



United Way
Centraide
Ottawa

FINANCIAL STATEMENTS OF UNITED WAY/CENTRAIDE OTTAWA

FOR THE YEAR ENDED MARCH 31 2017

TABLE OF CONTENTS

<u>OUR COMMITMENT TO RESULTS</u>	<u>3</u>
<u>INDEPENDENT AUDITOR'S REPORT</u>	<u>5</u>
<u>STATEMENT OF FINANCIAL POSITION</u>	<u>7</u>
<u>STATEMENT OF OPERATIONS</u>	<u>8</u>
<u>STATEMENT OF CHANGES IN NET ASSETS</u>	<u>9</u>
<u>STATEMENT OF CASH FLOWS.....</u>	<u>10</u>
<u>NOTES TO FINANCIAL STATEMENTS.....</u>	<u>11</u>
<u>SCHEDULE 1 – PROGRAM REVENUE AND INVESTMENT</u>	<u>23</u>
<u>SCHEDULE 1 – PROGRAM REVENUE AND INVESTMENT (CONT'D)</u>	<u>24</u>
<u>SCHEDULE 2 – COMMUNITY CAMPAIGN FUNDRAISING EXPENSES</u>	<u>25</u>
<u>SCHEDULE 3 – GCWCC FUNDRAISING EXPENSES</u>	<u>26</u>
<u>SCHEDULE 4 – UW COMMUNITY DEVELOPMENT STRATEGIES EXPENSES.....</u>	<u>27</u>
<u>SCHEDULE 5 – UW INVESTMENT STEWARDSHIP EXPENSES</u>	<u>28</u>
<u>SCHEDULE 6 – GENERAL AND ADMINISTRATION EXPENSES</u>	<u>29</u>

OUR COMMITMENT TO RESULTS

WHAT WE DO

Our work is more than about investing donor dollars - it's about investing dollars in a smart way that changes lives, while creating meaningful, measurable and enduring results for our community. It's also about keeping our promise to invest resources where they are needed most and will have the greatest impact in Ottawa.

Through our research, we have been able to pinpoint the areas in our community that will most benefit from our funding. Through United Way/Centraide Ottawa's strategic investments, the work of our partners, and our support of Community Wide Initiatives, United Way/Centraide Ottawa's investments touch all of the 107 neighbourhoods across Ottawa.

It's through our collective work including our partners such as social service agencies, government, businesses, health service providers and other funders, we are helping to change lives today, while addressing the root causes of social issues that will make our community stronger tomorrow. This work would not be possible if it were not for the generosity of tens of thousands of donors, corporate, government partners and the unwavering support of our volunteers. Together, we continue to achieve results for our community and, in the process, change thousands of people's lives for the better.

OUR FOCUS

United Way/Centraide Ottawa has three focus areas with "All That Kids Can Be", "Healthy People, Strong Communities" and "From Poverty to Possibility".

	All That Kids Can Be	Healthy People, Strong Communities	From Poverty to Possibility
Focus Areas	Every kid deserves the chance to have a great life, no matter where they grow up.	Seniors, people living in poverty and those facing mental health issues may not always get the help they need to live happy, healthy lives. We work hard to ensure that all members of our community can get the help they need, when they need it most.	Without the basic necessities life becomes a daily struggle to survive. A place to call home, a job and a sense of belonging to your community are basic needs that we all want for ourselves, our loved ones and neighbours.
Priority Goals	<p>School Readiness – Ensure every child starts school ready to learn.</p> <p>Critical Hours – Ensure every child has a place to go outside of school hours that allows them to reach their potential.</p>	<p>Mental Health and Addictions – Ensure that every person with mental health or addiction issues gets the help they need when needed most.</p> <p>People in Crisis – Ensure every person in crisis gets the immediate help they need.</p> <p>Seniors – Ensure that every senior is supported so they can stay engaged in their community.</p> <p>Strong Neighbourhoods – Ensure that residents in priority neighbourhoods get the support they need to create a positive change in their community.</p>	<p>Youth Homelessness – End youth homelessness.</p> <p>People with Disabilities and Employment – Ensure that people with disabilities get the help they need to find employment.</p> <p>Newcomers and Employment – Ensure that every newcomer finds employment in their chosen field.</p>
	Capacity Building – Ensure that agencies are empowered to change more lives.		

GOVERNANCE AND FINANCIAL TRANSPARENCY

United Way/Centraide Ottawa has an independent audit committee that meets twice a year: first to review the Audit Plan with our auditors BDO Canada LLP, and secondly to review the audited financial statements and audit findings. The Board Treasurer is the Chair of the Audit Committee and presents the Audit Committee's recommendations to the Board. The Audit Committee sets the expectations for the audit, meets with the auditors independently of management and the auditors are accountable directly to the Audit Committee and the Board.

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and are consistent with United Way Canada's Transparency, Accountability and Financial Reporting (TAFR) standard for ensuring consistency and clarity in financial reporting for all United Ways across Canada.



Tél./Tel: 613 739 8221
Télec./Fax: 613 739 1517
www.bdo.ca

BDO Canada LLP
1730 St-Laurent Boulevard
Suite 100
Ottawa ON K1G 5L1 Canada

INDEPENDENT AUDITOR'S REPORT

To the members of the Board of Directors

We have audited the accompanying financial statements of United Way/Centraide Ottawa, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, 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.

