

**UNITED WAY OF LUNENBURG**  
**Financial Statements**  
**Year Ended December 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of United Way of Lunenburg

### *Opinion*

We have audited the financial statements of United Way of Lunenburg (the Society), which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2018, 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.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



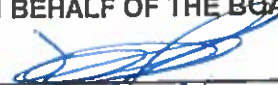
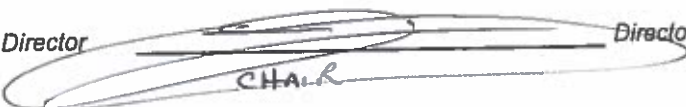
CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

Bridgewater, Nova Scotia  
July 19, 2019

UNITED WAY OF LUNENBURG  
 Statement of Financial Position  
 December 31, 2018

	2018	2017
<b>ASSETS</b>		
Current		
Cash	\$ 163,293	\$ 131,814
Pledges receivable (Note 4)	150,938	185,703
HST recoverable	3,791	3,132
	<b>\$ 318,022</b>	<b>\$ 320,649</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 9,565	\$ 8,031
Deferred revenue	154,038	150,362
	<b>163,603</b>	<b>158,393</b>
<b>NET ASSETS</b>		
Operating fund	<b>154,419</b>	<b>162,256</b>
	<b>\$ 318,022</b>	<b>\$ 320,649</b>

ON BEHALF OF THE BOARD

Vice-Chair
CHAIR

Director
Director

See accompanying notes to the financial statements

**UNITED WAY OF LUNENBURG**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2018**

	2018	2017
<b>CAMPAIGN AND FUNDRAISING REVENUE</b>		
Corporate gifts	\$ 45,065	\$ 43,643
Employee gifts	123,166	158,008
Other fundraising and donations	13,379	18,657
	<b>181,610</b>	<b>220,308</b>
<b>OTHER REVENUE</b>		
Interest income	9	8
<b>DISBURSEMENTS AND EXPENSES</b>		
Allocations to agencies and organizations <i>(Note 8)</i>	110,500	90,004
Community investment expenses (Schedule 1)	23,062	23,810
Donor designations	29,959	17,793
Fundraising expenses (Schedule 1)	25,935	30,949
Uncollectible pledges	-	4,330
	<b>189,456</b>	<b>166,886</b>
<b>EXCESS (DEFICIENCY) OF CAMPAIGN AND FUNDRAISING REVENUE OVER DISBURSEMENTS AND EXPENSES</b>	<b>\$ (7,837)</b>	<b>\$ 53,430</b>

See accompanying notes to the financial statements

**UNITED WAY OF LUNENBURG**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>OPERATING FUND BALANCE - BEGINNING OF YEAR</b>	<b>\$ 162,256</b>	<b>\$ 108,826</b>
Deficiency of campaign and fundraising revenue over disbursements and expenses	<b>(7,837)</b>	<b>53,430</b>
<b>OPERATING FUND BALANCE - END OF YEAR</b>	<b>\$ 154,419</b>	<b>\$ 162,256</b>

See accompanying notes to the financial statements

**UNITED WAY OF LUNENBURG**  
**Statement of Cash Flow**  
**Year Ended December 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of campaign and fundraising revenue over disbursements and expenses	\$ (7,837)	\$ 53,430
Changes in non-cash working capital:		
Pledges receivable	34,765	22,874
Other receivables	-	2,507
Accounts payable and accrued liabilities	1,534	3,731
Deferred revenue	3,676	(50,811)
HST recoverable	(659)	(327)
	<b>39,316</b>	<b>(22,026)</b>
<b>INCREASE IN CASH FLOW</b>	<b>31,479</b>	<b>31,404</b>
Cash - beginning of year	131,814	100,410
<b>CASH - END OF YEAR</b>	<b>\$ 163,293</b>	<b>\$ 131,814</b>

See accompanying notes to the financial statements



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.

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2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

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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 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.

