

Financial Statements of
UNITED WAY OF WINNIPEG
March 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members,
United Way of Winnipeg

We have audited the accompanying financial statements of United Way of Winnipeg, which comprise the statement of financial position as at March 31, 2017 and the statement of community and operating activities and changes in fund balances and statement of cash flows for the year then ended and the notes to the financial statements.

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 in our audit 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 of Winnipeg 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.



Chartered Professional Accountants
May 29, 2017
Winnipeg, Manitoba

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UNITED WAY OF WINNIPEG
Statement of Financial Position
March 31, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
CASH AND INVESTMENTS (Note 4)	\$ 33,826,548	\$ 31,624,076
PLEDGES RECEIVABLE (Note 5)	12,481,230	10,769,972
CAPITAL ASSETS (Note 6)	8,743,801	8,988,005
	\$ 55,051,579	\$ 51,382,053
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (Note 7)	\$ 1,583,862	\$ 1,280,525
MORTGAGE PAYABLE (Note 8)	1,289,024	1,550,870
DEFERRED CONTRIBUTIONS (Note 9)	1,489,606	1,375,305
OTHER LIABILITIES (Note 10)	3,446,812	1,684,508
	7,809,304	5,891,208
FUND BALANCES (Note 3)		
COMMUNITY FUND	20,957,714	20,918,180
OPERATING FUND	438,468	325,836
CAPITAL ASSETS FUND	6,890,785	7,134,989
TOMORROW FUND	13,500,382	12,866,381
STABILIZATION FUND	5,264,926	4,080,459
BUILDING FUND	190,000	165,000
	47,242,275	45,490,845
	\$ 55,051,579	\$ 51,382,053

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES



 Marilyn McLaren, Chairperson



 Ainsley Donald, Treasurer

UNITED WAY OF WINNIPEG
Statement of Community and Operating Activities and Changes in Fund Balances
Year Ended March 31, 2017

	2017						Total
	Community Fund	Operating Fund	Capital Assets Fund	Tomorrow Fund	Stabilization Fund	Building Fund	
REVENUE							
Net campaign contributions:							
Donations	\$ 19,337,897						\$ 19,337,897
For Every Family - Vision Philanthropy (Note 14)	63,594						63,594
Donor directed	1,048,190						1,048,190
Donor directed fees		28,741					28,741
Recoveries from the campaigns of prior years	186,695						186,695
Legacy giving				453,286			453,286
Government Grants (Note 15)	80,000	4,436,603					4,516,603
Sponsorships, grants and other income	638,935	381,694					1,020,629
Funding partners and special initiatives	7,000						7,000
50th Anniversary - Crowd Funding	1,603						1,603
The Winnipeg Boldness Project revenue (Note 13)	766,208						766,208
Investment income (Note 2b)					2,640,078		2,640,078
	22,130,122	4,847,038	-	453,286	2,640,078	-	30,070,524
COMMUNITY INVESTMENT							
Funding to agencies	17,285,381						17,285,381
Donor directed	1,048,190						1,048,190
Programs and activities	3,347,527						3,347,527
The Winnipeg Boldness Project expenses (Note 13)	766,208						766,208
For Every Family - Vision Philanthropy (Note 14)	63,594						63,594
50th Anniversary - Crowd Funding Expense	1,565						1,565
Management and administration		509,338					509,338
United Way of Canada		260,258					260,258
	22,512,465	769,596	-	-	-	-	23,282,061
OPERATIONS							
Resource development		4,390,837					4,390,837
Business development		153,327					153,327
Organizational development initiatives		20,603					20,603
Amortization of capital assets			408,126				408,126
	-	4,564,767	408,126	-	-	-	4,972,893
One-Time Special Initiatives							
	-	64,140	-	-	-	-	64,140
Net funds before transfers	(382,343)	(551,465)	(408,126)	453,286	2,640,078	-	1,751,430
Interfund transfers (Note 3)	421,877	664,097	163,922	180,715	(1,455,611)	25,000	-
Opening fund balance	20,918,180	325,836	7,134,989	12,866,381	4,080,459	165,000	45,490,845
Closing fund balance	\$ 20,957,714	\$ 438,468	\$ 6,890,785	\$ 13,500,382	\$ 5,264,926	\$ 190,000	\$ 47,242,275

UNITED WAY OF WINNIPEG
Statement of Community and Operating Activities and Changes in Fund Balances
Year Ended March 31, 2016

