

**UNITED WAY OF PICTOU COUNTY**  
**Financial Statements**  
**December 31, 2023**



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## INDEPENDENT AUDITOR'S REPORT

To the Directors of United Way of Pictou County

### Qualified Opinion

We have audited the financial statements of United Way of Pictou County (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenditures, changes in fund balances 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, 2023, 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 charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenditures, current assets and net assets. Our audit opinion on the financial statements for the year ended December 31, 2022 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.



### **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.

New Glasgow, Nova Scotia  
May 28, 2024

*MacDonald & Murphy Inc.*

Chartered Professional Accountants

**UNITED WAY OF PICTOU COUNTY**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2023**

	2023	2022
<b>Revenue</b>		
Fundraising revenue	\$ 479,938	\$ 409,784
Hurricane Fiona Emergency Funds <i>(Note 12)</i>	68,000	61,000
Province of Nova Scotia - Food Security	23,100	20,000
Community building initiatives <i>(Note 13)</i>	13,552	8,831
Community management fees	11,708	5,000
Government and other grants	5,000	
	<u>601,298</u>	<u>504,615</u>
<b>Expenditures</b>		
Fundraising expenses <i>(Note 15)</i>	<u>120,065</u>	<u>102,446</u>
<b>Net revenues available for programs</b>	<u>481,233</u>	<u>402,169</u>
<b>Support to the Community</b>		
Community building initiatives <i>(Note 13)</i>	14,583	11,490
Community investment process <i>(Note 15)</i>	90,455	90,469
Donor designations	9,086	2,616
Funded programs - Community Investment	206,809	302,078
Funded programs - Food Security	23,100	20,000
Funded programs - Hurricane Fiona <i>(Note 12)</i>	68,000	61,000
	<u>412,033</u>	<u>487,653</u>
<b>Excess (deficiency) of revenue over expenditures before other income</b>	<u>69,200</u>	<u>(85,484)</u>
<b>Other income</b>		
Unrealized gain (loss) on marketable securities	1,664	(19,274)
Investment income	921	2,093
	<u>2,585</u>	<u>(17,181)</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>\$ 71,785</u>	<u>\$ (102,665)</u>

**UNITED WAY OF PICTOU COUNTY**  
**Statement of Changes in Fund Balances**  
**Year Ended December 31, 2023**

	General Fund	Operating Reserve	<b>2023</b>	<b>2022</b>
<b>Fund balances - beginning of year</b>	\$ 251,640	\$ 30,000	\$ 281,640	\$ 384,305
<b>Excess (deficiency) of revenues over expenditures</b>	71,785		71,785	(102,665)
<b>Fund balances - end of year</b>	\$ 323,425	\$ 30,000	\$ 353,425	\$ 281,640

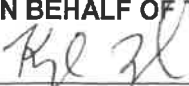


**UNITED WAY OF PICTOU COUNTY**  
**Statement of Financial Position**  
**December 31, 2023**

	2023	2022
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 347,271	\$ 344,448
Marketable securities (Note 4)	31,910	29,325
HST recoverable	7,591	3,307
	<b>\$ 386,772</b>	<b>\$ 377,080</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accruals (Note 5)	\$ 24,261	\$ 15,999
Campaign designations (Note 6)	9,086	9,847
Deferred funding (Note 7)		69,594
	<b>33,347</b>	<b>95,440</b>
<b>FUND BALANCES</b>		
<b>General fund</b>	<b>323,425</b>	<b>251,640</b>
<b>Operating reserve (Note 8)</b>	<b>30,000</b>	<b>30,000</b>
	<b>353,425</b>	<b>281,640</b>
	<b>\$ 386,772</b>	<b>\$ 377,080</b>

Commitments (Note 11)

**ON BEHALF OF THE BOARD**

 Director  
 \_\_\_\_\_ Director

**UNITED WAY OF PICTOU COUNTY**  
**Statement of Cash Flows**  
**Year Ended December 31, 2023**

	2023	2022
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditures	\$ 71,785	\$ (102,665)
Changes in non-cash working capital:		
Funding recoverable		5,000
Accounts payable and accruals	8,262	2,843
Campaign designations	(761)	7,231
Harmonized sales tax payable	(4,284)	(66)
Deferred funding	(69,594)	69,594
	<u>(66,377)</u>	<u>84,602</u>
	<u>5,408</u>	<u>(18,063)</u>
<b>Investing activity</b>		
Change in marketable securities	<u>(2,585)</u>	118,177
<b>Increase in cash flow</b>	<b>2,823</b>	<b>100,114</b>
<b>Cash - beginning of year</b>	<u><b>344,448</b></u>	<u><b>244,334</b></u>
<b>Cash - end of year</b>	<u><b>\$ 347,271</b></u>	<u><b>\$ 344,448</b></u>



**1. Nature of operations**

United Way of Pictou County (the "Organization") is a not-for-profit organization incorporated provincially under the Societies Act of Nova Scotia. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The mission of the United Way of Pictou County is: through collaborative partnerships, we bring people together to make a positive, sustainable impact on our community.

