

UNITED WAY OF LUNENBURG COUNTY
Financial Statements
Year Ended December 31, 2012



Belliveau Veinotte Inc.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of United Way of Lunenburg County

We have audited the accompanying financial statements of United Way of Lunenburg County, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, and the statements of operations, changes in fund balances and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 audits. We conducted our audits 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 audits is sufficient and appropriate to provide a basis for our audit opinion.

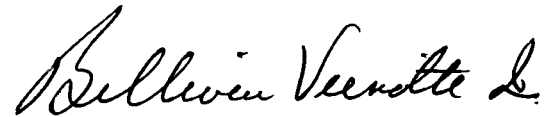
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Independent Auditor's Report to the Members of United Way of Lunenburg County *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Way of Lunenburg County as at December 31, 2012, December 31, 2011 and January 1, 2011, and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Bridgewater, Nova Scotia
August 15, 2013



CHARTERED ACCOUNTANTS

UNITED WAY OF LUNENBURG COUNTY
Statement of Financial Position
December 31, 2012

	<i>December 31</i> 2012	<i>December 31</i> 2011	<i>January 1</i> 2011
ASSETS			
Current			
Cash	\$ 172,921	\$ 149,422	\$ 112,603
Pledges receivable (Note 5)	222,739	208,964	221,919
Other receivables	-	1,067	-
HST recoverable	3,680	3,198	2,036
Prepaid expenses	-	1,282	-
	\$ 399,340	\$ 363,933	\$ 336,558
LIABILITIES			
Current			
Accounts payable and accrued liabilities	\$ 9,283	\$ 13,240	\$ 20,672
Deferred revenue (Note 6)	216,146	203,111	190,777
	225,429	216,351	211,449
FUND BALANCES			
Operating fund	173,911	147,582	125,109
	\$ 399,340	\$ 363,933	\$ 336,558

ON BEHALF OF THE BOARD

Director

Director

See accompanying notes to the financial statements.

Statement of Operations

Year Ended December 31, 2012

	2012	2011
CAMPAIGN AND FUNDRAISING REVENUE		
Corporate gifts	\$ 51,030	\$ 55,030
Leadership gifts	21,168	25,250
Employee gifts	128,695	115,473
Special events	5,855	5,525
South Shore Youth Activity Day	-	926
	206,748	202,204
OTHER REVENUE		
S-VOX Foundation grant	10,000	-
Interest income	472	275
Sundry income	1,763	434
	12,235	709
DISTRIBUTIONS AND EXPENSES		
Allocations to agencies and organizations (Note 7)	137,037	114,691
Donor designations	21,001	18,984
Fundraising expenses (Schedule 1)	19,519	29,549
Community investment expenses (Schedule 1)	15,097	16,893
South Shore Youth Activity Day	-	323
	192,654	180,440
EXCESS OF REVENUE OVER DISTRIBUTIONS AND EXPENSES FOR THE YEAR	\$ 26,329	\$ 22,473

See accompanying notes to the financial statements.

UNITED WAY OF LUNENBURG COUNTY
Statement of Changes in Fund Balances
Year Ended December 31, 2012

	<u>2012</u>	<u>2011</u>
OPERATING FUND BALANCE - BEGINNING OF YEAR	\$ 147,582	\$ 125,109
Excess of revenue over distributions and expenses	<u>26,329</u>	<u>22,473</u>
OPERATING FUND BALANCE - END OF YEAR	<u>\$ 173,911</u>	<u>\$ 147,582</u>

See accompanying notes to the financial statements.

Statement of Cash Flows

Year Ended December 31, 2012

	2012	2011
OPERATING ACTIVITIES		
Excess of revenue over distributions and expenses	\$ 26,329	\$ 22,473
Changes in non-cash working capital:		
Pledges receivable	(13,775)	12,955
Other receivables	1,067	(1,067)
HST recoverable	(482)	(1,162)
Prepaid expenses	1,282	(1,282)
Accounts payable and accrued liabilities	(3,957)	(7,432)
Deferred revenue	13,035	12,334
	(2,830)	14,346
INCREASE IN CASH FLOW	23,499	36,819
Cash - beginning of year	149,422	112,603
CASH - END OF YEAR	\$ 172,921	\$ 149,422

See accompanying notes to the financial statements.