	2016						Total
	Community Fund	Operating Fund	Capital Assets Fund	Tomorrow Fund	Stabilization Fund	Building Fund	
REVENUE							
Net campaign contributions:							
Donations	\$ 19,641,184						\$ 19,641,184
Donor directed	1,142,540						1,142,540
Donor directed fees		12,501					12,501
Recoveries from the campaigns of prior years	218,085						218,085
Legacy giving				430,823			430,823
Government Grants (Note 15)	80,000	4,291,639					4,371,639
Sponsorships, grants and other income	476,690	415,945					892,635
Funding partners and special initiatives	40,637						40,637
50th Anniversary Revenue		144,278					144,278
50th Anniversary - Crowd Funding	28,586						28,586
The Winnipeg Boldness Project revenue (Note 13)	984,496						984,496
Investment income (Note 2b)					88,351		88,351
	22,612,218	4,864,363	-	430,823	88,351	-	27,995,755
COMMUNITY INVESTMENT							
Funding to agencies	17,411,589						17,411,589
Donor directed	1,142,540						1,142,540
Programs and activities	3,350,776						3,350,776
The Winnipeg Boldness Project expenses (Note 13)	984,496						984,496
50th Anniversary - Crowd Funding Expense	28,586						28,586
Management and administration		491,362					491,362
United Way of Canada		246,157					246,157
	22,917,987	737,519	-	-	-	-	23,655,506
OPERATIONS							
Resource development		4,295,228					4,295,228
Business development		97,587					97,587
Organizational development initiatives		26,952					26,952
Amortization of capital assets			410,965				410,965
	-	4,419,767	410,965	-	-	-	4,830,732
One-Time Special Initiatives	-	348,331	-	-	-	-	348,331
Net funds before transfers	(305,769)	(641,254)	(410,965)	430,823	88,351	-	(838,814)
Interfund transfers (Note 3)	586,404	602,822	261,861	167,553	(1,643,640)	25,000	-
Opening fund balance	20,637,545	364,268	7,284,093	12,268,005	5,635,748	140,000	46,329,659
Closing fund balance	\$ 20,918,180	\$ 325,836	\$ 7,134,989	\$ 12,866,381	\$ 4,080,459	\$ 165,000	\$ 45,490,845

UNITED WAY OF WINNIPEG

Statement of Cash Flows

Year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Net funds before transfers	\$ 1,751,430	\$ (838,814)
Items not involving cash		
Amortization	408,126	410,965
Unrealized gain on investments	(2,647,532)	(77,826)
Non-operating Tomorrow Fund contributions	(453,286)	(430,823)
Change in deferred contributions	114,301	368,360
Changes in non-cash working capital	237,566	152,988
	<u>(589,395)</u>	<u>(415,150)</u>
Cash flows from financing activities		
Tomorrow Fund contributions received	530,103	368,348
New Building Capital contributions received	40,000	34,286
Repayment of mortgage payable	(261,846)	(163,477)
	<u>308,257</u>	<u>239,157</u>
Cash flows from investing activity		
Capital expenditures, net	(163,922)	(261,861)
Change in cash and cash equivalents	(445,060)	(437,854)
Cash and cash equivalents, beginning of year	5,961,281	6,399,135
Cash and cash equivalents, end of year	<u>\$ 5,516,221</u>	<u>\$ 5,961,281</u>

Represented by:

Cash	\$ 5,061,784	\$ 5,508,356
Short-term investments	454,437	452,925
	<u>\$ 5,516,221</u>	<u>\$ 5,961,281</u>

UNITED WAY OF WINNIPEG

Notes to the Financial Statements

March 31, 2017

1. PURPOSE OF THE ORGANIZATION

United Way of Winnipeg (the "Organization") was incorporated in 1965 in response to the joint efforts of its founders, the Winnipeg Labour Council and the Winnipeg Chamber of Commerce.

United Way of Winnipeg is a non-profit, non-partisan, volunteer driven organization that engages and unites Winnipeggers in a shared effort to improve the quality of life and build a stronger, safer, more caring community for the benefit of everyone living in Winnipeg.

United Way of Winnipeg operates according to the highest standards of conduct consistent with its commitment to voluntarism, integrity, accountability, accessibility, being apolitical and having respect for donors, service providers and the users of service.

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) *Contributed services*

A large number of people have volunteered significant amounts of their time to United Way of Winnipeg and its agencies. No objective basis is available to measure the value of this significant contribution and no amount has been reflected in these financial statements for these services.

b) *Revenue recognition*

The Organization follows the restricted fund method in which externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Other restricted contributions received for funds not presented separately are deferred and recognized as revenue in the Community Fund in the year in which the related restriction is met.

