

**United Way of Pictou County
Financial Statements**

December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Directors of United Way of Pictou County

We have audited the accompanying financial statements of United Way of Pictou County, which comprise the statement of financial position as at December 31, 2017, and the statements of revenue, expenditures and changes in fund balances 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.

Auditor's 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 auditor's 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 auditor considers 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 internal 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the United Way of Pictou County derives its revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue was limited to accounting for the amounts recorded in the records and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, assets and surplus.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion, the financial statements present fairly, in all material respects, the financial position of United Way of Pictou County as at December 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.

*MacDonald +
Murphy Inc.*

**New Glasgow, Nova Scotia
May 16, 2018**

**Chartered Professional Accountants
Licensed Public Accountants**

United Way of Pictou County
Statements of Revenue, Expenditures and
Changes in Fund Balances
Year Ended December 31, 2017

	2017	2016 (Restated) (Note 8)
Fundraising revenue	\$ 326,215	\$ 287,937
Other revenue		
Grants/Government grants	2,970	1,218
Community building initiatives	20,983	24,441
	<u>350,168</u>	<u>313,596</u>
Expenditures		
Fundraising expenses (Page 9)	88,828	86,461
	<u>88,828</u>	<u>86,461</u>
Net revenues available for programs	<u>261,340</u>	<u>227,135</u>
Support to the Community		
Planned giving		107
Donor designations	25,671	29,025
Community building initiatives	26,749	18,406
Community investment process (Page 9)	73,891	74,580
Funded programs	94,565	158,300
	<u>220,876</u>	<u>280,418</u>
Excess of revenue over expenditures (expenditures over revenue)	<u>\$ 40,464</u>	<u>\$ (53,283)</u>
<hr/>		
Fund balance, beginning of year	\$ 45,750	\$ 85,565
Adjustment for prior period receivable (Note 8)	87,281	80,679
	<u>87,281</u>	<u>80,679</u>
Fund balance, beginning of the year restated	\$ 133,031	\$ 166,244
Excess of revenue over expenditures (expenditures over revenue)	40,464	(53,283)
Contingency fund transferred to surplus (Note 3)		20,070
	<u>40,464</u>	<u>(53,283)</u>
Fund balance, end of year	<u>\$ 173,495</u>	<u>\$ 133,031</u>

United Way of Pictou County
Statement of Financial Position
As at December 31, 2017

	<u>2017</u>	<u>2016</u> (Restated)
ASSETS		
Current		
Cash and cash equivalents <i>(Note 2)</i>	\$ 112,704	\$ 90,932
Harmonized sales tax receivable	<u>4,343</u>	<u>4,220</u>
	<u>117,047</u>	<u>95,152</u>
 Life insurance premium receivable <i>(Note 8)</i>	 <u>92,229</u>	 <u>87,279</u>
	 <u>\$ 209,276</u>	 <u>\$ 182,431</u>
LIABILITIES		
Current		
Payables and accruals	\$ 14,431	\$ 14,400
Campaign designations	<u>21,350</u>	<u>35,000</u>
	<u>35,781</u>	<u>49,400</u>
NET ASSETS		
Fund balance, operating	<u>173,495</u>	<u>133,031</u>
	<u>\$ 209,276</u>	<u>\$ 182,431</u>

Commitments *(Note 7)*

ON BEHALF OF THE BOARD

 Director

 Director

United Way of Pictou County
Statement of Cash Flows
Year Ended December 31, 2017

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	<u>2017</u>	<u>2016</u> (Restated)
Operating		
Excess (deficiency) of revenues over expenses	\$ 40,464	\$ (53,283)
Change in non-cash operating working capital		
Accounts receivable	(5,070)	(7,284)
Campaign designations	(13,653)	
Payables and accruals	31	7,073
	<u>21,772</u>	<u>(53,494)</u>
Net increase in cash and cash equivalents		
Cash and cash equivalents		
Beginning of Year	<u>90,932</u>	<u>144,426</u>
End of Year	<u>\$ 112,704</u>	<u>\$ 90,932</u>
Cash and cash equivalents comprised of:		
Cash - unrestricted	112,106	88,698
Cash - restricted (Note 2)	<u>598</u>	<u>2,234</u>
	<u>\$ 112,704</u>	<u>\$ 90,932</u>

United Way of Pictou County

Notes to Financial Statements

December 31, 2017

1. Nature of operations

The mission of the United Way of Pictou County is; through collaborative partnerships, we bring people together to make a positive, sustainable impact on our community. The United Way of Pictou County is a not-for-profit organization and is a registered charity under the Income Tax Act, and as such, is exempt from income tax.

