



Financial statements

United Way of Halifax Region

December 31, 2010

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Independent auditors' report

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To the Board of Directors of the [United Way of Halifax Region](#)

We have audited the accompanying financial statements of the [United Way of Halifax Region](#), which comprise the balance sheet as at [December 31, 2010](#), the statements of revenue and expenses and changes in fund balances 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 generally accepted accounting principles](#), 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.

Auditors' 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 Organization'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 Organization'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 not-for-profit Organizations, the [United Way of Halifax Region](#), derives a significant portion of its revenue from fundraising the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to accounting for the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, assets and fund balances.

Qualified opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of fundraising revenues referred to in the preceding paragraph, the financial statements present fairly, in all material respects the financial position of the [United Way of Halifax Region](#) as at [December 31, 2010](#) and its revenue and expenses and changes in fund balances for the year then ended in accordance with Canadian generally accepted accounting principles.

Other matters

The financial statements of the [United Way of Halifax Region](#) for the year ended [December 31, 2009](#) included a qualification of the audit opinion for revenue recognition policies common to the United Way Organizations, which were not in accordance with Canadian generally accepted accounting principles. Effective, January 1, 2010, the Organization has corrected its revenue recognition policy to be in accordance with Canadian generally accepted accounting principles. As such, the qualification for revenue recognition policies is not required for the year ended [December 31, 2010](#).

Halifax, Nova Scotia
April 19, 2011



Chartered Accountants

United Way of Halifax Region

Statement of revenue and expenses

(Restated)

Year ended December 31	2010	2009
Fundraising revenue (Note 8)		
Workplace campaign	\$ 5,552,574	\$ 5,709,105
Other fundraising	80,628	63,000
Funds to be transferred to other United Ways	22,548	5,937
Funds transferred from other United Ways	<u>498,106</u>	<u>150,000</u>
	<u>6,153,856</u>	<u>5,928,042</u>
Less: Uncollectible pledges	<u>284,987</u>	<u>290,832</u>
Net fundraising revenue	<u>5,868,869</u>	<u>5,637,210</u>
Other revenue		
Other income	23,373	2,000
Interest on investments and deposits	5,450	4,247
Investment income	-	8,057
	<u>5,897,692</u>	<u>5,651,514</u>
Expenses		
Fundraising expenses	<u>987,599</u>	<u>1,000,724</u>
Net revenue available for programs	<u>4,910,093</u>	<u>4,650,790</u>
Support to the Community		
Funded agencies	2,322,760	2,141,000
Designations	1,747,027	1,666,131
Community resource services	546,662	545,379
Action for Neighbourhood Change (Note 7)	196,217	188,692
Allocation to United Way of Canada	37,374	43,698
Designations to other United Ways	22,548	5,937
211 Advocacy & Start Up	20,848	45,220
Youth engagement	9,500	-
Small grants	<u>2,750</u>	<u>2,760</u>
	<u>4,905,686</u>	<u>4,638,817</u>
	<u>4,407</u>	<u>11,973</u>
Tomorrow fund revenues		
Memorial	400	100
Bequest and foundation	2,070,456	4,439
Interest on investments	7,976	-
Unrealized investment gains	<u>20,187</u>	<u>-</u>
	<u>2,099,019</u>	<u>4,539</u>
Excess of revenue over expenses	\$ <u>2,103,426</u>	\$ <u>16,512</u>

See accompanying notes to the financial statements

United Way of Halifax Region

(Restated)

Balance sheet

December 31	General Fund	Capital Asset Fund	Tomorrow Fund	2010 Total	2009 Total
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Assets

Current

Cash and cash equivalents	\$ 193,553	\$ -	\$ 957,584	\$ 1,151,137	\$ 956,725
Short term investments, at market value	1,664,921	-	1,313,169	2,978,090	621,222
Pledges receivable (Note 3)	4,597,786	-	-	4,597,786	4,750,649
Receivables	66,559	-	6,756	73,315	79,087
Accrued investment income	3,311	-	3,251	6,562	1,204
Prepays	20,910	-	-	20,910	24,103
	6,547,040	-	2,280,760	8,827,800	6,432,990
Capital assets (Note 4)	-	53,810	-	53,810	64,000
	\$ 6,547,040	\$ 53,810	\$ 2,280,760	\$ 8,881,610	\$ 6,496,990