Unrestricted campaign contributions, net of an allowance for uncollectible pledges, are recognized as revenue in the period in which the campaign is held.

Investment income is recorded as revenue of the Stabilization Fund. Investment income comprises interest from cash and cash equivalents, interest from short-term investments, interest from pooled investment funds, realized gains and losses on the sale of investments and unrealized appreciation and depreciation in the fair value of pooled investment funds.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Revenue recognition (continued)

On an annual basis, in conjunction with its annual budgeting process, the Board of Trustees approves an allocation of non-capitalized investment income from the Stabilization Fund to the Community Fund and Operating Fund. (A portion of the annual investment income equal to the Consumer Price Index is capitalized to the Tomorrow Fund on an annual basis – see Tomorrow Fund (Note 3). In this way, the Board of Trustees approves the use of investment returns to provide a stable flow of resources for community investment and operations.

Other revenues are recognized in the fund corresponding to the purpose for which they were contributed when persuasive evidence of an arrangement exists, the amount is fixed or determinable, and collection is reasonably assured. Where these amounts relate to pledges, the amount recorded is net of an allowance for uncollectible pledges.

United Way of Winnipeg is requested by certain employers and employee groups to act on behalf of their provincial and national campaigns by receiving funds and disbursing them on their behalf to other United Ways. Funds received and disbursed under these centrally coordinated campaigns are not included in the statement of community and operating activities and changes in fund balances. Total funds received and processed on behalf of other United Ways were \$1,028,416 (2016 - \$872,530).

Funds received by United Way of Winnipeg for campaigns centrally coordinated by other United Ways are included in the campaign revenue amount on the statement of community and operating activities and changes in fund balances.

c) Fundraising Costs

Fundraising costs are recognized as an expense in the period in which they are incurred.

Payments to agencies are recognized as expenses following both program and financial approval by the Board of Trustees.

d) Pledges receivable

Contributions pledged, net of an allowance for uncollectible pledges, are recorded as receivables.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) *Capital assets*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis using the following rates:

Furniture and fixtures	10 years
Equipment	5 years
Computer equipment	4 to 5 years
Computer software	3 to 4 years
Donation software	10 years
Telecommunications	10 years

Costs reflected under the Building category are amortized based on the following components and rates on a straight-line basis:

Building	50 years
Roof	25 years
HVAC System	15 years

f) *Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The significant estimates include the allowance for doubtful accounts and the useful life of capital assets. Actual results could differ from these estimates.

g) *Financial instruments*

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in marketable securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of community and operating activities and changes in fund balances.

Financial assets measured at amortized cost include cash and pledges receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, mortgage payable, and other liabilities.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial instruments (continued)

The Organization's financial assets measured at fair value include short-term investments and pooled investment funds. The fair values of these investments are determined by reference to the latest closing market value of each respective fund.

Financial assets are tested for impairment at the end of the reporting period if there are indications that the assets may be impaired.

h) Allocation of expenses

General management and operations expenses, along with general marketing and communication expenses, are allocated between Resource Development expenses and Community Investment management and administration expenses based on an analysis of time and effort to support these specific areas of the Organization.

3. NATURE OF FUND BALANCES

Community Fund

The source of the Community Fund is all resources dedicated or directed to supporting investments in the community including: donations to the annual campaign; program sponsorships; government and non-government grants; gifts-in-kind; and investment income allocated through the annual budgeting process. These resources may contain restrictions imposed by the donor or provider (i.e. allocation to a particular agency or investment in a particular program, initiative or area of service) or they may be unrestricted.

The purpose of the Community Fund is the investment of unrestricted resources in the community through funding in accordance with partnership agreements and expenditures for community services, programs and/or initiatives which support sustainable community solutions to pressing social issues. Restricted resources will be allocated or expended in accordance with the directions of the donor.

The revenues presented in the 2017 Statement of Community and Operating Activities and Changes in Fund Balances include the proceeds of the 2016 Annual Campaign. In April of each year, the Organization's Board of Trustees approves the expenditure of these proceeds to support vital community services in Winnipeg. As a result, the associated community investment expense will be recorded in the year that will end on March 31, 2018.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2017

3. NATURE OF FUND BALANCES (continued)

Operating Fund

The source of the Operating Fund is the accumulation of resources dedicated or directed to cover the operating and development costs of United Way of Winnipeg including: Provincial funding; sponsorships; other government and non-government grants; special events; gifts-in-kind; and investment income allocated through the annual budgeting process.

