

**UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.**

**Financial Statements**

**Year Ended March 31, 2021**

**UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.**

**Index to Financial Statements**

**Year Ended March 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

### **Qualified Opinion**

I have audited the accompanying financial statements of UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC., which comprise the statement of financial position as at March 31, 2021 and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC. as at March 31, 2021 and the results of its operations and its 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 charitable and not-for-profit organizations, UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC. derives revenue from donations and fundraising activities 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 UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC. Therefore, I was not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2020 and March 31, 2021, assets as at March 31, 2020 and March 31, 2021 and net assets as at April 1, 2020, March 31, 2020 and March 31, 2021. My audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this scope limitation.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC. in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.'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 UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.'s financial reporting process.

*(continues)*

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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. the risk of not detecting a material misstatement resulting from fraud is higher than 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 UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.'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 UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.'s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC. to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.



Mount Pearl, NL  
July 23, 2021

CHARTERED PROFESSIONAL ACCOUNTANT

**UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.**

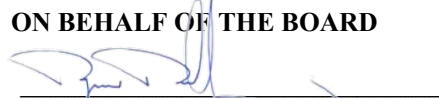
**Statement of Financial Position**

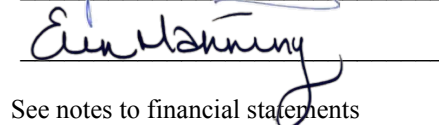
**As at March 31, 2021**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 1,094,892	\$ 843,274
Pledges receivable <i>(Note 4)</i>	194,660	383,246
Harmonized sales tax recoverable	3,348	2,728
Prepaid expenses	11,200	9,362
	<b>1,304,100</b>	1,238,610
CAPITAL ASSETS <i>(Note 5)</i>	5,643	4,315
LONG TERM INVESTMENTS <i>(Note 6)</i>	349,922	-
	<b>\$ 1,659,665</b>	<b>\$ 1,242,925</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 93,813	\$ 59,858
Wages payable	7,891	12,838
Deferred campaign designations	130,580	190,625
Deferred revenue <i>(Note 7)</i>	5,933	-
	<b>238,217</b>	263,321
NET ASSETS	<b>1,421,448</b>	979,604
	<b>\$ 1,659,665</b>	<b>\$ 1,242,925</b>

LEASE COMMITMENTS *(Note 11)*

**ON BEHALF OF THE BOARD**

 \_\_\_\_\_ Director

 \_\_\_\_\_ Director

See notes to financial statements

**UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.**

**Statement of Operations  
Year Ended March 31, 2021**

	2021	2020
<b>REVENUE</b>		
Campaign revenue <i>(Note 8)</i>	\$ 837,003	\$ 828,484
Less: uncollectible pledges	(23,023)	(7,425)
<b>NET CAMPAIGN REVENUE</b>	<b>813,980</b>	821,059
Other revenue		
Government of Canada COVID-19 relief funding <i>(Note 9)</i>	2,029,663	-
Non-recurring major gifts	249,700	-
Atlantic compassion fund	167,806	124,894
211 project funding	18,717	-
Other	12,609	9,901
Investment income	7,293	8,799
Fair market value adjustment to investments	164	-
	<b>2,485,952</b>	143,594
<b>TOTAL REVENUE</b>	<b>3,299,932</b>	964,653
<b>EXPENSES</b>		
Fundraising expenses <i>(Schedule 2)</i>	160,232	173,363
<b>NET AVAILABLE FOR COMMUNITY PROGRAMS AND SERVICES</b>	<b>3,139,700</b>	791,290
<b>COMMUNITY PROGRAMS AND SERVICES EXPENSES</b> <i>(Schedule 1)</i>	<b>2,697,856</b>	734,422
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ 441,844	\$ 56,868

See notes to financial statements

**UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 979,604</b>	<b>\$ 922,736</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>441,844</b>	<b>56,868</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,421,448</b>	<b>\$ 979,604</b>

**UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.**

**Statement of Cash Flow**

**Year Ended March 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 441,844	\$ 56,868
Items not affecting cash:		
Amortization of capital assets	3,319	2,018
Fair market value adjustment to investments	(164)	-
Investment income and fees related to long term investments	(3,482)	-
	<b>441,517</b>	<b>58,886</b>
Changes in non-cash working capital:		
Pledges receivable	188,586	(36,123)
Other receivables	-	3,848
Accounts payable and accrued liabilities	33,954	7,392
Deferred campaign designations	(60,045)	66,244
Deferred revenue	5,933	-
Prepaid expenses	(1,838)	(1,311)
Harmonized sales tax recoverable	(620)	(628)
Wages payable	(4,947)	12,838
	<b>161,023</b>	<b>52,260</b>
Cash flow from operating activities	<b>602,540</b>	<b>111,146</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(4,646)	(4,595)
Purchase of long term investments	(346,276)	-
Cash flow used by investing activities	<b>(350,922)</b>	<b>(4,595)</b>
<b>INCREASE IN CASH FLOW</b>	<b>251,618</b>	<b>106,551</b>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<b>843,274</b>	<b>736,723</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 1,094,892</b>	<b>\$ 843,274</b>

See notes to financial statements



**UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

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1. PURPOSE OF THE ORGANIZATION

The mission of the UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC. (the Organization) is to strengthen neighbourhoods and communities by facilitating programs and services that link people and resources, encourage participation and increase giving. The Organization is a registered charity and is exempt from tax under the Income Tax Act.