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 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Way/Centraide Ottawa 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.



Supplementary Financial Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedules 1 - 6 is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management, and was derived from the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario

June 6, 2017

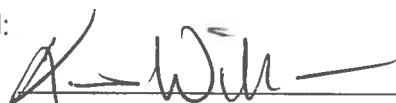
STATEMENT OF FINANCIAL POSITION

As at March 31, 2017, with comparative figures for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 1,737,989	\$ 3,660,997
Pledges receivable (note 3)	13,244,174	14,705,305
Accounts receivable	1,095,717	844,702
Prepaid expenses	210,584	137,958
	<u>16,288,464</u>	<u>19,348,962</u>
Long-term assets:		
Investments (note 5 (a))	5,746,312	5,481,420
Tangible capital assets (note 6)	242,857	318,365
	<u>5,989,169</u>	<u>5,799,785</u>
	<u>\$ 22,277,633</u>	<u>\$ 25,148,747</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,038,587	\$ 1,038,997
Deferred revenue (note 8)	1,493,867	2,310,572
Deferred designated campaign revenue	7,363,516	8,652,489
	<u>9,895,970</u>	<u>12,002,058</u>
Long-term liabilities:		
Deferred lease inducement	18,818	27,835
Total liabilities	<u>9,914,788</u>	<u>12,029,893</u>
Net assets:		
Unrestricted (note 9 (a))	1,522,981	1,963,332
Internally restricted (note 9 (b))	10,152,969	10,393,854
Invested in tangible capital assets (note 9 (c))	242,857	318,365
Endowment (note 9 (d))	444,038	443,303
	<u>12,362,845</u>	<u>13,118,854</u>
Commitments (note 10)		
Contingency and guarantee (note 11)		
	<u>\$ 22,277,633</u>	<u>\$ 25,148,747</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

STATEMENT OF OPERATIONS

Year ended March 31 2017, with comparative figures for 2016

	2017	2016
Revenue:		
UW campaign revenue	\$ 12,691,891	\$ 14,233,070
Strategic Investments (schedule 1)	1,242,997	726,739
Designated campaign revenue	11,467,792	11,805,718
Total donations (note 12)	25,402,680	26,765,527
Less: provision for uncollectible pledges	(476,814)	(586,027)
Recovery of provisioned pledges from prior year campaigns	57,439	463,966
Net fundraising revenue	24,983,305	26,643,466
Grants	949,614	832,188
Investment income (note 5 (b))	162,519	98,841
Other revenue (note 13)	996,063	932,405
Total revenue	27,091,501	28,506,900
Expenses:		
Fundraising expenses:		
Community campaign (schedule 2)	4,615,415	5,027,472
GCWCC (schedule 3)	1,185,325	1,331,605
Recovery of fundraising costs from designated charities	(1,368,314)	(1,350,335)
Total fundraising expenses	4,432,426	5,008,742
Directed program expenses:		
Donor directed designations (note 14)	11,473,845	11,770,264
Total directed program expenses	11,473,845	11,770,264
Available for priority goal investments	11,185,230	11,727,894
Priority goal investments (schedule 1):		
Partner programs and services	6,922,281	7,508,109
Community Wide Initiatives	985,754	882,358
Strategic Investments	1,148,891	647,630
Grant distributions	245,541	261,752
UW community development strategies (schedule 4)	1,723,831	1,350,063
UW investment stewardship (schedule 5)	1,112,338	1,298,989
Total priority goal investments	12,138,636	11,948,901
Deficiency of revenue over expenses before change in unrealized gain/(loss) on investments		
	(953,406)	(221,007)
Change in Unrealized Gain/(Loss) on Investments (note 5 (c))	196,662	(213,593)
Deficiency of revenue over expenses	\$ (756,744)	\$ (434,600)

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31 2017, with comparative figures for 2016

	2017		2016		
	Unrestricted (note 9 (a))	Internally Restricted (note 9 (b))	Invested in Tangible Capital Assets (note 9 (c))	Endowment (note 9 (d))	Total
Balance, beginning of year	\$ 1,963,332	\$ 10,393,854	\$ 318,365	\$ 443,303	\$ 13,118,854
Deficiency of revenue over expenses	(756,744)	-	-	-	(756,744)
Invested in tangible capital assets	75,508	-	(75,508)	-	-
Internal restrictions	240,885	(240,885)	-	-	-
Contributions	-	-	-	735	735
Balance, end of year	\$ 1,522,981	\$ 10,152,969	\$ 242,857	\$ 444,038	\$ 12,362,845
					\$ 13,118,854

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Year ended March 31 2017, with comparative figures for 2016

	2017	2016
Cash flows from operating activities:		
Cash receipts from donors and funders	\$ 26,463,062	\$ 29,588,237
Cash paid to suppliers, employees, agencies and stakeholders	(28,015,239)	(29,365,662)
	(1,552,177)	222,575
Cash flows from investing activities:		
Acquisition of tangible capital assets	(36,213)	(122,470)
Acquisition of investments	(1,452,321)	(849,164)
Proceeds from sale of investments	1,116,968	1,040,196
Change in endowment (net)	735	580
	(370,831)	69,142
Net (decrease) increase in cash	(1,923,008)	291,717
Cash, beginning of the year	3,660,997	3,369,280
Cash, end of the year	\$ 1,737,989	\$ 3,660,997

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2017

1. Objectives of the organization:

United Way/Centraide Ottawa (the organization) is committed to making measurable, lasting change in our community today and for tomorrow.

