



Consolidated financial statements

United Way of Halifax Region

December 31, 2015

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## Independent auditor's report

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To the Board of Directors of the  
**United Way of Halifax Region**

We have audited the accompanying consolidated financial statements of the United Way of Halifax Region (the "Organization"), which comprise the consolidated balance sheet as at December 31, 2015 and the consolidated statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained in our audit 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 Organization reports revenue from fundraising and donations the completeness of which is not susceptible to satisfactory audit verification.

Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore we were unable to determine whether any adjustments might be necessary for revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2015 and 2014, assets as at December 31, 2015 and 2014, and net assets as at January 1, 2014 and 2015 and December 31, 2015 and 2014. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

**Qualified opinion**

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Halifax, Canada  
April 19, 2016



Chartered Accountants

# United Way of Halifax Region

## Consolidated statement of revenue and expenses

Year ended December 31	2015	2014
Fundraising revenue		
Fundraising campaign	\$ 5,145,640	\$ 4,840,948
Funds transferred from other United Way (National Campaigns)	<u>926,929</u>	<u>968,335</u>
	<b>6,072,569</b>	<b>5,809,283</b>
Less: Uncollectible pledges	<u>191,781</u>	<u>211,464</u>
Net fundraising revenue	<b>5,880,788</b>	<b>5,597,819</b>
Other revenue		
Other income	12,000	31,000
Interest on investments and deposits	22,564	26,213
Interest and dividends from Tomorrow Fund	<u>75,010</u>	<u>69,599</u>
	<b>5,990,362</b>	<b>5,724,631</b>
Expenses		
Fundraising expenses	<u>1,109,342</u>	<u>1,104,811</u>
Net revenue available for programs	<u>4,881,020</u>	<u>4,619,820</u>
Support to the community		
Community investment	1,928,275	1,850,320
Designations	1,519,872	1,561,232
Community impact	815,205	811,557
Donor directed	417,850	275,300
Rainbow Haven Youth	81,231	56,320
Allocation to United Way of Canada	41,431	40,607
Designations to other United Ways	56,226	45,496
211NS	33,422	35,419
Living on the Edge	<u>-</u>	<u>25,000</u>
	<b>4,893,512</b>	<b>4,701,251</b>
	<u>(12,492)</u>	<u>(81,431)</u>
Tomorrow Fund revenues (expenses)		
Memorial	1,850	990
Bequest and organizations	185,843	28,878
Realized (loss) gain on investments	(36,464)	22,616
Unrealized (loss) gain on investments	<u>(33,781)</u>	<u>106,224</u>
	<b>117,448</b>	<b>158,708</b>
Excess of revenue over expenses	<u>\$ 104,956</u>	<u>\$ 77,277</u>

See accompanying notes to the consolidated financial statements

# United Way of Halifax Region

## Consolidated balance sheet

December 31

2015

2014

	General Fund	Capital Asset Fund	Tomorrow Fund	<b>Total</b>	Total
<b>Assets</b>					
Current					
Cash and cash equivalents	\$ 339,868	\$ -	\$ 156,022	<b>\$ 495,890</b>	\$ 429,936
Short term investments, at market value	2,141,962	-	-	<b>2,141,962</b>	2,189,932
Pledges receivable (note 3)	3,752,130	-	-	<b>3,752,130</b>	3,969,058
Receivables	29,027	-	-	<b>29,027</b>	18,891
Accrued investment income	-	-	3,595	<b>3,595</b>	3,595
Prepays	<u>22,590</u>	-	-	<b>22,590</b>	<u>22,128</u>
	6,285,577	-	159,617	<b>6,445,194</b>	6,633,540
Capital assets (note 4)	-	111,610	-	<b>111,610</b>	150,688
Long term investments, at market value	-	-	<u>2,736,184</u>	<b>2,736,184</b>	<u>2,742,378</u>
	<b><u>\$ 6,285,577</u></b>	<b><u>\$ 111,610</u></b>	<b><u>\$ 2,895,801</u></b>	<b><u>\$ 9,292,988</u></b>	<b><u>\$ 9,526,606</u></b>

### Liabilities

Current

Payables and accruals (note 5)	\$ 1,147,186	\$ -	\$ -	<b>\$ 1,147,186</b>	\$ 1,329,249
Funded agencies - current campaign	1,928,275	-	-	<b>1,928,275</b>	1,850,320
Deferred revenue	<u>1,580,119</u>	-	-	<b>1,580,119</b>	<u>1,814,585</u>
	4,655,580	-	-	<b>4,655,580</b>	4,994,154
Net assets (page 5)					
General Fund	1,041,918	-	-	<b>1,041,918</b>	1,022,129
Reserve for Future Operations	588,079	-	-	<b>588,079</b>	559,782
Capital Asset Fund	-	111,610	-	<b>111,610</b>	150,688
Tomorrow Fund	-	-	<u>2,895,801</u>	<b>2,895,801</b>	<u>2,799,853</u>
	<u>1,629,997</u>	<u>111,610</u>	<u>2,895,801</u>	<b>4,637,408</b>	<u>4,532,452</u>
	<b><u>\$ 6,285,577</u></b>	<b><u>\$ 111,610</u></b>	<b><u>\$ 2,895,801</u></b>	<b><u>\$ 9,292,988</u></b>	<b><u>\$ 9,526,606</u></b>

