

United Way Alberta Northwest Society
Financial Statements
For the year ended March 31, 2016

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Independent Auditor's Report

To the Board of Directors of
United Way Alberta Northwest Society

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

Auditor's 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 auditor's 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 auditor considers internal control relevant to the Society'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 Society'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.

Basis for Qualified Opinion

United Way Alberta Northwest Society, in common with many charitable organizations, derives revenue from donations and fundraising revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2016, current assets as at March 31, 2016, and net assets as at April 1, 2015 and March 31 for both the 2016 and 2015 years. Our audit opinion on the financial statements for the year ended March 31, 2015 was modified because of the possible effects of a similar limitation in scope.

Independent Auditor's Report (continued)

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of United Way Alberta Northwest Society 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.

Bill Canada LLP



Chartered Accountants

Grande Prairie, Alberta
June 22, 2016

United Way Alberta Northwest Society Statement of Financial Position

March 31	2016	2015
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 762,271	\$ 669,741
Accounts receivable	2,408	5,632
Prepaid expenses	1,506	1,915
Pledges receivable (Note 3)	<u>186,435</u>	<u>200,293</u>
	952,620	877,581
Restricted cash (Note 2)	100,000	100,000
Capital assets (Note 4)	<u>7,382</u>	<u>6,978</u>
	\$ 1,060,002	\$ 984,559
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 24,859	\$ 18,854
Community allocations payable (Note 6)	534,050	499,517
Directed contributions (Note 7)	<u>82,693</u>	<u>82,685</u>
	641,602	601,056
Note payable (Note 8)	<u>4,825</u>	<u>7,243</u>
	<u>646,427</u>	<u>608,299</u>
Net assets		
Unrestricted fund	287,225	250,314
Equity in capital assets	7,382	6,978
Stabilization fund (Note 9)	100,000	100,000
Capital reserve fund (Note 10)	<u>18,968</u>	<u>18,968</u>
	413,575	376,260
	\$ 1,060,002	\$ 984,559

Approved on behalf of the board:


 _____, Member

 _____, Member

The accompanying notes and schedules are an integral part of these financial statements.

United Way Alberta Northwest Society Statement of Changes in Net Assets

For the year ended March 31

2016

	Unrestricted fund	Equity in capital assets	Stabilization fund	Capital reserve fund	Total
Balance, beginning of year	\$ 250,314	\$ 6,978	\$ 100,000	\$ 18,968	\$ 376,260
Excess of revenue over expenditures	37,315	-	-	-	37,315
Capital asset donation	(2,000)	2,000	-	-	-
Amortization	1,596	(1,596)	-	-	-
Balance, end of year	\$ 287,225	\$ 7,382	\$ 100,000	\$ 18,968	\$ 413,575

For the year ended March 31

2015

	Unrestricted fund	Equity in capital assets	Stabilization fund	Capital reserve fund	Total
Balance, beginning of year	\$ 91,262	\$ 7,754	\$ 100,000	\$ 18,968	\$ 217,984
Excess of revenue over expenditures	158,276	-	-	-	158,276
Amortization	776	(776)	-	-	-
Balance, end of year	\$ 250,314	\$ 6,978	\$ 100,000	\$ 18,968	\$ 376,260

The accompanying notes and schedules are an integral part of these financial statements.

United Way Alberta Northwest Society Statement of Operations

For the year ended March 31	2016	2015
Revenue		
Donations	\$ 602,814	\$ 754,030
Outside special events	143,467	229,124
Grants	50,980	57,000
Advertising	24,500	25,500
Kick off event	4,625	7,010
Gifts in kind	2,000	6,895
Interest income	2,943	3,369
Donations transferred from other United Way agencies (Note 12)	68,458	-
	<u>899,787</u>	<u>1,082,928</u>
Expenditures		
Programming (Schedule 1)	130,204	141,573
Fundraising (Schedule 2)	131,240	175,584
Community allocations (Note 6)	510,050	502,017
Directed contributions (Note 7)	75,845	98,382
Kick off event and banners	15,133	7,096
	<u>862,472</u>	<u>924,652</u>
Excess of revenue over expenditures for the year	\$ 37,315	\$ 158,276

The accompanying notes and schedules are an integral part of these financial statements.

United Way Alberta Northwest Society Statement of Cash Flows

For the year ended March 31	2016	2015
Cash flows from operating activities		
Cash receipts from funding sources	\$ 911,936	\$ 1,150,434
Cash paid to suppliers, employees, and community organizations	(820,037)	(886,371)
Interest income	2,943	3,369
Interest paid	(2,312)	(2,261)
	92,530	265,171
Increase in cash and cash equivalents during the year	92,530	265,171
Cash and cash equivalents, beginning of year	769,741	504,570
Cash and cash equivalents, end of year	\$ 862,271	\$ 769,741
Cash and cash equivalents consists of:		
Cash	\$ 719,188	\$ 629,601
Guaranteed investment certificates	43,083	40,140
Restricted cash	100,000	100,000
	\$ 862,271	\$ 769,741
	\$ 862,271	\$ 769,741

The accompanying notes and schedules are an integral part of these financial statements.

