

POWELL RIVER & DISTRICT UNITED WAY

Financial Statements

Year Ended December 31, 2019

POWELL RIVER & DISTRICT UNITED WAY

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Year Ended December 31, 2019**

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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, 2019, 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, 2019, 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, 2018 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

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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.

dmd CPA

POWELL RIVER & DISTRICT UNITED WAY

Statement of Financial Position

December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 97,018	\$ 205,038
Investments (Note 4)	19,490	36,429
Accounts receivable	-	3,216
Goods and Services tax recoverable	4,084	1,013
Prepaid expenses	1,857	691
	<u>122,449</u>	<u>246,387</u>
INVESTMENTS (Note 4)	59,717	59,398
CAPITAL ASSETS (Note 5)	<u>120,944</u>	<u>10,125</u>
	<u>\$ 303,110</u>	<u>\$ 315,910</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 10,142	\$ 10,316
Government remittances payable	1,397	2,089
Deferred income (Note 6)	<u>128,925</u>	<u>113,127</u>
	<u>140,464</u>	<u>125,532</u>
NET ASSETS		
UNRESTRICTED	<u>162,646</u>	<u>190,378</u>
	<u>\$ 303,110</u>	<u>\$ 315,910</u>

ON BEHALF OF THE BOARD



Cheryl A. Hanson
Director



A. Hanson
Director

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

POWELL RIVER & DISTRICT UNITED WAY

Statement of Operations

Year Ended December 31, 2019

	2019	2018
REVENUES		
Donations (<i>Note 8</i>)	\$ 107,279	\$ 89,992
Volunteer Centre - Membership and workshops	306	34
Grants	55,434	68,266
Events	1,692	8,874
Investment	972	932
Unrealized gain (loss) on investments	3,007	(2,061)
	<u>168,690</u>	166,037
FUNDRAISING EXPENSES (Schedule 1)	<u>29,043</u>	32,375
NET REVENUE AVAILABLE FOR PROGRAMS	<u>139,647</u>	133,662
PROGRAM EXPENSES		
Donations to charitable organizations	19,375	28,331
Danielle's helping hands fund	20,000	15,051
Donations (Schedule 2)	21	86
Success by 6 (Schedule 3)	15,466	45,856
ORCA Bus (Schedule 4)	52,552	26,178
Women's Health Network (Schedule 5)	32	649
Healthy Families Program (Schedule 6)	6,242	8,039
Volunteer Powell River (Schedule 7)	1,044	382
Hygiene Cupboard (Schedule 8)	601	160
Allocation from general management and administrative expenses (Schedule 9)	52,046	56,168
	<u>167,379</u>	180,900
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (27,732)</u>	<u>\$ (47,238)</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, 2019

	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 190,378	\$ 237,616
Excess (Deficiency) of revenues over expenses	<u>(27,732)</u>	<u>(47,238)</u>
NET ASSETS - END OF YEAR	<u>\$ 162,646</u>	<u>\$ 190,378</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, 2019**

	2019	2018
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (27,732)	\$ (47,238)
Items not affecting cash:		
Amortization of capital assets	21,759	4,523
Loss on disposal of capital asset	5,242	-
Unrealized gain (loss) on investments	(3,007)	2,061
	<u>(3,738)</u>	<u>(40,654)</u>
Changes in non-cash working capital:		
Donations and grants receivable	3,216	(3,216)
Accounts payable and accrued liabilities	(174)	1,034
Deferred income	15,798	92,136
Prepaid expenses	(1,166)	-
Goods and services tax recoverable	(3,071)	92
Government remittances payable	(692)	(829)
	<u>13,911</u>	<u>89,217</u>
Cash flow from operating activities	<u>10,173</u>	<u>48,563</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(141,820)	(867)
Proceeds on disposal of capital assets	4,000	-
Net purchase of investments	(789)	(931)
Redemption of GIC	20,416	-
	<u>(118,193)</u>	<u>(1,798)</u>
Cash flow used by investing activities	<u>(118,193)</u>	<u>(1,798)</u>
INCREASE (DECREASE) IN CASH FLOW	(108,020)	46,765
Cash - beginning of year	<u>205,038</u>	<u>158,273</u>
CASH - END OF YEAR	\$ 97,018	\$ 205,038

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

POWELL RIVER & DISTRICT UNITED WAY

Notes to Financial Statements

Year Ended December 31, 2019

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, 2019

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, 2019.

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, 2019

4. INVESTMENTS

	2019	2018
Canadian equity fund, at market value (cost \$18,040)	\$ 19,490	\$ 16,014
Guaranteed investment certificate.	-	20,415
Guaranteed investment certificate, bearing interest at 1.87%, maturing September 17, 2024.	16,641	16,322
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
	79,207	95,827
Less investments due after the next year	(59,717)	(59,398)
	\$ 19,490	\$ 36,429

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 3,025	\$ 2,628	\$ 397	\$ 899
Vehicle	141,820	21,273	120,547	9,226
	\$ 144,845	\$ 23,901	\$ 120,944	\$ 10,125

