



HAZLITT STEEVES HARRIS DUNN LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
CHARTERED ACCOUNTANTS

Financial Statements of

UNITED WAY OF SARNIA - LAMBTON

December 31, 2014



HAZLITT STEEVES HARRIS DUNN LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
CHARTERED ACCOUNTANTS

Independent Auditors' Report

To the Directors of United Way of Sarnia - Lambton

We have audited the accompanying financial statements of **United Way of Sarnia - Lambton** which comprise the balance sheet as at December 31, 2014 and the statements of operating revenues and expenditures, 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 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 controls 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

Continued -

- Continued

Basis for Qualified Opinion

In common with many charitable organizations, the United Way of Sarnia-Lambton derives revenue from the general public in the form of donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of donations 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 donations revenue, excess of revenues over expenditures, current assets and net assets.

Qualified Opinion

In our opinion, except for the 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 Sarnia - Lambton as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

HAZLITT STEEVES HARRIS DUM LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
March 25, 2015

UNITED WAY OF SARNIA - LAMBTION

Table of Contents

For the year ended December 31, 2014

	<u>Page</u>
Statement of Operating Revenues and Expenditures	1
Statement of Changes in Net Assets	2
Balance Sheet	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 – 9
General and Administrative Expenditures – Schedule 1	10
Fundraising Expenditures – Schedule 2	11
Program Expenditures – Schedule 3	12

UNITED WAY OF SARNIA - LAMBTON
Statement of Operating Revenues and Expenditures
For the year ended December 31, 2014

	<u>General Fund</u>	<u>Future Fund</u>	<u>2014</u>	<u>2013</u>
REVENUES				
Local campaign	\$ 1,770,047	\$ -	\$ 1,770,047	\$ 1,734,255
Funds transferred from other United Way Centres	295,499	-	295,499	272,935
Funds transferred to other United Way Centres	(1,867)	-	(1,867)	(743)
Gross campaign	2,063,679	-	2,063,679	2,006,447
Less: Uncollectable pledges and other adjustments	(15,353)	-	(15,353)	(17,774)
Net revenues from prior year campaign	2,048,326	-	2,048,326	1,988,673
Other income				
Winter Warmth	53,994	-	53,994	46,510
Investment	21,840	45,524	67,364	56,316
Day of caring	5,500	-	5,500	4,500
Memorial donations	4,033	520,060	524,093	76,533
Bingo	4,068	-	4,068	3,260
Shell summer students	24,138	-	24,138	32,066
Other campaign activities	19,019	-	19,019	17,311
	2,180,918	565,584	2,746,502	2,225,169
Fundraising expenditures (Schedule 2)	356,399	-	356,399	344,376
Net revenue available for program allocations	1,824,519	565,584	2,390,103	1,880,793
Program expenditures (Schedule 3)	1,864,990	-	1,864,990	1,831,679
EXCESS OF REVENUES OVER EXPENDITURES				
(EXPENDITURES OVER REVENUES)	\$ (40,471)	\$ 565,584	\$ 525,113	\$ 49,114

UNITED WAY OF SARNIA - LAMBTON

Statement Of Changes in Net Assets

For The Year Ended December 31, 2014

	<u>General Fund</u>	<u>Future Fund</u>	<u>2014</u>	<u>2013</u>
Fund balance, beginning of year	\$ 406,762	\$ 1,231,495	\$ 1,638,257	\$ 1,589,143
Excess of revenues over expenditures (Expenditures over revenues)	(40,471)	565,584	525,113	49,114
	<u>366,291</u>	<u>1,797,079</u>	<u>2,163,370</u>	<u>1,638,257</u>
Inter-fund transfers (Note 5)	45,524	(45,524)	-	-
Fund balance, end of year	\$ <u>411,815</u>	\$ <u>1,751,555</u>	\$ <u>2,163,370</u>	\$ <u>1,638,257</u>



UNITED WAY OF SARNIA - LAMBTON

Balance Sheet

As at December 31, 2014

	General Fund	Future Fund	2014	2013
ASSETS				
CURRENT				
Cash	\$ 346,622	\$ 57,450	\$ 404,072	\$ 410,183
Accounts receivable	113,915	852	114,767	216,977
Pledges receivable	793,847	-	793,847	623,448
Inventory	12,320	-	12,320	12,320
Prepaid expenses	-	-	-	1,746
Investments (Note 4)	1,623,572	195,000	1,818,572	1,802,850
Due from Future Fund (Note 5)	84,540	-	84,540	41,943
	2,974,816	253,302	3,228,118	3,109,467
INVESTMENTS (Note 4)	21,607	1,582,796	1,604,403	996,305
EQUIPMENT AND LEASEHOLDS (Note 6)	14,610	-	14,610	12,000
	\$ 3,011,033	\$ 1,836,098	\$ 4,847,131	\$ 4,117,772
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$ 37,921	\$ -	\$ 37,921	\$ 31,214
Due to General Fund (Note 5)	-	84,540	84,540	41,943
Deferred revenue (Note 7)	2,561,300	-	2,561,300	2,406,358
	2,599,221	84,540	2,683,761	2,479,515
NET ASSETS	411,815	1,751,555	2,163,370	1,638,257
	\$ 3,011,036	\$ 1,836,095	\$ 4,847,131	\$ 4,117,772

