

**UNITED WAY OF GREATER SAINT JOHN INC.**

**FINANCIAL STATEMENTS**

**FEBRUARY 28, 2015**

# UNITED WAY OF GREATER SAINT JOHN INC.

FEBRUARY 28, 2015

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**Chartered Accountants**  
Independent member of DFK International

## INDEPENDENT AUDITORS' REPORT

To the Members of the United Way of Greater Saint John Inc.

We have audited the accompanying financial statements of the United Way of Greater Saint John Inc., which comprise the statement of financial position as at February 28, 2015 and the statements of changes in fund balances, operations 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 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 qualified audit opinion.

Saint John Partners  
Andrew P. Logan Peter L. Logan  
Jean-Marc Poirier



*(continues)*  
Fredericton Partners  
Brian J. Saunders David H. Bradley  
Jeffrey E. Saunders John H. Landry  
T.J. Smith Kenneth H. Kyle

*Basis for Qualified Opinion*

In common with many charitable organizations, the organization derives revenues from the general public in the form of pledges and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues from pledges and 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 these revenues, excess (deficiency) of revenue over expenditures, assets and fund balances.

*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 the organization as at February 28, 2015 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.



CHARTERED PROFESSIONAL ACCOUNTANTS

Saint John, New Brunswick  
June 25, 2015

UNITED WAY OF GREATER SAINT JOHN INC.

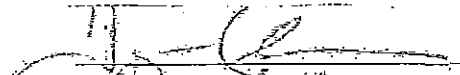
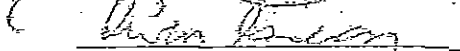
STATEMENT OF FINANCIAL POSITION

AS AT FEBRUARY 28, 2015

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and term deposits (Notes 2, 3)	\$ 702,664	\$ 764,048
Pledges receivable (Notes 2, 3, 4)	749,945	718,885
Other receivables (Notes 2, 3, 5)	17,080	16,992
Prepaid expenses	<u>1,028</u>	<u>7,628</u>
	1,470,717	1,507,553
<b>LONG TERM INVESTMENTS (Notes 2, 3, 6)</b>	-	19,753
<b>CAPITAL ASSETS (Notes 2, 7)</b>	<u>11,767</u>	<u>5,887</u>
	<u>\$ 1,482,484</u>	<u>\$ 1,533,193</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Notes 2, 3, 8)	\$ 34,792	\$ 26,051
Deferred income (Note 2)	550	31
Funding received in advance - Living Saint John (Note 2)	62,615	41,033
Allocations and grants (Notes 2, 3, 9)	<u>941,401</u>	<u>889,842</u>
	<u>1,039,358</u>	<u>956,957</u>
<b>RETIREMENT ALLOWANCE (Notes 2, 3, 10)</b>	<u>13,255</u>	<u>32,174</u>
<b>FUND BALANCES</b>		
<b>INTERNALLY RESTRICTED (Note 2)</b>	513,457	513,457
<b>UNRESTRICTED</b>	<u>(83,586)</u>	<u>30,605</u>
	<u>429,871</u>	<u>544,062</u>
	<u>\$ 1,482,484</u>	<u>\$ 1,533,193</u>

COMMITMENT (Note 13)

APPROVED ON BEHALF OF THE BOARD:

 Director  
 Director

UNITED WAY OF GREATER SAINT JOHN INC.

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED FEBRUARY 28, 2015

	<u>2015</u>			<u>2014</u>
	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
BALANCE AT BEGINNING OF YEAR	\$ 513,457	\$ 30,605	\$ 544,062	\$ 507,728
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>(114,191)</u>	<u>(114,191)</u>	<u>36,334</u>
BALANCE AT END OF YEAR	\$ <u>513,457</u>	\$ <u>(83,586)</u>	\$ <u>429,871</u>	\$ <u>544,062</u>

# UNITED WAY OF GREATER SAINT JOHN INC.

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED FEBRUARY 28, 2015

	<u>2015</u>	<u>2014</u>
<b>REVENUE</b> <i>(Note 2)</i>		
Pledges and collections		
Payroll deductions	\$ 763,263	\$ 738,923
Other	562,400	612,287
Special events	<u>36,532</u>	<u>59,044</u>
Gross campaign revenue	1,362,195	1,410,254
Uncollectible pledges	<u>(28,218)</u>	<u>(39,385)</u>
Net campaign revenue	1,333,977	1,370,869
Investment income <i>(Note 11)</i>	12,050	18,159
Program revenue	6,285	2,969
Other income	<u>521</u>	<u>2,846</u>
	<u>1,352,833</u>	<u>1,394,843</u>
<b>EXPENDITURES</b>		
Campaign <i>(Page 13)</i>	258,581	250,452
Community impact <i>(Page 14)</i>	<u>1,208,443</u>	<u>1,109,567</u>
	<u>1,467,024</u>	<u>1,360,019</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE NET UNREALIZED GAIN</b>	(114,191)	34,824
<b>NET UNREALIZED GAIN</b> <i>(Note 2)</i>	<u>-</u>	<u>1,510</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	\$ <u>(114,191)</u>	\$ <u>36,334</u>

