

United Way Central and Northern Vancouver Island
Financial Statements
March 31, 2014

United Way Central and Northern Vancouver Island Contents

For the year ended March 31, 2014

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Management's Responsibility

To the Members of United Way Central and Northern Vancouver Island:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Society. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Society's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Board and management to discuss their audit findings.

July 24, 2014



Executive Director

Independent Auditors' Report

To the Members of United Way Central and Northern Vancouver Island:

We have audited the accompanying financial statements of United Way Central and Northern Vancouver Island, which comprise the statement of financial position as at March 31, 2014, and the statement of operations, and related schedules 2 and 3, 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 auditor considers internal control relevant to the entity'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 entity'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 statement.

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

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation revenue, pledges receivable and deferred designated campaign revenue was limited to the amounts in the records and we were not able to determine whether adjustments might be necessary to donation revenue, pledges receivable, deferred designated campaign revenue and deficiency of revenue over expenses, assets, liabilities and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects the financial position of United Way Central and Northern Vancouver Island as at March 31, 2014 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matters

Included in these statements is an unaudited schedule of trust fund receipts and expenditures. We have not audited this schedule and do not provide any assurance on its accuracy.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Nanaimo, British Columbia

July 24, 2014

MNP LLP

Chartered Accountants

United Way Central and Northern Vancouver Island Statement of Financial Position

As at March 31, 2014

	2014	2013
Assets		
Current		
Cash	295,108	176,960
Accounts receivable	21,239	4,956
Short term investments (Note 3)	150,843	148,184
Prepaid expenses and deposits	4,793	24,606
Pledges receivable (Note 4)	516,523	557,085
GST receivable	11,236	1,964
	999,742	913,755
Capital assets (Note 5)	279,935	5,168
	1,279,677	918,923
Liabilities		
Current		
Accounts payable and accruals	73,919	52,220
Deferred designated campaign revenue (Note 6)	187,273	164,632
Deferred contributions related to capital assets (Note 7)	53,532	-
Government liabilities	7,215	2,642
Current portion of long-term debt (Note 8)	4,627	-
	326,566	219,494
Long-term debt (Note 8)	200,142	-
	526,708	219,494
Net Assets		
Invested in capital assets	21,633	5,169
Unrestricted	392,636	119,748
Internally restricted (Note 9)	338,700	574,512
	752,969	699,429
	1,279,677	918,923

Approved on behalf of the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements

United Way Central and Northern Vancouver Island Statement of Operations

	<i>Year Ended March 31 2014</i>	<i>15 Months Ended March 31 2013</i>
Revenue		
Donations	296,942	593,923
Donations collected by other United Ways	663,781	418,467
Gross campaign revenue	960,723	1,012,390
Less other United Ways admin fee	(12,081)	(11,744)
Less uncollectible pledges	(93,560)	(83,240)
Net campaign revenue	855,082	917,406
Amortization of deferred capital contribution	1,093	-
Investment income	2,872	4,431
Program administration fees	24,116	21,482
	883,163	943,319
Expenses		
Allocations and designated donations	378,910	488,321
UWCNVI programs (<i>Schedule 3</i>)	211,357	281,233
Fundraising (<i>Schedule 3</i>)	239,356	246,098
	829,623	1,015,652
Excess (Deficiency) of revenues over expenses	53,540	(72,333)

The accompanying notes are an integral part of these financial statements

United Way Central and Northern Vancouver Island Statement of Changes in Net Assets

	<i>Invested in capital assets</i>	<i>Unrestricted</i>	<i>Internally restricted</i>	<i>March 31 2014</i>	<i>March 31 2013</i>
Net assets beginning of year	5,168	119,749	574,512	699,429	771,762
Excess (deficiency) of revenue over expenses	(4,049)	57,589	-	53,539	(72,333)
Purchase of capital assets funded by operations	225,283	(225,283)	-	-	-
Increase in long term debt	(204,769)	204,769	-	-	-
Transfer from prior year campaign activities to unrestricted fund for 2013 agency allocations	-	325,812	(325,812)	-	-
Transfer from current year campaign activities to internally restricted fund for 2014 agency allocations	-	(90,000)	90,000	-	-
Net assets, end of year	21,633	392,636	338,700	752,968	699,429

