

Financial Statements of
UNITED WAY OF WINNIPEG
March 31, 2018

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, 2018 and the statement of community and operating activities, statement of 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, 2018 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 28, 2018
Winnipeg, Manitoba

TABLE OF CONTENTS

	<u>Page</u>
Statement of Financial Position	1
Statement of Community and Operating Activities for the year ended March 31, 2018	2
Statement of Community and Operating Activities for the year ended March 31, 2017	3
Statement of Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 16

UNITED WAY OF WINNIPEG
Statement of Financial Position
March 31, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
CASH AND INVESTMENTS (Note 4)	\$ 36,848,061	\$ 33,826,548
PLEDGES RECEIVABLE (Note 5)	10,923,013	12,481,230
CAPITAL ASSETS (Note 6)	8,510,544	8,743,801
	\$ 56,281,618	\$ 55,051,579
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (Note 7)	\$ 1,415,834	\$ 1,583,862
MORTGAGE PAYABLE (Note 8)	1,028,580	1,289,024
DEFERRED CONTRIBUTIONS (Note 9)	4,675,200	3,533,512
OTHER LIABILITIES (Note 10)	1,498,824	1,402,906
	8,618,438	7,809,304
FUND BALANCES (Note 3)		
COMMUNITY FUND	20,919,620	20,957,714
OPERATING FUND	355,023	438,468
CAPITAL ASSETS FUND	6,662,314	6,890,785
TOMORROW FUND	14,545,900	13,500,382
STABILIZATION FUND	4,982,718	5,264,926
BUILDING FUND	197,605	190,000
	47,663,180	47,242,275
	\$ 56,281,618	\$ 55,051,579

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES



.....
Marilyn McLaren, Chairperson



.....
Ainsley Donald, Treasurer

UNITED WAY OF WINNIPEG
Statement of Community and Operating Activities
Year Ended March 31, 2018

	2018						Total
	Community Fund	Operating Fund	Capital Assets Fund	Tomorrow Fund	Stabilization Fund	Building Fund	
REVENUE							
Net campaign contributions:							
Donations	\$ 19,253,007						\$ 19,253,007
For Every Family - Vision Philanthropy (Note 14)	1,888,607						1,888,607
Donor directed	1,108,171						1,108,171
Donor directed fees		15,980					15,980
(Deficiency) recoveries from the campaigns of prior years	(101,212)						(101,212)
Legacy giving				816,366			816,366
Government Grants (Note 15)	50,000	4,436,836					4,486,836
Sponsorships, grants and other income	405,311	356,279					761,590
Funding partners and special initiatives	26,826						26,826
50th Anniversary - Crowd Funding	1,575						1,575
The Winnipeg Boldness Project revenue (Note 13)	685,396						685,396
Investment income (Note 2b)					1,623,406		1,623,406
	23,317,681	4,809,095	-	816,366	1,623,406	-	30,566,548
COMMUNITY INVESTMENT							
Funding to agencies	17,387,838						17,387,838
For Every Family - Vision Philanthropy (Note 14)	1,888,607						1,888,607
Donor directed	1,108,171						1,108,171
Programs and activities	3,194,701						3,194,701
The Winnipeg Boldness Project expenses (Note 13)	685,396						685,396
50th Anniversary - Crowd Funding Expense	1,538						1,538
Management and administration		540,443					540,443
United Way of Canada		235,724					235,724
	24,266,251	776,167	-	-	-	-	25,042,418
OPERATIONS							
Resource development		4,597,230					4,597,230
Organizational development initiatives		40,681					40,681
Amortization of capital assets			427,239				427,239
	-	4,637,911	427,239	-	-	-	5,065,150
One-Time Special Initiatives	-	38,075	-	-	-	-	38,075
Total Expenditures	24,266,251	5,452,153	427,239	-	-	-	30,145,643
Excess (deficiency) of revenue over expenditures	\$ (948,570)	\$ (643,058)	\$ (427,239)	\$ 816,366	\$ 1,623,406	-	\$ 420,905

UNITED WAY OF WINNIPEG
Statement of Community and Operating Activities
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
For Every Family - Vision Philanthropy (Note 14)	63,594						63,594
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
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		4,544,164					4,544,164
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
Total Expenditures	22,512,465	5,398,503	408,126	-	-	-	28,319,094
Excess (deficiency) of revenue over expenditures	\$ (382,343)	\$ (551,465)	\$ (408,126)	\$ 453,286	\$ 2,640,078	-	\$ 1,751,430

UNITED WAY OF WINNIPEG
Statement of Changes in Fund Balances
Year Ended March 31, 2018

