

United Way of the Alberta Capital Region

Financial Statements
March 31, 2015



June 15, 2015

Independent Auditor's Report

To the Members of United Way of the Alberta Capital Region

We have audited the accompanying financial statements of United Way of the Alberta Capital Region, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*PricewaterhouseCoopers LLP
TD Tower, 10088 102 Avenue NW, Suite 1501, Edmonton, Alberta, Canada T5J 3N5
T: +1 780 441 6700, F: +1 780 441 6776*



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Way of the Alberta Capital Region as at March 31, 2015 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.

PricewaterhouseCoopers LLP

Chartered Accountants

United Way of the Alberta Capital Region

Statement of Financial Position

As at March 31, 2015

	2015	2014
	\$	\$
Assets		
Current assets		
Cash and short-term investments	13,044,652	11,635,859
Campaign pledges receivable	8,697,875	7,922,354
Other receivables	41,122	80,388
Prepaid expenses and other	126,237	136,927
	<u>21,909,886</u>	<u>19,775,528</u>
Capital assets (note 3)	<u>6,470,675</u>	<u>7,016,776</u>
	<u>28,380,561</u>	<u>26,792,304</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	2,372,084	2,110,520
Deferred contributions (note 5)	3,400,974	3,232,216
Current portion – mortgage payable (note 6)	140,443	132,832
	<u>5,913,501</u>	<u>5,475,568</u>
Mortgage payable (note 6)	1,646,436	1,786,880
Deferred capital contributions (note 7)	<u>520,871</u>	<u>689,338</u>
	<u>8,080,808</u>	<u>7,951,786</u>
Net Assets		
Unrestricted	3,884,674	3,388,747
Investment in capital assets – internally restricted	4,162,923	4,407,726
Internally restricted operating funds (note 8)	<u>12,252,156</u>	<u>11,044,045</u>
	<u>20,299,753</u>	<u>18,840,518</u>
	<u>28,380,561</u>	<u>26,792,304</u>

Approved by the Board of Directors

 Director

 Director

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

United Way of the Alberta Capital Region

Statement of Changes in Net Assets

For the year ended March 31, 2015

	Unrestricted \$	Internally restricted investment in capital assets \$	Internally restricted operating funds \$ (note 8)	Total net assets \$
Balance – March 31, 2013	1,948,799	4,571,478	12,158,094	18,678,371
Excess (deficiency) of revenues over expenses	565,336	(403,189)	-	162,147
Transfer to reserves	(9,377,103)	-	9,377,103	-
Utilization of reserves	10,491,152	-	(10,491,152)	-
Purchase of capital assets	(113,803)	113,803	-	-
Mortgage repayment	(125,634)	125,634	-	-
Balance – March 31, 2014	3,388,747	4,407,726	11,044,045	18,840,518
Excess (deficiency) of revenues over expenses	1,854,047	(394,812)	-	1,459,235
Transfer to reserves	(10,644,607)	-	10,644,607	-
Utilization of reserves	9,436,496	-	(9,436,496)	-
Purchase of capital assets	(17,177)	17,177	-	-
Mortgage repayment	(132,834)	132,834	-	-
Balance – March 31, 2015	3,884,672	4,162,925	12,252,156	20,299,753

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

United Way of the Alberta Capital Region

Statement of Operations

For the year ended March 31, 2015

	2015 \$	2014 \$
Revenue		
Contributions and pledges	24,137,560	23,074,584
Provision for uncollectible pledges	(574,794)	(479,675)
	<hr/>	<hr/>
	23,562,766	22,594,909
Grant revenue	970,116	1,412,326
Earned income	120,355	95,767
Investment income	97,062	84,875
Other revenue	27,491	25,488
	<hr/>	<hr/>
	24,777,790	24,213,365
Fundraising expenses (schedule 1)	4,632,077	4,567,414
	<hr/>	<hr/>
	20,145,713	19,645,951
Program expenses		
Community allocations (schedule 2)	11,621,992	11,616,708
United Way programs and initiatives (schedule 3)	3,633,140	3,794,397
Member and non-member designations	3,036,534	3,669,510
	<hr/>	<hr/>
	18,291,666	19,080,615
Excess of revenue over expenses before amortization	1,854,047	565,336
Recognized capital contributions	168,467	21,081
Amortization expense	(563,279)	(424,270)
	<hr/>	<hr/>
Excess of revenue over expenses for the year	1,459,235	162,147