Our Mission: To bring people and resources together to build a strong, healthy, safe community for all.

Our Vision: The community is measurably better because of the work of United Way/Centraide Ottawa and others.

Our Promise: To invest resources where they are needed the most and where they will have the greatest impact.

United Way/Centraide Ottawa is a non-profit Ontario corporation and a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and includes the following significant accounting policies:

(a) Revenue recognition:

The organization follows the deferral method of accounting for contributions.

UW Campaign Revenue

Campaign pledges and donations that are undesignated or are directed to a focus area or priority goal by the donor are recognized as revenue in the year that they are received or pledged at the amount committed less a provision for uncollectible pledges. Funds raised during a campaign, net of related campaign expenses and provisions are used to provide funds for operations in the current year and fund partner programs and services in the following fiscal year.

Funds Received from Other United Ways

National or regional workplace campaigns that are coordinated by one United Way on behalf of other United Ways are known as Centrally Coordinated Campaigns. The pledges and donations received by other United Ways on behalf of the organization are reported separately and included in pledges receivable until the revenue is received.

Strategic Investments

Strategic Investments are comprised of: (1) Targeted Community Investments (TCIs) which are an investment in a focus area, priority goal, program or project, achieved through highly customized cultivation, solicitation, and stewardship of a donor and in consultation with priority goal partners. Each investment is monitored and measured for results. Investments that have not been spent at the end of the year are recorded as deferred revenue. Revenue is recognized in the year in which the related expenses are incurred. (2) Other Strategic Investments (SIs) which are investments in a program or project, achieved through customized cultivation, solicitation, and stewardship of donors for a specific purpose. Strategic Investments that have not been spent at the end of the year are recorded as deferred revenue. Revenue is recognized in the year in which the related expenses are incurred.

Designated Campaign Revenue

Campaign pledges and donations that are designated by the donor to other Canadian registered charities and other United Ways are considered to be restricted by purpose, and are recognized as revenue in the year they are distributed to the designated charity.

Grants

Grant revenue represents funds received from federal, provincial and municipal governments, foundations and from corporations, for specific programs or Community Wide Initiatives administered by the organization. Grants are recognized as revenue when costs are incurred or disbursed to other agencies. Grants that have not been fully spent at the end of the year are reported as deferred revenue.

Investment Income

Restricted endowment investment income is recorded in the statement of changes in net assets when earned. Unrestricted investment income and unrealized gains/losses are recognized when earned in the statement of operations.

Endowment Contributions

Contributions to the endowment fund are recorded as direct increases to the endowment net asset balance.

(b) Expense recognition:

The organization recognizes expenses in the year they are incurred and donor directed designations when they are distributed. Expenses are reported within the following three categories:

Fundraising

The cost of fundraising is recognized in the year it is incurred, and includes an allocation of the associated general and administration costs. A designation fee is charged to designated charities to recover the cost of fundraising and processing. The fee is reported as a reduction of the fundraising expenses and is recognized when it is deducted from the designations paid out to other charities.

The organization also incurs Government of Canada Workplace Charitable Campaign (GCWCC) fundraising costs on behalf of participants of the GCWCC campaign (i.e. HealthPartners and other United Ways) and recovers their portion of the costs based on a pro-rata share of the revenue. GCWCC recoveries are reported as a reduction of the fundraising costs and recognized when deducted or receivable from recipients.

Directed Program Expenses

Program expenses that are externally directed or mandated are reported as directed program expenses and are recognized when distributed.

Priority Goal Investments

Partner programs and services - are investments made to agencies and community organizations through a call for proposal process to deliver front-line programs and services that align to priority goals. Also included are one-time investments funded from the internally restricted for community services fund. These expenses are recognized in the year when distributed or distributable to the recipient agencies.

Community Wide Initiatives (CWI) – are investments made to mobilize multiple stakeholders in order to address community wide challenges and create a collective response to affect systemic change. They are developed as a complement to existing community programs, initiatives, networks and coalitions. There are currently five CWI: Employment Accessibility Resource Network (EARN), Enabling Change (ENC), Hire Immigrants Ottawa (HIO), Ottawa Child and Youth Initiative and project step. These initiatives are primarily funded through grants and supplemented by in-kind contributions from the organization. Expenses are recognized when incurred.

Targeted Community Programs – see note 2 (a) above. These expenses are recognized when distributed to the service delivery agency.

Grant distributions – investments from private corporations, foundations or other funders that are directed towards a specific community need are stewarded by the organization and delivered by another agency. These expenses are recognized when paid.

UW community development strategies – the organization’s operations in support of priority goal community development strategies, including research, convening and advocacy. These expenses are recognized when incurred and include an allocation of associated general and administration costs.

UW investment stewardship – the organization’s operations in support of best practice research, evaluation and management of the investment in partner programs and services. These expenses are recognized when incurred and include an allocation of associated general and administration costs.

