

UNITED WAY OF LEEDS & GRENVILLE
Financial Statements
Year ended December 31, 2018

UNITED WAY OF LEEDS & GRENVILLE

Year ended December 31, 2018

	Page
Independent Auditor's Report	1
Financial Statements	
Balance Sheet	3
Statement of Operations and Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Schedule of Other Revenues	12
Schedule of Program Expenses	13
Schedule of Campaign Expenses	13
Schedule of Nevada Expenses	13
Schedule of Building Expenses	14
Schedule of General Management and Administration Expenses	14



Independent Auditor's Report

To the Members of
United Way of Leeds and Grenville
Brockville, Ontario

Qualified Opinion

We have audited the financial statements of United Way of Leeds and Grenville, which comprise the balance sheet as at December 31, 2018, and the statement of operations and net assets, and statement of 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 possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of United Way of Leeds and Grenville as at December 31, 2018 and its financial performance and its cash flows 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 non-profit organizations, the organization derives revenue from donations and fundraising, 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 and we were not able to determine whether any adjustments might be necessary to fundraising and donation revenues, excess of revenue over expenditures, assets and net assets.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

PROFESSIONAL CORPORATION

Chartered Professional Accountants • Chartered Accountants

Licensed to Practice Public Accounting by the Institute of Chartered Accountants of Ontario
BROCKVILLE: 9 Broad Street, Suite 210, Brockville, ON K6V 6Z4, 613-342-1555, Fax: 613-342-2845
PRESCOTT: 290 George Street, P.O. Box 969, Prescott, ON K0E 1T0, 613-925-0145, Fax: 613-925-2790
durandandassociates.ca

Auditor's 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 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 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 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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.

We 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 we identify during our audit.

Durand and Associates

Prescott, Ontario
April 25, 2019

DURAND AND ASSOCIATES
PROFESSIONAL CORPORATION

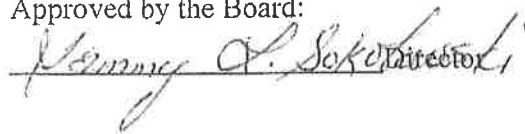
UNITED WAY OF LEEDS & GRENVILLE

Balance Sheet

December 31, 2018, with comparative figures for December 31, 2017

	Investment in Capital Assets	Internally Restricted	Unrestricted	Totals 2018	Totals 2017
Assets					
Current assets:					
Cash (note 2)	\$ -	\$ 66,883	\$ 200,455	\$ 267,338	\$ 420,257
Short-term investments (note 3)	-	575,000	-	575,000	502,119
Campaign pledges receivable	-	-	281,539	281,539	307,035
Other receivables	-	-	61,613	61,613	28,123
Prepaid expenses	-	-	4,769	4,769	4,897
Due from unrestricted	-	191,325	-	191,325	123,334
	-	833,208	548,376	1,381,584	1,385,765
Capital assets (note 4)	137,263	-	-	137,263	146,572
	\$ 137,263	\$ 833,208	\$ 548,376	\$ 1,518,847	\$ 1,532,337
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 65,127	\$ 65,127	\$ 15,099
Allocations payable to agency members	-	-	49,767	49,767	50,518
Deposits held in trust (note 6)	-	-	9,514	9,514	14,087
Due to internally restricted	-	-	191,325	191,325	123,334
	-	-	315,733	315,733	203,038
Deferred contributions:					
Externally restricted donations (note 5)	-	-	1,839	1,839	1,719
Capital assets (note 7)	29,440	-	-	29,440	34,292
	29,440	-	1,839	31,279	36,011
Net assets:					
Net assets (page 4)	107,823	833,208	230,804	1,171,835	1,293,288
	\$ 137,263	\$ 833,208	\$ 548,376	\$ 1,518,847	\$ 1,532,337

Approved by the Board:



