United Way of Lethbridge and South Western Alberta

Financial Statements

For the year ended April 30, 2023

Contents

For the year ended April 30, 2023

	Page
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position	*1*
Statement of Operations	*2*
Statement of Changes in Net Assets	*3*
Statement of Cash Flows	*4*
Notes to the Financial Statements	*5*

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

Qualified Opinion

We have audited the financial statements of United Way of Lethbridge and South Western Alberta (the "Organization"), which comprise the statement of financial position as at April 30, 2023, and the statements of operations, 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 April 30, 2023, and its financial performance 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 charitable 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 year ended April 30, 2023, current assets as at April 30, 2023, and net assets as at April 30, 2023. Our audit opinion on the financial statements for the year ended April 30, 2023 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 opinion.

Other Matter

The financial statement for the year ended April 30, 2022 were audited by another auditor who expressed a modified opinion on those statements on July 4, 2022.

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 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.

3425 - 2nd Ave South, Lethbridge AB, T1J 4V1 1.800.661.8097 T: 403.329.1552 F: 403.329.1540

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.

Lethbridge, Alberta

MNP LLP

June 26, 2023

Chartered Professional Accountants

3425 - 2nd Ave South, Lethbridge, Alberta, T1J 4V1
1.800.661.8097 T: 403.329.1552 F: 403.329.1540 MNP.ca

United Way of Lethbridge and South Western Alberta
Statement of Financial Position
As at April 30, 2023

	2023	*2022*
Assets		
Current		
Cash *(Note 3)*	**532,804**	529,060
Prepaid expenses and deposits	**3,422**	2,422
Goods and services tax receivable	**7,091**	3,567
	543,317	535,049
Capital assets *(Note 4)*	**5,994**	7,765
	549,311	542,814
Liabilities		
Current		
Accounts payable and accruals	**1,778**	10,189
Accrued payroll expenses	**4,924**	10,105
Deferred revenue *(Note 5)*	**63,243**	64,401
Deferred contributions related to capital assets *(Note 6)*	**3,230**	4,191
	73,175	88,886
Long-term debt *(Note 7)*	**40,000**	36,971
	113,175	125,857
Commitment *(Note 9)*		
Net Assets		
Unrestricted	**117,371**	97,383
Internally restricted reserves *(Note 8)*	**316,000**	316,000
Invested in capital assets	**2,765**	3,574
	436,136	416,957
	549,311	542,814

Approved 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
Statement of Operations
For the year ended April 30, 2023

	2023	*2022*
Revenue		
Grant revenue	**453,851**	179,642
Campaign revenue	**272,757**	259,971
Fundraising	**81,869**	52,756
Donor designation - directed giving	**38,585**	48,086
Other income	**10,684**	2,725
Investment income	**1,477**	210
Transfers from other United Way organizations	**-**	9,635
Amortization of deferred capital contributions	**961**	616
	860,184	553,641
Expenses		
Community services relief fund	**398,319**	-
Salaries and benefits	**159,218**	192,972
Allocations to agencies	**80,001**	176,207
Professional fees	**65,616**	43,281
Special events	**38,876**	20,367
Rent	**26,139**	25,061
Telephone	**6,067**	6,184
Computer	**5,702**	5,820
Membership fees	**5,381**	9,086
Bank charges and interest	**4,604**	2,792
Advertising	**3,433**	1,224
Insurance	**3,159**	3,281
Office supplies	**2,953**	3,257
Amortization	**1,770**	1,088
Supplies	**1,182**	1,283
Donor directed giving	**38,585**	48,086
Total expenses	**841,005**	539,989
Excess revenue over expenses	**19,179**	13,652

The accompanying notes are an integral part of these financial statements

United Way of Lethbridge and South Western Alberta

Statement of Changes in Net Assets

For the year ended April 30, 2023

	Unrestricted	*Internally restricted reserves*	*Invested in capital assets*	*2023*	*2022*
Net assets, beginning of year	**97,383**	**316,000**	**3,574**	**416,957**	403,305
Excess revenue over expenses	**19,179**	**-**	**-**	**19,179**	13,652
Amortization	**1,770**	**-**	**(1,770)**	**-**	-
Amortization of deferred capital contributions	**(961)**	**-**	**961**	**-**	-
Net assets, end of year	**117,371**	**316,000**	**2,765**	**436,136**	416,957

