

**FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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**United Way of Lanark County
Financial Statements
December 31, 2015**



Management's Responsibility for the Financial Statements

The accompanying financial statements of the United Way of Lanark County are the responsibility of the Organization's management and have been prepared in compliance with legislation, and in accordance with Canadian Accounting Standards for Not-For-Profit Organizations. A summary of significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involved the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Organization's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters. The Board of Directors meets with management subsequently to review these same matters prior to the Board's approval of the financial statements.

The financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Organization. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Organization's financial statements.

Fraser Scantlebury, Executive Director



INDEPENDENT AUDITOR'S REPORT

To the Members of United Way of Lanark County:

We have audited the accompanying financial statements of United Way of Lanark County which comprise the statement of financial position as at December 31, 2015, and the statements of operations and 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 audit 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 an audit to obtain reasonable assurance whether the financial statements are free of 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 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.



In common with many charitable organizations, the Organization derives revenue from fundraising events 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 the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses and cash flow from operations for the year ended, December 31, 2015, current assets as at December 31, 2015 and fund balances as at December 31, 2015.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues other than grants, referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of United Way of Lanark County as at December 31, 2015 and its financial performance and its cash flows for the year ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.



Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario,
May 30, 2016.

**United Way of Lanark County
Statement of Financial Position**

December 31	2015	2014
	\$	\$
Assets		
Financial Assets		
Cash	58,678	72,211
Pledges receivable (net of estimated shrinkage \$4,000)	271,946	281,176
Other receivables	2,526	2,011
Prepaid expenses	1,092	649
	334,242	356,047
Capital Assets (note 2)	1,453	2,535
Other Assets		
Incorporation	889	1,188
Total Assets	336,584	359,770
Liabilities and Fund Balances		
Liabilities		
Accounts payable	8,198	10,421
Deferred revenues	4,000	---
Campaign funds available for distribution to agencies in future years (note 3)	284,067	325,109
	296,265	335,530
Fund Balances (note 4)		
Unrestricted ▶ operating	7,866	(9,295)
Invested in capital assets	1,453	2,535
Restricted ▶ for campaign expenses	31,000	31,000
	40,319	24,240
Total Liabilities and Fund Balances	336,584	359,770

On Behalf of the Board:

_____, Chair _____, Treasurer

The accompanying notes are an integral part of these financial statements.

**United Way of Lanark County
Statement of Operations and Fund Balances**

For the year ended December 31	(Note 8) Budget	2015	2014
	\$	\$	\$
Revenues			
Donations	271,022	271,022	274,345
Funds transferred from other United Ways	54,087	54,087	77,098
Gross campaign revenue	325,109	325,109	351,443
Less: Pledge shrinkage	---	---	4,759
Net Campaign Revenue	325,109	325,109	346,684
Grant revenues	8,051	12,189	8,106
Investment revenue	---	---	709
Other revenue	4,360	500	---
Total Revenues	337,520	337,798	355,499
Expenditures			
Campaign and fundraising expenses (Schedule I)	112,125	119,293	115,755
Net Revenues Available for Programs	225,395	218,505	239,744
Allocations and Programs			
Funds to Agencies (Schedule II)	220,193	194,479	242,460
Algonquin College Community Award (Schedule III)	1,000	1,000	1,000
Special Donations, Grants and Funding (Schedule IV)	4,202	6,947	2,360
Total Allocation and Program Expenses	225,395	202,426	245,820
Net Revenues (Expenditures) for the Year	---	16,079	(6,076)
Fund Balances, Beginning of Year	24,240	24,240	30,316
Fund Balances, End of Year	24,240	40,319	24,240

The accompanying notes are an integral part of these financial statements.

**United Way of Lanark County
Statement of Cash Flows**

For the year ended December 31	2015	2014
	\$	\$
Cash Flows Provided From:		
Operating Activities		
Net revenues (expenditures) for the year	16,079	(6,076)
Items Not Involving Cash		
Amortization	1,381	1,381
Net Change in Non-Cash Working Capital		
Balances Related to Operations		
Pledges receivable	9,230	6,501
Other receivables	(515)	236
Prepaid expenses	(443)	4,110
Accounts payable	(2,223)	301
Deferred revenues	4,000	---
Campaign funds available for distribution	(41,042)	(26,334)
	(30,993)	(15,186)
Change in Cash, During the Year	(13,533)	(19,881)
Cash, Beginning of Year	72,211	92,092
Cash, End of Year	58,678	72,211

The accompanying notes are an integral part of these financial statements.