Director

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF LEEDS & GRENVILLE

Statement of Operations and Net Assets

Year ended December 31, 2018, with comparative figures for 2017

	Investment in Capital Assets	Internally Restricted	Unrestricted	Totals 2018	Totals 2017
Revenue:					
Campaign contributions	\$ -	\$ -	\$ 784,314	\$ 784,314	\$ 756,064
Funds received from other United Ways	-	-	47,408	47,408	71,037
Allowance for uncollectible pledges	-	-	(2,854)	(2,854)	(2,631)
Net campaign contributions	-	-	828,868	828,868	824,470
Other revenues (page 12)	4,852	81,000	28,326	114,178	93,183
	4,852	81,000	857,194	943,046	917,653
Expenditures:					
Allocations to agency members	-	-	599,453	599,453	610,079
Non-agency designations	-	-	3,170	3,170	3,365
Transfer to community program (note 11)	-	-	41,481	41,481	-
Y2Y Board allocations	-	-	1,500	1,500	900
Programs (page 13)	5,779	5,953	166,521	178,253	164,224
Campaign (page 13)	6,430	11,304	168,866	186,600	101,466
Nevada tickets (page 13)	-	54,042	-	54,042	50,827
	12,209	71,299	980,991	1,064,499	930,861
Excess (deficiency) of revenues over expenditures	(7,357)	9,701	(123,797)	(121,453)	(13,208)
Net assets - beginning of the year	112,280	835,735	345,273	1,293,288	1,306,496
Interfund transfers	2,900	(12,228)	9,328	-	-
Net assets - end of the year	\$ 107,823	\$ 833,208	\$ 230,804	\$ 1,171,835	\$ 1,293,288

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF LEEDS & GRENVILLE

Notes to Financial Statements

Year ended December 31, 2018

Purpose of the organization:

The United Way of Leeds and Grenville (United Way) is a not-for-profit organization and, pursuant to letter patent dated October 27, 1998, is incorporated without share capital under the Ontario Corporations Act. Its mission is to improve lives and build community by engaging individuals and mobilizing collective action. The United Way's primary source of revenue is the annual campaign to solicit donations on behalf of agency members.

The United Way is registered as a charitable organization under the Income Tax Act (the Act) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the United Way must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

1. Significant accounting policies:**(a) Basis of presentation:**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Fund accounting:

The organization follows the deferred fund method of accounting for contributions within the following funds:

The investment in capital assets fund reports the assets, liabilities, revenue and expenses related to the organization's capital assets (note 8).

The internally restricted fund reports Nevada, building and operating reserve amounts restricted by the board of directors (note 9).

The unrestricted fund accounts for the organization's campaign, program delivery and administrative activities (note 10).

(c) Cash and cash equivalents:

Cash is defined as cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

(d) Investments:

Investments are recorded at fair value.

(e) Campaign pledges receivable:

Campaign pledges receivable are recognized if the amount to be received can be reasonably estimated and collection is reasonably assured.

An allowance for uncollectible pledges receivable is calculated using historical loss experience and deducted from the carrying value of the receivable.

UNITED WAY OF LEEDS & GRENVILLE

Statement of Cash Flows

Year ended December 31, 2018, with comparative figures for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Cash receipts	\$ 930,320	\$ 889,247
Cash paid to suppliers and employees	(1,007,458)	(926,341)
	(77,138)	(37,094)
Investing:		
Increase in investments	(72,881)	(2,119)
Purchase of capital assets	(2,900)	(2,052)
	(75,781)	(4,171)
Decrease in cash	(152,919)	(41,265)
Cash, beginning of the year	420,257	461,522
Cash, end of the year (note 2)	\$ 267,338	\$ 420,257

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF LEEDS & GRENVILLE

Notes to Financial Statements

Year ended December 31, 2018

1. Significant accounting policies (continued):

(f) Capital assets:

Amortization is provided using the following methods and annual rates:

Asset		Rate
Building	Straight line	4%
Equipment	Straight line	6.7% and 20%
Computer equipment and software	Straight line	33.3% and 50%

(g) Revenue recognition:

The organization follows the deferral method of accounting for contributions which includes unrestricted and restricted donations and grants.

