

POWELL RIVER & DISTRICT UNITED WAY

Financial Statements

Year Ended December 31, 2020

POWELL RIVER & DISTRICT UNITED WAY

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Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Powell River & District United Way

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of Powell River & District United Way (the Society), which comprise the statement of financial position as at December 31, 2020, and the statements of revenues and expenditures, 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.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2020, 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, the Society derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended December 31, 2019 was also modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance 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 Society's ability to continue as a

(continues)

Independent Auditor's Report to the Directors of Powell River & District United Way *(continued)*

going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Society 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the Society's financial statements have been prepared following Canadian accounting standards for not-for-profit organizations on a basis consistent with that of the preceding year.

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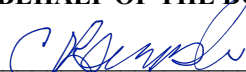
POWELL RIVER & DISTRICT UNITED WAY

Statement of Financial Position

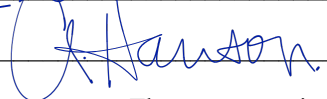
December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 135,476	\$ 97,018
Investments (Note 4)	61,760	19,490
Accounts receivable	12,800	-
Goods and services tax recoverable	1,016	4,084
Prepaid expenses	1,857	1,857
	<u>212,909</u>	122,449
INVESTMENTS (Note 4)	17,011	59,717
CAPITAL ASSETS (Note 5)	90,477	120,944
	<u>\$ 320,397</u>	<u>\$ 303,110</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 10,093	\$ 10,142
Employee deductions payable	959	1,397
Deferred income (Note 6)	107,984	128,925
	<u>119,036</u>	140,464
NET ASSETS	<u>201,361</u>	162,646
	<u>\$ 320,397</u>	<u>\$ 303,110</u>

ON BEHALF OF THE BOARD



Director



Director

The accompanying notes form an integral part of these financial statements.

POWELL RIVER & DISTRICT UNITED WAY

Statement of Revenues and Expenditures

Year Ended December 31, 2020

	2020	2019
REVENUES		
Grants <i>(Note 7)</i>	\$ 255,614	\$ 55,434
Donations <i>(Note 8)</i>	93,165	107,279
Government wage subsidies	7,482	-
Events revenue	-	1,692
Investment income	1,012	972
Unrealized gain (loss) on investments	(1,450)	3,007
Volunteer Centre - Membership Income	-	306
	<u>355,823</u>	168,690
FUNDRAISING EXPENSES (Schedule 1)	<u>22,406</u>	29,043
NET REVENUE AVAILABLE FOR PROGRAMS	<u>333,417</u>	139,647
PROGRAM EXPENSES		
COVID-19 Emergency Community Support	132,787	-
COVID-19 Seniors Response	29,079	-
Donations	-	21
Donations to charitable organizations	-	19,375
Healthy Families	(3,550)	6,242
Helping hands fund	20,000	20,000
Hygiene Cupboard	-	601
Success by Six	-	15,466
Women's Health Network	-	32
ORCA Bus <i>(Schedule 2)</i>	86,919	52,552
Volunteer Powell River <i>(Schedule 3)</i>	3,146	1,044
Allocation from general management and administrative expenses (Schedule 4)	26,321	52,046
	<u>294,702</u>	167,379
EXCESS (DEFICIENCY) OF REVENUES OVER PROGRAM EXPENSES	<u>\$ 38,715</u>	<u>\$ (27,732)</u>

The accompanying notes form an integral part of these financial statements.

POWELL RIVER & DISTRICT UNITED WAY

Statement of Changes in Net Assets

Year Ended December 31, 2020

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 162,646	\$ 190,378
Excess (Deficiency) of revenues over program expenses	<u>38,715</u>	<u>(27,732)</u>
NET ASSETS - END OF YEAR	<u>\$ 201,361</u>	<u>\$ 162,646</u>

The accompanying notes form an integral part of these financial statements.

POWELL RIVER & DISTRICT UNITED WAY**Statement of Cash Flows****Year Ended December 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over program expenses	\$ 38,715	\$ (27,732)
Items not affecting cash:		
Amortization of capital assets	38,925	21,759
Loss on disposal of capital asset	-	5,242
Unrealized (gain) loss on investments	1,450	(3,007)
	<u>79,090</u>	<u>(3,738)</u>
Changes in non-cash working capital:		
Accounts receivable	(12,800)	3,216
Accounts payable and accrued liabilities	(48)	(174)
Deferred income	(20,941)	15,798
Prepaid expenses	-	(1,166)
Goods and services tax recoverable	3,068	(3,071)
Employee deductions payable	(438)	(692)
	<u>(31,159)</u>	<u>13,911</u>
Cash flow from operating activities	<u>47,931</u>	<u>10,173</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(8,458)	(141,820)
Proceeds on disposal of capital assets	-	4,000
Net purchase of investments	(19,696)	(789)
Proceeds from sale of investment	18,681	-
Redemption of GIC	-	20,416
	<u>(9,473)</u>	<u>(118,193)</u>
INCREASE (DECREASE) IN CASH FLOW	38,458	(108,020)
Cash - beginning of year	<u>97,018</u>	<u>205,038</u>
CASH - END OF YEAR	\$ 135,476	\$ 97,018