Notes to Financial Statements**Year Ended December 31, 2012**

1. NATURE OF OPERATIONS

The mission of the United Way of Lunenburg County is to strengthen neighbourhoods and communities by facilitating programs and services that link people and resources, encourage participation and increase giving.

The United Way of Lunenburg County is incorporated under the Societies Act of The Province of Nova Scotia and is registered as a charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes, and is able to issue donation receipts for income tax purposes.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESAccounting 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Fund accounting

The Organization uses fund accounting. The Operating Fund accounts for the United Way of Lunenburg County's fundraising activities and contributions. This fund reports the monies which are available to provide support to the community.

Revenue recognition

United Way of Lunenburg County follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donor designations, which have externally imposed restrictions, are recorded as revenue in the year the funds are received and the designated agency is funded.

Campaign and fundraising revenue is comprised of unrestricted contributions for the current year campaign and designated contributions recognized in the year. An allowance for pledge loss is recorded when necessary to reduce pledges receivable based on historical percentages for pledge collections and on actual collection experience.

Unrestricted investment income includes interest earned on unrestricted bank balances and is recognized as revenue when earned.

Cash

Cash includes cash on hand and balances with banks.

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Notes to Financial Statements

Year Ended December 31, 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*Pledges receivable

Contributions pledged are recorded as receivable and allowances are provided as necessary for amounts estimated to be uncollectible.

Expense allocations

The United Way of Lunenburg County allocates certain overhead expenses which do not pertain specifically to community impact programs or fundraising based on the Board of Director's estimates of the coordinator's time and dollars spent as indicated below:

	<u>2012</u>	<u>2011</u>
Community impact programs	50%	50%
Fundraising	50%	50%

Allocated overhead expenses include audit and accounting, contracted services, insurance, interest and bank charges, memberships and dues, office supplies, office equipment, telephone expenses and website development.

Allocations to agencies and organizations

Allocations to agencies and organizations are recognized when funding is approved by the Board of Directors and distributed.

Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Financial instruments policy*Measurement*

The Organization initially measures financial assets and liabilities at fair value when acquired or issued

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in marketable securities that are quoted in actively traded markets, which are measured at fair value, with any unrealized gains and losses reported in income.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities

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Notes to Financial Statements

Year Ended December 31, 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)**Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Transaction costs

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

4. FIRST TIME ADOPTION OF CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective January 1, 2012, the Organization has elected to apply Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO), Part III of the Canadian Institute of Chartered Accountants (CICA) handbook. This framework is in accordance with Canadian generally accepted accounting principles. These are the first financial statements prepared in accordance with this new framework.

The financial statements for the year ended December 31, 2012 were prepared in accordance with the accounting principles and provisions set out in First-Time-Adoption, Section 1501 of the CICA handbook, for first-time adopters of this basis of accounting. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions. The accounting policies set out in the significant policy note have been applied in preparing the financial statements for the period ended December 31, 2012, the comparative information presented the financial statements for the year ended December 31, 2011 and in the preparation of an ASNPO opening statement of financial position as at January 1, 2011 - which is the association's date of transition.

The association issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by the CICA Handbook-Accounting XFI.

The adoption of ASNPO has no impact on the previously reported assets, liabilities and fund balances of the Organization, and accordingly, no adjustments have been recorded in the comparative statements of financial position, statements of operations, fund balances and cash flows. Certain of the Organization's presentation and disclosures included in these financial statements reflect the new presentation and disclosure requirements of ASNPO.

