Financial Statements of

UNITED WAY OF THE LOWER MAINLAND

Year ended March 31, 2019

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Members of United Way of the Lower Mainland

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of the Lower Mainland (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of revenue and expenses for the year then ended
- the statement of changes net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity 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 these requirements.

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

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 Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

Reporting 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 period.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
June 18, 2019

UNITED WAY OF THE LOWER MAINLAND

Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 10,505,164	$ 10,810,138
Short term investments	232,000	232,000
Accrued interest receivable	17,107	13,456
Pledges receivable (note 3)	7,826,881	8,502,606
Grants and miscellaneous receivables (note 12)	6,366,683	10,974,192
Prepaid expenses	52,178	48,049
	25,000,013	30,580,441
Investments (note 4)	14,822,943	14,440,546
Life insurance policies (note 5)	1,145,161	1,100,479
Capital assets (note 6)	2,582,517	2,697,666
	$ 43,550,634	$ 48,819,132
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,904,504	$ 1,414,592
Deferred revenue (note 7)	201,017	312,049
Grants received in trust (note 8)	279,123	74,611
Designations payable to agencies	1,233,537	1,291,242
	3,618,181	3,092,494
Donor Advised funds (note 9)	604,223	632,508
Net assets:		
Life insurance policies	1,145,161	1,100,479
Invested in capital assets	2,582,517	2,697,666
Endowment fund	6,986,576	6,697,124
Restricted special purpose funds (schedule 1)	28,613,976	34,598,861
	39,328,230	45,094,130
	$ 43,550,634	$ 48,819,132

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, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Proceeds from annual Campaign contributions	$ 22,399,720	$ 23,859,769
UWLM Endowment Fund income to fund fundraising expenses (note 10)	1,058,769	1,005,670
	23,458,489	24,865,439
Additional contributions to prior year campaigns	444,237	109,605
Pledge cancellations	(507,671)	(678,122)
Grants and other contributions (note 12)	9,718,582	14,218,164
Investment income, net of fees	1,041,649	676,878
Total revenue	34,155,286	39,191,964
Expenses:		
Restricted special purpose funds (schedule 1)	26,621,043	24,470,540
United Way Community Services (schedule 2)	2,963,362	3,028,353
Designations to agencies by donors	4,049,453	4,595,608
Other	287,995	287,922
	33,921,853	32,382,423
Fundraising and administrative expenses (schedule 3)	5,999,333	6,207,786
Total expenses	39,921,186	38,590,209
Excess (deficiency) of revenue over expenses	$ (5,765,900)	$ 601,755

See accompanying notes to financial statements.

UNITED WAY OF THE LOWER MAINLAND

Statement of Changes in Net Assets

Year ended March 31, 2019, with comparative information for 2018

	Unrestricted Fund	Restricted Special Purpose Funds (schedule 1)	Endowment Fund	Invested in capital assets	Life insurance policies	Total 2019	Total 2018
Balance, beginning of year	$ -	$ 34,598,861	$ 6,697,124	$ 2,697,666	$ 1,100,479	$ 45,094,130	$ 43,638,297
Net asset contributions from United Way of the Fraser Valley (note 2)	-	-	-	-	-	-	854,078
Revenue	20,612,667	12,957,165	540,772	-	44,682	34,155,286	39,191,964
Expenses	(13,067,288)	(26,621,043)	-	(232,855)	-	(39,921,186)	(38,590,209)
Excess (deficiency) of revenue over expenses	7,545,379	(13,663,878)	540,772	(232,855)	44,682	(5,765,900)	601,755
Fund transfers:							
Acquisition of capital assets	-	(117,706)	-	117,706	-	-	-
Transfers from Endowment Fund (note 1(a)(iii))	267,885	-	(267,885)	-	-	-	-
Transfers from Campaign operations	(7,813,264)	7,813,264	-	-	-	-	-
Transfers from Preventative Services Fund	-	(16,565)	16,565	-	-	-	-
	(7,545,379)	7,678,993	(251,320)	117,706	-	-	-
Increase (decrease) for the year	-	(5,984,885)	289,452	(115,149)	44,682	(5,765,900)	1,455,833
Balance, end of year	$ -	$ 28,613,976	$ 6,986,576	$ 2,582,517	$ 1,145,161	$ 39,328,230	$ 45,094,130

See accompanying notes to financial statements.

