

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Financial Statements

Year Ended March 31, 2019

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Index to Financial Statements

Year Ended March 31, 2019

	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.

Qualified Opinion

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, 2019 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.

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, 2019 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 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, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended March 31, 2018 and March 31, 2019, assets as at March 31, 2018 and March 31, 2019 and net assets as at April 1, 2018, March 31, 2018 and March 31, 2019. My audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this scope limitation.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC. in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Responsibilities of Management and Those Charged with Governance 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.

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

Those charged with governance are responsible for overseeing UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.'s financial reporting process.

(Continues)

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. the risk of not detecting a material misstatement resulting from fraud is higher than 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 UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.'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 UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.'s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC. to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

Nigel Case

Mount Pearl, NL
August 5, 2019

CHARTERED PROFESSIONAL ACCOUNTANT

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.


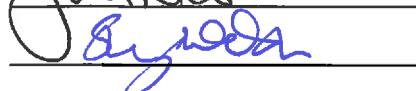
Statement of Financial Position

As at March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 736,723	\$ 785,492
Pledges receivable (Note 4)	347,123	268,481
Other receivables	3,848	4,212
Harmonized sales tax recoverable	2,100	2,081
Prepaid expenses	8,051	8,663
	1,097,845	1,068,929
CAPITAL ASSETS (Note 5)	1,738	3,476
	\$ 1,099,583	\$ 1,072,405
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 52,466	\$ 73,839
Deferred campaign designations	124,381	110,887
	176,847	184,726
NET ASSETS	922,736	887,679
	\$ 1,099,583	\$ 1,072,405

LEASE COMMITMENTS (Note 8)

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, 2019

	2019	2018
REVENUE		
Campaign revenue <i>(Note 6)</i>	\$ 852,824	\$ 871,784
Less: uncollectible pledges	(8,249)	(25,086)
NET CAMPAIGN REVENUE	844,575	846,698
Other revenue		
Other	8,274	6,211
Interest	8,191	2,625
	16,465	8,836
TOTAL REVENUE	861,040	855,534
EXPENSES		
Fundraising expenses <i>(Schedule 2)</i>	160,465	168,545
NET AVAILABLE FOR COMMUNITY PROGRAMS AND SERVICES	700,575	686,989
COMMUNITY PROGRAMS AND SERVICES EXPENSES <i>(Schedule 1)</i>	665,518	716,033
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 35,057	\$ (29,044)

See notes to financial statements

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Statement of Changes in Net Assets

Year Ended March 31, 2019

	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 887,679	\$ 916,723
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	35,057	(29,044)
NET ASSETS - END OF YEAR	\$ 922,736	\$ 887,679

See notes to financial statements

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.**Statement of Cash Flow****Year Ended March 31, 2019**

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 35,057	\$ (29,044)
Item not affecting cash:		
Amortization of capital assets	1,738	2,063
	36,795	(26,981)
Changes in non-cash working capital:		
Pledges receivable	(78,642)	14,661
Other receivables	364	(2,145)
Accounts payable and accrued liabilities	(21,373)	(3,477)
Deferred campaign designations	13,494	16,537
Prepaid expenses	612	2,664
Harmonized sales tax recoverable	(19)	890
	(85,564)	29,130
Cash flow from (used by) operating activities	(48,769)	2,149
INVESTING ACTIVITY		
Purchase of capital assets	-	(2,826)
DECREASE IN CASH FLOW	(48,769)	(677)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	785,492	786,169
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 736,723	\$ 785,492

See notes to financial statements

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2019

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.

(continues)

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2019

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. 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, 2019.

