

**United Way of Lethbridge and South Western  
Alberta Society**

Financial Statements

For the Year Ended April 30, 2022

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## Independent Auditor's Report

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To the Board of Directors of  
The United Way of Lethbridge and South Western Alberta

### Qualified Opinion

We have audited the financial statements of the United Way of Lethbridge and South Western Alberta (the "Organization"), which comprise the statement of financial position as at April 30, 2022, and the statement of financial position, statements of changes in net assets, operations, 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 April 30, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization 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 the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended April 30, 2022, current assets as at April 30, 2022, and net assets as at May 1, 2021 and April 30, 2022. Our audit opinion on the financial statements for the year ended April 30, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 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.

### Other Matter

The financial statements of the Organization for the year ended April 30, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on July 22, 2021.

### 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 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.

Chartered Professional Accountants  
Lethbridge, Alberta  
July 4, 2022

**United Way of Lethbridge and South  
Western Alberta Society  
Statement of Financial Position**

	2022	2021
<b>April 30</b>		(As restated - Note 15)
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 529,061	\$ 532,896
Accounts receivable (Note 3)	-	13,298
Goods and services tax receivable	3,567	1,102
Inventory	-	20,707
Prepaid expense and deposit	2,422	2,422
	535,050	570,425
<b>Long-term</b>		
Capital assets (Note 4)	7,765	-
	\$ 542,815	\$ 570,425
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 10,190	\$ 1,346
Accrued payroll expenses	10,105	13,266
Deferred revenue (Note 5)	64,401	152,508
Deferred capital contributions (Note 5)	4,191	-
	88,887	167,120
<b>Long-term debt</b> (Note 6)	36,971	-
	125,858	167,120
<b>Net assets</b>		
Unrestricted	97,383	87,305
Investment in capital assets	3,574	-
Allocations reserve	155,000	155,000
Community impact reserve	71,000	71,000
Operating reserve	90,000	90,000
	416,957	403,305
	\$ 542,815	\$ 570,425

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

The accompanying notes are an integral part of these financial statements

**United Way of Lethbridge and South  
Western Alberta Society  
Statement of Changes in Net Assets**

<b>For the years ended April 30</b>	<b>Unrestricted</b>	<b>Investment in Capital Assets</b>	<b>Allocations reserve</b>	<b>Community impact reserve</b>	<b>Operating reserve</b>	<b>Total 2022</b>	<b>Total 2021</b>
<b>Balances, beginning of year</b>	\$ 124,666	\$ -	\$ 155,000	\$ 71,000	\$ 90,000	\$ 440,666	\$ 448,812
<b>Accounting policy change (Note 15)</b>	(37,361)	-	-	-	-	(37,361)	(47,744)
<b>Balances, beginning of year as restated</b>	87,305	-	155,000	71,000	90,000	403,305	401,068
<b>Excess of revenue over expenses</b>	13,652	-	-	-	-	13,652	2,237
<b>Purchase of capital assets</b>	(8,852)	8,852	-	-	-	-	-
<b>Amortization</b>	1,088	(1,088)	-	-	-	-	-
<b>Additions to deferred capital contributions</b>	4,806	(4,806)	-	-	-	-	-
<b>Amortization of deferred capital contributions</b>	(616)	616	-	-	-	-	-
<b>Fund balances, end of year</b>	<b>\$ 97,383</b>	<b>\$ 3,574</b>	<b>\$ 155,000</b>	<b>\$ 71,000</b>	<b>\$ 90,000</b>	<b>\$ 416,957</b>	<b>\$ 403,305</b>

The accompanying notes are an integral part of these financial statements

**United Way of Lethbridge and South  
Western Alberta Society  
Statement of Operations**

	2022	2021	
<b>For the year ended April 30</b>			
		(As restated - Note 15)	
<b>Revenue</b>			
Campaign revenue (Note 7)	\$ 392,647	\$ 253,027	
Transfers from other United Way organizations (Note 7)	10,965	742,949	
Amortization of deferred capital contributions (Note 5)	616	-	
	<b>404,228</b>	995,976	
<b>Other revenue</b>			
Special event fundraising	52,756	35,947	
Grant and contribution revenue (Note 8)	93,721	49,975	
Investment income	213	710	
Other income	2,725	3,554	
<b>Total revenue</b>	<b>553,643</b>	1,086,162	
<b>Expenses</b>			
<b>Fundraising Costs</b>			
Fundraising (Schedule 1)	180,276	167,013	
Special events	18,841	1,550	
	<b>199,117</b>	168,563	
<b>Allocations and programs</b>			
Allocations to agencies (Note 10)	176,207	755,418	
Donor directed giving	48,086	53,421	
Program costs (Schedule 1)	115,494	106,523	
Amortization	1,088	-	
	<b>340,875</b>	915,362	
<b>Excess of revenue over expenses</b>	<b>\$ 13,652</b>	\$ 2,237	