United Way of Lanark County

Notes to the Financial Statements

December 31, 2015

Purpose of Organization

United Way of Lanark County is a registered charitable organization. The Organization was incorporated on October 10, 2008 and its objective is to support member agencies that fulfill a social need in Lanark County.

1. Significant Accounting Policies

The financial statements of the United Way of Lanark County are prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations. Significant aspects of the accounting policies adopted by the Organization are as follows:

Pledges

Pledges receivable are recorded at estimated realizable value at the time of pledge commitment by individuals or corporations. Pledge shrinkage is due to corporate closures, downsizing, layoffs, employment transfers or other unforeseen circumstances.

Revenue Recognition

The Organization conducts a public campaign for funds during the last quarter of each calendar year in order to fund member agencies' activities for the subsequent fiscal year. Accordingly campaign revenue of the current year is deferred to the subsequent fiscal year. All allocations that are scheduled to be disbursed more than twelve months after the current year end are financed from the subsequent year's campaign.

Pledges receivable at the end of the year reflect amounts outstanding from the preceding campaign, less an allowance for pledge losses. Allowances are provided for amounts estimated to be uncollectible. The Organization's accounting policy for recording current campaign pledges is on the cash basis. This policy conforms with that adopted by the majority of United Way organizations.

Other unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Expense Recognition

Expenditures are recognized according to the accrual basis of accounting in that the expenditures are recorded as incurred as a result of receipt of goods and services and the creation of a legal obligation to pay.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and bank term deposits or equivalent financial instruments with original maturities upon issue of less than 90 days.

United Way of Lanark County

Notes to the Financial Statements

December 31, 2015

1. Significant Accounting Policies / continued

Investments

Investments are recorded at the lower of cost and market value.

Capital Assets

Capital assets purchased by the Organization are recorded at cost and those donated to the Organization are recorded at their fair value at the date of acquisition when fair market value can be reasonably estimated. Capital assets are amortized on a straight line basis with the following estimated rates:

Computer and Office Equipment	5 years
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Incorporation

Incorporation is stated at cost and is amortized using the straight line method over a ten year period.

Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Financial Instruments

All financial instruments are initially recognized at fair value on the balance sheet. The Organization has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net earnings.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Organization classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Donated Assets, Materials and Services

Volunteers contribute a substantial number of hours each year to assist the Organization in carrying out its activities. Because of the difficulty of determining the fair value, contributions of such services are not recognized in the financial statements.

The Organization receives gifts in kind from some donors, primarily for campaign costs of printing, supplies and public relations. These amounts are included in revenues and expenditures.

United Way of Lanark County Notes to the Financial Statements

December 31, 2015

1. Significant Accounting Policies / continued

Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting year. Actual results could differ from management's best estimates, as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

2. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer and Office Equipment	9,525	8,072	1,453	2,535

3. Summary of Campaign Proceeds

Pledges and contributions received during 2014 and 2015 (net of the provision for uncollectible pledges) to be distributed in 2015 and 2016 are comprised of the following:

	2015	2014
	\$	\$
Gross Pledges and Contributions Received During the Year	284,067	325,109
Less: allowance for pledge shrinkage	4,000	4,000
Proceeds Available for Distribution	280,067	321,109

4. Fund Balances

(a) Unrestricted Operating

The disposition of any net revenue (expenditure) is at the discretion of the Board and represents unappropriated funds.

United Way of Lanark County

Notes to the Financial Statements

December 31, 2015

4. Fund Balances / continued

(b) Invested in Capital Assets

This fund balance represents the amount the Organization has invested in capital assets.

(c) Restricted for Campaign Expenses

This fund was established by the Board as a provision to cover the expenses of the ensuing year's campaign incurred in advance of the receipts from that campaign.

5. Allocation of General Management and Administrative Expenses to Fundraising and Program Expenses

General management and administrative expenses are incurred to support functional areas and are allocated to fundraising and program expense based on the time study method. Following this method, the general management and administrative expenses are allocated as follows:

	2015	2014
Fundraising expenses	70%	75%
Program expenses	30%	25%

6. Contractual Obligations

The Organization entered into a three year lease, January 15, 2015 for rental of office space, with Community and Primary Health Care - Lanark, Leeds & Grenville. The lease expires on January 15, 2018. Payments made under the lease for the year 2015 were \$10,272 (2014 \$10,080).

7. Risk Management

In the normal course of operations, the Organization is exposed to a variety of financial risks which are actively managed by the Organization.

The Organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

United Way of Lanark County

Notes to the Financial Statements

December 31, 2015

7. Risk Management / continued

The Organization's exposure to and management of risk has not changed materially from December 31, 2014.

Credit Risk

Credit risk arises from the possibility that the entities to which the Organization provides services to may experience difficulty and be unable to fulfill their obligations. The Organization is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Organization does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Organization is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Organization's operating results. At December 31, 2015 the Organization did not have any debt obligations.

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they fall due. The Organization requires working capital to meet day-to-day operating activities. Management expects that the Organization's cash flows from operating activities will be sufficient to meet these requirements for the foreseeable future.

8. Budget Figures

Under Canadian Accounting Standards for Not-For-Profit Organizations, budget amounts are to be reported on the statement of operations for comparative purposes. The budget figures are unaudited.

United Way of Lanark County
Schedule I ▶ Campaign Expenses and Fundraising Expenses

For the year ended December 31	(Note 8) Budget	2015	2014
	\$	\$	\$
Accounting	5,200	5,362	5,065
Administration fees ▶ United Way, Ottawa	13,500	12,383	14,406
Amortization	1,500	1,381	1,381
Audit	3,075	3,103	2,246
Bad debt	---	986	---
Bank charges and fees	1,100	748	1,073
Conferences and meetings	4,189	5,255	2,761
Liability insurance	2,285	2,004	2,255
Marketing ▶ United Way Centraide Canada	2,500	2,500	2,500
Membership fees	3,265	2,765	2,451
Office supplies and telephone	3,950	4,644	3,471
Promotion and awareness	9,000	10,780	11,985
Rent ▶ office	10,272	10,272	10,080
Travel and training	4,050	4,662	4,363
Wages and benefits	93,822	101,317	90,303
Total General Management and Administrative Expenses Before Allocation	157,708	168,162	154,340
Less: Allocation to program expenses (note 5)	(45,583)	(48,869)	(38,585)
Net Campaign Expenses and Fundraising Expenses	112,125	119,293	115,755

United Way of Lanark County
Schedule II ▶ Allocation and Distribution of Funds to Agencies

For the year ended December 31	(Note 8) Budget	2015	2014
	\$	\$	\$
Adult Learning and Training Centre	7,500	7,500	---
Adult Learning and Training Centre ▶ CIG funding	3,000	3,000	---
Big Brothers Big Sisters of Lanark County	12,500	12,500	25,000
Big Brothers Big Sisters of Lanark County ▶ CIG Funding	15,000	15,000	---
Canadian Hearing Society	2,500	2,500	4,000
Carleton Place and District Youth Centre	9,500	9,500	16,000
Children's Resources on Wheels	4,500	4,500	7,000
Community and Primary Health Care	8,750	8,750	17,500
Community Home Support Lanark County	21,000	21,000	41,500
CNIC	5,610	5,610	10,500
CNIB ▶ CIG Funding	3,000	3,000	---
Family and Children's Services of Lanark, Leeds and Grenville	5,250	5,250	10,500
Lanark County Community Justice Program Inc.	5,000	5,000	12,000
Lanark County Community Justice Program Inc. ▶ CIG Funding	10,000	10,000	---
Lanark Highlands Youth Centre Inc.	7,500	7,500	13,000
Mills Community Support Corporation	8,000	8,000	15,000
Smiths Falls & District Club for Youth	7,000	7,000	10,000
Take Young People Seriously	---	---	4,875
Tri-County Dental Coalition	2,000	2,000	2,000
Youth Action Kommittee	8,000	8,000	15,000
Youth Centre Coalition ▶ CIG Funding	5,000	---	---
Other ▶ CIG Funding	24,000	---	---
	174,610	145,610	203,875
Allocation to program expenses (Schedule I)	45,583	48,869	38,585
Net Allocation and Distribution of Funds to Agencies	220,193	194,479	242,460

United Way of Lanark County
Schedule III ▶ Distribution for Algonquin College Community Awards

For the year ended December 31	(Note 8) Budget	2015	2014
	\$	\$	\$
Algonquin College Community Award	1,000	1,000	1,000

United Way of Lanark County
Schedule IV ▸ Special Donations, Grants and Funding

For the year ended December 31	(Note 8) Budget	2015	2014
	\$	\$	\$
Project Grants	2,000	2,966	360
Ontario 211 Funding	2,002	2,002	1,820
Youth CI	---	1,188	---
Toy and Collectible Show	---	429	---
Back to School Kits	---	362	---
Donations to Agencies	200	---	180
	4,202	6,947	2,360