

United Way Northwest Territories

Financial Statements

March 31, 2018

United Way Northwest Territories

Financial Statements

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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, 2018, 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, 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.

Yellowknife, Canada
September 24, 2018

Crowe MacKay LLP
Chartered Professional Accountants

United Way Northwest Territories

Statement of Financial Position

March 31, 2018 (Restated)
2017

Assets

Current

Cash	\$ 181,052	\$ 53,696
Term deposits (note 4)	5,081	70,031
Pledges and accrued receivables (note 5)	4,074	17,354
Prepaid expenses	379	1,216

\$ 190,586 **\$ 142,297**

Liabilities

Current

Accounts payable and accrued liabilities	\$ 11,616	\$ 24,367
Deferred donations and pledges (note 6)	37,720	33,421
Donor designations payable	63,667	9,596

113,003 **67,384**

Fund balances

Unrestricted Net Assets	46,642	43,972
Restricted Reserve	30,941	30,941

77,583 **74,913**

\$ 190,586 **\$ 142,297**

Approved on behalf of the board:

_____ Director

_____ Director

United Way Northwest Territories

Statement of Operations

For the year ended March 31,	2018	2017
Revenues		
Donations and pledges (schedule 1)	\$ 250,433	\$ 254,726
Other income (schedule 2)	7,350	10,418
	257,783	265,144
Fundraising expenses		
Fundraising expenses	7,001	12,022
Donor choice surcharge	(2,439)	(688)
Allocation of general and administration expenses (schedule 3)	18,477	19,624
	23,039	30,958
Net income available for distributions	234,744	234,186
Distributions		
Community investment (note 3)	158,750	192,000
Donor designated	56,706	50,599
Distribution expenses	2,271	7,623
Memberships	3,500	3,001
Allocation of general and administration expenses (schedule 3)	10,847	17,402
	232,074	270,625
Excess (deficiency) of revenues over distributions	\$ 2,670	\$ (36,439)

United Way Northwest Territories

Statement of Changes in Net Assets

For the year ended March 31, 2018

	Unrestricted Net Assets	Restricted Reserve	Total 2018	Total (Restated) 2017
Balance, beginning of year				
As previously reported	\$ 52,972	\$ 30,941	\$ 83,913	\$ 111,352
Correction of accounting error (note 8)	(9,000)	-	(9,000)	-
As restated	43,972	30,941	74,913	111,352
Excess (deficiency) of revenues over distributions	2,670	-	2,670	(36,439)
Balance, end of year	\$ 46,642	\$ 30,941	\$ 77,583	\$ 74,913

United Way Northwest Territories

Statement of Cash Flows

For the year ended March 31,	2018	(Restated) 2017
Cash provided by (used for)		
Operating activities		
Excess (deficiency) of revenues over distributions	\$ 2,670	\$ (36,439)
Change in non-cash working capital items		
Term deposits	64,950	(418)
Pledges and accrued receivables	13,280	(4,422)
Prepaid expenses	837	111
Accounts payable and accrued liabilities	(12,751)	2,377
Deferred donations and pledges	4,299	2,691
Donor designations payable	54,071	596
Increase (decrease) in cash	127,356	(35,504)
Cash, beginning of year	53,696	89,200
Cash, end of year	\$ 181,052	\$ 53,696

United Way Northwest Territories

Notes to the Financial Statements

March 31, 2018

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 status is maintained if it continues to comply with CRA requirements. 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) 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 Organization does not currently segregate this reserve into a separate fund.

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.

(b) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Contributions are recognized as revenue in the year in which the related expenses are incurred. Grant revenue is 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. Current year campaign results from payroll pledges are deferred and included in the following years revenue when related allocations are made.

Donor pledge loss represents uncollected donations and pledges.

Interest revenue is recognized as interest is earned.

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Notes to the Financial Statements

March 31, 2018

2. Significant accounting policies (continued)

(c) 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 Organization subsequently measures the following financial assets and financial liabilities at amortized cost:

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

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and donor designations payable

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, 2018

2. Significant accounting policies (continued)

(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) Expense allocations

In accordance with the United Way of Canada – Centraide Canada's Transparency, Accountability, and Financial Reporting Policies for United Ways, the Organization allocates certain overhead expenses which do not pertain specifically to programs or fundraising based on the estimates of administration's time and dollars spent as indicated below:

	2018	2017
Program expenses	37%	47%
Fundraising expenses	63%	53%

(f) 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, 2018

3. Community investment

	2018	2017
Arctic Paws	\$ -	\$ 7,500
Association franco-culturelle de Yellowknife	7,500	-
Children First Society	7,500	-
Community Garden Society of Inuvik	7,500	-
Deh Cho Divisional Board of Education	-	7,500
Dene Nahjo	7,500	-
Diocese of the Arctic	-	7,500
Ecology North	7,500	7,500
Food First Foundation	7,500	7,500
Food Rescue	15,000	15,000
Foster Family Coalition	3,750	-
Girl Guides of Canada Yellowknife	-	7,500
Hamlet of Aklavik	-	7,500
Hay River Youth Centre	-	7,500
Ingamo Hall Friendship Centre	-	7,500
Inuvik Food Bank	7,500	5,000
Inuvik Homeless Shelter	-	7,500
Inuvik Youth Centre	7,500	15,000
NWT Breast Health	15,000	-
NWT Literacy Council	7,500	-
Northern Youth Leadership	-	30,000
Rainbow Coalition	7,500	-
Scouts Canada	-	7,500
St. Joseph's Cathedral Parish Fort Smith	-	7,500
The Hay River Soup Kitchen	7,500	-
The Soup Kitchen	-	7,500
Tides Canada Initiatives Society	-	7,500
YK Cares	7,500	-
YWCA Healthy Food Box Program	7,500	-
YWCA of Yellowknife	-	7,500
Yellowknife Association for Community Living	7,500	7,000
Yellowknife District Girl Guides	5,000	-
Yellowknife Seniors Society	7,500	-
Yellowknife Womens Society	7,500	7,500
Community investment total	\$ 158,750	\$ 192,000

United Way Northwest Territories

Notes to the Financial Statements

March 31, 2018

4. Term deposits

	2018	2017
Unrestricted	\$ -	\$ 34,035
Restricted- Reserve	-	30,941
Restricted- Credit Card	5,081	5,055
	\$ 5,081	\$ 70,031

Restricted - credit card term deposit consists of guaranteed investment certificates maturing February 27, 2019 and earning interest at 0.6% per year.

5. 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.

6. Deferred donations and pledges

The balance represents restricted donations and payroll pledges made during the current year campaign.

7. Government of Canada Workplace Charitable Campaign (GCWCC)

The GCWCC campaign costs are included in the Statement of Operations under fundraising expenses and can be further broken down as follows:

	2018	2017
Administration	\$ 1,097	\$ 4,488
Office	327	249
Processing Fees	389	192
	\$ 1,813	\$ 4,929

United Way Northwest Territories

Notes to the Financial Statements

March 31, 2018

8. Correction of accounting error

The Organization identified that \$9,000 received during the 2016 fiscal year was not properly reflected as donor designated even though it has been received and paid. The prior financial statements reported the amount as a recovery in accounts payable. In order to reconcile the records, the following adjustments were made to the March 31, 2017 financial statements:

<u>March 31, 2017</u>	<u>Previously reported</u>	<u>Adjustments</u>	<u>Restated</u>
Balance sheet			
Accounts payable and accrued liabilities	\$ 15,367	\$ 9,000	\$ 24,367
Unrestricted net assets as of April 1, 2017	52,972	(9,000)	43,972
Statement of Cash Flows			
Change in accounts payable	\$ (6,623)	\$ 9,000	\$ 2,377
Change in donor designations payable	9,596	(9,000)	596

There was no impact on the Statement of Operations because the error relates to fiscal year 2016 but the comparatives only report March 2017.

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.

United Way Northwest Territories

Notes to the Financial Statements

March 31, 2018

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. This risk has not changed from the prior year.

(b) Concentration risk

The Organization has concentration of credit risk as a result of having funds with a major Canadian chartered bank in excess of its insurable limit. An insurable limit is the maximum amount that is insured by Canadian financial institutions in case of a bank failure. The Organization has \$186,133 (2017 - \$123,727) in the chequing account and term deposits. This risk has not changed from the prior year.

United Way Northwest Territories

Schedules to the Financial Statements

For the year ended March 31,

Schedule of Donations and Pledges

Schedule 1

	2018	2017
Gross donations and pledges	\$ 248,457	\$ 249,912
Funds transferred from other United Ways	15,271	17,902
Uncollectible pledges	(13,295)	(13,088)
	\$ 250,433	\$ 254,726

Schedule of Other Income

Schedule 2

	2018	2017
Imperial Oil Foundation grant	\$ 7,000	\$ 10,000
Investment income	350	418
	\$ 7,350	\$ 10,418

United Way Northwest Territories

Schedules to the Financial Statements

For the year ended March 31,

Schedule of General and Administration Expenses

Schedule 3

	2018	2017
Administration	\$ 11,791	\$ 12,838
Advertising and promotion	593	11,117
Audit	9,800	9,098
Conferences and board development	2,168	523
Insurance	1,576	1,647
Interest and bank charges	193	438
Office	3,203	1,365
Total general and administration expenses before allocations	29,324	37,026
Allocation to fundraising expenses	(18,477)	(19,624)
Allocation to distribution expenses	(10,847)	(17,402)
General and administration expenses after allocations	\$ -	\$ -
