

**UNITED WAY OF NORTH OKANAGAN
COLUMBIA SHUSWAP**

FINANCIAL STATEMENTS

March 31, 2018

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

March 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way of North Okanagan Columbia Shuswap

We have audited the accompanying financial statements of United Way of North Okanagan Columbia Shuswap, which comprise the statement of financial position as at March 31, 2018, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Society's preparation and fair presentation of the financial statements 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 Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Rossworn Henderson LLP is a Limited Liability Partnership registered in British Columbia

INDEPENDENT AUDITORS' REPORT, continued

Basis for Qualified Opinion

In common with many charitable organizations, United Way of North Okanagan Columbia Shuswap derives a material amount of revenue from donations and fundraising activities. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Enderby, BC
July 9, 2018

Chartered Professional Accountants

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

Statement of Financial Position

As at March 31, 2018

	2018	2017
Assets		
Current		
Cash	\$ 140,420	\$ 126,379
Accounts receivable (Note 3)	447	24,077
Prepaid expenses	1,316	1,363
Pledges receivable	68,217	74,369
Restricted cash (Note 2)	61,442	57,569
	<u>271,842</u>	<u>283,757</u>
Tangible capital assets (Note 4)	<u>1,303</u>	<u>1,651</u>
	<u>\$ 273,145</u>	<u>\$ 285,408</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 6,000	\$ 9,195
Deferred revenue (Note 5)	49,200	59,783
Due to funded agencies	118,700	124,510
Due to donor choice agencies	4,428	4,375
	<u>178,328</u>	<u>197,863</u>
Unrestricted	77,209	68,284
Internally Restricted	11,385	11,329
Externally Restricted	4,919	6,281
Invested in Capital Assets	1,304	1,651
	<u>94,817</u>	<u>87,545</u>
	<u>\$ 273,145</u>	<u>\$ 285,408</u>

Approved by the Board

Director _____

Director _____

The accompanying notes form an integral part
of these financial statements.

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

Statement of Changes in Net Assets

Year ended March 31, 2018

	2018				
	Total	Unrestricted	Internally Restricted	Externally Restricted	Invested in Capital Assets
Balance, beginning of year	\$ 87,545	\$ 68,284	\$ 11,329	\$ 6,281	\$ 1,651
Excess (deficiency) of revenues over expenditures	7,272	7,563	56	-	(347)
Transfers	-	1,362	-	(1,362)	-
Balance, end of year	\$ 94,817	\$ 77,209	\$ 11,385	\$ 4,919	\$ 1,304
	2017				
	Total	Unrestricted	Internally Restricted	Externally Restricted	Invested in Capital Assets
Balance, beginning of year	\$ 107,880	\$ 87,175	\$ 11,272	\$ 7,435	\$ 1,998
Excess (deficiency) of revenues over expenditures	(20,335)	(20,264)	57	219	(347)
Transfers	-	1,373	-	(1,373)	-
Balance, end of year	\$ 87,545	\$ 68,284	\$ 11,329	\$ 6,281	\$ 1,651

The accompanying notes form an integral part of these financial statements.

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

Statement of Operations

Year ended March 31, 2018

	2018	2017
Revenues		
Pledges recovered (uncollected)	\$ (2,300)	\$ (1,948)
Fundraising activities (Schedule 1)	198,014	196,948
	<u>195,714</u>	<u>195,000</u>
Other revenue		
Endowment	5,443	4,952
Gaming proceeds	39,493	38,713
Interest and miscellaneous	4,029	1,298
Community development (Schedule 2)	147,293	131,017
Special events (Schedule 3)	70,499	53,717
	<u>266,757</u>	<u>229,697</u>
Net revenue available for programs	<u>462,471</u>	<u>424,697</u>
Expenditures		
Program distributions	145,476	156,274
Fundraising activities (Schedule 1)	96,799	105,707
Community development (Schedule 2)	193,358	177,499
Special events (Schedule 3)	19,566	5,552
	<u>455,199</u>	<u>445,032</u>
Other income		
General Management and Administration Expenses (Schedule 4)	-	-
Excess (deficiency) of revenues over expenditures for the year	<u>\$ 7,272</u>	<u>\$ (20,335)</u>

The accompanying notes form an integral part
of these financial statements.

