

Financial Statements

The United Way of Cape Breton

March 31, 2023

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Independent Auditor's Report

To the Directors of

The United Way of Cape Breton

Qualified Opinion

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, 2023, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements of The United Way of Cape Breton are prepared, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-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.

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 United Way of Cape Breton 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 audit opinion.

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

Responsibility of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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 CASs, 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 Society'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 Society'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 Foundation 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.

Sydney, Canada
September 27, 2023



Chartered Professional Accountants

The United Way of Cape Breton Statements of Operations

Year ended March 31	2023	2022
Campaign revenue (Note 8)	\$ 329,407	\$ 378,919
Other fundraising (Note 9)	<u>437,495</u>	<u>36,205</u>
	766,902	415,124
Less:		
Uncollectible pledges	<u>(13,318)</u>	<u>(31,576)</u>
Net fundraising revenue	753,584	383,548
Grant revenue (Note 10)	751,533	189,029
Interest revenue	2,126	105
Covid-19 program revenue	2	44,958
Covid-19 subsidies	<u>4,415</u>	<u>109,857</u>
	<u>1,511,660</u>	<u>727,497</u>
Expenses		
Fundraising expenses	<u>234,147</u>	<u>170,278</u>
Net revenue available for programs	<u>1,277,513</u>	<u>557,219</u>
Support to the community		
Community investment funding	272,105	216,681
Donor designations	77,271	75,542
211 allocation	4,430	7,267
Covid-19 program expense	-	39,340
Food security program expense	40,000	-
Disaster relief expense	554,778	-
Subcontractor expense	18,077	-
Community resource services	<u>260,720</u>	<u>295,832</u>
	<u>1,227,381</u>	<u>634,662</u>
Excess (deficiency) of revenue over expenditures	\$ <u>50,132</u>	\$ <u>(77,443)</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	2023	2022
Balance, beginning of year	\$221,611	\$ 42,000	\$ 263,611	\$ 341,054
Excess (deficiency) of expenditures over revenues	50,132	-	50,132	(77,443)
Interfund transfers	<u>(8,400)</u>	<u>8,400</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 263,343</u>	<u>\$ 50,400</u>	<u>\$ 313,743</u>	<u>\$ 263,611</u>

See accompanying notes to the financial statements

**The United Way of Cape Breton
Statement of Financial Position**

March 31 2023 2022

Assets

Current

Cash	\$ 1,123,711	\$ 655,647
Pledges receivable (Note 4)	613,530	318,003
Accounts receivable	18,337	18,333
Prepays	<u>18,202</u>	<u>8,448</u>
	<u>1,773,780</u>	<u>1,000,431</u>

Capital assets (Note 5) 798 1,140

\$ 1,774,578 \$ 1,001,571

Liabilities

Current

Payables and accruals (Note 6)	\$ 454,111	\$ 365,920
Deferred revenue (Note 7)	<u>1,006,724</u>	<u>372,040</u>
	<u>1,460,835</u>	<u>737,960</u>


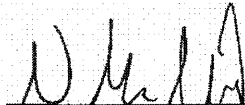
Net Assets

Surplus	263,343	221,611
Contingency reserve	<u>50,400</u>	<u>42,000</u>

313,743 263,611

\$ 1,774,578 \$ 1,001,571

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	2023	2022
Increase in cash and cash equivalents		
Operating		
Excess (deficiency) of revenues over expenditures	\$ 50,132	\$ (77,443)
Depreciation	<u>342</u>	<u>490</u>
	50,474	(76,953)
Change in non-cash operating working capital		
Pledges receivable	(295,527)	(19,379)
Prepays	(9,754)	(18)
Accounts receivable	(4)	4,287
Deferred revenue	634,684	246,218
Payables and accruals	<u>88,191</u>	<u>(69,467)</u>
	<u>417,590</u>	<u>161,461</u>
Increase in cash and cash equivalents	468,064	84,688
Cash and cash equivalents, Beginning of year	<u>655,647</u>	<u>570,959</u>
End of year	<u>\$ 1,123,711</u>	<u>\$ 655,647</u>

See accompanying notes to the financial statements

The United Way of Cape Breton

Notes to the Financial Statements

March 31, 2023

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 \$nil (2022 - \$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.

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, 2023

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>2023</u>	<u>2022</u>
To fundraising expenses:	30%	50%
To community investment process:	70%	50%

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.

Liquidity risk

The United Way of Cape Breton is exposed to liquidity risk arising primarily from its accounts payable and accrued liabilities, and deferred revenues. Liquidity risk is the risk that the United Way of Cape Breton will encounter difficulty in meeting obligations associated with financial liabilities.

The United Way of Cape Breton
Notes to the Financial Statements

March 31, 2023

4. Pledges receivable	2023		2022	
2023 Campaign	\$	601,070	\$	248,630
2022 Campaign		29,208	\$	46,078
2021 Campaign and older		<u>60,669</u>		<u>168,065</u>
		690,947		462,773
Allowance for uncollectible pledges		<u>(77,417)</u>		<u>(144,770)</u>
	\$	<u>613,530</u>	\$	<u>318,003</u>

5. Capital assets	2023			2022	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>	
Computer hardware and software	\$ 9,579	\$ 8,781	\$ 798	\$	<u>1,140</u>

6. Payables and accruals	2023		2022	
Trade	\$	20,017	\$	11,150
Government remittances		8,570		4,861
Donor Choice		76,997		76,048
Community investment		<u>348,527</u>		<u>273,861</u>
	\$	<u>454,111</u>	\$	<u>365,920</u>

7. Deferred revenue	2023		2022	
Balance, beginning of year	\$	372,040	\$	125,822
Less: amount recognized as revenue in the year		<u>(319,085)</u>		<u>(125,822)</u>
		52,955		-
Plus: amount received relating to the following year		<u>953,769</u>		<u>372,040</u>
Balance, end of year	\$	<u>1,006,724</u>	\$	<u>372,040</u>

The United Way of Cape Breton
Notes to the Financial Statements

March 31, 2023

8. Campaign revenue	<u>2023</u>	<u>2022</u>
Campaign achievement	\$ 332,672	\$ 385,030
Donor designations deferred	(93,448)	(90,183)
Donor designations recognized during the year	<u>90,183</u>	<u>84,072</u>
	\$ <u>329,407</u>	\$ <u>378,919</u>

9. Other fundraising	<u>2023</u>	<u>2022</u>
Winter gala	\$ 289,543	\$ 134,400
Other	<u>13,552</u>	<u>36,205</u>
	303,095	170,605
Fundraising deferred	-	(134,400)
Fundraising recognized during the year	<u>134,400</u>	<u>-</u>
	\$ <u>437,495</u>	\$ <u>36,205</u>

10. Grant revenue	<u>2023</u>	<u>2022</u>
Food security and flood funding	\$ -	\$ 50,000
Government assistance	184,514	73,435
Disaster relief funding – Fiona	911,917	-
Community service recovery fund	<u>420,923</u>	<u>-</u>
	1,517,354	123,435
Grant revenue deferred	(860,323)	(50,000)
Grant revenue recognized during the year	<u>94,502</u>	<u>115,594</u>
	\$ <u>751,533</u>	\$ <u>189,029</u>
