

**UNITED WAY OF CUMBERLAND COUNTY**  
**Financial Statements**  
**Year Ended December 31, 2020**

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**UNITED WAY OF CUMBERLAND COUNTY**  
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**Year Ended December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of United Way of Cumberland County

### *Qualified Opinion*

We have audited the financial statements of United Way of Cumberland County (the organization), which comprise the statement of financial position as at December 31, 2020, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities 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 not able to determine whether any adjustments might be necessary to fundraising revenue, donations, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2020, current assets and net assets as at December 31, 2020. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation of 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 Financial Statements* section of our report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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Independent Auditor's Report to the Members of United Way of Cumberland County (continued)

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Amherst, Nova Scotia  
March 23, 2021

**Jorgensen & Bickerton Inc.**  
Chartered Professional Accountants

**UNITED WAY OF CUMBERLAND COUNTY**  
**Statement of Financial Position**  
**December 31, 2020**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 50,722	\$ 29,494
Short term investments	544	544
Pledges receivable (Note 3)	78,886	68,304
Supplies inventory	575	573
HST recoverable	767	870
	131,494	99,785
<b>INVESTMENTS (Note 6)</b>	23,729	22,430
	\$ 155,223	\$ 122,215
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 30,000	\$ 4,000
Deferred campaign revenue (Note 4)	130,500	137,587
	160,500	141,587
<b>NET ASSETS</b>		
<b>UNRESTRICTED</b>	(29,006)	(41,802)
<b>INTERNALLY RESTRICTED (Note 6)</b>	23,729	22,430
	(5,277)	(19,372)
	\$ 155,223	\$ 122,215

**ON BEHALF OF THE BOARD**

Melissa MacDonald Director  
Cynthia McQueen Director

**UNITED WAY OF CUMBERLAND COUNTY**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2020**

	Budget (Unaudited) 2020	Total 2020	Total 2019
<b>REVENUE</b>			
Gross campaign revenue	\$ 131,500	\$ 140,649	\$ 128,910
Uncollectible pledges	-	(5,616)	(11,538)
	<u>131,500</u>	<u>135,033</u>	<u>117,372</u>
<b>OTHER INCOME</b>			
Interest income	210	88	275
Dividend income	-	19	5
Unrealized gain on investments	-	(19)	18
COVID Relief Funding	-	35,885	-
Investment & Stewardship Fee	-	8,096	-
	<u>210</u>	<u>44,069</u>	<u>298</u>
<b>FUNDRAISING EXPENSES</b>			
Fundraising expenditures	4,000	-	8,874
Donor Choice Surcharge	(604)	(364)	(686)
Allocation of general and administration expenses (Schedule 1)	45,465	49,671	43,674
	<u>48,861</u>	<u>49,307</u>	<u>51,862</u>
<b>NET INCOME AVAILABLE FOR DISTRIBUTIONS AND PROGRAMS</b>			
	<u>82,849</u>	<u>129,795</u>	<u>65,808</u>
<b>DISTRIBUTIONS AND PROGRAMS</b>			
211NS	1,300	1,174	-
Licenses and memberships	3,000	3,000	3,000
Allocation of general and administration expenses (Schedule 1)	4,321	6,770	5,955
Allocations to non-member agencies	6,046	8,556	8,905
Allocations of COVID Relief Funding	-	34,700	-
Allocations to Member Agencies (Schedule 2)	63,700	61,500	63,831
	<u>78,367</u>	<u>115,700</u>	<u>81,691</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER FUNDRAISING EXPENSES</b>			
	<u>\$ 4,482</u>	<u>\$ 14,095</u>	<u>\$ (15,883)</u>

See notes to financial statements

**UNITED WAY OF CUMBERLAND COUNTY**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2020**

	Unrestricted	Internally Restricted	Total 2020	Total 2019
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ (41,802)	\$ 22,430	\$ (19,372)	\$ (3,489)
Excess (deficiency) of revenue over fundraising expenses	14,095	-	14,095	(15,883)
Transfer of interest earned on restricted fund	(88)	88	-	-
Transfer to restricted reserve	(1,211)	1,211	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ (29,006)</b>	<b>\$ 23,729</b>	<b>\$ (5,277)</b>	<b>\$ (19,372)</b>