(c) Financial instruments:

Financial instruments are recorded at fair value when acquired or issued. In subsequent years, investments consisting of broker accounts, fixed income securities, preferred shares and common shares, are reported at fair value, with any unrealized gains and losses reported in operations, other than financial instruments related to endowment funds. Changes in fair value of financial instruments related to the endowment fund are recorded directly in the statement of changes in net assets. All other financial instruments are reported at cost or amortized cost, less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items re-measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

(d) Tangible capital assets:

Tangible capital assets are stated at cost net of accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Tangible capital asset	Useful life
Computer software	3 years
Computer hardware	4 years
Furniture and fixtures	5 to 15 years
Leasehold improvements	Over term of lease

When a tangible capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

(e) Deferred revenue:

Grants and other amounts received for a specified purpose are recognized as revenue in the year in which the related expenses are incurred.

(f) Deferred lease inducement:

The deferred lease inducement is amortized over the term of the lease.

(g) Allocation of general and administration expenses:

The organization classifies expenses on the statement of operations by function. The functions reported are fundraising, UW community development strategies and UW investment stewardship. General and administration expenses are allocated proportionally on the basis of level of effort attributed to each function for the reported year (note 18).

(h) Funded program surpluses:

The organization's general policy is to recover partner programs and services surpluses subject to the funding agreements' terms. These transactions are recorded in the statement of operations in the year that such recoveries are made.

(i) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations (ASNPO) 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 year. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the year in which they become known. Significant management estimates include the provision for uncollectible pledges.

(j) Donated services:

No amounts have been reflected in the financial statements for donated services, since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time to the organization's programs, services and fundraising campaigns.

(k) Contributed materials and services:

Contributed materials and services, which are used in the normal course of operations and would otherwise have been purchased, are recorded at their fair market value at the date of contribution if face value can be reasonably estimated.

3. Pledges Receivable:

Pledges receivable consist of payroll and other monthly pre-authorized donations that have been pledged by donors for a year. They also include corporate pledges that are unpaid at the end of the year. The provision for uncollectible pledges is based on a three-year average and is reported in the statement of operations. Pledges receivable are written off after two years. Pledges receivable are net of an accumulated provision of \$1,062,841 (2016 - \$1,259,813).

4. Government of Canada Workplace Charitable Campaign (GCWCC):

The organization co-manages, with Centraide Outaouais, the national and local GCWCC. The GCWCC is mandated by Treasury Board and runs in 128 departments and agencies with the named participants: United Way and HealthPartners. Designations to other registered Canadian charities are distributed by the participants.

The organization expends resources on behalf of all participants of GCWCC across Canada. The organization then recovers expenses from all participating United Ways and HealthPartners on a pro-rata basis of total GCWCC revenues part way in the year and in the following year. As a result, the organization is owed funds from all participating United Ways and HealthPartners at any point in time.

The organization holds in trust donation payments deposited by the Government of Canada in central bank accounts and distributed each month to appropriate recipients. The balance in these accounts at March 31, 2017 is \$2,769,282 (2016 - \$1,961,674).

5. Investments:

(a) Investment balances:

Investments consist of the following:

	2017		2016	
	Fair value	Cost	Fair value	Cost
Broker accounts	\$ 196,908	\$ 196,908	\$ 572,594	\$ 572,594
Fixed income securities	2,888,822	2,818,387	2,737,774	2,629,097
Common shares	2,660,582	2,337,432	2,171,052	2,098,267
	<u>\$ 5,746,312</u>	<u>\$ 5,352,727</u>	<u>\$ 5,481,420</u>	<u>\$ 5,299,958</u>

The endowment fund represents 7.7% (2016 – 8.1%) of the total market value of the investment \$444,038 in 2017 and (\$443,303 in 2016). Broker accounts represent cash balances. Fixed income securities include coupon and residual, federal and provincial bonds, bond funds, term deposits and corporate bonds and debentures maturing in 1 month to 9 years with interest rates between 1.75% and 4.50%. Common shares include equity investments in various markets as well as trust units, index securities and Canadian and Foreign equity funds.

(b) Investment income:

Investment income earned is reported as follows:

	2017	2016
Income earned on unrestricted resources	\$ 122,629	\$ 128,145
Income earned on endowed resources:		
Unrestricted	12,401	13,825
Restricted	12,247	12,261
Realized gain on investments	15,215	27,843
Total investment income earned in the year	<u>162,492</u>	<u>182,074</u>
Less: amounts deferred for endowed resources	(9,715)	(9,741)
Add: income earned in the prior year on endowed resources	9,742	10,590
Less: amounts recorded as unrestricted in prior year that should have been restricted	-	(84,082)
	<u>\$ 162,519</u>	<u>\$ 98,841</u>

(c) Change in Unrealized Gain/(Loss) on Investments:

Change in Unrealized Gain/(Loss) on Investments is reported as follows:

	2017	2016
Change in Unrealized Gain/(Loss) on Investments	\$ 196,662	\$ (213,593)

6. Tangible capital assets:

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Computer hardware and software	\$ 1,004,075	\$ 907,864	\$ 96,211	\$ 126,038
Furniture and fixtures	522,854	447,696	75,158	101,801
Leasehold improvements	230,842	159,353	71,488	90,526
	<u>\$ 1,757,770</u>	<u>\$ 1,514,913</u>	<u>\$ 242,857</u>	<u>\$ 318,365</u>

Cost and accumulated amortization at March 31, 2016 amounted to \$1,721,557, and \$1,403,192 respectively. Amortization for the year amounted to \$111,721 (2016 - \$95,138).