Commitments (note 6)

On Behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# United Way of Halifax Region

## Consolidated statements of changes in net assets

Year ended December 31	2015	2014
<b>General Fund</b>		
Balance, beginning of year	\$ 1,022,129	\$ 1,089,396
Excess of revenue over expenses	104,956	77,277
Transfers (to) from Capital Asset Fund		
Capital purchases	(16,240)	(41,513)
Depreciation	55,318	53,677
Tomorrow Fund, current year activity	(192,458)	(228,307)
Transfer from Tomorrow Fund	96,510	69,840
Transfer (to) from Reserve for Future Operations	<u>(28,297)</u>	<u>1,759</u>
Balance, end of year	<u>\$ 1,041,918</u>	<u>\$ 1,022,129</u>
<b>Reserve for future operations</b>		
Balance, beginning of year	\$ 559,782	\$ 561,541
Transfer from (to) General Fund	<u>28,297</u>	<u>(1,759)</u>
Balance, end of year	<u>\$ 588,079</u>	<u>\$ 559,782</u>
<b>Capital Asset Fund</b>		
Balance, beginning of year	\$ 150,688	\$ 162,852
Transfer from (to) General Fund		
Capital purchases	16,240	41,513
Depreciation	<u>(55,318)</u>	<u>(53,677)</u>
Balance, end of year	<u>\$ 111,610</u>	<u>\$ 150,688</u>
<b>Tomorrow Fund</b>		
Balance, beginning of year	\$ 2,799,853	\$ 2,641,386
Increase (decrease) during the year		
Comprised of		
Transfer to General Fund	(96,510)	(69,840)
Bequests and organizations	185,843	28,878
Memorial	1,850	990
Investment activity	<u>4,765</u>	<u>198,439</u>
Balance, end of year	<u>\$ 2,895,801</u>	<u>\$ 2,799,853</u>

See accompanying notes to the consolidated financial statements

# United Way of Halifax Region

## Consolidated statement of cash flows

Year ended December 31

2015

2014

Increase (decrease) in cash and cash equivalents

<b>Operating</b>		
Excess of revenue over expenses	\$ 104,956	\$ 77,277
Depreciation	<u>55,318</u>	<u>53,677</u>
	<b>160,274</b>	130,954
Change in non-cash operating working		
Pledges receivable	216,928	118,355
Receivables	(10,136)	(2,009)
Accrued investment income	-	2,475
Prepays	(462)	3,146
Payables and accruals	(182,063)	355,146
Funded agencies	77,955	(284,680)
Deferred revenue	<u>(234,466)</u>	<u>182,902</u>
	<b>28,030</b>	<b>506,288</b>
<b>Investing</b>		
Capital Asset Fund		
Purchase of capital assets	(16,240)	(41,513)
General Fund		
Purchase of investments, net of proceeds on sale	47,970	(24,963)
Tomorrow Fund		
Purchase of investments, net of proceeds on sale	<u>6,194</u>	<u>(209,375)</u>
	<b>37,924</b>	<b>(275,851)</b>
Net increase in cash and cash equivalents	<b>65,954</b>	230,437
Cash and cash equivalents, beginning of year	<u>429,936</u>	<u>199,499</u>
Cash and cash equivalents, end of year	<b>\$ 495,890</b>	<b>\$ 429,936</b>

See accompanying notes to the consolidated financial statements



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# United Way of Halifax Region

## Notes to the consolidated financial statements

December 31, 2015

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### 1. Nature of operations

The mission of the United Way of Halifax Region is to bring people and organizations together to build vibrant neighbourhoods and strengthen our community. The United Way of Halifax Region is a not-for-profit organization and is a registered charity under the Income Tax Act.

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### 2. Summary of significant accounting policies

#### Basis of presentation

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

#### Basis of consolidation

These consolidated financial statements include the financial results of the United Way of Halifax Region and the United Way of Halifax Region Tomorrow Fund, which is controlled by the United Way of Halifax Region.

#### Fund accounting

The Organization uses fund accounting and accordingly, the consolidated 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 ("Reserve Fund") represents internally restricted amounts transferred under a board approved policy from the General Fund to be used by the Organization to fund future operations. The policy has been set, by the United Way of Halifax Region Board, that the Reserve Fund balance shall not exceed 10% of the current year's net fundraising revenue.

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

The United Way of Halifax Region Tomorrow Fund ("Tomorrow Fund") is a separate registered charity under the Income Tax Act. The fund receives gifts, bequests and memorials as designated by benefactors. The Tomorrow Fund is governed by its own Board of Trustees, as appointed by the United Way of Halifax Region Board.

#### Use of estimates

The preparation of the consolidated financial statements in conformity with ASNPO 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 consolidated financial statements and reported amounts of revenue and expenditures during the year. Certain of these estimates require subjective judgments by management that may be uncertain. These items include an allowance for losses on pledges receivable and on deferred revenue, fair value of investments and useful lives of capital assets. Actual results could differ from those reported.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks in the General and Tomorrow Funds.