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

United Way of the Alberta Capital Region

Statement of Cash Flows

For the year ended March 31, 2015

	2015 \$	2014 \$
Cash provided for (used in)		
Operating activities		
Excess of revenue over expenses for the year	1,459,235	162,147
Item not affecting cash		
Amortization – net	394,812	403,189
	<u>1,854,047</u>	<u>565,336</u>
Net change in non-cash working capital items (note 9)	(295,243)	924,573
	1,558,804	1,489,909
Investing activities		
Purchase of capital assets	(17,177)	(113,803)
Financing activities		
Mortgage repayment	(132,834)	(125,634)
Increase in cash and short-term investments	1,408,793	1,250,472
Cash and short-term investments – Beginning of year	11,635,859	10,385,387
Cash and short-term investments – End of year	<u>13,044,652</u>	<u>11,635,859</u>
Cash and short-term investments comprises		
Cash	11,044,652	9,635,859
Short-term investments	2,000,000	2,000,000
	<u>13,044,652</u>	<u>11,635,859</u>

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

United Way of the Alberta Capital Region

Notes to Financial Statements

March 31, 2015

1 Organization

The mission of United Way of the Alberta Capital Region (United Way) is to mobilize collective action to create pathways out of poverty.

United Way is a registered charitable organization and a public charitable foundation incorporated under the Charities Act in the Province of Alberta and as such is exempt from tax under the Income Tax Act.

2 Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The preparation of financial statements for the reporting period necessarily includes the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

a) Revenue recognition

These financial statements have been prepared using the deferral method, the key elements of which are:

i) Contributions and pledges

Contributions and pledges relate to campaigns and events conducted by corporations, employee groups, employee funds, individuals and foundations during the year to raise support for projects, services provided by funded member agencies, funded non-member agencies, partnerships addressing new and emerging needs and other registered Canadian charities.

These contributions and pledges are recognized as revenue in the period in which they are gifted or pledged with the exception of donor restricted funds. All contributions and pledges that are restricted by donors are initially recorded as deferred contributions and then recognized as revenue in the year in which the related expenses are incurred.

ii) Grant revenue

Unrestricted grants are recognized as revenue when received or receivable if the amount to be received can be estimated and collection is reasonably assured. Externally restricted grants are recorded as deferred contributions and recognized as revenue in the year the related expenses are incurred.

United Way of the Alberta Capital Region

Notes to Financial Statements

March 31, 2015

iii) Earned income

Earned income includes provision of services generated through United Way's In-Kind Exchange program. This revenue is unrestricted and recognized in the year it is earned.

iv) Investment income

Investment income is unrestricted and recognized as revenue in the year it is earned.

v) Bequests

Unrestricted bequests are recognized as revenue in the period in which they are gifted. Restricted bequests are initially deferred and recognized as revenue in the year in which the related expenses are incurred.

b) Capital contributions

i) Restricted contributions for the purchase of capital assets subject to amortization will be deferred and recognized as revenue on the same basis as the amortization expense related to the acquired asset.

ii) Restricted contributions for the purchase of capital assets not subject to amortization will be recognized as a direct increase in net assets invested in capital assets.

c) Donated goods and services

Substantial goods and services are donated in-kind by the community to United Way. No amounts have been reflected in the financial statements for donated goods and services with the exception of capital contributions.

d) Expense recognition

i) Fundraising expenses

Fundraising expenses include all expenses directly associated with fundraising and co-fundraising and an allocation of general management and administration expenses.

ii) Program expenses

Program expenses include all allocations to agencies and allocations to programs directly delivered by United Way and an allocation of general and administration expenses.

United Way of the Alberta Capital Region

Notes to Financial Statements

March 31, 2015

iii) Allocated expenses

Expenses identifiable to fundraising or specific programs are charged directly. Remaining indirect expenses are allocated between fundraising and programs using a reasonable estimate of time spent by United Way representatives in support of that function (note 10).

e) **Cash and short-term investments**

Cash and short-term investments consist of cash on deposit and short-term investments with maturity periods of less than three months.

f) **Campaign pledges receivable**

Pledges are recorded as revenue and receivable when signed pledge documents are received or other documents are available to provide reasonable evidence of a valid pledge. An allowance for doubtful pledges is provided for based on management's best estimate of doubtful amounts.

Included in campaign pledges receivable is an amount related to United Way's service as a host for certain centrally coordinated campaign initiatives, whereby pledges and associated pledged funds are accumulated on behalf of other organizations. Payments to be made to other organizations in this capacity are included in accounts payable and accrued liabilities.

