

**United Way Northwest Territories**

**Financial Statements**

**March 31, 2017**

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# United Way Northwest Territories

## Financial Statements

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March 31, 2017

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	<b>Page</b>
Independent Auditors' Report	3 - 4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Financial Position	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 13



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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, 2017, 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, 2017 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 28, 2017



Chartered Professional Accountants

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## United Way Northwest Territories

### Statement of Operations

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For the year ended March 31,	2017	2016
<b>Revenues</b>		
Donations and pledges	\$ 268,501	\$ 231,385
Grants (note 3)	10,000	10,000
Interest income	418	347
Pledge losses	(13,088)	(3,064)
	<b>265,831</b>	<b>238,668</b>
<b>Distributions and designated funds</b>		
Community investment (note 4)	192,000	140,000
Donor designated	50,599	41,678
	<b>242,599</b>	<b>181,678</b>
<b>Net revenue after distributions and designated funds</b>	<b>23,232</b>	<b>56,990</b>
<b>Expenditures</b>		
Campaign		
Advertising and supplies	1,524	1,463
Administrative		
Accounting and audit	9,098	8,569
Administration	29,152	24,739
Advertising and promotion	11,419	758
Conferences and board development	575	755
Insurance	1,647	1,621
Interest and bank charges	438	483
Membership fees	3,000	1,517
Office	1,366	3,140
Processing fees	1,452	2,465
	<b>58,147</b>	<b>44,047</b>
<b>Total expenditures</b>	<b>59,671</b>	<b>45,510</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (36,439)</b>	<b>\$ 11,480</b>

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## United Way Northwest Territories

### Statement of Changes in Net Assets

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For the year ended March 31, 2017

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	Unrestricted Net Assets	Restricted Reserve	Total 2017	Total 2016
<b>Balance, beginning of year</b>	\$ 89,596	\$ 30,756	\$ 120,352	\$ 108,872
Excess (deficiency) of revenues over expenditures	(36,439)	-	(36,439)	11,480
Transfer between funds	(185)	185	-	-
<b>Balance, end of year</b>	<b>\$ 52,972</b>	<b>\$ 30,941</b>	<b>\$ 83,913</b>	<b>\$ 120,352</b>

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**United Way Northwest Territories**

**Statement of Financial Position**

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**March 31,** **2017** 2016

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**Assets**

**Current**

Cash	\$ 53,696	\$ 89,200
Term deposits (note 5)	70,031	69,613
Pledges and accrued receivables (note 6)	17,354	12,932
Prepaid expenses	1,216	1,327

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**\$ 142,297** **\$ 173,072**

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**Liabilities**

**Current**

Accounts payable and accrued liabilities	\$ 15,367	\$ 21,991
Deferred donations and pledges (note 7)	33,421	30,729
Donor designations payable	9,596	-

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**58,384** **52,720**

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**Fund balances**

<b>Unrestricted Net Assets</b>	<b>52,972</b>	<b>89,236</b>
<b>Restricted Reserve</b>	<b>30,941</b>	<b>31,116</b>

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**83,913** **120,352**

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**\$ 142,297** **\$ 173,072**

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Approved on behalf of the board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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## United Way Northwest Territories

### Statement of Cash Flows

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For the year ended March 31,	2017	2016
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenditures	\$ (36,439)	\$ 11,480
Change in non-cash working capital items		
Term deposits	(418)	(347)
Pledges and accrued receivables	(4,422)	(2,757)
Prepaid expenses	111	(55)
Deposits	-	800
Accounts payable and accrued liabilities	(6,623)	12,149
Deferred donations and pledges	2,691	(2,370)
Donor designations payable	9,596	(688)
<b>Increase (decrease) in cash</b>	<b>(35,504)</b>	<b>18,212</b>
<b>Cash, beginning of year</b>	<b>89,200</b>	<b>70,988</b>
<b>Cash, end of year</b>	<b>\$ 53,696</b>	<b>\$ 89,200</b>

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# United Way Northwest Territories

## Notes to the Financial Statements

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March 31, 2017

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### 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 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.

