

Financial statements of

**United Way of Burlington &
Greater Hamilton**

March 31, 2017

United Way of Burlington & Greater Hamilton

March 31, 2017

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Independent Auditor's Report

To the Members of
United Way of Burlington & Greater Hamilton

We have audited the accompanying financial statements of the United Way of Burlington & Greater Hamilton, which comprise the balance sheet as at March 31, 2017, and the statements of financial activities and 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.

Auditor's 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 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 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, the United Way of Burlington & Greater Hamilton derives revenue in the form of support from the general public and estate legacies, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the United Way of Burlington & Greater Hamilton. Therefore, we were not able to determine whether any adjustments might be necessary to support from the general public, estate legacies, excess (deficiency) of funds available for distribution over expenses, and cash flows from operating activities for the year ended March 31, 2017, and assets and net assets as at March 31, 2017.

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 the United Way of Burlington & Greater Hamilton as at March 31, 2017 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
Licensed Public Accountants
June 29, 2017

United Way of Burlington & Greater Hamilton

Statement of financial activities and changes in net assets
year ended March 31, 2017

	2017				2016			
	Operating fund	Reserve fund	Capital asset fund	Total	Operating fund	Reserve fund	Capital asset fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Support from the general public (Note 11)								
Funds transferred from other United Ways	6,612,747	-	-	6,612,747	7,065,280	-	-	7,065,280
Gross campaign revenue	323,605	-	-	323,605	336,447	-	-	336,447
Funds transferred to other United Ways	6,936,352	-	-	6,936,352	7,401,727	-	-	7,401,727
Pledge losses	(1,170,225)	-	-	(1,170,225)	(1,021,950)	-	-	(1,021,950)
Net campaign revenue	(269,924)	-	-	(269,924)	(261,055)	-	-	(261,055)
Investment income	5,496,203	-	-	5,496,203	6,118,722	-	-	6,118,722
Estate legacies	-	-	-	-	-	8,625	-	8,625
Previous campaign donations recovered	167,701	-	-	167,701	559,439	-	-	559,439
Interest income	-	71,002	-	71,002	-	92,927	-	92,927
Program closure - allocations returned	13,461	8,907	-	22,368	12,002	-	-	12,002
Sponsorships	-	13,220	-	13,220	-	5,641	-	5,641
Funds available for distribution	20,000	-	-	20,000	22,500	-	-	22,500
	5,697,365	93,129	-	5,790,494	6,712,663	107,193	-	6,819,856
Community investments								
Community investment fund (Schedule 1)	2,863,375	-	-	2,863,375	3,717,588	40,755	-	3,758,343
Donor choice funds (Schedule 2)	654,293	-	-	654,293	775,354	-	-	775,354
United Way community services (Schedule 3)	775,873	-	-	775,873	787,040	28,271	-	815,311
Road to Greater Impact costs	-	43,954	-	43,954	-	-	-	-
Emergency fund	-	-	-	-	-	5,000	-	5,000
	4,293,541	43,954	-	4,337,495	5,279,982	74,026	-	5,354,008
Excess of funds available for distribution over community investments								
Fundraising expenses (Schedule 4)	1,403,824	49,175	-	1,452,999	1,432,681	33,167	-	1,465,848
Amalgamation costs	1,383,641	-	-	1,383,641	1,396,188	52,503	-	1,448,691
Amortization of capital assets	-	33,733	-	33,733	-	-	-	-
Excess (deficiency) of funds available for distribution over expenses	-	-	28,102	28,102	-	-	39,386	39,386
Transfer to reserve fund	20,183	15,442	(28,102)	7,523	36,493	(19,336)	(39,386)	(22,229)
Net assets, beginning of year	(20,183)	20,183	-	-	(36,493)	36,493	-	-
Net assets, end of year	-	555,647	276,260	831,907	-	538,490	315,646	854,136
	-	591,272	248,158	839,430	-	555,647	276,260	831,907

The accompanying notes to the financial statements are an integral part of this financial statement.