The accompanying notes are an integral part of these financial statements

United Way Central and Northern Vancouver Island Statement of Cash Flows

	12 Months Ended March 31 2014	15 Months Ended March 31 2013
Cash provided by (used for) the following activities		
Operating		
Cash received from donations and special events	929,996	1,109,256
Cash paid to agencies	(378,910)	(627,791)
Cash paid to employees	(269,227)	(332,906)
Cash paid on expenditures	(143,307)	(258,932)
Interest received	2,872	463
Cash transferred from (to) Success by Six program	(103)	12,898
	141,321	(97,012)
Financing		
Issuance of long term debt	204,769	-
Investing		
Purchases of capital assets	(225,283)	(526)
Decrease in externally restricted cash	-	3,237
Purchase of short term investments	(2,659)	(3,682)
Proceeds from sale of short term investments	-	70,138
	(227,942)	69,167
Increase (decrease) in cash resources	118,148	(27,845)
Cash resources, beginning of year	176,960	204,805
Cash resources, end of year	295,108	176,960

The accompanying notes are an integral part of these financial statements

United Way Central and Northern Vancouver Island

Notes to the Financial Statements

For the year ended March 31, 2014

1. Organization

United Way Central and Northern Vancouver Island (the "Organization") was incorporated under the laws of the Society Act of British Columbia as a non-profit organization and is a registered charity under the Income Tax Act. The Society is exempt from income taxes as long as certain conditions are met. In the opinion of management these requirements have been met.

The purpose of the Organization is to help our community to anticipate and resolve human care issues, to provide leadership and to promote volunteerism in all segments of the community; to provide the financial and administrative means to assist citizens in our community to help each other in the most efficient, effective and accountable way; to enhance the ability of funded agencies to deliver services more effectively, and to maintain the vitality and accountability of the Society.

The Society also manages the Homeless Partnering Strategy program and the Success By Six program. The Success By Six program funds are received from the Ministry of Children and Family Development and are held in trust for the Success by Six initiative, an early childhood development provincial partnership between the Province of B.C., Credit Unions of B.C. and United Ways of B.C. The Homelessness Partnering Strategy (HPS) funds are received from the Ministry of Homes Resources and Skills Development and are held in trust for the HPS, a project to provide structures and partnerships to stabilize the lives of individuals who are homeless or at risk of becoming homeless. These programs are reported in the unaudited Schedule 1.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the following significant accounting policies:

Revenue recognition

The Society follows the deferral method of accounting for contributions.

Pledges and donations received by the Society that are not designated by the donor to fund specified agencies, charities and other United Ways are recognized as revenue in the year that they are received or pledged. An allowance for pledge loss is provided annually based on historical percentages for pledge collections and on actual collection experience. Pledges and donations received by the Society that are designated by the donor to fund specific agencies, charities and other United Ways are considered to be restricted by purpose, and are recorded as deferred contributions and are recognized as revenue in the year the amount is paid to the designated organization.

Special event revenue is recognized when the event occurs and when the amount can be reasonably estimated and collection is reasonably assured.

Contributions received specifically for the purchase of capital assets are deferred and recognized as revenue over the expected useful life of the related asset.

Contributed materials

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Society's operations and would otherwise have been purchased.

Volunteers assist the Society in carrying out its services. Because of the difficulty of determining their fair value, these contributed services are not recognized in the financial statements.

Investment Income

Investment income includes interest income, dividends and realized gains/losses on the sale of securities.

Allocations to member agencies

Payments of allocations to member agencies are contingent upon the availability of Board approved funds and compliance with the Society's reporting requirements. Allocations to member agencies are only recorded when they are paid.

United Way Central and Northern Vancouver Island Notes to the Financial Statements

For the year ended March 31, 2014

2. Significant accounting policies (Continued from previous page)

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line or declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings	straight-line	25 years
Computer equipment	declining balance	30 %
Computer software	declining balance	100 %
Equipment	declining balance	20 %
Furniture and fixtures	declining balance	20 %
Office equipment	declining balance	20 %

In the year of acquisition, amortization is taken at one-half of the above rates. No amortization is taken in the year of disposal.

Financial instruments

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CICA 3840 Related Party Transactions.