UNITED WAY OF THE LOWER MAINLAND

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating:		
Excess (deficiency) of revenue over expenses	$ (5,765,900)	$ 601,755
Amortization of capital assets, an item not involving cash	232,855	223,406
Unrealized gain on investments, excluding Donor Advised funds	(236,259)	(14,496)
Unrealized gain on life insurance policies	(44,682)	(84,476)
	(5,813,986)	726,189
Changes in non-cash operating working capital:		
Accrued interest receivable	(3,651)	(3,886)
Pledges receivable	675,725	162,454
Grants and miscellaneous receivables	4,607,509	(628,522)
Prepaid expenses	(4,129)	(2,067)
Accounts payable and accrued liabilities	489,912	95,538
Deferred revenue	(111,032)	276,289
Grants received in trust	204,512	(178,925)
Designations payable to agencies	(57,705)	(12,586)
	(12,845)	434,484
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)	(174,423)	(1,769,050)
Realization of life insurance policies	-	32,744
Acquisition of capital assets	(117,706)	(51,195)
	(292,129)	(1,165,423)
Decrease in cash and cash equivalents	(304,974)	(730,939)
Cash and cash equivalents, beginning of year	10,810,138	11,541,077
Cash and cash equivalents, end of year	$ 10,505,164	$ 10,810,138

See accompanying notes to financial statements.

Operations:

United Way of the Lower Mainland ("United Way") was 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 September 5, 2018, United Way transitioned to the new Societies Act (British Columbia).

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 achieve the brightest future possible; helping seniors overcome loneliness and social isolation; and building strong communities through community engagement projects.
- *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 $6,986,576 (2018 - $6,697,124), 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 2018 Campaign and the related designations. Included in Campaign revenue are designations to other United Way organizations of $22,119 (2018 - $22,490).

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 $928,152 (2018 - $1,231,400).

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 (2018 - $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:

	2019	2018
Total revenue	$ 34,155,286	$ 39,191,964
Pledge cancellations	507,671	678,122
Revenue before pledge cancellations for CRR	$ 34,662,957	$ 39,870,086

	2019	2018
Direct fundraising expenses (schedule 3)	$ 4,765,596	$ 4,915,556
Directed funding:		
UWLM Endowment Fund income to fund fundraising expenses (note 10)	(1,058,769)	(1,005,670)
Endowment Fund transfer to fund fundraising expenses (note 1(a)(*iii*))	(267,885)	(260,595)
	(1,326,654)	(1,266,265)
Net direct fundraising expenses	3,438,942	3,649,291
Net direct fundraising expenses as a percentage of revenue before pledge cancellations for CRR	9.9%	9.2%
Allocations of expenses from:		
United Way Community Services (schedule 2)	64,922	99,415
General and administrative expenses (schedule 4)	1,168,815	1,192,815
Indirect fundraising and administrative expenses	1,233,737	1,292,230
Indirect fundraising and administrative expenses as a percentage of revenue before pledge cancellations for CRR	3.6%	3.2%
Total net fundraising and administrative expenses	$ 4,672,679	$ 4,941,521
Total net fundraising and administrative expenses as a percentage of revenue before pledge cancellations for CRR	13.5%	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:

In the prior year, 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.