6. DEFERRED REVENUE

	Opening	Additions	Recognized as Income	Closing
Orca bus replacement cost	\$ 9,226	\$ -	\$ (9,226)	\$ -
Tla'amin cultural project	5,000	-	(5,000)	-
Hygiene cupboard designated donations	2,651	-	(601)	2,050
Community Forest Grant	96,250	41,250	(20,625)	116,875
School District No. 47 Orca grant	-	15,000	(5,000)	10,000
	\$ 113,127	\$ 56,250	\$ (40,452)	\$ 128,925

POWELL RIVER & DISTRICT UNITED WAY

Notes to Financial Statements

Year Ended December 31, 2019

7. SUBSEQUENT EVENTS

Subsequent to the year end, in March 2020, COVID-19 became a worldwide health emergency. As a result of this event, and the resulting restrictions placed on Canadian organizations, the Society was forced to cease operations of the ORCA bus, one of the larger community program directly run by the Society. It is hoped that the bus will be back in operation in September 2020. Further financial effects of the health emergency cannot be reasonably estimated.

8. DONATIONS

	<u>2019</u>	<u>2018</u>
Donations - general campaign	\$ 81,485	\$ 68,764
Donations - Centrally Coordinated Campaign	3,235	4,341
Donations - designated	<u>22,559</u>	<u>16,887</u>
	<u>\$ 107,279</u>	<u>\$ 89,992</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 (2019 - 68% program expense, 32% fundraising expense; 2018 - 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.

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 current year along with the new bus and new grant funding.

POWELL RIVER & DISTRICT UNITED WAY

Fundraising

(Schedule 1)

Year Ended December 31, 2019

	2019	2018
EXPENSES		
Advertising and promotion	\$ 86	\$ 100
Program expenses	-	245
Allocation from general management and administration expenses (Schedule 9)	<u>28,957</u>	<u>32,030</u>
	<u>\$ 29,043</u>	<u>\$ 32,375</u>

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

POWELL RIVER & DISTRICT UNITED WAY

Donations

(Schedule 2)

Year Ended December 31, 2019

	2019	2018
EXPENSES		
Centrally coordinated campaign fees	<u>\$ 21</u>	<u>\$ 86</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, 2019

	2019	2018
EXPENSES		
Aboriginal engagement allocation	\$ 5,000	\$ 20,000
Advertising and promotion	450	1,746
Community development	1,219	1,692
Interest and bank charges	15	41
Meetings and conventions	235	17
Office	2,737	1,134
Program expenses	-	502
Salaries and wages	5,810	20,274
Volunteer and donor recognition	-	450
	\$ 15,466	\$ 45,856

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

POWELL RIVER & DISTRICT UNITED WAY

ORCA Bus

(Schedule 4)

Year Ended December 31, 2019

	2019	2018
EXPENSES		
Advertising and promotion	\$ 114	\$ 1,121
Amortization	21,273	3,954
Community development	165	443
Fuel	1,885	1,480
Insurance	4,016	2,552
Interest and bank charges	14	-
Meetings and conventions	475	-
Office	591	442
Professional fees	28	-
Program expenses	-	121
Repairs and maintenance	3,470	2,669
Salaries, wages and consultant	16,073	13,296
Telephone	100	100
Volunteer and donor recognition	401	-
Allocation from general management and administration expenses (Schedule 9)	3,947	-
	<u>\$ 52,552</u>	<u>\$ 26,178</u>

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, 2019

	2019	2018
EXPENSES		
Community development	\$ -	\$ 608
Interest and bank charges	<u>32</u>	<u>41</u>
	<u>\$ 32</u>	<u>\$ 649</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, 2019

	2019	2018
EXPENSES		
Advertising and promotion	\$ -	\$ 587
Community development	604	-
Family swim	5,638	5,452
Meals program	-	2,000
	<hr/> \$ 6,242	<hr/> \$ 8,039

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

POWELL RIVER & DISTRICT UNITED WAY

Volunteer Powell River

(Schedule 7)

Year Ended December 31, 2019

	2019	2018
EXPENSES		
Community development	\$ 871	\$ -
Meetings and conventions	27	-
Office	146	-
Volunteer and donor recognition	-	382
	<u>\$ 1,044</u>	<u>\$ 382</u>

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

POWELL RIVER & DISTRICT UNITED WAY

Hygiene Cupboard

(Schedule 8)

Year Ended December 31, 2019

	2019	2018
EXPENSES		
Advertising and promotion	\$ -	\$ 72
Community development	46	88
Office	555	-
	<u>\$ 601</u>	<u>\$ 160</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, 2019

(Schedule 9)

	2019	2018
EXPENSES		
Advertising and promotion	\$ 2,291	\$ 1,296
Amortization	486	569
Bookkeeping	3,182	3,803
Centrade dues	3,000	3,040
Community development	600	57
Insurance	1,186	1,156
Interest and bank charges	514	593
Loss on disposal of capital assets	5,242	-
Meetings and conventions	892	2,957
Office	900	2,983
Professional fees	7,165	7,370
Program expense	-	1,696
Rent	5,846	5,697
Salaries and wages	53,157	55,389
Telephone	335	1,047
Volunteer and donor recognition	154	545
Allocation to fundraising expenses	(28,957)	(32,030)
Allocation to program expenses	(52,046)	(56,168)
Allocation to ORCA Bus expenses	(3,947)	-
	\$ -	\$ -

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