At initial recognition, the Society may irrevocably elect to subsequently measure any financial instrument at fair value. The Society has not made such an election during the year.

The Society subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the statement of operations for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian 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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts and pledges receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

United Way Central and Northern Vancouver Island

Notes to the Financial Statements

For the year ended March 31, 2014

2. Significant accounting policies *(Continued from previous page)*

Expense allocations

The nature of the Society's operations dictates that its costs are largely influenced by the deployment of its staff. The costs of supporting fundraising and program expenses are directly correlated to the amount of time people work in each of these areas. Administration expenses are allocated between fundraising and the various programs based on the amount of time that people have worked in each of these areas.

3. Short term investments

Short term investments consist of GICs, earn interest of 1.45% (2013 - 1.35%) and mature on December 18, 2014.

4. Pledges receivable

	<i>March 31 2014</i>	<i>March 31 2013</i>
2014 campaign pledges receivable	543,503	-
Less allowance for uncollectable pledges	(59,107)	-
	484,396	-
<hr/>		
2013 campaign pledges receivable	90,446	551,916
Less allowance for uncollectable pledges	(58,319)	(61,773)
	32,127	490,143
<hr/>		
2011 campaign pledges receivable	-	89,449
Less allowance for uncollectable pledges	-	(22,507)
	-	66,942
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	516,523	557,085
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Included in gross campaign revenue is \$516,523 (2012 - \$557,085) of pledges receivable.

United Way Central and Northern Vancouver Island Notes to the Financial Statements

For the year ended March 31, 2014

5. Capital assets

		<i>Accumulated</i>	<i>March 31</i>	<i>March 31</i>
	<i>Cost</i>	<i>amortization</i>	<i>2014</i>	<i>2013</i>
			<i>Net book</i>	<i>Net book</i>
			<i>value</i>	<i>value</i>
Land	94,353	-	94,353	-
Buildings	185,555	3,711	181,844	-
Computer equipment	7,400	6,096	1,304	1,863
Computer software	1,777	1,777	-	263
Equipment	14,701	14,059	642	802
Furniture and fixtures	4,311	3,306	1,005	1,256
Office equipment	6,971	6,184	787	984
	315,068	35,133	279,935	5,168

6. Deferred designated campaign revenue

Deferred designated campaign revenue consists of donations and pledges received, either directly from donors or other United Ways who manage central campaigns, for other charities that have not been disbursed at period end. Recognition of these amounts as revenue is deferred to periods when the disbursement is made, at which time the payment is recorded as an expense and the donation is recorded as revenue. Changes in the deferred designated campaign revenue balance are as follows:

	<i>March 31</i>	<i>March 31</i>
	<i>2014</i>	<i>2013</i>
Balance, beginning of year	164,632	157,863
Received during the year	101,178	97,106
Recognized as revenue during the year	(73,933)	(66,161)
Write off of uncollectible pledges	(4,604)	(24,176)
	187,273	164,632

7. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	<i>2014</i>	<i>2013</i>
Contributed capital assets	54,625	-
Less: Amounts recognized as revenue during the year	(1,093)	-
Balance, end of year	53,532	-

United Way Central and Northern Vancouver Island Notes to the Financial Statements

For the year ended March 31, 2014

8. Long-term debt

	2014	2013
First mortgage payable in monthly instalments of \$1,170, plus interest of 4.69%, due September 24, 2038, land and building having a net book value of \$276,197, pledged as collateral	204,769	-
Less: Current portion	4,627	-
	200,142	-

Principal repayments on long-term debt in each of the next five years are estimated as follows:

	<i>Principal</i>
2015	4,627
2016	4,847
2017	5,077
2018	5,318
2019	3,218
	23,087

Interest on long-term debt amounted to \$3,184

9. Internally restricted net assets

The Board of Directors has internally restricted \$338,700 (2013 - \$574,512) representing funds received from the 2014 and 2013 campaigns that will be distributed in the next year to community partners as long as sufficient Board approved funds are available.

10. Funds held in trust

The Society holds funds in trust for the Homeless Partnership Strategy and Success by Six programs. These funds are not recorded in these financial statements.