5. PLEDGES RECEIVABLE

	2012	2011
Current year's campaign pledges	\$ 179,236	\$ 169,793
Prior year's campaign pledges	43,503	39,171
	\$ 222,739	\$ 208,964

Notes to Financial Statements

Year Ended December 31, 2012

6. DEFERRED REVENUE

	2012	2011
Balance - beginning of year	\$ 203,111	\$ 190,776
Amount recognized as revenue	(203,111)	(190,776)
Amount received or pledged	216,146	203,111
Balance - end of year	\$ 216,146	\$ 203,111

7. ALLOCATIONS TO AGENCIES AND ORGANIZATIONS

	2012	2011
Big Brothers Big Sisters of South Shore	\$ 20,500	\$ 13,979
Bridgewater Family Resource Centre	-	2,000
Bridgewater Interchurch Foodbank	5,000	-
Chester Arts Centre Association	700	-
Chester Family Centre	-	2,450
First Steps Early Intervention Association	7,000	7,000
Fox Point Community Centre	5,000	3,700
Habitat for Humanity	5,000	-
Harbour House	-	9,132
Heartwood Centre for Community Youth Development	3,000	-
Hinchinbrook Farm Society	3,200	3,200
Lunenburg County Adult Learning Network	2,000	2,000
Lunenburg Queens Volunteer Partnership	-	3,000
Municipality of Chester - P.R.O. Kids	3,000	3,000
Municipality of Lunenburg - P.R.O. Kids	7,000	7,000
New Germany Area Promotion Association	3,500	3,500
New Germany Medical Centre	-	3,000
North River Recreation Committee	-	2,500
S-VOX Foundation	15,000	-
Scouts Canada	5,000	-
Second Story Women's Centre	4,000	4,430
Senior Wheels Association	5,000	5,000
Society of St. Vincent de Paul	11,000	10,000
South Shore Community Service Association	3,350	-
South Shore Family Resource Association	-	10,000
South Shore Public Libraries	5,700	-
South Shore Seahawks Football Club	4,337	-
Through the Years Daycare and Community Centre	-	3,000
Town of Bridgewater - P.R.O. Kids	6,000	6,000
VON Lunenburg District	-	1,800
YMCA Lunenburg County	12,750	9,000
	\$ 137,037	\$ 114,691

Notes to Financial Statements
Year Ended December 31, 2012

8. ALLOCATION OF EXPENSES

	Fundraising	Community impact programs
Allocation of administrative expenses	50 %	50 %
2012 Allocation of expenses were as follows:		
Contracted services	\$ 10,925	\$ 10,925
Insurance	368	368
Interest and bank charges	8	8
Membership and dues	50	50
Office equipment	475	475
Office supplies	377	377
Telephone	30	30
Website development	789	789
	\$ 13,022	\$ 13,022

9. COMMITMENTS

The United Way of Lunenburg County, as a member of the United Way of Canada, has signed a membership agreement which requires the Organization to follow policies and procedures, as amended from time to time, including a payment of annual membership dues of \$1,282 (2011, \$1,284).

The United Way of Lunenburg County's coordinator is contracted on an annual basis with the current contract expiring December 31, 2012.

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

11. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2012.

Credit risk

Credit risk arises from the potential that a counter party may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to campaign pledges receivable. The United Way of Lunenburg County assesses, on a continuous basis, campaign pledges receivable and provides for any amounts that are not collectable in an allowance for uncollectible pledges as described in note 3. The Organization has a significant number of pledges which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the Organization will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The United Way of Lunenburg County prepares a budget to ensure it has sufficient funds to fulfil its obligations. Accounts payable and accrued liabilities are generally repaid within 30 days.

Schedule One

Year Ended December 31, 2012

	2012	2011
FUNDRAISING EXPENSES		
Advertising	\$ 2,398	\$ 323
Audit and accounting	2,075	2,075
Contracted services - coordinator (Note 9)	10,925	10,925
Fundraising supplies	671	11,166
Insurance	368	541
Interest and bank charges	8	7
Membership and dues	79	50
Membership dues to the United Way of Canada (Note 9)	1,282	1,284
Office equipment	475	292
Office supplies	377	373
Telephone	30	-
Travel and meetings	42	2,443
Website development	789	70
	\$ 19,519	\$ 29,549
COMMUNITY INVESTMENT EXPENSES		
Audit and accounting	\$ 2,075	\$ 2,075
Contracted services - coordinator	10,925	10,925
Insurance	368	541
Interest and bank charges	8	6
Membership and dues	50	50
Office equipment	475	-
Office supplies	377	617
Telephone	30	-
Travel and meetings	-	2,609
Website development	789	70
	\$ 15,097	\$ 16,893