

Financial Statements

United Way of Cape Breton

March 31, 2013

DRAFT

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# Independent Auditor's Report

To the directors of

United Way of Cape Breton

We have audited the accompanying financial statements of the United Way of Cape Breton, which comprise the statement of financial position as at March 31, 2013, and the statements of operations and surplus, and statement of 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 non-profit organizations, the Society derives revenue from donations from the public, 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 Society and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets and net assets.

**Qualified opinion**

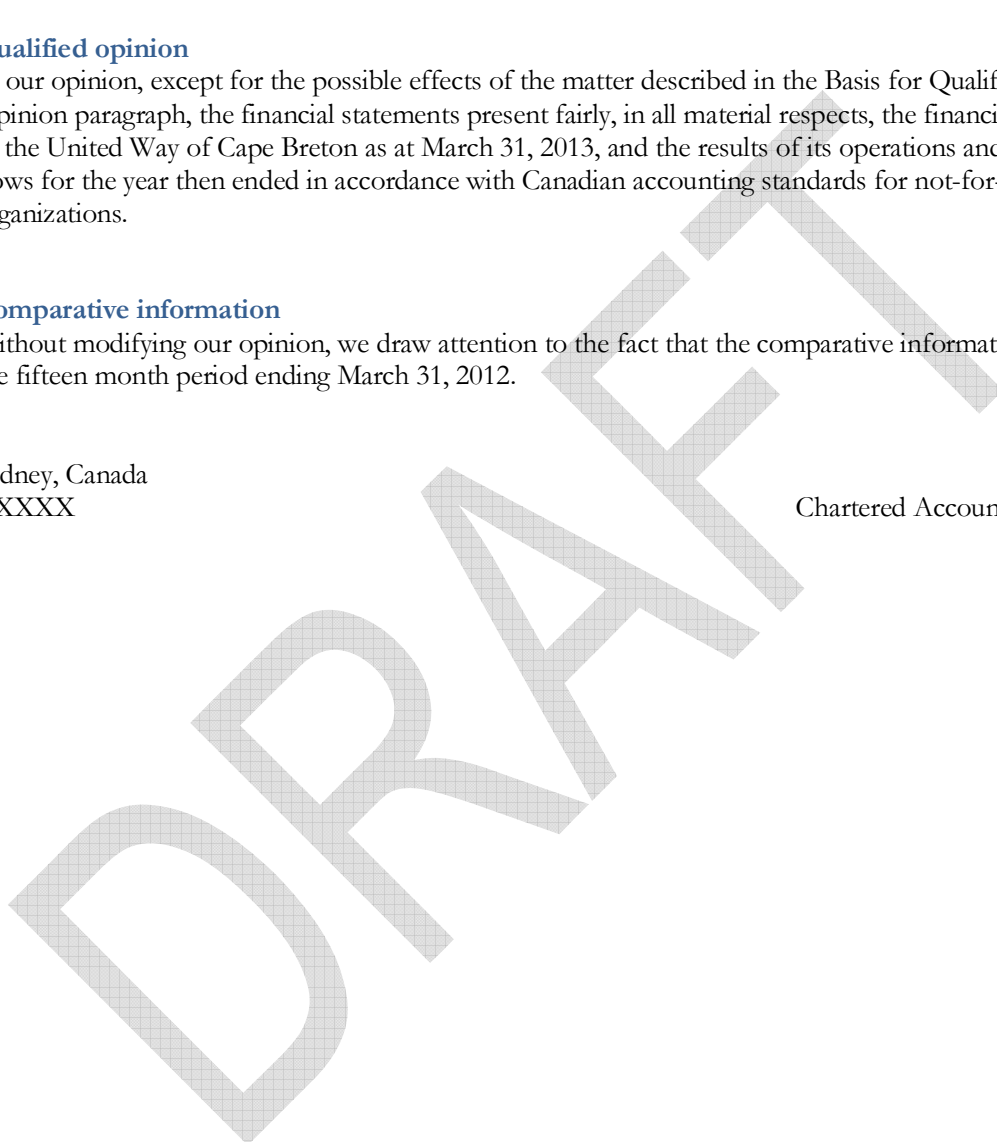
In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the United Way of Cape Breton as at March 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Comparative information**

Without modifying our opinion, we draw attention to the fact that the comparative information is for the fifteen month period ending March 31, 2012.

