

Financial Statements

The United Way of Cape Breton

March 31, 2015

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Contents

	Page
Independent Auditor's Report	1 - 2
Statements of Operations and Surplus	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 9

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Independent Auditor's Report

To the directors of

The 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, 2015, 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 United Way of Cape Breton 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 United Way of Cape Breton 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, 2015, 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.

Sydney, Canada

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Chartered Accountants

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The United Way of Cape Breton

Statements of Operations and Surplus

Year ended March 31

2015

2014

Campaign revenue (Note 7)	\$ 539,522	\$ 695,075
Funds transferred from other United Ways	-	7,457
Other fundraising	<u>51,386</u>	<u>41,669</u>
	<u>590,908</u>	<u>744,201</u>
Less:		
Uncollectible pledges	<u>(19,152)</u>	<u>(19,316)</u>
Net fundraising revenue	571,756	724,885
Grant revenue	-	-
Interest revenue	<u>898</u>	<u>905</u>
	<u>572,654</u>	<u>725,790</u>
Expenses		
Fundraising expenses	<u>152,052</u>	<u>146,674</u>
Net revenue available for programs	420,602	579,116
Support to the community		
Community investment funding	207,658	264,600
Donor designations	91,503	256,654
Gifts in kind	25,425	9,411
211 allocation	7,258	5,804
Community resource services	<u>72,132</u>	<u>62,295</u>
	403,976	598,764
Excess of revenues over expenditures (expenditures over revenues)	\$ <u>16,626</u>	\$ <u>(19,648)</u>
Surplus, beginning of year	\$ 199,963	\$ 219,611
Excess revenues over expenditures (expenditures over revenues)	<u>16,626</u>	<u>(19,648)</u>
Surplus, end of year	\$ 216,589	\$ 199,963

See accompanying notes to the financial statements

The United Way of Cape Breton Statement of Financial Position

March 31

2015

2014

Assets

Current

Cash	\$ 291,868	\$ 326,366
Pledges receivable (Note 4)	358,642	327,591
Prepays	13,376	2,063
Accounts receivable	11,300	32,548
	675,186	688,568
Capital assets (Note 5)	1,708	538
	\$ 676,894	\$ 689,106

Liabilities

Current

Payables and accruals (Note 6)	\$ 327,312	\$ 378,740
Deferred campaign revenue	132,993	110,403
	460,305	489,143
Surplus	216,589	199,963
	\$ 676,894	\$ 689,106

Approved on behalf of the Board

Director

Director

See accompanying notes to the financial statements

The United Way of Cape Breton Statement of Cash Flows

Year ended March 31

2015

2014

(Decrease) increase in cash and cash equivalents

Operating

Excess of revenues over expenditures (expenditures over revenues)	\$ 16,626	\$ (19,648)
Depreciation	<u>396</u>	<u>230</u>
	<u>17,022</u>	<u>(19,418)</u>

Change in non-cash operating working capital

Pledges receivable	(31,051)	87,789
Prepays	(11,313)	1,000
Accounts receivable	21,248	(22,335)
Deferred campaign revenue	22,590	(141,933)
Payables and accruals	<u>(51,427)</u>	<u>152,021</u>
	<u>(32,931)</u>	<u>76,542</u>

Investing

Purchases of capital assets	<u>(1,567)</u>	-
(Decrease) increase in cash and cash equivalents	<u>(34,498)</u>	57,124
Cash and cash equivalents		
Beginning of year	<u>326,366</u>	269,242
End of year	<u>\$ 291,868</u>	<u>\$ 326,366</u>

See accompanying notes to the financial statements

The United Way of Cape Breton

Notes to the Financial Statements

March 31, 2015

1. Nature of operations

The mission of The United Way of Cape Breton (the "Society") 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.

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).

3. Summary of significant accounting policies

Revenue recognition

The Society 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 Society's fundraising activities and its community investment process. The Society only records the amount of such services when fair value can be reasonably determined. During the year, the Society has recorded \$25,425 (2014 - \$9,411) 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.

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.

The United Way of Cape Breton

Notes to the Financial Statements

March 31, 2015

3. Summary of significant accounting policies (continued)

The Society 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>2015</u>	<u>2014</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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Use of estimates

The preparation of financial statements in conformity with Canadian accounting standard for not-for-profit organizations requires the Society'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.

Financial assets measured at amortized cost include cash and receivables. Financial liabilities measured at amortized cost include payables and deferred campaign revenue.

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.

The United Way of Cape Breton

Notes to the Financial Statements

March 31, 2015

4. Pledges receivable	<u>2015</u>	<u>2014</u>
2015 Campaign	\$ 335,313	\$ -
2014 Campaign	37,951	261,675
2013 Campaign and older	<u>52,759</u>	<u>114,145</u>
	426,023	375,820
Allowance for uncollectible pledges	<u>(67,381)</u>	<u>(48,229)</u>
	\$ 358,642	\$ 327,591

5. Capital assets	<u>2015</u>	<u>2014</u>		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer hardware and software	<u>\$ 6,857</u>	<u>\$ 5,149</u>	<u>\$ 1,708</u>	<u>\$ 538</u>

6. Payables and accruals	<u>2015</u>	<u>2014</u>
Trade	\$ 6,587	\$ 9,687
Government remittances	4,212	3,982
Donor Choice	93,007	101,971
Community investment	<u>223,505</u>	<u>263,100</u>
	\$ 327,311	\$ 378,740

7. Campaign revenue	<u>2015</u>	<u>2014</u>
Campaign achievement	\$ 560,012	\$ 547,375
Donor designations deferred	(129,893)	(109,403)
Donor designations recognized during the year	<u>109,403</u>	<u>257,103</u>
	\$ 539,522	\$ 695,075

The United Way of Cape Breton

Notes to the Financial Statements

March 31, 2015

8. Commitments

The Society leases office space under a lease expiring on April 30, 2017. Future minimum lease payments total \$40,312 and include the following payments over the next three years: 2016, \$19,350; 2017, \$19,350; 2018, \$1,612.

9. Comparative figures

Certain figures for 2014 have been reclassified to conform to the presentation adopted in 2015.

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