

United Way Northwest Territories

Financial Statements

March 31, 2016

Draft - September 13, 2016

United Way Northwest Territories

Financial Statements

March 31, 2016

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Independent Auditors' Report

To the Members of United Way Northwest Territories

We have audited the accompanying financial statements of United Way Northwest Territories, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in net assets 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 generally accepted 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 organization'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 organization'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.

Independent Auditors' Report (continued)

Basis for Qualified Opinion

United Way Northwest Territories 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, pledges and accrued receivables, donation and pledges 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 organization as at March 31, 2016 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.

**Yellowknife, Canada
September 14, 2016**

Chartered Accountants

Draft - September 23, 2016

United Way Northwest Territories

Statement of Operations

For the year ended March 31,	2016	2015
Revenues		
Donations and pledges	\$ 231,385	\$ 175,765
Grants	10,000	15,000
Interest income	347	510
Pledge losses	(3,064)	(1,838)
	238,668	189,437
Distributions and designated funds		
Community investment	140,000	91,197
Donor designated	41,678	38,885
	181,678	130,082
	56,990	59,355
Expenditures		
Campaign		
Advertising and supplies	1,463	6,415
Administrative		
Accounting and audit	8,569	8,400
Administration	24,739	38,471
Advertising and promotion	758	4,923
Conferences and board development	755	237
Insurance	1,621	616
Interest and bank charges	483	971
Membership fees	1,517	725
Office	3,140	5,680
Process fees	2,465	1,386
	44,047	61,409
	45,510	67,824
Excess (deficiency) of revenues over expenditures	\$ 11,480	\$ (8,469)

United Way Northwest Territories**Statement of Changes in Net Assets**

For the year ended March 31, 2016

	Unrestricted Net Assets	Restricted Reserve	Total 2016	Total 2015
Balance, beginning of year	\$ 78,512	\$ 30,360	\$ 108,872	\$ 117,341
Excess (deficiency) of revenues over expenditures	11,480	-	11,480	(8,469)
Transfer between funds	(396)	396	-	-
Balance, end of year	\$ 89,596	\$ 30,756	\$ 120,352	\$ 108,872

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United Way Northwest Territories**Statement of Financial Position**

March 31, **2016** **2015**

Assets**Current**

Cash	\$ 89,200	\$ 70,988
Term deposits (note 6)	69,613	69,266
Pledges and accrued receivables (note 7)	12,932	10,175
Prepaid expenses	1,327	1,272
Deposits	-	800

\$ 173,072 **\$ 152,501**

Liabilities**Current**

Accounts payable and accrued liabilities	\$ 21,991	\$ 9,842
Deferred donations and pledges (note 8)	30,729	33,099
Donor designations payable	-	688

52,720 **43,629**

Fund balances

Unrestricted Net Assets	89,596	78,512
Restricted Reserve	30,756	30,360

120,352 **108,872**

\$ 173,072 **\$ 152,501**

Approved on behalf of the board:

Director_____
Director

United Way Northwest Territories

Statement of Cash Flows

For the year ended March 31,	2016	2015
Cash provided by (used for)		
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ 11,480	\$ (8,469)
Change in non-cash working capital items		
Term deposits	(347)	-
Pledges and accrued receivables	(2,757)	(7,175)
Prepaid expenses	(55)	(990)
Deposits	800	(800)
Accounts payable and accrued liabilities	12,149	1,290
Deferred donations and pledges	(2,370)	10,945
Donor designations payable	(688)	(4,748)
	18,212	(9,947)
Investing activity		
Term deposits	-	(5,510)
Increase (decrease) in cash	18,212	(15,457)
Cash, beginning of year	70,988	86,445
Cash, end of year	\$ 89,200	\$ 70,988

United Way Northwest Territories

Notes to the Financial Statements

March 31, 2016

1. Nature of operations

United Way Northwest Territories (the "Organization") is a not-for-profit organization incorporated under the Societies Act of the Northwest Territories. The organization is a registered charity under section 149(1)(f) of the *Income Tax Act* and is a qualifying charitable organization under section 149.1(1). The role of the organization is to match resources of the community (fundraising campaign) to those areas of greatest need.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Financial instruments

Initial measurement

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly related to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Board subsequently measures the following financial assets and financial liabilities at amortized cost:

Financial assets measured at amortized cost include cash, deposits, term deposits and pledges and accrued receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

United Way Northwest Territories

Notes to the Financial Statements

March 31, 2016

2. Significant accounting policies (continued)

(b) 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. Grant revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and all conditions related to the grant have been met.

Restricted donations are recognized as revenue in the year in which the restriction has been met. Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donor pledge loss represents uncollectable donations and pledges.

Interest revenue is recognized as interest is earned.

