



## Consolidated Financial Statements

United Way of Halifax Region

March 31, 2022

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# Independent Auditor's Report

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

## Qualified Opinion

We have audited the consolidated financial statements of the United Way of Halifax Region (the "Organization"), which comprise the consolidated balance sheet as at March 31, 2022 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.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the United Way of Halifax Region as at March 31, 2022, and its consolidated statements of revenue and expenses, change in net assets and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## 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 March 31, 2022 and 2021, assets as at March 31, 2022 and 2021, and net assets as at April 1, 2022 and 2021 and March 31, 2022 and 2021. Our audit opinion on the consolidated financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 Consolidated Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 opinion.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statement

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.

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

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Organization'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 Organization'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 consolidated 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Halifax, Canada  
June 21, 2022



Chartered Professional Accountants

# United Way of Halifax Region

## Consolidated statement of revenue and expenses

Year ended March 31 2022 2021

<b>Revenue</b>		
Fundraising (Note 6)	\$ 3,255,384	\$ 3,894,802
Funds received from other United Ways (CCC)	<u>860,720</u>	<u>647,498</u>
Net fundraising revenue	4,116,104	4,542,300
Other revenue		
Other income (Note 7)	268,131	49,897
Government grants (Note 10)	-	4,255,350
Investment and other income from Tomorrow Fund	<u>123,155</u>	<u>113,174</u>
	<u>4,507,390</u>	<u>8,960,721</u>
<b>Expenses</b>		
Fundraising (Note 9)	<u>1,025,187</u>	<u>976,949</u>
Net revenue available for distributions and community programs and services	<u>3,482,203</u>	<u>7,983,772</u>
<b>Distributions and community programs and service expenses</b>		
211NS	43,415	50,923
Allocation to United Way of Canada	41,679	45,160
Community impact (Note 8)	1,343,069	1,240,431
Community program investment (Note 8)	1,111,849	1,087,635
COVID-19 program disbursements (Note 10)	164,998	4,457,634
Designations (Note 8)	1,082,018	682,831
Tomorrow Fund disbursement	<u>123,155</u>	<u>113,174</u>
	<u>3,910,183</u>	<u>7,677,788</u>
(Deficiency) excess of revenue over expenses before other item	(427,980)	305,984
Other item		
(Loss) gain on cash surrender value of life insurance	(671)	82,048
Canada Emergency Wage Subsidy (Note 10)	<u>409,724</u>	<u>393,121</u>
	409,053	475,169
(Deficiency) excess of revenue over expenses	<u>\$ (18,927)</u>	<u>\$ 781,153</u>

See accompanying notes to the consolidated financial statements.

# United Way of Halifax Region

## Consolidated balance sheet

March 31

2022

2021

	General Fund	Tomorrow Fund	<u>Total</u>	<u>Total</u>
<b>Assets</b>				
Current				
Cash and cash equivalents	\$ 1,490,893	\$ 22,238	\$ <b>1,513,131</b>	\$ 1,715,534
Receivables	151,320	-	<b>151,320</b>	62,415
Receivable from General Fund	-	-	-	17,160
	<u>1,642,213</u>	<u>22,238</u>	<u><b>1,664,451</b></u>	<u>1,795,109</u>
Cash surrender value of life insurance	236,390	-	<b>236,390</b>	237,062
Long term investments, at market value	-	<u>3,671,507</u>	<u><b>3,671,507</b></u>	<u>3,301,962</u>
	<u><b>\$ 1,878,603</b></u>	<u><b>\$ 3,693,745</b></u>	<u><b>\$ 5,572,348</b></u>	<u><b>\$ 5,334,133</b></u>
<b>Liabilities</b>				
Current				
Payables and accruals	\$ 117,983	\$ -	\$ <b>117,983</b>	\$ 303,944
Payable to Tomorrow Fund	-	-	-	17,160
Payable to Funded agencies - current campaign	1,279,905	-	<b>1,279,905</b>	1,208,652
Deferred revenue	<u>184,158</u>	-	<u><b>184,158</b></u>	<u>108,654</u>
	<u>1,582,046</u>	-	<u><b>1,582,046</b></u>	<u>1,638,410</u>
<b>Net assets (page 5)</b>				
General Fund	(115,053)	-	<b>(115,053)</b>	(138,746)
Reserve for Future Operations	411,610	-	<b>411,610</b>	454,230
Tomorrow Fund	-	<u>3,693,745</u>	<u><b>3,693,745</b></u>	<u>3,380,239</u>
	<u>296,557</u>	<u>3,693,745</u>	<u><b>3,990,302</b></u>	<u>3,695,723</u>
	<u><b>\$ 1,878,603</b></u>	<u><b>\$ 3,693,745</b></u>	<u><b>\$ 5,572,348</b></u>	<u><b>\$ 5,334,133</b></u>

Commitments (Note 3)

On Behalf of the Board  
  
 Director

  
 Director

See accompanying notes to the consolidated financial statements.