**2. Basis of presentation**

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

**3. Summary of significant accounting policies**

**Changes in accounting policies**

In the current year, the Organization has adopted the deferral method of accounting for contributions. This method of accounting for contributions and recognition of revenue is described in the following policies. Previously, the Organization followed the restricted fund method of accounting for contributions. There has been no impact on previous years excess (deficiency) of revenues over expenditures or fund balances as a result to this change in accounting policy.

**Fund accounting**

United Way of Pictou County follows the deferral method of accounting for contributions.

The General Fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

**Revenue recognition**

United Way of Pictou County follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

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

Fundraising revenues are recorded as revenue of the General Fund when received.

**Cash**

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

**Contributed services**

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

*(continues)*

**3. Summary of significant accounting policies (continued)**

**United Way operations - allocation of expenses**

The Organization allocates its general management and administration expenses to two functional areas: fundraising and community investment process.

General costs which do not pertain specifically to either function are considered administrative and are allocated to the function areas as follows:

	2023	2022
Fundraising expenses	50%	50%
Community investment process	50%	50%

**Measurement uncertainty**

When preparing financial statements according to ASNPO, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the Organization may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

**Financial instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other 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.

**4. Marketable securities**

Short term investments, which consist primarily of balanced mutual funds, are recorded at market value with any unrealized gain or loss recorded in investment income. The cost of these mutual funds at December 31, 2023 were \$30,346 (2022 - \$29,431).

**5. Accounts payable and accruals**

	2023	2022
Trade accounts payable	\$ 13,155	\$ 6,869
Employee source deductions	11,018	9,050
Workers Compensation Board	88	80
	\$ 24,261	\$ 15,999

**6. Campaign designations**

Campaign designations represent funds received by the Organization during the year from employees of participating companies through payroll deductions and company contributions. The funds are designated to be directed to specified charities by the employees.

The Organization retains 10% of the funds received for administering the campaign funds on behalf of these employees. The following are the gross and net amounts reported for the year that will be subsequently issued to the specified charities:

	<b>2023</b>	<b>2022</b>
Campaign designations received	\$ 10,096	\$ 10,927
Administration fee	(1,010)	(1,080)
	<b>\$ 9,086</b>	<b>\$ 9,847</b>

**7. Deferred funding**

	<b>2023</b>	<b>2022</b>
Hurricane Fiona Emergency Funds	\$	\$ 69,000
Special events - Pulling for Change		594
	<b>\$</b>	<b>\$ 69,594</b>

The Pulling for Change special event did not take place in 2023, and the Organization has decided not to move forward with the event in the future. The funds that were deferred to be used for this event in 2023 were allocated to assist with other special events that were held.

**8. Operating reserve**

The operating reserve is a fund created from the receipt of life insurance proceeds during the year ended December 31, 2018. An amount of \$30,000 was allocated to the reserve, which represents approximately three months of operating expenditures in the event of unanticipated future revenue shortfalls.

**9. Gifts in kind**

The value of gifts in kind for 2023 is indeterminable. Gifts in kind donations were received from a large number and variety of donors.

**10. Financial instruments**

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2023.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from its donors. The Organization has a significant number of donors which minimizes concentration of credit risk.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its donors and other related sources, and accounts payable.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

**11. Commitments**

The United Way of Pictou County has committed to provide funding to various agencies and programs, subject to certain conditions. The total commitment for 2024 is expected to be approximately \$190,362 (2023 - \$269,401).

The United Way of Pictou County renewed its rental agreement with Select Properties Inc. for a term of 3 years beginning January 1, 2024 for a monthly rental amount of \$1,500 plus HST. At the end of the 3 year term, there is an option to renew for an additional 2 years, at a monthly rental amount of \$1,550 plus HST for the first year and \$1,600 plus HST for the second renewal year.

**12. Hurricane Fiona Emergency Funds**

	2023	2022
<b>Revenue</b>		
Province of Nova Scotia	\$ 63,500	\$ 61,000
United Way of PEI - Confederation Centre fundraising	4,500	
	<b>\$ 68,000</b>	<b>\$ 61,000</b>
<b>Support to the Community</b>		
Funded programs - Hurricane Fiona disaster relief	\$ 7,000	\$ 61,000
Funded programs - Hurricane Fiona food security	56,500	
United Way of PEI funds allocated	4,500	
	<b>\$ 68,000</b>	<b>\$ 61,000</b>

**13. Community building initiatives**

The following are the community building initiatives the Organization carried out during the year:

	<b>2023</b>	2022
<b>Revenue</b>		
Back Packs for Kids Revenue	<b>\$ 12,552</b>	\$ 8,831
<b>Support to the Community</b>		
Back Packs for Kids Expenses	<b>\$ 12,387</b>	\$ 6,957
211 Nova Scotia	<b>1,226</b>	4,533
Kids clothing drive	<b>970</b>	
	<b>\$ 14,583</b>	\$ 11,490

**14. Subsequent event**

Subsequent to year end, the Board of Directors has been in discussions with other United Way Centraides to form a larger organization that will increase the capacity to positively impact communities across the Maritime provinces. The Board has not made a final approval on this motion as of the audit report date of May 28, 2024.