See notes to financial statements

**UNITED WAY OF CUMBERLAND COUNTY**  
**Statement of Cash Flows**  
**Year Ended December 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over fundraising expenses	\$ 14,095	\$ (15,883)
Changes in non-cash working capital:		
Pledges receivable	(10,584)	12,507
Supplies inventory	-	161
Accounts payable	26,000	4,000
Deferred campaign revenue	(7,087)	14,580
HST recoverable	103	(543)
	<u>8,432</u>	<u>30,705</u>
<b>Cash flow from operating activities</b>	<u>22,527</u>	<u>14,822</u>
<b>INVESTING ACTIVITIES</b>		
Transfer to restricted reserve	(1,299)	(1,440)
Purchase of short term investments	-	(544)
	<u>(1,299)</u>	<u>(1,984)</u>
<b>Cash flow used by investing activities</b>	<u>(1,299)</u>	<u>(1,984)</u>
<b>INCREASE IN CASH FLOW</b>	<u>21,228</u>	<u>12,838</u>
<b>CASH - BEGINNING OF YEAR</b>	<u>29,494</u>	<u>16,656</u>
<b>CASH - END OF YEAR</b>	<u>\$ 50,722</u>	<u>\$ 29,494</u>

See notes to financial statements



**UNITED WAY OF CUMBERLAND COUNTY**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

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**1. NATURE OF OPERATIONS**

The mission of the United Way of Cumberland County is to provide leadership in the communities voluntary services sector, to lead, inspire and mobilize donors and volunteers to improve the quality of people's lives in the community and to come together as a community to make a lasting impact for the residents of Cumberland County. The United Way is incorporated as a charitable organization under the Income Tax Act and is exempt from income taxes under Section 149(1)(l).

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

**Use of estimates**

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. The more subjective of such estimates includes the determination of the allowance for uncollectible pledges. Actual results could differ from those estimates.

**Cash and cash equivalents**

Cash and cash equivalents consist of balances with banks.

**Investments**

Investments include funds held in an interest-bearing money market fund and other short term investments. These investments are measured at fair market value.

**Revenue recognition**

The United Way has a Donor Choice Program whereby donors may choose to designate their donations to specific agencies. Specified donations are paid directly to those agencies and are not included in any fund distribution process.

The United Way follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

**Pledges receivable**

Contributions pledged 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. Pledge allowances are provided as necessary for amounts estimated to be uncollectible.

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UNITED WAY OF CUMBERLAND COUNTY

Notes to Financial Statements

Year Ended December 31, 2020

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Expense allocations**

In accordance with the United Way of Canada - Centraide Canada's Transparency, Accountability, and Financial Reporting Policies for United Ways, United Way of Cumberland County allocates certain overhead expenses which do not pertain specifically to programs or fundraising based on the Board of Director's estimates of the Executive Director's time and dollars spent as indicated below:

	2020	2019
Program expenses	12%	12%
Fundraising expenses	88%	88%

**Equipment and office furniture**

Equipment and office furniture are expensed in the year it is acquired. The cost of capital assets in use by the United Way of Cumberland County is \$7,281 (2019 - \$7,281). Current year expenditures were nil (2019 - \$1,324).

**Donated goods and services**

Donated services are not recorded in the accounts of the United Way of Cumberland County because of the difficulty of determining their fair value. Donated goods are recorded at an amount equal to fair market value.

**Financial instruments policy**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash, pledges receivable, other receivables and supplies inventory.

**Budget figures**

Budget figures have been provided for comparison purposes only and have been derived from the budget approved by the board. The budget figures are unaudited.

