

Financial Statements of



United Way
Northern British Columbia

And Independent Auditors' Report thereon

Year ended June 30, 2019



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INDEPENDENT AUDITORS' REPORT

To the Members of United Way of Northern British Columbia

Opinion

We have audited the accompanying financial statements of United Way of the Northern British Columbia (the "Entity"), which comprise:

- the statement of financial position as at June 30, 2019
- the statement of revenue and expenses for the year then ended
- the statement of changes net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2019, 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity 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 opinion.

Other Matter – Comparative Information

The financial statements for the year ended June 30, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 25, 2018.



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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

Reporting on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

KPMG LLP

Chartered Professional Accountants

Prince George, Canada
October 24, 2019



**United Way
Northern British Columbia**

Statement of Financial Position

June 30, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 498,372	\$ 680,191
Accounts receivable	85,384	48,506
Pledges receivable (note 2)	209,989	305,344
Prepaid expenses	14,574	4,783
	<u>808,319</u>	<u>1,038,824</u>
Tangible capital assets (note 3)	23,403	26,477
	<u>\$ 831,722</u>	<u>\$ 1,065,301</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 108,834	\$ 99,902
Deferred revenue (note 5)	175,670	422,417
Community impacts investments payable (note 6)	282,814	261,125
	<u>567,318</u>	<u>783,444</u>
Net assets:		
Invested in tangible capital assets	23,403	26,477
Unrestricted	241,001	255,380
	<u>264,404</u>	<u>281,857</u>
	<u>\$ 831,722</u>	<u>\$ 1,065,301</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

_____ Director

_____ Director



United Way Northern British Columbia

Statement of Revenue and Expenses

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Campaign revenue:		
Campaign contributions (Schedule 1)	\$ 777,055	\$ 786,325
Centrally coordinated campaign contributions (Schedule 1)	119,595	111,282
Campaign service fees collected (Schedule 1)	1,200	948
Other income (Schedule 1)	18,071	18,030
	<u>915,921</u>	<u>916,585</u>
Allowance for uncollectable pledges (Schedule 1)	(33,583)	(18,531)
Net campaign revenue	882,338	898,054
Other Revenue:		
Gaming fund (Schedule 2)	47,339	59,678
Interest income	5,640	5,293
Other income	17,965	17,990
Program support services (Schedule 3)	919,068	904,813
Success by Six fund (Schedule 4)	639,144	879,990
	<u>1,629,156</u>	<u>1,867,764</u>
Total revenue:	2,511,494	2,765,818
Expenses:		
Allocations and designations (Schedule 1)	277,383	326,845
Fundraising (Schedule 1)	478,650	308,576
General management and administration (Schedule 3)	73,409	53,477
Gaming fund (Schedule 2)	47,339	59,678
Program support services (Schedule 3)	1,013,022	1,121,537
Success by Six fund (Schedule 4)	639,144	879,990
Total expenses	<u>2,528,947</u>	<u>2,750,103</u>
(Deficiency) excess of revenue over expenses	\$ (17,453)	\$ 15,715

See accompanying notes to financial statements.



United Way
Northern British Columbia

Statement of Changes in Net Assets

Year ended June 30, 2019, with comparative information for 2018

	Invested in tangible capital assets	Unrestricted	Total 2019	Total 2018
Balance, beginning of year	\$ 26,477	\$ 255,380	\$ 281,857	\$ 266,142
Revenues	-	2,511,494	2,511,494	2,765,818
Expenses	(6,239)	(2,522,708)	(2,528,947)	(2,750,103)
(Deficiency) excess of revenue over expenses	(6,239)	(11,214)	(17,453)	15,715
Fund transfers:				
Acquisition of tangible capital assets	3,165	(3,165)	-	-
	3,165	(3,165)	-	-
(Decrease) increase for the year	(3,074)	(14,379)	(17,453)	15,715
Balance, end of year	\$ 23,403	\$ 241,001	\$ 264,404	\$ 281,857

See accompanying notes to financial statements.



United Way
Northern British Columbia

Statement of Cash Flows

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating:		
(Deficiency) excess of revenue over expenses	\$ (17,453)	\$ 15,715
Items not involving cash:		
Amortization	6,239	8,989
	(11,214)	24,704
Changes in non-cash operating working capital:		
Accounts receivable	(36,878)	(17,975)
Pledges receivable	95,355	(44,228)
Prepaid expenses	(9,791)	2,348
Accounts payable and accrued liabilities	8,932	12,617
Deferred revenue	(246,747)	(123,295)
Community impact investments payable	21,689	(17,511)
	(167,440)	(188,044)
Investments:		
Acquisition of tangible capital assets	(3,165)	(7,039)
	(3,165)	(7,039)
Decrease in cash and cash equivalents	(181,819)	(170,379)
Cash and cash equivalents, beginning of year	680,191	850,570
Cash and cash equivalents, end of year	\$ 498,372	\$ 680,191

See accompanying notes to financial statements.