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 (ASNPO).

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in the statement of operations in the period in which they become known. Actual results could differ from these estimates.

Items subject to significant management estimates include the provision for uncollectible pledges.

Revenue recognition

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC. follows the deferral method of accounting for revenue and contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donor designations, which have externally imposed restrictions, are recognized as revenue in the year the designated agency is funded. Project funding and other externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Campaign revenue is comprised of unrestricted contributions from the current year campaign achievement and designated contributions recognized in the year. A provision for uncollectible pledges is provided annually based on historical percentages for pledge collections and on actual collection experience.

Investment income is recognized on an accrual basis, as it is earned.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments held at financial institutions with maturities of one year or less at date of purchase.

*(continues)*

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Notes to Financial Statements

Year Ended March 31, 2021

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Computer equipment	50%	declining balance method
Computer software	50%	declining balance method

In the year of acquisition, one half of the rate of amortization is expensed.

When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its fair value or replacement cost.

Contributed services

The operations of the Organization depend on a significant contribution of time by volunteers. The fair value of these services cannot be reasonably determined and is therefore not reflected in these financial statements.

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, fair market value adjustments, 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). The financial instruments measured at amortized cost are cash and cash equivalents, pledges receivable 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 statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs. Financial assets measured at fair value include long-term investments, comprised of mutual fund units.

**UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

**3. FINANCIAL INSTRUMENTS**

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at March 31, 2021:

*Market risk*

Market risk is the risk that the fair value or future cash flows of the Organization's financial instruments will fluctuate because of changes in market prices. Some of the Organization's financial instruments expose it to this risk, which comprises interest rate risk and other price risk.

*Interest rate risk*

The Organization is exposed to interest rate risk arising from fluctuations in interest rates on amounts invested in interest bearing short-term investments, included in cash and cash equivalents. Interest rates are subject to fluctuation, being based on prime rates. In the opinion of management, interest rate risk exposure to the Organization is low and not material.

*Other price risk*

The Organization is exposed to other price risk arising from fluctuations in market prices in its long-term investments consisting of mutual fund units. The Organization reviews its liquidity requirements and performance of long-term investments on an ongoing basis and, in the opinion of management, other price risk exposure to the Organization is low and not material.

*Credit risk*

The Organization is exposed to credit risk to the extent that its donors may experience financial difficulty and would be unable to meet their pledge obligations. The Organization has a large number of donors, which decreases the concentration of credit risk. The Organization assesses on a regular basis, pledges receivable and provides for uncollectible pledges in the provision for uncollectible pledges. In the opinion of management, credit risk exposure to the Organization is low and not material.

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization manages its liquidity risk by monitoring its operating requirements, and preparing and monitoring an annual operating budget. In the opinion of management, the liquidity risk exposure to the Organization is low and not material.

**4. PLEDGES RECEIVABLE**

	<b>2021</b>	2020
Pledges receivable - current year campaign	\$ 207,643	\$ 277,445
COVID-19 pledges receivable	-	122,274
Less: provision for uncollectible pledges	<b>(12,983)</b>	(16,473)
	<b>\$ 194,660</b>	\$ 383,246

**5. CAPITAL ASSETS**

	Cost	Accumulated amortization	<b>2021 Net book value</b>	2020 Net book value
Computer equipment	\$ 23,957	\$ 18,365	\$ 5,592	\$ 4,215
Computer software	8,807	8,756	<b>51</b>	100
	\$ 32,764	\$ 27,121	\$ 5,643	\$ 4,315

**UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

6. LONG TERM INVESTMENTS

	2021	2020
ScotiaBank mutual fund units, at fair value	\$ 349,922	\$ -

7. DEFERRED REVENUE

Deferred revenue represents unspent project funding at the date of the statement of financial position, which is available to be utilized in the subsequent fiscal year.

	2021	2020
<b>211 Project</b>		
Funding pertaining to fiscal year	\$ 24,650	\$ -
Expenses incurred for fiscal year	(18,717)	-
<b>DEFERRED REVENUE</b>	\$ 5,933	\$ -

8. CAMPAIGN REVENUE

	2021	2020
Campaign achievement	\$ 776,958	\$ 894,728
Donor designations deferred	(125,580)	(190,625)
Donor designations recognized during year	185,625	124,381
	\$ 837,003	\$ 828,484

Included in Campaign Revenue for the year ended March 31, 2021 is \$184,796 (2020-\$250,861) transferred from other United Way organizations.

