

Financial Statements

The United Way of Cape Breton

March 31, 2018

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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, 2018, and the statements of operations, changes in net assets 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.

Our audit opinion was also modified for the same above-noted circumstances in the previous year.

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, 2018, 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
October 4, 2018

Chartered Professional Accountants
Licensed Public Accountants

The United Way of Cape Breton Statements of Operations

Year ended March 31	2018	2017
Campaign revenue (Note 7)	\$ 456,188	\$ 536,683
Other fundraising (Note 8)	<u>519,232</u>	<u>1,022,068</u>
	975,420	1,558,751
Less:		
Uncollectible pledges	<u>(53,777)</u>	<u>(50,781)</u>
Net fundraising revenue	921,643	1,507,970
Grant revenue	68,891	33,355
Interest revenue	<u>916</u>	<u>510</u>
	<u>991,450</u>	<u>1,541,835</u>
Expenses		
Fundraising expenses	<u>303,217</u>	<u>251,755</u>
Net revenue available for programs	<u>688,233</u>	<u>1,290,080</u>
Support to the community		
Community investment funding	300,303	316,934
Donor designations	76,643	105,098
Gifts in kind	6,460	17,235
211 allocation	7,710	9,181
CBRM flood relief	152,628	729,913
Community resource services	<u>145,209</u>	<u>117,388</u>
	<u>688,953</u>	<u>1,295,749</u>
Excess of expenditures over revenues	<u>\$ (720)</u>	<u>\$ (5,669)</u>

See accompanying notes to the financial statements

**The United Way of Cape Breton
Statement of Changes in Net Assets**

March 31	Surplus	Contingency Reserve	2018	2017
Balance, beginning of year	\$ 226,477	\$ -	\$ 226,477	\$ 232,146
Excess of expenditures over revenues	(720)	-	(720)	(5,669)
Intefund transfers	<u>(8,400)</u>	<u>8,400</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 217,357</u>	<u>\$ 8,400</u>	<u>\$ 225,757</u>	<u>\$ 226,477</u>

See accompanying notes to the financial statements

The United Way of Cape Breton Statement of Financial Position

March 31

2018

2017

Assets

Current

Cash	\$	433,801	\$	544,591
Pledges receivable (Note 4)		375,816		389,631
Prepays		14,184		14,918
Accounts receivable		9,745		9,465
		<u>833,546</u>		<u>958,605</u>

Capital assets (Note 5)

		<u>586</u>		<u>837</u>
	\$	<u>834,132</u>	\$	<u>959,442</u>

Liabilities

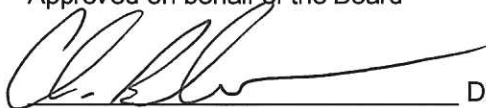
Current

Payables and accruals (Note 6)	\$	524,176	\$	443,148
Deferred revenue		<u>84,199</u>		<u>289,817</u>
		<u>608,375</u>		<u>732,965</u>

Net Assets

Surplus		217,357		226,477
Contingency reserve		<u>8,400</u>		<u>-</u>
		<u>225,757</u>		<u>226,477</u>
	\$	<u>834,132</u>	\$	<u>959,442</u>

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

2018

2017

Increase (decrease) in cash and cash equivalents

Operating

Excess of expenditures over revenues	\$	(720)	\$	(5,669)
Depreciation		<u>251</u>		<u>359</u>
		(469)		(5,310)

Change in non-cash operating working capital

Pledges receivable		13,815		(2,768)
Prepays		734		(1,235)
Accounts receivable		(280)		(5,126)
Deferred revenue		(205,618)		163,982
Payables and accruals		<u>81,028</u>		<u>(32,093)</u>

Increase (decrease) in cash and cash equivalents

(110,790) 117,450

Cash and cash equivalents

Beginning of year		<u>544,591</u>		<u>427,141</u>
End of year	\$	<u>433,801</u>	\$	<u>544,591</u>

See accompanying notes to the financial statements

The United Way of Cape Breton

Notes to the Financial Statements

March 31, 2018

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 \$6,460 (2017 - \$17,235) 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.

Contingency reserve

The Board established an internally restricted contingency reserve to be funded by 5% of the Society's revenues up to a maximum of \$8,400 per year.

The United Way of Cape Breton

Notes to the Financial Statements

March 31, 2018

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>2018</u>	<u>2017</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, 2018

4. Pledges receivable	<u>2018</u>	<u>2017</u>
2018 Campaign	\$ 370,254	\$ -
2017 Campaign	73,766	349,845
2016 Campaign	-	94,266
2015 Campaign and older	-	113,647
	<u>444,020</u>	<u>557,758</u>
Allowance for uncollectible pledges	<u>(68,204)</u>	<u>(168,127)</u>
	<u>\$ 375,816</u>	<u>\$ 389,631</u>

5. Capital assets	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer hardware and software	\$ 6,858	\$ 6,272	\$ 586	\$ 837

6. Payables and accruals	<u>2018</u>	<u>2017</u>
Trade	\$ 32,036	\$ 26,376
Government remittances	5,579	5,337
Donor Choice	83,630	104,567
Community investment	402,931	306,868
	<u>\$ 524,176</u>	<u>\$ 443,148</u>

7. Campaign revenue	<u>2018</u>	<u>2017</u>
Campaign achievement	\$ 447,969	\$ 519,926
Donor designations deferred	(83,359)	(91,578)
Donor designations recognized during the year	91,578	108,335
	<u>\$ 456,188</u>	<u>\$ 536,683</u>

The United Way of Cape Breton

Notes to the Financial Statements

March 31, 2018

8. Other fundraising	<u>2018</u>	<u>2017</u>
Winter gala	\$ 319,282	\$ 248,454
Other sporting events	12,251	16,486
CBRM flood relief	9,584	874,568
Community poverty conference	13,170	22,620
Other	<u>13,480</u>	<u>6,845</u>
	367,767	1,168,973
Fundraising deferred	(840)	(152,305)
Fundraising recognized during the year	<u>152,305</u>	<u>5,400</u>
	\$ 519,232	\$ 1,022,068

9. Contractual obligations

The Society leases office equipment under a lease expiring in June 2023. Future minimum lease payments total \$8,835 and include the following payments over the next five years: 2019, \$1,767; 2020, \$1,767; 2021, \$1,767; 2022, \$1,767; 2023, \$1,767.

10. Comparative figures

Certain figures for 2017 have been reclassified to conform to the presentation adopted in 2018.
