



Financial Statements

United Way of Newfoundland and Labrador Inc.

March 31, 2016

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Independent auditors' report

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To the Directors of
United Way of Newfoundland and Labrador Inc.

We have audited the accompanying financial statements of United Way of Newfoundland and Labrador, which comprise the statements of financial position as at March 31, 2016, and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2016, 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

In common with many charitable and not-for-profit organizations, the United Way of Newfoundland and Labrador Inc. derives revenue from donations and 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 the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, (deficiency) excess of revenue over expenditures, and cash flows from operations for the years ended March 31, 2016 and 2015, assets as at March 31, 2016 and 2015, and net assets as at April 1, 2015 and 2015 and March 31, 2016 and 2015. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the 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 Newfoundland and Labrador as at March 31, 2016, and the results of its operations and its cash flows for the year ended March 31, 2016 in accordance with Canadian accounting standards for not-for-profit organizations.

St. John's, Canada

September 29, 2016



Chartered Professional Accountants

United Way of Newfoundland and Labrador Inc.

Statement of Operations

Year Ended March 31

(Note 13)

	2016	2015
Revenue		
Campaign (Note 4)	\$ 1,085,922	\$ 1,177,971
Pledge loss	<u>(33,595)</u>	<u>(7,985)</u>
	1,052,327	1,169,986
Other revenue		
Sponsorship	13,500	10,000
Non recurring major gifts (Note 12)	100,000	-
Other revenue	5,989	8,830
Interest	<u>938</u>	<u>1,440</u>
Total revenue	1,172,754	1,190,256
Expenditures		
Fundraising	<u>194,477</u>	<u>200,696</u>
Total net revenue	978,277	989,560
Community investment (Note 5)	<u>914,464</u>	<u>1,019,800</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 63,813</u>	<u>\$ (30,240)</u>

See accompanying notes to the financial statements.

United Way of Newfoundland and Labrador Inc.
Statement of Changes in Net Assets

March 31	2016	2015
Net assets, beginning of year	\$ 828,386	\$ 858,626
Excess (deficiency) of revenue over expenditures	<u>63,813</u>	<u>(30,240)</u>
Net assets, end of year	<u>\$ 892,199</u>	<u>\$ 828,386</u>

See accompanying notes to the financial statements.

United Way of Newfoundland and Labrador Inc.

Statement of Financial Position

(Note 13)

March 31 2016 2015

Assets

Current

Cash and cash equivalents	\$ 788,665	\$ 761,820
Pledges receivable (Note 6)	343,926	395,960
Harmonized sales tax receivable	6,055	6,553
Prepays	<u>10,009</u>	<u>11,898</u>

1,148,655 1,176,231

Capital assets (Note 7)

4,233 5,482

\$ 1,152,888 **\$ 1,181,713**

Liabilities

Current

Payables and accruals	\$ 83,409	\$ 159,299
Deferred campaign designations	<u>177,280</u>	<u>194,028</u>

260,689 353,327

Net assets

General Fund balance

892,199 828,386

\$ 1,152,888 **\$ 1,181,713**

Commitments (Note 8)

On behalf of the Board

_____ Director _____ Director

See accompanying notes to the financial statements.

United Way of Newfoundland and Labrador Inc.

Statement of Cash Flows

Year ended March 31	2016	2015
Increase in cash and cash equivalents		
Operating		
Excess (deficiency) of revenue over expenditures	\$ 63,813	\$ (30,240)
Amortization	<u>3,239</u>	<u>5,051</u>
	67,052	(25,189)
Change in non-cash operating working capital (Note 10)	<u>(38,217)</u>	<u>131,289</u>
	<u>28,835</u>	<u>106,100</u>
Investing		
Purchase of capital assets	<u>(1,990)</u>	<u>(863)</u>
Net increase in cash and cash equivalents	26,845	105,237
Cash and cash equivalents		
Beginning of year	<u>761,820</u>	<u>656,583</u>
End of year	<u>\$ 788,665</u>	<u>\$ 761,820</u>

See accompanying notes to the financial statements.

United Way of Newfoundland and Labrador Inc.

Notes to the Financial Statements

March 31, 2016

1. Purpose of the organization

The mission of the United Way of Newfoundland and Labrador Inc. (the Organization) 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 Newfoundland and Labrador Inc. is a not-for-profit organization and is a registered charity under the Income Tax Act.

2. Summary of significant accounting policies

Basis of presentation

The Organization has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each financial position date to assess the need for revision or any possibility of impairment. There are items in the preparation of these financial statements that require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned course of action.

These estimates are reviewed periodically and adjustments are made to excess of revenue over expenditures as appropriate in the year as they become known.

Items subject to significant management estimates include the allowance for uncollectable pledges.

Campaign revenue

The Organization follows the deferral method of accounting. 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 recognized as revenue in the year funds are received and the designated agency is funded.