The accompanying notes form an integral part of these financial statements.

POWELL RIVER & DISTRICT UNITED WAY

Notes to Financial Statements

Year Ended December 31, 2020

1. PURPOSE OF THE ORGANIZATION

The Powell River & District United Way (the "Society") raises funds for the financing of other charitable organizations. The Society is incorporated under the Societies Act of the Province of British Columbia as a not-for-profit organization, is a registered charity and is exempt from tax under section 149(1)(f) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, allocation of expenses, and the provision for uncollectible pledges.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	55%	declining balance method
Vehicle	30%	declining balance method

The Society regularly reviews its capital assets to eliminate obsolete items. In the year of acquisition, the Society provides for amortization of additions (net of proceeds from disposals) at one-half the normal rate.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Unrestricted contributions are recorded if the amount can be reasonably estimated and collection is reasonably assured.

Donated services

A substantial number of volunteers donate significant amounts of their time to the Society's operating activities. The value of these volunteer services has not been recognized in these statements.

Donations in kind

Donated goods are recorded at their fair market value at the time of the donation.

POWELL RIVER & DISTRICT UNITED WAY

Notes to Financial Statements

Year Ended December 31, 2020

3. FINANCIAL RISK

The Society is exposed to various risks through its financial instruments. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2020.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from donors and grantors. In order to reduce its credit risk, the Society recognizes donations when received. The Society receives grants from governments and other not-for-profits which minimizes credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of donations and grants from its funding sources and accounts payable.

Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate and other price risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through fixed rate guaranteed investment certificates.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to other price risk through its guaranteed investment certificates with returns linked to stock market indices and its equity fund.

POWELL RIVER & DISTRICT UNITED WAY

Notes to Financial Statements

Year Ended December 31, 2020

4. INVESTMENTS

	2020	2019
BMO Money Market Fund, at cost	\$ 18,684	\$ 19,490
Guaranteed investment certificate, bearing interest at 1.70%, maturing September 17, 2025.	17,011	16,641
Guaranteed investment certificate, non-redeemable, bearing interest at a rate determined upon maturity, to be not less than 1% nor greater than 12.5% and based upon the change in the S&P/TSX Capped Financial's and Utilities index from November 10, 2017 to April 26, 2021. This certificate matures May 10, 2021.	21,114	21,114
Guaranteed investment certificate, non-redeemable, bearing interest at a rate determined upon maturity, to be not less than 0% nor greater than 20% and based upon the change in a reference portfolio from November 8, 2017 to October 25, 2021. This certificate matures November 8, 2021.	21,962	21,962
	78,771	79,207
Less: Investments due after the next year	(17,011)	(59,717)
	\$ 61,760	\$ 19,490

5. CAPITAL ASSETS

	2020		2019	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 3,025	\$ 2,852	\$ 3,025	\$ 2,628
Motor vehicles	150,278	59,974	141,820	21,273
	\$ 153,303	\$ 62,826	\$ 144,845	\$ 23,901
Net book value	\$ 90,477		\$ 120,944	

POWELL RIVER & DISTRICT UNITED WAY

Notes to Financial Statements

Year Ended December 31, 2020

6. DEFERRED REVENUE

	Opening	Additions	Recognized as Income	Closing
Hygiene cupboard designated donations	\$ 2,050	\$ -	\$ -	\$ 2,050
Community Forest Grant	116,875	-	(36,164)	80,711
School District No. 47 Orca grant	10,000	-	(5,000)	5,000
Community Forest Grant - Orca Bus phase 2 refit	-	10,000	(3,000)	7,000
Community Foundation Grant Orca Bus awning	-	3,000	(900)	2,100
Community Foundation Grant Orca Bus driver	-	12,045	(4,422)	7,623
Qathet Regional District Orca Bus furnace replacement	-	5,000	(1,500)	3,500
	<u>\$ 128,925</u>	<u>\$ 30,045</u>	<u>\$ (50,986)</u>	<u>\$ 107,984</u>

7. GRANTS

	2020	2019
Grants - Success by Six	\$ -	\$ 5,000
Grants - Orca Bus	76,181	24,226
Grants - Volunteer Powell River	7,359	5,083
Grants - Orca Refit	-	21,125
Grants - COVID-19 Emergency Community Support	141,465	-
Grants - COVID-19 Seniors Response (<i>see below</i>)	30,609	-
	<u>\$ 255,614</u>	<u>\$ 55,434</u>

The United Way Centraide Canada (UWCC) dues have already been deducted from the COVID-19 Seniors Response Funding amount.