The accompanying notes are an integral part of these financial statements

**United Way of Lethbridge and South  
Western Alberta Society  
Statement of Cash Flows**

	2022	2021
<b>For the year ended April 30</b>		(As restated - Note 15)
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Deficiency of revenue over expenses	\$ 13,652	\$ 2,237
add:		
Amortization	1,088	-
Amortization of deferred capital contributions	(616)	-
Fair value differential on CEBA loan	(23,029)	-
Changes in non-cash operating working capital:		
Accounts receivable	13,298	(16,506)
Goods and services tax receivable	(2,465)	1,046
Inventory	20,707	(20,707)
Prepaid expenses and deposit	-	741
Accounts payable and accrued liabilities	8,844	1,346
Accrued payroll expenses	(3,161)	4,026
Deferred revenue	(88,107)	32,290
Deferred contributions	-	(7,300)
	(59,789)	(2,827)
<b>Investing activities</b>		
Purchase of capital assets	(8,852)	-
Maturity of guaranteed investment certificate	-	93,642
	(8,852)	93,642
<b>Financing activities</b>		
Deferred capital contributions received	4,806	-
Proceeds from Canada Emergency Business Account Loan	60,000	-
	64,806	-
<b>(Decrease) Increase in cash during the year</b>	<b>(3,835)</b>	<b>90,815</b>
<b>Cash, beginning of year</b>	<b>532,896</b>	<b>442,081</b>
<b>Cash, end of year</b>	<b>\$ 529,061</b>	<b>\$ 532,896</b>

The accompanying notes are an integral part of these financial statements

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**United Way of Lethbridge and South Western Alberta Society**  
**Notes to the Financial Statements**

April 30, 2022

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**1. Summary of Significant Accounting Policies**

<b>Nature of Business</b>	United Way of Lethbridge and South Western Alberta Society (the "Organization") is a not-for-profit organization incorporated under the Societies Act of Alberta. Its principal activities are focused on raising funds for registered charities throughout southwestern Alberta. The United Way is a registered charity and accordingly is exempt from income taxes under the provisions of the Income Tax Act.
<b>Basis of Accounting</b>	These financial statements are prepared on an accrual basis of accounting using Canadian accounting standards for not-for-profit organizations.
<b>Cash and Cash Equivalents</b>	Cash include cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition.
<b>Inventory</b>	Inventory is valued at the lower of cost and replacement cost. Inventory received as a donation in kind is valued at fair value at the date of contribution. The total balance of \$20,707 which was received in 2020 was allocated to agencies and expensed in the statement of operations in the current year.
<b>Financial Instruments</b>	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an open market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.
<b>Contributed Goods and Services</b>	<p>Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.</p> <p>A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.</p>



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**United Way of Lethbridge and South Western Alberta Society**  
**Notes to the Financial Statements**

**April 30, 2022**

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**1. Summary of Significant Accounting Policies (continued)**

**Capital assets**

Capital assets are recorded at cost less amortization. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

<b>Asset</b>	<b>Rate</b>
Computer equipment	5 years

**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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates. The Organization has estimates in respect of useful lives of capital assets.

**Funds transferred from other United Way organization**

Funds transferred from other United Way organizations is revenue raised locally by the Organization. These are donations from businesses located in multiple jurisdictions that are processed centrally. The revenue from other United Way organizations represents funds of locally generated donations.

**Restriction on net assets**

The operating reserve represents funds that the Board of Directors has internally restricted to be used by the Organization in periods of financial uncertainty.

The community impact reserve and the allocations reserve represents funds that the Board of Directors has internally restricted with respect to community investment and building for the future through United Way programs. The specific use of the reserve is at the discretion of the Board of Directors.

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**United Way of Lethbridge and South Western Alberta Society**  
**Notes to the Financial Statements**

**April 30, 2022**

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**1. Summary of Significant Accounting Policies (continued)**

**Revenue Recognition**

The Organization follows the deferral method of accounting for campaign revenue and contributions. Non-designated campaign contributions and contributions are recognized as revenue in the period the contribution is received or receivable.

Campaign contributions where the donor has directed that the funds be allocated to registered charity are initially recorded as deferred revenue. Upon payment of the funds to the registered charity/qualified donee, the payment is recognized as an expense and the contribution is recognized as revenue. Administration fees related to donor directed contributions are recognized in the period the payment is made to the registered charity/qualified donee.

