

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Financial Statements

Year Ended March 31, 2020

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

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Year Ended March 31, 2020

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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, 2020 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, 2020 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 of revenue over expenses, and cash flows from operations for the years ended March 31, 2019 and March 31, 2020, assets as at March 31, 2019 and March 31, 2020 and net assets as at April 1, 2019, March 31, 2019 and March 31, 2020. My audit opinion on the financial statements for the year ended March 31, 2020 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.

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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 A. Case

Mount Pearl, NL
July 7, 2020

CHARTERED PROFESSIONAL ACCOUNTANT

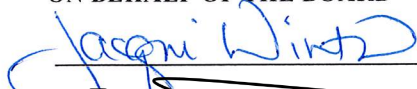
UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

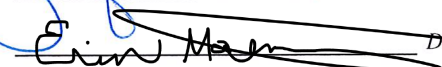
Statement of Financial Position

As at March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 843,274	\$ 736,723
Pledges receivable (Note 4)	383,246	347,123
Other receivables	-	3,848
Harmonized sales tax recoverable	2,728	2,100
Prepaid expenses	9,362	8,051
	1,238,610	1,097,845
CAPITAL ASSETS (Note 5)	4,315	1,738
	\$ 1,242,925	\$ 1,099,583
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 59,858	\$ 52,466
Wages payable	12,838	-
Deferred campaign designations	190,625	124,381
	263,321	176,847
NET ASSETS	979,604	922,736
	\$ 1,242,925	\$ 1,099,583
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, 2020**

	2020	2019
REVENUE		
Campaign revenue <i>(Note 6)</i>	\$ 953,378	\$ 852,824
Less: uncollectible pledges	(7,425)	(8,249)
NET CAMPAIGN REVENUE	945,953	844,575
Other revenue		
Other	9,901	8,274
Interest	8,799	8,191
	18,700	16,465
TOTAL REVENUE	964,653	861,040
EXPENSES		
Fundraising expenses <i>(Schedule 2)</i>	173,363	160,465
NET AVAILABLE FOR COMMUNITY PROGRAMS AND SERVICES	791,290	700,575
COMMUNITY PROGRAMS AND SERVICES EXPENSES <i>(Schedule 1)</i>	734,422	665,518
EXCESS OF REVENUE OVER EXPENSES	\$ 56,868	\$ 35,057

See notes to financial statements

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Statement of Changes in Net Assets

Year Ended March 31, 2020

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 922,736	\$ 887,679
EXCESS OF REVENUE OVER EXPENSES	56,868	35,057
NET ASSETS - END OF YEAR	\$ 979,604	\$ 922,736

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Statement of Cash Flow
Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 56,868	\$ 35,057
Item not affecting cash:		
Amortization of capital assets	2,018	1,738
	58,886	36,795
Changes in non-cash working capital:		
Pledges receivable	(36,123)	(78,642)
Other receivables	3,848	364
Accounts payable and accrued liabilities	7,392	(21,373)
Deferred campaign designations	66,244	13,494
Prepaid expenses	(1,311)	612
Harmonized sales tax recoverable	(628)	(19)
Wages payable	12,838	-
	52,260	(85,564)
Cash flow from (used by) operating activities	111,146	(48,769)
INVESTING ACTIVITY		
Purchase of capital assets	(4,595)	-
DECREASE IN CASH FLOW	106,551	(48,769)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	736,723	785,492
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 843,274	\$ 736,723

See notes to financial statements

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2020

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, 2020

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, 2020.

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 \$383,246 (2019- \$347,123). 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 and wages payable in the amount of \$72,696 (2019 -\$52,466). 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, 2020

4. PLEDGES RECEIVABLE

	2020	2019
Pledges receivable - current year campaign	\$ 277,445	\$ 361,831
COVID-19 pledges receivable	122,274	-
Less: provision for uncollectible pledges	(16,473)	(14,708)
	\$ 383,246	\$ 347,123

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 19,311	\$ 15,096	\$ 4,215	\$ 1,538
Computer software	8,807	8,707	100	200
	\$ 28,118	\$ 23,803	\$ 4,315	\$ 1,738

6. CAMPAIGN REVENUE

	2020	2019
Campaign achievement	\$ 1,019,622	\$ 866,318
Donor designations deferred	(190,625)	(124,381)
Donor designations recognized during year	124,381	110,887
	\$ 953,378	\$ 852,824

Included in Campaign Revenue for the year ended March 31, 2020 is \$250,861 (2019-\$212,352) 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):

	2020	2019
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 \$40,726 (2019-\$34,738).

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2020

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:

2021 - \$36,665

2022 - \$36,665

2023 - \$15,277

9. RELATED PARTY TRANSACTIONS

During the year, pledges in the amount of \$19,188 (2019 - \$7,332) 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:

	2020	2019
Fundraising ratio		
Total revenue	\$ 964,653	\$ 861,040
Add: uncollectible pledges	7,425	8,249
	972,078	869,289
Direct fundraising expenses (<i>Schedule 2</i>)	134,006	120,965
Allocation of general and administrative expenses (<i>Schedule 3</i>)	39,357	39,500
Total fundraising expenses	\$ 173,363	\$ 160,465
Fundraising ratio (expenses/revenue)	17.8%	18.5%

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Schedule of Community Programs and Services Expenses

(Schedule 1)

Year Ended March 31, 2020

	2020	2019
Allocations and designations (see below)	\$ 575,880	\$ 518,017
Community initiatives	2,525	2,944
Occupancy	13,367	14,556
Promotion, public relations and special events	9,789	997
Salaries and wages	83,393	79,106
Travel, meetings and conferences	492	1,071
United Way of Canada dues	8,013	7,714
Direct community programs and services expenses	693,459	624,405
Allocation of general and administrative expenses <i>(Schedule 3)</i>	40,963	41,113
	\$ 734,422	\$ 665,518
Allocations and designations are comprised of:		
	2020	2019
Centrally co-ordinated campaigns	\$ 23,958	\$ 19,024
Donor designations	72,732	73,910
Funded programs	429,493	382,602
Health partners	49,697	42,481
	\$ 575,880	\$ 518,017

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Schedule of Fundraising Expenses

(Schedule 2)

Year Ended March 31, 2020

	2020	2019
Dues and fees	\$ 16,547	\$ 9,042
Interest and bank charges	1,869	2,425
Occupancy	12,339	13,437
Office and printing	2,086	2,204
Promotion, public relations and special events	19,548	20,349
Salaries and wages	78,785	73,004
Training and development	2,303	199
Travel, meetings and conferences	529	305
Direct fundraising expenses	134,006	120,965
Allocation of general and administrative expenses <i>(Schedule 3)</i>	39,357	39,500
	\$ 173,363	\$ 160,465

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.**Schedule of General and Administrative Expenses***(Schedule 3)***Year Ended March 31, 2020**

	2020	2019
Amortization	\$ 2,018	\$ 1,738
Dues and fees	75	1,108
Insurance	1,557	1,484
Interest and bank charges	120	21
Occupancy	12,075	13,456
Office	3,056	2,786
Professional fees	5,956	5,945
Salaries and wages	54,057	50,769
Training and development	1,105	1,519
Travel, meetings and conferences	301	1,787
	\$ 80,320	\$ 80,613

ALLOCATION OF GENERAL AND ADMINISTRATIVE EXPENSES BY FUNCTIONAL AREA

Community programs and services	\$ 40,963	\$ 41,113
Fundraising	39,357	39,500
	\$ 80,320	\$ 80,613