Due to the non-binding nature of pledges receivable, it is reasonably possible that changes in future conditions in the near term could require a material change in the recognized amount.

g) **Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization commences when a capital asset is put into use. Amortization of capital assets is provided on a straight-line basis over the following terms:

Building	25 years
Furniture and fixtures	10 years
Equipment	5 years
Computer equipment and software	3 years
Vehicle	3 years

h) **Internally restricted operating funds**

United Way maintains four reserves that may be used to fund operating or capital costs as follows:

i) Community investment reserve

The purpose of this reserve is to fund allocations and community building and investment costs in the upcoming year.

United Way of the Alberta Capital Region

Notes to Financial Statements

March 31, 2015

ii) Operating reserve

The purpose of this reserve is to fund United Way operations in the event of a revenue shortfall, or to fund communities and agencies with grants or loans for critical, unanticipated, non-recurring services and capital contingencies that result from conditions beyond the agency's control.

iii) Innovation reserve

The purpose of this reserve is to provide for the funding of innovative organizational and community opportunities.

iv) Building reserve

The purpose of this reserve is to provide funding for non-routine or unforeseen costs related to the United Way building. The reserve may be used to fund equipment purchases, repairs, renovations, upgrades or other initiatives.

i) **Financial instruments**

United Way's financial assets include cash and short-term investments, campaign pledges receivable and other receivables. Cash and short-term investments are recorded at fair value with changes in fair value recognized in the statement of operations for the period in which they arise. Campaign pledges receivable and other receivables are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method.

United Way's financial liabilities include accounts payable and accrued liabilities and mortgage payable. These are initially recorded at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest rate method.

3 Capital assets

	2015		
	Cost	Accumulated	Net
	\$	amortization	\$
	\$	\$	\$
Land	872,615	-	872,615
Building	6,345,904	1,503,594	4,842,310
Furniture and fixtures	759,455	533,968	225,487
Equipment	25,483	24,313	1,170
Computer hardware and software	1,789,385	1,269,955	519,430
Vehicle	28,988	19,325	9,663
	9,821,830	3,351,155	6,470,675

United Way of the Alberta Capital Region

Notes to Financial Statements

March 31, 2015

	2014		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Land	872,615	-	872,615
Building	6,345,904	1,249,756	5,096,148
Furniture and fixtures	759,455	480,942	278,513
Equipment	316,563	63,211	253,352
Computer hardware and software	1,481,120	984,298	496,822
Vehicle	28,988	9,662	19,326
	<u>9,804,645</u>	<u>2,787,869</u>	<u>7,016,776</u>

4 Accounts payable and accrued liabilities

	2015	2014
	\$	\$
Centrally coordinated campaigns payable	1,622,116	1,350,685
Vacation payable	264,193	243,878
Trade accounts payables	179,013	240,213
Accrued liabilities	130,933	176,222
Other	175,829	99,522
Government remittances payable	-	-
	<u>2,372,084</u>	<u>2,110,520</u>

5 Deferred contributions

	2015	2014
	\$	\$
Deferred contributions – Beginning of year	3,232,216	4,038,499
Contributions received	4,978,045	5,179,407
Contributions recognized as revenue	<u>(4,809,287)</u>	<u>(5,985,690)</u>
Deferred contributions – End of year	<u>3,400,974</u>	<u>3,232,216</u>

United Way of the Alberta Capital Region

Notes to Financial Statements

March 31, 2015

6 Mortgage payable

	2015 \$	2014 \$
Mortgage payable	1,786,879	1,919,712
Less: Current portion	(140,443)	(132,832)
	<u>1,646,436</u>	<u>1,786,880</u>

The loan bears interest at a rate of 5.654%, is payable in monthly instalments of interest and principal of \$19,723, and matures on January 1, 2020. For the year ended March 31, 2015, total interest expense was \$103,225 (2014 – \$110,457), of which \$7,673 (2014 – \$7,229) related to the current portion of mortgage payable.

Collateral for the loan is as follows:

- i) a first mortgage on the freehold property known municipally as 15132 Stony Plain Rd NW and 10120 - 152 Street NW, in the City of Edmonton;
- ii) a first general assignment of rents and leases from the property; and
- iii) a site specific general security agreement.