Externally restricted contributions are recognized as revenue in the year which the related expenses are incurred. Contributions approved but not received at the end of an accounting period are accrued with the exception of pledges. Pledges are recorded on a cash basis when received. Where a portion of a contribution relates to a future period, it is deferred and recognized in that subsequent period. Contributions received in respect of capital assets are deferred and recognized into revenue on the same base as the related assets.

Interest and other revenue is recognized as revenue when earned. Fundraising revenue and special event revenue is recognized when the event has taken place unless the revenue is externally restricted.

**United Way of Lethbridge and South Western Alberta Society**  
**Notes to the Financial Statements**

**April 30, 2022**

**2. Cash**

The United Way holds \$34,097 (2021 - \$573) in gaming proceeds in a separate bank account. These funds are governed by the Alberta Gaming and Liquor Commission.

Also included in cash is \$nil (2021 - \$1,908) of restricted grant funds from the City of Lethbridge, \$18,064 (\$2021 - \$139,900) of restricted funds for COVID-19 relief, and \$2,445 (2021 - \$1,905) in for the Unification Fund which will be used specifically to fund educational local programs that focus on anti-racism and anti-discrimination in Lethbridge and Southwestern Alberta.

**3. Accounts receivable**

	2022	2021
Government assistance - CEWS	\$ -	\$ 13,298

**4. Capital Assets**

	2022		2021	
Cost	Accumulated Amortization	Cost	Accumulated amortization	
Computer equipment	\$ 8,852	\$ 1,087	\$ -	\$ -
Net book value	\$ 7,765		\$ -	

**5. Deferred revenue**

	Opening balance	Received	Recognized/ Repayments/ Transfers	Ending balance
AGLC	\$ -	53,836	19,739	\$ 34,097
COVID-19 relief	\$ 139,900	251	122,087	\$ 18,064
Golf Classic	\$ 5,000	8,000	5,000	\$ 8,000
Unification Fund	\$ 1,905	2,335	-	\$ 4,240
Campaign revenue	\$ 3,795	-	3,795	\$ -
City of Lethbridge	\$ 1,908	-	1,908	\$ -
Total deferred revenue	\$ 152,508	64,422	152,529	\$ 64,401

**United Way of Lethbridge and South Western Alberta Society**  
**Notes to the Financial Statements**

**April 30, 2022**

**5. Deferred revenue (continued)**

AGLC deferred revenues result from casino and raffles held for which eligible expenses have not occurred yet.

COVID -19 relief deferred revenues are a result of United Way Centraide Canada allocating amounts from the Emergency Community Support Fund as part of funds designed to support communities through COVID -19 and are to be spent to support qualified donees. The Organization may contract with not for profit organizations serving vulnerable populations affected by COVID-19. In 2022 \$32,800 (\$2021 - nil) in unused was repaid to United Way Centraide Canada. An additional \$4,807 in funds was spent on computer equipment and transferred to deferred capital contributions.

Golf Classic deferred revenues represents funds received in respect of the 2022 annual golf tournament.

Unification Fund deferred revenue represents funds received for educational programs focussing on anti - racism and anti-discrimination in Lethbridge and Southwestern Alberta.

	Opening balance	Received/ Transferred	Recognized	Ending balance
Deferred capital contributions	\$ -	4,807	616	\$ 4,191

**6. Canada Emergency Business Account Loan**

CEBA loan payable, unsecured, interest and repayment terms as noted below	\$ 60,000
Unamortized portion of the fair value adjustment	(23,029)
Net CEBA loan	\$ 36,971

In 2022, the United Way received a \$60,000 Canada Emergency Business Account (CEBA) loan to finance qualifying non-deferrable expenses during COVID. The loan is non-interest bearing with no scheduled payments until December 31, 2023. If \$40,000 of the loan has been repaid by that date, the remaining \$20,000 will be forgiven. If the \$40,000 in loan payments have not been made by December 31, 2023, the full outstanding balance will be converted to a 5% interest bearing loan to be repaid in monthly installments over a three year period ending December 31, 2025.

The loan has been recorded at its fair value at inception. The fair value adjustment of \$24,544 has been accounted for as a government contribution and included in revenue in 2022. The adjustment to the loan is being amortized on a straight line basis over the loan period ended December 31, 2025.

