

UNITED WAY OF LUNENBURG COUNTY
Financial Statements
Year Ended December 31, 2017

	Page
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Revenues and Expenditures	5
Statement of Changes in Net Assets	6
Statement of Cash Flow	7
Notes to Financial Statements	8 - 12
Schedule One (<i>Schedule 1</i>)	13



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, 2017 and the statements of revenues and expenditures, changes in net assets 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 audit opinion.

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, 2017 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 27, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

UNITED WAY OF LUNENBURG COUNTY
Statement of Financial Position
December 31, 2017

	2017	2016
ASSETS		
Current		
Cash	\$ 131,814	\$ 100,410
Pledges receivable (Note 4)	185,703	208,577
Other receivables	-	2,507
HST recoverable	3,132	2,805
	\$ 320,649	\$ 314,299
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 8,031	\$ 4,300
Deferred revenue	150,362	201,173
	158,393	205,473
NET ASSETS		
Operating fund	162,256	108,826
	\$ 320,649	\$ 314,299

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See accompanying notes to the financial statements

UNITED WAY OF LUNENBURG COUNTY
Statement of Revenues and Expenditures
Year Ended December 31, 2017

	2017	2016
CAMPAIGN AND FUNDRAISING REVENUE		
Corporate gifts	\$ 43,643	\$ 40,261
Employee gifts	158,008	157,984
Other fundraising and donations	18,657	6,855
	220,308	205,100
OTHER REVENUE		
Interest income	8	17
DISBURSEMENTS AND EXPENSES		
Allocations to agencies and organizations (Note 8)	90,004	161,291
Community investment expenses (Schedule 1)	23,810	20,055
Donor designations	17,793	21,076
Fundraising expenses (Schedule 1)	30,949	37,453
Uncollectible pledges	4,330	12,383
	166,886	252,258
EXCESS (DEFICIENCY) OF CAMPAIGN AND FUNDRAISING REVENUE OVER DISBURSEMENTS AND EXPENSES	\$ 53,430	\$ (47,141)

See accompanying notes to the financial statements

UNITED WAY OF LUNENBURG COUNTY
Statement of Changes in Net Assets
Year Ended December 31, 2017

	2017	2016
OPERATING FUND BALANCE - BEGINNING OF YEAR	\$ 108,826	\$ 155,967
Excess of campaign and fundraising revenue over disbursements and expenses	53,430	(47,141)
OPERATING FUND BALANCE - END OF YEAR	\$ 162,256	\$ 108,826

See accompanying notes to the financial statements

Statement of Cash Flow

Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of campaign and fundraising revenue over disbursements and expenses	\$ 53,430	\$ (47,141)
Changes in non-cash working capital:		
Pledges receivable	22,874	(34,921)
Other receivables	2,507	(2,507)
Accounts payable and accrued liabilities	3,731	(2,023)
Deferred revenue	(50,811)	54,794
HST recoverable	(327)	(881)
	(22,026)	14,462
INCREASE (DECREASE) IN CASH FLOW	31,404	(32,679)
Cash - beginning of year	100,410	133,089
CASH - END OF YEAR	\$ 131,814	\$ 100,410

See accompanying notes to the financial statements

Notes to Financial Statements

Year Ended December 31, 2017

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, 2017

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>2017</u>	<u>2016</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.

4. PLEDGES RECEIVABLE

	2017	2016
2017 Campaign	\$ 130,195	\$ -
2016 Campaign	55,508	169,579
2015 Campaign	-	38,998
	\$ 185,703	\$ 208,577

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Trade accounts payable	\$ 3,031	\$ -
Accrued liabilities	5,000	4,300
	\$ 8,031	\$ 4,300

6. DEFERRED REVENUE

	2017	2016
Balance - beginning of year	\$ 201,173	\$ 146,379
Less: Amount recognized as revenue	(196,843)	(145,782)
Less: Loss on pledges	(4,330)	(597)
Add: Amount received or pledged	150,362	201,173
Balance - end of year	\$ 150,362	\$ 201,173

7. ALLOCATION OF EXPENSES

	Fundraising	Community impact programs
Allocation of administrative expenses	50 %	50 %
2017 Allocation of expenses were as follows:		
Accounting and auditing	\$ 3,575	\$ 3,575
Contracted services	12,768	12,768
Insurance	1,231	1,231
Interest and bank charges	31	31
Office supplies	757	757
Travel and meetings	1,789	1,789
	\$ 20,151	\$ 20,151

Notes to Financial Statements

Year Ended December 31, 2017

8. ALLOCATIONS TO AGENCIES AND ORGANIZATIONS

	2017	2016
Big Brothers Big Sisters of South Shore	\$ 5,000	\$ 11,000
Freeman House Community Kitchen	-	13,221
HHELLPS - Fox Point Community Centre	2,470	4,616
Hinchinbrook Farm Society	3,000	6,420
Lunenburg County Adult Learning Network	3,000	3,000
Lunenburg County Sexual Health Centre	-	1,632
Lunenburg and District Music Festival	-	300
Mahone Bay Centre Society	1,980	1,500
Mahone Bay Settlers Museum	500	-
Municipality of Chester - P.R.O. Kids	-	7,440
Municipality of Chester Transportation Committee - Community Wheels	3,300	5,000
Municipality of the District of Lunenburg - P.R.O. Kids	7,920	11,160
Second Story Women's Centre	6,550	9,500
Senior Wheels Association	3,300	5,000
Society of St. Vincent de Paul	9,900	20,000
South Shore Family Resource Association	7,260	11,000
South Shore Safe Community Association	5,280	6,900
South Shore Transition House Association	-	10,000
Town of Bridgewater - P.R.O. Kids	3,960	5,580
Victorian Order of Nurses	6,334	5,522
YMCA Lunenburg County	20,250	22,500
	\$ 90,004	\$ 161,291

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 \$3,000 (2016; \$500). 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, 2017.

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.

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, 2017.

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, 2017

	2017	2016
FUNDRAISING EXPENSES		
Advertising	\$ 449	\$ 1,193
Audit and accounting	3,575	3,150
Contracted services - coordinator (Note 9)	12,768	11,704
Fundraising supplies	4,349	17,741
Insurance	1,231	1,305
Interest and bank charges	31	94
Membership dues to the United Way of Canada (Note 9)	6,000	500
Office equipment	-	76
Office supplies	757	551
Rent	-	269
Travel and meetings	1,789	854
Website development	-	16
	\$ 30,949	\$ 37,453
COMMUNITY INVESTMENT EXPENSES		
211 Nova Scotia fees	\$ 2,237	\$ 499
Audit and accounting	3,575	3,150
Back in the Game	796	315
Bikes for Kids	-	32
Contracted services - coordinator (Note 9)	12,768	11,704
IPhone	626	-
Insurance	1,231	1,305
Interest and bank charges	31	94
Office supplies	757	627
Plow it Forward	-	1,109
Rent	-	269
Summer student	-	27
Tool library	-	54
Travel and Meetings	1,789	854
Website development	-	16
	\$ 23,810	\$ 20,055

See accompanying notes to the financial statements