15. Expenditures

	2023	2022
<b><u>Fundraising expenses</u></b>		
Campaign and fundraising expenses	\$ 29,610	\$ 11,977
50% of general operating expenses (Schedule 1)	90,455	90,469
	<b>\$ 120,065</b>	<b>\$ 102,446</b>
 <b><u>Community investment process</u></b>		
50% of general operating expenses (Schedule 1)	\$ 90,455	\$ 90,469

**UNITED WAY OF PICTOU COUNTY**  
**General Operating Expenses (Schedule 1)**  
**Year Ended December 31, 2023**

	2023	2022
Maritime Integration Committee	\$ 720	\$ 4,114
Insurance	1,940	1,794
Interest and bank charges	981	1,015
Memberships and dues	4,238	4,104
Office expenses	8,149	10,230
Professional fees	6,450	5,913
Promotion	733	984
Rent	16,770	16,340
Repairs and maintenance	550	1,185
Training	5,325	
Travel and meals	3,104	1,325
Utilities	5,195	4,639
Wages and benefits	126,754	129,294
	<b>\$ 180,909</b>	<b>\$ 180,937</b>





**MacDonald & Murphy Inc.**  
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May 28, 2024

**United Way of Pictou County**  
342 Stewart Street  
PO Box 75  
New Glasgow, NS B2H 5E1

Attention: Board of Directors

**Re: Audit Findings**

This letter has been prepared to assist you with your review of the financial statements of the **United Way of Pictou County** for the period ending December 31, 2023.

**Significant Matters Arising**

**Changes to Audit Plan**

There were no changes to the audit plan.

**Significant Difficulties Encountered**

There were no significant difficulties encountered during our audit.

**Comments on Accounting Practices**

***Accounting Policies***

The significant accounting policies used by the entity are outlined in Note 3 to the financial statements.

- There were no significant changes in accounting policies.

***Significant Accounting Estimates***

The following significant estimates/judgments are contained in the financial statements:

- *Accrued liabilities;*
- *Deferred revenue*

Based on audit work performed, we are satisfied with the estimates made by management.

***Significant Financial Statement Disclosures***

We did not identify any financial statement disclosures that are particularly significant, sensitive or require significant judgments, that we believe should be specifically drawn to your attention.



## **Significant Deficiencies in Internal Control**

A deficiency in internal control exists when a risk is not treated by a control or when a control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis, or when a control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing. A significant deficiency in internal control is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the Board's attention.

To identify and assess the risks of material misstatement in the financial statements, we are required to obtain an understanding of internal control relevant to the audit. This understanding is used for the limited purpose of designing appropriate audit procedures. It is not used for the purpose of expressing an opinion on the effectiveness of internal control and, as a result, we do not express any such opinion. The limited purpose also means that there can be no assurance that all significant deficiencies in internal control, or any other control deficiencies, will be identified during our audit.

- We identified a control deficiency relating to receipted donations. Currently there is no process to reconcile the Rainbow software and Sage accounting records to determine the balances for receipted donations. The risk when separate software records are being maintained is that the information in the accounting records may not be complete or accurate.

To mitigate the risk of possible inaccurate information, we recommend that a way be found to reconcile the donation receipted with the Rainbow system with the donations recorded in Sage. Having a separate account in Sage for the receipted donation may make this reconciliation possible.

- We identified a control deficiency relating to approval of employee expense reports. Currently, the Executive Director authorizes all other employee expense reports, which is a necessary control to have in place to ensure spending is appropriate and approved. The deficiency lies in the authorization of the Executive Director's expense reports, which currently does not appear to occur. While there was nothing identified during our audit procedures that would indicate inappropriate spending, it would be a beneficial task for a member of the board of directors to undertake to enhance internal controls within the organization.

## **Other Audit Matters of Governance Interest**

In 2018, the board of directors approved a motion to allocate \$30,000 to an operating reserve. The purpose of this reserve was to fund approximately three months of operating expenditures in the event of unanticipated future revenue shortfalls. Since the creation of the reserve in 2018, there has been no indication that the board of directors or management has followed up on or evaluated the amount and composition of the reserve. With the significant increase in many operating expenditures over the last couple of years, we would recommend that an evaluation of

the operating reserve should take place to ensure that its purpose can continue to be carried out as intended. One potential option to increase the balance of the operating reserve to correlate with increased costs of living would be to segregate the principal amount of the initial funds within the investment portfolio. Any investment income earned on these funds would be easily identified and the income could be added to the reserve balance.

We would like to thank management and staff for the assistance they provided to us during the audit. We hope the information in this audit findings letter will be useful. We would be pleased to discuss them with you and respond to any questions you may have.

Yours truly,

**MACDONALD & MURPHY INC.**

A handwritten signature in black ink, appearing to read 'Heather Murphy', written in a cursive style.

**Heather Murphy, CPA, CA**