Financial Statements of

UNITED WAY OF THE LOWER MAINLAND

Year ended March 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of United Way of the Lower Mainland

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of the Lower Mainland, which comprise the statement of financial position as at March 31, 2018, the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and 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.

Auditors' 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 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 audit is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent Member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Way of the Lower Mainland as at March 31, 2018 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
June 19, 2018

UNITED WAY OF THE LOWER MAINLAND

Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	$ 10,810,138	$ 11,541,077
Short term investments	232,000	-
Accrued interest receivable	13,456	9,570
Pledges receivable (note 3)	8,502,606	8,665,060
Grants and miscellaneous receivables (note 12)	10,974,192	10,345,670
Prepaid expenses	48,049	45,982
	30,580,441	30,607,359
Investments (note 4)	14,440,546	12,678,626
Life insurance policies (note 5)	1,100,479	1,048,747
Capital assets (note 6)	2,697,666	2,869,877
	$ 48,819,132	$ 47,204,609
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,414,592	$ 1,319,054
Deferred revenue (note 7)	312,049	35,760
Grants received in trust (note 8)	74,611	253,536
Designations payable to agencies	1,291,242	1,303,828
	3,092,494	2,912,178
Donor Advised funds (note 9)	632,508	654,134
Net assets:		
Life insurance policies	1,100,479	1,048,747
Invested in capital assets	2,697,666	2,869,877
Endowment fund	6,697,124	6,514,886
Restricted special purpose funds (schedule 1)	34,598,861	33,204,787
	45,094,130	43,638,297
	$ 48,819,132	$ 47,204,609

See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

UNITED WAY OF THE LOWER MAINLAND

Statement of Revenue and Expenses

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Proceeds from annual Campaign contributions	$ 23,859,769	$ 24,075,467
UWLM Endowment Fund income to fund fundraising expenses (note 10)	1,005,670	961,058
	24,865,439	25,036,525
Additional contributions to prior year campaigns	109,605	181,990
Pledge cancellations	(678,122)	(594,190)
Grants and other contributions (note 12)	14,218,164	11,994,362
Investment income, net of fees	676,878	1,055,141
Total revenue	39,191,964	37,673,828
Expenses:		
Restricted special purpose funds (schedule 1)	24,470,540	24,909,916
United Way Community Services (schedule 2)	3,028,353	2,861,117
Designations to agencies by donors	4,595,608	4,577,142
Other	287,922	308,203
	32,382,423	32,656,378
Fundraising and administrative expenses (schedule 3)	6,207,786	5,961,700
Total expenses	38,590,209	38,618,078
Excess (deficiency) of revenue over expenses	$ 601,755	$ (944,250)

See accompanying notes to financial statements.

UNITED WAY OF THE LOWER MAINLAND

Statement of Changes in Net Assets

Year ended March 31, 2018, with comparative information for 2017

	Unrestricted Fund	Restricted Special Purpose Funds (schedule 1)	Endowment Fund	Invested in capital assets	Life insurance policies	Total 2018	Total 2017
Balance, beginning of year	$ -	$ 33,204,787	$ 6,514,886	$ 2,869,877	$ 1,048,747	$ 43,638,297	$ 44,582,547
Net asset contributions from United Way of the Fraser Valley (note 2)	-	854,078	-	-	-	854,078	-
Revenue	21,436,332	17,244,784	426,372	-	84,476	39,191,964	37,673,828
Expenses	(13,896,263)	(24,470,540)	-	(223,406)	-	(38,590,209)	(38,618,078)
Excess (deficiency) of revenue over expenses	7,540,069	(7,225,756)	426,372	(223,406)	84,476	601,755	(944,250)
Fund transfers:							
Acquisition of capital assets	-	(51,195)	-	51,195	-	-	-
Transfers from Endowment Fund (note 1(a)(iii))	260,595	-	(260,595)	-	-	-	-
Transfers from Campaign operations	(7,800,664)	7,833,408	-	-	(32,744)	-	-
Transfers from Preventative Services Fund	-	(16,461)	16,461	-	-	-	-
	(7,540,069)	7,765,752	(244,134)	51,195	(32,744)	-	-
Increase (decrease) for the year	-	1,394,074	182,238	(172,211)	51,732	1,455,833	(944,250)
Balance, end of year	$ -	$ 34,598,861	$ 6,697,124	$ 2,697,666	$ 1,100,479	$ 45,094,130	$ 43,638,297

See accompanying notes to financial statements.