United Way of Burlington & Greater Hamilton

Balance sheet

as at March 31, 2017

				2017	2016
	Operating fund	Reserve fund	Capital asset fund	Total	Total
	\$	\$	\$	\$	\$
Assets					
Current assets					
Cash and cash equivalents	1,503,489	577,003	-	2,080,492	2,795,144
Campaign pledges receivable (Note 3)	2,188,519	-	-	2,188,519	2,393,209
Accounts receivable	60,699	-	-	60,699	31,425
Prepaid expenses	36,726	-	-	36,726	15,471
Due (to) from other funds	(14,269)	14,269	-	-	-
Capital assets (Note 4)	-	-	248,158	248,158	276,260
	3,775,164	591,272	248,158	4,614,594	5,511,509
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	158,395	-	-	158,395	182,814
Community investments	3,152,852	-	-	3,152,852	3,960,853
Deferred designated campaign revenue	463,917	-	-	463,917	535,935
	3,775,164	-	-	3,775,164	4,679,602
Commitments (Note 7)					
Net assets	-	591,272	248,158	839,430	831,907
	3,775,164	591,272	248,158	4,614,594	5,511,509

Approved by the Board

_____ Director

_____ Director

The accompanying notes to the financial statements are an integral part of this financial statement.

United Way of Burlington & Greater Hamilton

Statement of cash flows year ended March 31, 2017

	2017	2016
	\$	\$
Operating activities		
Excess (deficiency) of funds available for distribution over expenses	7,523	(22,229)
Amortization of capital assets	28,102	39,386
Changes in non-cash working capital		
Campaign pledges receivable	204,690	91,153
Accounts receivable	(29,274)	13,136
Prepaid expenses	(21,255)	5,875
Accounts payable and accrued liabilities	(24,419)	19,567
Community investments	(808,001)	317,484
Deferred designated campaign revenue	(72,018)	(194,904)
	(714,652)	269,468
Net change in cash and cash equivalents	(714,652)	269,468
Cash and cash equivalents, beginning of year	2,795,144	2,525,676
Cash and cash equivalents, end of year	2,080,492	2,795,144
For the purposes of this statement cash and cash equivalents comprises		
Cash - operating fund	1,295,808	709,543
Short-term investments - operating fund	207,681	1,586,849
Cash - reserve fund	129,148	59,317
Short-term investment - reserve fund	447,855	439,435
	2,080,492	2,795,144

The accompanying notes to the financial statements are an integral part of this financial statement.

United Way of Burlington & Greater Hamilton

Notes to the financial statements

March 31, 2017

1. **Mission statement**

United Way of Burlington & Greater Hamilton ("the Organization") exists in order to improve lives and build community by engaging individuals and mobilizing collective action.

The Organization was incorporated under the Ontario Corporations Act as a not-for-profit organization and is a registered charity under the Federal Income Tax Act, Registration Number 0033555-03 (Business Number 10746-2988-RR0001).

2. **Significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and reflect the following significant accounting policies:

Use of estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the financial statements requiring management to make estimates include the allowance for doubtful pledges and the useful lives of capital assets. Actual results could differ from these estimates.

Fund accounting

The Organization follows the restricted fund method of accounting for contributions.

Operating fund

The Organization has established an Operating fund for the purposes of recording the excess of revenue over expenditures related to ongoing programs and activities. All community investments and United Way community services and operations are financed from this fund.

Reserve fund

The Organization has established a Reserve fund which may be used for community investments, unplanned and one-time operating costs and capital costs incurred by the Organization. The Reserve fund will be maintained or used at the discretion of the board of directors.

Capital asset fund

The Organization has established a Capital asset fund for the purposes of recording the grants received and funds allocated for the premises and equipment used in its operations. The balance in this fund represents the net investment in capital assets.

Revenue recognition

Contributions

Restricted contributions related to general operations are recognized as revenues of the Operating fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenues of the appropriate restricted fund as received. Unrestricted contributions are recognized as revenues in the Operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed materials and services

Because of the difficulty in determining their fair value, donated materials and contributed services are not recognized in the financial statements.

United Way of Burlington & Greater Hamilton

Notes to the financial statements

March 31, 2017

2. Significant accounting policies (continued)

Fundraising and other expenses

Fundraising and other expenses are recorded as expenses when incurred.

Allocations to community investments

Allocations to community investments are endorsed by the board of directors. A liability and expense are recorded for these allocations to agencies in the period that the allocations are approved and announced.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost. Interest earned on short-term investments and guaranteed investment certificates are included in investment income in the statement of financial activity and changes in net assets.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes in excess (deficiency) of funds available for distribution over expenses an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to excess (deficiency) of funds available for distribution over expenses in the period the reversal occurs.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, in banks and short-term investments.