Unrestricted campaign contributions are recognized as revenue when received or pledged. Funds received from other United Ways are recognized as revenue when received or pledged.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding with the amortization rates for the related capital assets.

Nevada ticket sales, interest and rent are recognized as revenue when earned.

Endowment contributions are recognized as direct increases in net assets when received.

(h) Use of estimates:

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from management's best estimates as additional information becomes available in the future.

(i) Contributed services:

Volunteers contribute numerous hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(j) In-kind contributions:

The United Way receives in-kind contributions of clothing, office supplies, personal care products and other goods which are used internally or distributed to agency members and other community agencies. Since these in-kind contributions would not ordinarily be purchased by the United Way, they are not recorded in the financial statements.

UNITED WAY OF LEEDS & GRENVILLE

Notes to Financial Statements

Year ended December 31, 2018

2. Cash:

	2018	2017
Cash float	\$ 200	\$ 151
Operating account - unrestricted	114,574	127,585
Business investment account - unrestricted	85,681	82,241
Total unrestricted	200,455	209,977
Operating account - internally restricted	28,077	177,495
Nevada accounts - internally restricted	38,806	32,785
Total internally restricted	66,883	210,280
Total cash	\$ 267,338	\$ 420,257

Funds from Ontario Lottery sources must be segregated into a separate bank account and can only be used for specified purposes.

3. Investments:

	2018	2017
Term deposit, 1.10% maturing February 28, 2018	\$ -	\$ 502,119
Term deposit, 1.63% maturing January 3, 2019	150,000	-
Term deposit, 1.75% maturing January 23, 2019	75,000	-
Term deposit, 1.96% maturing February 19, 2019	50,000	-
Term deposit, 1.94% maturing February 27, 2019	25,000	-
Term deposit, 2.03% maturing March 21, 2019	275,000	-
	\$ 575,000	\$ 502,119

4. Capital assets:

2018	Cost	Accumulated amortization	Net book value
Land	\$ 50,000	\$ -	\$ 50,000
Building	261,016	182,654	78,362
Equipment	22,570	14,342	8,228
Computer equipment and software	11,492	10,819	673
	\$ 345,078	\$ 207,815	\$ 137,263

2017	Cost	Accumulated amortization	Net book value
Land	\$ 50,000	\$ -	\$ 50,000
Building	258,781	172,257	86,524
Equipment	22,570	13,146	9,424
Computer equipment and software	10,827	10,203	624
	\$ 342,178	\$ 195,606	\$ 146,572

UNITED WAY OF LEEDS & GRENVILLE

Notes to Financial Statements

Year ended December 31, 2018

5. Externally restricted donations:

Deferred contributions related to externally restricted donations represent unspent donations that have been restricted by the donors for youth programs.

	2018	2017
Balance, beginning of the year	\$ 1,719	\$ 613
Externally restricted donations collected	1,620	2,006
Amount recognized as revenue:		
Youth programs	(1,500)	(900)
Balance, end of the year	\$ 1,839	\$ 1,719
Represented by funds externally restricted for:		
Youth programs	\$ 1,839	\$ 1,719

6. Collaborative Immigration project:

The Collaborative Immigration project represents grants collected from the City of Brockville to develop a strategy and begin implementing support systems that will present Leeds and Grenville as a welcoming community to newcomers, in particular immigrants. As at December 31, 2018 funds are being held in trust for the City of Brockville.

7. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent externally restricted capital contributions and grants received for the purchase of capital assets together with contributed capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2018	2017
Balance, beginning of the year	\$ 34,292	\$ 39,533
Contributions received during the year	-	-
Amount amortized to revenue	(4,852)	(5,241)
Balance, end of the year	\$ 29,440	\$ 34,292

8. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2018	2017
Capital assets	\$ 137,263	\$ 146,572
Amounts financed by deferred contributions related to capital assets	29,440	34,292
	\$ 107,823	\$ 112,280

UNITED WAY OF LEEDS & GRENVILLE

Notes to Financial Statements

Year ended December 31, 2018

8. Investment in capital assets (continued):

(b) Change in the investment in capital assets is calculated as follows:

	2018	2017
Excess of expenses over revenue:		
Amortization of deferred capital contributions related to capital assets	\$ 4,852	\$ 5,241
Amortization of capital assets	12,209	12,716
	<u>\$ (7,357)</u>	<u>\$ (7,475)</u>
Net change in investment in capital assets:		
Capital assets acquired	\$ 2,900	\$ 2,051

9. Internally restricted net assets:

	Nevada Tickets	Building	Operating Reserve	2018 Total	2017 Total
Nevada tickets:					
Sales	\$ 81,000	\$ -	\$ -	\$ 81,000	\$ 77,380
Expenses	(54,042)	-	-	(54,042)	(50,827)
Building:					
Revenue	-	-	-	-	-
Expenses	-	(17,257)	-	(17,257)	(15,680)
Excess (deficiency) of revenue over expenses	26,958	(17,257)	-	9,701	10,873
Balance - beginning of the year	32,785	61,505	741,445	835,735	229,104
Transfers (to) from unrestricted net assets	(20,938)	17,838	(9,128)	(12,228)	595,758
Balance - end of the year	<u>\$ 38,805</u>	<u>\$ 62,086</u>	<u>\$ 732,317</u>	<u>\$ 833,208</u>	<u>\$ 835,735</u>

The Board of Directors has internally restricted the excess of revenue over expenses from the sale of Nevada tickets to be used to finance programs and general management and administration expenses.

The operating reserve represents funds internally restricted by the Board of Directors for purposes to be approved by the Board.

The board of directors has internally restricted the amount committed as allocations to agency members for 2019 in the amount of \$592,325.

10. Unrestricted net assets:

At December 31, 2018 there was \$230,804 of unrestricted net assets which will be used in the future for the development of community programs and operating capital.

UNITED WAY OF LEEDS & GRENVILLE

Notes to Financial Statements

Year ended December 31, 2018

11. Transfer to community program:

During the year, the organization held the Gord Brown Memorial Hockey Night in Leeds Grenville in partnership with the Town of Gananoque. Fifty percent of the net proceeds were transferred to the Town of Gananoque in support of the Ice Pad Project.

12. Financial risks and concentration of risk:

The United Way's financial instruments consist of cash, investments, receivables and payables. The significant financial risks to which the United Way is exposed relating to its financial instruments are credit risk, interest rate risk and liquidity risk.

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss.

Credit risk associated with cash and investments is minimized substantially by ensuring that these assets are invested with major financial institutions that have been accorded investment grade ratings by primary rating agency.

(b) Interest rate risk:

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The exposure of the United Way to interest rate risk arises from its interest bearing assets, being cash and investments.

The United Way's cash includes amounts on deposit with a financial institution that earn interest at market rates. The United Way manages its interest rate exposure of its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates on cash do not have a significant impact on the United Way's results of operations.

The primary objective of the United Way with respect to its investments is to ensure the security of principal amounts invested, provide for a high degree of liquidity and achieve a satisfactory investment return.

(c) Liquidity risk:

Liquidity risk refers to the risk that the United Way will not be able to meet a demand for cash or fund its obligations as they come due.