(c) Fund accounting

The Organization uses the following funds:

Restricted Reserve fund - is an internally restricted amount set aside at the direction of the Board. The reserve is intended to be made available if pledges are not sufficient to cover the operating costs of the Organization.

The Unrestricted Net Asset fund - is the accumulated fund balance available for day to day operations of the Organization as well as the revenues and expenses related to campaign activities, program activities, and community investments.

(d) Donated material and services

The Organization relies on volunteer time and donated goods and services to achieve its purposes. Due to the difficulty of determining their fair values, volunteer time and donated goods and services are not recognized in these financial statements except for when fair value information is readily available.

(e) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

United Way Northwest Territories

Notes to the Financial Statements

March 31, 2016

3. Grants

	2016	2015
Imperial Oil Foundation	\$ 10,000	\$ 15,000

4. Community investment

	2016	2015
Children First Society	\$ 7,500	\$ 10,000
CNIB	7,500	-
Community Garden Society of Inuvik	7,500	-
Ecology North	7,475	2,803
Food First Foundation NWT	7,500	6,364
Food Rescue Yellowknife	7,500	5,000
Fort Smith Ecumenical Group (Food Bank/Soup Kitchen)	7,500	-
Foster Family Coalition of the NWT	5,000	4,364
Girl Guides of Canada Yellowknife	7,500	-
Hay River Seniors' Society	3,025	-
Inuvik Food Bank	5,000	-
Inuvik Homeless Shelter	-	5,000
Inuvik Youth Centre	-	5,000
Mildred Hall School (Traditional Mentorship Program)	7,500	-
MS Society of Canada - Yellowknife Regional Office	7,500	-
NWT Breast Health Action Group	-	4,364
NWT Literacy Council	-	2,803
Northern Youth Leadership	7,500	-
Order of St. Lazarus	-	4,362
Scouts Canada	7,500	2,803
Sidedoor Ministries	-	4,364
Special Olympics NWT	-	2,000
St. John's Ambulance	7,500	-
St. Joseph's Cathedral Parish	-	6,000
The Soup Kitchen	7,500	6,000
Tides Canada Initiatives Society	-	5,000
YK Cares	7,500	-
YWCA of Yellowknife	7,500	2,803
Yellowknife Association of Community Living	7,000	4,364
Yellowknife Catholic Schools	-	2,803
Yellowknife Food Bank	-	5,000
Total	\$ 140,000	\$ 91,197

United Way Northwest Territories

Notes to the Financial Statements

March 31, 2016

5. Government of Canada Workplace Charitable Campaign (GCWCC)

The Organization's GCWCC campaign costs were \$2,347. The pro-rata share recoverable from Health Partners is \$352 (2015 - \$1,194) which represents 15% (2015 - 22%) of total costs. The GCWCC campaign costs are included in the Statement of Operations under the following line items:

	2016	2015
Administration	\$ 2,104	\$ 3,930
Advertising and Promotion (Campaign)	48	1,385
Office	195	111
	\$ 2,347	\$ 5,426

6. Term deposits

	2016	2015
Unrestricted	\$ 33,832	\$ 33,663
Restricted - Reserve	30,756	30,603
Restricted - Credit Card	5,025	5,000
	\$ 69,613	\$ 69,266

Unrestricted and restricted - reserve term deposits consist of guaranteed investment certificates maturing March 14, 2017 and earning interest at 0.6% per year.

Restricted - credit card term deposit consists of guaranteed investment certificates maturing February 27, 2017 and earning interest at 0.6% per year.

The restricted term deposits are internally restricted by the Organization in order to fund future endeavours.

7. Pledges and accrued receivables

The Organization has not set up an allowance for pledge losses as all funds were received or expected to be received subsequent to year-end.

United Way Northwest Territories

Notes to the Financial Statements

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8. Deferred donations and pledges

The balance represents 100% externally restricted deferred donations and pledges.

9. Economic dependence

The Organization is economically dependent on United Way Canada. The Organization relies on United Way Canada to provide support through which the operations can occur. If this relationship was to be cancelled the operations of the Organization would be materially affected.

10. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

11. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization's interest-bearing financial instruments include fixed rate term deposits. The fair values of fixed rate financial instruments fluctuate as market rates of interest change. The risk has not changed from the prior year.

(b) Credit risk

The Organization does have a credit risk in the pledges and accrued receivables of \$12,932 (2015 - \$10,175). Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from donors. There is a concentration of credit risk, as 43% of the accounts receivable are due from Government of Canada Workplace Charitable Campaign and 39% of the accounts receivable are due from Union of Northern Workers. This risk has changed from the prior year, as in the prior year the concentration of credit risk was with the Outcrop Communications. The risk has increased due to the amount of accrued receivables increasing.