United Way Alberta Northwest Society

Notes to the Financial Statements

March 31, 2016

Nature of business

United Way Alberta Northwest Society (Society) is a not-for-profit organization incorporated under the Societies Act of Alberta on December 9, 1974. The Society was formed to unite the diverse elements of Grande Prairie and district in a network of contributors, providers, and users of services to improve the quality of human care services. The Society is a registered charity and is exempt from income taxes under section 149(1)(f) of the Income Tax Act.

1. Summary of significant accounting policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The significant accounting policies used are as follows:

Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash and cashable guaranteed investment certificates, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

Capital assets

Capital assets are recorded at cost. The Society provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Asset	Rate
Furniture and fixtures	20%
Leasehold improvements	20%

Amortization is calculated using half of the normal rate in the year of acquisition.

United Way Alberta Northwest Society

Notes to the Financial Statements

March 31, 2016

1. Summary of significant accounting policies (continued)

Financial instruments

The Society initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed up by the related parties.

The Society subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in operations.

Revenue recognition

The Society follows the deferral method of accounting for contributions.

Campaign revenues include those contributions made specifically in support of the annual campaign from corporations, employee groups, individuals, and foundations.

Grants received for specific purposes for the use of the Society are deferred and recognized as revenue as the amounts are used.

Donations directed to non member agencies are deferred and recognized as revenue as the amounts are paid.

Pledges include those contributions made by donors as deductions from their payroll.

Interest income is recognized as revenue in the unrestricted fund in the period it is earned.

Special events revenues include revenues earned by the Society as a result of events held in addition to the annual campaign and include tournaments, barbeques, auctions and other events. The cost associated with earning these revenues is shown as an expense on the statement of operations.

Gifts in kind include any contributions received by the Society in the form of gifts and are recorded at the fair value of those items at the time of contributions.

United Way Alberta Northwest Society

Notes to the Financial Statements

March 31, 2016

1. Summary of significant accounting policies (continued)

Contributed services	Volunteers contributed time to assist the Society in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
Disclosure of allocated expenses	General management and administration expenses are incurred to support functional areas and are allocated to campaign and agency services based on management's estimates when the specific area is not directly identifiable.
Foreign exchange	Monetary assets and liabilities of the Society which are denominated in foreign currencies are translated at year end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in operations.

2. Cash and cash equivalents

Cash and cash equivalents consists of cash and guaranteed investment certificates bearing interest at rates ranging from 1.80% to 2.35% (2015 - 1.50% to 2.35%) and maturing on various dates between February 2017 to February 2021. Included in guaranteed investment certificates is \$100,000 that has been internally restricted for the stabilization fund.

3. Pledges receivable

Pledges receivable represent amounts pledged during the current fiscal period which can be reasonably estimated and where collection is reasonably assured, net of an allowance for doubtful pledges. The allowance for doubtful pledges is estimated using an average of the prior three periods uncollected pledges. During the year, economic circumstances caused the estimate for allowance for doubtful pledges to be increased to an amount greater than the average of the prior three periods.

	2016	2015
Pledges receivable	\$ 132,017	\$ 132,236
Receivable from other United Way Agencies	135,082	166,709
Allowance for Doubtful Pledges	(80,664)	(98,652)
	\$ 186,435	\$ 200,293

During the fiscal period, the Society wrote off uncollected pledges from the 2014 campaign of \$41,309 as it was unable to confirm the collectibility, if any, of these outstanding pledges. This change in the estimate of pledges receivable is recorded as reduction in donations revenue in the current fiscal year.

United Way Alberta Northwest Society Notes to the Financial Statements

March 31, 2016

4. Capital assets

	2016		2015	
	Cost	Accumulated Amortization	Net	Net
Furniture and fixtures	\$ 37,304	\$ 31,899	\$ 5,405	\$ 4,507
Leasehold improvements	11,783	9,806	1,977	2,471
	\$ 49,087	\$ 41,705	\$ 7,382	\$ 6,978

Furniture and fixtures with a fair value of \$2,000 (2015 - \$861) were contributed during the year.

5. Accounts payable and accrued liabilities

	2016		2015	
Accounts payable and accrued liabilities	\$ 24,859		\$ 15,730	
Government remittances - payroll	-		3,124	
	\$ 24,859		\$ 18,854	

United Way Alberta Northwest Society Notes to the Financial Statements

March 31, 2016

6. Community allocations payable

Community allocations payable consists of the planned annual allocation of unrestricted funds to community agencies. The budget for this allocation is planned and approved by the board of directors of the Society and payable in quarterly installments in the subsequent year.