7. Line of credit available:

The organization has a line credit of \$2,000,000 that is available for use throughout the year to manage fluctuations in cash flow. Interest is calculated based on the bank's prime lending rate. As of March 31, 2017 and 2016 there was no amount owing on the line of credit.

8. Deferred revenue:

Deferred revenue consists of grants and other amounts received that will be expended for a specific purpose in a future year.

	Opening Balance	Deferred Contributions Received	Deferred Contributions Used	2017 Ending Balance
Grants	\$ 799,612	\$ 1,119,057	\$ (1,218,569)	\$ 700,100
Strategic Investments	948,388	314,905	(964,508)	298,785
Other	562,572	199,756	(267,346)	494,982
	<u>\$ 2,310,572</u>	<u>\$ 1,633,718</u>	<u>\$ (2,450,423)</u>	<u>\$ 1,493,867</u>

9. Net assets:

The Board of Directors has established the following net asset policies:

(a) Unrestricted:

The unrestricted net assets are maintained to fund the ensuing year's operating expenses.

(b) Internally restricted:

Internally restricted funds are established through Board policy for any testamentary gift received without express direction from a donor/testator and for which the intent cannot be reasonably determined to be of an endowed nature. The first \$100,000 received in a year will be internally restricted for community impact for allocation as one-time funding for programs and community initiatives and the remainder is internally restricted for operations.

Internally restricted funds also include Board approved allocations for investment in partner programs and services for the upcoming year.

	For Community Impact	For Operations	For Allocations	Total
Balance, beginning of year	\$ 251,325	\$ 1,612,335	\$ 8,530,194	\$ 10,393,854
Internal restrictions (net)	34,432	521,276	(796,593)	(240,885)
Balance, end of year	\$ 285,757	\$ 2,133,611	\$ 7,733,601	\$ 10,152,969

(c) Invested in tangible capital assets:

This amount is the portion of net assets which represents the investment in tangible capital assets and is not available for funding operations and investments.

(d) Endowment:

Endowment Funds are established through external donations and bequests where express direction is given by the donor or estate that the gift be held by the organization and only interest earned on the principal may be distributed for charitable purposes.

Named Funds are a form of endowed gift. Under the terms of the Named Funds agreement, principal amounts are retained and invested by the organization for a minimum of ten years. Investment revenue earned on the principal balance of the Named Fund is restricted and accumulated until the principal balance of the Named Fund reaches \$10,000. After the threshold is reached, the investment revenue earned on the principal amount may be directed to a program or a registered charity of the donor's choice.

Endowed gifts where the donor specifies that investment revenue earned on their gift is restricted for a specified purpose, are recorded as restricted endowments. Unrestricted endowments represent endowed gifts for which the related investment revenue was not restricted by the donor or testator for a specified purpose.

At March 31, 2017 there were 13 Named Funds (2016 – 13).

	Restricted Endowments	Unrestricted Endowments	Endowment Total
Balance, beginning of year	\$ 349,754	\$ 93,549	\$ 443,303
Contributions	735	-	735
Balance, end of year	\$ 350,489	\$ 93,549	\$ 444,038

10. Commitments:

(a) Funding commitments

Funding agreements in the amount of \$6,110,643 from the 2017 Call for Proposals process will not take effect until July 1, 2017 and are not committed until signed. There is \$1,622,958 in funding commitments remaining for funding agreements approved in the previous 2016 Call for Proposals.

(b) Lease commitments

Future occupancy cost and equipment lease commitments are as follows:

2018	\$	924,498
2019		742,491
2020		712,709
2021		531,796
	\$	2,911,494

11. Contingency and guarantee:

(a) Contingency:

In the normal course of operations, the organization signs agreements whereby funds provided to the organization, for the execution of projects, are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of the organization to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor are identified, the necessary adjustments will be recognized in the year they are identified.

(b) Guarantee:

In the normal course of business, the organization has entered into a lease agreement for premises. It is common in such commercial lease transactions for the organization as the lessee to agree to indemnify the lessor and other related third parties for liabilities that may arise from the use of the leased assets. The maximum amount potentially payable under the foregoing indemnities cannot be reasonably estimated. The organization has liability insurance that relates to the indemnifications described above.

12. Total donations and deferred designated campaign revenue:

The campaign revenue reported in the statement of operations includes the unrestricted portion of the current year's campaign and the restricted portion of the previous year's campaign. Total donations to the organization include other forms of giving, such as Targeted Community Investments and campaigns managed on behalf of others. The following table provides a reconciliation between the 2016 campaign results and the total donations reported as at March 31, 2017 with a comparison to the 2015 campaign results.

In addition, United Way/Centraide Ottawa is the host of several centrally coordinated campaigns, which are formal arrangements whereby one United Way (the host) coordinates a campaign for an organization, which has multiple workplace locations across a region, province or country. As the host, United Way/Centraide Ottawa processes and receipts donations on behalf of other United Ways. During the year, United Way/Centraide Ottawa processed \$266,082 in donations (2015 - \$376,930) through centrally coordinated campaigns on behalf of other United Ways and is not reflected in our campaign achievement numbers.

