

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Financial Statements

Year Ended March 31, 2018

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Index to Financial Statements

Year Ended March 31, 2018

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flow	6
Notes to Financial Statements	7 - 10
Schedule of Community Programs and Services Expenses (<i>Schedule 1</i>)	11
Schedule of Fundraising Expenses (<i>Schedule 2</i>)	12
Schedule of General and Administrative Expenses (<i>Schedule 3</i>)	13

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, 2018 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 audit. I conducted my audit 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.
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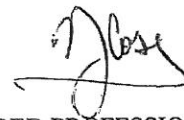
Basis for Qualified Opinion

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 of revenue over expenses, and cash flows from operations for the years ended March 31, 2017 and March 31, 2018, assets as at March 31, 2017 and March 31, 2018 and net assets as at April 1, 2017, March 31, 2017 and March 31, 2018.

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, 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.

St. John's, NL
August 22, 2018



CHARTERED PROFESSIONAL ACCOUNTANT

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Statement of Financial Position

As at March 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 785,492	\$ 786,169
Pledges receivable (Note 5)	268,481	283,142
Other receivables	4,212	2,067
Harmonized sales tax recoverable	2,081	2,971
Prepaid expenses	8,663	11,327
	1,068,929	1,085,676
CAPITAL ASSETS (Note 6)	3,476	2,714
	\$ 1,072,405	\$ 1,088,390
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 73,839	\$ 77,317
Deferred campaign designations	110,887	94,350
	184,726	171,667
NET ASSETS	887,679	916,723
	\$ 1,072,405	\$ 1,088,390

LEASE COMMITMENTS (Note 9)

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, 2018**

	2018	2017
REVENUE		
Campaign revenue <i>(Note 7)</i>	\$ 871,784	\$ 993,384
Less: uncollectible pledges	(25,086)	(15,924)
NET CAMPAIGN REVENUE	846,698	977,460
Other revenue		
Other	6,211	-
Sponsorship	-	2,500
Interest	2,625	1,616
	8,836	4,116
TOTAL REVENUE	855,534	981,576
EXPENSES		
Fundraising expenses <i>(Schedule 2)</i>	168,545	192,252
NET AVAILABLE FOR COMMUNITY PROGRAMS AND SERVICES	686,989	789,324
COMMUNITY PROGRAMS AND SERVICES EXPENSES <i>(Schedule 1)</i>	716,033	836,850
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (29,044)	\$ (47,526)

See notes to financial statements

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Statement of Changes in Net Assets

Year Ended March 31, 2018

	2018	2017
NET ASSETS - BEGINNING OF YEAR, AS ORIGINALLY STATED	\$ 916,723	\$ 892,197
CORRECTION OF ERROR IN PRIOR YEAR FINANCIAL STATEMENTS	-	72,052
NET ASSETS - BEGINNING OF YEAR, AS RESTATED	-	964,249
DEFICIENCY OF REVENUE OVER EXPENSES	(29,044)	(47,526)
NET ASSETS - END OF YEAR	\$ 887,679	\$ 916,723

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

**Statement of Cash Flow
Year Ended March 31, 2018**

	2018	2017
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (29,044)	\$ (47,526)
Item not affecting cash:		
Amortization of capital assets	2,063	2,316
	<u>(26,981)</u>	<u>(45,210)</u>
Changes in non-cash working capital:		
Pledges receivable	14,661	60,784
Other receivables	(2,145)	(2,067)
Accounts payable and accrued liabilities	(3,477)	(6,498)
Deferred campaign designations	16,537	(10,475)
Prepaid expenses	2,664	(1,318)
Harmonized sales tax recoverable	890	3,084
	<u>29,130</u>	<u>43,510</u>
Cash flow from (used by) operating activities	<u>2,149</u>	<u>(1,700)</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(2,826)</u>	<u>(796)</u>
DECREASE IN CASH FLOW	<u>(677)</u>	<u>(2,496)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>786,169</u>	<u>788,665</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 785,492</u>	<u>\$ 786,169</u>

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2018

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 (ASNPO).

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, 2018

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.

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. COMPARATIVE FIGURES

During 2018, management determined that revenue generated from special events should be included in Campaign Achievement and included in Campaign Revenue in the Statement of Operations. In prior years, revenue generated from special events was included in Other Revenue. As a result of the presentation adopted for 2018, Campaign Revenue for 2017 increased by \$11,141, while Other Revenue decreased by the same amount. The change in presentation had no net effect on prior year earnings.

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2018

4. 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, 2018.