	2014	2013
Homeless Partnering Strategy program	2,915	64,166
Success by Six program	94,579	12,319
	97,494	76,485

United Way Central and Northern Vancouver Island Notes to the Financial Statements

For the year ended March 31, 2014

11. Financial instruments

All significant financial assets, financial liabilities and equity instruments of the Organization are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk, credit risk, currency risk, liquidity risk and other price risk.

Credit risk

Campaign pledges receivable and other receivables are subject to credit risk. The Society provides an allowance for doubtful receivables based on historical experience.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in market interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Society is exposed to interest rate risk primarily relating to its short term investments and manages this risk by dealing with high quality financial institutions.

12. Allocation of expenses

Fundraising expenses reported in Schedule 3 of \$263,473 (2013 – \$246,098), with the exclusion of campaign expenses, special event costs and direct wages, are reported after allocation of general operating costs of \$111,621 (2013 – \$105,766) based on the estimated time devoted to this activity at 52%.

UWCNVI programs expenses reported in Schedule 3 of \$189,903 (2013 - \$281,233), with the exclusion of U.W. Centraide and memberships and direct wages, are reported after allocation of general operating costs of \$103,036 (2013 - \$188,028) based on the estimated time devoted to this activity at 48%.

United Way of Central and Northern Vancouver Island
Schedule 1 - Schedule of Trust Fund Receipts and Expenditures

(Unaudited)

	Success By Six	HPS	12 months Ended March 31 2014	15 Months Ended March 31 2013
Revenue				
Strategic Implementation funds	122,410	-	122,410	121,582
Capacity funds	42,871	-	42,871	78,920
Aboriginal funds	145,332	-	145,332	147,000
Children First funds	84,968	-	84,968	166,275
HPS funds	-	560,745	560,745	377,189
Other	17,342	-	17,342	6,341
Interest revenue	54	30	84	37
	412,977	560,775	973,752	897,344
Expenses				
Administration				
Administration	17,342	15,112	32,454	30,752
Professional fees	-	5,637	5,637	1,872
Salaries and benefits	-	45,590	45,590	35,060
	17,342	66,339	83,681	67,684
Programs				
Strategic Implementation grants	107,146	-	107,146	111,298
Aboriginal Engagement grants	144,449	-	144,449	156,623
Access Nanaimo	-	-	-	5,797
HPS designated, HPS Aboriginal and sub-project grants	-	527,241	527,241	301,304
Capacity contractors	143,496	-	143,496	296,826
	395,091	527,241	922,332	871,848
Total Expenses	412,433	593,580	1,006,013	939,532

**United Way Central and Northern Vancouver Island
Schedule 2 - Schedule of Administrative Expenses**

	<i>Year Ended March 31 2014</i>	<i>15 Months Ended March 31 2013</i>
Amortization of capital assets	5,142	1,821
Bank charges	3,052	2,724
Conferences and travel	2,358	7,337
Insurance	2,217	2,280
Office supplies	8,221	8,443
Professional fees	27,906	39,024
Rent	24,663	26,811
Repairs and maintenance	2,385	5,246
Telephone and internet	6,393	7,440
UW Centraide and memberships	6,884	9,290
General	14,441	44,505
Wages and benefits	93,877	146,684
	197,539	301,605
United Way of Canada - Centraide dues		
Allocated 100% to UWCNVI programs	(6,465)	(7,811)
	191,074	293,794
Administrative expenses, allocated to fundraising expense at 52% (<i>Schedule 3</i>)	(99,358)	(105,766)
Administrative expenses, allocated to the UWCNVI programs at 48% (<i>Schedule 3</i>)	(91,716)	(188,028)
	-	-

**United Way Central and Northern Vancouver Island
Schedule 3 - Schedule of Fundraising Expenses and UWCNVI Programs**

	<i>Year Ended March 31 2014</i>	<i>15 Months Ended March 31 2013</i>
Fundraising Expenses		
Campaign expenses	35,599	23,523
Special event costs	11,609	20,011
Wages	92,790	96,798
Allocation of administrative expenses (Schedule 2)	99,358	105,766
	239,356	246,098
UWCNVI Programs		
Community relations	32,774	-
United Way of Canada - Centraide dues	6,465	7,811
Wages	80,402	85,394
Allocation of administrative expenses (Schedule 2)	91,716	188,028
	211,357	281,233