Liabilities

Current

Payables and accruals (Note 5)	\$ 678,622	\$ -	\$ -	\$ 678,622	\$ 701,805
Funded agencies - current campaign	2,322,760	-	-	2,322,760	2,141,000
Deferred 211 Initiative	265,000	-	-	265,000	200,000
Deferred campaign revenue (Note 6)	1,738,648	-	-	1,738,648	1,681,031
	5,005,030	-	-	5,005,030	4,723,836

Fund balances

General fund	955,123	-	-	955,123	1,262,059
Reserve for future operations	586,887	-	-	586,887	265,354
Capital asset fund	-	53,810	-	53,810	64,000
Tomorrow fund	-	-	2,280,760	2,280,760	181,741
	1,542,010	53,810	2,280,760	3,876,580	1,773,154
	\$ 6,547,040	\$ 53,810	\$ 2,280,760	\$ 8,881,610	\$ 6,496,990

Commitments (Note 9)

On Behalf of the Board

Director

Director

See accompanying notes to the financial statements

United Way of Halifax Region

Statement of changes fund balances

(Restated)

Year ended December 31

2010

2009

General Fund

Balance, beginning of year, as previously reported	\$	(154,762)	\$	(119,833)
Adjustments of prior year (Note 12)		<u>1,416,821</u>		<u>1,386,684</u>
As restated		1,262,059		1,266,851
Excess of revenue over expenses		2,103,426		16,512
Transfers (to) from Capital Asset Fund				
Capital purchases		(11,154)		(34,674)
Depreciation		21,344		17,909
Transfer to Tomorrow Fund				
Memorial		(400)		(100)
Investment income		(28,163)		-
Bequests and foundations		(2,070,456)		(4,439)
Transfer to reserve for future operations		<u>(321,533)</u>		<u>-</u>
Balance, end of year	\$	<u>955,123</u>	\$	<u>1,262,059</u>

Reserve for future operations

Balance, beginning of year	\$	265,354	\$	265,354
Transfer from General Fund		<u>321,533</u>		<u>-</u>
Balance, end of year	\$	<u>586,887</u>	\$	<u>265,354</u>

Capital Asset Fund

Balance, beginning of year	\$	64,000	\$	47,235
Transfer from (to) General Fund				
Capital purchases		11,154		34,674
Depreciation		<u>(21,344)</u>		<u>(17,909)</u>
Balance, end of year	\$	<u>53,810</u>	\$	<u>64,000</u>

Tomorrow Fund

Balance, beginning of year	\$	181,741	\$	177,202
Increase during the year				
Comprised of				
Bequests and foundations		2,070,456		4,439
Memorial		400		100
Investment income		<u>28,163</u>		<u>-</u>
Balance, end of year	\$	<u>2,280,760</u>	\$	<u>181,741</u>

See accompanying notes to the financial statements

United Way of Halifax Region

Statement of cash flows

(Restated)

Year ended December 31

2010

2009

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenses	\$	2,103,426	\$	16,512
Depreciation		<u>21,344</u>		<u>17,909</u>
		2,124,770		34,421

Change in non-cash operating working

Pledges receivable		152,863		44,563
Receivables		5,772		(40,920)
Accrued investment income		(5,358)		(748)
Prepays		3,193		(3,619)
Payables and accruals		(23,183)		(64,134)
Funded agencies payable		181,760		41,047
Deferred 211 Initiative		65,000		200,000
Deferred campaign revenue		<u>57,617</u>		<u>120,161</u>
		2,562,434		330,771

Investing

Capital asset fund				
Purchase of capital assets		(11,154)		(34,674)
General fund				
Investments, net		(1,201,271)		458,648
Tomorrow fund				
Investments, net		<u>(1,155,597)</u>		<u>(10,572)</u>
		(2,368,022)		413,402