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

Statement of Cash Flows

Year ended March 31, 2018

	2018	2017
Operating		
Cash receipts from fundraising activities	\$ 214,917	\$ 209,436
Cash receipts from other revenue	265,715	229,698
Cash paid for fundraising activities, grants, special events and general administration	<u>(462,718)</u>	<u>(457,856)</u>
Increase (decrease) in cash	17,914	(18,722)
Cash, beginning of year	<u>183,948</u>	<u>202,670</u>
Cash, end of year	<u>\$ 201,862</u>	<u>\$ 183,948</u>
Cash consists of:		
Cash	\$ 140,420	\$ 126,379
Restricted cash	<u>61,442</u>	<u>57,569</u>
	<u>\$ 201,862</u>	<u>\$ 183,948</u>

The accompanying notes form an integral part
of these financial statements.

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

Notes to the Financial Statements

March 31, 2018

Nature of operations

United Way of North Okanagan Columbia Shuswap (the "Society") is a registered charity under the Income Tax Act (*Canada*) and is exempt from income taxes provided certain requirements of the Income Tax Act are met. Its mission is to improve lives and build community by engaging individuals and mobilizing collective action.

1. Significant accounting policies

The Society applies the Canadian accounting standards for not-for-profit organizations.

(a) Revenue recognition

The Society uses the deferral method of accounting for contributions.

i) Unrestricted contributions are recognized as revenue when received or become receivable if the amount to be recognized can reasonably be estimated and collection is reasonably assured.

ii) Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

iii) Contributions restricted for the purpose of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate of the related capital asset.

iv) Special event revenue is recognized when the event is held. Unrestricted investment revenue is recognized as revenue when earned. Monies received prior to program completion is shown as unearned revenue.

(b) Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided on a straight-line basis as the following rates:

Furniture and fixtures	5 years straight-line
Computer equipment	5 years straight-line

Assets purchased during the year are amortized at one-half of the above rates. Capital assets are tested for impairment only when events or changes in circumstances indicate that the fair value of reporting unit to which it relates may be less than its carrying value.

(c) Contributed services

Volunteers contributed time to assist the Society in carrying out its operations. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

Notes to the Financial Statements

March 31, 2018

1. Significant accounting policies, continued

(d) Allocation of general management and administration expenses

General management and administration expenses are incurred to support functional areas and are allocated to fundraising and community development expenses based on the time study method. Following this method, general management and administrative expenses are allocated as follows:

	<u>2018</u>	<u>2017</u>
Fundraising	65%	65%
Community development	35%	35%

(e) Financial instruments

All financial instruments are measured in the statement of financial position at fair value except for loans and receivables, held to maturity investments and other financial liabilities measured at the amortized cost. The Society designated its financial assets and liabilities as follows:

Cash, which includes operating bank accounts, term deposits, and the gaming bank account, is designated as held for trading and measured at fair value, with changes in fair value recognition in net earnings;

Accounts and pledges receivable are classified as loans and receivables and are measured at the amortized cost;

Accounts payable and accrued liabilities, and deferred revenue are classified as other financial liabilities and are measured at amortized cost.

(f) Use of estimates

The financial statements of the Society have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. As such, management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in the opinion of management been prepared using careful judgment within the reasonable limits of materiality and within the framework of the accounting policies identified.