The United Way meets its liquidity requirements by monitoring its cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

UNITED WAY OF LEEDS & GRENVILLE

Schedule of Other Revenues

Year ended December 31, 2018, with comparative figures for 2017

	Investment in Capital Assets	Internally Restricted	Unrestricted	Totals 2018	Totals 2017
Nevada ticket sales, net of cash prizes	\$ -	\$ 81,000	\$ -	\$ 81,000	\$ 77,380
Interest	-	-	6,518	6,518	4,753
Miscellaneous income	-	-	-	-	597
Expense recoveries (note 11)	-	-	6,923	6,923	-
Grants for salaries and benefits	-	-	13,385	13,385	4,233
Youth programs	-	-	-	-	79
Y2Y Board income	-	-	1,500	1,500	900
Amortization of deferred capital contributions (note 7)	4,852	-	-	4,852	5,241
	\$ 4,852	\$ 81,000	\$ 28,326	\$ 114,178	\$ 93,183

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF LEEDS & GRENVILLE

Schedule of Program Expenses

Year ended December 31, 2018, with comparative figures for 2017

	2018	2017
Programs development	\$ 95,791	\$ 84,997
Gifts in Kind Centre	127	1,006
United Way of Canada dues	7,528	7,792
Youth Programs	2,532	3,406
Amortization of capital assets	3,863	5,502
	109,841	102,703
Allocation of:		
Building expenses (page 14)	6,850	9,205
General management and administration expenses (page 14)	61,562	52,316
	\$ 178,253	\$ 164,224

UNITED WAY OF LEEDS & GRENVILLE

Schedule of Campaign Expenses

Year ended December 31, 2018, with comparative figures for 2017

	2018	2017
Special events	\$ 27,392	\$ 17,645
Advertising and promotion	8,544	4,401
Postage	1,216	1,128
Supplies and forms	2,214	1,235
Fundraising expenses	7,505	9,230
Credit card charges	2,030	988
Volunteer recognition	4,435	3,788
Travel	1,775	1,730
Miscellaneous	1,493	874
	56,604	41,019
Allocation of:		
Building expenses (page 14)	13,006	9,059
General management and administration expenses (page 14)	116,990	51,388
	\$ 186,600	\$ 101,466

UNITED WAY OF LEEDS & GRENVILLE

Schedule of Nevada Tickets Expenses

Year ended December 31, 2018, with comparative figures for 2017

	2018	2017
Site remuneration	\$ 15,460	\$ 14,769
Ontario Gaming Commission taxes	11,389	10,278
Tickets	11,043	9,965
Administration fees	10,056	9,075
Licenses and fees	5,356	6,740
Miscellaneous	738	-
	\$ 54,042	\$ 50,827

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF LEEDS & GRENVILLE

Schedule of Building Expenses

Year ended December 31, 2018, with comparative figures for 2017

	2018		2017
Utilities	\$ 4,442	\$	4,346
Repairs	2,055		1,596
Insurance	4,645		4,513
Wages	4,428		3,738
Amortization of capital assets	2,599		2,584
Miscellaneous	1,687		1,487
	\$ 19,856	\$	18,264
Allocated to:			
Program expenses	\$ 6,850	\$	9,205
Campaign expenses	13,006		9,059
	\$ 19,856	\$	18,264

UNITED WAY OF LEEDS & GRENVILLE

Schedule of General Management and Administration Expenses

Year ended December 31, 2018, with comparative figures for 2017

	2018		2017
Salaries and benefits	\$ 137,327	\$	71,215
Office supplies, postage and photocopier lease	7,664		4,637
Travel and conferences	1,689		5,452
Professional services	16,089		6,735
Telephone and internet	5,440		5,256
Insurance	962		990
Advertising	269		1,495
Bank and credit card charges	894		1,114
Amortization of capital assets	5,747		4,630
Miscellaneous	2,471		2,180
	\$ 178,552	\$	103,704
Allocated to:			
Program expenses	\$ 61,562	\$	52,316
Campaign expenses	116,990		51,388
	\$ 178,552	\$	103,704

General management and administration expenses and building expenses are allocated between programs and campaign expenses based on effort and have been allocated as follows:

	2018	2017
Programs	34.5 %	50.4 %
Campaign	65.5 %	49.6 %

The accompanying notes are an integral part of these financial statements.