	2016 Campaign	2015 Campaign
UW donations	\$ 13,269,858	\$ 15,494,942
Donor directed designated donations	10,178,819	11,923,771
Campaign achievement	23,448,677	27,418,713
Less: Current year's deferred designated campaign revenue	(7,363,516)	(8,652,489)
Current year's deferred Strategic Investments	(298,785)	(948,388)
Contributions to restricted endowment fund	(735)	(580)
UWO Initiatives and CWIs	(522)	(23,696)
Add: Prior year's deferred designated campaign revenue	8,652,489	8,534,297
Prior year's deferred Strategic Investments paid during the year	948,388	437,670
Prior year's deferred UWO Initiatives and CWIs paid in the year	15,952	-
Pledges and contributions not recognized in prior year	732	-
Total donations recognized in fiscal year	\$ 25,402,680	\$ 26,765,527

13. Other revenue:

The following table lists the revenue earned from operations, which is categorized as other revenue in the statement of operations:

	2017	2016
Bequests	\$ 251,020	\$ 331,581
Bank interest	14,782	13,504
Rental income	175,370	195,104
Special gifts	157,263	101,089
Special project	-	10,144
Program event revenue	213,303	176,255
Sponsorship - operations	30,257	2,957
Sponsorship - campaign	25,311	10,442
Miscellaneous	128,757	91,329
	\$ 996,063	\$ 932,405

14. Donor directed designations:

United Way/Centraide Ottawa's policy is to use Dollars on Top methodology in funded agency allocations, that is, designated dollars are in addition to the funding for partner programs and services.

	2017	2016
Donor directed designations to:		
Other registered charities	\$ 6,602,470	\$ 6,419,706
Other United Ways	737,927	819,830
HealthPartners	3,771,224	4,193,347
Designations paid by other United Ways	362,224	337,381
	<u>\$ 11,473,845</u>	<u>\$ 11,770,264</u>

15. Gifts in kind:

Gifts in kind totaled \$155,967 and consist mainly of gifts of share.

16. Pension plan:

The organization participates in the Ottawa-Carleton Community Agencies Pension Plan. The organization has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. This multiemployer defined benefit pension plan covers employees of the organization and the employees of the other participating agencies. After two years of employment, the organization contributes 10.3% of the employees' salary to the pension plan. The plan provides pensions based on length of service and final average earnings. The annual funding requirements are determined in consultation with the actuaries to provide long-term stability to the plan. No significant changes were made to the contractual elements of the plan in the past year. As at the last actuarial valuation on December 31, 2013, the plan had a solvency transfer ratio (the ratio of assets over liabilities) of 91.1% with a deficit of \$4,332,300. During the year, the organization contributed and expensed \$349,448 to the plan (2016 - \$376,041).

Prior to participation in the pension plan, employees of the organization are offered an optional Group Registered Retirement Savings Plan. The organization matches eligible employees' contributions to the plan up to 5% of the employee's annual salary. After two years of employment, employees must join the Ottawa-Carleton Community Agencies Pension Plan. During the year, the organization contributed and expensed \$31,647 to the plan (2016 - \$42,749).

17. Financial instrument risks:

(a) Credit risk:

The organization is exposed to credit-related losses in the event of non-performance by counterparties to the financial instruments. Credit exposure for accounts receivable is minimized by dealing with only credit worthy counterparties. The provision for uncollectible pledges on pledges receivable is presented on the statement of operations.

(b) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization has fixed income securities on which general interest rate fluctuations apply.

(c) Liquidity risk:

Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities. The organization's only liquidity risk is with accounts payable. Cash flow is monitored to effectively manage this risk and a \$2,000,000 line of credit is available for use.

(d) Other price risk:

The organization is exposed to fluctuations in equity markets on its common share investments.

18. Allocation of general and administration expenses:

The organization allocates general and administration expenses to the functional activities of the organization based on level of effort estimates. Corporate Services and Marketing & Communication resources that directly support specific functions are allocated to those functions as direct costs. The remaining costs are categorized as general and administration costs (see schedule 6) and allocated to the functions on a pro-rata basis based on level of effort estimates. The following table provides a summary of the general and administration expenses allocated to fundraising, UW community development strategies and UW investment stewardship in terms of percentages and dollars:

	2017		2016	
	Amount	%	Amount	%
Fundraising:				
Community campaign	\$ 1,402,823	45%	\$ 1,383,286	49%
GCCWCC	828,528	27%	746,886	26%
UW community development strategies	527,013	17%	356,908	13%
UW investment stewardship	351,342	11%	348,509	12%
	<u>\$ 3,109,706</u>	<u>100%</u>	<u>\$ 2,835,589</u>	<u>100%</u>

Details of general and administration costs for the year ended March 31, 2017 and 2016 is presented in schedule 6.

19. Cost of fundraising:

In accordance with United Way Canada's Transparency, Accountability and Financial Reporting (TAFR) policies, the organization uses the following method to calculate the cost of fundraising ratio:

	2017	2016
Total revenue	\$ 27,091,501	\$ 28,506,900
Add: provision for uncollectible pledges	476,814	586,027
Less: recovery of provisioned pledges from prior year campaigns	(57,439)	(463,966)
Net revenue	27,510,876	28,628,961
Net fundraising expenses	4,432,426	5,008,742
Cost of fundraising %	16.11%	17.50%

20. Comparative figures:

Certain figures of the previous year have been reclassified to reflect the financial statement presentation adopted in the current year.