APPROVED BY THE BOARD

 Director
 Director

UNITED WAY OF SARNIA - LAMBTON

Statement of Cash Flows

For the year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 525,113	\$ 49,114
Amortization, not affecting cash	4,666	6,845
	<u>529,779</u>	<u>55,959</u>
Changes in non-cash operating working capital items		
Accounts receivable	102,210	(190,533)
Pledges receivable	(170,399)	26,005
Prepaid expenses	1,746	-
Accounts payable and accrued liabilities	6,707	(31,804)
Deferred revenue	154,942	166,391
	<u>624,985</u>	<u>26,018</u>
INVESTING ACTIVITIES		
Net purchase of investments	(623,821)	(1,628,921)
Net investments transferred to cash	-	16,903
Acquisition of equipment	(7,275)	-
	<u>(631,096)</u>	<u>(1,612,018)</u>
NET CHANGE IN CASH POSITION	(6,111)	(1,586,000)
Cash position, beginning of year	410,183	1,996,183
CASH POSITION, END OF YEAR	\$ 404,072	\$ 410,183

UNITED WAY OF SARNIA - LAMBTON

Notes to the Financial Statements

For the year ended December 31, 2014

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The United Way of Sarnia - Lambton was incorporated under the laws of the Province of Ontario. It has been granted tax exempt status as a registered charity and is classified as a charitable organization under section 149 and 149.1 of the Income Tax Act, Canada. The organization is engaged in raising and distributing of funds to charitable programs in Sarnia-Lambton.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for profit organizations and include the following significant accounting policies:

Basis of presentation

The organization follows the restricted fund method of accounting for contributions. Under these principles, resources for various purposes are classified in accordance with activities or objectives specified.

General Fund

The General Fund accounts for the organization's program delivery and administration activities. This fund reports unrestricted resources and restricted operating grants.

Future Fund

During the year the Wes Thompson Memorial Endowment Fund was renamed the Future Fund. It reports funds internally restricted for endowment purposes.

Investments

Investments are recorded at fair market value.

Revenue recognition

Contributions, including grants and donations, are recognized as revenue of the appropriate fund. Contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from the Fall Campaign is set up as deferred revenue at December 31st. The revenue is then recognized as campaign revenue the following year when allocations are made to member agencies.

Investment income earned is recognized as revenue of the fund to which that income relates.

Pledges receivable are recorded as deferred revenue when the organization is advised of the pledge. The pledge is then recorded as revenue in the year the pledge was intended to support and when the funds have been collected

UNITED WAY OF SARNIA - LAMBTON

Notes to the Financial Statements

For the year ended December 31, 2014

2. ACCOUNTING POLICIES – continued

Equipment and leaseholds

Equipment and leaseholds are recorded at cost. Amortization is computed using the following annual rates and methods:

Office furniture	20% diminishing-balance
Office equipment	30% diminishing-balance
Computer equipment	30% diminishing-balance
Leasehold inducements	20% diminishing-balance

Donated services

A substantial number of unpaid volunteers have made significant contributions of their time in the furtherance of the United Way of Sarnia – Lambton. The value of this contributed time is not included in these financial statements.

Management 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. FINANCIAL INSTRUMENTS

The organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk and credit risk.

Interest rate risk

The organization manages its interest rate risk by having a fixed interest rate on its investments.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization monitors its accounts receivable regularly and establishes allowances for doubtful accounts as needed.

UNITED WAY OF SARNIA - LAMBTON

Notes to the Financial Statements

For the year ended December 31, 2014

4. INVESTMENTS

	<u>2014</u>	<u>2013</u>
<i>Current investments</i>		
General Fund		
Guaranteed investment certificates, 1.45% to 1.60% interest due dates ranging from March 12, 2015 – June 30, 2015	\$ 770,000	\$ 1,582,850
High interest savings account	853,572	-
Future Fund		
Guaranteed investment certificate, 3.32% to 3.60% interest, due December 21, 2015	195,000	220,000
	<u>\$ 1,828,572</u>	<u>\$ 1,802,850</u>
<i>Long-term investments</i>		
General Fund		
Common shares	\$ 21,607	\$ 6,305
Future Fund		
Guaranteed investment certificates, 2.50% to 2.75% interest, due dates ranging from December 7, 2016 to December 7, 2017	495,000	990,000
Marketable securities	1,087,796	-
	<u>1,604,403</u>	<u>996,305</u>
	<u>\$ 3,422,975</u>	<u>\$ 2,799,155</u>

The investments have been recorded at fair market value. The cost of the listed investments is the same as their fair market value.