UNITED WAY OF THE LOWER MAINLAND

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating:		
Excess (deficiency) of revenue over expenses	$ 601,755	$ (944,250)
Amortization of capital assets, an item not involving cash	223,406	223,419
Unrealized gain on investments, excluding Donor Advised funds	(14,496)	(564,358)
Unrealized gain on life insurance policies	(84,476)	(49,639)
	726,189	(1,334,828)
Changes in non-cash operating working capital:		
Accrued interest receivable	(3,886)	5,031
Pledges receivable	162,454	358,680
Grants and miscellaneous receivables	(628,522)	(10,018,256)
Prepaid expenses	(2,067)	-
Accounts payable and accrued liabilities	95,538	(304,153)
Deferred revenue	276,289	(78,452)
Grants received in trust	(178,925)	(4,470)
Designations payable to agencies	(12,586)	(89,766)
	434,484	(11,466,214)
Investments:		
Contributed net assets from United Way of the Fraser Valley (note 2)	854,078	-
Acquisition of short term investments	(232,000)	-
Net increase in investments, excluding Donor Advised funds (note 9)	(1,769,050)	(103,622)
Realization of life insurance policies	32,744	752
Acquisition of capital assets	(51,195)	(41,411)
	(1,165,423)	(144,281)
Decrease in cash and cash equivalents	(730,939)	(11,610,495)
Cash and cash equivalents, beginning of year	11,541,077	23,151,572
Cash and cash equivalents, end of year	$ 10,810,138	$ 11,541,077

See accompanying notes to financial statements.

Operations:

United Way of the Lower Mainland ("United Way") is incorporated under the Society Act (BC). United Way's mission is to serve the needs of our local community and ignite the desire in everyone to improve this community we call home. On November 28, 2016, the new Societies Act (British Columbia) became effective. United Way has until November 28, 2018 to transition to the new act.

United Way is a charitable organization registered under the Income Tax Act and, as such, is exempt from income and capital taxes, and is able to issue donation receipts for income tax purposes.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook and, in management's opinion, within reasonable limits of materiality and include the following significant accounting policies:

(a) Basis of presentation:

(*i*) Restricted Special Purpose Funds:

United Way accounts for and administers various restricted special purpose funds. Funds are recognized as revenue in or transferred to these special purpose funds as directed by either the donor or the Board of Directors, respectively. The funds are as follows:

- *Community Investment Funds* - consist of funds established to support initiatives that are designed to extend and support United Way's role as a community impact organization. These funds focus on three priorities: helping kids be all they can be; building strong communities; and moving people from poverty to possibility.
- *Stabilization Fund* - consists of funds allocated by the Board of Directors to increase the long-term financial stability of United Way. The fund's primary purpose is to ensure that United Way has the necessary resources to either compensate for unforeseen shortfalls in future Campaign revenue or to meet future extraordinary expenses.
- *Success by 6 Provincial Partnership Fund* - consists of grants from the Province of British Columbia to manage a province-wide Early Childhood Development Provincial Partnership.
- *Preventative Services Fund* - established to ensure increased, permanent funding is available for preventative programs and services. Funds are distributed annually in accordance with the terms of the approved policy.
- *Other Funds* - consist of amounts designated by either donors or the Board of Directors for specific purposes. Funds are distributed in accordance with either the terms of the designation or Board decisions.

