

POWELL RIVER & DISTRICT UNITED WAY
Financial Statements
Year Ended December 31, 2018

POWELL RIVER & DISTRICT UNITED WAY

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Year Ended December 31, 2018

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dmd

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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, 2018, and the statements of operations, changes in net assets and cash flow 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, 2018, and the results of its operations and its cash flow 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, 2017 was 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

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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.



POWELL RIVER & DISTRICT UNITED WAY

Statement of Financial Position

December 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 205,038	\$ 158,273
Investments (Note 4)	36,429	37,874
Accounts receivable	3,216	-
Goods and Services tax recoverable	1,013	1,105
Prepaid expenses	691	691
	<u>246,387</u>	197,943
INVESTMENTS (Note 4)	59,398	59,083
CAPITAL ASSETS (Note 5)	<u>10,125</u>	13,782
	<u>\$ 315,910</u>	\$ 270,808
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 10,316	\$ 9,283
Government remittances payable	2,089	2,918
Deferred income (Note 6)	113,127	20,991
	<u>125,532</u>	33,192
NET ASSETS		
UNRESTRICTED	<u>190,378</u>	237,616
	<u>\$ 315,910</u>	\$ 270,808
COMMITMENT (Note 7)		

ON BEHALF OF THE BOARD

Barbara Ralston Director
[Signature] Director

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

POWELL RIVER & DISTRICT UNITED WAY

Statement of Operations

Year Ended December 31, 2018

	2018	2017
REVENUES		
Donations <i>(Note 8)</i>	\$ 89,992	\$ 111,950
Volunteer Centre - Membership and workshops	34	-
Grants	68,266	74,214
Events	8,874	19,195
Investment	932	4,062
Unrealized gain (loss) on investments	(2,061)	1,264
	<u>166,037</u>	<u>210,685</u>
FUNDRAISING EXPENSES (Schedule 2)	<u>32,375</u>	<u>30,404</u>
NET REVENUE AVAILABLE FOR PROGRAMS	<u>133,662</u>	<u>180,281</u>
PROGRAM EXPENSES		
Donations to charitable organizations	28,331	23,641
Danielle's helping hands fund	15,051	13,025
Volunteer Powell River	382	161
Donations (Schedule 1)	86	2,050
Success by 6 (Schedule 3)	45,856	48,326
ORCA Bus (Schedule 4)	26,178	32,513
Women's Health Network (Schedule 5)	649	341
Healthy Families Program (Schedule 6)	8,039	8,967
Hygiene Cupboard (Schedule 7)	160	189
Allocation from general management and administrative expenses (Schedule 8)	56,168	51,919
	<u>180,900</u>	<u>181,132</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (47,238)</u>	<u>\$ (851)</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, 2018

	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 237,616	\$ 238,467
Excess (Deficiency) of revenues over fundraising expenses	<u>(47,238)</u>	<u>(851)</u>
NET ASSETS - END OF YEAR	<u>\$ 190,378</u>	<u>\$ 237,616</u>

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

POWELL RIVER & DISTRICT UNITED WAY

Statement of Cash Flow

Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Deficiency of revenues over fundraising expenses	\$ (47,238)	\$ (851)
Items not affecting cash:		
Amortization of capital assets	4,523	5,975
Loss on disposal of capital assets	-	6
Unrealized gain (loss) on investments	2,061	(1,264)
	<u>(40,654)</u>	<u>3,866</u>
Changes in non-cash working capital:		
Donations and grants receivable	(3,216)	-
Accounts payable and accrued liabilities	1,034	1,083
Deferred income	92,136	(7,092)
Goods and services tax payable	92	(134)
Employee deductions payable	(829)	619
	<u>89,217</u>	<u>(5,524)</u>
Cash flow from (used by) operating activities	<u>48,563</u>	<u>(1,658)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(867)	(698)
Net purchase of investments	(931)	(4,061)
Purchase of GIC	-	-
Cash flow used by investing activities	<u>(1,798)</u>	<u>(4,759)</u>
INCREASE (DECREASE) IN CASH FLOW	46,765	(6,417)
Cash - beginning of year	<u>158,273</u>	<u>164,690</u>
CASH - END OF YEAR	\$ 205,038	\$ 158,273

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

POWELL RIVER & DISTRICT UNITED WAY

Notes to Financial Statements

Year Ended December 31, 2018

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.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows and the amount that could be realized from selling the financial asset. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

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:

Donated vehicle	30%	declining balance method
Computer equipment	55%	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.

Donated capital assets are recorded at their fair market value at the time of the donation. The donation value related to the donated asset is recognized over the life of the asset, at the same rate that the asset is being amortized.

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POWELL RIVER & DISTRICT UNITED WAY

Notes to Financial Statements

Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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, 2018.

