



Grant Thornton

Consolidated Financial Statements

United Way of Halifax Region

March 31, 2024

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the United Way of Halifax Region (the "Organization"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations, 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, 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, 2024, and its consolidated statements of operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Halifax, Canada
July 3, 2024

Chartered Professional Accountants

United Way of Halifax Region
Consolidated statement of financial position

March 31

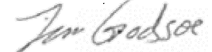
2024


2023

	General Fund	Reserve for Future Operations	Tomorrow Fund	Total	Total
Assets					
Current					
Cash and cash equivalents	\$ 1,503,779	\$ 100,000	\$ 7,039	\$ 1,610,818	\$ 1,336,801
Restricted cash (Note 2)	9,392,000	-	-	9,392,000	-
Receivables	<u>110,282</u>	<u>-</u>	<u>-</u>	<u>110,283</u>	<u>124,225</u>
	11,006,061	100,000	7,093	11,113,100	1,461,026
Capital assets (Note 4)	28,800	-	-	28,800	18,592
Cash surrender value of life insurance	220,986	-	-	220,986	229,217
Long term investments, at market value	<u>-</u>	<u>-</u>	<u>3,749,948</u>	<u>3,749,948</u>	<u>3,506,031</u>
	<u>\$ 11,255,847</u>	<u>\$ 100,000</u>	<u>\$ 3,756,987</u>	<u>\$ 15,112,834</u>	<u>\$ 5,214,866</u>
Liabilities					
Current					
Payables and accruals	\$ 115,513	\$ -	\$ -	\$ 115,313	\$ 107,060
Payable to Funded agencies	1,325,508	-	-	1,325,508	1,325,508
Deferred revenue (Note 5)	<u>309,166</u>	<u>-</u>	<u>-</u>	<u>309,166</u>	<u>79,491</u>
	1,749,987	-	-	1,749,987	1,512,059
Deferred contributions related to capital assets (Note 6)	<u>9,392,000</u>	<u>-</u>	<u>-</u>	<u>9,392,000</u>	<u>-</u>
	<u>11,141,987</u>	<u>-</u>	<u>-</u>	<u>11,141,987</u>	<u>1,512,059</u>
Net assets (page 5)					
General Fund	113,860	-	-	113,860	89,457
Reserve for Future Operations	-	100,000	-	100,000	100,000
Tomorrow Fund	<u>-</u>	<u>-</u>	<u>3,756,987</u>	<u>3,756,987</u>	<u>3,513,350</u>
	<u>113,860</u>	<u>100,000</u>	<u>3,756,987</u>	<u>3,970,847</u>	<u>3,702,807</u>
	<u>\$ 11,255,847</u>	<u>\$ 100,000</u>	<u>\$ 3,756,987</u>	<u>\$ 15,112,834</u>	<u>\$ 5,214,866</u>

Commitments (Note 3)
 Subsequent events (Note 13)

On Behalf of the Board


 _____ Director


 _____ Director

United Way of Halifax Region

Consolidated statement of operations

Year ended March 31 2024 2023

Revenue

Fundraising (Note 9)	\$ 5,045,922	\$ 3,944,343
Funds received from other United Ways (CCC)	<u>691,613</u>	<u>900,978</u>

Net fundraising revenue 5,737,535 4,845,321

Other revenue

Government funded community program contributions	4,166,762	-
Other income (Note 10)	252,354	241,921
Investment and other income from Tomorrow Fund	<u>137,907</u>	<u>135,156</u>
	<u>10,294,558</u>	<u>5,222,398</u>

Expenses

Fundraising (Note 12)	<u>1,186,999</u>	<u>1,139,683</u>
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Net revenue available for distributions to community programs and services 9,107,559 4,082,715

Distributions and community programs and service expenses

211NS	41,161	45,423
Allocation to United Way of Canada	43,199	43,199
Community impact (Note 11)	3,163,896	2,169,375
Community program investment (Note 11)	1,184,101	1,230,955
Government funded community program disbursements	4,066,762	-
Designations (Note 11)	437,899	558,534
Tomorrow Fund disbursement	<u>137,907</u>	<u>135,156</u>
	<u>9,074,925</u>	<u>4,182,642</u>