	2018						
	Community Fund	Operating Fund	Capital Assets Fund	Tomorrow Fund	Stabilization Fund	Building Fund	Total
Fund balance, beginning of year	\$ 20,957,714	\$ 438,468	\$ 6,890,785	\$ 13,500,382	\$ 5,264,926	\$ 190,000	\$ 47,242,275
Excess (deficiency) of revenue over expenditures	(948,570)	(643,058)	(427,239)	816,366	1,623,406	-	420,905
Fund transfers:							
Allocation of Investment Income	395,942	569,374	-	229,152	(1,194,468)	-	-
Purchase of capital assets	(41,716)	(139,657)	198,768	-	-	(17,395)	-
Building Fund	(5,750)	(19,250)	-	-	-	25,000	-
Business Development	-	67,230	-	-	(67,230)	-	-
CRM Project	-	43,842	-	-	(43,842)	-	-
Family Resource Centres	-	31,508	-	-	(31,508)	-	-
Leadership Development	-	6,566	-	-	(6,566)	-	-
Community Fund	562,000	-	-	-	(562,000)	-	-
	910,476	559,613	198,768	229,152	(1,905,614)	7,605	-
Increase (decrease) in fund balance for the year	(38,094)	(83,445)	(228,471)	1,045,518	(282,208)	7,605	420,905
Fund balance, end of year	\$ 20,919,620	\$ 355,023	\$ 6,662,314	\$ 14,545,900	\$ 4,982,718	\$ 197,605	\$ 47,663,180

	2017						
	Community Fund	Operating Fund	Capital Assets Fund	Tomorrow Fund	Stabilization Fund	Building Fund	Total
Fund balance, beginning of year	\$ 20,918,180	\$ 325,836	\$ 7,134,989	\$ 12,866,381	\$ 4,080,459	\$ 165,000	\$ 45,490,845
Excess (deficiency) of revenue over expenditures	(382,343)	(551,465)	(408,126)	453,286	2,640,078	-	1,751,430
Fund transfers:							
Allocation of Investment Income	421,877	539,749	-	180,715	(1,142,341)	-	-
Purchase of capital assets	-	(163,922)	163,922	-	-	-	-
Building Fund	-	(25,000)	-	-	-	25,000	-
CRM Project	-	95,803	-	-	(95,803)	-	-
Business Development	-	153,327	-	-	(153,327)	-	-
50th Anniversary	-	2,462	-	-	(2,462)	-	-
Family Resource Centres	-	61,678	-	-	(61,678)	-	-
	421,877	664,097	163,922	180,715	(1,455,611)	25,000	-
Increase (decrease) in fund balance for the year	39,534	112,632	(244,204)	634,001	1,184,467	25,000	1,751,430
Fund balance, end of year	\$ 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 Cash Flows

Year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Excess of revenue over expenditures	\$ 420,905	\$ 1,751,430
Items not involving cash		
Amortization	427,239	408,126
Unrealized gain on investments	(619,620)	(2,647,532)
Loss on disposal of capital assets	4,787	-
Non-operating Tomorrow Fund contributions	(816,366)	(453,286)
Change in deferred contributions	1,141,688	114,301
Changes in non-cash working capital	1,464,198	237,566
	<u>2,022,831</u>	<u>(589,395)</u>
Cash flows from financing activities		
Tomorrow Fund contributions received	838,274	530,103
New Building Capital contributions received	-	40,000
Repayment of mortgage payable	(260,444)	(261,846)
	<u>577,830</u>	<u>308,257</u>
Cash flows from investing activity		
Capital expenditures, net	(198,768)	(163,922)
Change in cash and cash equivalents	2,401,893	(445,060)
Cash and cash equivalents, beginning of year	5,516,221	5,961,281
Cash and cash equivalents, end of year	<u>\$ 7,918,114</u>	<u>\$ 5,516,221</u>
Represented by:		
Cash	\$ 7,461,017	\$ 5,061,784
Short-term investments	457,097	454,437
	<u>\$ 7,918,114</u>	<u>\$ 5,516,221</u>

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2018

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, 2018

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 \$880,017 (2017 - \$1,028,416).