The purpose of the Operating Fund is expenditures on: resource development; management and administration; marketing and communication; administration of community investments; research and development and purchase of capital assets for operating purposes.

Capital Assets Fund

The Capital Assets Fund was established to record the investment in capital assets. The purchase price of operating capital assets is funded through transfers from the Operating Fund. The purchase price of the new building was funded by the Federal and Provincial Government, private capital contributions and the balance being mortgage financed. On an annual basis, amortization expense is charged to the Capital Assets Fund.

Tomorrow Fund

The source of the Tomorrow Fund is permanent capital gifts made by donors to provide ongoing benefit to the community and a portion of the investment income earned on the fund. These gifts may contain restrictions imposed by the donor (i.e. governing the use of investment income) or they may be unrestricted. Separate capital records are maintained for each capital gift to ensure that the directions of the donor are implemented accurately.

In order to preserve the purchasing power of the Tomorrow Fund, the portion of the annual investment income equal to the Consumer Price Index is capitalized to the Fund on an annual basis.

Stabilization Fund

The purpose of the Stabilization Fund is to support community service levels and United Way operations in special circumstances and to manage the use of investment income in order to provide a stable flow of resources for community investment and operations. Accordingly, changes in the market value of investment funds are reflected as income or loss from investments in the Stabilization Fund. On an annual basis, the Board of Trustees approves an allocation of investment income from the Stabilization Fund to the Community and Operating Funds. The amount of the allocation is based on the rate of return on investments experienced over the past five years. In addition, in accordance with policy, in any year where returns on investments are higher than the Board of Trustees approved allocation, the excess will serve as an additional increase to the Stabilization Fund.

Building Fund

The Building Fund was established to allow for funds to be set aside for future, significant repairs, maintenance and replacement costs related to United Way of Winnipeg's building at 580 Main Street.

The source of the Building Fund is annual transfers from the Operating Fund allocated through the annual budgeting process; to cover costs including, but not limited to, roof repairs/replacement, window replacement, HVAC systems etc.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2017

3. NATURE OF FUND BALANCES (continued)

During the year, the Board of Trustees approved the following interfund transfers in accordance with the above fund policies.

Interfund Transfers	Community Fund	Operating Fund	Capital Asset Fund	Tomorrow Fund	Stabilization Fund	Building Fund
Transfer of Stabilization Funds:						
Investment Income	\$ 421,877	\$ 539,749	\$ -	\$ 180,715	\$ (1,142,341)	\$ -
CRM Project		95,803			(95,803)	
Business Development		153,327			(153,327)	
50 th Anniversary		2,462			(2,462)	
Family Resource Centres		61,678			(61,678)	
Transfer of Operating Funds:						
Capital Assets Fund		(163,922)	163,922			
Transfer of Operating Funds:						
Building Fund		(25,000)				25,000
	\$ 421,877	\$ 664,097	\$ 163,922	\$ 180,715	\$ (1,455,611)	\$ 25,000

4. CASH AND INVESTMENTS

	<u>2017</u>	<u>2016</u>
Cash	\$ 5,061,784	\$ 5,508,356
Short-term investments	454,437	452,925
Pooled investment funds	28,310,327	25,662,795
	\$ 33,826,548	\$ 31,624,076

5. PLEDGES RECEIVABLE

	<u>2017</u>	<u>2016</u>
Current campaign pledges	\$ 8,800,560	\$ 9,130,435
Prior campaign pledges	918,256	1,122,882
Other pledges	178,745	226,126
Province of Manitoba grants	2,115,050	-
Other miscellaneous receivables	1,968,619	1,790,529
	13,981,230	12,269,972
Less allowance for uncollectible pledges	(1,500,000)	(1,500,000)
	\$ 12,481,230	\$ 10,769,972

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2017

6. CAPITAL ASSETS

	<u>2017</u>		<u>2016</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 704,686	\$ 481,106	\$ 699,766	\$ 418,902
Equipment	15,297	15,297	15,297	15,297
Computer equipment	951,436	830,525	895,986	769,487
Computer software	1,289,176	1,278,509	1,281,428	1,274,358
Donation software	839,390	205,383	743,587	126,180
Telecommunications	94,856	61,656	94,856	52,171
Land	523,283	-	523,283	-
Building	8,446,960	1,248,807	8,446,960	1,056,763
	12,865,084	4,121,283	12,701,163	3,713,158
Cost less accumulated amortization	\$ 8,743,801		\$ 8,988,005	

7. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable and accrued liabilities at March 31, 2017 is \$47,524 of property taxes owing and payroll remittances (2016 - \$44,871).