9. GOVERNMENT OF CANADA COVID-19 RELIEF FUNDING

	2021	2020
Emergency Community COVID-19 Support Fund	\$ 1,819,774	\$ -
Seniors COVID-19 Response	138,159	-
Canada Emergency Wage Subsidy	67,816	-
Canada Emergency Rent Subsidy	3,914	-
	\$ 2,029,663	\$ -

**UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

10. GENERAL AND ADMINISTRATIVE EXPENSES

The Organization allocates its general and administrative expenses to other functional areas: Fundraising and Community Programs and Services. General and administrative expenses which do not specifically pertain to either function are allocated to the functional area based on management estimates. These estimates, shown below, have been established using an estimate of time devoted by staff in each functional area (see also Schedule 3):

	2021	2020
Fundraising	49%	49%
Community programs and services	51%	51%

Included in the cost of fundraising and general and administrative expenses are Government of Canada Workplace Charitable Campaign (GCWCC) expenses in the amount of \$30,291 (2020-\$40,726).

11. LEASE COMMITMENTS

The Organization leases office premises under a long-term lease that expires on August 31, 2022. Future minimum lease payments are as follows:

2022 - \$36,665

2023 - \$15,277

12. RELATED PARTY TRANSACTIONS

During the year, pledges in the amount of \$13,725 (2020 - \$19,188) were made by the Board of Directors of the Organization and companies under their control.

13. TRANSPARENCY, ACCOUNTABILITY AND FINANCIAL REPORTING

The Organization follows the reporting guidelines in its membership agreement with United Way of Canada - Centraide Canada. As part of these guidelines, the Organization calculates the fundraising ratio. This ratio is summarized as follows:

	2021	2020
<b>Fundraising ratio</b>		
Total revenue	\$ 3,299,932	\$ 964,653
Less: Government of Canada COVID-19 relief funding	(2,029,663)	-
Total revenue from regular operations	1,270,269	964,653
Add: uncollectible pledges	23,023	7,425
	1,293,292	972,078
Direct fundraising expenses (Schedule 2)	116,202	134,006
Allocation of general and administrative expenses (Schedule 3)	44,030	39,357
Total fundraising expenses	\$ 160,232	\$ 173,363
Fundraising ratio (expenses/revenue)	12.4%	17.8%

**UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

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14. COVID-19

In March 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the severity and length of these developments will have on the financial results and condition of the Organization in future periods.

As at March 31, 2021, the Organization has determined that COVID-19 has had no impact on its significant accounting policies, contracts or lease agreements, and the assessment of provisions and contingent liabilities. The Organization continues to monitor its cash flow requirements and financial resources on an ongoing basis. As at March 31, 2021, the Organization continues to meet its contractual obligations within normal payment terms and the Organization's credit risk exposure remains largely unchanged.

**UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.**

**Schedule of Community Programs and Services Expenses**

*(Schedule 1)*

**Year Ended March 31, 2021**

	2021	2020
Allocations and designations (see below)	\$ 2,547,319	\$ 575,880
Community initiatives	-	2,525
Occupancy	12,253	13,367
Promotion, public relations and special events	2,062	9,789
Salaries and wages	79,492	83,393
Travel, meetings and conferences	304	492
United Way of Canada dues	10,599	8,013
Direct community programs and services expenses	2,652,029	693,459
Allocation of general and administrative expenses <i>(Schedule 3)</i>	45,827	40,963
	\$ 2,697,856	\$ 734,422

Allocations and designations are comprised of:

	2021	2020
COVID-19 relief programs	\$ 2,069,274	\$ 21,200
Centrally co-ordinated campaigns	5,101	23,958
Donor designations	87,249	72,732
Funded programs	351,368	408,293
Health partners	34,327	49,697
	\$ 2,547,319	\$ 575,880

UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.

Schedule of Fundraising Expenses

(Schedule 2)

Year Ended March 31, 2021

	2021	2020
Dues and fees	\$ 20,993	\$ 16,547
Interest and bank charges	1,853	1,869
Occupancy	11,310	12,339
Office and printing	3,876	2,086
Promotion, public relations and special events	4,536	19,548
Salaries and wages	73,535	78,785
Training and development	-	2,303
Travel, meetings and conferences	99	529
Direct fundraising expenses	116,202	134,006
Allocation of general and administrative expenses (Schedule 3)	44,030	39,357
	\$ 160,232	\$ 173,363



**UNITED WAY OF NEWFOUNDLAND AND LABRADOR INC.**

**Schedule of General and Administrative Expenses**

*(Schedule 3)*

**Year Ended March 31, 2021**

	<b>2021</b>	<b>2020</b>
Amortization	\$ 3,319	\$ 2,018
Dues and fees	2,267	75
Insurance	1,588	1,557
Interest and bank charges	648	120
Miscellaneous	1,882	-
Occupancy	10,494	12,075
Office and printing	8,342	3,056
Professional fees	8,622	5,956
Salaries and wages	50,833	54,057
Training and development	1,635	1,105
Travel, meetings and conferences	227	301
	<b>\$ 89,857</b>	<b>\$ 80,320</b>

**ALLOCATION OF GENERAL AND ADMINISTRATIVE EXPENSES BY FUNCTIONAL AREA**

Community programs and services	\$ 45,827	\$ 40,963
Fundraising	44,030	39,357
	<b>\$ 89,857</b>	<b>\$ 80,320</b>