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## United Way of Halifax Region

### Consolidated statements of changes in net assets

Year ended March 31 2022 2021

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#### General Fund

Balance, beginning of year	\$ (138,746)	\$ (899,816)
(Deficiency) excess of revenue over expenses	(18,927)	781,153
Transfer from (to) Reserve for Future Operations	<u>42,620</u>	<u>(20,083)</u>
Balance, end of year	<u>\$ (115,053)</u>	<u>\$ (138,746)</u>

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#### Reserve for Future Operations

Balance, beginning of year	\$ 454,230	\$ 434,147
Transfer (to) from General Fund	<u>(42,620)</u>	<u>20,083</u>
Balance, end of year	<u>\$ 411,610</u>	<u>\$ 454,230</u>

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#### Tomorrow Fund

Balance, beginning of year	\$ 3,380,239	\$ 2,828,567
Increase (decrease) during the year comprised of:		
Contribution to General Fund	(123,155)	(113,174)
Donations	111,413	67,197
Investment activity	<u>325,248</u>	<u>597,649</u>
Balance, end of year	<u>\$ 3,693,745</u>	<u>\$ 3,380,239</u>

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See accompanying notes to the consolidated financial statements.

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## United Way of Halifax Region

### Consolidated statement of cash flows

Year ended March 31

2022

2021

Increase (decrease) in cash and cash equivalents

#### Operating

Cash receipts from donations	\$ 4,120,798	\$ 4,626,952
Cash receipts from other revenue	585,301	4,835,544
Cash paid to funded agencies	(1,549,029)	(5,555,616)
Cash paid to designated agencies	(1,071,083)	(682,831)
Cash paid for compensation	(1,671,317)	(1,426,801)
Cash paid for occupancy	(160,149)	(161,999)
Cash paid for other activities	<u>(401,556)</u>	<u>(842,135)</u>

Net cash (used in) provided by operating activities	<u>(147,035)</u>	<u>793,114</u>
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#### Investing

General Fund		
Change in cash surrender value of life insurance	671	(82,048)
Tomorrow Fund		
Purchase of investments, net of proceeds on sale	<u>(56,039)</u>	<u>66,867</u>
	<u>(55,368)</u>	<u>(15,181)</u>

Net (decrease) increase in cash and cash equivalents	(202,403)	777,933
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Cash and cash equivalents, beginning of year	<u>1,715,534</u>	<u>937,601</u>
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Cash and cash equivalents, end of year	<u>\$ 1,513,131</u>	<u>\$ 1,715,534</u>
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See accompanying notes to the consolidated financial statements.



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# United Way of Halifax Region

## Notes to the consolidated financial statements

March 31, 2022

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### 1. Nature of operations

United Way of Halifax Region (the “Organization”) is an impact organization that powers change in the local community. United Way of Halifax Region’s vision is for Halifax to be a city united by compassion, rich in opportunity and free from poverty.

United Way of Halifax Region’s key areas of focus include poverty solutions, affordable housing and homelessness, and inclusive communities. In this work the organization funds a network of community agencies and partners with municipal, provincial, federal, non-profit and private sector organizations. 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 United Way of Halifax Region and the United Way of Halifax Region Tomorrow Fund, which is controlled by 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 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.

#### **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

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March 31, 2022

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

#### Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Unrestricted contributions and pledges are recognized as revenue of the appropriate fund when received.

Donated life insurance policies are recognized into income of the appropriate fund when cash is received.

Certain United Ways are requested to act on behalf of workplaces as the coordinator of their national or regional campaigns and to receive and disburse funds on behalf of other United Ways. These campaigns are known as Centrally Coordinated Campaigns (“CCC”).

- Funds received from other United Ways:  
These funds from other United Ways under the CCC arrangement are reported when received.
- Funds received for other United Ways:  
Funds received by United Way of Halifax Region under the CCC arrangement are included in the campaign revenue amount when distributed. These distributed funds are recorded as a reduction to campaign revenue.

Designated donations that have been received but not disbursed at year end are recorded as deferred revenue. Upon disbursement, the payment is recorded as an expense and the donation is recorded as revenue.

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

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 and recognized in the consolidated statement of revenue and expenses when it is approved to be spent by the General Fund.

#### Investments

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

#### 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. Actual results could differ from those reported.

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# United Way of Halifax Region

## Notes to the consolidated financial statements

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March 31, 2022

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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>2022</u>	<u>2021</u>
Community impact expenses	52%	46%
Fundraising expenses	<u>48%</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 \$1,025,187 (2021 - \$976,949) are reported after allocation of 48% (2021 - 54%).

Total community impact expenses reported in the consolidated statement of revenues and expenses of \$1,343,069 (2021 - \$1,240,431) are reported after allocation of 52% (2021 - 46%).

Included in the cost of fundraising are Government of Canada Workplace Charitable Campaign costs in the amount of \$116,862 (2021 - \$104,867) a portion of which is reimbursable from Health Partners in the amount of \$26,072 (2021 - \$29,185).