2. Summary of significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Fund accounting

The Organization follows the restricted fund method of accounting for contributions. The General Fund accounts for the organization's program delivery and administration activities. This fund reports unrestricted resources and restricted operating grants.

Revenue recognition

United Way of Pictou County follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Community investments are allocated funds that are committed to funded community organizations effective March 31st each year for the subsequent twelve months, funded from the most recently completed campaign. The allocations to community agencies will be recognized when the Board has authorized the allocations, creating a liability to the respective agencies.

Cash and cash equivalents

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

Included in the cash and cash equivalents balance are funds held for the following specified programs:

	<u>2017</u>	<u>2016</u>
Pictou County Volunteer Coalition	\$ 598	\$ 2,234

United Way of Pictou County

Notes to Financial Statements

December 31, 2017

2. Summary of significant accounting policies (continued)

Contributed goods and services

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

United Way operations - allocation of expenses

The United Way allocates its general management and administration expenses to two functional areas: fundraising and community investment process.

General costs which do not pertain specifically to either function are considered administrative and are allocated to the function areas as follows:

	<u>2017</u>	<u>2016</u>
Fundraising expenses	50%	50%
Community investment process	50%	50%

Measurement uncertainty

The preparation of the financial statements in accordance with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, in particular, market value of investments at the report date. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. Contingency fund

In prior years the contingency fund was a reserve fund created from past revenues in the event of future revenue shortfalls. However, during the prior year management elected to transfer the contingency fund to surplus as the fund was no longer required.

4. Donor designations

Donor designations are dollars on top of allocations to funded programs.

Service charges of 10% on payroll pledges and cash donations are applied to all designations to registered charities.

5. Community building initiatives

Community building initiatives include: Pictou County Food Security Coalition, Pictou County Volunteer Coalition, Pictou County Partners, and Workplace Education Initiative Courses, and Executive Directors Roundtable.

United Way of Pictou County

Notes to Financial Statements

December 31, 2017

6. Gifts in kind

The value of gifts in kind for 2017 is indeterminable. Gifts in kind donations were received from a large number and variety of donors.

7. Commitments

The United Way of Pictou County has committed to provide funding to various agencies and programs over a period of one year, subject to certain conditions. The total commitment for 2018 is expected to be approximately \$132,797 (2017 - \$88,669).

The United Way of Pictou County has renewed their rental agreement with Select Properties Inc. for a term of five years beginning January 2017.

8. Prior period adjustment

The United Way of Pictou County was assigned as the beneficiary of a life insurance policy that was established in 2003 on a specified individual. The agency has paid the premiums on this policy since that time, recognizing these payments as an administrative expense. The amounts paid for the premiums should have been recognized as an amount receivable that would be retired upon the death of the individual. The adjustment reflects the amount paid for premiums on this life insurance policy since 2003 thus increasing the fund balance for amounts previously expensed.

The resulting adjustment increases the 2016 opening fund balance from \$85,565 to \$166,244 and the opening fund balance for 2017 from \$45,750 to \$133,031.

In early 2018 the policy matured and was paid out for a total of \$116,959.

United Way of Pictou County
Schedule of General Operating Expenses
December 31, 2017

	<u>2017</u>	<u>2016</u>
Insurance	\$ 1,383	\$ 1,357
Interest and bank charges	352	1,033
Memberships and dues	3,031	2,676
Office expenses	10,163	12,297
Professional fees	6,020	5,375
Promotion	108	145
Rent	15,480	14,190
Repairs and maintenance	1,530	1,586
Training	535	3,555
Travel and meals	1,841	1,915
Utilities	3,331	4,225
Wages and benefits	<u>104,007</u>	<u>100,806</u>
Total general operating expenses	<u>\$ 147,781</u>	<u>\$ 149,160</u>
Fundraising expenses		
Campaign and fundraising expense	\$ 14,937	\$ 11,879
50% of general operating expenses	<u>73,891</u>	<u>74,582</u>
	<u>\$ 88,828</u>	<u>\$ 86,461</u>
Community investment process		
50% of general operating expenses	<u>\$ 73,891</u>	<u>\$ 74,580</u>