

**UNITED WAY OF NORTH OKANAGAN
COLUMBIA SHUSWAP**

FINANCIAL STATEMENTS

March 31, 2019

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

March 31, 2019

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3 - 5
FINANCIAL STATEMENTS	
Statement of Financial Position	6
Statement of Changes in Net Assets	7
Statement of Operations and	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 15
Schedule of Fundraising Activities	16
Schedule of Community Development	17
Schedule of Special Events	18
Schedule of General Management and Administration Expenses	19

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of United Way of North Okanagan Columbia Shuswap, which comprise the statement of financial position as at March 31, 2019, and the 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 Society as at March 31, 2019, 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 not-for-profit organizations, the Society derives revenue from 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenses, and cash flow from operations for the year then ended March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2019 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society 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.

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 ASNPOs, 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 Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

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

INDEPENDENT AUDITORS' REPORT

accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 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 Society'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 Society'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 Society 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.

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

INDEPENDENT AUDITORS' REPORT

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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Enderby, BC
August 22, 2019



Chartered Professional Accountants



UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

Statement of Financial Position

As at March 31, 2019

	2019	2018
Assets		
Current		
Cash	\$ 220,268	\$ 140,420
Restricted cash (Note 2)	48,591	61,442
Accounts receivable (Note 3)	7,144	447
Pledges receivable	48,609	68,217
Prepaid expenses	249	1,316
	<u>324,861</u>	<u>271,842</u>
Tangible capital assets (Note 4)	<u>480</u>	<u>1,303</u>
	<u>\$ 325,341</u>	<u>\$ 273,145</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ -	\$ 6,000
Deferred revenue (Note 5)	77,000	49,200
Due to funded agencies	-	118,700
Due to donor choice agencies	11,000	4,428
	<u>88,000</u>	<u>178,328</u>
Unrestricted	225,275	77,210
Internally Restricted (Note 6)	11,442	11,385
Externally Restricted	144	4,919
Invested in Capital Assets	480	1,303
	<u>237,341</u>	<u>94,817</u>
	<u>\$ 325,341</u>	<u>\$ 273,145</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

Year ended March 31, 2019

	Unrestricted	Internally Restricted	Externally Restricted	Invested in Capital Assets	2019	2018
Balance, beginning of year	\$ 77,210	\$ 11,385	\$ 4,919	\$ 1,303	\$ 94,817	\$ 87,545
Excess (deficiency) of revenues over expenditures	143,722	57	(432)	(823)	142,524	7,272
Transfers	4,343	-	(4,343)	-	-	-
Balance, end of year	\$ 225,275	\$ 11,442	\$ 144	\$ 480	\$ 237,341	\$ 94,817

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

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

Statement of Operations and

Year ended March 31, 2019

	2019	2018
Revenues		
Fundraising activities (Schedule 1)	\$ 226,822	\$ 198,014
Pledges recovered (uncollected)	(5,163)	(2,300)
	<u>221,659</u>	<u>195,714</u>
Other revenue		
Community development (Schedule 2)	157,249	147,293
Special events (Schedule 3)	48,173	70,499
Gaming proceeds	37,600	39,493
Endowment	5,293	5,443
Interest and miscellaneous	1,149	4,029
	<u>249,464</u>	<u>266,757</u>
Net revenue available for programs	<u>471,123</u>	<u>462,471</u>
Expenditures		
Community development (Schedule 2)	202,321	193,358
Fundraising activities (Schedule 1)	92,372	96,799
Program distributions	22,607	145,476
Special events (Schedule 3)	11,299	19,566
	<u>328,599</u>	<u>455,199</u>
Other income		
General Management and Administration Expenses (Schedule 4)	-	-
Excess of revenues over expenditures for the year	<u>\$ 142,524</u>	<u>\$ 7,272</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, 2019

	2019	2018
Operating		
Cash receipts from fundraising activities	\$ 262,369	\$ 214,916
Cash receipts from other revenue	249,611	266,755
Cash paid for fundraising activities, grants, special events and general administration	<u>(444,983)</u>	<u>(463,757)</u>
Increase in cash	66,997	17,914
Cash, beginning of year	<u>201,862</u>	<u>183,948</u>
Cash, end of year	<u>\$ 268,859</u>	<u>\$ 201,862</u>
Cash consists of:		
Cash	\$ 220,268	\$ 140,420
Restricted cash	<u>48,591</u>	<u>61,442</u>
	<u>\$ 268,859</u>	<u>\$ 201,862</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, 2019

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:

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

(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.

(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>2019</u>	<u>2018</u>
Fundraising	65%	65%
Community development	35%	35%

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

Notes to the Financial Statements

March 31, 2019

1. Significant accounting policies, continued

(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>2019</u>		<u>2018</u>
Internally restricted	\$ 11,443	\$	11,385
Gaming account	37,040		37,110
Success by Six	104		8,943
Child & Youth Friendly Vernon Initiative	4		4,004
	<u>\$ 48,591</u>	\$	<u>61,442</u>

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

Notes to the Financial Statements

March 31, 2019

3. Accounts receivable

	<u>2019</u>	<u>2018</u>
GST receivable	\$ 571	\$ 386
Interest receivable	61	61
Other receivables	<u>6,512</u>	<u>-</u>
	<u>\$ 7,144</u>	<u>\$ 447</u>

4. Tangible capital assets

	<u>2019</u>		<u>2018</u>	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 10,740	\$ 10,363	\$ 10,740	\$ 9,557
Furniture and fixtures	2,972	2,869	2,972	2,852
	<u>13,712</u>	<u>13,232</u>	<u>13,712</u>	<u>12,409</u>
Net book value	<u>\$ 480</u>		<u>\$ 1,303</u>	