Campaign revenue is comprised of unrestricted contributions from the current year campaign achievement and designated contributions recognized in the year. An allowance for pledge loss is provided annually based on historical percentages for pledge collections and on actual collection experience.

Grant revenue

Revenues from grants are recognized as deferred revenue when amounts have been received but not all eligibility criteria or stipulations have been met.

United Way of Newfoundland and Labrador Inc.

Notes to the Financial Statements

March 31, 2016

2. Summary of significant accounting policies (cont'd.)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and short-term maturities in the General Fund.

Capital assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write off the assets over their estimated useful life as follows, except in the year of acquisition when one half of the rate is used.

Computer equipment and software	55%, declining balance
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When a capital asset no longer has any long term service potential to the organization, the excess of its net carrying value over residual value is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed.

Donated goods and services

A substantial number of individuals and business organizations have donated significant amounts of their time and services in kind to the United Way's fundraising activities and its community investment process. Donated materials and services are not recorded in the financial statements as their fair value cannot reasonably be estimated.

Financial instruments

Initial measurement

The Organization's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash and cash equivalents, pledges receivable and payables and accruals.

For financial assets measured at cost or amortized cost, the Organization regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Organization determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

United Way of Newfoundland and Labrador Inc.

Notes to the Financial Statements

March 31, 2016

3. Financial instruments

Risks and concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at March 31, 2016.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relates to its pledges receivable of \$304,618 (2015 - \$356,652). In the opinion of management the credit risk exposure to the Organization is low and not material.

Liquidity risk

The Organization does have a liquidity risk in the payables and accruals of \$83,408 (2015 - \$119,911). Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. In the opinion of management the liquidity risk exposure to the Organization is low and not material.

4. Campaign revenue	(Note 13)	
	<u>2016</u>	<u>2015</u>
Campaign achievement	\$ 1,069,089	\$ 1,180,686
Donor designations deferred	(104,814)	(144,983)
Donor designations recognized during the year	<u>121,647</u>	<u>142,268</u>
	<u>\$ 1,085,922</u>	<u>\$ 1,177,971</u>

5. Community investment	(Note 13)	
	<u>2016</u>	<u>2015</u>
Community investment	\$ 519,511	\$ 652,619
Donor designations	167,178	170,546
Health Partners	34,891	39,308
Community investment support costs	173,231	141,969
Other	8,905	7,611
Expansion	1,670	1,130
Allocation to the United Way of Canada	<u>9,078</u>	<u>6,617</u>
	<u>\$ 914,464</u>	<u>\$ 1,019,800</u>

United Way of Newfoundland and Labrador Inc.

Notes to the Financial Statements

March 31, 2016

6. Pledges receivable	(Note 13)	
	<u>2016</u>	<u>2015</u>
Pledges and designated pledges to the campaign	\$ 1,069,089	\$ 1,180,686
Estimated loss on pledges	<u>(24,775)</u>	<u>(27,791)</u>
Estimated pledges receivable	1,044,314	1,152,895
Cash received for the campaign	<u>(700,388)</u>	<u>(756,935)</u>
	<u>\$ 343,926</u>	<u>\$ 395,960</u>

Total transfers from other United Way organizations received during the year totalled \$373,606 (2015- \$422,297). There were no transfers to other United Way organizations during the current or prior year.

7. Capital assets	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computers and software	\$ 19,902	\$ 15,669	\$ 4,233	\$ 5,482

8. Commitments

Under the terms of long-term contracts related to the rental of office space and equipment, the Organization is committed to make the approximate annual lease payments to January 2016 as follows:

2016 \$ 37,088

9. General and administrative costs

The Organization allocates its costs to two functional areas: fundraising and community investment. General and administrative costs which do not pertain specifically to either function are allocated to the functional areas based on management estimates. These estimates have been established using estimates of time devoted by staff in functional areas.

General and administrative costs have been allocated as follows:	<u>2016</u>	<u>2015</u>
To fundraising expenses	49%	49%
To community investment	51%	51%

United Way of Newfoundland and Labrador Inc.

Notes to the Financial Statements

March 31, 2016

10. Supplemental cash flow information	<u>2016</u>	<u>2015</u>
Change in non-cash operating working capital		
Pledges receivable	\$ 52,034	\$ 27,128
Harmonized sales tax receivable	498	929
Prepays	1,889	(2,755)
Payables and accruals	(75,890)	102,955
Deferred campaign designations	<u>(16,748)</u>	<u>3,032</u>
	<u>\$ (38,217)</u>	<u>\$ 131,289</u>

11. Related party transactions

During the year, pledges in the amount of \$5,638 (2015 - \$3,930) have been made by directors of the Organization.

12. Non-recurring major gift

During the year \$100,000 was received from Hebron Topsides team for reaching a safety milestone.

13. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.