	2016	2015
Balance, beginning of year	\$ 499,517	\$ 470,504
Allocations approved	553,050	502,017
Allocations paid out	(475,517)	(473,004)
Allocations withdrawn due to non-compliance	(43,000)	-
	\$ 534,050	\$ 499,517

Community allocations expensed in the period are the board approved budgeted allocations for the subsequent year, changes to the previous year's budgeted allocations, and one-time project grants approved by the board throughout the period.

During the year, \$43,000 (2015 - \$nil) was not paid out due to non-compliance with the allocation agreement terms.

7. Directed contributions

Directed contributions consist of pledges and donations that are designated by the donor for specific purposes and will be recognized as revenue in the period in which the related expenditures are incurred.

	2016	2015
Balance, beginning of year	\$ 82,685	\$ 103,991
Net directed donations received	75,853	77,076
Directed donations paid out	(75,845)	(98,382)
	\$ 82,693	\$ 82,685

8. Note payable

	2016	2015
Centre 2000 payable, payable in monthly installments of \$220, maturing in December 2017, unsecured and bearing no interest.	\$ 4,825	\$ 7,243

Estimated principal re-payments are as follows:

2017	\$ 2,638
2018	2,187
	\$ 4,825

United Way Alberta Northwest Society Notes to the Financial Statements

March 31, 2016

9. **Stabilization fund**

The stabilization fund consists of resources set aside to provide funding for agencies in the future if there is a shortfall in campaign contributions, or if a community agency is requiring emergency funds. This fund cannot exceed six months of budgeted allocation to a maximum of \$100,000.

10. **Capital reserve fund**

The capital reserve fund consists of resources set aside to provide funding for the purchase of capital assets and technical support.

11. **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The society receives some donations in foreign currency, and as such is exposed to the risk of the changes in value of those donations.

12. **United Way Slave Lake Society**

United Way Slave Lake Society (UW SL) dissolved on October 7, 2015. The only asset that UW SL had was cash. This cash was transferred to United Way Alberta Northwest and the Society has expanded its operations into the Slave Lake area.

United Way Alberta Northwest Society Notes to the Financial Statements

March 31, 2016

13. Allocated expenses

General management and administration expenses are incurred to support functional areas and are allocated to campaign and agency services on a percentage basis as indicated below:

	Fundraising %	Programming %
Advertising and promotions	\$ 70	\$ 30
Amortization	50	50
Bookkeeping	45	55
Education and subscription	50	50
Executive director	25	75
Gifts in kind	100	-
Insurance	50	50
Interest and bank charges	-	100
Meetings	50	50
Memberships	50	50
Office	50	50
Professional fees	50	50
Promotional materials	100	-
Rent and common area costs	50	50
Sponsorship	-	100
Subcontractor	90	10
Telephone	50	50
Travel	50	50
Wages - other administrative	90	10
Wages - resource development	60	40

14. Commitments

The Society has a lease agreement for computer equipment expiring in March 2018. The annual payments until expiry are as follows:

2017	\$ 6,806
2018	<u>6,239</u>
	<u>\$ 13,045</u>

15. Subsequent events

Subsequent to the year end, the Society received a \$199,846 donation from an estate. This unrestricted donation was deposited into a one year cashable GIC with an interest rate of 0.50% and maturity date of April 27, 2017.

16. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

United Way Alberta Northwest Society
Schedule 1 - Programming

For the year ended March 31	2016	2015
Advertising	\$ 5,480	\$ 5,830
Amortization	798	818
Bookkeeping	5,720	4,673
Education	695	550
Insurance	4,814	1,971
Interest and bank charges	2,312	2,261
Memberships	4,910	3,272
Office	5,821	18,265
Professional fees	10,469	12,150
Rent and common area costs	2,111	2,373
Sponsorship	3,499	3,094
Subcontractors	-	20,837
Telephone	974	881
Travel	1,595	981
Wages	81,006	63,617
	<hr/>	<hr/>
	\$ 130,204	\$ 141,573

United Way Alberta Northwest Society
Schedule 2 - Fundraising

For the year ended March 31	2016	2015
Advertising	\$ 11,883	\$ 37,376
Amortization	798	818
Bookkeeping	4,876	4,744
Education/subscriptions	783	-
Gifts in kind	-	6,034
Insurance	87	1,882
Memberships	4,910	3,272
Office	7,954	16,821
Professional fees	10,469	12,150
Promotion materials	4,754	7,563
Rent and common area costs	2,111	2,528
Subcontract	-	42,478
Telephone	974	881
Travel	2,984	485
Wages	78,657	38,552
	\$ 131,240	\$ 175,584