2. Restricted cash

	<u>2018</u>	<u>2017</u>
Internally restricted	\$ 11,385	\$ 11,329
RBC-Gaming Acct	37,110	37,174
Success by Six	8,943	7,693
RBC - Child & Youth Friendly Vernon Initiative	4,004	1,373
	<u>\$ 61,442</u>	<u>\$ 57,569</u>

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

Notes to the Financial Statements

March 31, 2018

3. Accounts receivable

	<u>2018</u>	<u>2017</u>
GST receivable	\$ 386	\$ 483
Interest receivable	61	59
Other receivables	-	23,535
	<u>\$ 447</u>	<u>\$ 24,077</u>

4. Tangible capital assets

	<u>2018</u>		<u>2017</u>	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and fixtures	\$ 2,972	\$ 2,852	\$ 2,972	\$ 2,835
Computer equipment	10,740	9,557	10,740	9,226
	<u>13,712</u>	<u>12,409</u>	<u>13,712</u>	<u>12,061</u>
Net book value	<u>\$ 1,303</u>		<u>\$ 1,651</u>	

5. Deferred revenue

	<u>2018</u>	<u>2017</u>
Community Gaming Grant	\$ 37,000	\$ 37,000
Success by Six	4,134	1,586
Child & Youth Friendly Vernon Initiative	4,003	1,373
BC211 Grant	2,500	7,724
Shell Canada Grant	1,563	1,000
Winemakers Dinner	-	11,100
	<u>\$ 49,200</u>	<u>\$ 59,783</u>

6. Internally restricted net assets

The Board has internally restricted funds that are to be used in emergency situations only.

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

Notes to the Financial Statements

March 31, 2018

7. Externally restricted funds

	<u>2018</u>	<u>2017</u>
Gaming	\$ 110	\$ 174
Success by Six	<u>4,809</u>	<u>6,107</u>
	<u>\$ 4,919</u>	<u>\$ 6,281</u>

8. Endowment

The Society contributed funds to an endowment fund administered by the Community Foundation of the North Okanagan. The Society does not have rights to funds held by the Community Foundation of the North Okanagan; therefore, these funds are not reported on the Society's financial statements. As at March 31, 2018 the contributions and retained returns held by United Way of the North Okanagan Shuswap Fund total \$31,746 (2017 - \$30,146). The Society receives an annual distribution based on a percentage of the original contribution and any cumulative gains since inception of the endowment funds. During the year the Society received \$1,181 (2017 - \$1,013).

The Society also receives a yearly distribution from three other funds which are also managed by the Community Foundation of North Okanagan. The value of the funds as at March 31, 2018 and the percentage of distribution from the funds are as follows: Blankley Family Memorial Fund \$2,042 which the Society receives 50% of the yearly distribution; Pauline Legg Endowment Fund \$2,000 which the Society receives a yearly fixed distribution of \$2,000; Peter Leahy Memorial Fund \$237, which the Society receives 8% of the yearly distribution.

9. Gaming

	<u>2018</u>	<u>2017</u>
Community Gaming Grant	\$ 37,000	\$ 37,000
Other gaming revenue	3,635	1,865
Gaming expenses	<u>(1,142)</u>	<u>(152)</u>
	<u>\$ 39,493</u>	<u>\$ 38,713</u>

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

Notes to the Financial Statements

March 31, 2018

10. Program distributions

During the year, the Society distributed funds to the following programs:

	2018	2017
Funded Agencies	\$ 121,200	\$ 124,510
Donor choice by other United Ways	18,060	24,739
United Way Canada Annual Dues	3,576	4,785
Donor choice - Other Charities	2,140	2,140
Donor choice - Funded Agencies	500	100
	<u>\$ 145,476</u>	<u>\$ 156,274</u>

11. Financial instruments risks and uncertainties

(a) The fair value of financial assets and liabilities are as follows:

The carrying values of cash, term deposits, accounts receivable, pledges receivable, accounts payable and accrued liabilities, and deferred revenue approximate their carrying values, due to the relatively short periods to maturity.

(b) Credit risk exposure

The maximum credit risk exposure for all of the Society's current financial assets is the carrying value of those assets.