# UNITED WAY OF GREATER SAINT JOHN INC.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED FEBRUARY 28, 2015

	<u>2015</u>	<u>2014</u>
<b>CASH PROVIDED BY (USED IN)</b>		
Operating activities		
Excess (deficiency) of revenue over expenditures	\$ (114,191)	\$ 36,334
Items not involving cash:		
Amortization of capital assets	2,944	2,135
Net unrealized gain	-	(1,510)
Loss on disposal of long term investments	<u>954</u>	<u>-</u>
	(110,293)	36,959
Changes in non-cash working capital balances:		
Pledges receivable	(31,060)	52,201
Other receivables	(88)	456
Prepaid expenses	6,600	(5,171)
Accounts payable and accrued liabilities	8,741	879
Deferred income	519	31
Funding received in advance - Living Saint John	21,582	41,033
Allocations and grants	51,559	(30,935)
Retirement allowance	<u>(18,919)</u>	<u>8,306</u>
	<u>(71,359)</u>	<u>103,759</u>
Investing activities		
Donated long term investments	(3,183)	(2,144)
Proceeds from disposal of long term investments	21,982	-
Purchase of capital assets	<u>(8,824)</u>	<u>-</u>
	<u>9,975</u>	<u>(2,144)</u>
<b>INCREASE (DECREASE) IN CASH</b>	(61,384)	101,615
<b>CASH AT BEGINNING OF YEAR</b>	<u>764,048</u>	<u>662,433</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 702,664</u>	<u>\$ 764,048</u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Interest received	\$ 1,946	\$ 6,047



# UNITED WAY OF GREATER SAINT JOHN INC.

## NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2015

### 1. PURPOSE OF ORGANIZATION

The United Way of Greater Saint John Inc. (the "organization") is a tax-exempt registered Canadian charity, constituted under the laws of New Brunswick and administered entirely by its duly-elected Board of Directors. It annually conducts a review of funding requests, sets a fund-raising goal, organizes a single community-wide fundraising campaign and distributes the proceeds according to a prearranged schedule.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Cash and Term Deposits

Cash includes funds held in the bank account and guaranteed investment certificates. Guaranteed investment certificates mature between May 13, 2015 to April 10, 2017, and bear interest ranging from 1.15% to 1.45%. The guaranteed investment certificates are held in the custody of the Bank of Montreal and are recorded at cost plus accrued interest, which approximates fair value.

#### Long Term Investments

Securities donated as payment in kind for pledges receivable are initially recorded at their fair value on the donation date and a charitable receipt is issued in that amount.

Fair values of investments in equity securities were determined using year-end quoted market prices.

The investments of the organization were held in the custody of Investors Group Securities Inc. and consisted of liquid equity investments.

#### Capital Assets

Capital assets are recorded at cost less grants or donations specifically designated for their purchase, less accumulated amortization.

Capital assets are amortized on a straight-line basis using the following annual rates:

Computer hardware	33%
Computer software	20%
Leasehold improvements	10%

The organization regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

#### Internally Restricted Fund

During the prior year, the Board of Directors of the organization created an internally restricted fund to consolidate its restricted net asset accounts to simplify the financial presentation and internal management of these reserves. These funds are to be utilized as approved by the Board of Directors.

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# UNITED WAY OF GREATER SAINT JOHN INC.

## NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Revenue Recognition

Contributions are recorded when the related pledges are received or receivable if collection thereof is reasonably assured. Pledges receivable are recorded net of an allowance for uncollectible pledges. The organization uses the restricted fund method of accounting for contributions.

Investment and other income is recognized on an accrual basis.

#### Contributed Services

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### Financial Instruments Policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in excess (deficiency) of revenue over expenditures. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

#### Measurement Uncertainty

The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. 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.

Examples of significant estimates include:

- the allowance for doubtful pledges;
- providing for amortization of capital assets;
- the estimated useful lives of assets;
- the recoverability of tangible assets; and
- certain actuarial and economic assumptions used in determining the retirement allowance liability.

### 3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of February 28, 2015.

*(continues)*

# UNITED WAY OF GREATER SAINT JOHN INC.

## NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2015

### 3. FINANCIAL INSTRUMENTS *(continued)*

#### Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from pledges. The amounts recorded in the statement of financial position are presented net of an allowance for doubtful pledges, which management estimates based on past experience and its assessment of current economic conditions. The organization believes that its credit risk from pledges is limited to the amount of the allowance.

#### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its pledges and other related sources, accounts payable and accrued liabilities and other obligations.

#### Currency Risk

Currency risk is the risk to the organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is exposed to foreign currency exchange risk on cash held in U.S. dollars. The organization does not use derivative instruments to reduce its exposure to foreign currency risk.

#### Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The organization is exposed to interest rate risk on its fixed interest and variable interest financial instruments. The organization has no interest-bearing liabilities.

### 4. PLEDGES RECEIVABLE

	<u>2015</u>	<u>2014</u>
Payroll deduction plan	\$ 615,040	\$ 656,868
Other pledges	<u>219,905</u>	<u>147,017</u>
	834,945	803,885
Less allowance for uncollectible pledges	<u>(85,000)</u>	<u>(85,000)</u>
	<u>\$ 749,945</u>	<u>\$ 718,885</u>

### 5. OTHER RECEIVABLES

	<u>2015</u>	<u>2014</u>
Estate of Mary K. McKean <i>(Note 11)</i>	\$ 13,500	\$ 13,250
HST rebate	<u>3,580</u>	<u>3,742</u>
	<u>\$ 17,080</u>	<u>\$ 16,992</u>

# UNITED WAY OF GREATER SAINT JOHN INC.

## NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2015

### 6. LONG TERM INVESTMENTS

	2015		2014	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Canadian Equities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>19,753</u>	\$ <u>17,559</u>

### 7. CAPITAL ASSETS

	2015			2014
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer hardware	\$ 1,797	\$ 1,498	\$ 299	\$ 898
Computer software	8,824	882	7,942	-
Leasehold improvements	<u>15,356</u>	<u>11,830</u>	<u>3,526</u>	<u>4,989</u>
	<u>\$ 25,977</u>	<u>\$ 14,210</u>	<u>\$ 11,767</u>	<u>\$ 5,887</u>

### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Trade payables	\$ 18,027	\$ 8,403
United Way of Canada	11,530	10,394
Payroll deductions payable	<u>5,235</u>	<u>7,254</u>
	<u>\$ 34,792</u>	<u>\$ 26,051</u>

### 9. PROVISION FOR ALLOCATIONS AND GRANTS

	2015	2014
Funded organizations <i>(Page 15)</i>	\$ 845,380	\$ 844,930
Designated organizations	<u>96,021</u>	<u>44,912</u>
	<u>\$ 941,401</u>	<u>\$ 889,842</u>

### 10. RETIREMENT ALLOWANCE

Following the guidelines set forth in the Collective Bargaining Agreement, all permanent employees with at least fifteen years of service are entitled to a retirement allowance of one week's pay per year of service to a maximum of twenty six weeks' pay. During the year, the organization recorded an expenditure of \$5,934 (2014 - \$8,306) pertaining to these future liabilities and paid \$24,853 in allowances (2014 - nil).

# UNITED WAY OF GREATER SAINT JOHN INC.

## NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2015

### 11. INVESTMENT INCOME

Investment income includes an estimate of \$13,500 (2014 - \$13,250) receivable from the estate of the late Mary K. McKean, representing 10% of the net investment income earned on the estate capital during the fiscal year, being the pro-rata share of the income to which, according to the terms of Ms. McKean's will, the United Way of Greater Saint John Inc. is entitled on an annual basis in perpetuity.

### 12. REALLOCATION OF GENERAL MANAGEMENT AND ADMINISTRATION EXPENDITURES

The general management and administration expenditures are incurred to support the functional areas and are reallocated to the campaign and community impact activities based on a cost allocation model that is reviewed and updated annually. Using this method, general management and administration expenditures have been reallocated as follows:

	<u>2015</u>	<u>2014</u>
Reallocation to campaign expenditures	60.00 %	60.00 %
Reallocation to community impact expenditures	40.00 %	40.00 %

In accordance with guidelines established by the United Way of Canada, expenditures directly related to local community service and special research programs, and fees payable to the national organization, have been segregated from campaign and administration expenditures.

### 13. COMMITMENT

The organization is committed to quarterly payments of \$597 for the lease of a digital photocopier, which expires in November 2017.