In the prior year, 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:

	2019	2018
Current Campaign, net of provision for estimated pledge cancellations of $478,000 (2018 - $508,000)	$ 7,721,929	$ 8,344,404
Prior Campaigns, net of provision for estimated pledge cancellations of $290,000 (2018 - $380,000)	104,952	158,202
	$ 7,826,881	$ 8,502,606

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)	2019	2018
Money market funds	$ -	$ 822,808	$ 86,441	$ 443,535	$ 1,348	$ 1,354,132	$ 1,412,718
Fixed income securities	1,663,278	1,780,667	893,031	3,421,795	-	7,758,771	7,363,700
Canadian equity funds	-	1,166,501	438,236	1,663,595	602,875	3,871,207	3,730,760
Foreign equity funds	-	-	381,182	1,457,651	-	1,838,833	1,933,368
	$ 1,663,278	$ 3,769,976	$ 1,798,890	$ 6,986,576	$ 604,223	$ 14,822,943	$ 14,440,546
The following fair value adjustments have been included in investment income (loss):							
Fair value adjustment	$ -	$ 63,227	$ 18,609	$ 154,423	$ (16,837)	$ 219,422	$ 12,291

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:

	2019	2018
Balance, beginning of year	$ 1,100,479	$ 1,048,747
Unrealized gain	44,682	84,476
Redemption	-	(32,744)
Balance, end of year	$ 1,145,161	$ 1,100,479

6. Capital assets:

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	$ 921,945	$ -	$ 921,945	$ 921,945
Building	3,326,544	2,245,417	1,081,127	1,164,291
Building improvements	588,703	325,483	263,220	226,944
Computer equipment and software	1,067,297	751,072	316,225	384,486
Furniture	306,396	306,396	-	-
Office equipment	15,207	15,207	-	-
	$ 6,226,092	$ 3,643,575	$ 2,582,517	$ 2,697,666

7. Deferred revenue:

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

	2019 Total	2018 Total
Balance, beginning of year	$ 312,049	$ 35,760
Amounts received during the year	74,004	311,037
Amount recognized as revenue in the year	(185,036)	(34,748)
Balance, end of year	$ 201,017	$ 312,049

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:

	2019	2018
Balance, beginning of year	$ 632,508	$ 654,134
Investment income	30,052	52,979
Fair value adjustment	(16,837)	(2,205)
Transferred to Campaign revenue for distribution	(41,500)	(72,400)
Balance, end of year	$ 604,223	$ 632,508

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, 2019 of $28,155,299 (2018 - $27,621,122).

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% (2018 - 175%) of employee contributions. United Way's expense for the year ended March 31, 2019 in respect of pension contributions for its employees amounted to $574,690 (2018 - $585,163).

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, 2017. The Plan's next actuarial valuation is being carried out as of December 31, 2020 with results available in 2021. The Plan's valuation showed a combined going concern surplus of $18.2 million (December 31, 2016 - $10.9 million) on a going concern asset base of $97.3 million (December 31, 2016 - $86.8 million). On a solvency basis, the Plan's valuation showed a combined solvency deficit of $10.1 million (December 31, 2016 - $14.2 million) on a solvency asset base of $96.7 million (December 31, 2016 - $86.3 million).

In accordance with the Pension Benefits Standards Act, each solvency deficiency must be eliminated by special payments within five years of the respective effective date. However, the Financial Intuition Commission authorized the Plan to amortize the December 31, 2017 solvency deficiency over a ten-year period and to make special payments accordingly. The United Way will make annual contributions of approximately $642,480.

12. Grants and other contributions:

During the year, United Way received a $7,128,750 (2018 - $10,720,000) grant from the B.C. Ministry of Health to support the continuation and expansion of the seniors' independence and active ageing program. The $7,128,750 (2018 - $10,720,000) was recognized as grant revenue in the restricted special purpose fund - Community Investment Funds (schedule 1). As at March 31, 2019, $6,035,000 (2018 - $10,720,000) was included in grants and miscellaneous receivables.

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.

(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, 2019, United Way paid total remuneration of $1,422,805 (2018 - $1,424,774) to the top ten employees and contractors for services, each of whom received total annual remuneration of $75,000 or greater.

No remuneration was paid to any members of the board of directors.