Principal repayments on the mortgage for the next five years and thereafter are as follows:

	\$
2016	140,443
2017	148,491
2018	156,999
2019	165,995
2020	<u>175,506</u>
	787,434
Thereafter	<u>999,445</u>
	<u>1,786,879</u>

United Way of the Alberta Capital Region

Notes to Financial Statements

March 31, 2015

7 Deferred capital contributions

	2015 \$	2014 \$
Deferred capital contributions – Beginning of year	689,338	239,279
Contributions received	-	471,140
Contributions recognized as revenue	(168,467)	(21,081)
	<hr/>	<hr/>
Deferred capital contributions – End of year	520,871	689,338

8 Internally restricted operating funds

	Community Investment Reserve \$	Operating Reserve \$	Innovation Reserve \$	Building Reserve \$	Total \$
Balance – March 31, 2013	9,699,594	1,219,834	538,666	700,000	12,158,094
Transfer to reserves	9,364,603	-	12,500	-	9,377,103
Utilization of reserves	(10,491,152)	-	-	-	(10,491,152)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance -- March 31, 2014	8,573,045	1,219,834	551,166	700,000	11,044,045
Transfer to reserves	10,627,772	-	16,835	-	10,644,607
Utilization of reserves	(9,388,496)	(48,000)	-	-	(9,436,496)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance – March 31, 2015	9,812,321	1,171,834	568,001	700,000	12,252,156

9 Net change in non-cash working capital items

	2015 \$	2014 \$
(Increase) decrease in campaign pledges receivable	(775,521)	2,379,970
Decrease in other receivables	39,266	11,399
Decrease (increase) in prepaid expenses and other	10,690	(48,290)
Increase (decrease) in accounts payable and accrued liabilities	261,564	(612,223)
Increase (decrease) in deferred contributions	168,758	(806,283)
	<hr/>	<hr/>
	(295,243)	924,573

United Way of the Alberta Capital Region

Notes to Financial Statements

March 31, 2015

10 General management and administration expenses

Total indirect expenses allocated between fundraising and program expenses are as follows:

	2015 \$	2014 \$
Salaries and benefits	2,094,249	2,058,448
Education, training and recognition	70,368	121,663
Meetings and mileage	9,418	13,306
Professional and consulting fees and external services	326,999	258,801
Advertising and promotion	178,772	163,363
Office supplies and administration costs	337,804	314,204
Occupancy costs	340,491	345,668
	<hr/>	<hr/>
	3,358,101	3,275,453
Allocated to		
Fundraising expenses (schedule 1)	1,902,160	1,862,389
Program expenses	1,455,941	1,413,064
	<hr/>	<hr/>
	3,358,101	3,275,453

11 Pension plan

United Way maintains a defined contribution pension plan for certain employees, which is funded by employer and employee contributions. Contributions are expensed in the period in which they are remitted to the investment firm. The pension expense for the year ended March 31, 2015 was \$183,236 (2014 – \$173,000).

12 Financial risk management

Credit risk

United Way is subject to credit risk with respect to campaign pledges receivable. However, United Way is not exposed to any significant concentration of credit risk due to its large donor base. Management monitors these accounts regularly and is reasonably assured that United Way is not exposed to significant credit risk in excess of the provision for doubtful pledges as at the statement of financial position date.

Interest rate risk

United Way is potentially subject to concentrations of interest rate risk principally with its short-term investments.

Liquidity risk

United Way's objective in managing capital is to ensure a sufficient liquidity position to finance its expenses, working capital and overall capital expenditures. Since inception, United Way has primarily financed its liquidity through campaign revenues, grants and income from its investments and expects to continue to meet future requirements through these sources.

United Way of the Alberta Capital Region

Schedule 1

Schedule of Fundraising Expenses

For the year ended March 31, 2015

	2015 \$	2014 \$
Direct expenses		
Salaries and benefits	2,274,186	2,333,571
Education, training and recognition	28,038	19,417
Meetings and mileage	39,000	43,880
Professional and consulting fees and external services	175,198	151,897
Advertising and promotion	548,626	499,451
Office supplies and administration costs	21,037	14,344
	<hr/>	<hr/>
Cost recovery	3,086,085 (356,168)	3,062,560 (357,535)
	<hr/>	<hr/>
General management and administration (note 10)	2,729,917 1,902,160	2,705,025 1,862,389
	<hr/>	<hr/>
Total fundraising expenses	4,632,077	4,567,414

