

UNITED WAY OF LUNENBURG COUNTY
Financial Statements
Year Ended December 31, 2016

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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 statement of financial position as at December 31, 2016 and the statements of operations, changes in fund balances and cash flow 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 qualified audit opinion.

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

Basis for Qualified Opinion

In common with many not-for-profit organizations, United Way of Lunenburg County derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of United Way of Lunenburg County. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2016, current assets and net assets as at December 31, 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of United Way of Lunenburg County as at December 31, 2016 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Bridgewater, Nova Scotia
June 29, 2017


CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Statement of Financial Position

December 31, 2016

	2016	2015
ASSETS		
Current		
Cash	\$ 100,410	\$ 133,089
Pledges receivable (Note 4)	208,577	173,656
Other receivables	2,507	-
HST recoverable	2,805	1,924
	\$ 314,299	\$ 308,669
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 4,300	\$ 6,323
Deferred revenue	201,173	146,379
	205,473	152,702
NET ASSETS		
Operating fund	108,826	155,967
	\$ 314,299	\$ 308,669

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See accompanying notes to the financial statements

Statement of Operations

Year Ended December 31, 2016

	2016	2015
CAMPAIGN AND FUNDRAISING REVENUE		
Corporate gifts	\$ 40,261	\$ 49,206
Employee gifts	157,984	158,927
Other fundraising and donations	6,855	15,590
	205,100	223,723
OTHER REVENUE		
Interest income	17	56
Returned grant revenue	-	2,000
TD Bank student grant	-	12,704
	17	14,760
DISTRIBUTIONS AND EXPENSES		
Allocations to agencies and organizations (<i>Note 8</i>)	161,291	170,817
Donor designations	21,076	16,581
Fundraising expenses (Schedule 1)	37,453	31,336
Community investment expenses (Schedule 1)	20,055	31,726
Uncollectible pledges	12,383	12,393
	252,258	262,853
DEFICIENCY OF CAMPAIGN AND FUNDRAISING REVENUE OVER DISTRIBUTIONS AND EXPENSES	\$ (47,141)	\$ (24,370)

See accompanying notes to the financial statements

UNITED WAY OF LUNENBURG COUNTY
Statement of Changes in Fund Balances
Year Ended December 31, 2016

	2016	2015
OPERATING FUND BALANCE - BEGINNING OF YEAR	\$ 155,967	\$ 180,337
Deficiency of campaign and fundraising revenue over distributions and expenses	(47,141)	(24,370)
OPERATING FUND BALANCE - END OF YEAR	\$ 108,826	\$ 155,967

See accompanying notes to the financial statements

Statement of Cash Flow

Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Deficiency of campaign and fundraising revenue over distributions and expenses	\$ (47,141)	\$ (24,370)
Changes in non-cash working capital:		
Pledges receivable	(34,921)	42,119
Other receivables	(2,507)	1,000
HST recoverable	(881)	(854)
Accounts payable and accrued liabilities	(2,023)	(2,777)
Deferred revenue	54,794	(46,358)
	14,462	(6,870)
DECREASE IN CASH FLOW	(32,679)	(31,240)
Cash - beginning of year	133,089	164,329
CASH - END OF YEAR	\$ 100,410	\$ 133,089

See accompanying notes to the financial statements

Notes to Financial Statements

Year Ended December 31, 2016

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 POLICIES

Accounting 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 Society 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.

(continues)



Notes to Financial Statements

Year Ended December 31, 2016

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

Cash includes cash on hand and balances with banks.

Pledges receivable

Contributions pledged are recorded at their net realizable value when the amount to be received can be reasonably estimated and collection is reasonably assured. Uncollectible pledges include pledges that have been written off. Pledge 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>2016</u>	<u>2015</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, rent, 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

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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

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

Notes to Financial Statements

Year Ended December 31, 2016

4. PLEDGES RECEIVABLE

	2016	2015
2016 Campaign	\$ 169,579	\$ -
2015 Campaign	38,998	139,453
2014 Campaign	-	34,203
	\$ 208,577	\$ 173,656

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trade accounts payable	\$ -	\$ 4,173
Accrued liabilities	4,300	2,150
	\$ 4,300	\$ 6,323

6. DEFERRED REVENUE

	2016	2015
Balance - beginning of year	\$ 146,379	\$ 192,737
Less: Amount recognized as revenue	(145,782)	(180,344)
Less: Loss on pledges	(597)	(12,393)
Add: Amount received or pledged	201,173	146,379
Balance - end of year	\$ 201,173	\$ 146,379