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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>2018</u>	<u>2017</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

	2018	2017
2018 Campaign	\$ 114,148	\$ -
2017 Campaign	36,790	130,195
2016 Campaign	-	55,508
	<b>\$ 150,938</b>	<b>\$ 185,703</b>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade accounts payable	\$ 3,265	\$ 3,031
Accrued liabilities	6,300	5,000
	<b>\$ 9,565</b>	<b>\$ 8,031</b>

6. DEFERRED REVENUE

	2018	2017
Balance - beginning of year	\$ 150,362	\$ 201,173
Less: Amount recognized as revenue	(150,362)	(196,843)
Less: Loss on pledges	-	(4,330)
Add: Amount received or pledged	154,038	150,362
Balance - end of year	<b>\$ 154,038</b>	<b>\$ 150,362</b>

7. ALLOCATION OF EXPENSES

	Fundraising	Community impact programs
Allocation of administrative expenses	50 %	50 %
2018 Allocation of expenses were as follows:		
Accounting and auditing	\$ 2,800	\$ 2,800
Contracted services	12,768	12,768
Insurance	1,286	1,286
Interest and bank charges	46	46
Office supplies	1,359	1,359
Travel and meetings	1,136	1,136
	<b>\$ 19,395</b>	<b>\$ 19,395</b>

8. ALLOCATIONS TO AGENCIES AND ORGANIZATIONS

	2018	2017
Big Brothers Big Sisters of South Shore	\$ 7,000	\$ 5,000
Bridgewater Interchurch Foodbank	2,500	-
HHELLPS - Fox Point Community Centre	-	2,470
Hinchinbrook Farm Society	3,000	3,000
Lunenburg County Adult Learning Network	2,200	3,000
Mahone Bay Centre Society	2,500	1,980
Mahone Bay Settlers Museum	-	500
Municipality of Chester Transportation Committee - Community Wheels	5,000	3,300
Municipality of the District of Lunenburg - Beach Bus	900	-
Municipality of the District of Lunenburg - P.R.O. Kids	12,000	7,920
Second Story Women's Centre	6,644	6,550
Senior Wheels Association	1,405	3,300
Sexual Health Centre	1,446	-
Society of St. Vincent de Paul	15,000	9,900
South Shore Family Resource Association	11,000	7,260
South Shore Safe Community Association	5,000	5,280
St Stephen's Anglican Parish	6,405	-
Town of Bridgewater - P.R.O. Kids	6,000	3,960
Victorian Order of Nurses	-	6,334
YMCA Lunenburg County	22,500	20,250
	<b>\$ 110,500</b>	<b>\$ 90,004</b>

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 (2017; \$3,000. The annual membership dues for fiscal 2018 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, 2018.

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 in partnership with O'Regan's Subaru and the Barracuda Swim Club has entered into a five-year agreement (2016 – 2020) with the Town of Bridgewater to provide operational funding for the Bridgewater Outdoor Pool that helps to ensure its continued operations. This funding also provides free all access weekend community swimming and the opening of the pool for extreme heat swims.

The United Way of Lunenburg County contributes 1% of campaign revenue to 211 Nova Scotia for the operation of a provincial information referral help line.

**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, 2018.

**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.

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**11. COMPARATIVE FIGURES**

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

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UNITED WAY OF LUNENBURG  
 Schedule One  
 Year Ended December 31, 2018

	2018	2017
<b>FUNDRAISING EXPENSES</b>		
Advertising	\$ 1,470	\$ 449
Contract Accounting	2,800	3,575
Contract Services - Coordinator (Note 9)	12,768	12,768
Direct Fundraising Expenses	2,070	4,349
Insurance	1,286	1,231
Interest and bank charges	46	31
Membership dues to the United Way of Canada (Note 9)	3,000	6,000
Office supplies	1,359	757
Travel and Meetings	1,136	1,789
	<b>\$ 25,935</b>	<b>\$ 30,949</b>
<b>COMMUNITY INVESTMENT EXPENSES</b>		
211 Nova Scotia fees	\$ 2,012	\$ 2,237
Audit and accounting	2,800	3,575
Back in the Game	868	796
Contract Services- Coordinator (Note 9)	12,768	12,768
IPhone	398	626
Insurance	1,286	1,231
Interest and bank charges	45	31
Office supplies	1,359	757
Skate Passes	390	-
Travel and Meetings	1,136	1,789
	<b>\$ 23,062</b>	<b>\$ 23,810</b>

See accompanying notes to the financial statements