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 \$268,481 (2017- \$283,142). 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 \$73,839 (2017 -\$77,317). 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.

5. PLEDGES RECEIVABLE

	2018	2017
Pledges receivable - current year campaign	\$ 284,836	\$ 301,664
Less: provision for uncollectible pledges	(16,355)	(18,522)
	\$ 268,481	\$ 283,142

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer equipment	\$ 14,716	\$ 11,639	\$ 3,077	\$ 1,916
Computer software	8,807	8,408	399	798
	\$ 23,523	\$ 20,047	\$ 3,476	\$ 2,714

7. CAMPAIGN REVENUE

	2018	2017
Campaign achievement	\$ 888,329	\$ 982,909
Donor designations deferred	(110,887)	(94,350)
Donor designations recognized during year	94,342	104,825
	\$ 871,784	\$ 993,384

Included in Campaign Revenue for the year ended March 31, 2018 is \$239,746 (2017-\$295,955) transferred from other United Way organizations.

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2018

8. 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 3):

	2018	2017
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 \$25,552 (2017-\$28,045).

9. LEASE COMMITMENTS

The Organization leases office premises under a long-term lease that expires on August 31, 2022. Future minimum lease payments are as follows:

2019 - \$39,928

2020 - \$36,665

2021 - \$36,665

2022 - \$36,665

2023 - \$15,277

10. RELATED PARTY TRANSACTIONS

During the year, pledges in the amount of \$5,675 (2017 - \$6,510) were made by the Board of Directors of the Organization.

11. TRANSPARENCY, ACCOUNTABILITY AND FINANCIAL REPORTING

The Organization follows the reporting guidelines in its membership agreement with United Way of Canada - Centraide Canada. As part of these guidelines, the Organization calculates the fundraising ratio. This ratio is summarized as follows:

	2018	2017
Fundraising ratio		
Total revenue	\$ 855,534	\$ 981,576
Add: uncollectible pledges	25,086	15,924
	880,620	997,500
Direct fundraising expenses (Schedule 2)	131,196	148,003
Allocation of general and administrative expenses (Schedule 3)	37,349	44,249
Total fundraising expenses	\$ 168,545	\$ 192,252
Fundraising ratio (expenses/revenue)	19.1%	19.3%

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Schedule of Community Programs and Services Expenses

(Schedule 1)

Year Ended March 31, 2018

	2018	2017
Allocations and designations (see below)	\$ 566,039	\$ 654,370
Community initiatives	1,140	9,680
Interest and bank charges	-	1,120
Occupancy	16,324	15,911
Salaries and wages	84,698	100,504
Travel, meetings and conferences	371	145
United Way of Canada dues	8,588	9,065
Direct community programs and services expenses	677,160	790,795
Allocation of general and administrative expenses <i>(Schedule 3)</i>	38,873	46,055
	\$ 716,033	\$ 836,850
Allocations and designations are comprised of:		
	2018	2017
Centrally co-ordinated campaigns	\$ 45,968	\$ 33,306
Donor designations	96,767	110,833
Funded programs	388,965	484,919
Health partners	34,339	25,312
	\$ 566,039	\$ 654,370

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Schedule of Fundraising Expenses

(Schedule 2)

Year Ended March 31, 2018

	2018	2017
Dues and fees	\$ 10,989	\$ 8,214
Interest and bank charges	2,395	1,583
Occupancy	15,508	15,115
Office and printing	2,496	1,730
Promotion, public relations and special events	18,257	21,148
Salaries and wages	80,525	95,483
Training and development	412	3,654
Travel, meetings and conferences	614	1,076
Direct fundraising expenses	131,196	148,003
Allocation of general and administrative expenses (Schedule 3)	37,349	44,249
	\$ 168,545	\$ 192,252

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Schedule of General and Administrative Expenses

(Schedule 3)

Year Ended March 31, 2018

	2018	2017
Amortization	\$ 2,063	\$ 2,316
Dues and fees	186	2,018
Insurance	1,814	1,654
Interest and bank charges	96	373
Occupancy	12,697	12,960
Office	2,677	6,027
Professional fees	5,945	6,762
Salaries and wages	47,135	55,312
Training and development	2,060	1,070
Travel, meetings and conferences	1,549	1,812
	\$ 76,222	\$ 90,304

ALLOCATION OF GENERAL AND ADMINISTRATIVE EXPENSES BY FUNCTIONAL AREA

Community programs and services	\$ 38,873	\$ 46,055
Fundraising	37,349	44,249
	\$ 76,222	\$ 90,304