UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

FINANCIAL STATEMENTS

March 31, 2019

UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

March 31, 2019

CONTENTS

MNP LLP

INDEPENDENT AUDITORS' REPORT

To The Members of
United Way of Stormont, Dundas & Glengarry

Qualified Opinion

We have audited the financial statements of United Way of Stormont, Dundas & Glengarry (the "Organization") which comprise the statement of financial position as at March 31, 2019, and the statements of financial activities, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In common with many charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our 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 donation and fundraising revenues, surplus and cash flows for the years ended March 31, 2019 and March 31, 2018, assets as at March 31, 2019 and March 31, 2018 and net assets as at April 1 and March 31 for both 2019 and 2018 years. The audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of possible effects of this limitation in scope.

Other Matter

The financial statements of United Way of Stormont, Dundas & Glengarry for the year ended March 31, 2018 were audited by CKDM LLP of Cornwall, Ontario, Canada, prior to its merger with MNP LLP. CKDM LLP issued a qualified opinion on those statements on May 14, 2018.

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 the Organization'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 the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 our qualified 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 an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for 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 the Organization'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 the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Cornwall, Ontario
May 4, 2019

Chartered Professional Accountants
Licensed Public Accountants

MNP LLP

UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

STATEMENT OF FINANCIAL POSITION

As at March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	**$ 263,779**	$ 254,062
Term deposits	**158,636**	157,776
Accounts receivable	**5,615**	4,469
Pledges receivable (Note 2)	**144,007**	209,733
Prepaid expenses	**1,644**	792
	573,681	626,832
CAPITAL (Note 3)	**1,112**	1,534
	$ 574,793	$ 628,366
LIABILITIES		
CURRENT		
Accounts payable	**$ 18,159**	$ 24,109
Deferred campaign revenue (Note 4)	**432,913**	504,030
	451,072	528,139
NET ASSETS		
UNRESTRICTED NET ASSETS	**122,609**	98,693
INVESTED IN CAPITAL ASSETS	**1,112**	1,534
	123,721	100,227
	$ 574,793	$ 628,366

APPROVED ON BEHALF OF THE BOARD:

_______________________________ Director

_______________________________ Director

_______________________________ Date

See Accompanying Notes

UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended March 31, 2019

	2019	2018
REVENUE		
Campaign revenues	$ 435,398	$ 547,464
Funds transferred from other United Ways	68,632	21,228
Gross campaign revenues (Note 5)	504,030	568,692
Uncollected pledges, prior year campaigns	(12,921)	(6,067)
	491,109	562,625
OTHER REVENUE		
Bingo, net proceeds	16,239	6,156
Investment income	2,019	968
Fundraising events	132,689	105,917
Winter Warmth	32,333	30,476
	183,280	143,517
TOTAL REVENUE	674,389	706,142
EXPENDITURES		
Fundraising (Schedule 1)	154,370	141,918
Distributions to agencies (Schedule 2)	366,948	376,450
Distributions to programs (Schedule 2)	129,577	137,471
TOTAL EXPENDITURES	650,895	655,839
SURPLUS FOR THE YEAR	$ 23,494	$ 50,303

See Accompanying Notes

UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2019

	Unrestricted net assets	Invested in capital assets	2019	2018
Balance, beginning of year	$ 98,693	$ 1,534	$ 100,227	$ 49,924
Surplus for the year	23,494	-	23,494	50,303
Amortization	422	(422)	-	-
	23,916	(422)	23,494	50,303
Balance, end of year	$ 122,609	$ 1,112	$ 123,721	$ 100,227

UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

STATEMENT OF CASH FLOWS

For the year ended March 31, 2019

	2019	2018
CASH FROM OPERATING ACTIVITIES		
Surplus for the year	**$ 23,494**	$ 50,303
Item not affecting cash		
Amortization	**422**	7,006
Changes in non-cash working capital balances		
Accounts receivable	**(1,146)**	(1,441)
Pledges receivable	**65,726**	4,732
Prepaid expenses	**(852)**	1,318
Accounts payable	**(5,950)**	3,399
Deferred campaign revenue	**(71,117)**	(64,661)
	10,577	656
CASH USED IN INVESTING ACTIVITIES		
Increase in term deposits	**(860)**	(904)
INCREASE (DECREASE) IN CASH	**9,717**	(248)
CASH, beginning of year	**254,062**	254,310
CASH, end of year	**$ 263,779**	$ 254,062
REPRESENTED BY:		
Cash	**$ 263,779**	$ 254,062

