UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

FINANCIAL STATEMENTS

March 31, 2017

UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

March 31, 2017

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CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of United Way of Stormont, Dundas & Glengarry, which comprise the statement of financial position as at March 31, 2017, and the statements of financial activities, changes in net assets, and cash flows 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 auditors' 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 auditors consider 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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and fundraising activities, 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 revenue, deficit for the year, and cash flows from operations for the years ended March 31, 2017 and 2016, current assets as at March 31, 2017 and 2016, and net assets as at January 1 and December 31 for both 2017 and 2016 years. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our 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 Stormont, Dundas & Glengarry as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

CKDM LLP

Cornwall, Ontario
May 15, 2017

Chartered Professional Accountants
Licensed Public Accountants

UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

STATEMENT OF FINANCIAL POSITION

As at March 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	**$ 254,310**	$ 306,041
Term deposits	**156,872**	156,869
Accounts receivable	**3,028**	11,085
Pledges receivable (Note 2)	**214,465**	174,236
Prepaid expenses	**2,110**	6,906
	630,785	655,137
CAPITAL (Note 3)	**8,540**	15,781
	$ 639,325	$ 670,918
LIABILITIES		
CURRENT		
Accounts payable	**$ 20,709**	$ 14,400
Deferred campaign revenue (Note 4)	**568,692**	601,624
	589,401	616,024
NET ASSETS		
UNRESTRICTED NET ASSETS	**41,384**	39,113
INVESTED IN CAPITAL ASSETS	**8,540**	15,781
	49,924	54,894
	$ 639,325	$ 670,918

APPROVED ON BEHALF OF THE BOARD:

_______________________________ Director

_______________________________ Director

_______________________________ Date

UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended March 31, 2017

	2017	2016
REVENUE		
Campaign revenues (Note 5)	**$ 601,624**	$ 629,975
Recovery of provisioned pledges from prior campaigns	**2,916**	15,785
	604,540	645,760
OTHER REVENUE		
Donations and other	**24,781**	67
Bingo, net proceeds	**7,217**	12,618
Investment income	**1,514**	2,804
Winter Warmth	**18,550**	25,244
	52,062	40,733
TOTAL REVENUE	**656,602**	686,493
EXPENDITURES		
Fundraising (Schedule 1)	**85,028**	88,582
Distributions to agencies (Schedule 2)	**445,000**	465,000
Distributions to programs (Schedule 2)	**131,544**	143,932
TOTAL EXPENDITURES	**661,572**	697,514
DEFICIT FOR THE YEAR	**$ (4,970)**	$ (11,021)

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UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2017

	Unrestricted net assets	Invested in capital assets	2017	2016
Balance, beginning of year	$ 39,113	$ 15,781	$ 54,894	$ 65,915
Deficit for the year	(4,970)	-	(4,970)	(11,021)
Amortization	7,241	(7,241)	-	-
	2,271	(7,241)	(4,970)	(11,021)
Balance, end of year	$ 41,384	$ 8,540	$ 49,924	$ 54,894

See Accompanying Notes

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UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

STATEMENT OF CASH FLOWS

For the year ended March 31, 2017

	2017	2016
CASH USED IN OPERATING ACTIVITIES		
Deficit for the year	**$ (4,970)**	$ (11,021)
Item not affecting cash or equivalent		
Amortization	**7,241**	7,573
Changes in non-cash working capital balances		
Accounts receivable	**8,057**	(2,528)
Pledges receivable	**(40,229)**	18,465
Prepaid expenses	**4,796**	(5,555)
Accounts payable	**6,309**	3,820
Deferred campaign revenue	**(32,932)**	(28,350)
DECREASE IN CASH AND EQUIVALENTS	**(51,728)**	(17,596)
CASH AND EQUIVALENTS, beginning of year	**462,910**	480,506
CASH AND EQUIVALENTS, end of year	**$ 411,182**	$ 462,910
REPRESENTED BY:		
Cash	**$ 254,310**	$ 306,041
Term deposits	**156,872**	156,869
	$ 411,182	$ 462,910

See Accompanying Notes

UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

FUNDRAISING EXPENDITURES

Schedule 1

For the year ended March 31, 2017

		2017		2016
Advertising	**$**	**2,164**	$	3,242
Printing material		**2,745**		2,232
		4,909		5,474
General administration expenditures (Schedule 3)		**80,119**		83,108
	$	**85,028**	$	88,582

UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

DISTRIBUTIONS TO AGENCIES AND PROGRAMS

Schedule 2

For the year ended March 31, 2017

	2017	2016
DISTRIBUTIONS TO AGENCIES		
Baldwin House	**$ 15,000**	$ 17,500
Bereaved Families of Ontario	**-**	20,000
Big Brothers and Big Sisters of Cornwall and District	**37,500**	37,500
Boys and Girls Club of Cornwall/SDG	**45,000**	45,000
Canadian Hearing Society	**13,000**	13,000
Canadian Mental Health Association	**38,000**	38,000
Canadian National Institute for the Blind	**16,000**	18,500
Canadian Red Cross Society	**15,000**	13,700
Cornwall Meals on Wheels	**40,000**	36,000
Counselling and Family Services	**52,500**	55,000
Equipe Psycho-Sociale	**16,000**	16,000
Glengarry Inter Agency Group Inc. (Alexandria Youth Centre)	**48,000**	48,000
Ontario March of Dimes	**10,000**	10,000
S. D. & G. Developmental Services Centre	**20,000**	20,000
Sexual Assault & Support Services	**24,500**	24,300
The Hub for Beyond 21 Foundation	**25,000**	25,000
Tri-County Literacy Council	**27,500**	27,500
Centre Charles-Emile-Claude	**2,000**	-
	$ 445,000	$ 465,000
DISTRIBUTIONS TO PROGRAMS		
Winter Warmth	**$ 13,638**	$ 21,639
Success By 6	**1,485**	2,381
United Way of Canada (Note 8)	**5,781**	5,143
General administration expenditures (Schedule 3)	**110,640**	114,769
	$ 131,544	$ 143,932

UNITED WAY OF STORMONT, DUNDAS & GLENGARRY

GENERAL ADMINISTRATION EXPENDITURES

Schedule 3

For the year ended March 31, 2017

	2017	2016
Administration		
Conference, training and sundry	$ 20,334	$ 4,358
Insurance	4,002	3,763
Office	13,726	16,628
Printing, postage and stationery	-	156
Professional fees	5,717	8,874
Salaries and benefits	114,767	132,068
Telephone and communications	5,861	4,877
	164,407	170,724
Building		
Amortization	7,241	7,573
Rent	17,277	17,436
Repairs and maintenance	1,658	2,144
Utilities	176	-
	26,352	27,153
Total general administration expenditures	190,759	197,877
Allocation to fundraising expenditures (Note 6)	(80,119)	(83,108)
Allocation to program expenditures (Note 6)	(110,640)	(114,769)
	$ -	$ -

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2017

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 estimate of employees' time.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash on deposit, and term deposits.

(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:

Leaseholds	5 years straight-line
Computer equipment	30% diminishing balance
Furniture	20% diminishing balance
Telephone system	30% diminishing balance

2. PLEDGES RECEIVABLE

Pledges receivable are shown net of a provision for uncollectible pledges. The provision for uncollectible pledges is $15,000 (2016 - $15,000).

3. CAPITAL

	Cost	Accumulated Amortization	Net 2017	Net 2016
Leaseholds	$ 32,084	$ 25,667	$ 6,417	$ 12,834
Computer equipment	3,315	2,519	796	1,137
Furniture	1,171	691	480	599
Telephone system	3,529	2,682	847	1,211
	$ 40,099	$ 31,559	$ 8,540	$ 15,781

4. DEFERRED CAMPAIGN REVENUE

Changes in deferred campaign revenue are as follows:

	2017	2016
Balance, beginning of year	$ 601,624	$ 629,975
Add: Amount received related to the following year	354,227	427,388
Add: Pledges receivable related to the following year	214,465	174,236
Less: Amount recognized as revenue during the year	(601,624)	(629,975)
Balance, end of year	$ 568,692	$ 601,624

5. CAMPAIGN REVENUES

The revenue reported in the Statement of Financial Activities includes the restricted portion of the previous year's campaign. The following schedule provides a reconciliation between the 2016 campaign results and the gross campaign revenue reported as at March 31, 2017.

	2017	2016
Annual Campaign Achievement	$ 630,305	$ 678,515
Less:		
Special gifts restricted to specific programs	(14,283)	(18,721)
Provision for uncollectible pledges	(15,000)	(15,000)
Special events expenses	(32,330)	(43,170)
Current year's deferred designated campaign revenue	(568,692)	(601,624)
Add:		
Prior year's deferred campaign revenue	601,624	629,975
Recovery of provisioned pledges	2,916	15,785
Gross campaign revenues recognized in fiscal year	$ 604,540	$ 645,760

Special events are held with the intent to raise the profile and support the objectives of the organization. Total revenues from these events were $58,034, offset by expenses of $32,330.

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:

	2017	2016
Fundraising	**42 %**	42 %
Programs	**58 %**	58 %
	100 %	100 %

7. AGENCY ALLOCATIONS

For the next fiscal year, the United Way is planning to distribute $376,450 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 $5,781 (2016 - $5,143).

9. OPERATING LEASE

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

2018	$ 15,600
2019	$ 2,600

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.

10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

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.

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.