Capital assets

Capital assets are recorded at cost and are capitalized in the Capital asset fund and amortized on a straight-line basis using an estimated useful life as follows:

Building	2.5% per annum
Building improvement	5% per annum
Furniture and equipment	10% per annum
Computer equipment	20% per annum

Amortization is not charged to operations but is recorded annually as a reduction of the fund balance in the Capital asset fund.

3. Campaign pledges receivable

	2017	2016
	\$	\$
Campaign pledges receivable	2,473,519	2,693,209
Allowance for uncollectable pledges	(285,000)	(300,000)
	<u>2,188,519</u>	<u>2,393,209</u>

United Way of Burlington & Greater Hamilton

Notes to the financial statements

March 31, 2017

4. Capital assets

The major categories of capital assets and related cost and accumulated amortization are as follows:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land and land improvement	123,781	-	123,781	123,781
Building and building improvement	323,572	199,195	124,377	140,555
Furniture, equipment and computer	-	-	-	11,924
	447,353	199,195	248,158	276,260

5. Tomorrow and Forever Endowment Fund

In fiscal 2001, a restricted donation of \$1,000,000 was received by the Organization, which was supplemented with \$10,000 from the Reserve Fund and an additional \$5,500 from the Hamilton Community Foundation. These amounts have been transferred to the custody of the Hamilton Community Foundation. In fiscal 2003, the unrestricted Burlington fund, which was in the custody of the Hamilton Community Foundation, was transferred to the custody of the Burlington Community Foundation. Net investment income from the restricted donation of \$1,000,000 will be distributed according to the advice of the donor. The fund balances have not been included in the accounts of the Organization.

Schedule of fund balances for the year ended March 31, 2017:

	Donor advised	Campaign Burlington	Unrestricted Burlington	Campaign Hamilton	Unrestricted Hamilton	Total
	\$	\$	\$	\$	\$	\$
Opening fund balance	1,290,927	75,216	33,358	404,128	66,532	1,870,161
Investment income	113,814	7,844	3,479	42,357	6,974	174,468
Less						
Distribution or grants paid	(105,880)	-	-	-	-	(105,880)
Administration expenses	-	(1,174)	(521)	-	-	(1,695)
Closing fund balance	1,298,861	81,886	36,316	446,485	73,506	1,937,054

Schedule of fund balances for the year ended March 31, 2016:

	Donor advised	Campaign Burlington	Unrestricted Burlington	Campaign Hamilton	Unrestricted Hamilton	Total
	\$	\$	\$	\$	\$	\$
Opening fund balance	1,404,704	84,586	25,594	457,648	39,738	2,012,270
Donations contributed	-	-	9,726	-	29,188	38,914
Investment income	(7,896)	349	348	(2,779)	(25)	(10,003)
Less						
Distribution or grants paid	(105,880)	(8,549)	(1,939)	(50,741)	(2,370)	(169,479)
Administration expenses	-	(1,169)	(372)	-	-	(1,541)
Closing fund balance	1,290,928	75,217	33,357	404,128	66,531	1,870,161

United Way of Burlington & Greater Hamilton

Notes to the financial statements

March 31, 2017

6. Pension plans

The employees of the Organization participate in a defined contribution plan that covers all eligible employees. Employees become eligible after 12 months of service with the Organization. Employer contributions are based on a percentage of each employee's gross pay, at 3.2% to 5% until the Yearly Maximum Pensionable Earnings is reached. Total expense for the Organization's defined contribution plan for the current year is \$45,095 (2016 - \$43,223).

7. Commitments

The Organization is committed under terms of operating leases for office equipment and an office lease for the following minimum lease payments:

	\$
2018	120,412
2019	142,766
2020	139,558
2021	142,748
2022	145,930
Thereafter	24,411
Total obligation	715,825

8. Allocation of general management and administration expenses

The Organization allocates costs to campaign and community services in accordance with the United Way of Canada - Centraide Canada's Transparency, Accountability, and Financial Reporting Policies for United Ways formally adopted by the movement in May 2005. General management and administration expenses (Schedule 5) which do not pertain specifically to campaign and community services are allocated based on management's estimates of time as indicated below:

	2017	2016
	%	%
Allocation to fundraising expenses	65	65
Allocation to program expenses	35	35

9. Financial instruments

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Organization collects pledges from donors in the normal course of its operations and maintains provisions for pledge losses. Due to the nature of pledges, the Organization is exposed to credit risk.