1. Significant accounting policies (continued):

(a) Basis of presentation (continued):

(*ii*) Donor Advised funds (note 9):

Donor Advised funds are restricted by donors as to distribution and investment decisions, are generally held for extended periods, and are recognized as Campaign revenue when distribution is specified by the donor.

(*iii*) Endowment Fund:

United Way has an Endowment Fund of $6,697,124 (2017 - $6,514,886), consisting of amounts designated by donors for endowment purposes. Annually, a distribution is made from this Endowment Fund, in accordance with the terms of the approved policy, and is used to offset United Way fundraising expenses. The distribution is recorded through an interfund transfer.

In addition, United Way also receives income from another separate UWLM Endowment Fund (the "Fund") at the Vancouver Foundation established by United Way and others (note 10).

(*iv*) Life insurance policies (note 5):

United Way is owner and beneficiary of donated life insurance policies. The annual premium payment is recognized as Campaign revenue with an offsetting amount recorded as a designation expense. Any change in the cash surrender value of the policies is recorded as investment income or loss.

(b) Campaign revenue:

These financial statements reflect the revenue of the 2017 Campaign and the related designations. Included in Campaign revenue are designations to other United Way organizations of $22,490 (2017 - $55,068).

United Way is requested by certain employers and employee groups to act as the coordinator of their provincial and national campaigns by receiving funds and disbursing them on their behalf to other United Ways within their local communities. Funds received and disbursed under these centrally-coordinated campaigns are not included in the statement of revenue and expenses. Total funds received and processed on behalf of other United Ways were $1,231,400 (2017 - $1,035,750).

Funds received by United Way from other United Ways under centrally-coordinated campaigns are included in the Campaign revenue amount on the statement of revenue and expenses.

1. Significant accounting policies (continued):

(c) Allocation of expenses:

United Way provides administration and support to fundraising and Community Services, Accordingly, general and administrative expenses are allocated among these programs and services (schedule 4). In addition, United Way also provides support to programs delivered through restricted special purpose funds through Community Services (schedule 2). The allocation basis is as follows:

- *Finance* - proportionally on the basis of direct expenses incurred by each function.
- *Operations, information technology and amortization* - proportionally on the basis of headcount attributed to each function.

All other cost allocations are on the basis of efforts incurred.

(d) Revenue recognition:

United Way follows the restricted fund method of accounting for contributions.

Contributions are recognized as revenue in the appropriate fund in the period the amounts are received or receivable, provided collection is reasonably assured. Investment income is recognized as revenue as it is earned.

Pledges are recorded as receivable and recognized as revenue when signed pledge documents or appropriate authorization through electronic communications are received by United Way. Provision is made for possible cancellation of pledges taken into revenue.

Contributions to, and investment income earned by, the Endowment Fund are recognized as revenue of the Endowment Fund.

Contributions to, and investment income, including gains or losses arising from changes in fair value, earned by Donor Advised funds are deferred until such time as the donor directs distribution of those funds.

(e) Grants:

Community Investment Funds and Other Funds grants are recognized as expenses when there are no outstanding conditions for the recipient agency to satisfy and payment is issued.

(f) Investments:

Investments are recorded at fair value determined on the last business day of the fiscal year.

(g) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized. When a capital asset no longer contributes to United Way's ability to provide services, its carrying amount is written down to its residual value.

1. Significant accounting policies (continued):

(g) Capital assets (continued):

Amortization is provided on a straight-line basis as follows:

Asset	Period
Building	40 years
Building improvements	15 years
Computer equipment and software	3 to 10 years
Furniture	10 years
Office equipment	5 years

(h) Designations for agencies:

United Way collects funds designated by Campaign donors for other Canadian registered charities. These funds are included in Campaign revenue in the unrestricted fund and are recognized as expenses of the current Campaign. Funds are distributed based on actual cash received, net of a $12 (2017 - $12) fee per designation.