**United Way of Lethbridge and South Western Alberta Society**  
**Notes to the Financial Statements**

**April 30, 2022**

**7. Campaign revenue**

	Non- designated donations	Designated donations	<b>2022 Total</b>	2021 Total
Campaign revenue	\$ 344,561	\$ 48,086	<b>\$ 392,647</b>	\$ 243,597
Transfers from other United Way organizations	10,965	-	<b>10,965</b>	742,949
	<u>\$ 355,526</u>	<u>\$ 48,086</u>	<u><b>\$ 403,612</b></u>	<u>\$ 986,546</u>

Included in transfers from other United Way organizations is \$nil (2021- \$555,920) of COVID-19 funding. Included in campaign revenue is \$nil (2021- \$20,707 (of inventory)) received as a donation in-kind.

**8. Grant and contribution revenue**

The Government of Canada created programs called the Canada Emergency Wage Subsidy ("CEWS") to provide wage assistance to organizations who experience economic challenges resulting from the COVID-19 pandemic. During the year, the Organization met eligibility requirements for CEWS and received \$63,599 (2021 - \$38,785). The entire amount has been recognized in grant and contribution revenue in the statement of operations.

In 2021 the United Way partnered with the City of Lethbridge to develop an Allyship Social Marketing Campaign, including aspects of community engagement and the coordination of contract workers. The partnership began June 15, 2021 and ended December 31, 2021. The City provided up to \$9,500 in funding to develop the campaign. Total actual funding for the campaign amounted to \$5,578 which has been recognized in grant and contribution revenue.

**9. Commitment**

In 2020, the United Way entered into a five year operating lease for the rental of office space, expiring on November 14, 2024. The minimum annual lease payments over the next three years are approximately as follows:

2023	24,680
2024	25,300
2025	13,000
	<u>\$ 62,980</u>

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**United Way of Lethbridge and South Western Alberta Society**  
**Notes to the Financial Statements**

**April 30, 2022**

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**10. Allocation to agencies**

The allocations to agencies includes \$75,500 (2021 - \$79,102) of budgeted allocations made for the 2022 year and \$80,000 in COVID-19 allocations. A total of \$20,707 which relates to inventory received in the prior year and related to COVID related supplies was also allocated to agencies.

**11. Re-allocation of expenses**

General management and administration expenses are re-allocated between fundraising expenses and program expenses based on a time study method. The allocation for 2022 is 50% (2021 - 50%) to each fundraising and program expenses. Salaries and benefits have been allocated per employee based on a time study method.

**12. Financial Instrument Risk**

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is also exposed to credit risk arising from its accounts receivable. Credit risk is the risk that the counterpart to the transaction will not pay.

Liquidity Risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, accrued payroll expenses and long-term debt.

**14. Comparative figures**

Certain prior year figures have been reclassified to conform to the current year's presentation.

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**United Way of Lethbridge and South Western Alberta Society**  
**Notes to the Financial Statements**

**April 30, 2022**

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**15. Accounting Policy change**

Effective the beginning of the current fiscal year, the Organization changed its accounting policy for the recognition of pledge revenues. Previously, the Organization recognized these revenues on an accrual basis. Now these revenues are recognized on a cash basis when received due to potential uncertainty regarding ultimate collection. This change in accounting policy has been accounted for retrospectively and the comparative statements for the prior year have been restated. This change in accounting policy had the following effect on the financial statements:

	<u>2021</u>
Decrease in accounts receivable (net)	\$ (37,361)
Increase in campaign revenue	9,430
Decrease in pledge loss	953
Decrease in unrestricted net assets, May 1, 2020	(47,744)
Decrease in unrestricted net assets, May 1, 2021	<u>\$ (37,361)</u>

**United Way of Lethbridge and South  
Western Alberta Society**

**Schedule 1**

**Schedule of Administration, Fundraising, and United Way Program Expenses**

<b>For the year ended April 30</b>	Administration	Fundraising	Program	<b>2022 Total</b>	2021 Total
Direct Costs					
Salaries and benefits	\$ 59,351	\$ 82,285	\$ 49,033	<b>\$ 190,669</b>	\$ 204,410
Other direct costs	5,189	31,136	15,568	<b>51,893</b>	18,338
	64,540	113,421	64,601	<b>242,562</b>	222,748
General Office	5,321	31,924	15,962	<b>53,207</b>	50,787
Total expenses before reallocation of administration expenses	69,861	145,345	80,563	<b>295,769</b>	273,535
Reallocation of administration expenses (Note 11)	(69,861)	34,931	34,931	-	-
<b>Total expenses</b>	<b>\$ -</b>	<b>\$ 180,276</b>	<b>\$ 115,494</b>	<b>\$ 295,769</b>	<b>\$ 273,535</b>