UNITED WAY FRASER VALLEY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MARCH 31, 2017 AND 2016

MANNING ELLIOTT
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INDEPENDENT AUDITOR'S REPORT

To the Directors of
United Way Fraser Valley

Report on the Financial Statements

We have audited the accompanying financial statements of the United Way Fraser Valley, which comprise the statements of financial position as at March 31, 2017 and 2016 and the statements of operations, statements of changes in net assets and statements of cash flows for the years then ended, and the related notes comprising 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 our 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, we consider 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

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INDEPENDENT AUDITOR'S REPORT

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were unable to determine whether any adjustments might be necessary to donation revenue, deficiency of revenues over expenses, and cash flows from operations for the years ended March 31, 2017 and 2016, total assets as at March 31, 2017 and 2016, and net assets at both the beginning and end of March 31, 2017 and 2016 years.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the United Way Fraser Valley as at March 31, 2017, and 2016 and the results of its operations and cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

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

Manning Elliott LLP

Chartered Professional Accountants

Abbotsford, British Columbia

June 12, 2017

UNITED WAY FRASER VALLEY

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2017

		2017		2016
ASSETS				
CURRENT ASSETS				
Cash	$	429,365	$	463,473
Term deposits		232,000		107,972
Pledges receivable (Note 3)		441,959		575,124
Sales taxes receivable		15,060		13,373
Prepaid expenses		-		884
		1,118,384		1,160,826
INVESTMENTS (Note 4)		28,112		26,548
RESTRICTED CASH		-		248,338
	$	1,146,496	$	1,435,712
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$	19,880	$	28,309
Government remittances payable		927		10,336
Deferred revenue (Note 3)		924,343		1,085,376
		945,150		1,124,021
COMMITMENTS (Note 5)				
NET ASSETS				
UNRESTRICTED		173,234		36,805
INTERNALLY RESTRICTED FUNDS		-		248,338
RESTRICTED FOR ENDOWMENT PURPOSES (Note 4)		28,112		26,548
		201,346		311,691
	$	1,146,496	$	1,435,712

Approved by the Board:

_____ Director _____ Director

UNITED WAY FRASER VALLEY

STATEMENTS OF CHANGES IN NET ASSETS

FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	Restricted for endowment purposes	Internally Restricted fund	Unrestricted	2017 Total	2016 Total
Net assets, beginning of year	$ 26,548	$ 248,338	$ 36,805	$ 311,691	$ 372,288
Deficiency of revenues over expenses	-	-	(110,345)	(110,345)	(60,597)
Transfer of restricted funds to unrestricted funds	-	(248,338)	248,338	-	-
Endowment contributions	1,564	-	(1,564)	-	-
Net assets, end of year	$ 28,112	$ -	$ 173,234	$ 201,346	$ 311,691

UNITED WAY FRASER VALLEY

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017	2016
REVENUE		
Donations	$ 893,657	$ 866,145
Funds transferred from other United Ways	56,501	63,460
Funds transferred to other United Ways	(13,490)	(12,625)
Gross campaign revenue	936,668	916,980
Uncollectable pledges	(23,500)	(48,700)
Net campaign revenue	913,168	868,280
Grants	441,426	430,076
Sponsorships	8,887	9,042
Investment revenue	12,081	15,933
Other revenue	24,283	24,967
Total revenue	1,399,845	1,348,298
EXPENSES		
Resource development (Note 6)	246,067	219,743
Net revenue available for programs	1,153,778	1,128,555
PROGRAM EXPENSES		
Allocations	443,180	430,215
Community development (Note 6)	182,025	176,508
Designations	209,362	197,316
Make children first	128,342	141,046
Success by 6	254,704	153,215
United Way of Canada Dues	12,986	8,291
Vibrant Abbotsford	33,524	82,561
Total program expenses	1,264,123	1,189,152
DEFICIENCY OF REVENUES OVER EXPENSES	$ (110,345)	$ (60,597)

UNITED WAY FRASER VALLEY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

		2017		2016
CASH PROVIDED BY (USED FOR):				
OPERATING ACTIVITIES				
Deficiency of revenues over expenses	$	(110,345)	$	(60,597)
Net change in non-cash working capital balances				
Pledges receivable		133,167		(73,119)
Other accounts receivable		(1,687)		(3,532)
Prepaid expenses		884		-
Accounts payable and accrued liabilities		(17,840)		(2,088)
Deferred revenue		(161,033)		154,090
		(46,509)		75,351
INVESTING ACTIVITY				
Endowment contributions		(1,564)		(776)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS		(158,418)		13,978
CASH AND EQUIVALENTS, BEGINNING OF YEAR		819,783		805,805
CASH AND EQUIVALENTS, END OF YEAR	$	661,365	$	819,783