United Way

Northern British Columbia

Notes to Financial Statements

Year ended June 30, 2019

Operations:

United Way of Northern British Columbia (“United Way”) is a charitable organization registered under the Societies Act (British Columbia). United Way’s mission is to conduct community development and fundraising activities. These funds are then distributed to local service agencies in the Northern British Columbia area.

The United Way is tax exempt under the Income Tax Act Section 149(1)(l) and, as such, is exempt from income and capital taxes, and is able to issue donation receipts for income tax purposes.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook and, in management’s opinion, within reasonable limits of materiality and include the following significant accounting policies:

(a) Basis of presentation:

The financial statements of the United Way are presented based on the deferral method of accounting.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and term deposits, which are highly liquid, with terms to maturity of three months or less at date of acquisition.

(c) Pledges receivable:

Pledges are recorded as revenue and receivable when signed pledge documents are received and other documents are available to provide reasonable evidence of a valid pledge. Provisions are made for possible cancellation of pledges taken into revenue.

(d) Tangible capital assets:

Purchased tangible capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized. When a capital asset no longer contributes to United Way’s ability to provide services, its carrying amount is written down to its residual value.



Notes to Financial Statements (continued)

Year ended June 30, 2019

1. Significant accounting policies (continued):

(d) Tangible capital assets (continued):

The annual amortization rates and methods are as follows:

Asset	Period
Computer equipment	20% Declining balance
Computer software	100% Declining balance
Leasehold improvements	5 years Straight-line
Office equipment	20% Declining balance

(e) Revenue recognition:

United Way follows the deferral method of accounting for contributions.

Contributions and other income are recognized as revenue in the period the amounts are received or receivable, provided collection is reasonably assured. Interest income is recognized as revenue as it is earned.

Restricted and donor designated contributions and pledges are initially deferred, then recognized as revenue in the year in which the related expenses are incurred.

(f) Campaign revenue:

United Way is requested by certain employers and employee groups to act as the coordinator of their provincial campaigns by receiving funds and disbursing them on their behalf to other United Ways within their local communities.

Funds received by United Way from other United Ways under centrally-coordinated campaigns are included in the centrally coordinated campaign revenue amount on the statement of revenue and expenses.

(g) Allocation of expenses:

United Way provides administration and support to fundraising and community services, accordingly, general and administrative expenses are allocated among these programs and services (Schedule 1 and 2). The allocation basis is as follows:

- *Fundraising expenses* – 50%
- *Program support services expenses* – 50%

All other cost allocations are on the basis of efforts incurred.



1. Significant accounting policies (continued):

(h) Contributed materials and services:

Contributed materials which are used in the normal course of United Way's operations and would otherwise have been purchased are recorded at their fair value, at the date of contribution, if fair value can be reasonably estimated.

A substantial number of volunteers contribute a significant amount of their time to United Way each year. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

(i) Allocations and designations:

United Way collects funds designated by Campaign donors for other Canadian registered charities. These funds are included in Campaign revenue in the unrestricted fund and are recognized as expenses of the current Campaign. Funds are distributed based on actual cash received.

Allocations are grants made each year to local community organizations and are recognized as expenses when there are no outstanding conditions for the recipient agency to satisfy.

(j) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship, and equity instruments that are quoted in an active market, are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. United Way has elected to carry its cash and cash equivalents and investments at fair value with changes in fair values recognized in the statement of revenue and expenses.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, United Way determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount United Way expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.



Notes to Financial Statements (continued)

Year ended June 30, 2019

1. Significant accounting policies (continued):

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Areas of estimates include useful lives of capital assets for amortization and provision for cancellation of pledges. Actual results could differ from these estimates.

