

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Financial Statements

Year Ended March 31, 2017

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

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Year Ended March 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Directors of UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

I have audited the accompanying financial statements of UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC., which comprise the statement of financial position as at March 31, 2017 and the statements of operations, 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

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Independent Auditor's Report to the Directors of UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.
(continued)

Basis for Qualified Opinion

In common with many charitable and not-for-profit organizations, 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 UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC. Therefore, I was not able to determine whether any adjustments might be necessary to revenues, (deficiency) excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2016 and March 31, 2017, assets as at March 31, 2016 and March 31, 2017 and net assets as at April 1, 2016, March 31, 2016 and March 31, 2017.

Qualified Opinion

In my 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 NEWFOUNDLAND AND LABRADOR INC. as at March 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.

Comparative Information

The financial statements for the year ended March 31, 2016 were audited by another accounting firm and are presented for comparative purposes.

St. John's, NL
September 13, 2017


CHARTERED PROFESSIONAL ACCOUNTANT

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

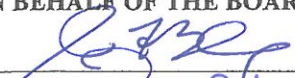
Statement of Financial Position


As at March 31, 2017

	2017	2016 (Note 6)
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 786,169	\$ 788,665
Pledges receivable (Note 4)	283,142	343,926
Other receivables	2,067	-
Harmonized sales tax recoverable	2,971	6,055
Prepaid expenses	11,327	10,009
	1,085,676	1,148,655
CAPITAL ASSETS (Note 5)	2,714	4,233
	\$ 1,088,390	\$ 1,152,888
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 77,317	\$ 83,814
Deferred campaign designations	94,350	104,825
	171,667	188,639
NET ASSETS	916,723	964,249
	\$ 1,088,390	\$ 1,152,888

LEASE COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

**Statement of Operations
Year Ended March 31, 2017**

	2017	2016 (Note 6)
REVENUE		
Campaign revenue (Note 7)	\$ 982,243	\$ 1,077,242
Less: uncollectible pledges	(15,924)	(33,595)
NET CAMPAIGN REVENUE	966,319	1,043,647
Other revenue		
Other	11,141	5,989
Sponsorship	2,500	13,500
Interest	1,616	938
Non-recurring major gifts	-	100,000
	15,257	120,427
TOTAL REVENUE	981,576	1,164,074
EXPENSES		
Fundraising expenses	192,252	194,477
NET AVAILABLE FOR DISTRIBUTIONS AND COMMUNITY PROGRAMS AND SERVICES	789,324	969,597
DISTRIBUTIONS AND COMMUNITY PROGRAMS AND SERVICES EXPENSES		
Allocations and designations (Note 8)	654,370	721,580
Community programs and services	182,480	192,884
	836,850	914,464
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	\$ (47,526)	\$ 55,133

See notes to financial statements

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Statement of Changes in Net Assets

Year Ended March 31, 2017

	2017	2016 (Note 6)
NET ASSETS - BEGINNING OF YEAR, AS ORIGINALLY STATED	\$ 892,197	\$ 828,383
CORRECTION OF ERROR IN PRIOR YEAR FINANCIAL STATEMENTS <i>(Note 6)</i>	72,052	80,733
NET ASSETS - BEGINNING OF YEAR, AS RESTATED <i>(Note 6)</i>	964,249	909,116
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES, AS ORIGINALLY STATED	(47,526)	63,814
CORRECTION OF ERROR IN PRIOR YEAR FINANCIAL STATEMENTS <i>(Note 6)</i>	-	(8,681)
EXCESS OF REVENUE OVER EXPENSES, AS RESTATED <i>(Note 6)</i>	-	55,133
NET ASSETS - END OF YEAR	\$ 916,723	\$ 964,249

See notes to financial statements

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Statement of Cash Flow
Year Ended March 31, 2017

	2017	2016 (Note 6)
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses	\$ (47,526)	\$ 55,133
Item not affecting cash:		
Amortization of capital assets	2,316	3,239
	(45,210)	58,372
Changes in non-cash working capital:		
Pledges receivable	60,784	52,034
Other receivables	(2,067)	-
Accounts payable and accrued liabilities	(6,498)	(75,804)
Deferred campaign designations	(10,475)	(8,153)
Prepaid expenses	(1,318)	1,888
Harmonized sales tax recoverable	3,084	498
	43,510	(29,537)
Cash flow from (used by) operating activities	(1,700)	28,835
INVESTING ACTIVITY		
Purchase of capital assets	(796)	(1,990)
(DECREASE) INCREASE IN CASH FLOW	(2,496)	26,845
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	788,665	761,820
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 786,169	\$ 788,665

See notes to financial statements

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2017

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 organization is a registered charity and is exempt from tax under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Use of 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 the statement of operations in the period in which they become known. Actual results could differ from these estimates.