8. DONATIONS

	2020	2019
Donations - general campaign	\$ 66,116	\$ 81,485
Donations - Centrally Coordinated Campaign	11,938	3,235
Donations - designated	15,111	22,559
	<u>\$ 93,165</u>	<u>\$ 107,279</u>

POWELL RIVER & DISTRICT UNITED WAY

Notes to Financial Statements

Year Ended December 31, 2020

9. ALLOCATION OF GENERAL MANAGEMENT AND ADMINISTRATION EXPENSE

General management and administration expenses are incurred to support functional areas and are allocated to fundraising and program expenses based on: the time spent method for wages (2020 - 50% program expense, 50% fundraising expense; 2019 - 68% program expense, 32% fundraising expense); set percentages for rent and office (80% program expense, 20% fundraising expense); and set percentages of remaining costs (50% program expense, 50% fundraising expense). This method is consistent with the prior year.

Allocations of ORCA bus expenses are based upon 10% of grant income eligible to be used to for bus and bus program operations. This allocation began in the prior year along with the new bus and new grant funding.

POWELL RIVER & DISTRICT UNITED WAY

Fundraising

(Schedule 1)

Year Ended December 31, 2020

	2020	2019
EXPENSES		
Advertising and promotion	\$ -	\$ 86
Fundraising fee	279	-
Allocation from general management and administration expenses (Schedule 9)	<u>22,127</u>	<u>28,957</u>
	<u>\$ 22,406</u>	<u>\$ 29,043</u>

The accompanying notes form an integral part of these financial statements.

POWELL RIVER & DISTRICT UNITED WAY

ORCA Bus

(Schedule 2)

Year Ended December 31, 2020

	2020	2019
EXPENSES		
Administration fees	\$ 56	\$ 75
Advertising and promotion	1,101	114
Amortization	38,701	21,273
Community development	218	165
Fuel	955	1,885
Insurance	1,428	4,016
Interest and bank charges	7	14
Meetings and conventions	147	475
Office	2,309	516
Professional fees	-	28
Program equipment	5,338	-
Program expenses	15	-
Repairs and maintenance	3,973	3,470
Telephone	225	100
Volunteer and donor recognition	67	401
Wages and benefits	27,666	16,073
Allocation from general management and administration expenses (Schedule 4)	4,713	3,947
	<u>\$ 86,919</u>	<u>\$ 52,552</u>

The accompanying notes form an integral part of these financial statements.

POWELL RIVER & DISTRICT UNITED WAY

Volunteer Powell River

(Schedule 3)

Year Ended December 31, 2020

	2020	2019
EXPENSES		
Community development	\$ 2,831	\$ 871
Meetings and conventions	-	27
Office	-	146
Volunteer and donor recognition	<u>315</u>	<u>-</u>
	<u>\$ 3,146</u>	<u>\$ 1,044</u>

The accompanying notes form an integral part of these financial statements.

POWELL RIVER & DISTRICT UNITED WAY
General Management and Administration Expenses
Year Ended December 31, 2020

(Schedule 4)

	2020	2019
EXPENSES		
Advertising and promotion	\$ 4,356	\$ 2,291
Administration fees	40	40
Amortization	224	486
Bookkeeping	2,919	3,182
Centrade dues	3,000	3,000
Community development	-	600
Insurance	1,544	1,186
Interest and bank charges	445	514
Loss on disposal of capital assets	-	5,242
Meetings and conventions	40	892
Office	1,097	860
Professional fees	7,395	7,165
Rent	5,852	5,846
Wages and benefits	25,565	53,157
Telephone	313	335
Volunteer and donor recognition	371	154
Allocation to fundraising expenses	(22,127)	(28,957)
Allocation to program expenses	(26,321)	(52,046)
Allocation to ORCA Bus expenses	(4,713)	(3,947)
	\$ -	\$ -

The accompanying notes form an integral part of these financial statements.