



Grant Thornton

## Financial Statements

United Way/Centraide (Central N.B./Région du  
Centre du N.B.) Inc.

March 31, 2018

# Contents

	Page
Independent auditors' report	1 - 2
Statements of operations and changes in fund balances	3
Statement of financial position	4
Statement of cash flows	5
Notes to the financial statements	6 - 10
Schedule of administrative expenses	11
Schedule of community investments (allocations)	12
Schedule of campaign expenses	13
Schedule of community investments and program expenses	14



## Independent auditors' report

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To the Members of  
**United Way/Centraide (Central N.B./Région du Centre du N.B.) Inc.**

We have audited the accompanying financial statements of United Way/Centraide (Central N.B./Région du Centre du N.B.) Inc. which comprise the statement of financial position as at March 31, 2018, and the statement of operations 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.

### **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 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 audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for qualified opinion**

In common with many not-for-profit organizations, United Way/Centraide (Central N.B./Région du Centre du N.B.) Inc. derives revenue from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of United Way/Centraide (Central N.B./Région du Centre du N.B.) Inc. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at April 1, 2017 and 2016 and March 31, 2018 and 2017. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

**Qualified opinion**

In our opinion, except for the possible 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/Centraide (Central N.B./Région du Centre du N.B.) Inc. as at March 31, 2018, 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.

*Grant Thornton LLP*

Fredericton, Canada  
June 20, 2018

Chartered Professional Accountants

**United Way/Centraide (Central N.B./  
Région du Centre du N.B.) Inc.**  
**Statements of operations and changes in fund balances**

**Year Ended March 31** **2018** **2017**

Revenue		
Donations processed and fundraising events	\$ 986,208	\$ 934,063
Funds transferred from other United Ways-Centraides	308,812	372,388
Funds collected on behalf of other United Ways-Centraides	<u>1,692</u>	<u>(3,832)</u>
Gross campaign revenue available for the community	1,296,712	1,302,619
Less: provision for uncollectable pledges	<u>(40,862)</u>	<u>(18,700)</u>
Net campaign revenue	1,255,850	1,283,919
Sponsorship	10,000	4,300
Other revenue	2,400	2,816
Investment revenue	1,255	641
Grant revenue	<u>22,599</u>	<u>10,000</u>
	1,292,104	1,301,676
Campaign expenses (page 13, note 10)	<u>217,392</u>	<u>241,947</u>
Net amount available for community investments and programs	1,074,712	1,059,729
Community investments and program expenses (page 14)	<u>1,109,354</u>	<u>1,029,527</u>
Excess (deficiency) of revenue over expenses	\$ <u>(34,642)</u>	\$ <u>30,202</u>

	Investment in equipment	Unrestricted	Restricted	2018 Total	2017 Total
Fund balance, beginning of year	\$ 14,248	\$ 309,321	\$ -	\$323,569	\$ 293,367
Excess (deficiency) of revenue over expenses	(6,473)	(28,169)	-	(34,642)	30,202
Investment in equipment	4,253	(4,253)	-	-	-
Fund transfers	-	(7,000)	7,000	-	-
Fund balance, end of year	<u>\$ 12,028</u>	<u>\$ 269,899</u>	<u>\$ 7,000</u>	<u>\$288,927</u>	<u>\$ 323,569</u>

See accompanying notes to the financial statements.

**United Way/Centraide (Central N.B./  
Région du Centre du N.B.) Inc.**  
**Statement of financial position**

**March 31**

**2018**

**2017**

**Assets**

Cash and cash equivalents	\$ 508,668	\$ 523,782
Receivables	8,268	20,875
Prepaid expenses	10,580	9,724
Due from other United Ways and Agencies	-	10,000
	<u>527,516</u>	<u>564,381</u>
Other receivables	5,000	-
Pledges receivable – current year campaign	617,899	580,875
Pledges receivable – prior year campaign	68,262	41,263
Less: allowance for uncollectible pledges	<u>(40,000)</u>	<u>(40,000)</u>
	651,161	582,138
Capital assets (note 3)	<u>12,028</u>	<u>14,248</u>
	<u>\$1,190,705</u>	<u>\$1,160,767</u>

**Liabilities**

Payables and accruals		
Trade	\$ 13,564	\$ 32,619
Government remittances	12,530	10,843
Deferred revenue	53,573	-
Due to New Brunswick Food Security Action Network (note 4)	112,026	122,380
Accrued allocations	<u>710,085</u>	<u>671,356</u>
	<u>901,778</u>	<u>837,198</u>

**Fund balances**

Invested in equipment	12,028	14,248
Unrestricted	269,899	309,321
Restricted	<u>7,000</u>	<u>-</u>
	<u>288,927</u>	<u>323,569</u>

\$1,190,705 \$1,160,767

Commitments (note 6)

On behalf of the board

\_\_\_\_\_  
President

\_\_\_\_\_  
Treasurer

See accompanying notes to the financial statements.