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, 2018

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, 2018

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 2018 Statement of Community and Operating Activities include the proceeds of the 2017 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, 2019.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2018

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 and Community Funds. 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 and Community Funds 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, 2018

4. CASH AND INVESTMENTS

	<u>2018</u>	<u>2017</u>
Cash	\$ 7,461,017	\$ 5,061,784
Short-term investments	457,097	454,437
Pooled investment funds	28,929,947	28,310,327
	\$ 36,848,061	\$ 33,826,548

5. PLEDGES RECEIVABLE

	<u>2018</u>	<u>2017</u>
Current campaign pledges	\$ 8,525,184	\$ 8,800,560
Prior campaign pledges	785,383	918,256
Other pledges	135,621	178,745
Province of Manitoba grants	1,500,000	2,115,050
Other miscellaneous receivables	1,479,386	1,968,619
	12,425,574	13,981,230
Less allowance for uncollectible pledges	(1,502,561)	(1,500,000)
	\$ 10,923,013	\$ 12,481,230

The gross allowance for uncollectible pledges of \$1,530,000 (2017 - \$1,500,000) is net of write-offs recorded of \$27,439 (2017 - \$nil).

6. CAPITAL ASSETS

	<u>2018</u>		<u>2017</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 713,377	\$ 539,641	\$ 704,686	\$ 481,106
Equipment	15,297	15,297	15,297	15,297
Computer equipment	1,086,980	902,593	951,436	830,525
Computer software	1,291,166	1,283,513	1,289,176	1,278,509
Donation software	883,231	291,568	839,390	205,383
Telecommunications	94,856	71,142	94,856	61,656
Land	523,283	-	523,283	-
Building	8,446,960	1,440,852	8,446,960	1,248,807
	13,055,150	4,544,606	12,865,084	4,121,283
Cost less accumulated amortization	\$ 8,510,544		\$ 8,743,801	

7. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable and accrued liabilities at March 31, 2018 is \$47,759 of property taxes owing and payroll remittances (2017 - \$47,524).

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2018

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% (2017 – fixed rate of 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.

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

- A commercial loan, which as at March 31, 2018 is \$1,028,580;
- Government contributions of \$5,389,958 from Canada Manitoba Infrastructure; and
- \$1,810,000 of capital campaign donation pledges.

As at March 31, 2018, there is approximately \$nil (2017 - \$40,000) 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 \$419,517 (2017 - \$629,187). Deferred contributions also includes, deferred revenue related to the For Every Family (FEF) Initiative of \$3,472,799 (2017 - \$2,043,906) (see Note 14).

10. OTHER LIABILITIES

Other liabilities include funds payable to other United Ways of \$994,458 (2017 - \$1,031,643).

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.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2018

11. FINANCIAL INSTRUMENTS (continued)

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:

Pooled Investment Funds

Corporate/Government Bond Funds	11.0%	\$ 3,183,165
Canadian Equity Funds	24.4%	7,060,277
Canadian Real Estate Funds	15.3%	4,419,094
Mortgage Funds	22.0%	6,377,414
U.S. Equity Funds	8.1%	2,361,617
U.S. Dividends	5.0%	1,443,547
International Equity Funds	10.0%	2,882,386
Emerging Markets Fund	4.2%	1,202,447
	<u>100.0%</u>	<u>\$ 28,929,947</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, 2018 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.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2018

11. FINANCIAL INSTRUMENTS (continued)

b) Market risk (continued)

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.

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. An actuarial valuation is performed every year 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, 2016 estimated that, on the basis of the data, assumptions and methods employed in the valuation, the current contribution rates are adequate, on an ongoing concern basis, to finance all membership service benefits accrued to that date.

In November 2015 the Province allowed the Plan to be exempt from the 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 \$343,100 (2017 - \$351,741).

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2018

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.

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 \$3,317,500 (2017 - \$2,107,500) were raised for the FEF Initiative; consisting of \$1,817,500 (2017 - \$ 1,107,500) in donations and a \$1,500,000 (2017 - \$1,000,000) match from the Province of Manitoba. As at March 31, 2018 \$3,472,799 (2017 - \$2,043,906) was deferred, as revenue is only recognized equal to the current year expenses for FEF.

UNITED WAY OF WINNIPEG
Notes to the Financial Statements
March 31, 2018

15. GOVERNMENT GRANTS

The following government grants were received during the year:

	<u>2018</u>	<u>2017</u>
Provincial of Manitoba – Operating	\$ 4,420,000	\$ 4,419,767
Province of Manitoba – Winnipeg Poverty Reduction Council	50,000	50,000
City of Winnipeg – PEG Community Indicator System	-	30,000
Province of Manitoba – Pension	16,836	16,836
	<u>\$ 4,486,836</u>	<u>\$ 4,516,603</u>
Province of Manitoba – FEF Initiative (see Notes 9 & 14)	<u>\$ 1,500,000</u>	<u>\$ 1,000,000</u>

16. COMPARATIVE FIGURES

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