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 donators 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, 2018

4. INVESTMENTS

	<u>2018</u>	<u>2017</u>
Canadian equity fund, at market value (cost \$17,592)	\$ 16,014	\$ 17,723
Guaranteed investment certificate, bearing interest at prime minus 2.60%, maturing September 20, 2019.	20,415	20,151
Guaranteed investment certificate, bearing blended interest at 1.95%, maturing September 17, 2023.	16,322	16,007
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
	<u>95,827</u>	<u>96,957</u>
Less investments due after the next year	<u>(59,398)</u>	<u>(59,083)</u>
	<u>\$ 36,429</u>	<u>\$ 37,874</u>

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Donated vehicle	\$ 59,499	\$ 50,273	\$ 9,226	\$ 13,180
Computer equipment	3,564	2,665	899	602
	<u>\$ 63,063</u>	<u>\$ 52,938</u>	<u>\$ 10,125</u>	<u>\$ 13,782</u>

6. DEFERRED REVENUE

	Opening	Additions	Recognized as Income	Closing
Orca bus replacement cost	\$ 13,180	\$ -	\$ (3,954)	\$ 9,226
Tla'amin cultural project	5,000	5,000	(5,000)	5,000
Hygiene Cupboard designated donations	2,811	-	(160)	2,651
Community Forest Grant	-	96,250	-	96,250
	<u>\$ 20,991</u>	<u>\$ 101,250</u>	<u>\$ (9,114)</u>	<u>\$ 113,127</u>

POWELL RIVER & DISTRICT UNITED WAY

Notes to Financial Statements

Year Ended December 31, 2018

7. COMMITMENT

The Society has a commitment to fund certain Success by 6 program expenses totaling \$5,000.

8. DONATIONS

	<u>2018</u>	<u>2017</u>
Donations - general campaign	\$ 68,764	\$ 90,131
Donations - Centrally Coordinated Campaign	4,341	10,630
Donations - designated	<u>16,887</u>	<u>11,189</u>
	<u>\$ 89,992</u>	<u>\$ 111,950</u>

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 (2018 - 67% program expense, 33% fundraising expense; 2017 - 67% program expense, 33% 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.

POWELL RIVER & DISTRICT UNITED WAY

Donations

(Schedule 1)

Year Ended December 31, 2018

	2018	2017
EXPENSES		
Centrally coordinated campaign fees	\$ 86	\$ 50
Community Development-weaving the blanket	-	2,000
	<u>\$ 86</u>	<u>\$ 2,050</u>

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

POWELL RIVER & DISTRICT UNITED WAY

Fundraising

(Schedule 2)

Year Ended December 31, 2018

	2018	2017
EXPENSES		
Advertising and promotion	\$ 100	\$ -
Program expenses	245	73
Allocation from general management and administration expenses (Schedule 8)	<u>32,030</u>	<u>30,331</u>
	<u>\$ 32,375</u>	<u>\$ 30,404</u>

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

POWELL RIVER & DISTRICT UNITED WAY

Success by 6

(Schedule 3)

Year Ended December 31, 2018

	2018	2017
EXPENSES		
Aboriginal engagement allocation	\$ 20,000	\$ 20,000
Advertising and promotion	1,746	3,259
Community development	1,692	993
Interest and bank charges	41	41
Little green cupboard	-	42
Meetings and conventions	17	51
Office	1,134	421
Program expenses	502	-
Salaries and wages	20,274	23,342
Telephone	-	48
Volunteer and donor recognition	450	129
	\$ 45,856	\$ 48,326

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

POWELL RIVER & DISTRICT UNITED WAY

ORCA Bus

(Schedule 4)

Year Ended December 31, 2018

	2018	2017
EXPENSES		
Advertising and promotion	\$ 1,121	\$ 409
Amortization	3,954	5,649
Community development	443	184
Fuel	1,480	1,582
Insurance	2,552	2,503
Meetings and conventions	-	24
Office	442	636
Program expenses	121	-
Repairs and Maintenance	2,669	6,443
Salaries, wages and consultant	13,296	14,175
Telephone	100	300
Volunteer and donor recognition	-	608
	\$ 26,178	\$ 32,513

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

POWELL RIVER & DISTRICT UNITED WAY

Women's Health Network

(Schedule 5)

Year Ended December 31, 2018

	2018	2017
EXPENSES		
Community development	\$ 608	\$ 300
Interest and bank charges	41	41
	<u>\$ 649</u>	<u>\$ 341</u>

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

POWELL RIVER & DISTRICT UNITED WAY

Healthy Families

(Schedule 6)

Year Ended December 31, 2018

	2018	2017
EXPENSES		
Advertising and promotion	\$ 587	\$ -
Community development	-	967
Family Swim	5,452	5,500
Fun in the Sun	-	500
Meals program	2,000	2,000
	<u>\$ 8,039</u>	<u>\$ 8,967</u>

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

POWELL RIVER & DISTRICT UNITED WAY

Hygiene Cupboard

(Schedule 7)

Year Ended December 31, 2018

	2018	2017
EXPENSES		
Advertising and promotion	\$ 72	\$ 15
Community development	<u>88</u>	<u>174</u>
	<u>\$ 160</u>	<u>\$ 189</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, 2018

(Schedule 8)

	2018	2017
EXPENSES		
Advertising and promotion	\$ 1,296	\$ 4,274
Amortization	569	326
Bookkeeping	3,803	4,453
Community development	57	372
Insurance	1,156	1,141
Interest and bank charges	593	607
Loss on disposal	-	6
Meetings and conventions	2,957	1,317
Office	2,983	3,070
Professional fees	10,410	9,520
Program expense	1,696	-
Rent	5,697	5,691
Salaries and wages	55,389	48,959
Telephone	1,047	2,266
Volunteer and donor recognition	545	248
Allocation to fundraising expenses	(32,030)	(30,331)
Allocation to program expenses	(56,168)	(51,919)
	<u>\$ -</u>	<u>\$ -</u>

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