**United Way/Centraide (Central N.B./  
Région du Centre du N.B.) Inc.**  
**Statement of cash flows**

<b>Year Ended March 31</b>	<b>2018</b>	<b>2017</b>
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Excess of revenue over expenses	\$ (34,642)	\$ 30,202
Amortization of capital assets	5,467	5,837
Loss on disposal of capital assets	1,006	-
Net change in non-cash working capital	<u>17,308</u>	<u>(20,335)</u>
	(10,861)	15,704
<b>Financing and investing</b>		
Purchase of capital assets	<u>(4,253)</u>	<u>(942)</u>
Net increase (decrease) in cash and cash equivalents	(15,114)	14,762
Cash and cash equivalents, beginning of year	<u>523,782</u>	<u>509,020</u>
Cash and cash equivalents, end of year	<u>\$ 508,668</u>	<u>\$ 523,782</u>

See accompanying notes to the financial statements.

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**United Way/Centraide (Central N.B./  
Région du Centre du N.B.) Inc.**  
**Notes to the financial statements**  
**March 31, 2018**

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**1. Purpose of the Organization**

The purpose of the Organization is to improve lives and build community by engaging individuals and mobilizing collective action. The Organization raises funds which are provided to various registered Canadian charities based upon donor designation and needs identified by the community. The Organization is incorporated under the New Brunswick Companies Act as a not-for-profit organization and is exempt from tax under paragraph 149(1)(1) of the Income Tax Act.

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**2. Summary of significant accounting policies**

**Basis of presentation**

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

**Revenue and expenses**

Revenue

Revenue from campaign donations is recorded on an accrual basis. Revenue is recognized for amounts pledged but not received in the period the pledges are made. Revenue from external program support is recorded using the restricted fund method and only recognized once the allocation of the funds have been approved by the board. Investment income is recognized on an accrual basis, as it is earned.

The Organization records revenue from bequests when the proceeds are received and it has been determined that any conditions attached to the bequests are acceptable to the Organization.

Expenses

Expenses are recorded on an accrual basis and are charged to three functional areas of the Organization: administrative, campaign and community programs.

Administrative expenses are incurred to operate the Organization and its programs in a cost-effective manner while maximizing all opportunities to further the Organization's purpose. The Organization allocates all of its administrative expenses to the other areas using the method disclosed in note 5 to the financial statements.

Community investments (allocations) to member and non-member agencies, as well as donor options paid by other United Ways are charged directly to community programs, and are recognized when the Board has authorized the allocations recommended by the Allocation Committee.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of twelve months or less.

**Capital assets**

Capital assets are amortized on a straight line basis over five years. One half of the rate of amortization is used in the year of acquisition.



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**United Way/Centraide (Central N.B./  
Région du Centre du N.B.) Inc.**  
**Notes to the financial statements**  
**March 31, 2018**

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**2. Summary of significant accounting policies (continued)**

**Financial instruments**

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Organization accounts for the following as financial instruments:

- cash and cash equivalents
- receivables
- other receivables
- pledges receivable
- payables and accruals

A financial asset or liability is recognized when the Organization becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Financing fees and transaction costs on financial instruments subsequently measured at fair value are expensed as incurred.

The Organization subsequently measures all of its financial assets and financial liabilities at cost or amortized cost less any reduction for impairment.

Financial assets measured at cost or amortized cost less any reduction for impairment includes cash and cash equivalents and receivables, other receivables and pledges receivable. Financial liabilities measured at amortized cost include payables and accruals.

**Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to the financial statements. These estimates are based on management's best knowledge of current events and actions that the Organization may undertake in the future. These estimates and assumptions may affect the amount of assets and liabilities presented as at the reporting date and the reported amount of revenue and expenses during the fiscal period. Significant estimates in the financial statements include collection estimates pertaining to pledges receivable and resource deployment estimates to assist in allocating administrative expenses. Actual results may differ from the estimates and assumptions used.