### 14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

# UNITED WAY OF GREATER SAINT JOHN INC.

## SCHEDULE OF GENERAL MANAGEMENT AND ADMINISTRATION EXPENDITURES

FOR THE YEAR ENDED FEBRUARY 28, 2015

	<u>2015</u>	<u>2014</u>
Salaries and benefits	\$ 30,481	\$ 30,738
Occupancy costs	31,756	31,018
Publicity and promotion	8,019	1,508
Office supplies and postage	2,006	1,227
Training and conferences	4,017	4,723
Telephone	3,577	2,735
Equipment repairs and leasing	7,271	6,233
Directors' liability insurance	840	833
Commercial insurance	1,334	1,326
Dues and memberships	-	787
Professional fees	17,394	10,022
Miscellaneous	1,297	569
Bank charges	4,711	4,130
Amortization	<u>2,944</u>	<u>2,135</u>
Total general management and administration expenditures	115,647	97,984
Reallocation to campaign expenditures <i>(Note 12)</i>	(69,388)	(58,790)
Reallocation to community impact expenditures <i>(Note 12)</i>	<u>(46,259)</u>	<u>(39,194)</u>
Unallocated general management and administration expenditures	\$ <u>-</u>	\$ <u>-</u>

UNITED WAY OF GREATER SAINT JOHN INC.

SCHEDULE OF CAMPAIGN EXPENDITURES

FOR THE YEAR ENDED FEBRUARY 28, 2015

	<u>2015</u>	<u>2014</u>
Salaries and benefits	\$ 152,408	\$ 153,688
Special event expenditures	14,783	16,985
Centralized campaign management fees	12,141	9,999
Telephone	3,577	2,735
Campaign expenditures	2,405	4,437
Postage	2,158	1,794
Training and conferences	<u>1,721</u>	<u>2,024</u>
	189,193	191,662
Reallocation of general management and administration expenditures ( <i>Page 12</i> )	<u>69,388</u>	<u>58,790</u>
Total campaign expenditures	<u>\$ 258,581</u>	<u>\$ 250,452</u>

# UNITED WAY OF GREATER SAINT JOHN INC.

## SCHEDULE OF COMMUNITY IMPACT EXPENDITURES

FOR THE YEAR ENDED FEBRUARY 28, 2015

	<u>2015</u>	<u>2014</u>
Funded organizations ( <i>Page 15</i> )	\$ 845,380	\$ 844,930
Designations by donors to organizations not part of United Way	136,021	54,599
Grants to non-member agencies	-	2,799
Program expenditures		
Salaries and benefits	121,926	122,950
Living Saint John - Outcomes impact	15,000	5,000
United Way of Canada dues	11,527	10,394
Living Saint John - Community development	10,000	5,473
Funding redesign	7,291	13,028
Occupancy costs	3,528	3,446
Telephone	1,788	1,367
Other	<u>9,723</u>	<u>6,387</u>
	1,162,184	1,070,373
Reallocation of general management and administration expenditures ( <i>Page 12</i> )	<u>46,259</u>	<u>39,194</u>
Total community impact expenditures	<u>\$ 1,208,443</u>	<u>\$ 1,109,567</u>



# UNITED WAY OF GREATER SAINT JOHN INC.

## SCHEDULE OF ALLOCATIONS TO FUNDED ORGANIZATIONS

FOR THE YEAR ENDED FEBRUARY 28, 2015

	<u>2015</u>	<u>2014</u>
<b><u>Funded Organizations:</u></b>		
Big Brothers - Big Sisters of Saint John	\$ 70,000	\$ 60,000
Boys and Girls Club of Charlotte County	25,000	-
Boys and Girls Club of Saint John	55,000	55,000
Canadian Mental Health Association	-	68,600
Centenary Queen Square Day Care Centres	-	25,000
Charlotte Dial-A-Ride	20,000	-
CNIB	-	38,500
Family & Child Education Anglophone South Inc.	25,000	-
Family Plus Life Solutions	75,000	82,500
Family Resource Centre Inc.	10,000	-
First Steps Housing Project Inc.	100,000	-
Fundy Region Transition House, Inc.	30,000	-
Hestia House Inc.	-	66,000
John Howard Society	35,000	35,000
Milltown Elementary School	15,330	-
PASAGE Saint John Inc.	-	36,505
Read Saint John Inc.	-	15,000
Saint John Association for Community Living	37,000	21,120
Saint John Community Loan Fund	65,000	-
Saint John Deaf and Hard of Hearing Services	25,000	35,000
Saint John Human Development Council	-	35,000
Saint John Learning Exchange Ltd.	75,000	-
Saint John Volunteer Centre Inc.	-	49,000
Saint John YM-YWCA	51,800	73,205
Scouts Canada, Wabanaki Service Area	-	20,000
Second Stage Safe Haven Inc.	37,500	-
Sophia Recovery Centre	20,000	-
South End Day Care Centre	-	30,000
Victorian Order of Nurses	-	27,500
Women's Empowerment Network	50,000	-
Worker Appeal Services	-	72,000
	<u>821,630</u>	<u>844,930</u>
<b><u>Transitional Funding:</u></b>		
Canadian Mental Health Association	15,000	-
Saint John Human Development Council	8,750	-
	<u>23,750</u>	<u>-</u>
	<u>\$ 845,380</u>	<u>\$ 844,930</u>