Interest rate risk

The Organization is exposed to interest rate risk on its fixed interest rate financial instruments, which subject the Organization to a fair value risk. Investments held in the reserve fund and the operating fund include investments in fixed rate guaranteed investment certificates which are cashable upon demand.

Liquidity risk

The Organization's objective is to have sufficient liquidity to meet its liabilities when due. The Organization monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2017, the most significant financial liabilities are: accounts payable and accrued liabilities and the community investments.

United Way of Burlington & Greater Hamilton

Notes to the financial statements

March 31, 2017

10. Event revenues and expenses

In accordance with the United Way of Canada - Centraide Canada's Transparency, Accountability, and Financial Reporting Policies, the net results from the following events are included in the statement of financial activities and net assets.

	Campaign Kickoff	Campaign Touchdown
	\$	\$
Revenue	-	18,460
Expenses	-	(23,558)
2017 net expenses	-	(5,098)

	Campaign Kickoff	Campaign Touchdown
	\$	\$
Revenue	3,540	25,055
Expenses	(4,073)	(26,061)
2016 net expenses	(533)	(1,006)

11. ArcelorMittal Dofasco support

Included within support from the general public on the statement of financial activities and changes in net assets for the year are donations from the Dofasco Employee Donations Fund totaling \$150,000 (2016 - \$150,000) and from Dofasco Inc.'s Corporate Fund totaling \$Nil (2016 - \$150,000).

12. Amalgamation

Immediately subsequent to year end the United Way of Burlington & Greater Hamilton amalgamated with the United Way of Oakville, the United Way of Halton Hills and the United Way of Milton with the objective to carry on their operations under a single new organization. The new organization effective, April 1, 2017, is operating under the name of United Way of Halton & Hamilton.

13. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in 2017.

United Way of Burlington & Greater Hamilton

Operating fund

Schedule of community investment funds - Schedule 1 year ended March 31, 2017

	2017	2016
	\$	\$
Community investment funds		
Acclaim Health	18,670	19,845
Alternatives for Youth	70,936	83,190
Ancaster Community Services and Information	11,660	13,674
Big Brothers Big Sisters of Hamilton and Burlington	252,020	287,115
East Kiwanis Boys' & Girls' Club Inc.	71,525	83,881
The Canadian Hearing Society, Hamilton Region	26,726	31,342
Canadian Mental Health Association, Halton Branch	15,925	16,927
Canadian Mental Health Association, Hamilton Branch	44,612	52,318
Canadian National Institute for the Blind (CNIB), Hamilton Branch	70,051	82,152
Canadian National Institute for the Blind (CNIB), Halton Branch	18,336	19,489
Canadian Red Cross Society, Hamilton and Burlington	113,229	128,295
Catholic Family Services of Hamilton	188,779	221,390
Catholic Youth Organization	73,738	86,476
Children's International Learning Centre (CILC)	12,827	15,043
Community Development Halton	67,470	71,716
Community Living Burlington	80,027	85,063
Community Living Hamilton	41,050	48,142
Dawn Patrol Child and Youth Services	19,052	22,344
Dundas Community Services	23,829	27,945
Elizabeth Fry Society of Southern Ontario Region	64,522	75,668
Flamborough Information and Community Services	17,273	20,257
Food for Life Canada	16,104	17,117
Forestview Church	7,246	7,702
Glanbrook Home Support	12,701	14,895
Halton Family Services (Thrive Counselling Services Halton)	133,219	141,602
Halton Food for Thought	45,225	48,071
Halton Poverty Roundtable	10,000	10,000
Balance forward	1,526,752	1,731,659

The accompanying notes to the financial statements are an integral part of this financial statement.

United Way of Burlington & Greater Hamilton

Operating fund

Schedule of community investment funds - Schedule 1 (continued)

