

United Way of Colchester County
Financial Statements
March 31, 2022

United Way of Colchester County Contents

For the year ended March 31, 2022

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Independent Auditor's Report

To the Board of Directors of United Way of Colchester County:

Qualified Opinion

We have audited the financial statements of United Way of Colchester County (the "Organization"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, 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.

Basis for Qualified Opinion

As is common with many charitable organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues 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 donation and fundraising revenue, deficiency of revenue over expenditures for the year ended March 31, 2022 and net assets as at April 1, 2021 and March 31, 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Truro, Nova Scotia

June 16, 2022

MNP LLP

Chartered Professional Accountants

United Way of Colchester County
Statement of Financial Position

As at March 31, 2022

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>Endowment Fund</i>	2022	<i>2021</i>
Assets					
Current					
Cash (Note 8)	139,104	4,353	-	143,457	227,941
Receivables (Note 5)	128,661	-	-	128,661	131,192
Prepaid expenses and deposits	306	-	-	306	778
Investments (Note 6)	-	363,227	-	363,227	335,267
Restricted investments (Note 6)	-	-	43,187	43,187	42,391
	268,071	367,580	43,187	678,838	737,569
Capital assets (Note 7)	724	-	-	724	1,034
	268,795	367,580	43,187	679,562	738,603
Liabilities					
Current					
Trade payables	32,763	-	-	32,763	25,289
Government remittances	2,942	-	-	2,942	3,876
Allocations	228,617	-	-	228,617	182,091
Project funds held in trust (Note 8)	14,743	-	-	14,743	15,000
Restricted contribution (Note 9)	-	-	-	-	100,000
	279,065	-	-	279,065	326,256
Commitments (Note 10)					
COVID-19 (Note 11)					
Net Assets					
Unrestricted	(10,270)	-	-	(10,270)	30,360
Capital fund	-	367,580	-	367,580	339,600
Endowment	-	-	43,187	43,187	42,387
	(10,270)	367,580	43,187	400,497	412,347
	268,795	367,580	43,187	679,562	738,603

Approved on behalf of the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements

United Way of Colchester County
Statement of Operations
For the year ended March 31, 2022

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>Endowment Fund</i>	2022	<i>2021</i>
Fundraising revenue					
Campaign	232,632	-	-	232,632	243,691
Direct mail	35,325	-	-	35,325	34,550
Other fundraising/events <i>(Note 3)</i>	21,387	-	-	21,387	11,239
Less: Uncollectible pledges	(14,942)	-	-	(14,942)	(10,598)
Net fundraising revenue	274,402	-	-	274,402	278,882
Other revenue					
Administration fee	450	-	-	450	452
Grants <i>(Note 12)</i>	17,107	-	-	17,107	5,723
Investment earnings <i>(Note 4)</i>	-	27,980	-	27,980	41,571
Investment earnings - Nelson <i>(Note 4)</i>	-	-	796	796	5,391
COVID-19 support funding <i>(Note 11)</i>	-	-	-	-	436,696
Housing needs and benefit study <i>(Note 8)</i>	37,989	-	-	37,989	-
Compassion fund program <i>(Note 9)</i>	100,000	-	-	100,000	-
	155,546	27,980	796	184,322	489,833
Total revenue	429,948	27,980	796	458,724	768,715
Expenses					
Fundraising expenses	63,864	-	-	63,864	60,403
Net revenue available for programs	366,084	27,980	796	394,860	708,312
Support to the Community					
Program	95,558	-	-	95,558	71,593
Allocations	128,615	-	2,450	131,065	128,416
Community projects	32,109	-	-	32,109	-
Payment to National	3,515	-	-	3,515	3,000
Designations	13,326	-	-	13,326	10,930
Health partners	3,415	-	-	3,415	2,798
COVID-19 support expenses <i>(Note 11)</i>	-	-	-	-	405,460
Compassion fund program expenses <i>(Note 9)</i>	90,000	-	-	90,000	-
Housing needs and benefit study expenses <i>(Note 8)</i>	37,722	-	-	37,722	-
	404,260	-	2,450	406,710	622,197
Excess (deficiency) of revenue over expenses	(38,176)	27,980	(1,654)	(11,850)	86,115

The accompanying notes are an integral part of these financial statements

United Way of Colchester County
Statement of Changes in Net Assets

For the year ended March 31, 2022

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>Endowment Fund</i>	2022	<i>2021</i>
Net assets beginning of year	30,360	339,600	42,387	412,347	326,232
Excess (deficiency) of revenue over expenses	(38,176)	27,980	(1,654)	(11,850)	86,115
Fund Transfers <i>(Note 13)</i>	(2,454)	-	2,454	-	-
Net assets, end of year	(10,270)	367,580	43,187	400,497	412,347