Net increase in cash and cash equivalents **194,412** **744,173**

Cash and cash equivalents, beginning of year **956,725** **212,552**

Cash and cash equivalents, end of year **\$** **1,151,137** **\$** **956,725**

See accompanying notes to the financial statements

United Way of Halifax Region

Notes to the financial statements

December 31, 2010

1. Nature of operations

The mission of the United Way of Halifax Region is to strengthen neighbourhoods and communities by facilitating programs and services that link people and resources, encourage participation and increase giving. The United Way of Halifax Region is a not-for-profit organization and is a registered charity under the Income Tax Act.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with generally accepted accounting principles as outlined in the Canadian Institute of Chartered Accountants Handbook. The CICA has issued accounting standards that are specifically applicable to not-for-profit organizations under Part III of the Canadian Institute of Chartered Accountants Handbook which are to be adopted for fiscal years beginning on or after January 1, 2012. It is the Organization's intention to transition to these standards for its December 31, 2012 fiscal year.

Use of estimates

The preparation of the 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.

Fund accounting

The Organization uses fund accounting and accordingly, the balance sheet is segregated between the Funds.

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

The Reserve for future operations represents amounts transferred under a board approved policy from the general fund to be used by the Organization to fund future operations.

The Capital Asset Fund reports the net investment in capital assets.

The United Way of Halifax Region Tomorrow Fund is a separate registered charity under the Income Tax Act. The fund receives transfers from the United Way of Halifax Region's General Fund for bequests and memorials as designated by benefactors. The United Way of Halifax Region Tomorrow Fund is governed by its own Board of Trustees.

United Way of Halifax Region

Notes to the financial statements

December 31, 2010

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks in the general and tomorrow funds.

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

All other revenues are recognized when received or receivable.

Pledges receivable

Pledges receivable are recorded at their net realizable value when the amount to be received can be reasonably estimated and collection is reasonably assured.

Capital assets

Effective January 1, 1992, the Organization began capitalizing expenditures of a capital nature. Depreciation is provided on the straight-line basis as follows (prorated in the year of acquisition):

Computer software and hardware	2, 3 and 4 years
Furniture and fixtures	10 years
Leasehold improvements	10 years

Operations

Expenses include costs directly incurred by departments, as well as allocations of certain overhead expenses including salaries, occupancy, insurance, depreciation, postage, etc. at the following rates:

	<u>2010</u>	<u>2009</u>
Community resource services	39%	39%
Fundraising expenses	61%	61%
	<u>100%</u>	<u>100%</u>

The allocations are determined based on management's best estimate of the employees' time spent in the above areas weighted as an allocation of individual employee salary.

Donated materials and services

Donated materials and services at an estimated fair value of \$68,480 were received by the Organization during the year to distribute to various agencies (2009 - \$24,231).

United Way of Halifax Region

Notes to the financial statements

December 31, 2010

2. Summary of significant accounting policies (continued)

Financial instruments

Financial instruments include cash and cash equivalents, short-term investments, receivables, and payables and accruals. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest or currency risks arising from financial instruments. The fair market value of these financial instruments approximate their carrying values due to their short term nature.

The United Way of Halifax Region classifies its financial instruments as held for trading. Financial instruments classified as held for trading are measured at fair value on each reporting date.

Included in investment income at December 31, 2010 is an adjustment to fair market value of \$20,187.

Credit risk

The United Way of Halifax Region is exposed to credit risk that arises from pledges receivable. Credit risk arises from the possibility that the contributors to the United Way of Halifax Region 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.

3. Pledges receivable	<u>2010</u>	<u>2009</u>
2010 Campaign	\$ 4,006,891	\$ -
2009 Campaign	590,895	3,974,529
2008 Campaign	-	767,262
2007 Campaign	-	8,858
	<u>\$ 4,597,786</u>	<u>\$ 4,750,649</u>

4. Capital assets	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer hardware and software	\$ 162,586	\$ 148,610	\$ 13,976	\$ 22,196
Furniture and fixtures	64,253	60,886	3,367	4,067
Leasehold improvements	62,289	25,822	36,467	37,737
	<u>\$ 289,128</u>	<u>\$ 235,318</u>	<u>\$ 53,810</u>	<u>\$ 64,000</u>

United Way of Halifax Region

Notes to the financial statements

December 31, 2010

5. Payables and accruals	<u>2010</u>	<u>2009</u>
Trade payables	\$ 31,795	\$ 67,879
Funded agencies – prior campaign	<u>646,827</u>	<u>633,926</u>
	<u>\$ 678,622</u>	<u>\$ 701,805</u>