Cash and equivalents included in the cash flow statement comprise the following balance sheet accounts:

Cash	$	429,365	$	463,473
Restricted cash		-		248,338
Term deposits		232,000		107,972
	$	661,365	$	819,783

SUPPLEMENTARY CASH FLOW INFORMATION				
Interest earned	$	12,082	$	15,933

NATURE OF OPERATIONS

The United Way Fraser Valley is incorporated in British Columbia under the Society Act and is a registered charity under the Income Tax Act. The purpose of the United Way Fraser Valley is to provide leadership and to stimulate citizen participation in the improvement of social conditions in the geographical area embraced by the Society. In order to fulfill these purposes, the Society conducts fund raising campaigns and solicits grants from government and private foundations. The proceeds are distributed to United Way agencies and community programs in the Fraser Valley and used to administer the programs of the Society.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in accordance with Canadian generally accepted accounting principles (GAAP), and in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Cash and cash equivalents

Cash and equivalents consist of cash on hand, balances held with banks, and investments in money market instruments with original maturities of three months or less.

b) Revenue recognition

United Way Fraser Valley follows the deferral method of accounting for contributions for not- for-profit organizations.

Campaign revenue consists of pledges and donations relating to the current and prior year campaigns. Pledges receivable are recorded when a signed pledge form has been received from the donor. A provision for uncollectable pledges is recorded by management based on the collection history of prior campaigns.

Unrestricted pledges are deferred until the actual pledge proceeds have been received and are recognized as revenue in the period in which the donor intended the funds to be utilized. Pledges and donations that are received by the Society that are designated by the donor to funded agencies and other charitable organizations are considered to be restricted by purpose, are recorded as deferred campaign revenue, are recognized as revenue when the funds are received and ultimately forwarded to the designated organization.

Grants and other amounts received for a specified purpose are recognized as revenue in the year which the related expenses are incurred.

Sponsorship and other revenue received during the year is recognized as revenue when the amounts have been received from the donors and other parties.

Investment revenue earned on restricted endowed funds is recognized in revenue in the period it is earned and as a direct increase to the endowment net asset balance. Investment revenue earned on unrestricted investments is recognized in the current year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Equipment

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided annually at rates designed to amortize the cost of the assets over their estimated useful lives, with a half-year's provision in the year of acquisition, as follows:

Computer equipment	3 years straight-line basis
Office equipment and furniture	5 years straight-line basis

d) Investments

Investment in endowment funds are recorded cost, which includes all endowment contributions and interest earned during the year.

e) Designations for member and non-member agencies

The United Way collects funds designated for specific agencies, some members and some non-members. These funds are included in Campaign revenue and are distributed based on actual cash received.

f) Donated services and materials

The work of the United Way is dependent on the voluntary services of many people. Since these services are not purchased by the United Way and because of the difficulty in determining their fair value, donated services are not recorded in these statements. Donated materials are recorded at fair market value when received.

g) Allocation of general management and administration expenses

United Way Fraser Valley classifies expenses on the statement of operations by function. The functions reported are Agency and Community Development and Resource Development. General and administrative expenses are allocated proportionally on the basis of usage attributed to each function and the allocation is applied consistently on that basis each year.

h) Leases

Leases are classified as either capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value at the beginning of such lease. Assets recorded under capital leases are amortized on a straight line basis over the estimated useful lives of the respective assets on commencement of use of the related assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Areas of significant estimates include provision for uncollectible pledges and deferred revenue.

j) Financial instruments

i) Measurement

The Society's financial instruments consist of cash, term deposits, accounts receivable, investments, and accounts payable.

The Society initially measures its financial instruments at fair value. The Society subsequently measures all of its financial instruments at amortized cost and term deposits and investments at fair value.

ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations in the period in which it is determined.

2. FINANCIAL INSTRUMENTS RISKS

The Society's financial instruments are described in Note 1(j). In management's opinion, the Society is not exposed to significant currency, credit, liquidity, interest rate or other market risks. In addition, the Society is not exposed to any material concentrations of risk and there has been no change in the risk exposures from the prior year.