Items subject to significant management estimates include the provision for uncollectible pledges.

Revenue recognition

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC. follows the deferral method of accounting for revenue and 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 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. A provision for uncollectible pledges is provided annually based on historical percentages for pledge collections and on actual collection experience.

Interest income is recognized on an accrual basis, as it is earned.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments with maturities of one year or less at date of purchase.

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UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Computer equipment	50%	declining balance method
Computer software	50%	declining balance method

In the year of acquisition, one half of the rate of amortization is expensed. In the year of disposal/sale, no amortization is expensed.

Contributed services

The operations of the organization depend on a significant contribution of time by volunteers. The fair value of these services cannot be reasonably determined and is therefore not reflected in these financial statements.

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.

3. FINANCIAL INSTRUMENTS

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, 2017.

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 \$283,142 (2016 - \$343,926). In the opinion of management, the credit risk exposure to the organization is low and not material.

Liquidity risk

The organization has liquidity risk with respect to accounts payable in the amount of \$77,317 (2016 - \$83,814). Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. In the opinion of management, the liquidity risk exposure to the organization is low and not material.

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2017

4. PLEDGES RECEIVABLE

	2017	2016
Pledges receivable - current year campaign	\$ 301,664	\$ 368,701
Less: provision for uncollectible pledges	(18,522)	(24,775)
	<u>\$ 283,142</u>	<u>\$ 343,926</u>

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Computer equipment	\$ 11,891	\$ 9,975	\$ 1,916	\$ 2,637
Computer software	8,807	8,009	798	1,596
	<u>\$ 20,698</u>	<u>\$ 17,984</u>	<u>\$ 2,714</u>	<u>\$ 4,233</u>

6. CORRECTION OF ERROR IN PRIOR YEAR FINANCIAL STATEMENTS

During the year ended March 31, 2017, the organization determined that it had incorrectly overstated the balance of deferred campaign designations. The organization has recorded an adjustment to correct this prior period error and has restated the 2016 financial statements by increasing opening net assets as at April 1, 2015 by \$80,733 and decreasing the opening deferred campaign designations balance as at April 1, 2015 by the same amount. For the year ended March 31, 2016, the organization has also decreased campaign revenue and excess of revenue over expenses by \$8,681 and increased deferred campaign designations by the same amount. As a result of the correction of the error, opening net assets as at April 1, 2016 increased by \$72,033 and opening deferred campaign designations as at April 1, 2016 decreased by the same amount.

7. CAMPAIGN REVENUE

	2017	2016
Campaign achievement	\$ 971,768	\$ 1,069,090
Donor designations deferred	(94,350)	(104,825)
Donor designations recognized during year	104,825	112,977
	<u>\$ 982,243</u>	<u>\$ 1,077,242</u>

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2017

8. ALLOCATIONS AND DESIGNATIONS

	2017	2016
Centrally co-ordinated campaigns	\$ 33,306	\$ 45,531
Donor designations	110,833	121,647
Funded programs	484,919	519,511
Health partners	25,312	34,891
	\$ 654,370	\$ 721,580

9. GENERAL AND ADMINISTRATIVE EXPENSES

The organization allocates its general and administrative expenses to other functional areas: Fundraising and Community Programs and Services. General and administrative expenses which do not specifically pertain to either function are allocated to the functional area based on management estimates. These estimates, shown below, have been established using an estimate of time devoted by staff in each functional area (see also Schedule 1):

	2017	2016
Fundraising	49%	49%
Community programs and services	51%	51%

Included in the cost of fundraising and general and administrative expenses are Government of Canada Workplace Charitable Campaign (GCWCC) expenses in the amount of \$28,045.

10. LEASE COMMITMENTS

The organization leases office premises under a long term lease that expires on January 31, 2021. Future minimum lease payments are as follows:

2018 - \$43,658

2019 - \$44,496

2020 - \$44,496

2021 - \$37,081

11. RELATED PARTY TRANSACTIONS

During the year, pledges in the amount of \$6,510 (2016 - \$5,638) were made by the board of directors of the organization.

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Schedule of General and Administrative Expenses

(Schedule 1)

Year Ended March 31, 2017

	2017	2016
Amortization	\$ 2,316	\$ 3,239
Dues and fees	2,018	1,276
Insurance	1,654	1,562
Interest and bank charges	373	240
Occupancy	12,960	11,436
Office	6,027	4,008
Professional fees	6,762	7,901
Salaries and wages	55,312	52,087
Training and development	1,070	837
Travel, meetings and conferences	1,812	354
	\$ 90,304	\$ 82,940

ALLOCATION OF GENERAL AND ADMINISTRATIVE EXPENSES BY FUNCTIONAL AREA

Fundraising	\$ 44,249	\$ 40,641
Community programs and services	46,055	42,299
	\$ 90,304	\$ 82,940

See notes to financial statements