

United Way Northwest Territories

Financial Statements

March 31, 2019

United Way Northwest Territories

Financial Statements

March 31, 2019

	Page
Independent Auditors' Report	3 - 4
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 14
Schedule of General and Administration Expenses	15

Independent Auditors' Report

To the Members of United Way Northwest Territories

Qualified Opinion

We have audited the financial statements of United Way Northwest Territories, which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Except as noted in the following paragraph, in our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019 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.

Basis for Qualified Opinion

In common with many charitable organizations, United Way Northwest Territories derives a material amount of revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification because there is no direct relationship between assets or services given up in exchange for the amounts received or receivable. Therefore, we were not able to determine whether any adjustment might be necessary to donations and pledges revenue, excess (deficiency) of revenue over distributions, and cash flow from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018 and net assets as at April 1 and March 31 for both the 2019 and 2018 year. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly. Our audit opinion on the current year's financial statements is also modified because of the possible effect of this matter on comparability of the current year's figures and the corresponding figures.

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 Organization 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 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditors' Report (continued)

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 Organization'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 Organization'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 Organization 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.

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.

Yellowknife, Canada
September 11, 2019

Crowe Mackay LLP
Chartered Professional Accountants

United Way Northwest Territories

Statement of Financial Position

March 31, 2019 2018

Assets

Current

Cash and cash equivalents	\$ 125,725	\$ 181,052
Term deposits (note 3)	5,111	5,081
Accounts receivable (note 5)	1,084	4,074
Prepaid expenses	1,408	379
	<hr/>	<hr/>
	\$ 133,328	\$ 190,586

Liabilities

Current

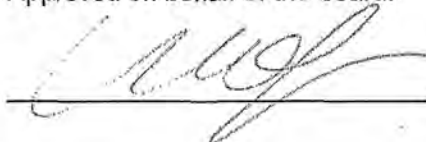
Accounts payable and accrued liabilities	\$ 26,506	\$ 11,616
Deferred donations (note 6)	42,025	37,720
Donor designations payable	9,649	63,667
	<hr/>	<hr/>
	78,180	113,003

Fund balances

Unrestricted Net Assets	24,207	46,642
Restricted Reserve	30,941	30,941
	<hr/>	<hr/>
	55,148	77,583
	<hr/>	<hr/>
	\$ 133,328	\$ 190,586

Commitments (note 8)

Approved on behalf of the board:



Director



Director

United Way Northwest Territories

Statement of Operations

For the year ended March 31,	2019	2018
Revenues		
Donations and Pledges		
Donations and pledges - corporate	\$ 7,179	\$ 16,813
Donations and pledges - individuals	220,961	204,621
Donations and pledges - fundraising	9,808	17,151
Funds transferred from other United Ways	10,233	15,271
Uncollectible pledges	(7,166)	(13,295)
Total donations and pledges	241,015	240,561
Other Income		
Grant - GNWT Municipal and Community Affairs	3,360	-
Grant - Imperial Oil Foundation	7,000	7,000
Grant - Royal Bank of Canada	6,000	6,000
Investment Income	30	350
In-kind contributions - accounting	3,000	3,000
In-kind contributions - telephone	947	872
Total other income	20,337	17,222
Total revenues	261,352	257,783
Fundraising expenses		
Fundraising expenses	8,768	7,001
Donor choice surcharge	(1,376)	(2,439)
Allocation of general and administration expenses (schedule 1)	20,428	18,477
Total fundraising expenses	27,820	23,039
Net income available for distributions	233,532	234,744
Distributions		
Distribution expenses	1,929	2,271
Membership fees	3,000	3,500
Community Investment (note 4)	181,250	158,750
Donor designated	61,844	56,706
Allocation of general and administration expenses (schedule 1)	7,944	10,847
Total distributions	255,967	232,074
Excess (deficiency) of revenues over distributions	\$ (22,435)	\$ 2,670

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

For the year ended March 31, 2019

	Unrestricted Net Assets	Restricted Reserve	Total 2019	Total 2018
Balance, beginning of year	\$ 46,642	\$ 30,941	\$ 77,583	\$ 74,913
Excess (deficiency) of revenues over distributions	(22,435)	-	(22,435)	2,670
Balance, end of year	\$ 24,207	\$ 30,941	\$ 55,148	\$ 77,583

United Way Northwest Territories

Statement of Cash Flows

For the year ended March 31,	2019	2018
Cash provided by (used for)		
Operating activities		
Excess (deficiency) of revenues over distributions	\$ (22,435)	\$ 2,670
Change in non-cash working capital items		
Accounts receivable	2,990	13,280
Prepaid expenses	(1,029)	837
Accounts payable and accrued liabilities	14,890	(12,751)
Deferred donations	4,305	4,299
Donor designations payable	(54,018)	54,071
	(55,297)	62,406
Investing activity		
Term deposits	(30)	64,950
Increase (decrease) in cash and cash equivalents	(55,327)	127,356
Cash and cash equivalents, beginning of year	181,052	53,696
Cash and cash equivalents, end of year	\$ 125,725	\$ 181,052

United Way Northwest Territories

Notes to the Financial Statements

March 31, 2019

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 accounting 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 estimated uncollected pledges.

