



HAZLITT STEEVES HARRIS DUNN LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
CHARTERED ACCOUNTANTS

Financial Statements of

UNITED WAY OF SARNIA - LAMBTON

December 31, 2015



HAZLITT STEEVES HARRIS DUNN LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
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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, 2015 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.

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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, 2015, 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

Sarnia, Ontario
March 30, 2016

UNITED WAY OF SARNIA - LAMBTION

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UNITED WAY OF SARNIA - LAMBTON
Statement of Operating Revenues and Expenditures
For the year ended December 31, 2015

	<u>General Fund</u>	<u>Future Fund</u>	<u>2015</u>	<u>2014</u>
REVENUES				
Local campaign	\$ 1,851,440	\$ -	\$ 1,851,440	\$ 1,770,047
Funds transferred from other United Way Centres	316,589	-	316,589	295,499
Funds transferred to other United Way Centres	(920)	-	(920)	(1,867)
Gross campaign	2,167,109	-	2,167,109	2,063,679
Less: Uncollectable pledges and other adjustments	(9,784)	-	(9,784)	(15,353)
Net revenues from prior year campaign	2,157,325	-	2,157,325	2,048,326
Other income				
Winter Warmth	39,190	-	39,190	53,994
Investment	21,046	61,202	82,248	67,364
Day of caring	4,750	-	4,750	5,500
Memorial donations	-	62,607	62,607	524,093
Imperial art auction	-	47,680	47,680	-
Bingo	6,442	-	6,442	4,068
Shell summer students	-	-	-	24,138
Other campaign activities	8,369	-	8,369	19,019
	2,237,122	171,489	2,408,611	2,746,502
Fundraising expenditures (Schedule 2)	352,000	-	352,000	356,399
Net revenue available for program allocations	1,885,122	171,489	2,056,611	2,390,103
Program expenditures (Schedule 3)	1,927,676	-	1,927,676	1,864,990
EXCESS OF REVENUES OVER EXPENDITURES				
(EXPENDITURES OVER REVENUES)	\$ (42,554)	\$ 171,489	\$ 128,935	\$ 525,113

UNITED WAY OF SARNIA - LAMBTON

Statement Of Changes in Net Assets

For The Year Ended December 31, 2015

	<u>General Fund</u>	<u>Future Fund</u>	<u>2015</u>	<u>2014</u>
Fund balance, beginning of year	\$ 411,815	\$ 1,751,555	\$ 2,163,370	\$ 1,638,257
Excess of revenues over expenditures (Expenditures over revenues)	(42,554)	171,489	128,935	525,113
Unrealized loss on investments (Note 2)	-	(24,328)	(24,328)	-
Inter-fund transfers (Note 5)	30,000	(30,000)	-	-
Fund balance, end of year	\$ 399,261	\$ 1,868,716	\$ 2,267,977	\$ 2,163,370



UNITED WAY OF SARNIA - LAMBTON

Balance Sheet

As at December 31, 2015

	<u>General Fund</u>	<u>Future Fund</u>	<u>2015</u>	<u>2014</u>
ASSETS				
CURRENT				
Cash	\$ 182,232	\$ 89,139	\$ 271,371	\$ 404,072
Accounts receivable	65,643	1,456	67,099	114,767
Pledges receivable	740,168	-	740,168	793,847
Inventory	12,320	-	12,320	12,320
Investments (Note 4)	1,900,235	235,000	2,135,235	1,818,572
Due from Future Fund (Note 5)	82,697	-	82,697	84,540
	2,983,295	325,595	3,308,890	3,228,118
INVESTMENTS (Note 4)	54,230	1,625,818	1,680,048	1,604,403
EQUIPMENT AND LEASEHOLDS (Note 6)	16,982	-	16,982	14,610
	\$ 3,054,507	\$ 1,951,413	\$ 5,005,920	\$ 4,847,131
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$ 45,590	\$ -	\$ 45,590	\$ 37,921
Due to General Fund (Note 5)	-	82,697	82,697	84,540
Deferred revenue (Note 7)	2,609,656	-	2,609,656	2,561,300
	2,655,246	82,697	2,737,943	2,683,761
NET ASSETS	399,261	1,868,716	2,267,977	2,163,370
	\$ 3,054,507	\$ 1,951,413	\$ 5,005,920	\$ 4,847,131

APPROVED BY THE BOARD


 _____ Director

 _____ Director

UNITED WAY OF SARNIA - LAMBTON

Statement of Cash Flows

For the year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 128,935	\$ 525,113
Amortization, not affecting cash	5,712	4,666
	<u>134,647</u>	<u>529,779</u>
Changes in non-cash operating working capital items		
Accounts receivable	47,668	102,210
Pledges receivable	53,679	(170,399)
Prepaid expenses	-	1,746
Accounts payable and accrued liabilities	7,669	6,707
Deferred revenue	48,356	154,942
	<u>292,019</u>	<u>624,985</u>
INVESTING ACTIVITIES		
Net purchase of investments	(416,636)	(623,821)
Acquisition of equipment	(8,084)	(7,275)
	<u>(424,720)</u>	<u>(631,096)</u>
NET CHANGE IN CASH POSITION	(132,701)	(6,111)
Cash position, beginning of year	404,072	410,183
CASH POSITION, END OF YEAR	\$ 271,371	\$ 404,072

UNITED WAY OF SARNIA - LAMBTON

Notes to the Financial Statements

For the year ended December 31, 2015

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

This fund reports internally restricted funds as directed by the Board of Directors to be invested in which income earned and capital may be used for agency allocations.