5. DUE TO (FROM) GENERAL FUND AND FUTURE FUND

The balance due to (from) General Fund and Future Fund is non-interest bearing, unsecured and is due on demand.

During the year the Board of Directors approved the restriction of \$520,060 (2013 - 72,665) of donations as an endowment in the Future Fund.

During the year, the Board of Directors approved the transfer of \$45,524 (2013 - \$35,221) to the General Fund from the Future Fund. The amount transferred represents the interest earned on the Future Fund's investments that is used to offset some of the administration costs incurred by the United Way of Sarnia – Lambton.

UNITED WAY OF SARNIA - LAMBTON

Notes to the Financial Statements

For the year ended December 31, 2014

6. EQUIPMENT AND LEASEHOLDS

	2014			2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture	\$ 18,194	\$ 15,287	\$ 2,907	\$ 3,633
Office equipment	40,358	32,084	8,274	2,158
Computer equipment	101,562	98,999	2,563	5,127
Leasehold improvements	7,171	6,305	866	1,082
	<u>\$ 167,285</u>	<u>\$ 152,675</u>	<u>\$ 14,610</u>	<u>\$ 12,000</u>

7. DEFERRED REVENUE

	2014	2013
Donor option	\$ 173,492	\$ 135,371
Fall 2013 campaign	-	1,920,919
Fall 2014 campaign	1,953,136	302,565
Fall 2015 campaign	388,163	-
Artwork	12,320	12,320
Winter Warmth	604	1,598
Sarnia Lambton Drug Strategy	33,585	33,585
	<u>\$ 2,561,300</u>	<u>\$ 2,406,358</u>

8. COMMITMENTS

The organization leases a photocopier and also the premises where it is located. In addition, the organization has entered into funding agreements with member agencies.

The total minimum payments over the next three years are as follows:

2015	\$ 1,439,799
2016	\$ 433,135
2017	\$ 37,463

9. BEQUEST

During the year the organization was advised that it would receive a bequest on settlement of the benefactor's estate. Under the terms of the will, the organization is to receive 10% of the residue of the estate.

As at December 31, 2014, \$520,000 was received during the year but there is still further amounts to come in 2015. The value of the residue could not be reasonably determined so no remaining amount has been recorded as revenue in the current year.

UNITED WAY OF SARNIA - LAMBTON

Notes to the Financial Statements

For the year ended December 31, 2014

10. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the presentation of the current year.

UNITED WAY OF SARNIA - LAMBTON**Schedule 1****General and Administrative Expenditures**

For the year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
Amortization	\$ 4,666	\$ 6,845
Bank and payroll changes	6,639	5,747
Computer supplies and subscriptions	4,377	4,194
Conference and travel	3,640	3,570
Equipment rentals	5,382	4,950
Insurance	5,480	5,429
Meetings	11	43
Mileage	2,433	2,566
Miscellaneous	-	414
Office supplies	5,658	2,634
Postage	6,012	4,362
Printing	873	830
Professional fees	7,873	10,394
Rent	27,443	27,260
Salaries and employee benefits	162,737	152,235
Telephone	2,173	3,195
Training	518	987
Volunteer appreciation	870	990
Total general and administrative expenditures before allocation	246,785	236,645
Allocation to fundraising expenditures (Schedule 2)	(167,814)	(160,919)
Allocation to program expenditures (Schedule 3)	(78,971)	(75,726)
	\$ -	\$ -

UNITED WAY OF SARNIA - LAMBTON**Schedule 2****Fundraising Expenditures**

For the year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
Advertising and subscriptions	\$ 2,221	\$ 2,571
Computer supplies	3,414	3,271
Conference and travel	2,794	2,740
Equipment rentals	5,038	4,634
Meetings	7	26
Mileage	1,654	1,745
Miscellaneous	-	290
Printing	2,096	1,993
Salaries and benefits	145,531	136,140
Special events	12,213	16,941
Supplies	10,801	8,981
Telephone	1,931	2,840
Training	363	691
Volunteer appreciation	522	594
Total direct fundraising expenditures	188,585	183,457
Allocation of general and administrative expenditures (Schedule 1)	167,814	160,919
	\$ 356,399	\$ 344,376

UNITED WAY OF SARNIA - LAMBTON**Schedule 3****Program Expenditures**

For the year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
Allocation to non-member agencies	\$ 150,588	\$ 104,363
Community investments	1,469,041	1,486,585
Day of caring	5,500	4,500
Dental program	10,945	10,959
Prescription drugs	10,057	10,697
Shell summer students	12,069	22,332
Salary and other	56,747	53,155
United Way of Canada - Centraide Canada dues	17,078	16,852
Winter Warmth	53,994	46,510
<hr/>		
Total direct program expenditures	1,786,019	1,755,953
Allocation of general and administrative expenditures (Schedule 1)	78,971	75,726
<hr/>		
	\$ 1,864,990	\$ 1,831,679