(i) Contributed material and services:

Contributed materials which are used in the normal course of United Way's operations and would otherwise have been purchased are recorded at their fair value, at the date of contribution, if fair value can be reasonably estimated.

A substantial number of volunteers contribute a significant amount of their time to United Way each year. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

(j) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and term deposits, which are highly liquid, with terms to maturity of three months or less at date of acquisition.

(k) Short term investments:

Short term investments include term deposits, which are highly liquid, with terms to maturity up to one year at date of acquisition.

1. Significant accounting policies (continued):

(l) Calculation of cost revenue ratios ("CRR"):

In accordance with the United Way of Canada's Transparency, Accountability and Financial Reporting policies, United Way uses the following method to calculate cost revenue ratios:

	2018	2017
Total revenue	$ 39,191,964	$ 37,673,828
Pledge cancellations	678,122	594,190
Total revenue for CRR	$ 39,870,086	$ 38,268,018

	2018	2017
Direct fundraising expenses (schedule 3)	$ 4,915,556	$ 4,638,948
Directed funding:		
UWLM Endowment Fund income to fund fundraising expenses (note 10)	(1,005,670)	(961,058)
Endowment Fund transfer to fund fundraising expenses (note 1(a)(iii))	(260,595)	(243,157)
	(1,266,265)	(1,204,215)
Net direct fundraising expenses	3,649,291	3,434,733
Net direct fundraising expenses as a percentage of total revenue for CRR	9.2%	9.0%
Allocations of expenses from:		
United Way Community Services (schedule 2)	99,415	101,654
General and administrative expenses (schedule 4)	1,192,815	1,221,098
Indirect fundraising and administrative expenses	1,292,230	1,322,752
Indirect fundraising and administrative expenses as a percentage of total revenue for CRR	3.2%	3.4%
Total net fundraising and administrative expenses	$ 4,941,521	$ 4,757,485
Total net fundraising and administrative expenses as a percentage of total revenue for CRR	12.4%	12.4%

1. Significant accounting policies (continued):

(m) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship, and 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, unless management has elected to carry the instruments at fair value. United Way has elected to carry its cash and cash equivalents and investments at fair value with changes in fair values recognized in the statement of revenue and expenses.

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, United Way 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, the amount that could be realized from selling the financial asset or the amount United Way expects to realize by exercising its right to any collateral. 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.

(n) Employee future benefits:

United Way is a participating employer of The Pension Plan of the United Way of the Lower Mainland (the "Plan"). The Plan is a multi-employer plan and as a result, required contributions to the Plan are expensed as incurred.

(o) 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 expenses during the year. Areas of significant estimates include useful lives of capital assets for amortization and provision for cancellation of pledges. Actual results could differ from these estimates.

2. Merger with United Way of the Fraser Valley:

On April 19, 2017, United Way entered into a combination agreement with United Way of the Fraser Valley to carry on their operations under a single corporation. United Way agreed to accept and assume all of United Way of the Fraser Valley's assets and liabilities effective June 30, 2017, with their operations continuing, operating as United Way of Lower Mainland, and reflected in the statement of operations of United Way subsequent to that date.

The assets contributed and liabilities assumed on June 30, 2017 were recorded by the United Way at their carrying value which approximates fair values and are disclosed below:

Assets:		
Current Assets:		
Cash and cash equivalents	$	586,929
Term deposits		232,000
Pledges receivable		248,222
	$	1,067,151
Liabilities and Net Assets:		
Liabilities:		
Accounts payable and accrued liabilities		115,655
Designations payable		97,418
		213,073
Net assets:		
Restricted special purpose funds		854,078
	$	1,067,151

3. Pledges receivable:

	2018	2017
Current Campaign, net of provision for estimated pledge cancellations of $508,000 (2017 - $462,000)	$ 8,344,404	$ 8,502,003
Prior Campaigns, net of provision for estimated pledge cancellations of $380,000 (2017 - $295,000)	158,202	163,057
	$ 8,502,606	$ 8,665,060