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**3. Capital assets**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2018 Net Book Value</u>	<u>2017 Net Book Value</u>
Computer and office equipment	\$ 38,166	\$ 26,138	\$ 12,028	\$14,248

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**United Way/Centraide (Central N.B./  
Région du Centre du N.B.) Inc.**  
**Notes to the financial statements**  
**March 31, 2018**

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**4. Due to New Brunswick Food Security Action Network**

In January 2014, the Organization entered into an arrangement whereby United Way will provide financial administration of funds issued to the New Brunswick Food Security Action Network by the Department of Healthy and Inclusive Communities. Funding from the Department is deposited with United Way and held to cover expenses for activities in the area of promotion, research, education and community engagement of food security throughout New Brunswick.

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**5. Expense allocation**

The Organization allocates its administrative costs to other functional areas: campaign and programs. General costs which do not pertain specifically to any function are considered administrative and are allocated. Administrative costs, summarized on page 11, have been allocated as follows:

Campaign expenses	41%
Program expenses	59%

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**6. Commitments**

The Organization has entered into agreements to lease its premises and office equipment at minimum lease payments as follows:

2018	\$17,701
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**7. Bank indebtedness**

The Organization has an operating line of credit of \$50,000 of which none was utilized at March 31, 2018.

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**United Way/Centraide (Central N.B./  
Région du Centre du N.B.) Inc.**  
**Notes to the financial statements**  
**March 31, 2018**

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**8. Financial instruments**

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposures and concentrations at March 31, 2018:

**Credit risk**

The Organization is subject to credit risk through its pledges receivable since failure of the parties to fulfil their pledges could result in significant financial losses for the Organization. There has been no change to the risk exposure from prior year.

**Liquidity risk**

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. The Organization is exposed to this risk mainly in respect of its payables and accruals. The Organization meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations, and maintaining an operating credit line of \$50,000. There has been no change to the risk exposure from prior year.

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**9. Transparency, accountability and financial reporting**

The Organization follows the reporting guidelines as outlined in its membership agreement with United Way of Canada – Centraide Canada. As part of these guidelines, each member calculates fundraising and allocation ratios. These ratios are summarized as follows:

	<u>2018</u>	<u>2017</u>
Campaign ratio		
Total revenue	\$ 1,292,104	\$ 1,301,676
Add: provision for uncollectible pledges	<u>40,862</u>	<u>18,700</u>
Total revenue for campaign	\$ 1,332,966	\$ 1,320,376
Direct campaign expenses (page 13)	\$ 175,244	\$ 164,551
Allocation of administrative expenses (page 11)	<u>42,148</u>	<u>46,035</u>
Total campaign expenses	\$ 217,392	\$ 210,586
Ratio	16.3%	15.9%

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**United Way/Centraide (Central N.B./  
Région du Centre du N.B.) Inc.**  
**Notes to the financial statements**  
**March 31, 2018**

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**10. Government of Canada Workplace Charitable Campaign Expenses**

Included within campaign expenses, detailed on page 13, are campaign expenses that relate directly to the Government of Canada Workplace Charitable Campaign Expenses. These directly attributable expenses are as follows:

	<u>2018</u>	<u>2017</u>
Audit and accounting	1,622	1,568
Campaign expenses and supplies	187	239
Computer services	1,134	580
Dues and fees	112	106
Insurance	299	266
Interest and bank charges	733	538
Occupancy	4,213	3,716
Office and printing	2,322	2,269
Postage	250	264
Publicity	1,451	1,860
Salaries and wages	18,955	17,518
Service contracts	618	634
Telephone and utilities	1,605	1,474
Training	226	27
Travel and conferences	<u>573</u>	<u>302</u>
	<u>\$ 34,300</u>	<u>\$ 31,361</u>

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**United Way/Centraide (Central N.B./  
Région du Centre du N.B.) Inc.**  
**Schedule of administrative expenses**

<b>Year Ended March 31</b>	<b>2018</b>	<b>2017</b>
Amortization	\$ 5,467	\$ 5,837
Audit and accounting	11,071	10,488
Computer services	7,736	3,880
Dues and fees	767	711
Employee benefits	3,807	3,086
Insurance	2,041	1,775
Interest and bank charges	2,138	1,776
Loss on disposal of assets	1,006	-
Occupancy	28,748	24,848
Office and printing	6,715	7,689
Postage	307	748
Publicity	-	545
Salaries and wages	16,649	13,799
Service contracts	4,218	4,238
Telephone and utilities	10,065	9,088
Translation	310	-
Travel and conferences	<u>1,755</u>	<u>3,563</u>
	<u>\$ 102,800</u>	<u>\$ 92,071</u>
Allocation to campaign expenses (note 5)	<u>\$ 42,148</u>	<u>\$ 46,035</u>
Allocation to program expenses (note 5)	<u>\$ 60,652</u>	<u>\$ 46,036</u>