8. MORTGAGE PAYABLE

United Way of Winnipeg has a commercial mortgage loan with Cambrian Credit Union for a 60 month term (maturing June 30, 2021) and an 87 month amortization. The loan bears interest at a fixed rate of 3.70% (2016 – floating rate of prime + 1.00%, which as of March 31, 2016 was 3.70%).

Amounts outstanding under the loan are repayable on demand. However, unless and otherwise demanded, blended monthly principal and interest payments of \$18,765 are required on the 1st of every month. No donor dollars from the annual campaign are used towards the financing costs of the mortgage.

The loan is secured by a first fixed charge over the commercial property located at 580 Main Street and a general security agreement providing a first floating charge over United Way of Winnipeg's assets related specifically to this project.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2017

8. MORTGAGE PAYABLE (continued)

The construction of the commercial property located at 580 Main Street was financed by way of:

- A commercial loan, which as at March 31, 2017 is \$1,289,024;
- Government contributions of \$5,389,958 from Canada Manitoba Infrastructure; and
- \$1,810,000 of capital campaign donation pledges.

As at March 31, 2017, there is approximately \$40,000 (2016 - \$80,000) in outstanding capital campaign monies to be applied against the mortgage, all related to pledge receivables.

9. DEFERRED CONTRIBUTIONS

Deferred contributions reflect externally restricted contributions that include donor directed donations to specific registered charities, grants for specific purposes from private donors, and unspent funding received for the Winnipeg Boldness Project of \$629,187 (2016 - \$759,196).

10. OTHER LIABILITIES

Other liabilities include funds payable to other United Ways of \$1,031,643 (2016 - \$1,030,303) and deferred revenue related to the For Every Family (FEF) Initiative of \$2,043,906 (see Note 14).

11. FINANCIAL INSTRUMENTS

United Way of Winnipeg actively manages the risks that arise from its use of financial instruments by adhering to its Board approved Asset Investment, Management and Governance Policy. This policy outlines the objectives, parameters and constraints of United Way's investing activities and prescribes limits around the quality and concentration of investments held by United Way. United Way's investment manager is responsible for recommending a proposed asset mix within the targets set for each asset class in the Investment Policy.

a) *Credit risk*

Credit risk exists where a significant portion of the portfolio is invested in securities which have similar characteristics or which are expected to follow similar variations relating to economic or political conditions. The risk of excess concentration is mitigated by an investment policy established by the Board of Trustees, which sets out various investment thresholds. The portfolio, which is managed by an external investment manager, includes the following concentrations:

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2017

11. FINANCIAL INSTRUMENTS (continued)

a) *Credit risk (continued)*

Pooled Investment Funds

Corporate/Government Bond Funds	10.8%	\$ 3,062,264
Canadian Equity Funds	28.1%	7,951,934
Canadian Real Estate Funds	14.6%	4,144,329
Mortgage Funds	21.6%	6,121,998
U.S. Equity Funds	8.1%	2,286,378
U.S. Dividends	5.1%	1,431,072
International Equity Funds	7.3%	2,074,518
Emerging Markets Fund	4.4%	1,237,834
	<u>100.0%</u>	<u>\$ 28,310,327</u>

b) *Market risk*

Market risk is the potential for financial loss to United Way from changes in the values of its financial instruments due to changes in interest rates, currency exchange rates or equity prices. United Way's investments are subject to normal market fluctuations and to the risk inherent in investment in capital markets.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in interest rates. United Way is exposed to this risk through its investments and long-term liabilities (mortgage). United Way manages this risk by holding a diversified investment portfolio and using a professional investment advisor, as well as regular monitoring of its mortgage and interest rates. This resulted in United Way locking its mortgage in for a 5-year fixed term during 2016-2017.

Foreign currency risk

Foreign currency exposure arises from the Organization's holdings of foreign securities. The amount of foreign securities held at March 31, 2017 is set out in Note 11 (a). The objective of United Way's investment policy is to manage currency risk by maintaining a diversified portfolio. The Organization does not engage in hedging transactions to reduce its exposure to foreign currency fluctuations.