The accompanying notes are an integral part of these financial statements

United Way of Colchester County
Statement of Cash Flows
For the year ended March 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	(11,850)	86,115
Amortization	310	253
Unrealized gain on investments	(18,091)	(36,861)
	(29,631)	49,507
Changes in working capital accounts		
Receivables	2,530	(12,692)
Prepaid expenses and deposits	472	(778)
Trade payables	7,475	3,847
Government remittances	(934)	2,624
Allocations	46,526	1,526
Deferred contribution	(257)	7,500
Restricted contribution	(100,000)	100,000
	(73,819)	151,534
Investing		
Acquisition of capital assets	-	(763)
Purchase of investments - Capital Fund	(10,665)	(10,083)
Redemption/sale of investments - Endowment Fund	-	2,448
	(10,665)	(8,398)
Increase (decrease) in cash resources	(84,484)	143,136
Cash resources, beginning of year	227,941	84,805
Cash resources, end of year	143,457	227,941

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

United Way of Colchester County (the "Organization") is committed to improve lives and build community by engaging individuals and mobilizing collective action. The vision of the Organization is dedicated to bringing together the resources of individuals, business, labour, and community agencies to build stronger, vibrant neighbourhoods and communities.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Pledges receivable

Pledges receivable are recognized if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investments

Investments are recorded at fair value for those with prices quoted in an active market and cost less impairment for those that are not quoted in an active market. They have been classified as current assets in concurrence with the nature of the investment.

Realized income is income earned from dividends and interest that has been collected or accrued in the current fiscal period along with gains or losses from the disposal of investments.

Unrealized income is income that is recorded reflecting the change in market value over the book value of the investments currently being held by the Organization at year end.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Equipment	declining balance	30 %

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

United Way of Colchester County

Notes to the Financial Statements

For the year ended March 31, 2022

Fund accounting

The Organization follows the restricted fund method of accounting for contributions, and segregates between the Operating Fund, Capital Fund and Endowment Fund.

The Operating Fund reports the Organization's fundraising activities and other unrestricted contributions. This fund reports the monies which are available to provide support to the community.

The Capital Fund reports the Organization's bequests, gifts and related investment earnings from any will, intro vivos trust or such other similar gifts. The Board has discretion to transfer amounts from the unrestricted balance in the Capital Fund to assist in covering operating, capital and community projects approved by the Board, or as specified by a specific bequest. This Fund will be conservatively invested in accordance with recommendations of the Board of Directors.

The Endowment Fund reports the Organization's endowments and related investment earnings. This fund is externally restricted for purposes of paying bursaries.

Member agency allocations

Allocations to member agencies are recorded during the year when determined to be payable.

Revenue recognition

The Organization uses the restricted fund method of accounting for contributions. Restricted contributions are recognized in the appropriate fund, if there is no fund they are recognized in the Operating Fund and are recorded as revenue in the year in which the related expenses are incurred.

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. Endowment contributions are recognized as revenue in the Endowment Fund.

Restricted investment income earned on Endowment Fund and Capital Fund resources is recognized as revenue in the related fund. Unrestricted investment income is recognized as revenue in the Operating Fund when earned.

Government assistance

The Organization periodically applies for financial assistance under available government incentive programs. Government assistance relating to expenditures is recognized according to the deferral method of accounting for restricted contributions which results in revenue being recognized when the related expenditures are incurred.

Operations

The Organization allocates its costs to two functional areas: fundraising and programs. General costs which do not pertain specifically to either function are considered administrative and are allocated to the functional area based on management's estimates are noted below:

	2022	2021
Fundraising	50%	50%
Program	<u>50%</u>	<u>50%</u>
	100%	100%

Expenses included professional fees, office supplies, insurance, rent and utilities. Total fundraising and program expenses reported in the statement of operations include allocations of \$34,579 (2021 - \$25,551) for these general costs.

The Executive Director's salary has been allocated 60% to program expenses and 40% to fundraising expense for the year ended March 31, 2022. The Administrative Coordinator's wages are allocated 70% to fundraising expenses and 30% to program expenses; and summer student wages are allocated 100% to program expenses. Wages and benefits allocated to program expenses are \$63,758 (2020 - \$47,196) and \$46,100 (2020 - \$44,168) allocated to fundraising expenses.

Income tax status

The Organization is a not-for-profit organization, registered with Canada Revenue Agency as a charity and as such, is not subject to income taxes.

Measurement uncertainty (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.

Accounts receivable, including pledges, are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known. These adjustments could be material.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased. There were no contributed materials or services in the current and prior year for which an amount has been recorded on the statement of operations.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc.. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the year the reversal occurs.