#### 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. There were no donated materials and services received by the Organization during the year to distribute to various agencies.

#### Government assistance

The Organization recognizes government assistance toward current expenses in the consolidated statement of revenue and expenses. When government assistance received is specified to relate to future expenses, the Organization defers the assistance and recognizes it in the consolidated statement of revenue and expenses as the related expenses are incurred.

#### Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Organization accounts for the following as financial instruments:

- cash and cash equivalents
- receivables
- payables and accruals
- payable to funded agencies
- long term investments
- deferred revenue

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# United Way of Halifax Region

## Notes to the consolidated financial statements

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March 31, 2022

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

#### Financial instruments (continued)

##### *Initial measurement*

The Organization's financial instruments are measured at fair value when issued or acquired, except for certain non-arm's length transactions. Financial assets and financial liabilities obtained in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Organization does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

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. 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.

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.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Organization initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Organization has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

Unless otherwise noted the organization does not believe there is a credit or market risk.

#### Change in accounting policies

The Canadian Accounting Standards Board recently issued amendments to Section 3856 *Financial Instruments*, which outline the accounting guidelines related to financial assets and financial liabilities in related party transactions. The Organization applied the new accounting policy retrospectively, subject to certain transitional provisions. The adoption of the amendments did not have a significant impact on the Organization's consolidated financial statements.

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# United Way of Halifax Region

## Notes to the consolidated financial statements

March 31, 2022

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### 3. Commitments

United Way of Halifax Region leases its premises under an operating lease which will end in 2023. 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 is \$139,880.

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### 4. Defined contribution pension plan

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 Industrial. 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 \$67,419 (2021 - \$51,660).

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### 5. Credit facilities

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 CIBC prime rate, all of which is unused at March 31, 2022.

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### 6. Fundraising revenue

Overall fundraising revenue includes revenue results from workplace giving campaigns, individual leadership donors, event proceeds, and major gift donations.

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### 7. Other income

Other income includes cost recovery of \$86,530 (2021-\$Nil) from United Ways in Atlantic Canada for specific collaboration project.

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### 8. Distribution and community programs and service expenses

#### *Community Impact*

United Way of Halifax Region invests directly in community impact work to drive change in Halifax. Community impact expense includes collaborative funding, research, partnership facilitation (regarding equity, housing and poverty), salaries, consultation, public education and engagement in poverty issues.

#### *Community Program Investment*

Community Program Investment includes funds provided to third party agencies to support valuable community programs that align with United Way of Halifax Region's mandate to fight poverty, end homelessness and improve inclusion in Halifax. During 2022, United Way of Halifax Region provided program funding to 33 agencies (34 programs). The Organization commits to funding programs between 1 and 3 years. Total Community Program Investment will fluctuate annually based on past commitments and level of fundraising revenue.

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# United Way of Halifax Region

## Notes to the consolidated financial statements

March 31, 2022

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### 8. Distribution and community programs and service expenses (continued)

#### *Designations*

United Way of Halifax Region's workplace fundraising campaign provides the opportunity for donors to designate gifts to various organizations and programs making an impact in the community, in addition to giving directly to United Way of Halifax Region. These designations are recognized in revenue and expensed when paid out to the designated organizations. During 2022 and 2021 designations represented 26% and 8% respectively, of the funds raised in the organization's workplace fundraising campaigns.

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<b>9. Fundraising expenses</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Direct fundraising expenses	\$ 649,531	\$ 436,012
General and administrative expenses	<u>375,656</u>	<u>540,937</u>
Fundraising expense	<b><u>\$ 1,025,187</u></b>	<b><u>\$ 976,949</u></b>

As disclosed in Note 2, operating expenses are allocated between Community impact expenses and Fundraising expenses. Included in the cost of fundraising are Government of Canada Workplace Charitable Campaign costs in the amount of \$116,862 (2021 - \$104,867), a portion of which is reimbursable from Health Partners in the amount of \$26,072 (2021 - \$29,185).

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### 10. Impact of COVID-19

Due to the impact of COVID-19 on the operations of the Organization, it was eligible to receive Canadian Emergency Wage Subsidy (CEWS) of \$409,724 (2021 - \$393,121) and Temporary Wage Subsidy of \$Nil (2021 - \$24,999).

United Way of Halifax Region received \$Nil (2021 - \$3,475,614) for the Emergency Community Support Fund (ECSF) and \$Nil (2021 - \$99,736) for the Seniors' Response Fund as per the agreement with United Way Centraide Canada and Employment & Social Development Canada and is recognized in grant revenue in the consolidated statement of revenue and expenses. Included in COVID-19 program disbursements on the consolidated statements of revenue and expenses is \$Nil (2021 - \$3,364,285) which United Way of Halifax Region contributed to 117 eligible agencies under these programs. These funds have completed an independent funding compliance audit. United Way of Halifax Region also initiated the Atlantic Compassion Fund (ACF) with 10 United Ways in the Atlantic region.

The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position, future operations, fundraising campaigns and cash flows of the Organization for future periods.

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### 11. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.