6. COMMITMENTS**

The United Way has entered into operating lease agreements for office space and office equipment. The future minimum lease payments are as follows:

	\$
2017	6,661
2018	8,136
2019	7,038
Thereafter	—
	<u>21,835</u>

**7. FINANCIAL INSTRUMENTS**

**Credit Risk**

The United Way is exposed to credit risk on the pledges receivable from its donors. The United Way has adopted credit policies and has made a provision for uncollectible pledges to mitigate that risk. The United Way does not have a significant exposure to any individual donor or counterparty.

**Fair Values**

The fair values of cash, pledges receivable, accounts payable and accrued liabilities, and allocations and designations payable approximately their carrying value due to their short-term nature.

**Interest Rate Risk**

The United Way is not exposed to significant interest rate risk due to the short term maturity of its monetary current assets and current liabilities. In particular, the amount of interest income earned on its short term investments is impacted more by the investment decisions made and the demands to have available cash on hand, than by movements in the interest rates over a given period.

**8. CAPITAL MANAGEMENT**

The United Way's main objective when managing capital is to safeguard its ability to continue as a going concern, so that it can ensure the continuation of investment support for the community.

The capital structure of the United Way consists of unrestricted net assets, internally restricted assets and investment in capital assets. The United Way manages its capital structure and makes

## **United Way of Milton**

### **NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2017

adjustments to it in light of economic conditions and the risk characteristics of the underlying assets. The United Way's primary use of capital is to finance non-cash working capital requirements and capital expenditures which are currently funded from its internally generated cash flows.

The unrestricted net assets are broken into various reserves each with a specific purpose and are managed to ensure the United Way can continue to provide stable funding to the agencies that they support. In particular, the stabilization fund has been established to minimize volatility in funding and ensure liquidity is available for significant or unusual one-time operating and capital costs.

The Organization monitors its financial performance against an annual budget. Surpluses from unspent operational activities are accumulated under the operating fund for general use or allocated to restricted funds as determined necessary by the board of directors. In the event that revenues decline, the Organization will budget for reduced distributions and reduced operational expenditures.

#### **9. SUBSEQUENT EVENT**

Subsequent to year end the United Way of Milton amalgamated with the United Way of Oakville, United Way of Burlington & Greater Hamilton and the United Way of Halton Hills with the objective to carry on their operations under a single new organization. The new organization, effective April 1, 2017, is operating as the United Way Halton & Hamilton.