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3. PLEDGES RECEIVABLE

	2020	2019
Current year's campaign pledges	\$ 71,983	\$ 64,744
Deduct: allowance for uncollectible pledges	(6,627)	(5,200)
Subtotal	65,356	59,544
Prior year's campaign pledges	18,881	14,845
Deduct: allowance for uncollectible pledges	(5,351)	(6,085)
	<u>\$ 78,886</u>	<u>\$ 68,304</u>

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**UNITED WAY OF CUMBERLAND COUNTY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

**4. DEFERRED CAMPAIGN REVENUE**

	2020	2019
Balance, beginning of year	\$ 137,587	\$ 123,007
Add: Donor choice received during year	1,850	4,736
	139,437	127,743
Deduct: Amount recognized as revenue	(131,971)	(111,469)
Deduct: Loss on pledges	(5,616)	(11,538)
Add: Amount received or pledged	131,711	138,752
Deduct: Donor choice paid during current year	(1,850)	(4,736)
Deduct: Amount transferred to reserve	(1,211)	(1,165)
	\$ 130,500	\$ 137,587

**5. FINANCIAL INSTRUMENTS**

**Credit Risk**

The United Way of Cumberland County is exposed to credit risk that arises from pledges receivable. Credit risk arises from the possibility that the contributors to the United Way of Cumberland County will be unable to fulfil their obligations. Management closely evaluates the collectibility of its pledges receivable and maintains provisions for potential pledge losses, which are assessed on a regular basis.

**Fair Value**

The organization's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

**Interest Rate Risk**

The interest rate risk is the risk to the Organization's earning that arises from fluctuations in interest rates. At year end the increase or decrease in investment income for each 1% change in interest rates is minimal.

**6. INTERNALLY RESTRICTED EMERGENCY RESERVE**

The emergency reserve is internally restricted for distribution to agencies and for operating costs if required. This reserve is held as a money market fund in the amount of \$23,729 (2019 - \$22,430). The reserve originated by a special fund raising event in 1993. During the current year, 1% of the campaign revenue (not including special events) was transferred to this reserve in the amount of \$1,211 (2019 - \$1,165).

**UNITED WAY OF CUMBERLAND COUNTY**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

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**7. OTHER EVENT**

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. In many countries, including Canada, businesses have been forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize the economy. There continues to be uncertainty on how this will impact collectibility of pledges.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, 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 and results of the organization for future periods.

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**UNITED WAY OF CUMBERLAND COUNTY**  
**General Management and Administration Expenses** **(Schedule 1)**  
**Year Ended December 31, 2020**

	Budget (Unaudited) 2020	Total 2020	Total 2019
Insurance	\$ 1,000	\$ 1,097	\$ 990
Interest and bank charges	520	546	549
Office	3,669	2,861	2,246
Rent	3,870	3,870	3,870
Salaries and wages	36,331	43,383	36,257
Telephone	2,136	2,211	2,136
Professional fees	2,260	2,473	2,258
Equipment purchases	-	-	1,323
	<u>\$ 49,786</u>	<u>\$ 56,441</u>	<u>\$ 49,629</u>
Allocation to fundraising expenses	\$ 45,465	\$ 49,671	\$ 43,674
Allocation to program expenses	4,321	6,770	5,955
	<u>\$ 49,786</u>	<u>\$ 56,441</u>	<u>\$ 49,629</u>

See notes to financial statements

**UNITED WAY OF CUMBERLAND COUNTY**

**Allocations to Member Agencies**

*(Schedule 2)*

**Year Ended December 31, 2020**

	Budget (Unaudited) 2020	<b>2020</b>	2019
Amherst Pre-school Association	\$ 8,000	\$ <b>8,000</b>	\$ 8,000
211 Program	-	-	1,311
Cumberland Smile & Shine Program	10,000	<b>10,000</b>	10,000
Cumberland County Transportation Services Society	5,000	<b>5,000</b>	5,000
Maggie's Place	22,000	<b>22,000</b>	22,020
Sexual Health Centre for Cumberland	15,000	<b>15,000</b>	12,000
St. John Ambulance	1,500	<b>1,500</b>	1,500
Emergency funding	2,200	-	4,000
	<b>\$ 63,700</b>	<b>\$ 61,500</b>	\$ 63,831

See notes to financial statements -