See Accompanying Notes

UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

FUNDRAISING EXPENDITURES

Schedule 1

For the year ended March 31, 2019

	2019	2018
Advertising	**$ 6,437**	$ 1,498
Event costs	**71,396**	58,053
Printing material	**1,935**	937
Professional development and training	**524**	-
	80,292	60,488
General administration expenditures (Schedule 3)	**74,078**	81,430
	$ 154,370	$ 141,918

See Accompanying Notes

UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

DISTRIBUTIONS TO AGENCIES AND PROGRAMS

Schedule 2

For the year ended March 31, 2019

		2019		2018
DISTRIBUTIONS TO AGENCIES				
Big Brothers and Big Sisters of Cornwall and District	**$**	**33,843**	$	35,625
Boys and Girls Club of Cornwall/SDG		**40,612**		42,750
Canadian Hearing Society		**12,350**		12,350
Canadian Mental Health Association		**36,100**		36,100
Cornwall Meals on Wheels		**36,100**		38,000
Counselling and Family Services		**47,381**		49,875
Equipe Psycho-Sociale		**14,500**		14,500
Glengarry Inter Agency Group Inc. (Alexandria Youth Centre)		**45,600**		45,600
Ontario March of Dimes		**9,500**		9,500
S. D. & G. Developmental Services Centre		**19,000**		19,000
Sexual Assault & Support Services		**23,275**		23,275
The Hub for Beyond 21 Foundation		**22,562**		23,750
Tri-County Literacy Council		**26,125**		26,125
	$	**366,948**	$	376,450
DISTRIBUTIONS TO PROGRAMS				
Winter Warmth	**$**	**19,635**	$	19,491
Other programs		**1,717**		-
United Way of Canada (Note 8)		**5,928**		5,528
General administration expenditures (Schedule 3)		**102,297**		112,452
	$	**129,577**	$	137,471

UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

GENERAL ADMINISTRATION EXPENDITURES

Schedule 3

For the year ended March 31, 2019

	2019	2018
Administration		
Conference, training and sundry	**$ 198**	$ 2,830
Insurance	**3,044**	3,094
Office	**10,912**	11,057
Professional fees	**16,854**	8,506
Salaries and benefits	**113,798**	136,359
Telephone and communications	**3,891**	3,844
	148,697	165,690
Building		
Amortization	**422**	7,006
Rent	**26,183**	19,490
Repairs and maintenance	**1,073**	1,696
	27,678	28,192
Total general administration expenditures	**176,375**	193,882
Allocation to fundraising expenditures (Note 6)	**(74,078)**	(81,430)
Allocation to program expenditures (Note 6)	**(102,297)**	(112,452)
	$ -	$ -

PURPOSE

The purpose of the Organization is to improve lives and build our community. The Organization is a registered charity and is exempt from income tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, using the following significant accounting policies:

(a) Use of estimates

The preparation of these 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the year. Significant items subject to such estimates and assumptions include the provision for doubtful pledges, and the estimated useful lives of capital assets. Actual results could differ from these estimates.

(b) Revenue recognition

United Way follows the deferral method of accounting for contributions.

(i) The annual campaign is conducted to raise financial support for member agencies in the following year. Accordingly, contributions and pledges received for the campaign that commenced in the year are reported as deferred revenue and will be included in the next year's revenue when the related agency distributions are made. Restricted contributions, including grants, are recognized as revenue when the related expenditures are incurred.

(ii) The Organization benefits from substantial services in the form of volunteer time. Since these invaluable donated services are not purchased by United Way, they are not recorded in these financial statements.

(iii) Pledges are recorded as receivable at the time the pledges are made if collection is reasonably assured, usually during the annual campaign, with an allowance for uncollectible pledges.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Expense recognition

(i) Fundraising expenses

Fundraising expenses include all expenses directly associated with fundraising and co-fundraising and an allocation of general administration expenses.