It is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(c) Concentration risk

The Society does not have concentration risk. Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the business in the event of a default by one of these customers. Concentrations of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

(d) Liquidity risk

The Society does have a liquidity risk in the accounts payable and accrued liabilities of \$6,000 (2017 - \$9,195). Liquidity risk is the risk that the Society cannot repay its obligations when they become due to its creditors. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. In the opinion of management the liquidity risk exposure to the Society is low and is not material.

(e) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount, such as a debt instrument held with a floating interest rate. The company does not have long term debt and therefore management has assessed the risk as low and not material.

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

Notes to the Financial Statements

March 31, 2018

11. Financial instruments, continued

(f) Interest rate risk

The Society is exposed to interest rate risk. Interest rate risk is the risk that the Society has interest rate exposure on its bank indebtedness, which are variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods. The Society reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. There are no loans payable that are at fixed term rates, or zero interest rates and do not affect interest rate risk. The Society does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk exposure to the Society low and is not material.

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP
 Schedule of Fundraising Activities

Year ended March 31, 2018

	2018	2017
Revenue		
Donations	\$ 138,833	\$ 128,578
Funds transferred from other United Ways	52,881	64,320
Other fundraising	6,300	4,050
	<u>198,014</u>	<u>196,948</u>
Expenditures		
Advertising and marketing	153	2,706
Fees charged by other United Ways	3,640	3,148
Fundraising costs recovered	(298)	(290)
Mail out	414	479
Membership fees	325	207
Miscellaneous	1,832	1,458
Wages and benefits	43,280	50,128
Allocation of general management and administration expenses (Schedule 4)	47,453	47,871
	<u>96,799</u>	<u>105,707</u>
Excess of revenues over expenditures	\$ 101,215	\$ 91,241

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP
 Schedule of Community Development

Year ended March 31, 2018

	2018	2017
Revenue		
Grants received	\$ 147,293	\$ 131,017
Expenditures		
BC211 Online Services	5,224	5,224
Child and Youth Friendly Vernon Initiative (formerly Cities fit for Children)	2,360	525
Community investment	601	1,384
Consulting fees	1,500	1,500
Success by Six	139,709	125,268
Travel	206	77
Volunteer development	1,401	966
Wages and benefits	16,806	16,779
Allocation of general management and administration expenses (Schedule 4)	25,551	25,776
	<u>193,358</u>	<u>177,499</u>
Deficiency of revenues over expenditures	\$ (46,065)	\$ (46,482)

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP
 Schedule of Special Events

Year ended March 31, 2018

	2018	2017
Proceeds received		
Raising Spirits (Wine Expo)	\$ 13,085	\$ 11,094
Winemakers Dinner	33,730	-
Drive Thru Breakfasts	13,865	12,221
Other Special Events	7,361	5,954
Festival of Trees	2,458	3,323
Online Auction	-	21,125
	<u>70,499</u>	<u>53,717</u>
Disbursements		
Raising Spirits (Wine Expo)	3,659	2,949
Winemakers Dinner	13,846	-
Drive Thru Breakfasts	177	614
Other Special Events	1,741	183
Festival of Trees	143	226
Online Auction	-	1,580
	<u>19,566</u>	<u>5,552</u>
Excess of revenues over expenditures	\$ 50,933	\$ 48,165

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP
 Schedule of General Management and Administration Expenses

Year ended March 31, 2018

	2018	2017
Expenditures		
Amortization	\$ 347	\$ 348
Insurance	2,528	2,504
Materials and supplies	1,183	772
Office and miscellaneous	960	1,047
Professional fees	6,088	6,022
Rent and strata fees	14,554	15,418
Repairs and maintenance	1,136	1,457
Telephone and communications	2,878	2,606
Wages and benefits	43,330	43,473
	<u>73,004</u>	<u>73,647</u>
Gross margin	<u>(73,004)</u>	<u>(73,647)</u>
Expenditures		
Transfer to Fundraising Activities (Schedule 1)	(47,453)	(47,871)
Transfer to Community Development (Schedule 2)	(25,551)	(25,776)
	<u>(73,004)</u>	<u>(73,647)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>