year ended March 31, 2017

	2017	2016
	\$	\$
Community investment funds (balance brought forward)	1,526,752	1,731,659
Hamilton and District Literacy Council	7,519	8,818
The Hamilton & District Ostomy Association Inc.	3,176	3,724
Hamilton Association for Residential and Recreational Redevelopment Program	36,390	42,677
Hamilton Council on Aging (St. Peters)	19,433	22,790
Hamilton Jewish Social Services	20,405	23,930
The John Howard Society of Hamilton, Burlington & Area	52,764	61,879
Living Rock Ministries	29,992	35,173
Lynwood Charlton Centre	6,361	7,460
Multiple Sclerosis Society of Canada, Hamilton & District Chapter	39,146	45,908
Navy League of Canada, Hamilton Branch	13,825	16,213
Nelson Youth Centres	59,840	63,605
Ontario 211 Services	79,905	79,905
Radius Child & Youth Services	24,895	26,461
Reach Out Center for Kids (R.O.C.K.)	137,218	145,853
Robert Land Community Association	59,621	69,920
St. John Ambulance Association, Hamilton Branch	8,792	10,311
St. Joseph's Home Care	39,385	46,189
St. Joseph's Villa	18,217	21,364
St. Matthew's House	50,493	59,215
Sexual Assault & Violence Intervention Service	3,982	4,232
Sexual Assault Centre (Hamilton & Area)	40,727	47,763
Social Planning & Research Council of Hamilton	106,126	124,458
STRIDE	4,954	5,232
Student Open Circles	9,526	11,171
Support & Housing Halton	38,311	40,722
Threshold School of Building	31,754	37,239
Volunteer Hamilton	11,424	53,592
Welcome Inn Community Centre	19,518	22,790
Wesley Urban Ministries	133,131	156,129
Wever Community Hub	32,388	37,983
YMCA of Hamilton/Burlington/Brantford	212,563	234,713
YWCA of Hamilton	274,318	321,705
Community investment funds before allocation from reserve fund and accruals	3,152,851	3,620,783
Allocation (from) to New and Emerging Needs	(289,476)	157,907
Allocation from the reserve fund to the community investment funds and accrued funds	-	(61,102)
	2,863,375	3,717,588

The accompanying notes to the financial statements are an integral part of this financial statement.

United Way of Burlington & Greater Hamilton

Operating fund

Schedule of donor choice funds - Schedule 2

year ended March 31, 2017

	2017	2016
	\$	\$
Donor choice funds		
Funded agencies	82,370	113,673
Other charities	435,238	503,993
Other United Ways	136,685	157,688
	654,293	775,354

The accompanying notes to the financial statements are an integral part of this financial statement.

United Way of Burlington & Greater Hamilton

Operating fund

Schedule of United Way community services - Schedule 3

year ended March 31, 2017

	2017	2016
	\$	\$
Community investment and agency relations	75,585	68,210
Labour community services	41,195	38,430
Community development	341,430	352,021
Road to greater impact initiative	-	29,162
United Way of Canada dues	64,402	58,205
United Way community services	522,612	546,028
Allocation of general management and administrative expenses (Schedule 5)	253,261	241,012
	775,873	787,040

The accompanying notes to the financial statements are an integral part of this financial statement.

United Way of Burlington & Greater Hamilton

Operating fund

Schedule of fundraising expenses - Schedule 4

year ended March 31, 2017

	2017	2016
	\$	\$
Salaries and benefits	803,652	844,024
Direct mail	23,727	11,627
Promotion and publicity	36,574	33,435
Printing	26,920	35,056
Supplies	2,338	10,792
Professional fees	20,089	13,660
Total direct fundraising expenses	913,300	948,594
Allocation of general management and administrative expenses (Schedule 5)	470,341	447,594
	1,383,641	1,396,188

The accompanying notes to the financial statements are an integral part of this financial statement.

United Way of Burlington & Greater Hamilton

Operating fund

Schedule of general management and administrative expenses - Schedule 5 year ended March 31, 2017

	2017	2016
	\$	\$
Salaries and benefits	360,951	337,208
Building operating costs	53,877	48,843
Professional services	44,710	53,657
Computer costs	54,467	59,045
Local transportation and meetings	25,771	29,709
Burlington office	49,643	49,129
Bank charges	29,442	28,654
Telephone/fax costs	19,598	19,062
Office equipment and supplies	22,054	18,757
Staff training and development	27,330	16,899
CEO Discretionary Fund	5,353	4,708
Volunteer costs	5,069	5,976
Research	16,807	9,688
Publications and dues	8,530	7,271
	723,602	688,606
Allocation of general management and administrative expenses		
Allocation to fundraising expenses (Schedule 4)	470,341	447,594
Allocation to United Way community services (Schedule 3)	253,261	241,012
Total allocation of general management and administrative expenses	723,602	688,606

The accompanying notes to the financial statements are an integral part of this financial statement.