(ii) Program expenses

Program expenses include all allocations to agencies and programs directly delivered by the United Way and an allocation of general administration expenses.

(iii) Allocated expenses

Expenses identifiable to fundraising or specific programs are charged directly. The remaining expenses are allocated between fundraising and programs based on management's estimates.

(d) Cash

Cash and cash equivalents consist of cash on hand and cash on deposit.

(e) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Computer equipment	30% diminishing balance
Furniture	20% diminishing balance
Telephone system	30% diminishing balance

2. PLEDGES RECEIVABLE

Pledges receivable are presented net of a provision for uncollectible pledges. The provision for uncollectible pledges is $15,000 (2018 - $15,000).

3. CAPITAL

	Cost	Accumulated Amortization	Net 2019	Net 2018
Computer equipment	**$ 3,315**	**$ 2,925**	**$ 390**	$ 557
Furniture	**1,171**	**864**	**307**	384
Telephone system	**3,529**	**3,114**	**415**	593
	$ 8,015	**$ 6,903**	**$ 1,112**	$ 1,534

4. DEFERRED CAMPAIGN REVENUE

Changes in deferred campaign revenue are as follows:

	2019	2018
Balance, beginning of year	**$ 504,030**	$ 568,692
Add: Amount received related to the following year	**288,906**	294,297
Add: Pledges receivable related to the following year	**144,007**	209,733
Less: Amount recognized as revenue during the year	**(504,030)**	(568,692)
Balance, end of year	**$ 432,913**	$ 504,030

5. CAMPAIGN REVENUES

The revenue reported in the Statement of Financial Activities includes the deferred portion of the previous year's campaign. The following schedule provides a reconciliation between the 2018 campaign results and the gross campaign revenue reported as at March 31, 2019.

	2019	2018
Annual Campaign Achievement	**$ 599,688**	$ 631,051
Less:		
Special gifts restricted to specific programs	**(19,086)**	(6,104)
Provision for uncollectible pledges	**(15,000)**	(15,000)
Special events contributions	**(132,689)**	(105,917)
Current year's deferred designated campaign revenue	**(432,913)**	(504,030)
Add:		
Prior year's deferred campaign revenue	**504,030**	568,692
Uncollected pledges	**(12,921)**	(6,067)
Campaign revenues recognized in fiscal year	**$ 491,109**	$ 562,625

6. GENERAL ADMINISTRATION EXPENDITURES

The United Way allocates its costs to two functional areas, fundraising and programs. General costs which do not pertain specifically to either function are considered administrative and are allocated to the functional areas based on management's estimates. General administration expenses are allocated as follows:

	2019	2018
Fundraising	**42 %**	42 %
Programs	**58 %**	58 %
	100 %	100 %

7. AGENCY ALLOCATIONS

For the next fiscal year, the United Way is planning to distribute $336,400 from the annual campaign achievement to its member agencies, subject to the collection of outstanding pledges.

8. TRANSACTIONS WITH RELATED ORGANIZATIONS

The United Way of Stormont, Dundas & Glengarry submits annual membership dues to the United Way of Canada/Centraide Canada. Total dues paid were $5,928 (2018 - $5,528).

9. OPERATING LEASE

The Organization has entered into an operating lease for the premises. The operating lease commitment is as follows:

2020	$	18,600
2021	$	18,600
2022	$	18,600
2023	$	6,200

10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Risks and concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the statement of financial position date.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations associated with financial liabilities. The Organization meets its liquidity requirements by preparing and monitoring detailed forecast of cash flows from operations and holding assets that can be readily converted into cash.

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 is exposed to credit risk in the event of non-performance by counterparties in connection with its pledges receivable. Pledges receivable arise from pledges made by the public during the annual campaign. The maximum exposure to credit risk is the carrying value of pledges receivable on the statement of financial position.

10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization's interest-bearing assets include term deposits.

The Organization has fixed interest rates on its term deposits. Consequently, the exposure to fluctuations in future cash flows, with respect to these instruments, as a result of changes in market interest rates, is limited.