United Way of Colchester County
Notes to the Financial Statements
For the year ended March 31, 2022

3. Other fundraising/events

	2022	2021
Back to school	7,665	5,313
Bikes for kids	1,400	-
Elves for elders	1,675	1,300
Kick off luncheon	4,635	-
Soup fest	6,012	4,626
	21,387	11,239

4. Investment earnings

	2022	2021
Unrestricted		
Investment income	8,943	7,796
Unrealized gain on investments	19,037	33,775
	27,980	41,571
Restricted		
Investment income	1,742	2,305
Unrealized gain (loss) on investments	(946)	3,086
	796	5,391

5. Receivables

	2022	2021
Employee and corporate pledges	134,462	138,225
Event sponsorship	2,000	2,000
HST rebate	1,286	1,169
	137,748	141,394
Allowance for doubtful accounts	(9,087)	(10,202)
	128,661	131,192

United Way of Colchester County
Notes to the Financial Statements
For the year ended March 31, 2022

6. Investments

	2022	2021
Investments, at market value		
High interest savings account (cost - \$56,159)	56,159	56,017
Mutual funds (cost - \$297,487)	306,509	278,742
Equities (cost - \$486)	559	508
	363,227	335,267
Restricted investments, at market value		
Mutual funds (cost - \$39,647)	43,187	42,391
	406,414	377,658

7. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Equipment	5,884	5,160	724	1,034

8. Project funds held in trust

The Organization was working with an adhoc group to have a housing needs and benefits study completed for Colchester County. The Organization agreed to manage the finances related to this project including receiving contributions from the participants and making the payments for the cost of the study. The project funds held in trust represented the contributions received to date and were restricted for the purpose of this project. Total funds received were \$15,000. This project was completed during the year and project funds held in trust were recognized as revenue.

The Organization is currently working with an adhoc group to have a coordinated access system completed for Colchester County. The Organization agreed to manage the finances related to this project including receiving contributions from the participants and making the payments for the cost of the system. The project funds held in trust represented the contributions received to date and are restricted for the purpose of this project. Total funds received to date are \$14,743.

Changes in the project funds held in trust balance are as follows:

	2022	2021
Balance, beginning of year	15,000	7,500
Amount received during the year	14,743	7,500
Less: Amount recognized as revenue during the year	(15,000)	-
	14,743	15,000

9. Restricted contribution

During the prior year, the Organization received a restricted contribution of \$100,000 for a compassion fund program. As at March 31, 2022 the Organization has allocated all amounts in accordance with the agreement.

10. Commitments

The Organization has entered into a lease agreement for its premises that is renewed annually each February. The estimated minimum annual payment with respect to this lease for 2023 is \$11,016.

The Organization has entered into a lease agreement for office equipment with an annual estimated payment of \$1,552. This lease expires December 2023.

11. COVID-19

In early March 2020, the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

Despite the impact of COVID-19, the Organization continues to operate as necessary precautions are in place to minimize the potential risk to employees and members have been implemented.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

In response to the negative economic impact of COVID-19, the Government of Canada announced the 10% Temporary Wage Subsidy in March 2020. The Organization qualified for this subsidy and received \$1,796 during the prior year and recognized this amount as revenue on the statement of operations.

During the prior year, the Organization received \$436,696 in response to the COVID-19 pandemic by ways of three separate funding agreements. The funding agreements were the Atlantic Compassion Fund, the COVID-19 Emergency Community Support Fund and the Seniors Response Fund. The funding agreements stipulated that the funds must be used to support the impact of COVID-19 on non-profit organizations in the Colchester County area of Nova Scotia by March 31, 2021. Of the funding received, the Organization disbursed \$405,460 with the remaining portion being allocated to administrative costs of managing the funds which was outlined in the agreements.

12. Grants

The Organization was awarded assistance to subsidize the cost of wages. It received \$14,591 from TD Community Scholarships and nil (2021 - \$3,927) from the Nova Scotia Labour and Advanced Education Department.

The Organization was awarded \$2,500 to use for various projects and events from the Community Credit Union.

13. Fund transfers

During the year, the Operating Fund transferred \$2,454 to the Endowment Fund. During the prior year, the Operating Fund transferred \$2,450 to the Capital Fund.

14. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk of financial loss to the Organization if a debtor fails to make payment when due. Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and pledges receivable.

The Organization is exposed to concentration risk on its cash in that all its cash is held within one financial institution. To minimize this credit risk, the Association places its cash with a high-quality financial institution of Canada.

Credit risk arises from the possibility that the contributors to the Organization will be unable to fulfil their obligations. Management closely evaluates the collectability of its pledges receivable and maintains provisions for potential pledge losses, which are assessed on a regular basis. There was no significant change in exposure from the prior year.

Liquidity risk

Liquidity risk is the risk that Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable. In the opinion of management, the liquidity risk to the Organization is low. There was no significant change in exposure from the prior year.

Market risk

Market risk is the risk that the fair value of expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risks. The Organization is mainly exposed to interest rate risk and other price risks.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its investments in guaranteed investments certificates and mutual funds. In the opinion of management, the interest rate risk of the Organization is low. There has been no significant change in exposure from the prior year.

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument to its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk through its investments quoted in an active market. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.