Interest revenue is recognized as interest is earned.

United Way Northwest Territories

Notes to the Financial Statements

March 31, 2019

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 and cash equivalents, term deposits and accounts receivables.

Financial liabilities measured at amortized cost include accounts payable and 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, 2019

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:

	2019	2018
Program expenses	28%	37%
Fundraising expenses	72%	63%

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit, and deposits outstanding and cheques issued and outstanding.

(g) Use of estimates

The preparation of the financial statements in conformity with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Term deposits

	2019	2018
Guaranteed investment certificates maturing February 27, 2020 and earning interest at 0.6% per year.	\$ 5,111	\$ 5,081

The term deposit is externally restricted. In order to access a credit card, the Organization was required, by the bank, to set aside funds equivalent to the credit limit of \$5,000.

United Way Northwest Territories

Notes to the Financial Statements

March 31, 2019

4. Community investment

	2019	2018
Association franco-culturelle de Yellowknife	\$ 7,500	\$ 7,500
Children First Society	7,500	7,500
Community Garden Society of Inuvik	7,500	7,500
Dene Nahjo	7,500	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	3,750
Hay River Family Support Centre	7,500	-
Habitat for Humanity- NWT	7,500	-
Inuvik Food Bank	7,500	7,500
Inuvik Youth Centre	7,500	7,500
Inuvik Homeless Shelter	7,500	-
NWT Breast Health Action Group	7,500	15,000
NWT Literacy Council	7,500	7,500
Rainbow Coalition	7,500	7,500
Soaring Eagle Friendship Centre (Hay River)	7,500	-
The Hay River Soup Kitchen	7,500	7,500
YK Cares	-	7,500
YWCA Healthy Food Box Program	-	7,500
YWCA Girl Youth Leadership Program	7,500	-
YWCA Rockhill Fire Fund	5,000	-
Yellowknife Association for Community Living	7,500	7,500
Yellowknife District Girl Guides	7,500	5,000
Yellowknife Seniors Society	-	7,500
Yellowknife Womens Society	15,000	7,500
Community investment total	\$ 181,250	\$ 158,750

5. Accounts receivable

	2019	2018
GST Rebate	\$ 670	\$ 4,074
Other	414	-
	1,084	4,074
<i>Less: Allowance for doubtful accounts</i>	-	-
	\$ 1,084	\$ 4,074

United Way Northwest Territories

Notes to the Financial Statements

March 31, 2019

6. Deferred donations

The balance represents donations received during the period January to March. The donations are made up of restricted donations and payroll pledges which are deferred until the following year when related allocations are made.

	2019	2018
Opening balance	\$ 37,720	\$ 33,420
Recognized in revenue	(37,720)	(33,420)
Donations received and deferred	42,025	37,720
	\$ 42,025	\$ 37,720

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:

	2019	2018
Administration	\$ 1,323	\$ 1,097
Office	175	327
Processing Fees	398	389
	\$ 1,896	\$ 1,813

8. Commitments

The Organization has multi-year funding agreements with various other organizations. Future estimated minimum payments are as follows:.

2020	\$ 15,000
2021	15,000
	\$ 30,000

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.

United Way Northwest Territories

Notes to the Financial Statements

March 31, 2019

10. Comparative amounts

Certain of the comparative amounts have been reclassified to conform with the financial statement presentation adopted for 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) Credit risk

The Organization does have credit risk in cash and cash equivalents of \$112,030 (2017 - \$181,052) and accounts receivable of \$1,084 (2018 - \$4,074). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization reduces its exposure to credit risk by granting credit only to approved customers and creating an allowance for bad debts when applicable. This risk has not changed from the prior year.

(b) Concentration of credit risk

The Organization does have concentration of credit risk as a result of having funds with one major Canadian chartered bank in excess of its insurable limit. An insurable limit is the maximum amount that is insured by the Canadian Deposit Insurance Corporation in case of a bank failure. The Organization has \$125,725 (2018 - \$181,052) in chequing accounts. This risk has not changed from the prior year.

(c) Liquidity risk

The Organization does have a liquidity risk in the accounts payable and accrued liabilities of \$26,506 (2018 - \$11,616). Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. This risk has not changed from the prior year.

(d) 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.

United Way Northwest Territories**Schedules to the Financial Statements**

For the year ended March 31,

Schedule of General and Administration Expenses**Schedule 1**

	2019	2018
Administration	\$ 6,554	\$ 11,791
Advertising and promotion	379	593
Audit	12,410	9,800
Conferences and board development	3,200	2,168
Insurance	1,740	1,576
Interest and bank charges	247	193
Office	3,842	3,203
<i>Total general and administration expenses before allocations</i>	28,372	29,324
Allocation to fundraising expenses	(20,428)	(18,477)
Allocation to distribution expenses	(7,944)	(10,847)
<i>General and administration expenses after allocations</i>	\$ -	\$ -