5. Deferred revenue

	<u>2019</u>	<u>2018</u>
CIBC Financial Literacy	\$ 40,000	\$ -
Community Gaming Grant	37,000	37,000
Success by Six	-	4,134
BC211 Grant	-	2,500
Child & Youth Friendly Vernon Initiative	-	4,003
Shell Canada Grant	-	1,563
	<u>\$ 77,000</u>	<u>\$ 49,200</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, 2019

7. Externally restricted funds

	<u>2019</u>	<u>2018</u>
Gaming	\$ 40	\$ 110
Success by Six	104	4,809
	<u>\$ 144</u>	<u>\$ 4,919</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, 2019 the contributions and retained returns held by United Way of the North Okanagan Shuswap Fund total \$31,600 (2018 - \$31,746). 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 \$1,130 (2018- \$1,181).

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, 2019 and the percentage of distribution from the funds are as follows: Blankley Family Memorial Fund \$1,936 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 \$227, which the Society receives 8% of the yearly distribution.

9. Gaming

	<u>2019</u>	<u>2018</u>
Community Gaming Grant	\$ 37,000	\$ 37,000
Other gaming revenue	625	3,635
Gaming expenses	<u>(25)</u>	<u>(1,142)</u>
	<u>\$ 37,600</u>	<u>\$ 39,493</u>

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP

Notes to the Financial Statements

March 31, 2019

10. Program distributions

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

	<u>2019</u>	<u>2018</u>
Donor choice - Other Charities	\$ 11,000	\$ 2,140
Donor choice by other United Ways	7,713	18,060
United Way Canada Annual Dues	3,894	3,576
Funded Agencies	-	121,200
Donor choice - Funded Agencies	-	500
	<u>\$ 22,607</u>	<u>\$ 145,476</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) 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, 2019

11. Financial instruments, continued

(e) 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.

12. Subsequent events

Subsequent to year-end, the United Way of the Central & South Okanagan/Similkameen acquired the assets of the Society and began operating as United Way Southern Interior BC. United Way Southern Interior BC's principal activity of raising funds for charitable purposes remains unchanged from these events.

United Way Southern Interior BC acquired 100% of the fundraising activities and assets on April 1, 2019.

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP
 Schedule of Fundraising Activities

Year ended March 31, 2019

	2019	2018
Revenue		
Donations	\$ 118,756	\$ 138,833
Other fundraising	62,200	6,300
Funds transferred from other United Ways	45,866	52,881
	<u>226,822</u>	<u>198,014</u>
Expenditures		
Advertising and marketing	2,734	153
Fees charged by other United Ways	2,166	3,640
Fundraising costs recovered	(272)	(298)
Mail out	349	414
Membership fees	272	325
Miscellaneous	2,529	1,832
Wages and benefits	37,581	43,280
Allocation of general management and administration expenses (Schedule 4)	47,013	47,453
	<u>92,372</u>	<u>96,799</u>
Excess of revenues over expenditures	\$ 134,450	\$ 101,215

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP
 Schedule of Community Development

Year ended March 31, 2019

	2019	2018
Revenue		
Grants received	\$ 157,249	\$ 147,293
Expenditures		
BC211 Online Services	5,225	5,224
Child and Youth Friendly Vernon Initiative (formerly Cities fit for Children)	4,395	2,360
Community investment	5,579	601
Consulting fees	-	1,500
Success by Six	145,006	139,709
Travel	-	206
Volunteer development	-	1,401
Wages and benefits	16,802	16,806
Allocation of general management and administration expenses (Schedule 4)	25,314	25,551
	<u>202,321</u>	<u>193,358</u>
Deficiency of revenues over expenditures	\$ (45,072)	\$ (46,065)

UNITED WAY OF NORTH OKANAGAN COLUMBIA SHUSWAP
 Schedule of Special Events

Year ended March 31, 2019

	2019	2018
Proceeds received		
Winemakers Dinner	\$ 18,875	\$ 33,730
Drive Thru Breakfasts	11,793	13,865
Online Auction	8,580	-
Other Special Events	6,488	7,361
Festival of Trees	2,437	2,458
Raising Spirits (Wine Expo)	-	13,085
	<u>48,173</u>	<u>70,499</u>
Disbursements		
Drive Thru Breakfasts	58	177
Festival of Trees	142	143
Online Auction	1,151	-
Other Special Events	2,164	1,741
Raising Spirits (Wine Expo)	16	3,659
Winemakers Dinner	7,768	13,846
	<u>11,299</u>	<u>19,566</u>
Excess of revenues over expenditures	\$ 36,874	\$ 50,933

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

Year ended March 31, 2019

	2019	2018
Expenditures		
Amortization	\$ 823	\$ 347
Insurance	2,534	2,528
Materials and supplies	656	1,183
Office and miscellaneous	2,519	960
Professional fees	7,003	6,088
Rent and strata fees	17,324	14,554
Repairs and maintenance	1,131	1,136
Telephone and communications	2,706	2,878
Wages and benefits	37,631	43,330
	<u>72,327</u>	<u>73,004</u>
Gross margin	<u>(72,327)</u>	<u>(73,004)</u>
Expenditures		
Transfer to Fundraising Activities (Schedule 1)	(47,013)	(47,453)
Transfer to Community Development (Schedule 2)	(25,314)	(25,551)
	<u>(72,327)</u>	<u>(73,004)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>