21. Subsequent event:

On April 1st, 2017, United Way/Centraide Ottawa amalgamated with Centraide Prescott-Russell, United Way of Lanark County and Renfrew County United Way. The amalgamation resulted in a continuation of the four previous entities under the new legal name United Way Prescott-Russell, Ottawa, Lanark and Renfrew Counties.

SCHEDULE 1 – PROGRAM REVENUE AND INVESTMENT

Year ended March 31, 2017 (Unaudited)

Priority goal revenue:	School Readiness	Critical Hours	Immigrants and New Canadians	People with Disabilities	Seniors	Strong Neighbourhoods	People in Crisis	Homelessness & Addictions	Mental Health	Capacity Building	Investment Stewardship	2017 Total
Strategic Investments												
Brighter Tomorrow's Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,650	\$ -	\$ -	\$ -	\$ -	\$ 152,650
Enhanced Homework Clubs	-	234,889	-	-	-	-	-	-	-	-	-	234,889
Summer Achievement Gap	-	36,728	-	-	-	-	-	-	-	-	-	36,728
Students Will all Graduate	-	26,511	-	-	-	-	-	-	-	-	-	26,511
Animation Festival	-	6,639	-	-	-	-	-	-	-	-	-	6,639
Art Now	-	80,000	-	-	-	-	-	-	-	-	-	80,000
PCL Hard Hat Heroes	-	-	-	-	-	56,075	-	-	-	-	-	56,075
Spark Fund	-	-	-	-	-	40,133	-	-	-	-	-	40,133
United for Refugees	-	-	609,372	-	-	-	-	-	-	-	-	609,372
Total Strategic Investments	-	384,767	609,372	-	-	96,208	152,650	-	-	-	-	1,242,997
Grants												
EARN	-	-	-	20,280	-	-	-	-	-	-	-	20,280
ENC	-	-	-	63,272	-	-	-	-	-	-	-	63,272
HIO	-	-	557,135	-	-	-	-	-	-	-	-	557,135
Hydro Relief Fund	-	-	-	-	-	-	88,000	-	-	-	-	88,000
LEAP	-	-	-	-	-	-	157,541	-	-	-	-	157,541
Project STEP	-	-	-	-	-	-	-	-	2,910	-	-	2,910
Total grants	-	-	557,135	83,552	-	-	245,541	-	2,910	-	-	889,138
Other program revenue												
Investment income	-	-	-	26,864	-	3,585	-	-	157,263	-	-	187,712
Funded from internally restricted	1,980	-	-	-	350	-	2,182	-	-	-	-	2,532
Total revenue	1,980	384,767	1,166,507	110,416	3,350	134,793	400,373	-	160,173	15,000	-	2,377,359

SCHEDULE 1 – PROGRAM REVENUE AND INVESTMENT (CONT'D)

Year ended March 31, 2017 (Unaudited)

	School Readiness	Critical Hours	Immigrants and New Canadians	People with Disabilities	Seniors	Strong Neighbourhoods	People in Crisis	Homelessness & Addictions	Capacity Building	Investment Stewardship	2017 Total
Priority goal investments:											
Partner programs and services											
Call for proposal funding allocations	\$ 355,172	\$ 1,378,660	\$ 638,088	\$ 740,955	\$ 666,110	\$ 496,580	\$ 1,406,731	\$ 427,635	\$ 387,495	\$ -	\$ 6,867,301
Funded from internally restricted	1,980	-	-	-	3,000	35,000	-	-	15,000	-	54,980
Total partner programs and services	357,152	1,378,660	638,088	740,955	669,110	531,580	1,406,731	427,635	402,495	-	6,922,281
Community Wide Initiatives											
EARN	-	-	-	50,968	-	-	-	-	-	-	50,968
ENC	-	-	-	99,528	-	-	-	-	-	-	99,528
HIO	-	-	600,085	-	-	-	-	-	-	-	600,085
Ottawa a Child and Youth Initiative	37,500	37,500	-	-	-	-	-	-	-	-	75,000
Project STEP	-	-	-	-	-	-	-	160,173	-	-	160,173
Total Community Wide Initiatives	37,500	37,500	600,085	150,496	-	-	-	160,173	-	-	985,754
Strategic Investments											
Brighter Tomorrow's Fund	-	-	-	-	-	-	142,650	-	-	-	142,650
Enhanced Homework Clubs	-	189,709	-	-	-	-	-	-	-	-	189,709
Summer Achievement Gap	-	32,003	-	-	-	-	-	-	-	-	32,003
Students Will all Graduate	-	22,534	-	-	-	-	-	-	-	-	22,534
Animation Festival	-	5,643	-	-	-	-	-	-	-	-	5,643
Art Now	-	68,000	-	-	-	-	-	-	-	-	68,000
PCL Hard Hat Heroes	-	-	-	-	-	45,000	-	-	-	-	45,000
Spark Fund	-	-	-	-	-	33,980	-	-	-	-	33,980
United for Refugees	-	-	609,372	-	-	-	-	-	-	-	609,372
Total Strategic Investments	-	317,889	609,372	-	-	78,980	142,650	-	-	-	1,148,891
Grant distributions											
Hydro Relief Fund	-	-	-	-	-	-	66,000	-	-	-	66,000
LEAP	-	-	-	-	-	-	179,541	-	-	-	179,541
Total grant distributions	-	-	-	-	-	-	245,541	-	-	-	245,541
UW community development strategies											
UW investment stewardship	31,270	78,209	205,476	34,442	143,926	346,148	224,533	175,285	106,004	-	1,723,831
Total investment	425,922	1,812,258	2,053,021	925,893	813,036	956,708	2,019,455	602,920	508,499	1,112,338	12,138,636
Funded from Community Fund	\$ 423,942	\$ 1,427,491	\$ 886,514	\$ 815,477	\$ 809,686	\$ 821,915	\$ 1,619,082	\$ 602,920	\$ 493,499	\$ 1,112,338	\$ 9,761,277