(l) Calculation of cost revenue ratios ("CRR"):

In accordance with the United Way of Canada's Transparency, Accountability and Financial Reporting policies (TAFR), United Way uses the following method to calculate cost revenue ratios:

	2019	2018
Total revenue, statement of operations	\$ 2,511,494	\$ 2,765,818
Allowance for uncollectable pledges	33,583	18,531
Revenue before pledge cancellations for CRR	\$ 2,543,721	\$ 2,784,349

	2019	2018
Fundraising Expenses:		
Direct fundraising expenses (Schedule 1)	478,650	308,576
Fundraising expenses as a percentage of revenue before pledge cancellations for CRR	18.8%	11.1%
Net revenue before pledge cancellations for CRR	\$ 2,066,427	\$ 2,475,773

2. Pledges receivable:

	2019	2018
Pledges receivable	\$ 243,572	\$ 323,875
Allowance for uncollectable pledges	(33,583)	(18,531)
	\$ 209,989	\$ 305,344



Notes to Financial Statements (continued)

Year ended June 30, 2019

3. Tangible capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 90,351	\$ 69,040	\$ 21,311	\$ 23,144
Computer software	26,691	26,691	-	718
Leasehold improvements	1,987	1,987	-	-
Office equipment	9,719	7,627	2,092	2,615
	<u>\$ 128,748</u>	<u>\$ 105,345</u>	<u>\$ 23,403</u>	<u>\$ 26,477</u>

4. Accounts payable and accrued liabilities:

	2019	2018
Trade payables	\$ 51,727	\$ 22,604
Accrued liabilities	11,000	15,000
Other United Ways	16,445	16,134
Employee benefits payable	29,662	46,164
Balance, end of year	<u>\$ 108,834</u>	<u>\$ 99,902</u>

5. Deferred revenue:

Deferred revenue is comprised of program funding which has been received but not yet expended, and monies received for events which occur in the following fiscal year.

	2019	2018
BC 211	\$ 26,515	\$ -
Commonwealth cup	12,137	-
Early Childhood Development	500	16,030
HPS Homelessness	127,938	135,076
Pledges and miscellaneous	146	405
Project Friendship Centre	2,594	2,594
Northern Health – Senior’s Initiative	5,840	5,840
Success by Six	-	262,472
Balance, end of year	<u>\$ 175,670</u>	<u>\$ 422,417</u>



United Way
Northern British Columbia

Notes to Financial Statements (continued)

Year ended June 30, 2019

6. Community impacts investment payable:

The United Way operates on a 'community impact brand' alignment strategy. This strategy includes, but may not be limited to, investing in:

- The identification of critical and emerging community health and social services issues.
- Research and information on community vital signs of well-being and on identifying and addressing the gap between the identified needs and services and the community capacity to meet identified needs.
- Measuring impact through building strategies and tools to test the positive difference and provide evidence that the program or service had a measurable impact from the investments.
- Core programs and services delivered by community health and social service community impact partners.
- Amounts have been committed based on the 2018-2019 campaign results. These committee approved designations result in a liability for the commitments made to the supported organizations. The balance in this account is designations payable.



United Way Northern British Columbia

Notes to Financial Statements (continued)

Year ended June 30, 2019

7. General management and administration:

United Way provides administration, support, and management services to fundraising and community services. Accordingly, general and administrative expenses are allocated among these programs and services. The cost of supporting fundraising and program expenses are directly correlated to the number of people working in those areas. Direct costs are allocated fully to related programs, fundraising, and management services are apportioned based on estimated time and usage.

The amounts included in the program support services (Schedule 3) for general management and administration are as follows:

General management and administration expenses	2019 Total	2018 Total
Advertising and promotion	\$ 429	\$ -
Amortization	6,239	-
Automotive and travel	2,825	-
Bank charges	394	441
Contracts and honorarium	36,810	14,502
Insurance	151	1,193
Leasing and rentals	158	132
Meetings and related costs	919	-
Office and Printing	10,463	-
Professional fees	18,899	5,642
Rent	64,165	49,752
Repairs and maintenance	1,453	-
Telephone and fax	1,622	-
Training	2,291	-
Wages and benefits	-	35,292
Total expenses	\$ 146,818	\$ 106,954



Notes to Financial Statements (continued)

Year ended June 30, 2019

8. Financial risks:

The United Way's financial instruments are comprised of cash and cash equivalents, accounts receivable, pledges receivable, accounts payable and accrued liabilities, deferred revenue and community impacts investments payable.

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. United Way is exposed to credit risk with respect to pledges receivable. United Way assesses, on a continuous basis, pledges receivable and provides for any amounts that are assessed as not collectible. There has been no change to the risk exposure from 2018.

(b) Other risks:

United Way believes that it is not exposed to significant market price, interest rate, liquidity, cash flow or currency risks arising from its financial instruments. There has been no change to the risk exposure from 2018.

9. Remuneration of employees and contractors:

For the fiscal year ending June 30, 2019, the United Way paid total remuneration and benefits of \$131,287 (2018 - \$108,395) to employees, each of whom received total annual remuneration of \$75,000 or greater.

No remuneration was paid to any members of the Board of Directors.