**United Way/Centraide (Central N.B./  
Région du Centre du N.B.) Inc.**  
**Schedule of community investments (allocations)**

**Year Ended March 31**

**2018**

**2017**

Community investments (allocations)

Ability New Brunswick Inc.	\$ 48,500	\$ 45,005
Adult Literacy Fredericton	8,000	7,995
Big Brothers-Big Sisters Association Inc.	42,700	34,995
Canadian National Institute for the Blind	17,500	18,004
Capital Region Mental Health and Addictions Association	18,250	18,247
CHIMO Helpline	9,000	9,003
Community Health Clinic	7,500	7,506
Easter Seals New Brunswick	24,800	24,798
Family Enrichment and Counselling Services	43,000	42,006
Fredericton Boys and Girls Club	37,000	32,555
Fredericton Community Kitchen	6,000	7,003
Fredericton Community Services	5,000	10,003
Fredericton Homeless Shelters	26,000	25,996
Fredericton Sexual Assault Crisis Centre	42,000	35,605
Jobs Unlimited	17,000	20,056
John Howard Society	37,500	37,497
Liberty Lane	20,500	19,696
Meals on Wheels	21,500	18,418
Multicultural Association of Fredericton	25,000	17,500
New Brunswick Association for Community Living	25,000	25,002
Opal Family Services	16,000	18,056
Oromocto Helpline/Food Bank	15,000	18,003
Scouts Canada	5,000	5,999
Sunbury West Headstart	1,000	1,500
Youth in Transition	24,000	20,002
	<b>542,750</b>	<b>520,450</b>
Donor options	<b>70,973</b>	<b>79,233</b>
<b>Total</b>	<b>\$ 613,723</b>	<b>\$ 599,683</b>



**United Way/Centraide (Central N.B./  
Région du Centre du N.B.) Inc.**  
**Schedule of campaign expenses**

<b>Year Ended March 31</b>	<b>2018</b>	<b>2017</b>
Campaign expense and supplies	\$ 25,680	\$ 27,726
Centrally coordinated campaign processing fees	10,453	12,382
Employee benefits	10,347	9,164
Interest and bank charges	2,864	1,827
Office and printing	9,133	7,485
Postage	1,395	960
Publicity	9,899	11,887
Salaries and wages	98,542	91,083
Telephone and utilities	884	771
Training	1,544	182
Translation	2,345	-
Travel and conferences	<u>2,158</u>	<u>1,084</u>
	<u>175,244</u>	<u>164,551</u>
Allocation of administrative expenses (page 11)	<u>42,148</u>	<u>46,035</u>
Total campaign expenses	<u>\$ 217,392</u>	<u>\$ 210,586</u>

**United Way/Centraide (Central N.B./  
Région du Centre du N.B.) Inc.**  
**Schedule of community investments and program expenses**  
**Year Ended March 31** **2018** **2017**

Allocation and Designations

Allocations to member agencies (community investments) (page 12)	<b>\$ 613,723</b>	\$ 599,683
Allocations to non-member agencies	<b>132,422</b>	100,255
Donor options paid by other United Ways-Centraides	<b><u>109,591</u></b>	<u>103,708</u>
	<b>855,736</b>	803,646
Program expenses		
Computer services	<b>3,470</b>	3,570
Employee benefits	<b>16,484</b>	11,570
National agency expenses - United Way Canada	<b>11,390</b>	8,806
Office and printing	<b>175</b>	135
Postage	<b>382</b>	53
Program funding	<b>11,029</b>	33,393
Publicity	<b>3,819</b>	1,704
Salaries and wages	<b>134,453</b>	114,530
Supplies	<b>1,443</b>	282
Telephone and utilities	<b>368</b>	86
Training	<b>80</b>	13
Translation	<b>1,127</b>	-
Travel and conferences	<b><u>8,746</u></b>	<u>5,703</u>
	<b><u>1,048,702</u></b>	<u>983,491</u>
Allocation of administrative expenses (page 11)	<b><u>60,652</u></b>	<u>46,036</u>
Total program expenses	<b><u>\$ 1,109,354</u></b>	<u>\$ 1,029,527</u>