SCHEDULE 2 – COMMUNITY CAMPAIGN FUNDRAISING EXPENSES

Year ended March 31, 2017, with comparative figures for 2016 (Unaudited)

	2017	2016
Salaries and benefits	\$ 2,223,375	\$ 2,657,456
Direct mail	163,973	149,507
Meetings and travel	39,889	33,404
Occupancy	237,957	286,832
Office expenses	33,584	35,419
Printing materials	34,964	42,333
Professional development and training	15,499	27,829
Professional fees	44,871	44,004
Special events	113,058	70,260
Telecommunications and IT support	51,458	62,738
Other direct fundraising costs	253,964	234,404
Total expenses	3,212,592	3,644,186
Allocation of general and administration expenses (schedule 6)	1,402,823	1,383,286
Total community campaign fundraising expenses	\$ 4,615,415	\$ 5,027,472

SCHEDULE 3 – GCWCC FUNDRAISING EXPENSES

Year ended March 31, 2017, with comparative figures for 2016 (Unaudited)

	2017	2016
Salaries and benefits	\$ 1,339,959	\$ 1,419,458
Direct mail	139,181	129,622
Meetings and travel	18,876	23,726
Occupancy	132,798	161,253
Office expenses	23,086	24,431
Printing materials	43,447	30,941
Professional development and training	16,978	28,324
Professional fees	74,545	111,608
Special events	39,161	31,736
Telecommunications and IT support	40,246	40,463
Other direct fundraising costs	62,479	134,828
Total expenses	1,930,756	2,136,390
Less: sponsorship	(70,000)	(90,000)
	1,860,756	2,046,390
Allocation of general and administration expenses (schedule 6)	828,528	746,886
	2,689,284	2,793,276
Recoverable from other United Ways and Healthpartners	(1,503,959)	(1,461,671)
Total GCWCC fundraising expenses	\$ 1,185,325	\$ 1,331,605

SCHEDULE 4 – UW COMMUNITY DEVELOPMENT STRATEGIES EXPENSES

Year ended March 31, 2017, with comparative figures for 2016 (Unaudited)

	2017	2016
Salaries and benefits	\$ 848,142	\$ 704,768
Meetings and travel	18,028	12,585
Occupancy	124,717	91,685
Office expenses	14,693	11,330
Printing materials	123	261
Professional development and training	7,388	5,324
Professional fees	8,311	8,569
Telecommunications and IT support	20,224	15,824
United Way Canada fees	143,690	108,575
Other direct community development costs	11,502	34,234
Total expenses	1,196,818	993,155
Allocation of general and administration expenses (schedule 6)	527,013	356,908
Total community development expenses	\$ 1,723,831	\$ 1,350,063

SCHEDULE 5 – UW INVESTMENT STEWARDSHIP EXPENSES

Year ended March 31, 2017, with comparative figures for 2016 (Unaudited)

	2017	2016
Salaries and benefits	\$ 525,245	\$ 688,717
Meetings and travel	14,001	11,826
Occupancy	83,144	87,253
Office expenses	9,051	10,305
Printing materials	118	255
Professional development and training	6,038	7,805
Professional fees	3,303	7,986
Telecommunications and IT support	16,631	19,244
United Way Canada fees	95,793	106,020
Other direct investment stewardship costs	7,672	11,069
Total expenses	760,996	950,480
Allocation of general and administration expenses (schedule 6)	351,342	348,509
Total investment stewardship expenses	\$ 1,112,338	\$ 1,298,989

SCHEDULE 6 – GENERAL AND ADMINISTRATION EXPENSES

Year ended March 31, 2017, with comparative figures for 2016 (Unaudited)

	2017	2016
Salaries and benefits	\$ 1,863,308	\$ 1,672,981
Meetings and travel	65,626	61,937
Occupancy	683,569	616,744
Office expenses	61,637	59,221
Professional development and training	60,210	52,961
Professional fees	93,141	141,601
Telecommunications and IT support	73,264	47,479
Other administrative costs	208,951	182,665
Total expenses to be allocated	\$ 3,109,706	\$ 2,835,589
Allocated to:		
Fundraising:		
Community campaign	\$ 1,402,823	\$ 1,383,286
GCWCC	828,528	746,886
UW community development strategies	527,013	356,908
UW investment stewardship	351,342	348,509
Total general and administration expenses	\$ 3,109,706	\$ 2,835,589