Sydney, Canada  
XXXXX

Chartered Accountants



## United Way of Cape Breton Statements of Operations and Surplus

Year ended March 31	2013	2012
Campaign revenue (Note 7)	\$ 462,229	\$ 537,476
Funds transferred from other United Ways	26,987	13,182
Other fundraising	<u>33,517</u>	<u>29,768</u>
	<b>522,733</b>	<b>580,426</b>
Less:		
Uncollectible pledges	<u>(19,136)</u>	<u>(42,076)</u>
Net fundraising revenue	<b>503,597</b>	<b>538,350</b>
Grant revenue	14,029	-
Interest revenue	<u>927</u>	<u>1,406</u>
	<b>518,553</b>	<b>539,756</b>
Expenses		
Fundraising expenses	<u>135,765</u>	<u>191,451</u>
Net revenue available for programs	<b>382,788</b>	<b>348,305</b>
Support to the community		
Community investment funding	193,622	285,499
Donor designations	7,378	159,639
Special projects	13,552	-
Gifts in kind	12,981	-
211 allocation	5,383	-
Community resource services	<u>59,107</u>	<u>85,520</u>
	<b>292,023</b>	<b>530,658</b>
Excess of expenditures over revenue	\$ <u>90,765</u>	\$ <u>(182,353)</u>
Surplus, beginning of year	\$ 128,846	\$ 311,199
Excess of expenditures over revenues	<u>90,765</u>	<u>(182,353)</u>
Surplus, end of year	\$ <u>219,611</u>	\$ <u>128,846</u>

See accompanying notes to the financial statements

# United Way of Cape Breton

## Statement of Financial Position

March 31

2013

2012

### Assets

#### Current

Cash	\$	269,242	\$	174,323
Pledges receivable (Note 4)		415,380		374,015
Prepays		3,063		-
Accounts receivable		10,213		678

#### Capital assets (Note 5)

		<u>697,898</u>		<u>549,016</u>
		768		1,098
	\$	<u>698,666</u>	\$	<u>550,114</u>

### Liabilities

#### Current

Payables and accruals (Note 6)	\$	226,720	\$	295,247
Deferred campaign revenue		252,335		126,021
		<u>479,055</u>		<u>421,268</u>

### Equity

#### Surplus

		<u>219,611</u>		<u>128,846</u>
	\$	<u>698,666</u>	\$	<u>550,114</u>

Approved on behalf of the Board

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See accompanying notes to the financial statements

# United Way of Cape Breton

## Statement of Cash Flows

Year ended March 31

2013

2012

Increase (decrease) in cash and cash equivalents

### Operating

Excess of revenue over expenditures (expenditures over revenues)	\$ 90,765	\$ (182,353)
Depreciation	<u>330</u>	<u>193</u>
	<b>91,095</b>	<b>(182,160)</b>

Change in non-cash operating working capital

Pledges receivable	<b>(41,365)</b>	194,764
Prepays	<b>(3,063)</b>	-
Accounts receivable	<b>(9,535)</b>	4,174
Deferred campaign revenue	<b>126,314</b>	<b>(58,113)</b>
Payables and accruals	<b>(68,527)</b>	<u>4,275</u>
	<b>94,919</b>	<b>(37,060)</b>

### Investing

Purchase of capital assets	<u>-</u>	<u>(1,291)</u>
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Increase (decrease) in cash and cash equivalents **94,919** (38,351)

Cash and cash equivalents

Beginning of year	<u>174,323</u>	<u>212,674</u>
End of year	<b>\$ 269,242</b>	<b>\$ 174,323</b>

See accompanying notes to the financial statements

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# United Way of Cape Breton

## Notes to the Financial Statements

March 31, 2013

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### 1. Nature of operations

The mission of the United Way of Cape Breton is to improve lives and build a community by engaging individuals and mobilizing collective action. The United Way of Cape Breton is a not-for-profit organization and is a registered charity under the Income Tax Act.