7. ALLOCATION OF EXPENSES

	Fundraising	Community impact programs
Allocation of administrative expenses	50 %	50 %
2016 Allocation of expenses were as follows:		
Accounting and auditing	\$ 3,150	\$ 3,150
Contracted services	11,704	11,704
Insurance	1,305	1,305
Interest and bank charges	94	94
Office supplies	627	627
Rent	269	269
Travel and meetings	854	854
Website development	16	16
	\$ 18,019	\$ 18,019

Notes to Financial Statements

Year Ended December 31, 2016

8. ALLOCATIONS TO AGENCIES AND ORGANIZATIONS

	2016	2015
Alternatives Association for Treating Abusive Men	\$ -	\$ 4,700
Big Brothers Big Sisters of South Shore	11,000	16,000
First Steps Early Intervention Association	-	1,615
Freeman House Community Kitchen	13,221	-
HHELLPS - Fox Point Community Centre	4,616	4,335
Hinchinbrook Farm Society	6,420	8,200
Lunenburg County Adult Learning Network	3,000	3,000
Lunenburg County Lifestyle Centre	-	2,867
Lunenburg County Sexual Health Centre	1,632	-
Lunenburg and District Music Festival	300	-
Mahone Bay Centre Society	1,500	2,000
Mahone Bay Settlers Museum	-	500
Municipality of Chester - P.R.O. Kids	7,440	-
Municipality of Chester Transportation Committee - Community Wheels	5,000	5,000
Municipality of the District of Lunenburg - P.R.O. Kids	11,160	12,000
Nova Scotia Health	-	4,750
Second Story Women's Centre	9,500	8,430
Senior Wheels Association	5,000	5,000
Society of St. Vincent de Paul	20,000	23,000
South Shore Family Resource Association	11,000	11,000
South Shore Safe Community Association	6,900	10,000
South Shore Transition House Association	10,000	15,000
Town of Bridgewater - Bridgewater Pool Extreme Heat	-	1,000
Town of Bridgewater - P.R.O. Kids	5,580	6,000
Victorian Order of Nurses	5,522	-
YMCA Lunenburg County	22,500	23,500
Youth Art Connection	-	2,920
	\$ 161,291	\$ 170,817

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 Society to follow policies and procedures, as amended from time to time, including a payment of annual membership dues of \$500 (2015; \$3,799). The annual membership dues for fiscal 2017 and subsequent years will be a set fee of \$3,000.

The United Way of Lunenburg County's coordinator is contracted on an annual basis with the current contract expiring December 31, 2016.

The United Way of Lunenburg County has a contract with the United Way of Halifax Region for campaign processing and financial reporting for an annual fee of \$2,000.

The United Way of Lunenburg County has entered into an agreement with the Town of Bridgewater for which the United Way of Lunenburg County has agreed to help fund Extreme Heat Swims. This commitment is for a contribution of \$7,500 annually for a 5 year term extending from 2016 to 2021.

Notes to Financial Statements

Year Ended December 31, 2016

10. FINANCIAL INSTRUMENTS

The Society 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 Society's risk exposure and concentration as of December 31, 2016.

Credit risk

Credit risk arises from the potential that a counter party may default on its contractual obligations resulting in a financial loss. The Society 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 Society has a significant number of pledges which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the Society will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Society 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.

11. COMPARATIVE FIGURES

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

Schedule One

Year Ended December 31, 2016

	2016	2015
FUNDRAISING EXPENSES		
Advertising	\$ 1,193	\$ 1,040
Audit and accounting	3,150	2,075
Contracted services - coordinator (Note 9)	11,704	11,514
Fundraising supplies	17,741	9,961
Insurance	1,305	1,246
Interest and bank charges	94	89
Membership dues to the United Way of Canada (Note 9)	500	3,799
Office equipment	76	-
Office supplies	551	395
Rent	269	434
Travel and meetings	854	757
Website development	16	26
	\$ 37,453	\$ 31,336
COMMUNITY INVESTMENT EXPENSES		
211 Nova Scotia fees	\$ 499	\$ 1,882
Audit and accounting	3,150	2,075
Back in the Game	315	-
Bikes for Kids	32	-
Contracted services - coordinator (Note 9)	11,704	11,514
Insurance	1,305	1,246
Interest and bank charges	94	89
Office supplies	627	395
Plow it Forward	1,109	-
Rent	269	434
Summer student	27	13,227
Tool library	54	81
Travel and Meetings	854	757
Website development	16	26
	\$ 20,055	\$ 31,726