4. Investments:

Fair values:

United Way's investments are carried at fair value in accordance with the significant accounting policy disclosed in note 1(f). Investments consist of the following:

	Unrestricted Fund	Stabilization Fund	Preventative Services Fund	Endowment Fund	Donor Advised Funds (note 9)	2018	2017
Money market funds	$ -	$ 914,379	$ 45,881	$ 324,999	$ 127,459	$ 1,412,718	$ 1,556,591
Fixed income securities	1,625,236	1,725,629	846,455	3,166,380	-	7,363,700	5,495,107
Canadian equity funds	-	1,090,962	451,440	1,683,309	505,049	3,730,760	3,406,900
Foreign equity funds	-	-	410,932	1,522,436	-	1,933,368	2,220,028
	$ 1,625,236	$ 3,730,970	$ 1,754,708	$ 6,697,124	$ 632,508	$14,440,546	$ 12,678,626
The following fair value adjustments have been included in investment income (loss):							
Fair value adjustment	$ -	$ (56,903)	$ 8,820	$ 62,579	$ (2,205)	$ 12,291	$ 583,100

The Stabilization Fund, Preventative Services Fund and Endowment Fund balances consist principally of amounts invested with independent investment managers as directed by the Board of Directors. The Funds remain under the control of United Way.

Donor Advised funds (note 9) are invested as specified by the donors, and may only be disposed with the approval of those donors.

5. Life insurance policies:

United Way is the owner or named beneficiary for various life insurance policies. These policies are recorded at their estimated cash surrender value. Any difference between the carrying value and actual cash received upon the realization of the policy is recognized as a gain or loss in the period of receipt.

6. Capital assets:

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	$ 921,945	$ -	$ 921,945	$ 921,945
Building	3,326,544	2,162,253	1,164,291	1,247,454
Building improvements	518,101	291,157	226,944	256,326
Computer equipment and software	1,020,192	635,706	384,486	442,881
Furniture	306,396	306,396	-	-
Office equipment	21,562	21,562	-	1,271
	$ 6,114,740	$ 3,417,074	$ 2,697,666	$ 2,869,877

7. Deferred revenue:

Deferred revenue is comprised of campaign revenue restricted by donors for future years.

	2018 Total	2017 Total
Balance, beginning of year	$ 35,760	$ 114,212
Amounts received during the year	311,037	34,748
Amount recognized as revenue in the year	(34,748)	(113,200)
Balance, end of year	$ 312,049	$ 35,760

8. Grants received in trust:

The amounts recorded as grants received in trust are funds provided by the Province of British Columbia for the purpose of supporting the continuation and enhancement of the Province Wide Early Childhood Development Provincial Partnership. The funds are administered by the Early Childhood Development Provincial Partnership steering committee, on which United Way is one of three partners, and, accordingly, revenue is only recorded when and to the extent these funds are granted to United Way.

9. Donor Advised funds:

	2018	2017
Balance, beginning of year	$ 654,134	$ 634,101
Investment income	52,979	60,291
Fair value adjustment	(2,205)	18,742
Transferred to Campaign revenue for distribution	(72,400)	(59,000)
Balance, end of year	$ 632,508	$ 654,134

10. UWLM Endowment Fund held at Vancouver Foundation

United Way receives income from the Fund established at the Vancouver Foundation by United Way and others. The annual income is included in revenue in the unrestricted fund and is used to offset United Way fundraising expenses (note 1(l)).

United Way has no access to the capital of this Fund and, accordingly, the Fund is not reflected in these financial statements. The Fund held at the Vancouver Foundation, for which United Way is the sole recipient of related income, has a fair value at March 31, 2018 of $27,621,122 (2017 - $27,611,170).

11. Employee future benefits:

United Way and certain of its funded agencies participate in a multi-employer defined benefit pension plan providing pension benefits to all eligible employees of those participants. Funding contributions are made by employers to the Plan based on a percentage of employee contributions. The employer contribution rate to the Plan is 175% (2017 - 175%) of employee contributions. United Way's expense for the year ended March 31, 2018 in respect of pension contributions for its employees amounted to $585,163 (2017 - $574,966).