10. Comparative information:

Certain comparative information has been reclassified to conform to the current year's financial statement presentation. The changes do not affect prior year excess of revenue over expenses.



United Way
Northern British Columbia

Schedule 1 – Campaign Fund

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Campaign contributions	\$ 777,055	\$ 786,325
Centrally coordinated campaign contributions	119,595	111,282
Campaign service fees collected	1,200	948
Other Income	18,071	18,030
	<u>915,921</u>	<u>916,585</u>
Allowance for uncollectable pledges	(33,583)	(18,531)
Net campaign revenue	882,338	898,054
Expenses:		
Advertising and promotion	\$ 19,204	\$ 15,847
Amortization	-	2,517
Automotive and travel	17,416	5,557
Campaign and service fees	4,262	19,869
Contract and honorarium	110,196	40,255
Equipment lease	1,487	1,305
General management and administration allocation (Schedule 3)	73,409	53,477
Insurance	965	965
Interest and bank charges	878	805
Meetings and related costs	1,095	2,728
Memberships and publications	24,011	20,019
Office and printing	8,483	5,963
Professional fees	-	10,000
Rent	2,612	5,663
Repairs and maintenance	7,329	4,240
Special event supplies	16,655	3,626
Telephone and fax	2,506	4,653
Training	66	661
Wages and benefits	188,076	110,426
	<u>478,650</u>	<u>308,576</u>
Excess of revenues over expenses before distributions	403,688	589,478
Distributions:		
Allocations and designations (note 6)	<u>277,383</u>	<u>326,845</u>
	277,383	326,845
Excess of revenue over expenses	<u>\$ 126,305</u>	<u>\$ 262,633</u>



United Way
Northern British Columbia

Schedule 2 – Gaming fund

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Gaming grant	\$ 39,200	\$ 42,000
Licensed events	8,139	17,678
	<u>47,339</u>	<u>59,678</u>
Expenses:		
Contract and honorarium	\$ 6,680	\$ 1,700
Gaming event expenditures	4,571	8,631
Rent	1,429	-
Wages and benefits	34,659	49,347
	<u>47,339</u>	<u>59,678</u>
Excess of revenues over expenses	<u>\$ -</u>	<u>\$ -</u>



United Way
Northern British Columbia

Schedule 3 – Program Support Services

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Programs and services	\$ 919,068	\$ 904,813
Other income	17,965	17,990
Interest income	5,640	5,293
	<u>942,673</u>	<u>928,096</u>
Expenses:		
Advertising and promotion	\$ 11,808	\$ 4,414
Allocation and designations	743	-
Amortization	6,239	6,473
Automotive and travel	9,482	6,563
Bad debt	3,119	-
Contract and honorarium	728,484	770,863
Equipment lease	1,913	1,962
General management and administration allocation (note 7)	(146,818)	(106,954)
Insurance	5,099	4,965
Interest and bank charges	2,664	2,013
Meetings and related costs	3,886	15,757
Memberships and publications	-	733
Office and printing	14,346	4,156
Professional fees	23,197	18,212
Rent	64,165	64,626
Repairs and maintenance	16,303	22,816
Special event supplies	140	32,244
Telephone and fax	5,450	5,261
Training	2,976	2,339
Wages and benefits	259,826	265,094
	<u>1,013,022</u>	<u>1,121,537</u>
Deficiency of revenues over expenses before general management and administration	(70,349)	(193,441)
General management and administration:		
Expenditures (note 7)	146,818	106,954
Allocation to fundraising (Schedule 1)	(73,409)	(53,477)
	<u>73,409</u>	<u>53,477</u>
Deficiency of revenues over expenses	<u>\$ (143,758)</u>	<u>\$ (246,918)</u>



United Way
Northern British Columbia

Schedule 4 – Success by Six Fund

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Haida Gwaii funding	\$ 57,293	\$ 75,900
North Central funding	169,880	212,275
North Peace funding	104,755	140,551
North Regional funding	-	2,025
Prince Rupert funding	110,109	148,750
South Peace funding	85,338	88,920
Terrace funding	111,768	211,569
	<u>639,144</u>	<u>879,990</u>
Expenses:		
Haida Gwaii expenses	\$ 57,293	\$ 75,900
North Central expenses	169,880	212,275
North Peace expenses	104,755	140,551
North Regional expenses	-	2,025
Prince Rupert expenses	110,109	148,750
South Peace expenses	85,338	88,920
Terrace expenses	111,768	211,569
	<u>639,144</u>	<u>879,990</u>
Excess of revenues over expenses	<u>\$ -</u>	<u>\$ -</u>