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, 2019, with comparative information for 2018

	Community Investment Funds	Stabilization Fund	Success by six Provincial Partnership Fund	Preventative Services Fund	Other funds	Total 2019	Total 2018
Balance, beginning of year	$ 28,644,605	$ 3,730,970	$ -	$ 1,754,708	$ 468,578	$ 34,598,861	$ 33,204,787
Net asset contributions from United Way of the Fraser Valley (note 2)	-	-	-	-	-	-	854,078
Revenue:							
Proceeds from annual Campaign contributions	2,875,143	-	-	-	18,517	2,893,660	2,945,474
Grants and other contributions	9,346,051	-	107,743	-	243,630	9,697,424	14,148,909
Investment income	93,983	156,712	-	114,370	1,016	366,081	150,401
	12,315,177	156,712	107,743	114,370	263,163	12,957,165	17,244,784
Expenses:							
Grants	23,127,734	-	-	-	238,190	23,365,924	22,009,145
Distributions including allocations	3,129,394	-	107,743	-	17,982	3,255,119	2,461,395
	26,257,128	-	107,743	-	256,172	26,621,043	24,470,540
Excess (deficiency) of revenue over expenses	(13,941,951)	156,712	-	114,370	6,991	(13,663,878)	(7,225,756)
Fund transfers:							
Acquisition of capital assets	-	(117,706)	-	-	-	(117,706)	(51,195)
Transfers (to) from Campaign operations	7,866,887	-	-	(53,623)	-	7,813,264	7,833,408
Transfers to Endowment Fund	-	-	-	(16,565)	-	(16,565)	(16,461)
	7,866,887	(117,706)	-	(70,188)	-	7,678,993	7,765,752
Increase (decrease) for the year	(6,075,064)	39,006	-	44,182	6,991	(5,984,885)	1,394,074
Balance, end of year	$ 22,569,541	$ 3,769,976	$ -	$ 1,798,890	$ 475,569	$ 28,613,976	$ 34,598,861

UNITED WAY OF THE LOWER MAINLAND

United Way Community Services Expenses

Schedule 2

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Expenses:		
Community impact and investment	$ 1,487,136	$ 1,401,267
Communication and awareness	694,392	815,821
Labour participation services	216,408	331,385
	2,397,936	2,548,473
Allocations (to) from:		
Restricted special purpose funds (schedule 1)	(445,745)	(433,415)
Fundraising and administrative expenses (schedule 3)	(64,922)	(99,415)
General and administrative expenses (schedule 4)	1,076,093	1,012,710
	565,426	479,880
United Way Community Services expenses	$ 2,963,362	$ 3,028,353

UNITED WAY OF THE LOWER MAINLAND

Fundraising and Administrative Expenses

Schedule 3

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Direct expenses of fundraising:		
Resource development	$ 3,027,406	$ 3,051,367
Promotions and publicity	1,041,587	1,223,732
Donor services	791,261	745,854
	4,860,254	5,020,953
Cost recoveries / sponsorships	(94,658)	(105,397)
Direct fundraising expenses	4,765,596	4,915,556
Allocations of expenses from:		
United Way Community Services (schedule 2)	64,922	99,415
General and administrative expenses (schedule 4)	1,168,815	1,192,815
	1,233,737	1,292,230
Total fundraising and administrative expenses	$ 5,999,333	$ 6,207,786

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 $34,550 (2018 - $35,683), 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, 2019, with comparative information for 2018

	2019	2018
General and administrative expenses:		
Finance, operations and information technology	$ 1,572,264	$ 1,564,819
Executive management	472,789	450,300
Amortization	232,855	223,406
	2,277,908	2,238,525
Cost recoveries / sponsorships	(33,000)	(33,000)
Net expenses before allocations	2,244,908	2,205,525
Allocations to:		
United Way Community Services expenses (schedule 2)	(1,076,093)	(1,012,710)
Fundraising and administrative expenses (schedule 3)	(1,168,815)	(1,192,815)
	(2,244,908)	(2,205,525)
	$ -	$ -