An actuarial valuation of the Plan is carried out every three years and the most recent actuarial valuation for which results are available was carried out as at December 31, 2016. The Plan's next actuarial valuation is being carried out as of December 31, 2017 with results available in 2018. The Plan's valuation showed a combined going concern surplus of $10.9 million (December 31, 2013 - $4.9 million) on a going concern asset base of $86.8 million (December 31, 2013 - $63.2 million). On a solvency basis, the Plan's valuation showed a combined solvency deficit of $14.2 million (December 31, 2013 - $4.2 million) on a solvency asset base of $86.3 million (December 31, 2013 - $62.7 million).

The Plan's valuation also reflected a shortfall from the minimum required annual contributions of $384,100. The Financial Institution Commission has authorized the Plan to defer the funding of the accumulated contribution deficit for a two-year period from January 1, 2017 – December 31, 2018, with the accumulated deficit to be amortized and funded over the period from January 1, 2019 – December 31, 2026. The authorization is subject to conditions including: reporting to the Superintendent of Pensions by July 31, 2018 the changes in form and design of the Plan, if necessary, that would ensure the members' benefits are affordable, the Plan's contribution rates are adequate after January 1, 2019, and the Plan is sustainable over the long-term.

12. Grants and other contributions:

During the year, United Way received a $10,720,000 (2017 - $10,000,000) grant from the B.C. Ministry of Health to support the continuation and expansion of the seniors' independence and active ageing program. The $10,720,000 (2017 - $10,000,000) was recognized as grant revenue in the restricted special purpose fund - Community Investment Funds (schedule 1).

13. Financial risks:

(a) Market price risk:

Market price risk is the risk that the value of an investment instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. There has been no change to the risk exposure from 2018.

13. Financial risks (continued):

(b) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Fixed interest rate investments are subject to fair value risks. United Way is exposed to this risk in relation to investments with fixed interest rates held by bond and income investment funds. There has been no change to the risk exposure from 2018.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. United Way is exposed to credit risk with respect to pledges receivable. United Way assesses, on a continuous basis, pledges receivable and provides for any amounts that are assessed as not collectible. There has been no change to the risk exposure from 2018.

(d) Other risks:

United Way believes that it is not exposed to significant liquidity, cash flow or currency risks arising from its financial instruments. There has been no change to the risk exposure from 2018.

14. Remuneration of employees and contractors:

For the fiscal year ending March 31, 2018, United Way paid total remuneration of $1,424,774 (2017 - $1,410,921) to the top ten employees and contractors for services, each of whom received total annual remuneration of $75,000 or greater.

15. Comparative information:

Certain comparative information has been reclassified to conform to the current year's financial statement presentation.

