

United Way Alberta Northwest Society
Financial Statements
For the year ended March 31, 2017

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Tel: 780 539 7075
Fax: 780 538 1890
www.bdo.ca

BDO Canada LLP
200, 9805 - 97 Street
Grande Prairie AB T8V 8B9 Canada

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, 2017, 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, 2017 and 2016, current assets as at March 31, 2017 and 2016, and net assets as at April 1 and March 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended March 31, 2016 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, 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.

BDO Canada LLP

Chartered Professional Accountants

Grande Prairie, Alberta
June 14, 2017

United Way Alberta Northwest Society
Statement of Financial Position

March 31 2017 2016

Assets

Current

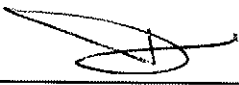
Cash and cash equivalents (Note 2)	\$ 836,428	\$ 762,271	
Accounts receivable	7,422	2,408	
Prepaid expenses	2,253	1,506	
Pledges receivable (Note 3)	172,792	186,435	
	1,018,895	952,620	
Restricted cash (Note 2)	100,000	100,000	
Capital assets (Note 4)	5,906	7,382	
	\$ 1,124,801	\$ 1,060,002	

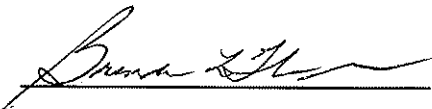
Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 24,310	\$ 24,859	
Deferred revenue	3,000	-	
Note payable (Note 7)	2,187	2,187	
Community allocations payable (Note 5)	368,705	534,050	
Directed contributions (Note 6)	85,443	82,693	
	483,645	643,789	
Note payable (Note 7)	-	2,638	
	483,645	646,427	
Net assets			
Unrestricted fund	516,282	287,225	
Equity in capital assets	5,906	7,382	
Stabilization fund (Note 8)	100,000	100,000	
Capital reserve fund (Note 9)	18,968	18,968	
	641,156	413,575	
	\$ 1,124,801	\$ 1,060,002	

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

2017

	Unrestricted fund	Equity in capital assets	Stabilization fund	Capital reserve fund	Total
Balance, beginning of year	\$ 287,225	\$ 7,382	\$ 100,000	\$ 18,968	\$ 413,575
Excess of revenue over expenditures for the year	227,581	-	-	-	227,581
Amortization	1,476	(1,476)	-	-	-
Balance, end of year	\$ 516,282	\$ 5,906	\$ 100,000	\$ 18,968	\$ 641,156

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 for the year	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

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	2017	2016
Revenue		
Donations	\$ 623,507	\$ 644,124
Pledge loss	(19,062)	(41,309)
Bequest	199,846	-
Outside special events	62,977	143,467
Grants	39,540	50,980
Advertising	18,725	24,500
Kick off event	4,140	4,625
Interest income	2,690	2,942
Donations transferred from other United Way agencies	110	68,458
Gifts in kind	-	2,000
	<u>932,473</u>	<u>899,787</u>
Expenditures		
Programming (Schedule 1)	123,910	130,204
Fundraising (Schedule 2)	142,561	131,240
Community allocations (Note 5)	365,705	510,050
Directed contributions (Note 6)	58,671	75,845
Kick off event and banners	14,045	15,133
	<u>704,892</u>	<u>862,472</u>
Excess of revenue over expenditures for the year	\$ 227,581	\$ 37,315

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	2017	2016
Cash flows from operating activities		
Cash receipts from funding sources	\$ 744,317	\$ 911,934
Cash from bequest	199,846	-
Cash paid to suppliers, employees and community organizations	(872,694)	(822,347)
Total interest revenue	2,688	2,943
	<hr/>	<hr/>
Increase in cash and cash equivalents during the year	74,157	92,530
Cash and cash equivalents, beginning of year	862,271	769,741
	<hr/>	<hr/>
Cash and cash equivalents, end of year	\$ 936,428	\$ 862,271
	<hr/>	<hr/>
Cash and cash equivalents consist of:		
Cash	\$ 590,811	\$ 719,188
Guaranteed investment certificates	245,617	43,083
Restricted cash	100,000	100,000
	<hr/>	<hr/>
	\$ 936,428	\$ 862,271
	<hr/>	<hr/>

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, 2017

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 short-term investments with maturities of three months or less from their date of acquisition, 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, 2017

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 materials and services, excluding volunteer contributed time, and are recorded at the fair value of those items at the time of contributions.

Bequests include any contributions received by the Society in the form of estate donations and are recognized as revenue as the amounts are received.

United Way Alberta Northwest Society

Notes to the Financial Statements

March 31, 2017

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 0.50% to 2.35% (2016 - 1.80% to 2.35%) and maturing on various dates between April 2017 and 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 management expectations of collectibility.

	2017	2016
Pledges receivable	\$ 76,397	\$ 132,017
Receivable from other United Way Agencies	133,918	135,082
Allowance for Doubtful Pledges	(37,523)	(80,664)
	\$ 172,792	\$ 186,435

During the fiscal period, the Society wrote off uncollected pledges from the 2015 campaign of \$31,976 as it was unable to confirm the collectibility, if any, of these outstanding pledges.

United Way Alberta Northwest Society Notes to the Financial Statements

March 31, 2017

4. Capital assets

	2017		2016	
	Cost	Accumulated Amortization	Net	Net
Furniture and fixtures	\$ 37,304	\$ 32,980	\$ 4,324	\$ 5,405
Leasehold improvements	11,783	10,201	1,582	1,977
	\$ 49,087	\$ 43,181	\$ 5,906	\$ 7,382

No capital assets were contributed during the current year (2016 - \$2,000).

5. 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.

	2017		2016	
Balance, beginning of year	\$ 534,050		\$ 499,517	
Allocations approved	370,455		553,050	
Allocations paid out	(535,800)		(475,517)	
Allocations withdrawn due to non-compliance	-		(43,000)	
	\$ 368,705		\$ 534,050	

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

6. 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.

	2017		2016	
Balance, beginning of year	\$ 82,693		\$ 82,685	
Net directed donations received	52,025		75,853	
Directed donations paid out	(49,275)		(75,845)	
	\$ 85,443		\$ 82,693	

United Way Alberta Northwest Society Notes to the Financial Statements

March 31, 2017

7. Note payable

	2017	2016
Centre 2000 note, payable in monthly installments of \$220, maturing in December 2017, unsecured and bearing no interest.	\$ -	\$ 2,638

8. 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.

9. Capital reserve fund

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

10. 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.

United Way Alberta Northwest Society Notes to the Financial Statements

March 31, 2017

11. 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	30	70
Executive director	25	75
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
Resource development	90	10
Sponsorship	-	100
Telephone	50	50
Travel	50	50
Wages - other administrative	60	40

12. Commitments

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

2018	\$ 6,239
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13. 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.