6. Deferred campaign revenue	<u>2010</u>	<u>2009</u>
Designated pledges to the 2010 campaign	\$ 1,834,207	\$ -
2009 campaign	-	1,774,577
Estimated loss on pledges	<u>(95,559)</u>	<u>(93,546)</u>
Deferred campaign revenue	<u>\$ 1,738,648</u>	<u>\$ 1,681,031</u>

7. Action for Neighbourhood Change	<u>2010</u>	<u>2009</u>
Community fund allocation	\$ 149,815	\$ 146,994
Gifts to Action	<u>46,402</u>	<u>41,698</u>
	<u>\$ 196,217</u>	<u>\$ 188,692</u>

8. Fundraising revenue

The following is a reconciliation of fundraising revenue to the 2010 campaign results:

Campaign results	\$ <u>6,330,304</u>
2010 campaign pledges	5,707,885
2009 campaign revenue recognized in 2010	505,601
Add: Deferred revenue 2009 campaign	1,774,577
Less: Deferred revenue 2010 campaign	<u>(1,834,207)</u>
	6,153,856
2010 campaign revenue to be recognized in 2011	<u>176,448</u>
	<u>\$ 6,330,304</u>

United Way of Halifax Region

Notes to the financial statements

December 31, 2010

9. Commitments

The United Way of Halifax Region leases its premises under a long term operating lease which expires on April 30, 2018. The annual rent consists of a minimum amount plus a proportionate share of certain operating costs determined on an annual basis. Minimum rent payable for the premises in aggregate for each of the next five years is as follows:

2011	\$	86,888
2012	\$	89,646
2013	\$	91,026
2014	\$	93,784
2015	\$	95,163

10. Defined contribution pension plan

The United Way of Halifax Region operates a defined contribution pension plan for its employees. The assets of the plan are held separately from those of the Organization in an independent fund administered by Desjardins Financial Security. The Organization matches the annual contributions of employees, which may be up to 5% of each employee's regular earnings.

Pension expense attributable to the Organization's pension plan for the current year is \$39,190 (2009 - \$43,731).

11. Credit facilities

The United Way of Halifax Region has a financing arrangement with a financial institution which provides an available operating line of credit totalling \$200,000, all of which is unused at December 31, 2010.

12. Adjustments of prior year

In 2009, the Organization prepared its financial statements in accordance with revenue recognition policies common to United Way Organizations. These policies resulted in all campaign revenue being deferred to be matched with the related expenses. However, Canadian generally accepted accounting principles require that for contribution revenue to be recorded as deferred, it must meet the definition of restricted contributions (as stated in paragraph 4410.06-07 of the CICA Handbook). The Organization must separately assess restricted and non-restricted contributions for revenue recognition purposes.

United Way of Halifax Region

Notes to the financial statements

December 31, 2010

12. Adjustments of prior year (continued)

Therefore, the financial statements for 2009 were not in accordance with Canadian generally accepted accounting principles.

In 2010, the Organization corrected its revenue recognition policies whereby campaign revenue to be reported annually will be amounts received or receivable in connection with the current year campaign to the extent that these amounts are unrestricted. Designated contribution revenue, which is restricted by the donor, will continue to be deferred until the related restrictions are satisfied.

In addition, during the year, the Organization changed its accounting policy for allocations to member agencies. The allocations to member agencies are approved at the February board meeting, to be funded from the most recent campaign. In prior years, the allocations were recorded in the year expensed; however, since the campaign creates a constructive liability for the Organization, the approved allocation is recorded as a liability as at December 31.

These changes are effective for the year ended December 31, 2010 and their effects have been recorded retrospectively in accordance with the requirements for a prior period correction and a change in accounting policy.

The 2009 comparative figures have been restated to effect these changes. The restatement resulted in:

- An increase in opening general fund balances in the amount of \$1,386,684;
- A decrease in deferred revenue in the amount of \$3,557,821;
- An increase in funded agencies payable of \$2,141,000; and
- An increase in revenue over expenses of \$30,137 for the year ended December 31, 2009.