UNITED WAY OF THE LOWER MAINLAND

Restricted Special Purpose Funds

Schedule 1

Year ended March 31, 2018, with comparative information for 2017

	Community Investment Funds	Stabilization Fund	Success by six Provincial Partnership Fund	Preventative Services Fund	Other funds	Total 2018	Total 2017
Balance, beginning of year	$ 27,215,442	$ 3,765,998	$ -	$ 1,743,608	$ 479,739	$ 33,204,787	$ 34,451,856
Net asset contributions from United Way of the Fraser Valley (note 2)	854,078	-	-	-	-	854,078	-
Revenue:							
Proceeds from annual Campaign contributions	2,930,679	-	-	-	14,795	2,945,474	2,658,660
Grants and other contributions	13,574,690	-	323,350	-	250,869	14,148,909	11,994,362
Investment income	51,823	16,167	-	80,844	1,567	150,401	381,886
	16,557,192	16,167	323,350	80,844	267,231	17,244,784	15,034,908
Expenses:							
Grants	21,738,253	-	-	-	270,892	22,009,145	22,974,335
Distributions including allocations	2,130,545	-	323,350	-	7,500	2,461,395	1,935,581
	23,868,798	-	323,350	-	278,392	24,470,540	24,909,916
Excess (deficiency) of revenue over expenses	(7,311,606)	16,167	-	80,844	(11,161)	(7,225,756)	(9,875,008)
Fund transfers:							
Acquisition of capital assets	-	(51,195)	-	-	-	(51,195)	(41,411)
Transfers (to) from Campaign operations	7,886,691	-	-	(53,283)	-	7,833,408	8,685,066
Transfers to Endowment Fund	-	-	-	(16,461)	-	(16,461)	(15,716)
	7,886,691	(51,195)	-	(69,744)	-	7,765,752	8,627,939
Increase (decrease) for the year	1,429,163	(35,028)	-	11,100	(11,161)	1,394,074	(1,247,069)
Balance, end of year	$ 28,644,605	$ 3,730,970	$ -	$ 1,754,708	$ 468,578	$ 34,598,861	$ 33,204,787

UNITED WAY OF THE LOWER MAINLAND

United Way Community Services Expenses — Schedule 2

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Expenses:		
Community impact and investment	$ 1,401,267	$ 1,264,882
Communication and awareness	815,821	798,995
Labour participation services	331,385	388,073
	2,548,473	2,451,950
Cost recoveries / sponsorships	-	(118,734)
	2,548,473	2,333,216
Allocations (to) from:		
Restricted special purpose funds (schedule 1)	(433,415)	(385,767)
Fundraising and administrative expenses (schedule 3)	(99,415)	(101,654)
General and administrative expenses (schedule 4)	1,012,710	1,015,322
	479,880	527,901
United Way Community Services expenses	$ 3,028,353	$ 2,861,117

UNITED WAY OF THE LOWER MAINLAND

Fundraising and Administrative Expenses — Schedule 3

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Direct expenses of fundraising:		
Resource development	$ 3,051,367	$ 3,000,483
Promotions and publicity	1,223,732	1,198,490
Donor services	745,854	756,260
	5,020,953	4,955,233
Cost recoveries / sponsorships	(105,397)	(316,285)
Direct fundraising expenses	4,915,556	4,638,948
Allocations of expenses from:		
United Way Community Services (schedule 2)	99,415	101,654
General and administrative expenses (schedule 4)	1,192,815	1,221,098
	1,292,230	1,322,752
Total fundraising and administrative expenses	$ 6,207,786	$ 5,961,700

Income received from the UWLM Endowment Fund established at the Vancouver Foundation is used to offset United Way fundraising expenses (note 10). The annual income is included in revenue on the statement of revenue and expenses, and, accordingly, is not reflected on this schedule.

Distributions from the Endowment Fund established by United Way are used to offset United Way fundraising expenses. This distribution is recognized as an interfund transfer (note 1(a)(iii)).

UWLM incurs costs related to the administration and processing of donations for the Government of Canada Workplace Charitable Campaign ("GCWCC"). Included in these costs are $35,683 (2017 - $32,475), which are associated with the Health partner component of the GCWCC. These costs will be recovered through the GCWCC National Finance Office (United Way Ottawa).

UNITED WAY OF THE LOWER MAINLAND

General and Administrative Expenses

Schedule 4

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
General and administrative expenses:		
Finance, operations and information technology	$ 1,564,819	$ 1,590,327
Executive Management	450,300	455,674
Amortization	223,406	223,419
	2,238,525	2,269,420
Cost recoveries / sponsorships	(33,000)	(33,000)
Net expenses before allocations	2,205,525	2,236,420
Allocations to:		
United Way Community Services expenses (schedule 2)	(1,012,710)	(1,015,322)
Fundraising and administrative expenses (schedule 3)	(1,192,815)	(1,221,098)
	(2,205,525)	(2,236,420)
	$ -	$ -