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# United Way of Halifax Region

## Notes to the consolidated financial statements

December 31, 2015

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

#### 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. Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue at the same rate of amortization as the related acquired capital assets. Restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets in the Capital Fund.

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.

Net investment income that is not externally restricted is recognized as it is earned in the consolidated statement of revenue and expenses. Net investment income that is externally restricted and must be added to the resources held for endowment are recognized as direct increases or decreases in net assets in the Tomorrow Fund. Other externally restricted net investment income is recognized in the consolidated statement of revenue and expenses, in deferred contributions or in net assets, depending on the nature of restrictions imposed.

#### 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. Uncollectible pledges include pledges that have been written off, net with overpayments received on pledges related to the prior year's annual campaign.

#### Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Depreciation is provided on the straight-line basis over their estimated useful lives as follows (prorated in the year of acquisition):

Computer hardware and software	2, 3, 4 and 5 years
Furniture and fixtures	3, 4 and 5 years
Leasehold improvements	10 years

When a capital asset no longer has any long term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the consolidated statement of revenue and expenses. Any write-downs recognized are not reversed.

#### Investments

Long term and short term investments are recorded at market value.

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# United Way of Halifax Region

## Notes to the consolidated financial statements

December 31, 2015

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

#### 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>2015</u>	<u>2014</u>
Community impact expenses	46%	46%
Fundraising expenses	<u>54%</u>	<u>54%</u>
	<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.

Total fundraising expenses reported in the consolidated statement of revenues and expenses of \$1,109,342 (2014 - \$1,104,811) are reported after allocation of \$937,099 (2014 - \$941,524).

Total community impact expenses reported in the consolidated statement of revenues and expenses of \$815,205 (2014 - \$811,557) are reported after allocation of \$798,269 (2014 - \$802,039).

Included in the cost of fundraising are Government of Canada Workplace Charitable Campaign costs in the amount of \$39,831 a portion of which is reimbursable from HealthPartners in the amount of \$13,235.

#### Donated materials and services

Donated materials and services are recognized at their fair value in the consolidated financial statements when the amount can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased. Donated materials and services at an estimated fair value of \$Nil (2014 - \$Nil) were received by the Organization during the year to distribute to various agencies.

#### Financial instruments

##### *Initial measurement*

The Organization's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

##### *Subsequent measurement*

At each reporting date, the Organization measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. All changes in fair value of the Organization's investments in equities quoted in an active market are recorded in the consolidated statement of revenue and expenses. Included in excess of revenue over expenses at December 31, 2015 is a market adjustment of (\$33,781) (2014 - \$106,224). The Organization uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the consolidated statement of revenues and expenses. The financial instruments measured at amortized cost are cash and cash equivalents, receivables and payables and accruals.

# United Way of Halifax Region

## Notes to the consolidated financial statements

December 31, 2015

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

#### Financial instruments (continued)

##### *Subsequent measurement (continued)*

For financial assets measured at cost or amortized cost, the Organization regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Organization determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the consolidated statement of revenue and expenses. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

##### *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 fulfil 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.

<b>3. Pledges receivable</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
2015 Campaign	\$ 3,800,594	\$ -
2014 Campaign	212,379	3,956,034
2013 Campaign	-	288,947
Less: Allowance for loss on pledges	<u>(260,843)</u>	<u>(275,923)</u>
	<b><u>\$ 3,752,130</u></b>	<b><u>\$ 3,969,058</u></b>

<b>4. Capital assets</b>			<b><u>2015</u></b>	<b><u>2014</u></b>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer hardware and software	\$ 230,387	\$ 147,796	\$ 82,591	\$ 120,020
Furniture and fixtures	55,380	48,234	7,146	1,595
Leasehold improvements	<u>81,605</u>	<u>59,732</u>	<u>21,873</u>	<u>29,073</u>
	<b><u>\$ 367,372</u></b>	<b><u>\$ 255,762</u></b>	<b><u>\$ 111,610</u></b>	<b><u>\$ 150,688</u></b>

<b>5. Payables and accruals</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Trade payables	\$ 59,999	\$ 127,397
Community investment – prior campaign	<u>1,087,187</u>	<u>1,201,852</u>
	<b><u>\$ 1,147,186</u></b>	<b><u>\$ 1,329,249</u></b>

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## United Way of Halifax Region

### Notes to the consolidated financial statements

December 31, 2015

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#### 6. 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. The Organization entered into a lease for equipment which expires on June 30, 2018. Minimum rent/lease payable for the premises in aggregate for each of the next three years is as follows:

		<u>Rent</u>		<u>Equipment</u>
2016	\$	91,945	\$	4,809
2017		93,240		4,809
2018		31,080		2,405

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#### 7. 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 \$43,921 (2014 - \$47,542).

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#### 8. Credit facilities

The United Way of Halifax Region has a financing arrangement with a financial institution which provides an available unsecured operating line of credit totalling \$200,000, bearing interest at Royal Bank prime rate plus 1.3%, all of which is unused at December 31, 2015 and December 31, 2014.