Excess (deficiency) of revenue over expenses before other items 32,634 (99,927)

Other items

Loss on cash surrender value of life insurance	<u>(8,231)</u>	<u>(7,173)</u>
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Excess (deficiency) of revenue over expenses \$ 24,403 \$ (107,100)

United Way of Halifax Region

Consolidated statements of changes in net assets

Year ended March 31

2024

2023

General Fund

Balance, beginning of year	\$ 89,457	\$ (115,053)
Excess (deficiency) of revenue over expenses	24,403	(107,100)
Transfer from Reserve for Future Operations	-	411,610
Transfer to Reserve for Future Operations	-	(100,000)
	<u> </u>	<u> </u>
Balance, end of year	<u>\$ 113,860</u>	<u>\$ 89,457</u>

Reserve for Future Operations

Balance, beginning of year	\$ 100,000	\$ 411,610
Transfer to General Fund	-	(411,610)
Transfer from General Fund	-	100,000
	<u> </u>	<u> </u>
Balance, end of year	<u>\$ 100,000</u>	<u>\$ 100,000</u>

Tomorrow Fund

Balance, beginning of year	\$ 3,513,350	\$ 3,693,745
Transfer to General Fund	(137,907)	(135,156)
Donations	96,426	100,680
Investment activities	285,118	(145,919)
	<u> </u>	<u> </u>
Balance, end of year	<u>\$ 3,756,987</u>	<u>\$ 3,513,350</u>

United Way of Halifax Region

Consolidated statement of cash flows

Year ended March 31

2024

2023

Increase (decrease) in cash and cash equivalents

Operating

Cash receipts from donations	\$ 10,351,370	\$ 4,980,477
Cash receipts from other revenue	252,354	241,920
Cash paid to funded agencies	(6,787,848)	(1,706,842)
Cash paid to designated agencies	(437,899)	(558,534)
Cash paid for compensation	(2,033,883)	(1,953,919)
Cash paid for occupancy	(117,982)	(151,695)
Cash paid for other activities	<u>(945,153)</u>	<u>(1,001,398)</u>

Net cash provided by (used in) operating activities	<u>280,959</u>	<u>(149,991)</u>
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Investing

General Fund		
Change in cash surrender value of life insurance	8,231	7,173
Purchase of capital assets	(14,893)	(18,592)
Tomorrow Fund		
Purchase of investments, net of proceeds on sale	<u>(280)</u>	<u>(14,920)</u>
	<u>(6,942)</u>	<u>(26,339)</u>

Net increase (decrease) in cash and cash equivalents	274,017	(176,330)
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Cash and cash equivalents, beginning of year	<u>1,336,801</u>	<u>1,513,131</u>
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Cash and cash equivalents, end of year	<u>\$ 1,610,818</u>	<u>\$ 1,336,801</u>
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United Way of Halifax Region

Notes to the consolidated financial statements

March 31, 2024

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.

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 statement of financial position 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 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. Cash and cash equivalents exclude restricted cash when it is not held for purposes of meeting short-term cash commitments or is externally restricted for specific purposes.

Restricted cash

Restricted cash includes \$9,142,000 received to support the Organization in developing and operating housing project in HRM and \$250,000 received to support rural housing project (Note 6). These funds are held in the restricted account for these specific projects.

United Way of Halifax Region

Notes to the consolidated financial statements

March 31, 2024

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.

Deferred contributions related to capital assets are required to be deferred and amortized on the same basis that related capital assets are amortized.

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 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 operations when it is approved to be spent by the General Fund.

Capital assets

Capital assets are recorded at cost. Capital assets are amortized on a straight-line basis over the estimated useful life of the assets as follows:

Furniture and equipment	5 years
Leasehold improvements	10 years

When events or changes in circumstances indicate 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 would be recognized as an expense. Such a write-down is not reversed if the service potential subsequently improves.

United Way of Halifax Region

Notes to the consolidated financial statements

March 31, 2024

2. Summary of significant accounting policies (continued)

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.

Operations

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

	<u>2024</u>	<u>2023</u>
Community impact expenses	52%	52%
Fundraising expenses	<u>48%</u>	<u>48%</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 statement of revenues and expenses of \$1,186,999 (2023 - \$1,139,683) are reported after allocation of 48% (2023 - 48%).