In prior years, this fund was described as an endowment. During the current year, it was determined the intention was for the fund to be an internally restricted fund.

Investments

Investments are recorded at fair market value (see Note 4).

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.

UNITED WAY OF SARNIA - LAMBTON

Notes to the Financial Statements

For the year ended December 31, 2015

2. ACCOUNTING POLICIES – continued

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.

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, 2015

4. INVESTMENTS

	<u>2015</u>	<u>2014</u>
<i>Current investments</i>		
General Fund		
Guaranteed investment certificates, 0.90% to 1.90% interest due dates ranging from January 16, 2016 – October 17, 2016	\$ 1,750,000	\$ 770,000
High interest savings account	150,235	853,572
Future Fund		
Guaranteed investment certificate, 2.75% interest due December 7, 2016	235,000	195,000
	<u>\$ 2,135,235</u>	<u>\$ 1,818,572</u>
<i>Long-term investments</i>		
General Fund		
Common shares (cost \$54,198; 2014 - \$21,607)	\$ 54,230	\$ 21,607
Future Fund		
Guaranteed investment certificates, 2.50% interest due December 7, 2017	260,000	495,000
Marketable securities (cost \$1,390,146; 2014 - \$1,087,796)	1,365,818	1,087,796
	<u>1,680,048</u>	<u>1,604,403</u>
	<u>\$ 3,815,283</u>	<u>\$ 3,422,975</u>

The investments have been recorded at fair market value. The fair market value of the Guaranteed investment certificates and high interest savings account 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 \$110,287 (2014 – \$520,060) of donations in the Future Fund.

During the year, the Board of Directors approved the transfer of \$30,000 (2014 - \$45,524) 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, 2015

6. EQUIPMENT AND LEASEHOLDS

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture	\$ 18,194	\$ 15,868	\$ 2,326	\$ 2,907
Office equipment	40,358	33,739	6,619	8,274
Computer equipment	109,645	102,301	7,344	2,563
Leasehold improvements	7,171	6,478	693	866
	<u>\$ 175,368</u>	<u>\$ 158,386</u>	<u>\$ 16,982</u>	<u>\$ 14,610</u>

7. DEFERRED REVENUE

	2015	2014
Donor option	\$ 184,381	\$ 173,492
Fall 2014 campaign	-	1,953,136
Fall 2015 campaign	1,993,427	388,163
Fall 2016 campaign	419,528	-
Artwork	12,320	12,320
Winter Warmth	-	604
Sarnia Lambton Drug Strategy	-	33,585
	<u>\$ 2,609,656</u>	<u>\$ 2,561,300</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 four years are as follows:

2016	\$ 1,479,427
2017	\$ 1,410,591
2018	\$ 1,405,785
2019	\$ 330,912

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.

During the year, \$50,000 (2014 - \$520,000) was received during the year but there are still further amounts to come in 2016. 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
General and Administrative Expenditures
For the year ended December 31, 2015

Schedule 1

	<u>2015</u>	<u>2014</u>
Amortization	\$ 5,712	\$ 4,666
Bank and payroll charges	5,888	6,639
Computer supplies and subscriptions	6,914	4,377
Conference and travel	3,300	3,640
Equipment rentals	5,421	5,382
Insurance	6,223	5,480
Meetings	50	11
Mileage	2,974	2,433
Office supplies	6,271	5,658
Postage	4,957	6,012
Printing	816	873
Professional fees	9,240	7,873
Rent	26,727	27,443
Salaries and employee benefits	161,283	162,737
Telephone	2,295	2,173
Training	457	518
Volunteer appreciation	251	870
Total general and administrative expenditures before allocation	248,779	246,785
Allocation to fundraising expenditures (Schedule 2)	(169,170)	(167,814)
Allocation to program expenditures (Schedule 3)	(79,609)	(78,971)
	\$ -	\$ -

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

For the year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Advertising and subscriptions	\$ 2,487	\$ 2,221
Computer supplies	5,393	3,414
Conference and travel	2,532	2,794
Equipment rentals	5,075	5,038
Meetings	30	7
Mileage	2,022	1,654
Printing	1,959	2,096
Salaries and benefits	144,231	145,531
Special events	5,241	12,213
Supplies	11,350	10,801
Telephone	2,040	1,931
Training	320	363
Volunteer appreciation	150	522
Total direct fundraising expenditures	182,830	188,585
Allocation of general and administrative expenditures (Schedule 1)	169,170	167,814
	\$ 352,000	\$ 356,399

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

For the year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Allocation to non-member agencies	\$ 167,779	\$ 150,588
Community investments	1,523,929	1,469,041
Day of caring	4,750	5,500
Dental program	27,596	10,945
Drug strategy	1,577	-
Prescription drugs	9,778	10,057
Shell summer students	-	12,069
Salary and other	56,946	56,747
United Way of Canada - Centraide Canada dues	17,512	17,078
Winter Warmth	38,200	53,994
Total direct program expenditures	1,848,067	1,786,019
Allocation of general and administrative expenditures (Schedule 1)	79,609	78,971
	\$ 1,927,676	\$ 1,864,990