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### 2. Statement of compliance with Canadian accounting standards for not-for-profit organizations

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

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### 3. Summary of significant accounting policies

#### Revenue recognition

United Way follows the deferral method of accounting for campaign revenue. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donor designations, which have externally imposed restrictions, are recognized as revenue in the year funds are received and the designated agency is funded.

Campaign revenue is comprised of unrestricted contributions from the current year campaign achievement and designated contributions recognized in the year. An allowance for pledge loss is provided annually based on historical percentages for pledge collections and on actual collection experience.

#### Donated goods and services

A substantial number of individuals and business organizations have donated significant amounts of their time and services in kind to the United Way's fundraising activities and its community investment process. The Organization only records the amount of such services when fair value can be reasonably determined. During the year, the Organization has recorded \$12,981 (2012 - \$nil) of in kind services as revenue and expenditures.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, bank overdrafts, and highly liquid temporary money market instruments with original maturities of one year or less.

#### United Way operations

United Way operations are defined as basic operational expenses.



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# United Way of Cape Breton

## Notes to the Financial Statements

March 31, 2013

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### 3. Summary of significant accounting policies (continued)

The United Way allocates its General Management and Administration Expenses to two functional areas: fundraising and community investment process. General costs which do not pertain specifically to either function are considered administrative and are allocated to the function areas as follows:

	<u>2013</u>	<u>2012</u>
To fundraising expenses:	66%	66%
To community investment process:	34%	34%

#### Depreciation

Rates and bases of depreciation applied to write off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Computer hardware and software	30%, declining balance
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#### Community investments

Community investments payable are allocated funds that are committed to fund community organizations. Community investments are recognized when funding is approved by the Board.

#### Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Organization's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the year. Actual results could differ from those reported.

#### Financial instruments

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

The carrying values of cash, receivables, payables, and accruals approximate their fair values due to the relatively short periods to maturity of these financial instruments or because they are receivable or payable on demand.

#### Credit risk

The United Way of Cape Breton is exposed to credit risk that arises from pledges receivable. Credit risk arises from the possibility that the contributors to the United Way of Cape Breton will be unable to fulfill 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.

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# United Way of Cape Breton

## Notes to the Financial Statements

March 31, 2013

<b>4. Pledges receivable</b>	<b><u>2013</u></b>	<b><u>2012</u></b>
2013 Campaign	\$ 372,042	\$ -
2012 Campaign	80,189	371,069
2011 Campaign	-	62,618
	<u>452,231</u>	<u>433,687</u>
Allowance for uncollectible pledges	<u>(36,851)</u>	<u>(59,672)</u>
	<b>\$ <u>415,380</u></b>	<b>\$ <u>374,015</u></b>

<b>5. Capital assets</b>	<b><u>2013</u></b>			<b><u>2012</u></b>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer hardware and software	\$ 5,291	\$ 4,523	\$ 768	\$ 1,098

<b>6. Payables and accruals</b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Trade	\$ 7,446	\$ 7,378
Government remittances	3,088	2,370
Community investment	216,186	285,499
	<u>\$ 226,720</u>	<u>\$ 295,247</u>

<b>7. Campaign revenue</b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Campaign achievement	\$ 588,543	\$ 496,107
Donor designations deferred	(126,314)	(126,021)
Donor designations recognized during the year	-	167,390
	<u>\$ 462,229</u>	<u>\$ 537,476</u>