The accompanying notes are an integral part of these financial statements

United Way of Lethbridge and South Western Alberta
Statement of Cash Flows
For the year ended April 30, 2023

Cash provided by (used for) the following activities		
Operating		
Excess revenue over expenses	**19,179**	13,652
Amortization	**1,770**	1,088
Amortization of deferred capital contributions	**(961)**	(616)
Fair value differential on CEBA loan	**3,029**	(23,029)
	23,017	(8,905)
Changes in working capital accounts		
Accounts receivable	**-**	13,298
Prepaid expenses and deposits	**(1,000)**	-
Goods and services tax receivable	**(3,524)**	(2,465)
Inventory	**-**	20,707
Accounts payable and accruals	**(8,410)**	8,843
Accrued payroll expenses	**(5,181)**	(3,161)
Deferred revenue	**(1,158)**	(88,107)
	3,744	(59,790)
Financing		
Advances of long-term debt	**-**	60,000
Deferred capital contributions received	**-**	4,806
	-	64,806
Investing		
Purchase of capital assets	**-**	(8,852)
Increase (decrease) in cash resources	**3,744**	(3,836)
Cash resources, beginning of year	**529,060**	532,896
Cash resources, end of year	**532,804**	529,060

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

United Way of Lethbridge and South Western Alberta (the “Organization”) is a not-for-profit organization incorporated under the Societies Act of Alberta. The United Way is a registered charity and accordingly is exempt from income taxes under the provisions of the Income Tax Act.

The Organization’s principal activities are focused on raising funds for registered charities throughout southwestern Alberta.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and cash on hand.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

	Method	Rate
Furniture and fixtures	straight-line	5 years

Unamortized contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Society’s capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. 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.

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.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

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

2. Significant accounting policies *(Continued from previous page)*

Allocation of expenses

The Organization engages in a variety of program activities. The costs of each program include the expenses that are directly related to providing the program. The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs.

These general support expenses include administration wages and benefits, facility rent and utilities, equipment repairs and maintenance, advertising, facility repairs and maintenance, office supplies and postage, telephone, professional fees and insurance.

The Organization allocates certain of its general support expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. The general support expenses are allocated out based on time spent on a program and space used by the program. The amount of expenses allocated to specified programs is detailed in the Schedule to the financial statements.

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization’s ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset’s fair value.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm’s length financial instrument at fair value. The Organization has not made such an election during the year. Fair value is determined by reference to recent arm’s length transactions.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization’s performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*
Related party financial instruments

The Organization initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received .

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Organization has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenue over expenses.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (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 amounts 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 reporting period.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

3. Cash

Included in cash is restricted amount of $33,920 (2022 - $34,097) received from Alberta Gaming and Liquor Commission.

4. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Furniture and fixtures	**8,852**	**2,858**	**5,994**	7,765

5. Deferred revenue

Deferred revenue consist of unspent contributions externally restricted for delivery of specific programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. The deferred revenue balance consists of:

	2023	2022
AGLC	**33,920**	34,097
COVID-19 relief	**21,314**	18,064
Golf Classic	**-**	8,000
Unification Fund	**7,180**	4,240
Designated Donations	**829**	-
	63,243	64,401

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

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

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

Designated donations deferred revenue consists of donations received for various charities in the local community that has not been paid out yet.

6. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2023	*2022*
Balance, beginning of year	**4,191**	-
Amount received during the year	**-**	4,807
Less: Amounts recognized as revenue during the year	**(961)**	(616)
Balance, end of year	**3,230**	4,191

7. Long-term debt

	2023	*2022*
CEBA loan payable, unsecured, interest and repayment terms as noted below	**40,000**	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.

8. Internally restricted reserves

	2023	*2022*
Allocations reserve	**155,000**	155,000
Community impact reserve	**71,000**	71,000
Operating reserve	**90,000**	90,000
	316,000	316,000

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 two years are approximately as follows:

2024	25,300
2025	13,000
	38,300

10. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

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.

11. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.