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# United Way Northwest Territories

## Notes to the Financial Statements

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March 31, 2017

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### 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 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. 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 uncollected 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.

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## United Way Northwest Territories

### Notes to the Financial Statements

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March 31, 2017

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#### 3. Grants

	2017	2016
Imperial Oil Foundation	\$ 10,000	\$ 10,000

#### 4. Community investment

	2017	2016
Arctic Paws	\$ 7,500	\$ -
Children First Society	-	7,500
CNIB	-	7,500
Community Garden Society of Inuvik	-	7,500
Deh Cho Divisional Board of Education	7,500	-
Diocese of the Arctic	7,500	-
Ecology North	7,500	7,475
Food First Foundation NWT	7,500	7,500
Food Rescue Yellowknife	15,000	7,500
Fort Smith Ecumenical Group (Food Bank/Soup Kitchen)	-	7,500
Foster Family Coalition of the NWT	-	5,000
Girl Guides of Canada Yellowknife	7,500	7,500
Hamlet of Aklavik	7,500	-
Hay River Seniors' Society	-	3,025
Hay River Youth Centre	7,500	-
Ingamo Hall Friendship Centre	7,500	-
Inuvik Food Bank	5,000	5,000
Inuvik Homeless Shelter	7,500	-
Inuvik Youth Centre	15,000	-
MS Society of Canada - Yellowknife Regional Office	-	7,500
Mildred Hall School (Traditional Mentorship Program)	-	7,500
NWT Breast Health Action Group	30,000	-
Northern Youth Leadership	-	7,500
Scouts Canada	7,500	7,500
St. John's Ambulance	-	7,500
St. Joseph's Cathedral Parish Fort Smith	7,500	-
The Soup Kitchen	7,500	7,500
Tides Canada Initiatives Society	7,500	-
YK Cares	-	7,500
YWCA of Yellowknife	7,500	7,500
Yellowknife Association of Community Living	7,000	7,000
Yellowknife Women's Society	7,500	-
Total	\$ 192,000	\$ 140,000

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## United Way Northwest Territories

### Notes to the Financial Statements

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March 31, 2017

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#### 5. Term deposits

	2017	2016
Unrestricted	\$ 34,035	\$ 33,832
Restricted - Reserve	30,941	30,756
Restricted - Credit Card	5,055	5,025
	<u>\$ 70,031</u>	<u>\$ 69,613</u>

Unrestricted and restricted - reserve term deposits consist of guaranteed investment certificates maturing March 14, 2018 and earning interest at 0.5% per year.

Restricted - credit card term deposit consists of guaranteed investment certificates maturing February 27, 2018 and earning interest at 0.5% per year.

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

#### 6. 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.

#### 7. Deferred donations and pledges

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

#### 8. Government of Canada Workplace Charitable Campaign (GCWCC)

The Organization's GCWCC campaign costs were \$4,929. The pro-rata share recoverable from Health Partners is \$1,282 (2016 - \$352) which represents 26% (2016 - 15%) of total costs. The GCWCC campaign costs are included in the Statement of Operations under the following line items:

	2017	2016
Advertising and Promotion (Campaign)	\$ -	\$ 48
Administration	4,488	2,104
Office	249	195
Processing Fees	192	-
	<u>\$ 4,929</u>	<u>\$ 2,347</u>

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## United Way Northwest Territories

### Notes to the Financial Statements

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March 31, 2017

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#### 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. This 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 \$17,354 (2016 - \$12,932). 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 26% of the accounts receivable are due from Government of Canada Workplace Charitable Campaign and 28% of the accounts receivable are due from Union of Northern Workers. This risk has not changed from the prior year.

##### (c) 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 \$123,727 (2016 - \$158,813) in the chequing account and term deposits. This risk has not changed from the prior year.