United Way of the Alberta Capital Region

Schedule 2

Schedule of Community Allocations

For the year ended March 31, 2015

	2015 \$	2014 \$
Member agencies		
Arthritis Society - AB and NWT Division	76,440	76,440
Ben Calf Robe Society	36,400	36,400
Boys & Girls Clubs Big Brothers Big Sisters of Edmonton and Area Society	592,860	582,860
Bissell Centre	356,800	356,800
Boys and Girls Club of Leduc	51,200	51,200
Canadian Mental Health Association	367,838	367,838
Canadian National Institute For the Blind	306,506	306,506
Canadian Paraplegic Association - Alberta	238,600	238,600
Canadian Red Cross Central and Northern Alberta	404,680	404,680
Centre for Family Literacy	104,700	104,700
Connect Society	201,503	201,503
E4C	237,800	237,800
Edmonton Epilepsy Association	100,680	100,680
Edmonton Gleaners Association	146,578	146,578
Edmonton John Howard Society	310,333	310,333
Edmonton Mennonite Centre for Newcomers	108,000	108,000
Edmonton Social Planning Council	207,600	207,600
Elizabeth Fry Society of Edmonton	120,043	120,043
Fort Saskatchewan Boys and Girls Club	70,792	70,792
Gateway Association for Community Living	95,080	95,080
Goodwill Industries of Alberta	162,491	162,491
Information & Volunteer Centre for Strathcona County	54,201	54,201
Jewish Family Services	198,016	198,016
KARA Family Resource Centre	111,444	111,444
Leduc and District Food Bank	40,000	40,000
Norwood Child and Family Resource Centre	110,949	110,949
Operation Friendship Seniors Society	263,637	263,637
Options Sexual Health Association	92,820	92,820
Project Adult Literacy Society	87,410	87,410
Seniors Association of Greater Edmonton	95,000	95,000
Sexual Assault Centre of Edmonton	270,360	270,360
St. Albert Community Information & Volunteer Centre	48,622	48,622
St. Albert Family Resource Centre	75,188	75,188
Strathcona Shelter Society - "A Safe Place"	78,640	78,640
Terra Centre for Teen Parents	257,736	257,736
The Family Centre of Northern Alberta	855,698	855,698
The Support Network	321,019	273,573
Victorian Order of Nurses Edmonton	158,737	158,737
YMCA of Edmonton	366,203	366,203
YWCA of Edmonton	210,712	210,712
Youth Empowerment and Support Services	228,368	228,368
Subtotal - Member agencies	8,221,684	8,164,238

United Way of the Alberta Capital Region

Schedule of Community Allocations ...continued

For the year ended March 31, 2015

Schedule 2

	2015 \$	2014 \$
Community partnerships and initiatives		
Aboriginal Consulting Services of Alberta	50,000	50,000
Aboriginal Women's Professional Association	12,600	50,400
Boyle Street Community Services	80,060	79,940
Centre to End All Sexual Exploitation	50,000	50,000
Community mapping	75,000	75,000
Community Pathways out of Poverty	101,000	251,480
Community University Partnership for the Study of Children, Youth & Families	35,000	35,000
Corporate engagement projects	45,000	59,563
Donate A Ride	137,102	193,749
Edmonton Chamber of Voluntary Organizations	31,200	31,200
Edmonton Community Foundation	112,135	-
Edmonton Safe ID Storage Service	36,000	126,000
Edmonton School Lunch	200,837	92,898
Edmonton Seniors Coordinating Council	21,000	21,000
Empower U	321,997	238,435
Families First	50,000	-
Fort Saskatchewan - geographic service area	55,000	55,000
Inner City Agencies Foundation	54,779	66,387
Native Counseling Services of Alberta	32,000	32,000
Neighbourhood Empowerment Team	283,000	271,000
Partners for Kids	1,371,598	1,351,598
Sexual Minority - Community Outreach	25,000	25,000
St. Albert - geographic service area	55,000	55,000
Shared Services Project	-	17,210
Strathcona County - geographic service area	55,000	55,000
The Today Family Violence Help Centre	75,000	75,000
Walk In Counselling	35,000	8,360
Welcome Home	-	86,250
Subtotal - Community partnerships and initiatives	3,400,308	3,452,470
Total - Community allocations	11,621,992	11,616,708

United Way of the Alberta Capital Region

Schedule of United Way Programs and Initiatives

For the year ended March 31, 2015

Schedule 3

	2015	2014
	\$	\$
Community Building and Engagement	717,474	677,771
Community Investment Accountability	469,097	429,195
Discovery	878,351	758,709
Early Years Continuum Project	34,937	464,636
Galvanizing the Community	-	3,144
In-Kind Exchange	609,312	583,485
Labour Partnership	170,610	162,164
Public Education and Advocacy	199,966	189,774
Success by Six ®	340,846	318,540
United Way of Canada	212,547	206,979
	<hr/>	<hr/>
	3,633,140	3,794,397
	<hr/>	<hr/>