Equity price risk

Equity price risk is the risk that the value of United Way's financial instruments will fluctuate due to changes in market prices. United Way is exposed to equity price risk because of its investment in index pooled funds. The objective of the Organization's investment policy is to manage equity price risk through its asset mix parameters and maintaining a diversified portfolio. The performance of United Way's investments is monitored by measuring against a benchmark consisting of relative weightings of TSX, S&P, FTSE TMX Canada Universe Bond Index.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2017

12. PENSION PLAN

The employees of United Way of Winnipeg are members of the Community Agencies Retirement Plan, a multi-employer, defined benefit pension plan, covering eligible members of participating community agencies in Manitoba.

The Plan is registered under the Pension Benefits Act of Manitoba and is funded by employee and agency matching contributions. The contributions are based on each employee's salary. At least every three years an actuarial valuation is performed to determine if the contributions are adequate to finance the benefits accruing under the Plan and finance the amortization of any unfunded liabilities. Should contributions on a matching basis prove to be inadequate, then special payments are required to be made by the agencies.

An actuarial valuation prepared as at December 31, 2015 estimated that, on the basis of the data, assumptions and methods employed in the valuation, the current contribution rates are adequate to finance all membership service benefits accrued to that date.

In November 2015 the Province has allowed the Plan to opt out of solvency funding requirements of the Pension Act. This exemption will reduce the risk to members' benefits and the future of the Plan that can be caused by the volatility of the markets and historically low interest rates.

While the Community Agencies Retirement Plan is a defined benefit pension plan, it is accounted for as a defined contribution plan – given that it is a multi-employer plan which makes it difficult to differentiate United Way of Winnipeg's portion. United Way of Winnipeg's pension contribution and expense for the year was \$351,741 (2016 - \$327,547).

13. THE WINNIPEG BOLDNESS PROJECT

The Winnipeg Boldness Project was established to support innovations in the design and delivery of breakthrough approaches to early childhood development in the Point Douglas Community area. A Stewardship Group was put into place to act as a guiding body for the project, which provides direction and accountability while encouraging collaboration and knowledge sharing from some of Winnipeg's most experienced members of the non-profit and business community.

The Winnipeg Boldness Project falls under the umbrella of United Way of Winnipeg, which provides administrative, fundraising and financial organizational support for the project. Contributions received for The Winnipeg Boldness Project are deferred and recognized in revenue of the Community Fund in the period in which the related expenses are incurred.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2017

14. FOR EVERY FAMILY INITIATIVE

For Every Family (FEF) is a United Way Vision Philanthropy Initiative with the aim of strengthening families by enhancing the preventative family-centred approaches offered through 24 United Way funded Family Resource Centres (FRCs) located in neighbourhoods throughout Winnipeg. Three primary objectives were identified. Firstly, to have doors open longer by enhancing the hours of operation of FRCs so that families could have greater access to the supports provided; secondly, the opportunity to augment proven programs and services within FRCs and thirdly, the establishment of a formalized network among FRCs themselves in order to facilitate the sharing of effective practices, leverage resources, and develop shared services where possible. United Way's FEF Vision Philanthropy Committee has set a fundraising goal of \$7,500,000 over six years and includes partners such as The Winnipeg Foundation, Great West Life and other corporate and private donors. As well, the Province of Manitoba has committed to match the funds raised up to \$7,500,000 to flow over the six year period, for a total potential investment of \$15,000,000 towards the FEF Initiative. The development of a robust evaluation framework is underway in order to examine the collective value FRCs provide in their preventative work in supporting families and to support a case for longer term sustainability.

During the fiscal year, total revenues of \$2,107,500 were raised for the FEF Initiative; consisting of \$1,107,500 in donations and a \$1,000,000 match from the Province of Manitoba. As at March 31, 2017 \$2,043,906 was deferred, as revenue is only recognized equal to the current year expenses for FEF.

15. GOVERNMENT GRANTS

The following government grants were received during the year:

	<u>2017</u>	<u>2016</u>
Provincial of Manitoba – Operating	\$ 4,419,767	\$ 4,274,803
Province of Manitoba – Winnipeg Poverty Reduction Council	50,000	50,000
City of Winnipeg – PEG Community Indicator System	30,000	30,000
Province of Manitoba – Pension	16,836	16,836
	<u>\$ 4,516,603</u>	<u>\$ 4,371,639</u>
Province of Manitoba – FEF Initiative (see Notes 10 & 14)	\$ 1,000,000	\$ -

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year presentation standards.