3. DEFERRED REVENUE AND PLEDGES RECEIVABLE – CURRENT AND PAST CAMPAIGNS

Deferred revenue consists of grants for which funds will be expended in a future period, designated pledges for which funds have not been forwarded to the designated organizations and unrestricted pledges for which the funds are to be received and utilized in future periods.

PLEDGES RECEIVABLE		2017		2016
Opening Balance	$	575,124	$	502,005
Pledges obtained during the year, net of allowances		770,602		927,807
Pledges collected during the year		(903,767)		(854,688)
Closing Balance	$	441,959	$	575,124

DEFERRED REVENUE		2017		2016
Opening Balance	$	1,085,376	$	931,286
Amounts received, net of deferred grant expenses		736,509		1,015,003
Pledge revenue recognized as revenue		(897,542)		(860,913)
Closing Balance	$	924,343	$	1,085,376

Deferred pledge revenue	$	441,959	$	568,899
Deferred grant revenue		482,384		516,477
	$	924,343	$	1,085,376

4. RESTRICTIONS FOR ENDOWMENT PURPOSES

The Society has endowed funds which they are required to maintain permanently. These funds have been entrusted to the Abbotsford Community Foundation for investment purposes. This Foundation invests the funds and pays investment income annually to the Society based on the pro-rata share of the earnings. The investment income is unrestricted and is recorded on the statement of operations when earned. For fiscal 2017, the amount earned was $526 (2016 - $1,147).

5. COMMITMENTS

The Society rents their premises and subcontracts to third parties for community programs. The aggregate payments over the next year for these commitments are as follows:

2018	$	19,629

6. ALLOCATION OF GENERAL AND ADMINISTRATIVE EXPENSES

		2017		2016
Board expenses	$	93	$	11
Campaign events		225		150
Computer		1,055		5,438
Conference costs		1,873		1,991
Insurance		4,344		3,387
Interest and bank charges		2,068		2,161
Office and miscellaneous		11,230		17,944
Professional fees		20,238		12,300
Rent		11,457		12,575
Telephone		1,632		2,094
United Way of Canada		12,986		8,291
Wages and benefits		152,945		93,598
Total Expenses to be Allocated	$	220,146	$	159,940

The following table provides a summary of the general and administrative expenses allocated to Community Development and Resource Development in terms of amounts:

Allocated to:		2017		2016
Community development	$	111,546	$	80,227
Resource development		108,600		79,713
	$	220,146	$	159,940

7. GOVERNMENT OF CANADA WORKPLACE CHARITABLE CAMPAIGN (GCWCC) EXPENSES

The Society has incurred the following expenditures directly related to the GCWCC campaign:

		2017		2016
Printing materials	$	1,240	$	1,168
Travel		2,460		1,186
Wages and benefits		3,970		6,815
	$	7,670	$	9,169

8. REMUNERATION TO DIRECTORS, EMPLOYEES AND CONTRACTORS

		2017		2016
Administration (2 people)	$	158,786	$	70,138
Executive Director		59,921		108,306
	$	218,707	$	178,444

In accordance with the British Columbia Societies Act, a publicly funded society is to disclose remuneration paid by the Society in excess of $75,000 to employees and contractors, which have been noted above. Additionally, publicly funded societies must now disclose any remuneration paid to directors. For the year-ended March 31, 2017 and 2016, the Society has not compensated any directors.

9. CAPITAL MANAGEMENT

The capital structure of the Society consists of net assets invested in capital assets, restricted assets for endowment purposes and an unrestricted surplus. Net assets invested in capital assets are not available for other purposes because they are invested. Restricted assets for endowment purposes are entrusted with the Abbotsford Foundation for investment purposes. The internally restricted assets are to be retained on an ongoing basis to offset any future excesses of expenditures over revenues. The unrestricted surplus represents the Society's accumulated excess of revenue over expenses from operations.

The primary objectives of the Society's capital management are to invest capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Board of Directors to ensure funds are being appropriately utilized.

10. SUBSEQUENT EVENT

Effective April 18, 2017, the Society entered into an agreement to combine its operations with the United Way of the Lower Mainland resulting in the transfer of all assets and assumption of all liabilities of the United Way Fraser Valley by United Way Lower Mainland as of June 30, 2017. The agreement will need to be ratified at the annual general meeting.