Total community impact expenses reported in the statement of revenues and expenses of \$3,163,896 (2023 - \$2,169,375) are reported after allocation of 52% (2023 - 52%).

Included in the cost of fundraising are Government of Canada Workplace Charitable Campaign costs in the amount of \$126,251 (2023 - \$127,455) a portion of which is reimbursable from Health Partners in the amount of \$36,185 (2023 - \$35,878).

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

United Way of Halifax Region

Notes to the consolidated financial statements

March 31, 2024

2. Summary of significant accounting policies (continued)

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

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 operations. The Organization uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the consolidated statement of operations. 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 operations. 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.

United Way of Halifax Region

Notes to the consolidated financial statements

March 31, 2024

3. Commitments

The Organization leases its premises under a long term operating lease which expires in 2033. 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 for each of the next five years is as follows:

2025	\$	94,340
2026		94,849
2027		95,359
2028		95,868
2029		96,379

4. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	2024 Net Book Value	2023 Net Book Value
Furniture and equipment	\$ 13,362	\$ 2,672	\$ 10,690	\$ 13,362
Leasehold improvements	<u>20,122</u>	<u>2,012</u>	<u>18,110</u>	<u>5,230</u>
	\$ 33,484	\$ 4,684	\$ 28,800	\$ 18,592

5. Deferred revenue

	<u>Opening balance</u>	<u>Contributions received</u>	<u>Revenue recognized</u>	Ending balance
Designations	\$ 56,491	\$ 82,127	\$ 77,991	\$ 60,627
Wildfire appeal	-	1,478,782	1,230,243	248,539
CSRF applications	<u>23,000</u>	<u>-</u>	<u>23,000</u>	<u>-</u>
	\$ 79,491	\$ 1,560,909	\$ 1,331,234	\$ 309,166

6. Deferred contributions related to capital assets

Deferred contributions related to capital assets are externally restricted expendable funds received in the current or prior periods to support capital assets which have not yet been amortized. The amortization of deferred capital contributions is recorded as revenue in the consolidated statement of operations. Changes in the deferred contributions related to capital assets balance is detailed in the following table:

	<u>Opening balance</u>	<u>Contributions received</u>	<u>Revenue recognized</u>	Ending balance
Housing project -HRM	\$ -	\$ 9,142,000	\$ -	\$ 9,142,000
Rural housing project	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
	\$ -	\$ 9,392,000	\$ -	\$ 9,392,000

United Way of Halifax Region

Notes to the consolidated financial statements

March 31, 2024

7. 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 \$83,477 (2023 - \$86,053).

8. 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, 2024.

9. Fundraising revenue

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

10. Other income

Other income includes cost recovery of \$105,300 (2023 – \$129,573) from United Ways in Atlantic Canada for a specific collaboration project.

11. 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 2024, United Way of Halifax Region provided program funding to 33 agencies (35 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. Current year Community Program Investment total also includes Hurricane Fiona relief funding.

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.

United Way of Halifax Region

Notes to the consolidated financial statements

March 31, 2024

11. Distribution and community programs and service expenses (continued)

Designations (continued)

During 2024 and 2023 designations represented 8% and 12% respectively, of the funds raised in the organization's workplace fundraising campaigns.

12. Fundraising expenses	<u>2024</u>	<u>2023</u>
Direct fundraising expenses	\$ 808,631	\$ 787,440
General and administrative expenses	<u>378,368</u>	<u>352,243</u>
Fundraising expense	<u>\$ 1,186,999</u>	<u>\$ 1,139,683</u>

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 \$126,251 (2023 - \$127,455), a portion of which is reimbursable from Health Partners in the amount of \$36,185 (2023 - \$35,878).

13. Subsequent events

Subsequent to year end, United Way of Halifax Board and United Way Halifax Tomorrow Fund Board have approved the motion to combine two entities. The legal amalgamating date is depending on the legal procedures. No operational change is expected due to this merger.

The Board has also been in discussions with other United Ways in the region regarding unification, in order to increase its capacity to positively impact communities across the Maritime provinces. Final vote on unification agreement is scheduled in May 2024.