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 \$347,123 (2018- \$268,481). 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 \$52,466 (2018 - \$73,839). 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, 2019

4. PLEDGES RECEIVABLE

	2019	2018
Pledges receivable - current year campaign	\$ 361,831	\$ 284,836
Less: provision for uncollectible pledges	(14,708)	(16,355)
	\$ 347,123	\$ 268,481

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 14,716	\$ 13,178	\$ 1,538	\$ 3,077
Computer software	8,807	8,607	200	399
	\$ 23,523	\$ 21,785	\$ 1,738	\$ 3,476

6. CAMPAIGN REVENUE

	2019	2018
Campaign achievement	\$ 866,318	\$ 888,329
Donor designations deferred	(124,381)	(110,887)
Donor designations recognized during year	110,887	94,342
	\$ 852,824	\$ 871,784

Included in Campaign Revenue for the year ended March 31, 2019 is \$212,352 (2018-\$239,746) transferred from other United Way organizations.

7. 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):

	2019	2018
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 \$34,738 (2018-\$25,552).

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2019

8. 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:

2020 - \$36,665

2021 - \$36,665

2022 - \$36,665

2023 - \$15,277

9. RELATED PARTY TRANSACTIONS

During the year, pledges in the amount of \$7,332 (2018 - \$5,675) were made by the Board of Directors of the Organization.

10. 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:

	2019	2018
Fundraising ratio		
Total revenue	\$ 861,040	\$ 855,534
Add: uncollectible pledges	8,249	25,086
	869,289	880,620
Direct fundraising expenses (<i>Schedule 2</i>)	120,965	131,196
Allocation of general and administrative expenses (<i>Schedule 3</i>)	39,500	37,349
	\$ 160,465	\$ 168,545
Total fundraising expenses	\$ 160,465	\$ 168,545
Fundraising ratio (expenses/revenue)	18.5%	19.1%

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Schedule of Community Programs and Services Expenses

(Schedule 1)

Year Ended March 31, 2019

	2019	2018
Allocations and designations (see below)	\$ 518,017	\$ 566,039
Community initiatives	2,944	1,140
Occupancy	14,556	16,324
Promotion, public relations and special events	997	-
Salaries and wages	79,106	84,698
Travel, meetings and conferences	1,071	371
United Way of Canada dues	7,714	8,588
Direct community programs and services expenses	624,405	677,160
Allocation of general and administrative expenses <i>(Schedule 3)</i>	41,113	38,873
	\$ 665,518	\$ 716,033

Allocations and designations are comprised of:

	2019	2018
Centrally co-ordinated campaigns	\$ 19,024	\$ 45,968
Donor designations	73,910	96,767
Funded programs	382,602	388,965
Health partners	42,481	34,339
	\$ 518,017	\$ 566,039

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Schedule of Fundraising Expenses

(Schedule 2)

Year Ended March 31, 2019

	2019	2018
Dues and fees	\$ 9,042	\$ 10,989
Interest and bank charges	2,425	2,395
Occupancy	13,437	15,508
Office and printing	2,204	2,496
Promotion, public relations and special events	20,349	18,257
Salaries and wages	73,004	80,525
Training and development	199	412
Travel, meetings and conferences	305	614
Direct fundraising expenses	120,965	131,196
Allocation of general and administrative expenses <i>(Schedule 3)</i>	39,500	37,349
	\$ 160,465	\$ 168,545

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Schedule of General and Administrative Expenses

(Schedule 3)

Year Ended March 31, 2019

	2019	2018
Amortization	\$ 1,738	\$ 2,063
Dues and fees	1,108	186
Insurance	1,484	1,814
Interest and bank charges	21	96
Occupancy	13,456	12,697
Office	2,786	2,677
Professional fees	5,945	5,945
Salaries and wages	50,769	47,135
Training and development	1,519	2,060
Travel, meetings and conferences	1,787	1,549
	\$ 80,613	\$ 76,222

ALLOCATION OF GENERAL AND ADMINISTRATIVE EXPENSES BY FUNCTIONAL AREA

Community programs and services	\$ 41,113	\$ 38,873
Fundraising	39,500	37,349
	\$ 80,613	\$ 76,222